

JSW Paints Limited

July 04, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	674.00	CARE A- (RWP)	Placed on Rating Watch with Positive Implications
Short-term bank facilities	441.25	CARE A2+ (RWP)	Placed on Rating Watch with Positive Implications

Details of facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has placed ratings assigned to bank facilities of JSW Paints Limited (JPL) on 'Rating watch with Positive Implications'. The rating action follows JPL entering a share purchase agreement (SPA) on June 27, 2025, with Imperial Chemical Industries Limited and Akzo Nobel Coatings International B.V. (ANC), to buy their entire shareholdings of 50.46% and 24.30%, respectively, in the equity share capital of Akzo Nobel India Limited (Akzo Nobel). The maximum consideration for acquiring upto 75% equity stake in Akzo Nobel is expected at ~₹9,400 crore. The funding pattern of the acquisition is not yet clear. However, CareEdge Ratings expects the same to be funded by a prudent mix of debt and equity. Upon completion of the transaction, JPL (consolidated) is expected to gain significant market share through greater diversification of its dealer network and retail presence. With this acquisition, JPL would become the fourth-largest paints company in India. As Akzo Nobel essentially operates in the luxury and ultra-premium decorative paints segment with its flagship brand 'Dulux' and has a strong presence in urban markets with healthy operating profitability, this acquisition is expected to give JPL a boost in brand positioning, market reach and its profitability on a consolidated basis. The consummation of this transaction is subject to receipt of relevant statutory approvals including but not limited to approval from Competition Commission of India, completion of mandatory open offer, and satisfaction of other customary conditions precedent in terms of SPA.

CareEdge Ratings will engage with the company's management to understand the exact contours of the acquisition, such as Akzo Nobel's business risk profile and the expected synergies from this acquisition, the exact source of funding for this transaction, future capex and investment plans, status of various approvals and will review the ratings once the impact of the same on the credit risk profile of JPL is clear.

Ratings continue to draw significant strength from strong operational and financial linkages with the JSW group, led by Mr. Sajjan Jindal, and the group's healthy financial flexibility. The entity is important for the JSW group and has the shared brand name, JSW. The location of the industrial paint unit is adjacent to the coated steel plant of JSW Steel Coated Products Limited (JSCPL; rated 'CARE AA; Stable/CARE A1+'), one of the major customers, further underpins the company's strategic importance to the group. Sajjan Jindal Family Trust holds 85.80% equity, while JSW Steel Limited (JSL, rated 'CARE AA; Stable / CARE A1+') holds 12.85% equity stake in JPL as on March 31, 2025. Mr. Parth Jindal, son of Mr. Sajjan Jindal, is JPL's managing director. The promoters have demonstrated financial support in the form of equity infusion in the past, with ₹750 crore infused by JSL over FY22-FY24, which is expected to continue as and when required by JPL, as also evident from sponsor support undertaking provided by promoters to one of the lenders.

However, ratings are constrained by the subdued performance in FY25 (refers to April 01 to March 31), after witnessing improvement in FY24. Despite generating higher revenue compared to FY24, the company incurred operating losses in FY25 because of pricing pressure and increased competition leading to higher overheads (marketing and employee cost).

Ratings are further constrained by the increased competitive intensity in the paints industry, with JPL being a new entrant with low market share. Ratings also factor in the moderate debt coverage indicators because of the losses in the initial years of product launch, implementation risk associated with the capex plan, and the susceptibility of operating margins to fluctuations in raw material prices.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in scale of operations marked by total operating income (TOI) of over ₹3,500 crore with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 7% on a sustained basis.
- Improvement in debt coverage indicators on a sustained basis.

Negative factors

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

- TOI remaining less than ₹2,000 crore with PBILDT margin less than 5%.
- Significantly large-size debt-funded capex leading to moderation in total outside liability to total net worth (TOL/TNW) at over 2.50x on a sustained basis.
- Delay in receipt of need-based financial support from the group.

Analytical approach: Standalone factoring in strong operational and financial linkages with the JSW group.

Detailed description of key rating drivers:

Key strengths

Part of JSW group; having strong operational and financial linkages

JPL is a part of the JSW group, which is led by Sajjan Jindal and is a part of the larger O.P. Jindal group. Parth Jindal, son of Sajjan Jindal, is JPL's managing director. As on March 31, 2025, Sajjan Jindal Family Trust holds 85.80% equity, while JSL holds 12.85% equity in JPL. JSW group has a significant presence in diversified business segments, such as steel, energy, real estate, infrastructure, cement, and sports. The group ventured in the high-growth paints business by setting up green-field industrial and decorative paint plants at Vasind and Vijaynagar, respectively, in March 2019. It has extended its strong brand to JPL which has resulted in quickly establishing the JPL's product in the market. Sharing the group name underpins the company's strategic importance to the JSW group.

