

Apis India Limited

July 29, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	53.44	CARE BBB; Stable	Assigned
Short Term Bank Facilities	43.50	CARE A3+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Apis India Limited (AIL) derives strength from its experienced promoters with established track record of operations in honey, diversified product profile and established brand name of "Apis" in honey as well as other food segments. The ratings also takes comfort from the healthy financial risk characterised by comfortable overall gearing and improving debt coverage indicators.

These rating strengths are however, constrained by working capital intensive nature of operations, susceptibility of margins to raw material prices and competition from organized and unorganized units. The ratings also take note of few days delay in filing of quarterly results during the previous 2 quarters.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in scale of operations above Rs.400 crore while maintaining PBILDT margins above 11.00% on a sustained basis.
- Efficient management of working capital cycle and resultant improvement in liquidity position.

Negative factors

- Decline in scale of operations by more than 20% from current levels and/or reduction in PBILDT margin below 6.00% on a sustained basis.
- Any sizeable capex undertaken by the company adversely impacting the capital structure with the overall gearing exceeding 1.00x.
- Collection/inventory period moderating, leading to working capital cycle above 180 days and weakening of liquidity position of the company.

Analytical approach:

Consolidated approach with two wholly owned subsidiaries: Anantdrishti Smart India Pvt. Ltd. and Nature's Family Tree Foods Pvt. Ltd and two associate companies Kapil Anand Agro Pvt. Ltd. (KAAPL) (50% shareholding) and APIS Pure Foodstuff Trading LLC (APFTL) (49% shareholding)

Outlook: Stable

The outlook reflects CARE's opinion that the company will continue to benefit from its experienced promoters with established track record and diversified product profile.

Detailed description of the key rating drivers:

Key strengths

Experienced promoters with established track record of operations

The operations of the company are managed by Mr. Amit Anand and Mr. Vimal Anand. Their manufacturing facility was setup in 2012 under the leadership of their father, late Mr. Deepak Anand. Prior to this, the group operated honey processing at another facility in Rajpura, Punjab which was later closed.

The promoters have experience in the food processing industry for over a decade. They are ably supported by a team of professionals having varied level of experience in their respective domain. They have a considerable track record in the industry leading to development of long-term relationship with the clients as well as suppliers. Company sells their products under their own brand name of "APIS" which enjoys good brand recognition and customer acceptance in India.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Healthy financial risk profile

The company has healthy financial risk profile characterised by comfortable overall gearing and improving debt coverage indicators. The capital structure of the company improved during FY24 as characterized by overall gearing (adjusted for advance/investments in affiliates) of 0.54x in FY24 (PY: 0.83x) on the back of lower utilisation of WC limits. Further, the debt coverage indicators also improved on the back of improved profitability during FY24, as characterized by interest coverage of 5.99x (PY: 2.99x), Total Debt/PBILDT & Total Debt/GCA of 1.70x & 1.79x respectively in FY24 (PY: 3.35x & 3.37x). The company reported total operating income of Rs. 317.20 crore in FY24 as against Rs.331.99 crore in FY23. Profitability of the company improved during the year, with PBILDT margin at 11.18% as against 6.77% in FY23. Margin improvement was largely on account of increase of in MRP implemented by the company around Q3 FY24 (refers to the period October 01, 2023 to December 31, 2023, mainly in their retail honey products).

Key weaknesses

Susceptibility of fluctuations in raw material prices and seasonal nature of operations

Adverse climatic conditions may affect availability of raw material and lead to volatility in the prices. The behaviour and life cycle of honeybees depends completely on climatic and floristic conditions i.e., flowering of plants, secretion of nectar and production of pollen, which may vary from place to place. Moreover, raw honey is majorly derived from the mustard flowers. The procurement for the same has a seasonality wherein most of the procurement is done in the January to June period every year. Consumption of honey is also the highest during the winter months in Q3 & Q4 of the financial year which slightly concentrates the sales (especially domestic sales) during this part of the year.

AIL procures raw honey from bee farmers through its collection representatives and agents across various parts of the country. Dates are mostly imported from Gulf countries, with sorting and packaging done at the facility in Roorkee. Other products under the "Apis" brand name are manufactured on job work basis by various vendors.

Elongated operating cycle

Raw Honey is majorly derived from the mustard flowers, the procurement for the same has a seasonality wherein most of the procurement is done from October to March period every year. With honey being the company's main product, there is usually a high inventory accumulation at the end of every year leading to relatively high inventory days. Operating cycle of the company stands at 159 days in FY24 (PY: 177 days) with inventory holding period of 119 days in FY24 (PY: 138 days). Operating cycle is likely to remain at similar levels going forward.

Highly fragmented and competitive industry

The honey and other food processing industry is highly fragmented in nature due to presence of a large number of unorganized players and organized players in the industry. The competition restricts the pricing flexibility and limits the bargaining power with customers and suppliers. As such good customer relation and quality maintenance are significantly important for business growth. Moreover, the business is also susceptible to changing preferences of consumers towards flavours and brands.

Liquidity: Adequate

Liquidity is adequate as marked by expected GCA of ~Rs.27.93 crores in FY25 against repayment obligations of Rs.3.83 crore. Company is availing WC facilities from multiple banks, with utilisation in the range of ~72% during the 12 months ended June 30, 2024. The current ratio of the company stood at 1.92x as on March 31, 2024. The company has no major debt funded capex plans over the near to medium term and it is expected that internal accruals as well as buffer available in WC limits to be sufficient to meet incremental working capital requirement and repayment obligations.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Consolidation](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Food Products	Other Food Products

Apis India Limited (AIL) was set up in 1924 and acquired by late Mr Deepak Anand in 2006 and is currently headed by his sons Mr. Amit Anand & Mr. Vimal Anand. AIL's primary business is honey processing and selling to customers across the country as well as abroad. In addition, they also sell other food products like dates, pickles, ginger garlic paste, jam, cereals etc.

Brief Financials-Consolidated (₹ crore)	March 31, 2023 (A)	March 31, 2024 (Ab)
Total operating income	331.99	317.20
PBILDT	22.47	35.45
PAT	18.47	32.57
Overall gearing (times)	0.83	0.54
Interest coverage (times)	2.99	5.99

A: Audited Ab: Abridged; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA:

BWR BB-; Stable (INC) / BWR A4 (INC) by Brickwork Ratings dated July 04, 2024.

Due to the lack of management cooperation and in the absence of adequate complete information, Brickwork Ratings has kept the rating of the company under Issuer Not Cooperating category.

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various 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 along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	45.00	CARE BBB; Stable
Fund-based - LT-Term Loan		-	-	November 10, 2027	8.44	CARE BBB; Stable
Fund-based - ST-EPC/PSC		-	-	-	42.00	CARE A3+
Non-fund-based - ST-Bank Guarantee		-	-	-	1.50	CARE A3+

Annexure-2: Rating history for the 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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	45.00	CARE BBB; Stable				
2	Fund-based - LT-Term Loan	LT	8.44	CARE BBB; Stable				
3	Fund-based - ST-EPC/PSC	ST	42.00	CARE A3+				
4	Non-fund-based - ST-Bank Guarantee	ST	1.50	CARE A3+				

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

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-EPC/PSC	Simple
4	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of all the entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Anantadrishti Smart India Private Limited	Full	Subsidiary
2	Nature's Family Tree Foods Private Limited	Full	Subsidiary
3	Kapil Anand Agro Private Limited	Proportionate	Associate
4	APIS Pure Foodstuff Trading LLC	Proportionate	Associate

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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