

J.G. Chemicals 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	17.75	CARE A+; Stable	Assigned

Details of facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of J. G. Chemicals Limited (JGCL) is supported by its experienced promoters and long-standing track record and established position as the market leader in zinc oxide manufacturing. Ratings also derive comfort from the company's growing scale of operations and healthy margins from FY22-FY26 (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 scale of operations above ₹1,800 crore and sustained improvement in profit before interest, lease rentals, depreciation and taxation (PBILDT) margin.
- Improvement in operating cycle below 50 days on a sustained basis.
- Increase in net worth base above ₹850 crore without major increase in the company's debt position.

Negative factors

- Significant decline in scale of operations and PBILDT margin to less than 9% on a sustained basis.
- Major debt-funded capex undertaken by the company leading to deterioration in capital structure with overall gearing above 0.25x on a sustained basis.
- Significant moderation in existing liquidity levels.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has taken a consolidated analytical approach for assessing JGCL, considering its subsidiary being in same line of business and having financial and managerial linkages with JGCL. List of company consolidated with JGCL as on March 31, 2026, is listed under Annexure 5.

Outlook: Stable

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

¹SEBI: 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.

²Complete 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 longstanding relationships across the value chain have supported JGCL's (and its subsidiary) growth as the largest zinc oxide producer in India.

Growing scale of operations and healthy margins

JGCL's total operating income (TOI) on a consolidated basis witnessed a compounded annual growth rate (CAGR) of ~10% for five years ended FY26 and stood at ~₹977 crore against ~₹617 crore in FY22, supported by increase in sales volume and realisation. Majority revenue is driven by reputed tire manufacturers. PBILDT margin has been range bound between 7-10% and stood at ~9% in FY26.

Going forward, growth is expected to be supported by the company's ongoing ₹100-crore expansion project at Dahej, Gujarat, funded entirely by its internal accruals, which will augment zinc chemicals capacity by 40,000 MTPA. This apart, enhancing geographic presence in western India, the project is expected to diversify JGCL's end-use exposure by increasing its presence in the ceramics segment (by catering to ceramic cluster in Morbi, Gujarat). This apart, the company will also cater to automotive cluster in Gujarat through this plant as articulated by management. The expansion is being executed in a phased manner. Phase I, with an estimated project cost of ₹50 crore, is expected to be commissioned in H1FY27. As of March 2026, the company incurred ~₹33 crore towards this phase. Phase II is planned over two subsequent years.

Comfortable capital structure and debt coverage indicators

The company's capital structure stood comfortable marked by overall gearing ratio of 0.01x as on March 31, 2026, against 0.60x as on March 31, 2022, primarily due to the company coming up with its initial public offer (IPO) in FY24. Following the IPO, the company has maintained a negligible debt position and enjoys adequate liquidity to comfortably fund its operational requirements.

Debt coverage indicators also strengthened, with total debt to gross cash accruals (TD/GCA) improving from 2.06x as on March 31, 2022, to 0.09x as on March 31, 2026, due to reduction in debt levels. Going forward, the capital structure and debt coverage indicators are expected to remain comfortable, as the company does not envisage raising debt and is well-positioned to support its growth plans through internal accruals and existing liquidity.

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

JGCL's revenue profile remains concentrated, with zinc oxide contributing ~95% of overall revenue and top four customers accounting for ~45% of sales in FY25. Despite ongoing efforts to broaden its customer base and diversify across end-user industries, 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 with a concentrated customer base, and major dependence on the tyre industry will remain a key monitorable.

Working capital intensive business

The company operates in a working capital intensive business, as reflected in its inventory holding period of 42 days in FY26, compared to 45 days in FY22, indicating that it generally maintains ~1.5 month's inventory. The collection period remained largely stable at 58 days in FY26 versus 54 days in FY22, highlighting a consistent receivables cycle over the years. Accordingly, the operating cycle stood at 95 days in FY26 compared to 96 days in FY22.

Liquidity: Strong

The company's liquidity position on a consolidated level remains strong, supported by free cash and liquid investments of ~₹156 crore as on March 31, 2026. The company generated healthy GCA of ~₹75 crore in FY26, while having negligible debt repayment obligations.

Average utilisation of working capital limits remained low at ~6% during the 11-month period ended February 2026, indicating strong liquidity and working capital management.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Consolidation](#)

[Short Term Instruments](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

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

JGCL is engaged in manufacturing zinc oxide and zinc sulphate, with its production facility in Jangalpur and Belur in West Bengal and Naidupeta in Andhra Pradesh. JGCL has a standalone capacity of 16,200 MTPA for zinc oxide, 5,040 MTPA for recycled zinc ingots. JGCL and its subsidiary has a combined capacity of ~77,000 MTPA for manufacturing of zinc products.

The group 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 Consolidated (₹ crore)	March 31, 2025 (A)	March 31, 2026 (UA)	Q1FY27 (UA)
Total operating income	849.34	977.14	315.65
PBILDT*	88.05	88.01	33.52
Profit after tax (PAT)	66.76	68.65	26.12
Overall gearing (x)	0.00	0.01	NA
Interest coverage (x)	70.83	110.42	335.20

A: Audited; UA: Unaudited; NA: Not available; 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	-		-	-	17.75	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	17.75	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](#)

Annexure-5: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	BDJ Oxides Private Limited	Full	Subsidiary

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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