

General Optics (Asia) Limited

September 26, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	6.18	CARE BB+; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BBB+; Stable
Long Term / Short Term Bank Facilities	10.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BBB+; Stable / CARE A2

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Ltd. (CARE Ratings) had, vide its press release dated April 05, 2024, placed the ratings of General Optics (Asia) Limited (GOAL) under the 'issuer non-cooperating' category as GOAL had failed to provide information for monitoring of the rating. GOAL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and an email September 10, 2024.

In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating of GOAL's bank facilities will now be denoted as **CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING***.

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

The revision in the rating is pursuant to Securities and Exchange Board of India (SEBI)'s circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/2 dated January 3, 2020, regarding 'Strengthening of the rating process in respect of Issuer Non-Cooperation (INC) ratings'. SEBI has in this circular mentioned that "If an issuer has all the outstanding ratings as non-cooperative for more than 6 months, then the Credit rating agency (CRA) shall downgrade the rating assigned to the instrument of such issuer to non-investment grade with INC status."

The ratings assigned to the bank facilities of GOAL have been revised on account of the non-availability of information for monitoring of the ratings despite repeated requests.

The ratings are, constrained by small size of operations concentrated to few major clients and the limited market size of the segment in which GOAL operates, high dividend pay-outs and limited clarity on succession planning in the top management. The ratings, however, derives strength from established track record of operations of the company in manufacturing industrial precision optical components, competent in-house R&D setup, more than three decades of relationship of the company with its clients, high-entry barrier present in the industry on account of the technology intensiveness associated with it.

Analytical approach: Standalone

Outlook: Stable

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

Detailed description of key rating drivers:

At the time of previous rating published on April 05, 2024, the following were the key rating drivers. The same has been updated with available information.

Key weaknesses**Small scale of operations**

GOAL is operating for nearly four decades, however, the size of operations of the company continues to be small with between ₹25-35 crore. This is majorly due to the limited market size of segment in which GOAL operates. Post COVID-19, there was lower traction in export sales which the company mitigated with domestic orders. Given its small size of operations, GOAL continues to be exposed to the vast changing technologies, economy downturns and competition from other markets.

Client concentration risk

Though the company enjoys an established relationship with highly reputed clients in both domestic and export market, its income continues to be concentrated to a few of them. Export business accounts nearly 69% of the overall Total operating income in FY24 (PY:70%).

Key Strengths**Established track record of operations & long-standing experience of the promoters**

With its nearly four decades of operations, GOAL is an established player in the manufacture of custom-made industrial precision optical components from glass blanks/lenses. With its sophisticated R&D setup GOAL is capable of integrating multiple components and builds intricate and precise mechanical structures/systems to form the sub-assemblies/assemblies which are then supplied to Original Equipment Manufacturers (OEM) to fit into their final equipment. S. Murali (a post-graduate from IIT Madras) is the Chairman and Managing Director of the company. He has been in the same line of business for nearly four decades. He founded the company during 1982 as an export-oriented unit. During his tenure, the company transformed itself from a component manufacturer to an opto-electronic and opto-mechanical sub-assemblies and instrument assemblies manufacturer. The other directors of the group have also been with the company for over a decade, most of whom have over thirty years of experience.

Reputed clientele base

The company has reputed client base, most of whom place repetitive orders with GOAL, including Indian Space Research Organization (ISRO) in the domestic market. The company is an accredited supplier to Department of Space and Defense Research Development Organization (DRDO), Ministry of Defense, Bhabha Atomic Research Centre (BARC), Department of Atomic Energy, Institute of Plasma Research, Department of Space (DoS) and has partnered in a variety of indigenization efforts of DoS, Government of India. The company also has a significant export client base including several major OEMs such as Leica Group.

Healthy profit margins

GOAL decided to venture into Infra-Red (IR) optics from FY16 which helped the company to generate better margins. Aided by high entry barriers due to technologically intensive nature of operations along with the niche segment in which GOAL operates, Profit before interest, lease rentals, depreciation, and taxation (PBILDT) and Profit after tax (PAT) margin of the company has been consistently healthy.

Comfortable capital structure albeit with dividend payouts

The net worth of the company as on March 31, 2024, stood at ₹20.08 crore vis-à-vis ₹28.01 crore as on March 31, 2019. The company had paid high dividend of ₹45.98 crore between FY20-FY24 leading to secular decline in net worth. While the capital structure still remains comfortable despite the dividend pay-outs from reserves, the absence of any policy or guidance on dividends

limits the comfort derived from a healthy capital base. The overall gearing of the company stood at 0.22x as on March 31, 2024, and Total debt/ Gross cash accruals (TD/GCA) was at 0.45x.

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)
[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](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Glass - Consumer

GOAL is a closely held (unlisted) public limited company. The company was incorporated in 1982 and commenced its commercial operations in 1984 as an Export Oriented Unit (EOU) to produce custom precision optical components and assemblies/sub-assemblies from its own manufacturing facility situated at Puducherry. S. Murali is the chairman and managing director of the company. End use of their products are in fields such as aerospace, defence, etc.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	25.40	34.58	32.07
PBILDT	9.60	14.68	12.57
PAT	6.42	10.13	8.50
Overall gearing (times)	0.13	0.07	0.22
Interest coverage (times)	29.99	29.97	21.68

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

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-Cash Credit		-	-	-	5.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	28-02-2027	1.18	CARE BB+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-BG/LC		-	-	-	10.00	CARE BB+; Stable / 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 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	Non-fund-based - LT/ ST-BG/LC	LT/ST	10.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING *	1)CARE BBB+; Stable / CARE A2; ISSUER NOT COOPERATING * (05-Apr-24)	-	1)CARE BBB+; Stable / CARE A2 (23-Mar-23) 2)CARE BBB+; Stable / CARE A2 (01-Apr-22)	-
2	Fund-based - LT-Term Loan	LT	1.18	CARE BB+; Stable; ISSUER NOT COOPERATING *	1)CARE BBB+; Stable; ISSUER NOT COOPERATING * (05-Apr-24)	-	1)CARE BBB+; Stable (23-Mar-23) 2)CARE BBB+; Stable (01-Apr-22)	-

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
3	Fund-based - LT-Cash Credit	LT	5.00	CARE BB+; Stable; ISSUER NOT COOPERATING *	1)CARE BBB+; Stable; ISSUER NOT COOPERATING * (05-Apr-24)	-	1)CARE BBB+; Stable (23-Mar-23) 2)CARE BBB+; Stable (01-Apr-22)	-

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

LT: Long term; LT/ST: Long term/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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

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

Contact us

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About us:

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Disclaimer:

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