India Ratings Downgrades RDC Concrete (India)’s Bank Facilities and NCDs to ‘IND BB+’/Rating Watch Negative Implications; Migrates Ratings to Non-Cooperating Category

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India Ratings and Research (Ind-Ra) has downgraded RDC Concrete (India) Limited’s (RDC) non-convertible debentures (NCDs) and bank facilities to ‘IND BB+’/Rating Watch with Negative Implications from ‘IND BBB+’/Rating Watch with Negative Implications and simultaneously migrated the ratings to the non-cooperating category. The rating will now appear as ‘IND BB+’/Rating Watch with Negative Implications (ISSUER NOT COOPERATING) on the agency’s website. The issuer has not made available critical information for the rating exercise despite continuous requests and follow-ups by the agency through emails and phone calls. Thus, the rating is based on the best available information. Therefore, investors and other users are advised to take appropriate caution while using these ratings. The instrument-wise rating actions are as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Bank loan facilities	-	-	-	INR2,760 (reduced from INR5,120)	IND BB+/Rating Watch with Negative Implications(ISSUER NOT COOPERATING)/IND A4+/Rating Watch with Negative Implications(ISSUER NOT COOPERATING)	Downgraded, Maintained in Rating Watch with Negative Implications and migrated to non-cooperating category
Non-convertible debentures#	-	-	-	INR650 (reduced from INR980)	IND BB+/Rating Watch with Negative Implications(ISSUER NOT COOPERATING)	Downgraded, Maintained in Rating Watch with Negative Implications and migrated to non-cooperating category

#Details In Annexure

Analytical Approach

Ind-Ra has now consolidated RDC's parent Hella Infra Market Limited (IND BB+/Rating watch with Negative implications (ISSUER NOT COOPERATING)) along with Hella's subsidiaries and RDC's wholly owned subsidiaries - Neptune Readymix Concrete Private Limited and Ultrafine Minerals & Admixtures Private Limited) to arrive at the ratings. The consolidation considers the potential support RDC may provide to its parent for any liquidity requirement.

Detailed Rationale of the Rating Action

The rating downgrade reflects a weakening of the consolidated credit and liquidity profile of RDC's parent Hella. In addition to impacting RDC's financial flexibility, this could result in a possible weakening of RDC's standalone credit profile if it were to provide any support to its parent. The ratings are also constrained by the unavailability of adequate information required by Ind-Ra to monitor and review the ratings.

The rating downgrade reflects a strained liquidity position and financial flexibility for Hella, given the persistent funding gaps and divergence from its planned fund raise. The ratings are also constrained by the unavailability of adequate information required by Ind-Ra to monitor and review the ratings, given the stretched liquidity position as articulated during the previous review. Hella, at the consolidated level, had indicated availability of term sheets of INR7.4 billion during the last rating exercise, to be used for refinancing part of the remaining FY26 repayment of around INR13 billion (out of total INR15.8 billion for FY26). However, of the INR7.4 billion, NCDs amounting to INR4.8 billion have not been issued yet. Also, Hella had an available equity line of INR1.25 billion from an investor as part of the share subscription agreement of INR2 billion which also has not come through so far. As a result, with only around INR3.5 billion of NCDs raised since the last rating exercise at a standalone level basis the information available with Ind-Ra, the funding gap for FY26 has increased substantially to around INR11 billion from around INR4.5 billion during the last review. This increased funding gap compared to the FY26 repayments of around INR10.5 billion due over September 2025-March 2026 indicates a further weakening in its liquidity position.

However, the management has recently articulated that this gap would be bridged by a combination of equity, debt and internal accruals. The entity has tied up equity of INR7.3 billion, of which INR4.37 billion has been raised till 22 September 2025 and the balance is likely to be raised over September-October 2025. Furthermore, it is expects to raise around INR1.5 billion of debt from an earlier term sheet at a subsidiary. The balance could be funded through a mix of internal accruals and further debt raise. The entity has an indicative term sheet in place for an INR10 billion NCD issuance which is under negotiation. Consolidated unencumbered cash and equivalents reduced to INR3.6 billion at end-August 2025 (end-March 2025: INR4.9 billion). Except cash balance, Ind-Ra also does not have any interim financial performance data, subsequent to the previous review to ascertain the current liquidity position of the entity. Ind-Ra also does not have any update on the consolidated debt position or the interest cost for 1QFY26. The agency is unable to comment on the current operational and financial performance, working capital position, capex spends and the resultant cash flow generation.

