



## Press Release

### Olympia Industries Limited

September 22, 2017

### Rating Reaffirmed

<b>Total Bank Facilities Rated*</b>	Rs. 15.00 Cr.
<b>Long Term Rating</b>	SMERA BBB- / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA BBB-**' (read as **SMERA BBB minus**) on the Rs. 15.00 crore bank facilities of Olympia Industries Limited. The outlook is '**Stable**'.

The Mumbai based, Olympia Industries Limited (OIL), the erstwhile Double A Twisters Private Limited, was established in 1987. The company promoted by Mr. Navin Pansari, is engaged in the distribution of FMCG products. In 2014, OIL entered into an agreement with Amazon to sell FMCG products (baby care, personal care among others) online.

### Key Rating Drivers

#### Strengths

- **Experienced management**

The operations are led by Mr. Navin Pansari, who possesses more than two decades of experience in the distribution of electronic peripherals, apparels among others.

- **Established marketing channel**

The company sells a diverse range of products including FMCG, auto parts and accessories, baby care, electronics of reputed companies such as Philips Electronics Private Limited, Kimberley Clark Lever Private Limited, Bajaj Electricals Limited on ecommerce website - Amazon India.

- **Healthy growth in revenues with uneven margins**

The revenues have grown at a CAGR of 233.61 per cent between FY2014 and FY2017. The company registered revenue of Rs. 244.96 crore in FY2016-17 compared to Rs. 187.21 crore in FY2015-16 and Rs. 122.55 crore in FY2014-15. The growth in revenue has been on account of diversification of its product profile, addition of new suppliers and efficient management of finished goods inventory held by the company.

- **Moderate financial risk profile**

The risk profile is moderate marked by networth of Rs.29.73 crore as on 31 March, 2017 compared to Rs. 19.59 crore as on 31 March, 2016. The increase in networth has been on account of rise in share capital from Rs. 3.66 crore as on 31 March, 2016 to Rs. 5.28 crore as on 31 March, 2017. The reserves also increased from Rs.15.92 crore as on 31 March, 2016 to Rs. 24.46 crore as on 31 March, 2017. The gearing stood at 0.41 times (0.65 times as on March 31, 2016) with total debt at Rs. 12.20 crore as on 31 March, 2017 comprising short term debt of Rs. 11.37 crore and Rs. 0.71 crore of unsecured loans from promoters. The coverage indicators are moderate with interest coverage ratio (ICR) of 6.79 times for FY2016-17 as against 4.87 times for FY2015-16 with net cash accruals over total debt (NCA/TD) of 0.40 times as on 31 March, 2017. SMERA believes that the company will be able to maintain stable net cash accruals on the back of its experienced management which will lead to a stable financial risk profile.

#### Weaknesses

#### • Highly competitive industry

OIL operates in a highly competitive and fragmented industry. The e-commerce portal faces threat of larger customer acquisition from other portals such as Flipkart, Snapdeal, Ebay, etc. Besides, the company also faces competition from sellers registered with Amazon India. However, the risk of competition is mitigated due to OIL's platinum membership with Amazon India which enables among others, sharing of losses on slow moving inventory and higher visibility.

#### • Uneven operating margins

The margins of the company have been uneven during the period under study (FY2014 to FY2017) with 3.32 per cent in FY2017 compared to 2.55 per cent in FY2016 and 4.43 per cent in FY2015 (5.57 per cent in FY2014). This is due to fluctuations in the prices of goods purchased by OIL for trading on Amazon India.

#### Analytical Approach

SMERA has considered the standalone financial and business risk profiles of the company.

#### Outlook: Stable

SMERA believes that the outlook on OIL's rated facilities will remain 'Stable' over the medium term. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues while maintaining comfortable debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

#### About the Rated Entity - Key Financials

For FY2016-17, OIL reported profit after tax (PAT) of Rs. 4.55 crore on operating income of Rs.244.96 crore compared with PAT of Rs.2.58 crore on operating income of Rs.187.21 crore for FY2015-16. The net worth as on 31 March, 2017 stood at Rs.29.73 crore compared to Rs.19.59 crore as on 31 March, 2016.

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

None

#### Any other information

None

#### Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

#### Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

#### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
19-Aug-2016	Cash Credit	Long Term	INR 15	SMERA BBB- / Stable

#### \*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
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Cash Credit	Not Applicable	Not Applicable	Not Applicable	15.00	SMERA BBB- / Stable
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### ABOUT SMERA

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