Demonstrated financial support from the group; expected to continue in future

Sajjan Jindal Family Trust infused ₹200 crore equity in FY17 when the company started the project. An aggregate equity of ₹750 crore has been infused by JSL over three years (₹300 crore in FY22; ₹200 crore in FY23; and ₹250 crore in FY24) for funding the capex, debt repayment, losses and working capital needs of JPL. There is sponsor support undertaking from promoters for the debt availed from one of the lenders. As demonstrated in the past, the group is expected to provide need-based support to JPL timely.

Moderate capital structure with consistent equity infusion

Despite being in the initial phase of paints business with recently completed project, overall gearing ratio remained moderate with continuous equity infusion by the group, to meet the capex, losses and other requirements. The company's overall gearing stood moderate at 1.10x as on March 31, 2025, despite incurring losses since its incorporation.

Industry demand prospects

The Indian paints industry is expected to grow at ~8-10% with a somewhat lower operating margin of ~14% in FY26 compared to the average of ~18% in the last five years. This is reinforced by urbanisation and increasing affluence, rising disposable income, shortening of the re-painting cycle, demand recovery from semi-urban and rural areas, affordable housing projects, spending on large scale infrastructure projects and demand from automobiles sector. Decorative paints constitute about three-fourth of the overall Indian market. Real estate sector contributes ~70% of the total demand for paints, where sector is expected to perform well in the near-to-medium term.

Liquidity: Adequate

JPL currently has an adequate liquidity profile. The company had received ₹250 crore equity infusion in FY24 for capex funding and repayments. It had total cash and liquid investments amounting to ₹18.33 crore as on March 31, 2025. CareEdge Ratings also derives comfort from JPL being a part of JSW group, having strong financial flexibility, which will enable it to arrange for financing to service shortfalls in accruals for servicing debt obligations. The average utilisation of its fund-based working capital limits stood at ~66% for the trailing 12 months ended December 2024, providing adequate liquidity buffer.

Key weaknesses

Moderation in financial performance in FY25 after improving in FY24

The company started its operations in FY20, and its TOI has been increasing since then with sales in industrial and decorative paints segments improving each year. After achieving operating profit in FY24, JPL's performance deteriorated in FY25 with company incurring operating loss. In FY25, JPL achieved TOI of ₹2,150 crore with a growth of ~2.5% y-o-y. Moreover, it incurred operating losses of ₹43 crore in FY25, with decrease in gross margin in decorative and industrial paints segments, because of pricing pressure and increased competition. The company had incurred losses in the initial phase considering intense competition requiring aggressive spending on marketing and increasing distribution reach. The ad spends for JPL remained in the range of 11%-12% of TOI, which is higher than the amount spent by established players.

Moderation in debt coverage indicators

The debt protection metrics of the company remained weak considering losses in the initial years of product launch and operating losses in FY25 after achieving operating profit in FY24. The interest coverage ratio remained vulnerable in FY25 because of the operating losses.

Increased competitive intensity

The entry of new players has sparked a surge in capital expenditure and heightened competition within the sector. Players are expanding their capacities, growing their dealer network, ramping up sales teams and accelerating the ad spending in a bid to counter competition and secure market shares. Amid these developments, CareEdge Ratings expects a shift in cost structures, with ad and sales promotion spending of players likely to increase in the medium term. The industry has planned a massive capex entailing capacity addition of ~70% over the next three to four years. This is expected to increase the overall capacity in the industry, increasing the competitive intensity and restricting the margins in the near-to-medium term.

Susceptibility of operating margins to raw material price fluctuations

The cost of raw materials consumed constituted ~63% of JPL's total cost of sales in FY25 (FY24: 64%). A significant proportion of the raw materials, such as mineral turpentine oil and phthalic anhydride, are derivatives of crude oil. Other major raw materials include titanium dioxide for pigments, which is mainly imported and prices of which are driven by global demand and supply factors. Intense competition from the organised and unorganised players also limit pricing. In the industrial segment, the susceptibility of the profit margins to commodity price volatility is relatively higher, where the finished goods pricing is through unilateral agreements and involves negotiations. Hence, the company's profitability is susceptible to the raw material price fluctuation risk.

