

August 13, 2025

Davat Beverages Pvt. Ltd.: Ratings upgraded to [ICRA]BBB+(Stable)/[ICRA]A2; outlook revised to Stable from Positive; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fund based – Cash Credit	10.00	10.00	[ICRA]BBB+ (Stable); upgraded from [ICRA]BBB (Positive); outlook revised to Stable from Positive
Fund based – Term Loan	77.40	105.47	[ICRA]BBB+ (Stable); upgraded from [ICRA]BBB (Positive); outlook revised to Stable from Positive; assigned for the enhanced limits
Non fund based – Interchangeable	(17.50)	(17.50)	[ICRA]A2; upgraded from [ICRA]A3+
Unallocated limits	15.60	-	-
Total	103.00	115.47	

*Instrument details are provided in Annexure I

Rationale

The upgrade in the ratings of Davat Beverages Pvt. Ltd. (DBPL) factors in the expected healthy growth in its revenues and earnings, going forward, supported by capacity expansion, new product launches, and improved cost structure. DBPL reported a healthy 19% YoY revenue growth in FY2025 at Rs. 360.3 crore, driven by sustained demand in its key market, Gujarat. The growth momentum is expected to continue in FY2026, aided by the launch of a new product line and commissioning of additional capacities, which became operational in the current fiscal. The operating profit margins have witnessed a notable improvement over the past two fiscals, supported by cost optimisation initiatives in the production process and steady raw material prices, which resulted in healthy cash flow generation. The ratings also continue to factor in the extensive experience of DBPL's promoters in the beverage industry, its wide distribution network, and adequate brand visibility in Gujarat.

However, the ratings remain constrained by DBPL's high dependence on the carbonated soft drink (CSD) segment, which contributed around 95% to its revenues in FY2025. The company also faces product concentration risk, with Jeeru soda being the dominant offering, and geographical concentration risk, with sales largely restricted to Gujarat. The company's margins remain vulnerable to fluctuations in prices of key raw materials such as perform and sugar. The ratings also factor in the intense competition from both organised and unorganised players in the beverage industry, and the inherent seasonality of the CSD business.

The Stable outlook on the [ICRA]BBB+ rating reflects ICRA's expectation that DBPL will continue to record a healthy growth in earnings, driven by a stable demand environment, successful ramp-up of new capacities, and its entrenched market position in Gujarat.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in beverages industry – DBPL was promoted in 2017 by Mr. Chetanbhai Khanpara and Mr. Chandulal Khanpara. The former has around two decades of experience in the beverages industry from his associations with entities such as Bhavya Beverages and Maruti Bottling, involved in manufacturing fruit juices and CSDs. The operations of both

these entities were transferred to DBPL after its incorporation. Further, Mr. Arvindbhai Keratia, a Director, has extensive experience in the industry through his long association with DBPL.

Wide distribution network with adequate presence in Gujarat – The company manufactures fruit juices, carbonated drinks, energy drinks and mocktails in several flavours. DBPL sells its products under the brand name, Davat. It has a wide network of dealers, super stockists in Gujarat, Rajasthan, Madhya Pradesh and Maharashtra, and more than 1,50,000 retailers across India. Gujarat remains the company's key market, accounting for 90-95% of its distributor base and contributing around 95% to its overall revenues. The company also maintains an adequate presence in Gujarat, with a market share of around 12-13%.

Growing top line backed by capacity additions; improvement witnessed in coverage metrics – Over the past six years, the company's operating income has registered a robust compound annual growth rate (CAGR) of 31%, increasing to Rs. 360.3 crore in FY2025 (provisional) from Rs. 71.4 crore in FY2019. The company's growth trajectory has been largely driven by consistent capacity augmentation, with bottling capabilities expanding steadily over the years. Revenue visibility remains healthy, supported by incremental capacity additions in the current fiscal, steady demand conditions, and the introduction of new product lines. The operating margins have also improved over the past two years, driven by cost optimisation initiatives and favourable raw material prices, resulting in healthy cash accruals. The company's debt protection metrics have strengthened over the past few fiscals, with a DSCR of 2.1 times (1.7 times in FY2023) and an interest coverage of 8.0 times (5.2 times in FY2023) in FY2025. While the company's credit metrics are expected to moderate marginally in the current fiscal owing to the debt-funded capex undertaken for capacity expansion, they are likely to remain comfortable over the medium term, supported by scheduled debt repayments and an improving scale of operations, which is anticipated to strengthen its earnings profile.

Credit challenges

Susceptibility of profitability to volatility in raw material prices – The company uses water, sugar and concentrates for different flavours, along with preforms, labels, tins and shrink rolls, etc. as primary ingredients to manufacture and package carbonated drinks. The company's profitability is exposed to fluctuations in raw material prices, mainly preform, which in turn depend on the prices of crude oil. The ability of the company to undertake suitable price hikes to improve the margin, going forward, will remain a key rating sensitivity.

