# Press Release

**HELLA CHEMICAL MARKET PRIVATE LIMITED**
**May 30, 2025**
**Rating Reaffirmed**

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|---|---|---|---|
| **Non Convertible Debentures (NCD)** | 700.00 | ACUITE A- \| Stable \| Reaffirmed | - |
| **Total Outstanding Quantum (Rs. Cr)** | 700.00 | - | - |
| **Total Withdrawn Quantum (Rs. Cr)** | 0.00 | - | - |

## Rating Rationale

Acuité has reaffirmed the long-term rating at **'ACUITE A-' (read as ACUITE A Minus)**on Rs. 700 Cr. of Non Convertible Debentures (NCD) of Hella Chemical Market Private Limited (HCMPL). The outlook is **'Stable'**.

### Rationale for rating

The rating reaffirmation factors in the diversified revenue portfolio of the group in construction supplies with strong market position in key segments resulting in healthy y-o-y growth in the operating performance of the group. The rating also draws comfort from the presence of reputed investors such as Tiger Global, Fundamental, etc. and strong resource mobilisation ability of the group in terms of equity raise and debt refinancing over the years. The rating is however constrained by the significant capex and acquisitions done over the years, primarily driven by external debt which has impacted the financial risk profile leading to debt service coverage ratios falling below unity. However, with significant debt refinancing and fund raising in FY25, the improvement in debt protection metrics is expected over the medium term and shall remain a key rating sensitivity. The rating is further constrained by the intensive working capital operations of the group marked by elevated debtor days and limited track record of operations.

## About the Company

Incorporated in March 2021, HCMPL is a 100% subsidiary of Hella Infra Market Limited (HIML, formerly known as Hella Infra Market Pvt Ltd). The company operates through its digital platform and brand name 'Chemical.Market' which is a one-stop digital-enabled service provider for the chemical industry engaged in the supply of all kinds of organic and inorganic chemical compounds & specialized chemicals. The company deals in buying, selling (on a wholesale cash and carry basis), importing, exporting, supplying, distributing, storing of construction chemicals, chemical compounds (organic and inorganic) in all forms, chemical admixtures, pharmaceutical medicines, paints, petroleum products, chemical products of any nature and kind whatsoever, byproducts and joint product thereof. The company is based in Thane and current directors of the company are Mr Souvik Sengupta & Mr Aaditya Sharda.

## About the Group

Established in 2016, Hella Group is a Thane based manufacturer cum aggregrator dealing in various types of construction materials. The group provides a wide range of industrial products (concrete, steel, cement, aggregates), building materials & services (walling, wood, plumbing, roofing), consumer interior essentials (tiles and sanitary ware, modular kitchen and hardware, paint, electrical appliances) and chemical compounds. It runs its business through India's first multi-product and multi-channel construction material platform – Infra.Market which is one of the biggest marketplaces and aggregators in the country having a tie-up with more than 500+ suppliers and 9000+ retail stores (of which 1250+ retailers are dealer stores operating under the group's brand name). The group has also recently launched 30+ premium franchise stores measuring 10,000 sq. ft. Further, it has established a key presence across 22+ states in India and also has an export presence in Middle East and Asian countries such as Jordan, Vietnam, Singapore, Dubai, UK, Hong Kong, etc.

**Unsupported Rating**
Not Applicable

## Analytical Approach

### Extent of Consolidation

- Full Consolidation

### Rationale for Consolidation or Parent / Group / Govt. Support

To arrive at the rating of Hella Chemical Market Private Limited (HCMPL), Acuite has consolidated the financial and business profiles of HCMPL, its parent company Hella Infra Market Limited (HIML, formerly known has Hella Infra Market Private Limited) including all the subsidiaries and associates of HIML. The consolidation takes into account the integrated nature of business of companies, cashflow fungibilities, operational linkages and common management. The rating also factors the corporate guarantee extended by HIML to HCMPL.

