BDJ Oxides Private Limited

September 25, 2026

Facilities	Name of the Regulator[1]	Amount (₹ crore)	Ratings[2]	Rating Action
Long-term / Short-term bank facilities	RBI	2.00	CARE A+; Stable / CARE A1+	Assigned
Long-term bank facilities	RBI	38.00	CARE A+; Stable	Assigned

Details of facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of BDJ Oxides Private Limited (BDJ) is supported by its experienced promoters and long-standing track record of its parent, J.G. Chemicals Limited (JGCL) and established position as the market leader in zinc oxide manufacturing. The rating also derives comfort from the support extended by the parent to meet its working capital requirements, the growing scale of operations and healthy margins from FY22-FY26 (FY refers to April 01 to March 31), comfortable capital structure and debt protection metrics. The company's long-standing relationships with reputed tyre manufacturers provide revenue visibility and business stability.

However, these strengths are partially offset by profitability susceptible to inherent volatility in commodity prices, working capital intensive business and product and customer concentration risk.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in its scale of operations and sustained profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 13%.
- Improvement in operating cycle below 50 days on a sustained basis.
- Improvement in credit risk profile of the parent entity.

Negative factors

- Significant decline in scale of operations and PBILDT margin below 9% on a sustained basis.
- Major debt-funded capex undertaken by the company leading to deterioration in capital structure with overall gearing above 0.70x on a sustained basis.
- Significant moderation in existing liquidity profile.
- Moderation in credit risk profile of the parent entity.

Analytical approach: Standalone, factoring linkages with parent entity (JGCL) in the form of fund support received to meet working capital requirements.

Outlook: Stable

CareEdge Ratings believes BDJ is expected to sustain its financial and operational performance given its established market position.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Detailed description of key rating drivers

Key strengths

Experienced promoters and long-standing track record

With over five decades of experience in the zinc oxide industry, promoters have a strong understanding of industry fundamentals, competitive dynamics, and customer requirements. Their extensive network and long-standing relationships across the value chain have supported BDJ's (and its parent) growth as the largest zinc oxide producer in India.

Growing scale of operations and healthy margins

BDJ's total operating income (TOI) has grown at a compounded annual growth rate (CAGR) of ~13% for five years ended FY26 and stood at ~₹690 crore against ~₹367 crore in FY22 supported by increasing sales volume and increasing realisation. Majority revenue is driven by reputed tire manufacturers. BDJ's PBILDT margin generally has been range bound between 10-12.50% and stood at 10.26% in FY26.

Going forward, the company's revenue and profitability is expected to improve given the increase in zinc oxide prices in the current year and increased demand, which has led to improved capacity utilisation in the current year.

Comfortable capital structure and debt coverage indicators

The company's capital structure stood comfortable marked by overall gearing ratio of 0.33x as on March 31, 2026, against 1.09x as on March 31, 2022, primarily due to accretion of profits to reserves. Total debt remained more or less at similar levels, however, majority loan, which earlier used to comprise of working capital borrowings have now been replaced by unsecured loans from parent entity.

Debt coverage indicators also strengthened, with total debt to gross cash accruals (TD/GCA) improving from 2.47x as on March 31, 2022, to 1.38x as on March 31, 2026, with improvement in GCA levels. Interest coverage ratio improved from 7.29x in FY22 to 10.65x in FY26. Going forward, with no major planned capex and expected improvement in financial performance, capital structure and debt protection metrics are expected to remain comfortable.

Key weaknesses

Susceptibility of profitability to inherent volatility in commodity prices

Both the sourcing of key raw materials and sale of its finished product (zinc oxide) are linked to the prevailing London Metal Exchange (LME) zinc prices. The pricing of its finished product, zinc oxide, is determined based on the corresponding LME zinc price prevailing at the time of raw material procurement. This pricing mechanism provides a hedge against foreign exchange fluctuations in zinc prices to a large extent. Changes in raw material costs are effectively passed through to customers in the selling price of zinc oxide despite with timing mismatch. Accordingly, the sustainability of margins and the company's ability to navigate these external headwinds will be important going forward.

Product and customer concentration

BDJ's revenue profile remains concentrated, with zinc oxide contributing ~95% of overall turnover and top 10 customers accounting for ~88% of sales. Despite ongoing efforts to broaden its customer base and diversify across end-user industries, the tyre segment continues to dominate demand. While the company expanded its product portfolio to include zinc sulphate, the segment currently contributes only ~5% of revenue. Therefore, the company's ability to reduce its dependence on a single product category, a concentrated customer base, and the tyre industry remains important for improving revenue diversification.

Working capital intensive business

The company operates in a working capital intensive business, as reflected in its inventory holding period of 37 days in FY26, compared to 42 days in FY22, indicating that it generally maintains around one month's inventory. The collection period remained largely stable at 54 days in FY26 against 52 days in FY22, highlighting a consistent receivables cycle over the years. The company's operating cycle stood at 85 days in FY26 compared to 90 days in FY22.

Liquidity: Strong

The company's liquidity position remains strong, supported by free cash and liquid investments of ~₹65 crore as on March 31, 2026. The company generated healthy GCA of ~₹51 crore in FY26, while having negligible debt repayment obligations. In FY27 also, the company has negligible debt repayment obligation. Average utilisation of fund-based working capital limits remained low at ~3% for 11-month period ended February 2026, indicating comfortable liquidity and working capital management.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Short Term Instruments
Manufacturing Companies
Financial Ratios – Non financial Sector
Notching by Factoring Linkages in Ratings

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals and petrochemicals	Specialty chemicals

Incorporated in 2010 (operations started in 2016), BDJ is engaged in manufacturing zinc oxide and zinc sulphate, with its production facility in Naidupeta, Andhra Pradesh. The company has an installed capacity of 43,704 MTPA for zinc oxide, 10,080 MTPA for zinc sulphate, and 2,016 MTPA for recycled zinc ingots. BDJ operates as a subsidiary of JGCL.

The company holds internationally recognised certifications and regulatory approvals, including ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System), ISO 45001:2018 (Occupational Health & Safety Management System), IATF, and WHO-GMP certifications. Its products and operations also comply with globally accepted pharmacopoeial standards, including Indian Pharmacopoeia (IP), United States Pharmacopeia (USP), British Pharmacopoeia (BP), and the European Pharmacopoeia.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (UA)
Total operating income	583.62	688.82
PBILDT*	72.95	70.67
Profit after tax (PAT)	46.74	47.20
Overall gearing (x)	0.34	0.33
Interest coverage (x)	11.61	10.65

A: Audited; UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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 instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	RBI	Simple	-	-	-	-	38.00	CARE A+; Stable
Non-fund-based - LT/ ST-BG/LC	RBI	Simple	-	-	-	-	2.00	CARE A+; Stable / CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	38.00	CARE A+; Stable				
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	2.00	CARE A+; Stable / CARE A1+				

LT: Long term; LT/ST: Long term/Short term

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

Annexure-4: 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.

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