

December 08, 2025

## DS Chewing Products LLP: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term fund based limits – Cash Credit	70.00	70.00	[ICRA]A (Stable); reaffirmed
<b>Total</b>	<b>70.00</b>	<b>70.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating reaffirmation for the bank facilities of DS Chewing Products LLP (DCPL) factors in expectation of steady operational performance of the entity over the medium term, aided by its established brand, Tulsi, in the chewing tobacco industry and its access to a strong distribution and sourcing network under a service agreement with Dharampal Satyapal Limited (DSL). The firm reported a strong revenue growth in FY2025 following a significant dip in FY2024 on account of a revision in the Goods and Services Tax (GST) structure for the industry, aided by a combination of volume and price increases. The firm is expected to generate steady cash accruals over the medium term, which are likely to help it maintain healthy credit metrics.

ICRA notes that DCPL was incorporated in November 2014 as a part of the corporate restructuring of the DS Group. In FY2014, the flagship firm of the DS Group, Dharampal Satyapal Limited (DSL; rated [ICRA]AA (Stable)/A1+), demerged its food, beverage and packaging divisions into separate companies, along with transferring some of its investments in hospitality, real estate and agriculture to new holding companies.

The rating favourably factors in the firm's healthy performance in FY2025, when its operating income rose 58% to Rs. 445 crore. The firm achieved this by increasing product prices at the trade level, which led to higher revenues for DCPL. The firm's gross sale of products (value of invoices raised) stood at Rs. 1,956.1 crore in FY2024, which grew to Rs. 2,367.4 crore in FY2025. This growth in sales was attributed to a mix of increased product prices and healthy volume growth during the fiscal, wherein the firm's product volume sold rose to 21.8 lakh kg in FY2025 from 18.9 lakh kg in FY2024, and its realisation grew by around 18%. As of October 2025, the firm had already recorded Rs. 266 crore of net revenue and is expected to book revenues of around Rs. 500 crore during the fiscal. Although the firm is witnessing a stable performance this fiscal, the same will remain monitorable as the new GST rules come into effect even as ICRA notes that the government has indicated that the upcoming tax regime will be largely tax neutral for the tobacco industry.

The rating remains constrained by significant regulatory risk in the form of revisions in excise tax and GST structure, which adversely impacted DCPL's financial risk profile in the past. Further, the firm has extended loans to Group companies and invested in non-core businesses, which has repayable on demand. The company also has investments which are long term in nature and are primarily towards non-readily tradeable assets. The impact of capital withdrawals by the partners and investments on DCPL's debt coverage metrics and the sustenance of the same remain a rating sensitivity. High contingent liabilities in the form of excise tax and GST payments remain a concern, and any crystallisation of the same going forward would be a key rating monitorable. In this regard, healthy investment profile of the firm provides comfort. ICRA notes that the firm liquidated a portion of its investments in FY2025 (consideration of Rs. 59 crore, resulting in a profit of around Rs. 50 crore). While the core business has low capital requirements, ICRA expects the partners to support the firm through timely infusion of capital as and when needed, as witnessed in the past. DCPL's reliance on a single brand and a single product segment, along with competition from other players and exposure to regulatory changes, are other factors constraining the rating.

The Stable outlook on the rating reflects ICRA's view that DCPL will continue to benefit for being a part of the DS Group, its strong brand name and pan-India distribution network, helping it generate steady cash accruals and maintain its credit profile.

## Key rating drivers and their description

### Credit strengths

**Established brand in the chewing tobacco industry** – Tulsi is among the leading brands in the domestic premium chewing tobacco industry. Thus, DCPL benefits from the strong brand recall, which augments its ability to charge a premium vis-à-vis other competing brands. Further, ban on tobacco advertising, imposed more than a decade ago, benefits the firm as it acts as an entry barrier. While there has been a change in the ownership of the Tulsi brand, it remains with the Dharampal Satyapal (DS) Group. Subsequently, the royalty structure has also been revised and therefore, the expense of DCPL towards royalty has slightly increased from the current fiscal.

**Strong pan-India distribution and sourcing network** – Owing to the ban on tobacco advertising, tobacco manufacturers rely on point-of-sale (PoS) advertisement and, hence, having a dedicated distribution network is important to maintain market share. DCPL benefits from its access to a pan-India distribution network of depots, central stockists, distributors, wholesalers and retailers, which is common with other products of the DS Group for brands like Rajnigandha, Pass Pass, Pulse, Catch, etc.

