

Supreme Agrofoods Private Limited

January 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	86.04	CARE BB+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BBB+; Stable and moved to ISSUER NOT COOPERATING category
Short-term bank facilities	4.10	CARE A4+; ISSUER NOT COOPERATING*	Downgraded from CARE A3+ and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Supreme Agrofoods Private Limited (SAPL) to monitor ratings vide e-mail communications dated November 18, 2025, December 03, 2025, December 16, 2025, December 23, 2025, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring ratings. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CareEdge Ratings has reviewed ratings on the basis of the best available information, which, however, in CareEdge Ratings' opinion, is not sufficient to arrive at a fair rating. Ratings on SAPL's bank facilities will now be denoted as **CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING***.

Users of these ratings (including investors, lenders, and the public at large) are hence requested to exercise caution while using above rating(s).

Ratings have been downgraded on account of non-availability of requisite information due to non-cooperation by SAPL with CARE Ratings Limited's efforts to undertake a review of the ratings outstanding. CareEdge Ratings views information availability risk as a key factor in its assessment of credit risk. Further, ratings remain constrained by the elongated operating cycle primarily due to high inventory holding period, seasonal availability of raw material, sensitivity to changes in government policies and environmental conditions and competitive nature of industry. Ratings, however, continues to derive strength from long track record of operations, established procurement and marketing network and moderate scale of operations. Further, ratings also factor satisfactory financial risk profile as marked by comfortable overall gearing and debt coverage indicators and adequate liquidity position.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on April 04, 2024, the following were the rating weaknesses and strengths:

Key weaknesses

Elongated operating cycle

The operating cycle of the company improved though remained elongated and stood ~142 days, as on March 31, 2024 (PY:152 days) mainly on account of elongation in the average inventory days as on March 31, 2024. The average inventory days of the company stood ~138 days, as on March 31, 2024, mainly on account of higher finished goods inventory outstanding at the end of the year which mainly comprised of stocks of Skimmed Milk Powder (SMP), ghee and dairy whitener. As a normal inventory policy, the company converts excess milk to SMP during the flush season (Nov-Apr) which is then re-constituted and later used during the lean season for sales (May – Oct). However, the inventory period has improved in FY24 as majority of the sales was from sale of UHT milk which has relatively lower shelf life compared to value added products. For the milk sold by the company, the company offers a credit period ranging from cash payment to up to 10 days. However, for the other dairy items sold, the company offers a credit period ranging between 2-3 weeks leading to an average collection period of ~17 days, as on March 31, 2024 (PY: ~16 days). On the raw milk procurement side, the credit period with the company varies from cash payment to credit period of up to 45 days, leading to average creditor days of ~14 days, as on March 31, 2024 (PY: ~14 days).

Seasonal availability of raw material

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

India being a tropical country renders a hot and humid climate for the animals and thus there is a fluctuation in milk production. There is a flush season in the cooler parts of the year whereas the production goes down in the warmer months thereby reflecting low working capital utilisation in the first half of the year. SAPL converts the surplus milk during November April (flush season) into ghee, skimmed milk powder, leading to high inventory/finished goods so as to maintain the continuous supply of products round the year. This leads to increased working capital requirement during the period leading to high overall gearing at year end.

Sensitivity to changes in government policies and environmental conditions

The dairy industry generally has low profitability margins as raw material costs (milk) form significant portion of the total costs. Milk supply and its prices are exposed to several external risks like government policies, cattle diseases, yield, etc. Any fluctuation in prices of milk will have a direct impact on the profitability margins of the company.

Competitive nature of industry

SAPL faces stiff competition in the dairy segment from established brands (such as Nestle, Verka, etc.) in the organised market and independent milk vendors in unorganised market. However, improved demand scenario of milk and milk products in the country augur well for the company. Going forward, the ability of the company to profitably scale-up its operations and get uninterrupted quality raw milk would remain the key rating sensitivities.

Key strengths

Experienced promoters

The company was incorporated in 1995 by Kulwant Singh, the managing director of the company who has been engaged in the dairy business for almost three decades. The other directors of the company include Ashwani Dhar, who has an experience of ~28 years and Jaspreet Singh (Director; son of Kulwant Singh) who joined the company in Sept-2015. The long track record of operations has enabled the company to establish strong business relationship with its clients and suppliers.

Established procurement network

SAPL has established procurement network of milk, and it procures milk from farmers (around 8000 farmers) and around 75% of the procurement of milk from contractors to ensure the quality of milk. The company procures approximately 4 lac litres milk per day through its ~170 Bulk Milk Coolers (BMC) which are at Village level centres (VLCs) located primarily in milk surplus regions of Punjab (Khanpur, Lehal, Tarn Taran, Moga etc.). The procured milk is sent to the plant for further processing. SAPL's adequate milk procurement infrastructure makes it less reliant on middlemen thus ensuring continuous and adequate availability of milk.

Established marketing network

The company is engaged in the selling of packed milk and various milk products like butter, ghee, curd, ultra- high temperature (UHT) processed milk, etc, under the brand name "Uttam", "Anmol" and "Supreme". Recently the company has also launched flavoured milk under the name "Sippa". The brands are well accepted in West Bengal, Assam, Delhi and nearby markets of Punjab, Chandigarh, Haryana and Himachal Pradesh. Furthermore, SAPL has a strong distribution network with more than 300 distributors in states of Punjab, West Bengal, Himachal Pradesh, Delhi, Assam, Haryana and Jammu & Kashmir.