Exposed to geographical concentration risk – DBPL's geographical concentration is high as it derives a dominant share of revenues from Gujarat, exposing its earnings to adverse region-specific developments. The company is, however, adding new regions such as Rajasthan, Madhya Pradesh and Maharashtra, which is expected to reduce concentration to an extent, going forward.

Presence in competitive beverages industry and seasonal nature of operations – DBPL operates in a highly competitive beverage industry, which is characterised by the presence of large multinational corporations besides domestic players. Intense competition from these established brands exerts pressure on the company's revenue and profit margins. Further, demand for CSDs is seasonal, with summer recording the peak. Hence, it is susceptible to changes in weather conditions during this period. However, DBPL has a reasonable brand presence in Gujarat and its seasonality risk is mitigated to some extent as it has fruit juice-based beverages and energy drinks in its product mix.

Liquidity position: Adequate

The liquidity position of DBPL remains adequate, supported by a buffer of around Rs. 9 crore in its sanctioned working capital limits as of June 2025 and expected retained cash flow of Rs. 40-45 crore in FY2026, comfortably covering its debt repayment obligations of Rs. 16-17 crore during the year. DBPL plans to incur capex Rs. 40-45 crore in FY2026, primarily towards residual capex related to capacity enhancement and installation of a solar power plant, which is funded through term loans of Rs. 35-40 crore, which have already been tied up, along with internal accruals.

Rating sensitivities

Positive factors – ICRA could upgrade DBPL’s ratings if there is a continued improvement in the company’s scale of operations along with sustenance of healthy profit margins. Strengthening of debt coverage metrics and overall liquidity position, driven by a better earnings profile, will also be a trigger for ratings upgrade.

Negative factors – The company’s ratings could be downgraded if there is a substantial decline in revenues or moderation in profitability or liquidity position, impacting the credit profile. Specific credit metric that could lead to a downgrade includes TD/OPBDITA above 2.5 times, on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology FMCG
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the standalone financial profile of the company.

About the company

Davat Beverages Pvt. Ltd. was incorporated in 2017 by Mr. Chetanbhai Khanpara and Mr. Chandulal Khanpara to take over the business of Bhavya Beverages (established in 2015). The company manufactures a wide range of beverages, including carbonated soft drinks, fruit juices, and energy drinks. The product range spans popular flavours such as cola, orange, lemon, mango, jeera, apple, and plain soda, offered in multiple pack sizes ranging from 160 ml to 2.25 litres. The company has its manufacturing unit in Rajkot, Gujarat. Earlier, the company also had a manufacturing facility in Nasik, Maharashtra, which was closed in FY2022 due to operational constraints. The company’s facility is ISO 9001:2015, ISO 22000:2005 and Central Food Safety and Standards Authority of India (FSSAI) certified.

Key financial indicators

Standalone	FY2024	FY2025*
Operating income	303.4	360.3
PAT	24.4	38.9
OPBDIT/OI	16.8%	18.2%
PAT/OI	8.0%	10.8%
Total outside liabilities/Tangible net worth (times)	1.8	1.4
Total debt/OPBDIT (times)	1.7	1.4
Interest coverage (times)	6.0	8.0

Source: Company, ICRA Research; * Provisional numbers; 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

Instruments	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Aug 13, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Cash Credit	Long term	10.00	[ICRA]BBB+ (Stable)	Sep 25, 2024	[ICRA]BBB (Positive)	Jun 16, 2023	[ICRA]BBB (Stable)	Oct 21, 2022	[ICRA]BBB- (Stable)
Fund based – Term Loan	Long term	105.47	[ICRA]BBB+ (Stable)	Sep 25, 2024	[ICRA]BBB (Positive)	Jun 16, 2023	[ICRA]BBB (Stable)	Oct 21, 2022	[ICRA]BBB- (Stable)
Non-fund Based- Bank Guarantee	Short term	-	-	-	-	-	-	Oct 21, 2022	[ICRA]A3
Non-fund based - Interchangeable	Short term	(17.50)	[ICRA]A2	Sep 25, 2024	[ICRA]A3+	Jun 16, 2023	[ICRA]A3+	-	-
Unallocated	Short term	-	-	Sep 25, 2024	[ICRA]A3+	Jun 16, 2023	[ICRA]A3+	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based – Cash Credit	Simple
Long term – Fund based – Term Loan	Simple
Short term – Non fund based – Interchangeable	Very 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	10.00	[ICRA]BBB+ (Stable)
NA	Term Loan	FY2018	NA	FY2030	105.47	[ICRA]BBB+ (Stable)
NA	Non fund based – Interchangeable	NA	NA	NA	(17.50)	[ICRA]A2

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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