**Healthy financial risk profile** – DCPL maintains a healthy financial risk profile, supported by strong liquidity and a strengthened capital structure. The LLP holds significant marketable investments, including NSE shares, providing a robust liquidity buffer. In November 2025, the company realised Rs. 59 crore from partial liquidation of these shares, which was deployed as interest-bearing loans to group entities, ensuring steady cash inflows. Additionally, DCPL restructured its capital base in FY2025 by transferring Rs. 125 crore from the partners' current account to the capital account and infusing Rs. 40 crore in equity. These measures, coupled with improved profitability (OPBDITA margin of 21% in FY2025) and moderate leverage, provide comfort.

### Credit challenges

**Vulnerability of tobacco business to Government regulations; recent revised duty structure adversely impacted revenue and profits** – The firm's profitability declined in FY2023 owing to revision in the excise structure. Subsequently, in FY2024, on account of revision in GST structure, both revenue and profitability declined sharply. The operating income in FY2024 fell to Rs. 281.5 crore from Rs. 401.4 crore in FY2023, resulting in a dip of around 30%. Similarly, the Operating Profit Margin (OPM) also declined to 0.2% in FY2024 from 21.2% in FY2023. However, the company recorded a healthy performance in FY2025 with a return in profitability of 21% in the fiscal, driven by price corrections and internal operational efficiency improvement. Despite the recovery, DCPL's operations remain vulnerable to adverse regulatory changes.

**High concentration risk with reliance on a single product and a single brand, coupled with geographical risk** – Despite the business interests of partners across multiple product segments and a wide portfolio of brands, DCPL is reliant on a single product segment, flavoured tobacco, and a single brand, Tulsi. In this context, ICRA notes the firm's venture into manufacturing and exporting pan masala under the Group's established brand, Rajnigandha, which is expected to help diversify its product and brand portfolios as well as geographical presence to some extent.

**Exposed to funds withdrawal because of partnership constitution of firm** – DCPL's retained cash flows have remained relatively modest in the past, albeit sufficient, as withdrawals by partners have remained high amid minimal funding requirements, compared to the level of profits. However, in FY2025, the firm strengthened its capital base by moving Rs. 125 crore of funds from the partner's current account to equity capital and further infusion of Rs. 40 crore, bringing the total capital base to Rs. 165 crore. In addition, the firm has made investments in non-readily tradeable assets in the past. Further, the partners and the promoter group have been infusing capital in the form of unsecured loans primarily to fund a sizeable investment book and ICRA expects the partners to support the firm in case of any need. The loans and advances to Group companies also increased to ~Rs. 89 crore as on November 30, 2025, from ~Rs. 35 crore as on March 31, 2024. Increasing loans and advances to Group firms and towards non-core business will remain a key rating monitorable.

## Liquidity position: Adequate

DCPL's liquidity profile remains adequate, supported by sufficient fund flow from operations (Rs. 40-50 crore/annum), moderate cushion in working capital limits (undrawn fund-based bank facilities stood at around Rs. 45 crore on an average in the 12-month period ending in November 2025), and free cash and bank balance of around Rs. 40 crore as on November 30, 2025. However, cash outflows in the form of fund withdrawals by partners or non-current investments or loans to group companies, may adversely impact the firm's liquidity profile and will remain a monitorable. Nevertheless, ICRA expects the partners to support the firm by bringing in unsecured loans in a timely manner, if needed.

## Rating sensitivities

**Positive factors** – The rating could be upgraded, if the firm achieves a healthy growth in its scale of operations and profit margins, resulting in a sustained improvement in cash accruals, while maintaining healthy debt coverage metrics.

**Negative factors** – The rating could be downgraded, in case of any sustained pressure on the firm's revenues and profitability, led by weakening in demand or any adverse changes in the Government's taxation structure. Additionally, DCPL's rating would be prone to a downgrade if there is any sustained moderation in its liquidity profile or if it undertakes sizeable debt-funded investments, witnesses high withdrawals or there is crystallisation in contingent liability, which results in an increase in its leverage and a material moderation in its coverage metrics.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">FMCG</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

## About the company

Established in November 2014, DCPL is a limited liability partnership (LLP) firm owned by Mr. Rajiv Kumar and Mr. Ravinder Kumar, who are promoters of the established Dharampal Satyapal (DS) Group. The firm processes and markets flavoured tobacco (*zarda*) under the Tulsi brand. As the brand is owned by one of the group companies, DCPL pays royalty fee for the same. At present, the company has three manufacturing units in Noida (Uttar Pradesh), Guwahati (Assam) and Kandla (Gujarat).

