

Devyani Food Industries Limited

October 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	753.57 (Reduced from 756.44)	CARE A; Stable	Reaffirmed
Long-term / Short-term bank facilities	21.27	CARE A; Stable / CARE A1	Reaffirmed
Short-term bank facilities	5.00	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Devyani Food Industries Limited (DFIL) continues to reflect its established operational track record, strong brand presence under 'CreamBell' in the Indian ice-cream market, and a widespread distribution network. Ratings further derive strength from strategic importance of DFIL to its parent, RJ Corp Ltd (rated 'CARE AAA; Stable'), and strong financial and managerial linkages within the group, with demonstrated support through regular equity infusions, loans, and corporate guarantees (CGs). Such support is expected to continue going forward as well.

Ratings also consider DFIL's expected improvement in scale and operational performance supported by the commissioning of its new ice-cream plant in Jammu and the ongoing greenfield recycled PET (rPET) resin project, with a total project cost of ~₹665 crore. The project is being set up primarily to serve the group's bottling requirements, notably those of Varun Beverages Limited (VBL), reflecting strategic backward integration within the RJ Corp Group. Although there is no formal off-take agreement in place at present, the project's integration with the group's beverage operations provides limited off-take risk and is expected to enhance DFIL's positioning within the group once operational. Although the project-related debt is likely to elevate the leverage levels in the near term, the associated risk is mitigated by corporate guarantee extended by RJ Corp Limited and the group's track record of timely financial support. However, net losses persisted due to an impairment loss on investment in its Kenya subsidiary, resulting in moderation of the net worth base. Though there is CG on partial loans by RJ Corp, however CG backed CE ratings is not considered as there is absence of structure payment mechanism in the CG.

Ratings remain constrained by DFIL's moderate financial risk profile, capital-intensive operations, exposure to raw material price volatility, seasonality of demand, and intense competition from organised and unorganised players. Timely execution and cost control in the ongoing rPET project, sustainability of margins amid input cost volatility, continued promoter and group support, and evolution of commercial arrangements with group entities shall remain key rating monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in its total operating income (TOI) to the range of ₹1,000-₹1,200 crore on a sustained basis.
- Achievement and sustenance of total debt to earnings before interest, taxation, depreciation, and amortisation (TD/EBITDA) of less than 2.5x.

Negative factors

- Change in shareholding pattern of DFIL such that RJ Corp and promoters stake reduces below 51%.
- Major financial support given to subsidiary/group companies which leads to significant deterioration in DFIL's credit profile.
- Deterioration in the credit risk profile of the holding company (RJ Corp).
- Significant time or cost overrun in commencement of Recycled PET Project, impacting the company's financial risk profile.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Analytical approach: Standalone.

However, ratings factor in the support that DFIL needs to extend to its subsidiary, Devyani Food Industries (Kenya) Limited, and ratings also factor in the strong management and financial linkages with the parent entity, RJ Corp Limited.

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CareEdge Ratings) opinion that the DFIL will continue to benefit from its established brand franchise, diversified product portfolio, and wide distribution network which shall enable the company to sustain its credit risk profile in the medium term. CareEdge Ratings also expects that DFIL shall continue to receive the managerial and financial support from the parent and promoters as has been demonstrated in the past.

Detailed description of key rating drivers:**Key strengths****Strong promoter group with diversified presence across sectors and strong investment portfolio with financial flexibility**

RJ Corp is the holding company of the RJ Corp group, promoted by Ravi Kant Jaipuria. The group is a prominent player in the sectors of beverages, quick service restaurants, retail, ice-cream, healthcare and education, among others. Apart from the icecream business under DFIL, the RJ Corp group through VBL has franchise rights from PepsiCo in India (except J&K, Ladakh and Andhra Pradesh), Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, and the Democratic republic of Congo (DRC). VBL is the largest franchisee for PepsiCo in India and second largest in the world (outside the US). The group's quick service restaurant (QSR) business is consolidated under 'Devyani International Limited (DIL)', where the company is engaged in running over 1,000 outlets of 'Pizza Hut', 'KFC', 'Costa Coffee', and 'Vaango' in different parts of the country. The group also owns three schools operating as franchises of Delhi Public School. RJ Corp's robust financial flexibility is derived from its investments in its listed group entities, VBL and DIL. The holding company has notable stake in prominent listed group companies, such as VBL (25.28%) and DIL (59.16%). As on September 30, 2025, the mark-to-market valuation of RJ Corp Limited's holding in these entities were ₹50,546 crore. Promoters also hold additional stake of 35.92% in VBL and 3.46% in DIL apart from RJ Corp Limited holding.