Risk associated with the planned capex

The company has planned capital expenditure of ~₹503 crore up to FY27. Of this, ₹80 crore is for routine capex, ₹158 crore is for expansion of existing capacities at Vasind and Vijaynagar plants and at the newly acquired plant in Khopoli. The company is planning capacity expansion of 20,000 KLPA at Vasind plant by FY26, while it has completed expansion of 50,000 KLPA at Vijaynagar plant in October 2024. The rest capex is for setting up greenfield plant in Madhya Pradesh (MP). The above-said capex is expected to be funded through a mix of debt, equity infusion, and internal accruals.

The company has plans to set up a green-field plant with an installed capacity of 30,000 KLPA for industrial paints and 100,000 KLPA for decorative paints at MP at a total project cost of ~₹544 crore, of which ₹94 crore was expended on land acquisition in FY24. However, the majority capex at MP is expected post FY26 and planned to be largely funded by equity. Timely completion and stabilisation of its planned capex would be critical going forward.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Factoring linkages Parent sub JV group](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Paints

Incorporated in February 2016, JPL is a part of the JSW Group (Sajjan Jindal faction of OP Jindal group). The company manufactures industrial and decorative paints, and has two manufacturing facilities at Vasind, Maharashtra and Vijayanagar, Karnataka. While the Vasind plant has an installed capacity of 60,000 kilo litres per annum (KLPA) and caters the industrial paints segment, the Vijayanagar plant manufactures decorative paints and has an installed capacity of 160,000 KLPA.

Brief Financials (₹ crore)	FY24 (A)	FY25 (UA)
Total operating income	2,098.40	2,149.96

PBILDT	65.41	-43.16
PAT	-35.13	-108.82
Overall gearing (times)	0.83	1.10
Interest coverage (times)	1.13	NM

A: Audited UA: Unaudited NM: Not Meaningful; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated facility: Annexure-3

Complexity level of facilities rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	340.00	CARE A- (RWP)
Fund-based - LT-Term Loan		-	-	June 30, 2031	294.00	CARE A- (RWP)
Fund-based - LT-Working capital Term Loan		-	-	December 2027	40.00	CARE A- (RWP)
Fund-based - ST-Working Capital Demand loan		-	-	-	350.00	CARE A2+ (RWP)
Non-fund-based - ST-Forward Contract		-	-	-	1.25	CARE A2+ (RWP)
Non-fund-based - ST-Letter of credit		-	-	-	85.00	CARE A2+ (RWP)
Non-fund-based - ST-Loan Equivalent Risk		-	-	-	5.00	CARE A2+ (RWP)

Annexure-2: Rating history for last three years

Sr. No.	Name of the Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	294.00	CARE A-(RWP)	1)CARE A-; Stable (01-Apr-25)	-	1)CARE A-; Stable (15-Jan-24)	-
2	Fund-based - LT-Cash Credit	LT	340.00	CARE A-(RWP)	1)CARE A-; Stable (01-Apr-25)	-	1)CARE A-; Stable (15-Jan-24)	-
3	Non-fund-based - ST-Letter of credit	ST	85.00	CARE A2+(RWP)	1)CARE A2+ (01-Apr-25)	-	1)CARE A2+ (15-Jan-24)	-
4	Non-fund-based - ST-Loan Equivalent Risk	ST	5.00	CARE A2+(RWP)	1)CARE A2+ (01-Apr-25)	-	1)CARE A2+ (15-Jan-24)	-
5	Non-fund-based - ST-Forward Contract	ST	1.25	CARE A2+(RWP)	1)CARE A2+ (01-Apr-25)	-	1)CARE A2+ (15-Jan-24)	-
6	Fund-based - ST-Working Capital Demand loan	ST	350.00	CARE A2+(RWP)	1)CARE A2+ (01-Apr-25)	-	1)CARE A2+ (15-Jan-24)	-
7	Fund-based - LT-Working capital Term Loan	LT	40.00	CARE A-(RWP)	1)CARE A-; Stable (01-Apr-25)	-	-	-

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT-Working capital Term Loan	Simple
4	Fund-based - ST-Working Capital Demand loan	Simple
5	Non-fund-based - ST-Forward Contract	Simple
6	Non-fund-based - ST-Letter of credit	Simple
7	Non-fund-based - ST-Loan Equivalent Risk	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

<p>Media Contact</p> <p>Name: Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Name: Saikat Roy Senior Director CARE Ratings Limited Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Name: Hardik Shah Director CARE Ratings Limited Phone: +91-22-6754 3591 E-mail: Hardik.shah@careedge.in</p> <p>Name: Richa Bagaria Associate Director CARE Ratings Limited Phone: +91-33-4018 1653 E-mail: richa.jain@careedge.in</p> <p>Name: Mayank Sourabh Lead Analyst CARE Ratings Limited E-mail: Mayank.Sourabh@careedge.in</p>
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