January 29, 2026

Dharampal Satyapal Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Cash Credit	685.00	645.00	[ICRA]AA (Stable); reaffirmed
Long-term – Fund-based – Term Loans	365.00	405.00	[ICRA]AA (Stable); reaffirmed
Commercial Paper Programme	200.00	200.00	[ICRA]A1+; reaffirmed
Total	**1,250.00**	**1,250.00**	

**Instrument details are provided in Annexure I*

Rationale

The reaffirmed ratings of Dharampal Satyapal Limited (DSL) factor in an expectation of the continuation of a steady operational performance by the entity, aided by its leadership position, the strong brand presence of Rajanigandha in the premium pan masala segment, and its established distribution network. The company's volume sales in the pan masala segment witnessed a moderate recovery in FY2025, which, coupled with healthy sales from the non-pan masala segment, yielded a year-on-year (YoY) revenue growth of around 6% during the fiscal and a consolidated revenue of Rs. 5,267 crore. Further, in H1 FY2026, supported by healthy demand momentum and strategic marketing expenditure undertaken in FY2025, the pan masala segment witnessed volume growth of 20-22%, with revenues of Rs. 2,980 crore during the period. ICRA expects DSL's revenues to improve meaningfully in FY2026 on the back of strong volume growth in the core pan masala segment and steady performance across the dairy and hospitality segments. The entity is expected to continue to report healthy earnings, which would help it maintain strong credit metrics going forward.

DSL's profitability was impacted in FY2025 due to material increases in raw material prices and elevated advertising and marketing spends, wherein the operating margin stood at around 13% in the fiscal, down from around 16% in FY2024. However, the same is expected to improve in FY2026, as the company has implemented formula optimisation to counter raw material headwinds, and the benefits of marketing spends have already begun to reflect in stronger FY2026 volume traction. Improvements in the dairy and hospitality businesses are also expected to support profitability. While ICRA expects the other business verticals to start contributing to earnings over the medium to long term, the pan masala business will continue to drive the Group's earnings in the near-to-medium term.

ICRA notes that from February 1, 2026, the taxation framework for tobacco-less pan masalas, such as Rajanigandha, are expected to undergo a major reset, as India phases out the GST Compensation Cess. Under the new regime, these products move into the 40% GST sin-goods slab, replacing the earlier 28% rate and maintaining a high baseline tax following GST 2.0 rationalisation. With the Compensation Cess being fully withdrawn for all categories, including pan masala, the Government has simultaneously introduced a dedicated 'Health Security & National Security Cess', which applies specifically to pan masala (whether or not it contains tobacco). This new cess is designed to permanently replace the discontinued Compensation Cess and keep overall taxation elevated, while earmarking revenues for public health and national security objectives. Even as the management has indicated that the revised tax norms are likely to be tax neutral for the entity, the same will remain a key monitorable.

The assigned ratings also consider the gradual increase in the overall leverage of DSL, wherein total debt/OPBITDA (excluding lease liabilities) increased to 2.9 times in FY2025 from 2.3 times in FY2024. The Group's debt levels had increased materially in recent years due to acquisitions and investments; total debt stood at Rs. 2,359 crore as on March 31, 2025, primarily due to investments in the hospitality segment, payouts towards the Tulsi brand purchase, and higher working capital utilisation. However, during 9M FY2026, the Group undertook material deleveraging by liquidating a large part of its quoted equity portfolio, thereby helping reduce consolidated debt (total debt/OPBDITA expected to moderate to 1.6-1.8 times in FY2026). Despite this, given the long gestation period across most business segments (except pan masala), return metrics are expected to remain subdued in the near term. Any additional debt-funded investments or ICDs to external entities will remain a key rating monitorable. ICRA also favourably factors in DSL's strong liquidity, supported by robust cash accruals, free liquid investments and unutilised working capital limits.

The ratings remain constrained by DSL's high revenue dependence on the pan masala segment, with significant brand concentration. The Group's diversification into hospitality, dairy, rubber thread, hydroponics, and other ventures is expected to improve earnings diversity only over the medium to long term, as these businesses have long gestation periods and continue to generate limited or negative returns. DSL's revenues and profits also remain exposed to the regulatory risks associated with the pan masala sector. Moreover, the company's profit margins remain susceptible to volatility in key raw materials such as betel nuts, cardamom, and catechu.

