



**Press Release**  
**SUPREME GUMS PRIVATE LIMITED**  
**May 23, 2025**  
**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1.90	ACUITE BBB   Stable   Assigned	-
Bank Loan Ratings	35.90	ACUITE BBB   Stable   Reaffirmed	-
Bank Loan Ratings	0.90	-	ACUITE A3+   Assigned
Bank Loan Ratings	24.10	-	ACUITE A3+   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	62.80	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuité has reaffirmed the long-term ratings of ‘**ACUITE BBB**’ (read as **ACUITE Triple B**) and short-term rating of ‘**ACUITE A3+**’ (read as **ACUITE A three plus**) on the Rs.60.00 crore bank facilities of Supreme Gums Private Limited (SGPL). The outlook is ‘**Stable**’.

Acuité has assigned the long-term ratings of ‘**ACUITE BBB**’ (read as **ACUITE Triple Ba**) and short-term rating of ‘**ACUITE A3+**’ (read as **ACUITE A three plus**) on the Rs.2.80 crore bank facilities of Supreme Gums Private Limited (SGPL). The outlook is ‘**Stable**’.

**Rationale for rating**

The rating gets comfort from experienced management, healthy financial risk profile and strong liquidity. However, there is a decline in the revenue from operations by ~20% which stood at Rs. 269.89 Cr. in FY 24 against Rs. 334.42 Cr. in FY 23 due to decline in the demand of Guar Gum powder in the international market which impacted the operating margin of the company stood at 5.26% in FY24 against 10.44% in FY23.

**About the Company**

Supreme Gums Private Limited (SGPL) based in Rajasthan was incorporated in the year 2002. The company is promoted by Mr. Naresh Kumar Jain. The company is engaged in the manufacturing of guar gum powder and trading of guar splits. SGPL caters largely to the export market and sells its products under the ‘SUPREME’ brand name.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuité has considered the standalone business and financial risk profile of SGPL to arrive at the rating.

## **Key Rating Drivers**

### **Strengths**

#### **Established track record of operations and experienced management**

The company was incorporated in the year 2002 and has established presence of over a decade in the said line of business. The company also has an established market for its own brand 'SUPREME' in international market like USA, Russia, Latin America and Europe as well as in domestic market. The company is largely in export of its products which contributes to 97 percent of its total revenue in FY24. The promoter Mr. Naresh Kumar Jain has

almost two decades of experience in the guar gum industry. The company's operations are also supported by second generation entrepreneur, Mr. Tarun Jain and second line of management. Further, the company's manufacturing facilities are located in Rajasthan which provides proximity to raw material thereby reducing logistic cost. Acuité believes that the company will continue to benefit from the promoter's experience, its established presence in the industry and close proximity to raw material improving its business risk profile over the medium term.

### **Healthy financial risk profile**

The company has healthy financial risk profile marked by healthy net worth, comfortable gearing and moderate coverage indicators. The Total Tangible net worth stood at Rs. 106.42 Cr. as on 31st March 2024 against Rs. 95.07 Cr. as on 31st March 2023, increase in net worth is on account of profit accretion. The total debt outstanding of the company is Rs. 46.73 crore as on 31st March, 2024 against Rs. 41.25 Cr. as on 31st March 2023. Debt to Equity ratio stood at 0.44 times in FY24 as against 0.43 times in FY23. Interest coverage ratio stood strong at 7.24 times for FY24 as against 12.40 times in FY23. Debt Service coverage ratio stood comfortable at 5.63 times for FY24 as against 9.52 times in FY23. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.53 times as on March 31, 2024 as against 0.63 times as on March 31, 2023. The Net Cash Accruals/Total Debt (NCA/TD) stood at 0.26 times as on March 31, 2024 as against 0.82 times as on March 31, 2023. Acuité believes that going forward the financial risk profile of the company is likely to be sustained backed by steady accruals and no major debt funded capex plans.

### **Weaknesses**

#### **Decline in scale of operations**

The company has witnessed the decline in the revenue from operations by ~20% which stood at Rs. 269.89 Cr. in FY 24 against Rs. 334.42 Cr. in FY 23. The decline in revenue is due to decline in the demand of Guar Gum powder in the international market. Operating margin of the company stood at 5.26% in FY24 against 10.44% in FY23. The decline in the operating margin of the company is due to the decline in average realisation and increase in the average cost for purchase of raw materials. The Net margin stood at 4.21% in FY24 against 9.81% in FY23. However, the company's revenue from operations in FY25 (est.) is improved as the revenue recorded is Rs. 320.84 Cr. Acuite believes that going forward, the company will able to improve scale of operations & profitability in near to medium term.

