

Press Release
Olympia Industries Limited
June 07, 2024
Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	25.00	ACUITE BB+ Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	25.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating to '**ACUITE BB+**' (read as **ACUITE double B plus**) on the Rs.25.00 Crore bank facilities of Olympia Industries Limited (OIL). The outlook is '**Stable**'.

Rationale for the Rating Reaffirmation

The rating reaffirmation factors in the established track record of operations of 10 years in this line of business along with experienced management. Further, it factors in the moderate financial risk profile marked by moderate overall gearing of 0.97 times as on March 31, 2024, and comfortable debt protection metrics. The total revenue of the company declines in FY2024 as it stood at Rs. 189.05 Cr. as against Rs. 377.95 Cr. in FY2023, however, recorded an improvement in operating profitability. The operating margins of the company stood at 3.41% in FY2024 as against 1.38% in FY2023. Further, operations continue to remain working capital intensive in nature with high GCA days of 239 days in FY 2024. Going forward, the company's ability to improve its scale of operations while maintaining its profitability margins and capital structure and restricting further elongation of its working capital cycle will be key rating monitorable.

About the Company

OIL incorporated in the year 1987, was originally engaged into manufacturing of Dyed and Blended yarns in Gujarat and Maharashtra. However, since 2014, the company is engaged in the distribution of Baby care, Home & Kitchen, and Beauty & Personal Care Appliances products through E commerce on Amazon as SOA (Selling on Amazon), PSP (Platinum Seller Program) & FBA (Fulfillment by Amazon). The company has its warehouses in Mumbai, Bengaluru, and Gurgaon.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of OIL to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management established marketing channel and diversified product profile

The operations of OIL are led by Mr. Navin Pansari, who possesses more than three decades of experience in the distribution of electronic peripherals and apparels, among others. OIL sells a diversified range of products which includes FMCG, baby care, electronic appliances among others of reputed companies like Panasonic Appliances India Company Limited, Kent RO Systems Limited, Blue Star Limited, Preethi Kitchen Appliances Private Limited, Ingram Micro India Private Limited, Venus Home Appliance Private Limited, Acer India Private Limited, Supertons Electronics Private Limited, Mondelez India Foods Private Limited among others on various e-commerce marketplaces such as Amazon Seller Services Private Limited, Flipkart India Private Limited, Paytm E-commerce Private Limited and Snapdeal (Jasper Infotech Private Limited). Acuité believes that the company will benefit from its experienced management which will help the company to maintain long standing relations with its clients.

Moderate Financial Risk Profile

The company has moderate financial risk profile marked by moderate networth, moderate gearing and average debt protection metrics. The networth increased to Rs. 51.92 Cr. in FY24 as against Rs. 39.93 Cr. in FY23. The networth increased due to increase accumulation of profit. The company's total debt increased to Rs. 50.34 Cr. as on March 31, 2024, as against Rs. 41.90 Cr. as on March 31, 2023. The company's overall gearing stood at 0.97 times as on March 31, 2024. The TOL/TNW remained stable at 1.67 times as on March 31, 2024, as against 1.96 times as on March 31, 2023. The ICR deteriorated to 1.56 times in FY24 as against 1.73 times in FY23 due to increase in interest cost. The NCA/TD deteriorated to 0.04 times in FY24 as against 0.05 times in FY23.

Weaknesses

Working Capital Management

The working capital management of the company is intensively marked by GCA days of 239 days in FY24 as against 110 days in FY23. The company maintains inventory levels of around 183 days in FY24 as against 74 days for FY23. The Debtor days stood at 40 days in FY24 as against 28 days for FY23. Furthermore, the creditor days stood at 75 days in FY24 as against 35 days in FY23.

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 and EBAY, among others. Besides, the company also faces competition from sellers registered with Amazon India. However, the risk of competition is mitigated due to OIL's Gold/ equivalent status in all the platforms/ marketplaces which entitles the company to higher visibility and data analytics regarding the products and customers' preferences.

Rating Sensitivities

- Movement in operating income and profitability margins.
- Movement in working capital cycle.

Liquidity Position

Stretched

The liquidity position of the company is stretched marked by low net cash accruals of Rs 1.95 crore in FY2024 against its maturing repayment obligations of Rs. 2.83 crore in the same tenure. Further, The cash and bank balance stood at Rs.0.05 crore as on March 31, 2024 and the current ratio is moderate at 1.46 times for FY2024.

Outlook: Stable

Acuité believes that OIL will maintain 'Stable' outlook over the medium term on account of its experienced management and improvement in profitability margins. The outlook may be revised to 'Positive' in case of significant improvement in scale of operations while maintaining the profitability margins and effectively managing its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial and liquidity profile most likely because of higher than envisaged working capital requirements or further decline in operating performance of the company.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	189.05	377.95
PAT	Rs. Cr.	0.79	0.98
PAT Margin	(%)	0.42	0.26
Total Debt/Tangible Net Worth	Times	0.97	1.05
PBDIT/Interest	Times	1.56	1.73

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite 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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
20 Nov 2023	Cash Credit	Long Term	25.00	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable)
01 Sep 2023	Cash Credit	Long Term	25.00	ACUITE BBB- Stable (Reaffirmed)
09 Jun 2022	Cash Credit	Long Term	22.00	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.00	ACUITE BBB- Stable (Reaffirmed)
11 Mar 2021	Cash Credit	Long Term	18.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+)
	Proposed Long Term Bank Facility	Long Term	0.65	ACUITE BBB- Stable (Upgraded from ACUITE BB+)
	Term Loan	Long Term	3.57	ACUITE BBB- Stable (Assigned)
	Working Capital Demand Loan (WC DL)	Long Term	1.80	ACUITE BBB- Stable (Assigned)
	Working Capital Demand Loan (WC DL)	Long Term	0.98	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	25.00	ACUITE BB+ Stable Reaffirmed

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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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