The Stable outlook on the long-term rating reflects ICRA's expectation that DSL's operational performance will remain robust, supported by its established market position and healthy profitability of the pan masala segment, which will help the entity report credit metrics commensurate with the rating category.

Key rating drivers and their description

Credit strengths

Leading market position of flagship product in the premium paan masala segment – DSL is the flagship company of the Dharampal Satyapal Group, which has been engaged in the tobacco and paan masala business for more than 80 years. DSL is one of the largest players in the Indian paan masala industry through its flagship brand, Rajanigandha. The company's leadership position in the premium paan masala segment supports its strong profitability. DSL witnessed a volume growth of 9% in FY2025, and the same is expected to grow at a healthy pace going forward, as indicated by a growth of 20-22% in H1 FY2026.

Strong pan-India distribution network – DSL's market position is supported by its established and strong pan India distribution network (used for all products of the Group). The strength of this widespread network is reflected in the Group's demonstrated ability to push sales of new products and variants. Aided by its distribution network, the DS Group has also successfully forayed into new product segments like spices, beverages, mouth fresheners, confectionaries and dairy products (under brands such as Pulse, Catch, Pass Pass, Chingles and Ksheer) over the years, besides maintaining a dominant position in paan masala and tobacco segments (under the Rajanigandha, Tulsi and Tansen brands). The company has hived off businesses catering to other products to its Group companies but continues to trade these products through its own distribution network, to a limited extent.

Credit challenges

Product concentration on Rajanigandha paan masala – DSL's dependence on Rajanigandha paan masala sales continued to remain high, with around 75% of consolidated revenues derived from the same in FY2025. While DSL has expanded its product portfolio in recent years to include mouth fresheners, confectionaries and dairy products, its concentration on the paan masala segment remains high. In FY2024, the company launched a new variant in the non-premium paan masala segment. However, considering weak performance, coupled with high competitive intensity in the mass pan masala segment, the company decided to reduce its focus on the same. Notwithstanding the high dependence on the Rajanigandha brand, the strong brand position provides comfort. Additionally, the Group's foray into the hospitality sector and deployment of funds towards hydroponics/ agri-business are expected to contribute meaningfully to earnings over the medium to long term.

Regulatory risks from adverse health effects of paan masala – Owing to its adverse health effects, paan masala sales remain susceptible to changes in Government policies. The Government disincentivises consumption of paan masala by levying high taxes and periodically increasing tax rates. Thus, the company's ability to pass on tax hikes remains critical for sales growth and profitability. ICRA notes that from February 1, 2026, the taxation framework for tobacco-less pan masalas such as Rajanigandha is expected to undergo a major reset, as India phases out the GST Compensation Cess. Under the new regime, these products move into the 40% GST sin-goods slab, replacing the earlier 28% rate and maintaining a high baseline tax following GST 2.0 rationalisation. With the Compensation Cess being fully withdrawn for all categories, including pan masala, the Government has simultaneously introduced a dedicated 'Health Security & National Security Cess', which applies specifically to pan masala (whether or not it contains tobacco). This new cess is designed to permanently replace the discontinued Compensation Cess and keep overall taxation elevated, while earmarking revenues for public health and national security objectives. Even as the management has indicated that the revised tax norms are likely to be tax neutral for the entity, the same will remain a key monitorable.

Continuous deployment of cash accruals in diverse ventures with high gestation period and loans to external entities resulting in moderation in debt metrics – Over the years, the DS Group has been diversifying into various activities, and given the strong cash accruals of DSL, this flagship company of the Group has been supporting these diversification plans through investments in these ventures. At the consolidated level, DSL had an investment book of ~Rs. 3,217 crore (including loans and advances to group entities) as on March 31, 2025, with exposure towards hospitality, rubber thread manufacturing, flexible packaging, hydroponics, startups, mutual funds, equity, etc. As some of these investments are yet to generate significant returns, the same constrains DSL's overall return metrics. Earlier, these investments were primarily funded through internal accruals, with minimal reliance on external borrowings. However, the company's debt has gradually increased over the last few years. In FY2024, the overall investment book grew by a moderate 8%, underlined by a 29% growth in equity investments, mutual funds, debentures, etc. In FY2025, the investment portfolio further grew by 17%, led by growth in investments in loans and quoted equities. ICRA notes that, in a bid to deleverage, the entity has liquidated a portion of its equity investments during the fiscal till date.