#### **Intensive Working Capital Operations**

The company's operations are working capital intensive marked by GCA days of 177 days in FY24 as against 130 days in FY23. Intensiveness of Working capital is on account of Inventory Days and debtor. Debtor days stood at 96 days in FY24 against 76 days in FY23. Inventory holding period stood at 52 days in FY24 against 35 days in FY23. Creditor days stood at 1 day in FY24 as the company purchases materials on cash and carry basis. Acuite believes that the operations of the company will continue to remain working capital intensive over the medium term due to nature of operations.

#### **Volatility in raw material prices and foreign currency fluctuation risk**

The major raw material for manufacturing guar gum powder is guar seed, which is an agro commodity. Its availability is highly dependent on monsoons; guar seed supply can vary which may lead to fluctuations in prices. However, the risk is mitigated to a certain extent as SGPL enters into contracts with customers after the harvest usually in the month of October to January. The company majorly exports its products to USA, Europe, Latin America etc. which contributes 98 percent of the revenue. The margins are partially impacted by foreign currency fluctuation.

### **Rating Sensitivities**

- Movement in scale of operations and profitability
- Movement in working capital operations

### **Liquidity Position**

#### **Strong**

The company has strong liquidity marked by net cash accruals to its maturing debt obligations, current ratio, cash and bank balance. The company generated the net cash accruals of Rs. 12.28 Cr. for FY24 as against the debt repayment obligations of Rs. 0.05 Cr. The current ratio of the company stood at 2.54 times as on 31st March 2024 as against 2.32 times as on 31st March 2023. Cash and Bank Balances of company stood at Rs. 8.40 Cr. as on 31<sup>st</sup> March 2024. Fund based working capital limits are utilized at ~26.36 per cent during the last nine months ended December 2024 leaving additional cushion in working capital limits to meet contingencies. Acuité believes that the liquidity position of the company will remain strong on account of healthy net cash accruals against matured debt obligations over the medium term.

### **Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	269.80	334.42
PAT	Rs. Cr.	11.36	32.82
PAT Margin	(%)	4.21	9.81
Total Debt/Tangible Net Worth	Times	0.44	0.43
PBDIT/Interest	Times	7.24	12.40

**Status of non-cooperation with previous CRA (if applicable)**

Not Applicable

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**

**Not applicable**

**Any other information**

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
31 May 2024	Bills Discounting	Short Term	17.50	ACUITE A3+ (Upgraded from ACUITE A3)
	Bills Discounting	Short Term	6.60	ACUITE A3+ (Upgraded from ACUITE A3)
	PC/PCFC	Long Term	17.50	ACUITE BBB   Stable (Upgraded (Positive to Stable) from ACUITE BBB-   Positive)
	Working Capital Term Loan	Long Term	10.00	ACUITE BBB   Stable (Upgraded (Positive to Stable) from ACUITE BBB-   Positive)
	Term Loan	Long Term	1.80	ACUITE BBB   Stable (Upgraded (Positive to Stable) from ACUITE BBB-   Positive)
	PC/PCFC	Long Term	6.60	ACUITE BBB   Stable (Upgraded (Positive to Stable) from ACUITE BBB-   Positive)
03 Mar 2023	Bills Discounting	Short Term	17.50	ACUITE A3 (Reaffirmed)
	Bills Discounting	Short Term	6.60	ACUITE A3 (Assigned)
	PC/PCFC	Long Term	17.50	ACUITE BBB-   Positive (Reaffirmed (Stable to Positive))
	PC/PCFC	Long Term	6.60	ACUITE BBB-   Positive (Assigned)
	Working Capital Term Loan	Long Term	10.00	ACUITE BBB-   Positive (Assigned)
	Proposed Term Loan	Long Term	1.80	ACUITE BBB-   Positive (Assigned)
19 Aug 2022	Bills Discounting	Short Term	17.50	ACUITE A3 (Reaffirmed)
	PC/PCFC	Long Term	17.50	ACUITE BBB-   Stable (Reaffirmed)
23 Jun 2022	PC/PCFC	Short Term	17.50	ACUITE A3 (Reaffirmed)
	Bills Discounting	Short Term	17.50	ACUITE A3 (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	0.05	ACUITE A3 (Reaffirmed & Withdrawn)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	24.10	Simple	ACUITE A3+   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.90	Simple	ACUITE A3+   Assigned
Union Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	24.10	Simple	ACUITE BBB   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.90	Simple	ACUITE BBB   Stable   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.80	Simple	ACUITE BBB   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE BBB   Stable   Assigned
Union Bank of India	Not avl. / Not appl.	Term Loan	29 Feb 2024	Not avl. / Not appl.	18 Dec 2028	1.06	Simple	ACUITE BBB   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Working Capital Term Loan	29 Feb 2024	Not avl. / Not appl.	31 Mar 2027	6.94	Simple	ACUITE BBB   Stable   Reaffirmed

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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