

GS Auto International Limited

January 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	39.47	CARE C; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	5.50	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings has been seeking information from GS Auto International Limited (GSAIL) to monitor the rating(s) vide e-mail communications dated December 30, 2024, December 29, 2024, December 28, 2024, December 27, 2024, etc., among others and numerous phone calls. However, despite our repeated requests, GSAIL has not provided requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings has reviewed the ratings based on best available information which however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. The rating on bank facilities of GSAIL will now be denoted as '**CARE C; 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 ratings continue to factor in delays and defaults in the guaranteed debt for the group entities G.S Consumer Products Private Limited (GSCPPL) and G.S Autocomp Private Limited (GSAPL) and subsequent initiation of recovery proceedings by the lenders by issuing a notice u/s 13(4) of The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) being guarantor for the bank facilities of GSCPPL and GSAPL. Further, the ratings continue to be constrained by GSAIL's modest scale of operations, weak financial risk profile and elongated operating cycle. Further, the ratings are also constrained by risk associated with raw material price volatility risk, cyclical nature of the industry and its presence in a highly competitive auto component industry severely impacted by the slowdown. However, the ratings continue to derive comfort from experienced promoters coupled with long track record of operations and association with reputed customer base.

Analytical approach: Standalone

Outlook: Stable

CARE believes, outlook will remain stable on account of experience of promoters in auto industry.

Detailed description of key rating drivers:

At the time of last rating on December 26, 2023, following were the rating strengths and weaknesses (updated based on limited information available from stock exchange).

Key weaknesses

Delays and defaults for guaranteed debt and subsequent initiation of SARFAESI proceedings by lenders

GS Auto International Limited has extended corporate guarantee to the tune of Rs 5.08 crore for working capital limits of its group concerns, G.S Consumer Products Private Limited and G.S Autocomp Private Limited which are classified Nonperforming assets (NPA) by its lenders. The bank has initiated SARFAESI against the group companies GS Consumer Products Private Limited and GS Autocomp Private Limited. The total outstanding amount including interest is Rs 0.65 crores and Rs 5.55 crores respectively as on March 31, 2023. Further, by factoring of the outstanding debt of the said group entities, debt service metrics of the company is expected to be weak over the medium term. The bank is under process to liquidate one of the mortgaged collaterals to set off the dues. The said liquidation of collateral will result in partial setting of outstanding dues and balance is expected to be paid off by promoters of group entities using personal funds.

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

Modest scale of operations

GSAIL's scale of operations improved by 16% y-o-y and stood at Rs 150.70 crores in FY24 (refers to the period from April 01, 2023 to March 31, 2024) (PY: Rs.129.59 crore). The same, however, stood modest. The modest scale of operation limits the company's financial flexibility in times of stress. GSAIL has achieved total operating income of Rs 71.45 crores during H1FY25 (refers to the period from April 1, 2024 to September 30, 2024). Further, the company turned profitable during FY24 with PBILDT margin of 6.15% and PAT margin of 0.46%.

Weak financial risk profile

As on March 31, 2024, the debt profile of the company consists of term loan of Rs 16.47 crores, unsecured loan of Rs 2.03 crores and working capital borrowings of Rs 15.33 crores against the tangible net worth base of Rs 21.79 crore. Further, the company has extended corporate guarantee for its group concerns which stood at Rs 6.19 crores as on March 31, 2024. The capital structure as marked by overall gearing of the company improved to 1.56x as on March 31, 2024 against previous year ratio of 1.74x. Further, the debt coverage indicators of the company stood modest as marked by interest coverage ratio of 1.94x and total debt to PBILDT ratio of 3.67x in FY24 against previous year ratio of 0.78x and 9.58x respectively.

Elongated operating cycle

The operations of the company stood elongated marked by operating cycle of 76 days for FY24 (PY: 89 days). Owing to large product portfolio (different type of design, sizes etc.), the company is required to maintain adequate inventory at each processing stage for smooth running of its production processes and to ensure prompt delivery to its customers resulting in an average inventory holding period of around 78 days in FY24. The company has to offer liberal credit power resulting in an average collection period of 37 days in FY24. The company receives an average credit period of around 1-2 months from its suppliers resulting in average creditor's period of 39 days in FY24.

Raw material price volatility risk

The company is exposed to the raw material price volatility risk due to the volatility experienced in the prices of steel and allied products as their prices fluctuates frequently due to demand supply gap. GSAIL procure materials such as mild steel, EN steel, aluminium scrap, copper scrap, etc. constitute a major component of the raw material i.e., around 50% of the total cost of production for the last 3 years (FY22-FY24), hence any volatility in their prices of raw materials has a direct impact on the profitability margins of the company.

Cyclical nature of industry

GSAIL fortunes are linked to those of the automobile industry, which is cyclical in nature. The demand for automobiles has a significant impact on the demand and prices of the products manufactured by the company. A fall in the demand and/or prices would adversely impact the financial performance of the company. Presence in a highly competitive auto component industry: GSAIL operates in a highly competitive industry wherein there is presence of numerous players in the unorganized and organized sectors. Furthermore, the auto component industry is largely unorganized and constitute of around 45-50% of the overall industry size. The unorganized segment primarily caters to the replacement market and to tier II and III suppliers. The organized segment primarily caters to the OEM segment.