Liquidity position: Strong

DSL's liquidity position is expected to be strong with free cash and liquid investments worth Rs. 1,172.2 crore (as on March 31, 2025). Its average working capital utilisation stood at around 58% of the drawing power between October 2024 and September 2025. The company's liquidity profile is further supported by healthy cash flow from operations of Rs. 400-500 crore in the near term. DSL also has a healthy stock of non-current investments in the form of equity investments, investments in preference shares and loans and advances given to group companies, which enhance the firm's financial flexibility. DSL has repayment obligations of ~Rs. 182 crore in FY2027 and Rs. 111 crore in FY2028, along with an outgo of Rs. 700-800 crore towards capex/brand purchases over the next 15 months.

Rating sensitivities

Positive factors – The long-term rating could be upgraded if the company achieves a healthy growth in its scale of operations along with increased diversification across products, and improvement in its debt protection metrics and liquidity on a sustained basis.

Negative factors – Pressure on the ratings could arise if any adverse regulatory development results in a material contraction in revenues and margins or any debt-funded acquisitions/investments lead to a material deterioration in DSL's liquidity position or debt protection metrics on a sustained basis. Specific credit metric that could lead to ratings downgrade includes total debt/OPBDITA above 2.0 times on a sustained basis, alongside a material depletion of cash and cash equivalents.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology FMCG
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of DSL. The list of companies consolidated are shared in Annexure-II.

About the company

Incorporated in 1989, DSL is the flagship company of the DS Group, which is involved in the tobacco and paan masala business for more than 80 years. DSL manufactures and markets paan masala and dairy products under the brands, Rajanigandha, Tansen and Ksheer, etc. The company is the leading player in the premium paan masala segment in India on the back of the strong appeal of its Rajanigandha brand and a widespread distribution network. Paan masala sales accounted for ~75% of the company's consolidated revenues in FY2025. Apart from the paan masala business, the company continues to invest in other verticals including hospitality and agricultural sectors.

Key financial indicators (audited)

DSL Consolidated	FY2024	FY2025
Operating income	5,267.4	5,602.4
PAT	928.1	322.4
OPBDIT/OI	15.8%	13.1%
PAT/OI	17.6%	5.8%
Total outside liabilities/Tangible net worth (times)	0.6	0.9
Total debt/OPBDIT (times)	2.6	3.2
Interest coverage (times)	4.5	4.2