The interest rate for the some of the proposed debt funding is estimated to be considerably higher than the rates at which NCDs were issued in the recent past, indicating weakened financial flexibility. Given that a large portion of the existing debt was issued at a high interest rate, Ind-Ra had earlier highlighted Hella's ability to raise funding at competitive rates, commensurate with the rating category, as a key rating monitorable. A higher interest rate could affect credit metrics for FY26, unless there is a commensurate increase in the EBITDA. Notwithstanding the EBITDA-led improvement as per the provisional financials of FY25 shared during the last rating exercise, Hella's interest coverage remained modest at 2.7x in FY25 (FY24: 1.8x, FY23: 2.2x) and a material improvement remains contingent on its ability to reduce interest costs.

Hella, in 1QFY26, received the release of the balance INR1.9 billion of working capital limit which was sanctioned in March 2025 but pending security creation. However, against the earlier management expectation of some reduction in the bank limit utilisation levels, the average month-end utilisation rose to 97% over April-July 2025, hitting 99% in June 2025 indicating the erosion of liquidity cushion in the limits. Ind-Ra also understands that Hella has deferred payments to some operational creditors who may have discounted the same on platforms such as TReDS. However, management has confirmed that these liabilities are not with any recourse to Hella. The sanctioned working capital limits stood at INR12.5 billion at end-July 2025, slightly lower than the INR13 billion as of end-June 2025 due to the closure of one of its limits.

As per the earlier guidance, the company had planned to spend INR17 billion - 18 billion towards capex over FY26-FY27, largely in the concrete, plumbing, cement and plywood segments. With a continued annual investment of INR15 billion-18 billion towards working capital and capex, Ind-Ra expects Hella's free cash flow generation to remain negative due to which it will continue to need additional funding every year. However, Ind-Ra does not have any update on the capex progress and the required debt tie-up. Furthermore, the agency does not have the updated consolidated repayment schedule for the next two to three years to assess the debt service coverage ratios.

The management plans to launch an initial public offering in FY26 to correct the capital structure and achieve a sustainable and structural improvement in the liquidity and financial flexibility. Given the strained financial flexibility, timely progress and completion of initial public offering is critical for the company's credit profile.

Furthermore, Ind-Ra had highlighted in its last rating action commentary that risks in the Singapore business have increased due to a stretch in receivables, given its weak counterparty profile and high business volatility. Also, Hella Singapore's transactions with group companies (including the parent and fellow subsidiaries) increased sharply in FY25. In this context, Ind-Ra had sought audited financials for the consolidated entity as of FY25 and also further updates on the Singapore business and the related-party transactions. This has not been provided yet for the agency to ascertain the consolidated financial profile.

Hella's consolidated net debt (excluding lease liabilities) had risen to INR43.7 billion as per the provisional financials of FYE25 (FYE24: INR31.3 billion) shared during the last review. As a result, the net leverage remained range-bound at 2.8x in FY25 (FY24: 3x) with the net adjusted leverage (including lease liabilities) between 3x-3.25x (3.4x).

Ind-Ra opines that RDC may provide support to Hella, indirectly levering its balance sheet if required. RDC generated EBITDA of INR2.2 billion in FY25 (FY24: INR1.8 billion) and had a net leverage ratio of 1.9x in FY25, which could rise if support is extended to Hella. RDC's EBITDA fell to INR0.4 billion in 1QFY26 (1QFY25: INR0.42 billion) and interest coverage came in at 2.2x (2.4x).

Non-Cooperation by the Issuer

The ratings have been migrated to the non-cooperating category as the issuer has not shared adequate and timely information for the monitoring and review of ratings. This is in accordance with Ind-Ra's policy of 'Guidelines on What Constitutes Non-cooperation'. Ind-Ra has been following up with Hella for the required information to monitor the ratings over various emails and phone calls since June 2025, but has not received critical information including:

- Operational and financial performance for 1QFY26
- Current liquidity position including working capital position, cash flow generation for 1QFY26
- Updates on capex spends/plans and its funding
- Consolidated net debt status and latest repayment schedule for the next three years post FY26
- Updates on its Singapore subsidiary

Limitations regarding Information Availability

Ind-Ra is unable to provide an updated forward-looking view on the credit rating of Hella, as the agency does not have adequate information to review the rating. If an issuer does not provide timely business and financial updates to the agency, it indicates weak governance, particularly in 'Transparency of Financial Information'. The agency may also consider this as symptomatic of a possible disruption/distress in the issuer's credit profile. Therefore, investors and other users are advised to take appropriate caution while using these ratings.

Rating Sensitivities

The Rating Watch with Negative Implications indicates that the ratings may be downgraded or affirmed upon resolution. Ind-Ra will resolve the Rating Watch basis the developments in Hella's consolidated liquidity profile and /or further availability of relevant information. The agency will continue to monitor the developments and the liquidity position, and a continued stretched liquidity will be negative for the ratings.

