

Greenland Motors

April 12, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	30.00	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable; (Single B; Outlook: Stable)
Total Bank Facilities	30.00 (Rs. Thirty Crore Only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated Feb 25, 2020, maintained the rating(s) of Greenland Motors under the 'issuer non-cooperating' category as Greenland Motors had failed to provide information for monitoring of the rating. Greenland Motors continues to be non-cooperative despite repeated requests for submission of information through e-mails dated March 18, 2021, March 16, 2021, March 01, 2021 and numerous phone calls.

In line with the extant SEBI guidelines, CARE has reviewed the rating based on the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, banker could not be contacted.

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 rating has been revised by considering non-availability of information and no due diligence was conducted due to non-cooperation by Greenland Motors with CARE's efforts to undertake a review of the rating outstanding. CARE views information unavailability risk as a key factor in its assessment of credit risk. Further, banker could not be contacted.

The rating on the firm's bank facilities will now be denoted as **CARE B-; Stable; ISSUER NOT COOPERATING**.

Detailed description of the key rating drivers

At the time of last rating on Feb 25, 2020 following were the rating strengths and weaknesses:

Key Rating Weaknesses

High overall gearing and weak debt service indicators

Due to over dependence on working capital limits and small net-worth base, the overall gearing stands at 4.61 x (PY: 3.10x) as on March 31, 2018. It has deteriorated due to increase in the fund based working capital limits in FY18. Moreover, In FY18, the firm has taken term loans for the construction of new NEXA showroom in Allahabad. Due to increase in debt, the TDGCA has deteriorated to 23.66x (PY: 11.61x) as on March 31, 2018.

Working capital intensive nature of operations of firm

The working capital cycle of the firm for the year ended on March 31, 2018 stood at 71 days (PY: 54 days), reflected by high inventory period of 64 days (PY: 41 days). The inventory days remain high as the firm is required to maintain stock of cars at its e-outlets, showroom and r-outlets throughout the year. Due to this, the average of the maximum cc utilization for the last 12 months ending Oct'18 stood at 95.66%.

Inherent risks associated with business constitution as partnership firm

GLM, being a partnership firm, is inherently exposed to the risk of partner's capital withdrawal due to personal exigencies. The constitution further restricts its financial flexibility with limited access to capital markets to fund expansion in the future.

Stiff competition from other firms

The automobile dealership firms face stiff competition from large number of dealers, dealing for other Original Equipment Manufacturers viz. Hyundai, Tata, Mahindra, Ford, etc. The prospects of the firm are thus, governed by its ability to effectively operate in the highly competitive segment while maintaining a healthy revenue growth from increased volumes of customer demands.

Key Rating Strengths

Experienced promoters with presence of group companies in related business

Greenland Motors (GLM), a partnership firm is partnered by Mr Anil Khetrpal, Mr Sunil Khetrpal, Mr Arun Khetrpal and Mr Ranjan Khetrpal from 2008. They are professionally qualified with post graduate degrees in distinct domains and have an extensive experience of over three decades in the automobile trade industry. Furthermore, the firm is being successfully managed under the new leadership of Mr Ayush Khetrpal (son of Mr. Anil Khetrpal), a gold medallist in Masters in Business Administration.

Long-standing association with Maruti Suzuki India Limited as its authorised dealer

GLM is an authorized dealer for Maruti Suzuki India Limited (MSIL) in Allahabad, Pratapgarh and Kaushambi cities of Uttar Pradesh. The firm is associated to MSIL, the market leader in passenger car segment in India for more than 10 years.

Moderate operational performance of the firm

The total operating income moderated to Rs. 145.84 cr. in FY18 as compared to Rs. 166.43 cr. in FY17 on the account of lower sales of cars in FY18. The profitability margins in FY18 remained stable with PBILDT margin at 4.37% as compared to 4.41% in FY17.

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[CARE's Policy on Default Recognition](#)

[Liquidity analysis of Non-financial sector entities](#)

[Financial ratios – Non-Financial Sector](#)

[Rating Methodology – Service Companies](#)

About the Firm

Greenland Motors (GLM), constituted as a partnership firm in 2005 is an authorized dealer of Maruti Suzuki India Limited (MSIL) in select regions of Uttar Pradesh. Currently partnered by Mr Anil Khetrpal, Mr Sunil Khetrpal, Mr Arun Khetrpal and Mr Ranjan Khetrpal, GLM operates through its E-dealer outlets located at Pratapgarh and Kaushambi, its main showroom, true value outlet and workshops in Allahabad and its 8 rural outlets spread across different villages in the state of UP. The firm derives its revenue from sales of new cars, servicing of vehicles, sales of spare parts and trading of pre-owned cars.

Key Financial Indicators

Rs Cr.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	166.43	145.84
PBILDT	7.34	6.37
PAT	2.06	1.39
Overall gearing (times)	3.10	4.61
Interest coverage (times)	1.63	1.52

A: Audited

Status of non-cooperation with previous CRA: ICRA has maintained its ratings assigned to the bank facilities of Greenland Motors under Issuer Not Cooperating category vide Press Release dated June 12, 2020.

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	29.00	CARE B-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT-Bank Guarantees	-	-	-	1.00	CARE B-; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Cash Credit	LT	29.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (25-Feb-20)	1)CARE BB-; Stable (25-Dec-18)
2.	Non-fund-based - LT-Bank Guarantees	LT	1.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (25-Feb-20)	1)CARE BB-; Stable (25-Dec-18)

*Issuer did not cooperate; based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - LT-Bank Guarantees	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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