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)	Jan 29, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long Term	645.00	[ICRA]AA (Stable)	29-Jan-25	[ICRA]AA (Stable)	27-Dec-23	[ICRA]AA (Stable)	16-Aug-22	[ICRA]AA (Stable)
				30-Sep-24	[ICRA]AA (Stable)	31-Aug-23	[ICRA]AA (Stable)	31-May-22	[ICRA]AA (Stable)
Term Loans	Long Term	405.00	[ICRA]AA (Stable)	29-Jan-25	[ICRA]AA (Stable)	27-Dec-23	[ICRA]AA (Stable)	16-Aug-22	[ICRA]AA (Stable)
				30-Sep-24	[ICRA]AA (Stable)	31-Aug-23	[ICRA]AA (Stable)	31-May-22	[ICRA]AA (Stable)
Commercial Paper	Short Term	200.00	[ICRA]A1+	29-Jan-25	[ICRA]A1+	27-Dec-23	[ICRA]A1+	16-Aug-22	[ICRA]A1+
				30-Sep-24	[ICRA]A1+	31-Aug-23	[ICRA]A1+	31-May-22	[ICRA]A1+
Non-fund Based	Short Term	-	-	-	-	27-Dec-23	[ICRA]A1+; Withdrawn	16-Aug-22	[ICRA]A1+
				-	-	31-Aug-23	[ICRA]A1+	31-May-22	[ICRA]A1+
Unallocated	Long Term	-	-	-	-	-	-	16-Aug-22	-
				-	-	-	-	31-May-22	[ICRA]AA (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Cash Credit	Simple
Term Loans	Simple
Commercial Paper	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	645.00	[ICRA]AA (Stable)
NA	Term Loans	FY2018	NA	FY2030	405.00	[ICRA]AA (Stable)
Yet to be placed	Commercial Paper	NA	NA	NA	200.0	[ICRA]A1+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Avichal Buildcon Private Limited	100.0%	Full Consolidation
Abiba Buildtech and Consulting Pvt Ltd.	100.0%	Full Consolidation
Aridzone Farming Private Limited	100.0%	Full Consolidation
Alpharoots Farms Private Limited	100.0%	Full Consolidation
Best Broadcasting Company Limited	100.0%	Full Consolidation
Chahak Farms Private Limited	100.0%	Full Consolidation
DS Green Agrotech Private Limited	100.0%	Full Consolidation
Divyansh Hotels and Resorts Private Limited	100.0%	Full Consolidation
Divyansh Cement and Infrastructure Private Limited	100.0%	Full Consolidation
Divyansh Powergen Private Limited	100.0%	Full Consolidation
DS Farms And Estates Limited	100.0%	Full Consolidation
DS Businesses AG	100.0%	Full Consolidation
DSL Global Pte. Limited	100.0%	Full Consolidation
DS Agrarian Estates Limited	100.0%	Full Consolidation
DS India Agri and Dairy Limited	100.0%	Full Consolidation
DS Gross Dairy Products Limited	100.0%	Full Consolidation
DS Dairy And Agri Projects Limited	100.0%	Full Consolidation
DS Dairy Farming Limited	100.0%	Full Consolidation
DS Cattie Farms Limited	100.0%	Full Consolidation
DS Agronomy Limited	100.0%	Full Consolidation
DS Agri end Cattle Farms Limited	100.0%	Full Consolidation
Dee Pee Kagaz Udyog Private Limited	100.0%	Full Consolidation
DS Confectioner Limited	100.0%	Full Consolidation
DS Agrodevelopers Private Limited	100.0%	Full Consolidation
Farmlocal Farming Private Limited	100.0%	Full Consolidation
Floriculture Farms Private Limited	100.0%	Full Consolidation
Hillside Mines and Minerals Private limited	100.0%	Full Consolidation
Mount Mines and Minerals Private limited	100.0%	Full Consolidation
Monoculture Agri Private Limited	100.0%	Full Consolidation

Nilanchaal Cement Private Limited	100.0%	Full Consolidation
Snow White Dairy Products Limited	100.0%	Full Consolidation
Seasoning Cultivation Private Limited	100.0%	Full Consolidation
Talish Agroestates Private Limited	100.0%	Full Consolidation
Rudimentary Sedentary Private Limited	100.0%	Full Consolidation
Ultimate Farming Private Limited	100.0%	Full Consolidation
Viticulture Farming Private Limited	100.0%	Full Consolidation
Vivify Farming Private Limited	100.0%	Full Consolidation
Warmagro Private Limited	100.0%	Full Consolidation
Cropmology Faming Limited	100.0%	Full Consolidation
Sapliculture Farming Limited	100.0%	Full Consolidation
Sumrada Agri Produce Limited	100.0%	Full Consolidation
Forestillage Agri Products Limited	100.0%	Full Consolidation
DS T & R Limited	100.0%	Full Consolidation
Stubaker Agri Limited	100.0%	Full Consolidation
Hotel Hirschen AG (WOS of DS Businesses AG (WOS))	100.0%	Full Consolidation
DS Agri Estates Private Limited (WOS of DS Green Agtotech Private Limited)	100.0%	Full Consolidation
Abhaas construction private Limited (WOS of DS Green Agtotech Private Limited)	100.0%	Full Consolidation
Aradhaya Agrodevelopers Private Limited (WOS of DS Green Agtotech Private Limited)	100.0%	Full Consolidation
Dhradh Developers Private Limited (WOS of DS Green Agtotech Private Limited)	100.0%	Full Consolidation
Manas Buildcon Private Limited (WCS of DS Green Agtotech Private Limited)	100.0%	Full Consolidation
Spiritual Buildcon Private Limited (WOS of DS Green Agtotech Private Limited)	100.0%	Full Consolidation
Spiritual Estates Private Limited (WOS of DS Green Agtotech Private Limited)	100.0%	Full Consolidation
Unnatish Agrodevelopers Private Limited (WOS of DS Green Agtotech Private Limited)	100.0%	Full Consolidation
Vachan Developers Private Limited (WOS of DS Green Agtotech Private Limited)	100.0%	Full Consolidation
Waves Realtors Private Limited (WOS of DS Green Agtotech Private Limited)	100.0%	Full Consolidation
Kolkatta Hotels Limited	100.0%	Full Consolidation
DS (Assam) Hospitality Limited	97.6%	Full Consolidation
Blazing Brits Private Limited	100.0%	Full Consolidation
Seven R Hotel Private Limited	67.0%	Full Consolidation
Grand Venice Developers Private Limited	89.4%	Full Consolidation
DS Zambia Agronomy Limited	83.0%	Full Consolidation
Hotel Walzenhausen AG (Subsidiary of DS Businesses AG (WOS))	77.6%	Full Consolidation
Kamakhya Oil Company (Partnership Firm)	70.0%	Equity Method
DS Lalique Luxuries Private Limited (A Joint Venture of Dharampal Satyapal Limited and Lalique SA)	50.0%	Equity Method