Disclosures for CE Rating

1) UNSUPPORTED RATING

Ind-Ra has downgraded the unsupported rating to ‘IND BB+’/Rating Watch with Negative Implications (ISSUER NOT COOPERATING) from ‘IND BBB+’/Rating Watch with Negative Implications (ISSUER NOT COOPERATING).

As per SEBI Master Circular, in the case of listed or proposed to be listed debt securities, an unsupported rating is to be disclosed in cases where there is a presence of a specified support considerations, even though the instruments do not carry a CE suffix rating. The unsupported rating is arrived at without factoring in the explicit credit enhancement. It helps in understanding the extent of credit enhancement factored into the instrument rating.

The Analytical Approach and Detailed Rationale of the Rating Action for the unsupported rating are the same as that for the bank loan and NCD ratings.

2) **INSTRUMENT COVENANTS**

Refer to Annexure II

3) ADEQUACY OF CE

Hella has provided a corporate guarantee for RDC’s NCDs. Since the guarantee does not meet Ind-Ra’s requirement of the presence of a pre-default clause for guarantee invocation and a well-defined payment mechanism, it has not been factored as an explicit CE and hence the CE suffix has not been added to the rating of NCDs.

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on RDC, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra’s ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

Set up in 1993 by Unitech Constructions Ltd and RDC Concrete Singapore, RDC operates 128 read-mix concrete plants across India. In 2005, RDC was acquired by True North when it had five RMC plants and one paver block plant with operations in North India. RDC was acquired by Hella in December 2021.

Key Financial Indicators

Particulars – Consolidated (Hella)	**FY25 (Provisional)**	**FY24**	**FY23**
Revenue (INR billion)	178.7	145.3	118.5
EBITDA (INR billion)	13.5	10.5	7.6
EBITDA margin (%)	7.6	7.2	6.4
EBITDA interest coverage (x)	2.3	1.8	2.2
Net leverage (x)	3.1	3.7	3.2
Source: Hella, Ind-Ra			

Particulars – Consolidated (RDC)	**FY25**	**FY24**
Revenue (INR million)	25,039	20,305
EBITDA (INR million)	2,241	1,783
EBITDA margin (%)	9.0	8.8
EBITDA interest coverage (x)	3.0	2.9
Net leverage (x)	1.88	2.11

Source: RDC, Ind-Ra

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Rating/Outlook	Historical Rating/Outlook						
				22 May 2025	4 March 2025	20 February 2025	21 February 2024	22 September 2023	22 February 2023	25 May 2022
Issuer rating	Long term	-		-		-	-	WD	IND A-/Stable	IND A-/Stable
Bank Loan Facilities	Long-term/Short-term	INR2,760	IND BB+/Rating Watch with Negative Implications(ISSUER NOT COOPERATING)/IND A4+/Rating Watch with Negative Implications(ISSUER NOT COOPERATING)	IND BBB+/Rating Watch with Negative Implications/IND A2/Rating Watch with Negative Implications	IND A-/Negative/IND A2+	IND A-/Negative/IND A2+	IND A-/Negative/IND A2+	-	IND A-/Stable/IND A1	IND A-/Stable/IND A1
Unsupported rating	Long-term		IND BB+/Rating Watch with Negative Implications(ISSUER NOT COOPERATING)	IND BBB+/Rating Watch with Negative Implications	IND A-/Negative	IND A-/Negative	IND A-/Negative	-	-	-
Non-convertible debentures	Long-term	INR650	IND BB+/Rating Watch with Negative Implications(ISSUER NOT COOPERATING)	IND BBB+/Rating Watch with Negative Implications	IND A-/Negative	IND A-/Negative	IND A-/Negative		IND A-/Stable	-

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low
Non-convertible debentures	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

Annexure

Instrument Type	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Rated Amount (INR million)	Rating
Non-convertible debentures	INE076I07020	12 March 2025	11%	12 March 2028	260	IND BB+/Rating Watch with Negative Implications (ISSUER NOT COOPERATING)
Non-convertible debentures	INE076I07038	2 April 2025	11%	2 April 2028	390	IND BB+/Rating Watch with Negative Implications(ISSUER NOT COOPERATING)
Total Unutilised					330	WD*
Total Utilised					650	
Total					650	

Source: NSDL
* These limits are unutilised and company does not want any rating pertaining to it.

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About India Ratings

India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

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Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

Policy for Placing Ratings on Rating Watch

Policy for Credit Enhanced (CE) Ratings

Guidelines on What Constitutes Non-Cooperation

Parent and Subsidiary Rating Linkage

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process