

Rating Rationale

April 09, 2025 | Mumbai

GKB Ophthalmics Limited

Ratings reaffirmed at 'Crisil D/Crisil D'

Rating Action

Total Bank Loan Facilities Rated	Rs.15.1 Crore
Long Term Rating	Crisil D (Reaffirmed)
Short Term Rating	Crisil D (Reaffirmed)

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has reaffirmed its 'Crisil D/Crisil D' ratings on the bank loan facilities of GKB Ophthalmics Limited (GKB).

The ratings continue to reflect GKB's modest scale of operations, large working capital requirement and weak debt protection metrics. These weaknesses are partially offset by the extensive experience of the promoters in the ophthalmic lenses industry.

Analytical Approach

Crisil Ratings has evaluated the standalone business and financial risk profiles of GKB.

Key Rating Drivers & Detailed Description

Weaknesses:

- **Modest scale of operations and large working capital requirement:** Although on an improving trend, the scale of operations of the company continue to remain modest and working capital intensive as indicated by an expected revenue of around Rs.32 Cr in fiscal 2025 and expected Gross current asset (GCA) days of 139 days as on March 31, 2025. Higher GCA days are driven by high expected debtor and inventory days of 78 and 54 days respectively, which are met by a stretched creditor days of around 140-150 days as on March 31, 2025. Steady increase in scale of operations remains monitorable over the medium term.
- **Subdued operating profits:** The company has been reporting EBITDA losses for last 6 years. Also company continued to report EBITDA losses in 9 months ending FY2025. The company is planning to improve profitability over the medium term with improved product mix. However, Improvement in operating margin will remain monitorable.
- **Weak debt protection metrics:** Losses at operating level has led to weaker debt protection metrics, as indicated by expected interest coverage and net cash accruals to adjusted debt ratios of negative 0.35 times and negative 0.14 time in fiscal 2025. Improvement in the operating efficiency thus leading to better debt protection metrics remains a key monitorable.

Strength:

- **Promoters' extensive experience:** The three-decade-long experience of the promoters and their longstanding relationships with suppliers and customers have helped the company successfully navigate business cycles over the years.

Liquidity: Poor

The liquidity of the company is poor as the expected net cash accruals are insufficient to repay debt obligations worth Rs. 31-35 Lakhs over medium term. Bank limits of the company have been fully utilized for the last twelve months ended February 2025.

Rating sensitivity factors

Upward Factors:

- Track record of timely debt servicing for 90 days or more.
- Improvement in operating performance resulting in better liquidity.

About the Company

Incorporated in 1981, GKB commenced operations in 1983. The company manufactures ophthalmic lenses, such as single-vision glass, single-vision plastic, bifocal plastic and photochromic plastic lenses. Mr KG Gupta, Mr Vikram Gupta and Mr Gaurav Gupta are the promoters of the company.

Key Financial Indicators

As on/for the period ended March 31	Unit	Upto Q3 2025	2024	2023
Operating income	Rs.Crore	24.32	31.19	27.94
Reported profit after tax	Rs.Crore	-3.62	-3.42	-2.88
PAT margins	%	-14.8	-10.95	-10.31
Adjusted Debt/Adjusted Networkth	Times	-	0.46	0.41
Interest coverage	Times	-	0.39	0.79

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Bank Guarantee	NA	NA	NA	0.90	NA	Crisil D
NA	Cash Credit	NA	NA	NA	8.70	NA	Crisil D
NA	Export Packing Credit	NA	NA	NA	0.50	NA	Crisil D
NA	Letter of Credit	NA	NA	NA	2.70	NA	Crisil D
NA	Proposed Working Capital Facility	NA	NA	NA	1.30	NA	Crisil D
NA	Working Capital Term Loan	NA	NA	31-Mar-27	1.00	NA	Crisil D

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2025 (History)		2024		2023		2022		Start of 2022
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	ST/LT	11.5	Crisil D	--	--	25-01-24	Crisil D	--	--	04-11-22	Crisil A4 / Crisil C	Crisil D
Non-Fund Based Facilities	ST	3.6	Crisil D	--	--	25-01-24	Crisil D	--	--	04-11-22	Crisil A4	Crisil D

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	0.6	State Bank of India	Crisil D
Bank Guarantee	0.3	Saraswat Bank	Crisil D
Cash Credit	3.7	Saraswat Bank	Crisil D
Cash Credit	5	State Bank of India	Crisil D
Export Packing Credit	0.5	State Bank of India	Crisil D

Letter of Credit	0.7	Saraswat Bank	Crisil D
Letter of Credit	2	State Bank of India	Crisil D
Proposed Working Capital Facility	1.3	State Bank of India	Crisil D
Working Capital Term Loan	1	Saraswat Bank	Crisil D

Criteria Details

Links to related criteria

[Basics of Ratings \(including default recognition, assessing information adequacy\)](#)

[Criteria for manufacturing, trading and corporate services sector \(including approach for financial ratios\)](#)

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