Strong management and financial linkages with the parent with continuous support in the past and expected to continue

RJ Corp holds 47.19% in DFIL and 48.91% of DFIL is held by Ravi Kant Jaipuria, who is the Group Non-Executive Chairman and also on the board of DFIL. RJ Corp has been supporting DFIL through regular equity infusions and loans and advances for kind of financial support that DFIL may require. In FY23, RJ Corp has infused ~₹502.6 crore (₹402.6 crore of equity and ₹100 crore as unsecured loans), part of which was utilised to repay the group debt and balance was utilised to repay the debt in DFIL. In FY24, the group has also invested ₹125 crore as non-convertible debentures and repaid its unsecured loan of ₹100 crore. In FY25 RJ Corp infused ₹90 crore in form of NCD. However, RJ Corp has extended corporate guarantee for the term loan of ₹500 crore which DFIL plans to take for the PET (rPET) resin project. Continuous funds infusion and extension of corporate guarantee by RJ Corp demonstrates that the entity is strategically important for the parent. The promoter has infused funds in the form of Non-Convertible Debentures (NCDs) in FY26 to meet working capital requirements, support ongoing capex for RPET (Resins), and provide financial backing to its subsidiary, DFIL Kenya, for business operations.

Established presence of promoters in ice-cream segment with established brand and extensive distribution network

Promoters forayed into the ice-cream business in 1992 with franchise rights of "Kwality Walls" from Hindustan Unilever Limited (HUL). After having a decade of experience with HUL, they entered the market with their own brand 'CreamBell' in initial technical collaboration with "Candia" (France) in 2003 and has successfully established pan-India presence since then. The company markets a large variety of ice-creams including cups, sticks, bars, kulfis, tubs, large packs, cakes and novelty ice-creams. The company largely caters to consumers in the impulse purchase segment with small contribution from bulk packs, which helps DFIL in realising better profitability margins. Over the years, CreamBell has established its presence on pan-India level with continued marketing and expansion across territories. Currently, DFIL caters to 27 states and three Union Territories across the country under brand CreamBell and has over 1,300 distributors/dealers and ~75,000 retailers. DFIL sells its ice-cream through four major channels – retail shops, pushcart vendors, parlours and institutions to cater to wide customer segments and generate brand acceptance across range of customers. The company has a presence across all regions, north zone, west zone, east zone, south zone, and overseas. However, majority ice-cream sales are from the northern region, contributing ~51% of its sales in FY25, followed by eastern, western, and southern regions, respectively. The company has recently launched premium brand "Infino" in phased manner, which will enhance scale of operations further.

Improving Operational performance in FY25

The company's TOI registered growth of ~5% in FY25, primarily driven by a 6% increase in sales volume in the ice-cream segment and improved price realisations. However, this growth was partially offset by lower realisations from juice and non-dairy cream product categories. The company's profit before interest, lease rentals, depreciation and taxation (PBILDT) margin remained largely stable at 11.15% in FY25 against 11.64% in FY24, reflecting moderate demand conditions and stable input costs. In the year, DFIL commissioned a new ice-cream manufacturing facility in Jammu, which commenced operations in Q1FY25. Ramp-up of this facility is expected to augment the company's scale of operations and operating efficiency going forward. The company is in the process of setting up a rPET resin plant at Jammu, envisaged to cater primarily to the group's bottling requirements. The project is expected to become operational by Q1FY27 and is likely to further strengthen DFIL's business scale, integration within the group, and profitability profile in the medium term.

Key weaknesses

Moderate financial risk profile susceptible to timely project execution risk

The company's overall gearing remained moderate at ~3.80x in FY25 (PY: 2.07x), with the increase primarily considering the new term loan availed for the Jammu ice-cream plant. Gearing is expected to increase further in FY26 with the drawdown of additional term debt for the upcoming rPET resin project. The company's total debt (including promoter debt) to PBILDT improved to 7.42x in FY25 from 8.42x in FY24, supported by higher operating profitability. DFIL is setting up an rPET plant in Jammu at an estimated cost of ₹665 crore, to be funded partly through term debt of ~₹500 crore, of which ₹266 crore had been drawn down as of September 2025 and the balance ₹234 crore is expected to be disbursed in the next 6-8 months. The rPET output is intended to cater primarily to the group's bottling requirements, especially those of VBL, providing business visibility and limited off-take risk. While the project-related debt is likely to moderate DFIL's leverage and debt-coverage metrics in the near term, CareEdge Ratings derives comfort from strong financial flexibility of the promoter group, their proven track record of timely support, and the CG extended by RJ Corp Limited for the term loan.

Profitability susceptible to raw material price volatility

Raw material cost (including packing cost) is the biggest operating cost in ice-cream manufacturing. The major raw materials for manufacturing ice-cream are milk, butter, cream, skimmed milk powder (SMP), sugar, among others, which are generally procured from vendors near its manufacturing units. DFIL also has long-term procurement contracts with dairies. Other ingredients such as colours, flavours, dry fruits, and fruits, among others are also procured from the domestic market. DFIL imports sticks and spoons from China. SMP prices have shown a declining trend over years, however, there was high volatility in movement of SMP prices with sharp increase in prices in some months owing to demand supply mismatch. Therefore, adverse movement in the prices of raw materials such as SMP, which are driven by market conditions, can impact the company's profitability.