Key strengths

Experienced promoters coupled with long track record of operations

The operations of GSAIL are currently being managed by Mr. Jasbir Singh Ryait, Mr. Surinder Singh, Ms Amarjit Kaur Ryait, Mrs. Dalvinder Kaur Ryait and Mr. Harkirat Singh Ryait. Mr. Jasbir Singh Ryait (Chairman & Managing Director), has done B.E. (Mechanical Engineering) and holds vast accumulated experience of nearly three decades in auto industry through his association with this entity. Mr. Surinder Singh (Managing Director) is a graduate and holds vast accumulated experience of nearly three decades in auto industry through his association with this entity. They are ably supported by other directors of the company in managing day-to-day operations of the company. GSAIL has a considerable track record in this business which has resulted in long term relationships with both suppliers and customers.

Association with reputed customer base

GS Auto International Limited has been operational for more than eight decades in the industry and has been able to establish healthy relationships with its customers. Association with reputed customers coupled with repeated orders enhances the image of the company in the market regarding product quality. Over these years the company has established business relationship with reputed companies like Tata Motors Limited (rated 'CARE AA-; Stable/CARE A1+'), Ashok Leyland Limited (rated CARE AA; Stable; CARE A1+), Maruti Suzuki Limited, SML Isuzu Limited, VE Commercial Vehicles Limited, etc. and its vendors.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Auto Components & Equipments](#)
[Short Term Instruments](#)
[Liquidity Analysis of Non-financial sector entities](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Automobile and Auto Components	Auto Components	Auto Components & Equipments

GS Auto International Limited was initially established as a proprietorship firm in the year 1938. Later in 1973, it gets converted into private limited company as "Gurmukh Singh & Sons Private Limited". Subsequently in 1985, it was reconstituted as a Public Limited Company and renamed as the present one. The company is currently being managed by Mr. Jasbir Singh Ryait, Mr. Surinder Singh, Ms. Amarjit Kaur Ryait, Mrs. Dalvinder Kaur Ryait and Mr. Harkirat Singh Ryait. The company is engaged in the manufacturing of automotive suspension and fastening components for Indian and International utility vehicles, commercial vehicles (LCVs, MCVs and HCVs), passenger vehicles, multi-axle vehicles, trailers and special purpose vehicles. The manufacturing facility of the company is done through two units; Ludhiana (Punjab) and Jamshedpur (Jharkhand). The company has an installed capacity to manufacture 10,000 MTs per annum for machined and forged categories and 16,500 MTs per annum of casting items. The products are sold under the brand name "GS International". The company mainly caters to original equipment manufacturers (OEM's), replacement market and export ~4% of its products to countries like Brazil, Morocco and Germany. The company has three associate concerns namely; "G S Autocomp Private Limited" (incorporated in 2006) engaged in the manufacturing of auto components, "G.S. Consumer Products Private Limited" (incorporated in 2006) engaged in the manufacturing of auto components and "Gurmukh Singh International LLP" (established in 2015) engaged in the trading of auto components.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25(UA)
Total operating income	129.59	150.70	71.45
PBILDT	3.85	9.26	5.32
PAT	-2.79	0.69	0.85
Overall gearing (times)	1.74	1.56	1.39
Interest coverage (times)	0.78	1.95	2.38

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

Status of non-cooperation with previous CRA:

Brickwork and Infomerics has retained the ratings assigned to the bank facilities of GSAIL under 'Issuer not cooperating' category vide press release dated March 21, 2024 and July 29, 2024 respectively, on account of its inability to carry out the review in the absence of requisite information from the company.

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		-	-	-	16.50	CARE C; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	June, 2030	22.97	CARE C; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	0.50	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-ILC/FLC		-	-	-	5.00	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	Fund-based - LT-Term Loan	LT	22.97	CARE C; Stable; ISSUER NOT COOPERATING*	-	1)CARE C; Stable (26-Dec-23) 2)CARE C; Stable (24-Apr-23)	1)CARE B+; Stable (24-Nov-22)	1)CARE B+; Stable (28-Dec-21)
2	Fund-based - LT-Cash Credit	LT	16.50	CARE C; Stable; ISSUER NOT COOPERATING*	-	1)CARE C; Stable (26-Dec-23) 2)CARE C; Stable (24-Apr-23)	1)CARE B+; Stable (24-Nov-22)	1)CARE B+; Stable (28-Dec-21)
3	Non-fund-based - ST-ILC/FLC	ST	5.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (26-Dec-23) 2)CARE A4	1)CARE A4 (24-Nov-22)	1)CARE A4 (28-Dec-21)

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
						(24-Apr-23)		
4	Non-fund-based - ST-Bank Guarantee	ST	0.50	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (26-Dec-23) 2)CARE A4 (24-Apr-23)	1)CARE A4 (24-Nov-22)	1)CARE A4 (28-Dec-21)

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

LT: Long term; ST: Short 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 - ST-Bank Guarantee	Simple
4	Non-fund-based - ST-ILC/FLC	Simple

Annexure-5: Lender details

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

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

Contact us

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About us:

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