## Key Rating Drivers

### Strengths

**Sustained equity infusions supported by reputed investors and strong resource mobilisation ability**
The group is backed by reputed investors like Tiger Global, Accel India, Evolvence India, Sacap Capital, etc who have been with the group since 2019 and extended support in the form of equity infusions in each of the fund raising rounds. On an overall basis, group has raised Rs 2,073 Cr. from FY20 to FY23 and Rs 2,050 Cr. in FY25 (including Rs 900 Cr. against swap acquisition of tile companies in FY25). Further, the group has refinanced total debt of Rs 1,700 Cr in FY25, against which Rs 536 Cr. has been received till April 2025 and balance Rs 1,164 Cr. to be received in FY26. The group also received ~Rs 300 Cr. through 17% stake sale in RDC Concrete (India) Ltd during the period December 2023 to May 2024. Subsequently, these shares sold were replaced with shares of HIML. HIML also enhanced its working capital limits by Rs 242.5 Cr. in FY25 and has sanctions to enhance by another Rs 192.5 Cr. in FY26.

**Diversified revenue streams with strong market position in key segments**
The group is engaged in all sorts of construction materials with key focus on products which have a fragmented market, drive macroeconomic shifts and high export potential. The key focus is to establish a robust distribution system expanding at B2B levels and develop a strong brand. The group has secured strong domestic market positions with being the largest manufacturer of ACC blocks and 2nd highest ranking in categories like Concrete and Tiles. Majority of the product portfolio expansion is on account of acquisitions including Equiphunt in 2020, RDC Concrete in 2021 and Shalimar Paints in 2022. The group has also ventured into new segments such as Bath & Fittings in 2020, Walling Manufacturing in 2023 and Wood Panel & Modular Kitchen in 2024. The extensive product range offers an edge over the competitors and allows to capture larger share of customers wallet through cross selling opportunities.

**Strong growth in operating performance driven by increasing share of private labels**
The operating revenues of the group has been growing at a strong pace with Rs 11,846.55 Cr. in FY23 to Rs 14,527.23 Cr. in FY24. In FY25, the revenues are estimated to have grown by ~20-25%. The group recorded a revenue of Rs 13,444 Cr. for 9MFY25. This growth in revenues is majorly attributable to the concrete segment (28% of FY24 revenue) which has grown at 48% in FY24, steel segment (20.4%) and chemical segments (19%). With increasing share of private labels in the revenue mix, the operating margins have also improved significantly from 6.4% in FY23 to 7.22% in FY24. Further, the margins are estimated to have improved to 7.60-7.80% in FY25 and with increasing economies of scale, margins are expected to improve further over the medium term. Currently, majority of revenue is driven from B2B channel mix (83.7% of FY24 revenue), however, the group has a constant focus on expanding its retail network as well through development of extensive distribution network.

### Weaknesses

**Dependence on external debt to support acquisitions, capex and working capital significantly impacted financial risk profile, expected to improve through equity infusions and debt refinancing**
While the tangible net worth of the group stood improving at healthy levels to Rs 2,009.15 Cr. in FY24 as against Rs 1,857.42 Cr. in FY23, the significant dependence on external debt to support acquisitions, capex and working capital led to an increase in the gearing (including lease liabilities) from 1.52 times in FY23 to 2.17 times in FY24. Further, the debt protection metrics also stood low with debt service coverage ratios remaining below unity in FY23 & FY24. Moreover, the recent debt refinancing of Rs 1,700 Cr. and equity raise of Rs 2,050 Cr. in FY25 is expected to improve the financial risk profile significantly over the medium term. Further, the group has capex plans of Rs 1,500 Cr. over FY26-FY27 which is expected to be funded through mix of equity, internal accruals and debt. Moreover going forward, the company plans to reduce the high cost long term debt and enhance its working

capital limits, which shall be a key rating sensitivity. Additionally, the management also proposes for raising funds through initial public offer. This being at a preliminary stage has not been factored in the rating, however, successful fund raising shall further improve the capital structure.