Capital intensive business and current expansion

Ice-cream manufacturing and distribution industry is capital intensive, requiring investments in production facilities, innovative products in terms of flavours and packaging (which requires specialised machinery) and marketing assets (cold chains [owned/leased], deep freezers at retail outlets, refrigeration-equipped deliver vehicles, and push carts, among others). DFIL has consistently incurred capital expenditure to enhance its capacities to meet the growing demand. DFIL has also established the new ice-cream plant in Jammu, which become operational in Q1FY25. The company plans to further establish plant to manufacture rPET for its group company, VBL, in Jammu. Total estimated cost of the project is estimated to ~₹665 crore, which is to be funded through ₹500 crore of term loan and ₹165 crore from infusion by promoters in the form of unsecured loan. This project is expected to commence in Q1FY27. Time or cost overrun in the current project will be key monitorable going forward. DFIL should be able to accrue benefits from this project as envisaged in terms of enhanced topline and profitability once operational.

High competition in the ice-cream segment from organised and unorganised markets

The Indian ice-cream market is largely dominated by unorganised players with innumerable small and seasonal companies doing the business across regions. There are large number of big and medium-sized ice-cream companies in India, which lead to a highly competitive environment. Although there is a huge opportunity for industry players since India is one of the fastest growing markets for ice-cream consumption due to its large population and growing per capita income. DFIL faces high competition from other established brands, including Amul, Havmor, Vadilal, Kwality Walls, and Mother Dairy among others in its key markets. It also faces competition from unorganised ice-cream manufactures at a local level.

Seasonal demand and challenges arising from changing consumer tastes and preferences

The company's sales are concentrated over summer months, reflecting seasonality of the business. Hence, DFIL's working capital intensity is at its peak level in the last quarter of the financial year, as it has to accumulate raw material inventory for the upcoming

summer season. The business is also susceptible to changing tastes of consumers. As such, the company has to constantly invest to come up with new products (flavours among others) in line with the industry and changing customer preferences. DFIL has an in-house team focused on new product development.

Liquidity: Adequate

The company's liquidity position remains adequate, supported by timely fund infusions from the promoters in the last 2-3 years and strong liquidity profile of the parent and group entities. DFIL's operating cycle improved to 83 days in FY25 from 96 days in FY24, reflecting moderate working capital management. Average utilisation of working capital limits for 12 months ended June 30, 2025, stood at ~24.42%, indicating sufficient liquidity buffer. Debt repayment obligations of ₹115.77 crore in FY26 and ₹129.73 crore in FY27 are expected to be met partly through internal cash accruals and continued financial support from promoters, as demonstrated in the past. Overall, liquidity remains adequately supported by low working capital utilisation, strong group backing, and demonstrated financial flexibility of the promoters. Timely and adequate support from promoters shall remain a key monitorable going forward.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast moving consumer goods	Fast moving consumer goods	Food products	Dairy products

Incorporated in 1991, DFIL is currently engaged in manufacturing and distributing ice-cream on pan-India basis under the brand "CreamBell" and recently launched premium brand "Infino". DFIL has four manufacturing facilities with 870 lakhs litres per annum capacity for manufacturing ice-cream. DFIL is a part of the RJ Corp group, which has presence across sectors such as food, beverages, education, dairy, healthcare, retail, among others. The RJ Corp group entered the ice-cream business in 1992 through a joint venture (JV). However, the group launched its own brand "CreamBell" in technical collaboration with "Candia" (France) in April 2003 under DFIL.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	765.01	804.67
PBILDT	89.02	89.71
PAT	-68.51	-83.27
Overall gearing (times)	2.07	3.80
Interest coverage (times)	3.54	1.70

A: Audited; Note: these are latest available financial results

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

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	31/08/2027	599.07	CARE A; Stable
Fund-based - LT-Working Capital Limits		-	-	-	154.50	CARE A; Stable
Fund-based - ST-Term loan		-	-	31/03/2024	5.00	CARE A1
Non-fund-based - LT/ ST-BG/LC		-	-	-	21.27	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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	599.07	CARE A; Stable	-	1)CARE A; Stable (09-Jan-25)	1)CARE A; Stable (07-Feb-24) 2)CARE A; Stable (08-Jan-24)	1)CARE A; Stable (15-Mar-23)
2	Fund-based - LT-Working Capital Limits	LT	154.50	CARE A; Stable	-	1)CARE A; Stable (09-Jan-25)	1)CARE A; Stable (07-Feb-24) 2)CARE A; Stable (08-Jan-24)	1)CARE A; Stable (15-Mar-23)
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	21.27	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (09-Jan-25)	1)CARE A; Stable / CARE A1 (07-Feb-24) 2)CARE A; Stable / CARE A1 (08-Jan-24)	1)CARE A; Stable / CARE A1 (15-Mar-23)
4	Fund-based - ST-Term loan	ST	5.00	CARE A1	-	1)CARE A1 (09-Jan-25)	1)CARE A1 (07-Feb-24) 2)CARE A1 (08-Jan-24)	1)CARE A1 (15-Mar-23)

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

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Fund-based - ST-Term loan	Simple
4	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: 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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