Source: Company; FY2025 Audited Financials

ANALYST CONTACTS

Jitin Makkar
+91 124 4545 368
jitinm@icraindia.com

Srikumar Krishnamurthy
+91 44 4596 4318
ksrikumar@icraindia.com

Rohan Gupta
+91 124 4545 808
rohan.kanwar@icraindia.com

Akshit Goel
+91 124 4545 857
akshit.goel@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

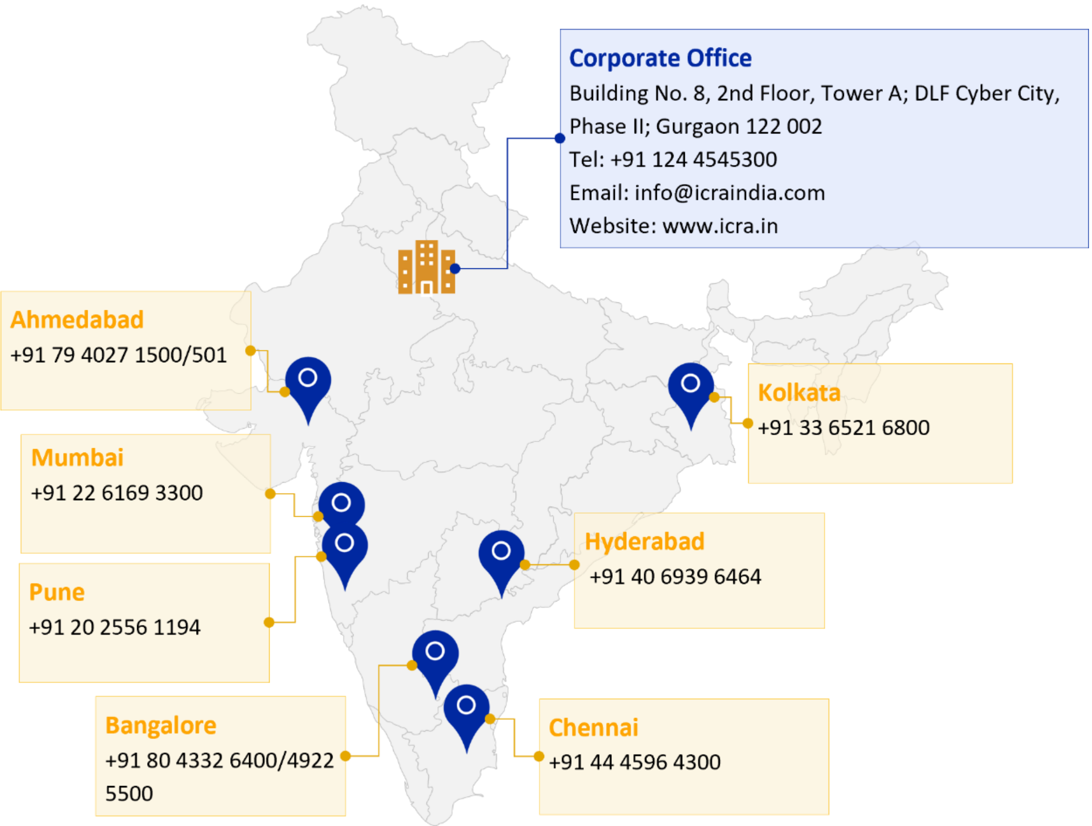
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.