**Intensive working capital requirements**

The working capital operations of the company is intensive marked by high gross current asset days of 163 days in FY24 (151 days in FY23). This is mainly attributable to elevated debtor levels which stood at 132 days in FY24 as against 121 days in FY23. The receivable days is expected to remain in the range of 120 days over the medium term. Moreover, the creditor days have increased over the years which has provided marginal ease to working capital. The company sources materials from leading players like Ultratech, JSW Steel, etc. Further, since the company is majorly supplying materials directly from manufacturer and key materials such as concrete is perishable in nature, inventory maintenance is low at 10-15 days.

**Limited track record and inherent challenges of construction business**

The group has a relatively short operating track record as operations started in 2016. Also, the construction sector is fragmented with low entry barriers and numerous small players, hence exposes the company to intense competition risks. Further, growth in construction industry is vulnerable to the developments in infrastructure and real estate sector.

## ESG Factors Relevant for Rating

The group has commitment to energy management and product stewardship. On the environment safeguard front, the group preserves natural resources and reduces energy intensive processes by engaging in use of recycled metal scrap and production of secondary steel, exports chemical raw materials to make sustainable and alternative fuels like Bio-diesel, is setting up recyclable and low energy consuming Oriented Polyvinyl Chloride pipes to replace the traditional cement pipes. Further, the group has developed healthy employment practices such as insurance benefits, health and safety policies, corporate social responsibility programs for upskilling, vocational training, gender equality and rural development. Further, it promotes gender diversity and inclusivity. The board comprises of a strong team of promoters and experienced industry professionals. Also, to manage the corporate governance anti bribery, anti corruption and whistleblower policy has been framed. The group ensures efficient credit risk management and indulges in data privacy and data security practices.

## Rating Sensitivities

- Continued growth in the operating performance
- Higher than expected debt levels or inability to refinance/ raise funds in a timely manner leading to deterioration in the financial risk profile
- Stretch in working capital operations affecting the liquidity

## All Covenants

- Security cover of 1.25x the value of the outstanding principal plus accrued interest/obligations if any of shall be maintained at all times until the redemption of the Debentures
- Issuer to have positive EBITDA
- Issuer to ensure that at least 3 months’ interest payment obligation is kept unencumbered and available for servicing of this NCD across the tenor of the facility
- Net Financial Indebtedness (short term + long term of the consolidated financials (-) cash and cash equivalents and liquid investments) to EBITDA ratio of the Corporate Guarantor shall not exceed 4x as on March 2025 and 3.5x from September 2025.
- Debt service coverage ratio to be maintained above 1.1 times (principal repayment of the proposed facility will not be considered for computation of DSCR).

## Liquidity Position

**Adequate**

With the equity raise of Rs 2,050 Cr. and debt refinancing of Rs 1,700 Cr. in FY25 (Rs 536 Cr. received till April 2025 and Rs 1,164 Cr. to be received in FY26) with a three-year bullet repayment, the group liquidity is expected to remain adequate over the medium term. Historically, the liquidity of the group has been stretched with accruals of Rs 594.85 Cr. in FY24 as against repayment obligations of Rs 1,389 Cr. for the same period and debt servicing was managed through debt raise and refinancing. Further, the group is expected to generate net cash accruals of ~Rs 850 & 1,200 Cr. in FY26 & FY27 respectively as against annual repayment of ~Rs 450-500 Cr. (including lease liabilities). Further, group maintained total cash balance of Rs 1,040 Cr. as on December 31, 2024 of which

Rs 632 Cr. are unencumbered. The overall utilisation of fund based limits stood at ~84% for 12 months ending on March 31, 2025, further, group has been sanctioned another revolving line of credit of Rs 830 Cr. for a period of five years which is fully utilised. Therefore, the group's ability to generate adequate accruals, enhance its working capital limits and raise equity over near to medium term shall be a key rating sensitivity.