## Key financial indicators (audited)

Standalone	FY2024	FY2025
Operating income	281.5	445.2
PAT	32.4	74.3
OPBDIT/OI	0.2%	21.0%
PAT/OI	11.5%	16.7%
Total outside liabilities/Tangible net worth (times)	4.1	1.9
Total debt/OPBDIT (times)	350.6	1.5
Interest coverage (times)	0.0	8.3

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Dec 08, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long Term	70.00	[ICRA]A (Stable)	Dec 31, 2024	[ICRA]A (Stable)	11-Sep-23	[ICRA]A (Stable)	-	-
						16-May-23	[ICRA]A (Stable)	-	-
						14-Apr-23	[ICRA]A (Stable)	-	-

### Complexity level of the rated instruments

Instrument	Complexity indicator
Cash Credit	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Cash Credit	NA	NA	NA	70.00	[ICRA]A(Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis – Not Applicable**

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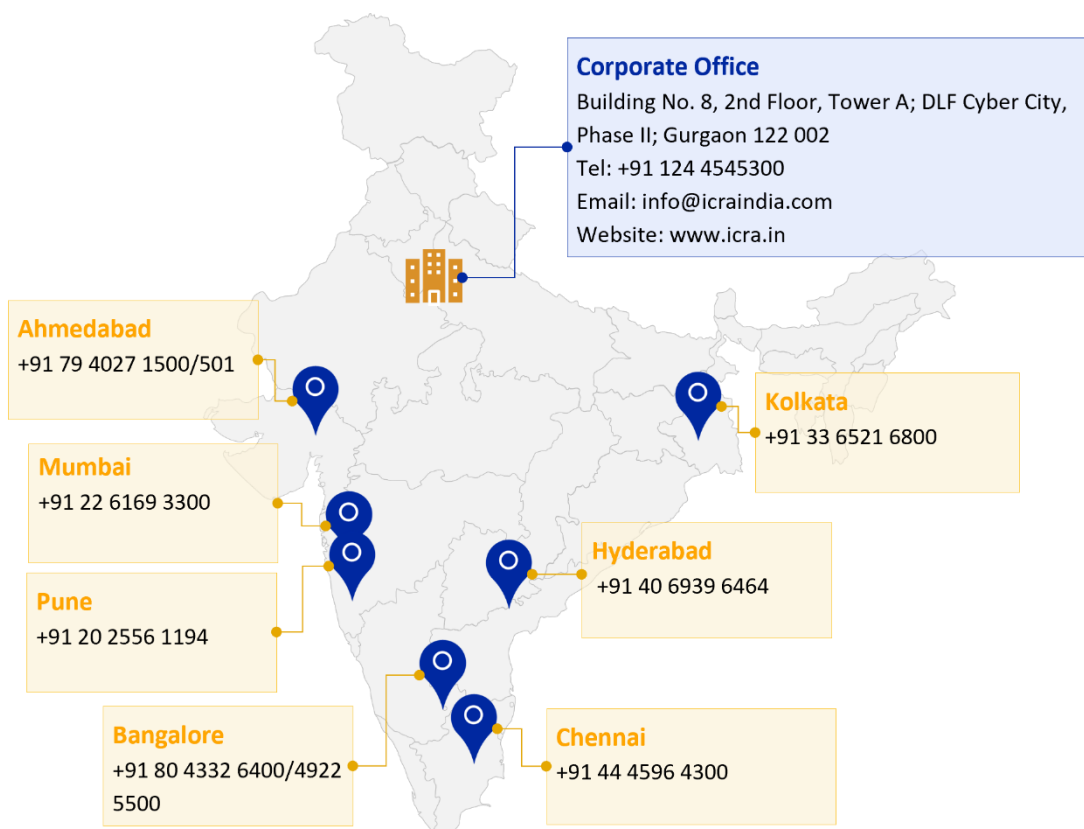
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