Moderate scale of operations and profitability margins

The company reported increase in total operating income (TOI) by around 10% to ₹381.28 crore in FY24 as against ₹350.69 crore in FY23 on account of comparatively higher quantity sold to the existing customers along with improved sales realization across product categories during the period. The company has been able to achieve sales of ₹269.88 crore till December 2024 and is expecting to achieve ₹410 crore in the current fiscal. PBILDT margins remained moderate to comfortable and in line with the previous year. PBILDT margin stood 6.69% in FY24 (PY:6.63%). Further, the PAT margins stood 2.65% in FY24 (3.51% in FY23), primarily on account of higher interest and depreciation cost. Due to adequate profitability, the GCA of the company stood comfortable at ₹16.77 crore during FY24 as compared to ₹14.79 crore. Further, in absolute terms the PBILDT stood ₹25.49 cr (PY: ₹23.25 cr) and PAT stood ₹10.09 crore (PY: 12.31 crore). Going forward, the company plans to incur a capex of ₹10 crore for purchase of Ultra High temperature (UHT) milk packaging machine, cold rooms and refrigeration unit for curd during FY25 which will be entirely funded through term loans. Despite incurring debt-funded capex, CARE Ratings Limited (CARE Ratings) expects the capital structure to remain comfortable in the projected years, with the overall gearing below unity.

Satisfactory financial risk profile

The capital structure of the company remained at a comfortable level marked by long-term debt-to-equity and overall gearing ratios of 0.07x and 0.54x, as on March 31, 2024 (PY: 0.10x and 0.67x, respectively). The slight improvement in the gearing level was on account of repayment of term loan and comparatively lower working capital utilisation against tangible net-worth of ₹118.08 crore as on March 31, 2024. The debt coverage indicators remain moderate marked by total debt to GCA of 3.81x, as on March 31, 2024 (PY: 4.27x) on account of reduced reliance on external borrowings. The interest coverage ratio stood comfortable though slightly deteriorated and stood 5.33x in FY24 (PY: 8.36x) on account of increase in the finance cost of the company.

Liquidity: Adequate

The current ratio and quick ratios of the company stood satisfactory at 2.12x and 0.49x respectively, as on March 31, 2024. Liquidity is marked by healthy cash accruals of ₹18.03 crore against minimal repayment obligations of ₹2.76 crores for FY25. With a gearing of 0.54 times as of March 31, 2024, the company has sufficient gearing headroom, to raise additional debt for its capex.

The average utilization of working capital borrowings stood comfortable at ~40% for the last 12 months ending November 30, 2024, on account of healthy cash flow from operations of ₹29.76 crore as on March 31, 2024.

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

Applicable criteria

[Definition of Default](#)

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

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[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

SAPL was incorporated in 1995 in Ludhiana (Punjab) and is promoted by Kulwant Singh (Managing Director) who has over three decades of experience in the dairy business. SAPL is engaged in producing milk products, such as pasteurised packed milk, skimmed milk powder (SMP), dairy whitener, and other milk products, such as butter, ghee, curd, lassi, UHT-processed milk, milkshakes, flavoured milk, among others. The company sells milk products under its own brand names- "Uttam", "Anmol", and "Supreme. SAPL is an ISO 22000-2005 certified company for the purpose of Food Safety Management System. The company's plant at Ludhiana is also approved by Export Council of India and has been granted Q-mark certification, for exporting milk products.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	350.69	381.28
PBILDT*	23.25	25.49
Profit after tax (PAT)	12.31	10.09
Overall gearing (times)	0.67	0.54
Interest coverage (times)	8.36	5.33

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

*PBILDT: Profit before interest, lease rentals, depreciation, and tax

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	-	-	-	March 2028	19.54	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Working Capital Limits	-	-	-	-	66.50	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Standby Line of Credit	-	-	-	-	3.50	CARE A4+; ISSUER NOT COOPERATING*
Non-fund-based - ST-Credit Exposure Limit	-	-	-	-	0.60	CARE A4+; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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-Working Capital Limits	LT	66.50	CARE BB+; Stable; ISSUER NOT COOPERATING*	1)CARE BBB+; Stable (04-Apr-25)	1)CARE BBB+; Stable (03-Jan-25)	1)CARE BBB+; Stable (19-Feb-24)	1)CARE BBB+; Stable (31-Jan-23)
2	Fund-based - LT-Term Loan	LT	19.54	CARE BB+; Stable; ISSUER NOT COOPERATING*	1)CARE BBB+; Stable (04-Apr-25)	1)CARE BBB+; Stable (03-Jan-25)	1)CARE BBB+; Stable (19-Feb-24)	1)CARE BBB+; Stable (31-Jan-23)
3	Fund-based - ST-Standby Line of Credit	ST	3.50	CARE A4+; ISSUER NOT COOPERATING*	1)CARE A3+ (04-Apr-25)	1)CARE A3+ (03-Jan-25)	1)CARE A3+ (19-Feb-24)	1)CARE A3+ (31-Jan-23)
4	Non-fund-based - ST-Credit Exposure Limit	ST	0.60	CARE A4+; ISSUER NOT COOPERATING*	1)CARE A3+ (04-Apr-25)	1)CARE A3+ (03-Jan-25)	1)CARE A3+ (19-Feb-24)	1)CARE A3+ (31-Jan-23)

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**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-Standby Line of Credit	Simple
4	Non-fund-based - ST-Credit Exposure Limit	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.

Contact us

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