### Outlook: Stable

### Other Factors affecting Rating

None

### Key Financials

| Particulars | Unit | FY 24 (Actual) | FY 23 (Actual) |
|---|---|---|---|
| Operating Income | Rs. Cr. | 14527.23 | 11846.55 |
| PAT | Rs. Cr. | 378.04 | 155.28 |
| PAT Margin | (%) | 2.60 | 1.31 |
| Total Debt/Tangible Net Worth | Times | 2.17 | 1.52 |
| PBDIT/Interest | Times | 2.16 | 2.34 |

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

**Not applicable**

### Any Other Information

Provisions of Chapter IV, Regulations 15 to 27 of SEBI (LODR) Regulations, 2015 apply to a listed entity which has listed its non-convertible debt securities and has an outstanding value of listed non-convertible debt of Rupees Five Hundred Crore and above.

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm
- Consolidation Of Companies: https://www.acuite.in/view-rating-criteria-60.htm
- Default Recognition: https://www.acuite.in/view-rating-criteria-52.htm
- Infrastructure Sector: https://www.acuite.in/view-rating-criteria-51.htm
- Manufacturing Entities: https://www.acuite.in/view-rating-criteria-59.htm
- Service Sector: https://www.acuite.in/view-rating-criteria-50.htm
- Trading Entities: https://www.acuite.in/view-rating-criteria-61.htm

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

## Rating History

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|---|---|---|---|---|
| 17 Apr 2025 | Proposed Non Convertible Debentures | Long Term | 700.00 | ACUITE A- \| Stable (Assigned) |

## Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Quantum (Rs. Cr.) | Complexity Level | Rating |
|---|---|---|---|---|---|---|---|---|
| Not Applicable | INE0P3M07025 | Non-Convertible Debentures (NCD) | 12 Feb 2025 | 11.80 | 12 Feb 2028 | 85.00 | Simple | ACUITE A- \| Stable \| Reaffirmed |
| Not Applicable | INE0P3M07033 | Non-Convertible Debentures (NCD) | 28 Feb 2025 | 11.80 | 28 Feb 2028 | 75.00 | Simple | ACUITE A- \| Stable \| Reaffirmed |
| Not Applicable | INE0P3M07041 | Non-Convertible Debentures (NCD) | 10 Mar 2025 | 11.80 | 10 Mar 2028 | 61.00 | Simple | ACUITE A- \| Stable \| Reaffirmed |
| Not Applicable | Not avl. / Not appl. | Proposed Non Convertible Debentures | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 479.00 | Simple | ACUITE A- \| Stable \| Reaffirmed |

## *Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

| Sr. No. | Company name |
|---|---|
| 1 | Hella Infra Market Limited (Formerly known as Hella Infra Market Pvt Ltd) |
| 2 | Hella Chemical Market Private Limited |
| 3 | Hella Infra Market Wood Products Private Limited |
| 4 | Hella Infra Market Retail Private Limited |
| 5 | Sociam Equipments Solutions Private Limited |
| 6 | Hella Infra Market Pipes & Fittings Private Limited |
| 7 | Hella Infra Market Ceramics Private Limited |
| 8 | Hella Infra Market Singapore Pte Limited |
| 9 | HIM Infra General Trading LLC |
| 10 | Sociam Singapore Pte Limited |
| 11 | Shalimar Paints Limited |
| 12 | RDC Concrete (INDIA) Limited |
| 13 | Hella Infra Market Metal Private Limited |
| 14 | Ketan Constructions Private Limited |
| 15 | Hella Infra Market Steel Private Limited |
| 16 | Engistone India Private Limited |
| 17 | Emcer Tiles Private Limited |
| 18 | Millenium Group |
| 19 | Ultrafine Mineral & Admixtures Private Limited |
| 20 | Neptune Readymix Concrete Private Limited |
| 21 | Eastern Speciality Paints and Coatings Private Limited |
| 22 | Shalimar Adhunik Nirman Limited |
| 23 | Amstrad Consumer India Private Limited |
| 24 | Ivas Kadson Hardwares Private Limited |

## Contacts

| | |
|---|---|
| Mohit Jain<br>Senior Vice President-Rating Operations<br><br>Shagun Jajoo<br>Associate Vice President-Rating Operations | **Contact details exclusively for investors and lenders**<br><br>Mob: +91 8591310146<br>Email ID: analyticalsupport@acuite.in |

**About Acuité Ratings & Research**

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.



**Note:** None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.