

Greenland A&M Corporation

April 12, 2021

Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	28.75	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)
Long Term / Short Term Bank Facilities	2.00	CARE B-; Stable / CARE A4; ISSUER NOT COOPERATING* (Single B Minus ; Outlook: Stable/ A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable / CARE A4; (Single B ; Outlook: Stable / A Four)
Total Facilities	30.75 (Rs. Thirty Crore and Seventy-Five Lakhs 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 A&M Corporation under the 'issuer non-cooperating' category as Greenland A&M Corporation had failed to provide information for monitoring of the rating. Greenland A&M Corporation 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 A&M Corporation 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/ CARE A4; 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

Weak debt servicing indicators

The overall gearing ratio deteriorated to 0.86x (PY: 0.70x) as on March 31, 2018 due to higher working capital limit utilisation. This also led to deterioration in the TDGCA to 38.74x (PY: 33.02x) as on March 31, 2018, thereby, weakening the financial risk profile of the firm. With limited upside in the profitability margins in the future, improvement in the debt service indicators remain a key rating sensitivity.

Working capital intensive nature of operations of firm

The working capital cycle of the firm for the year ended on March 31, 2018 remained stretched at 188 days (PY: 157 days), reflected by high inventory period of 161 days (PY: 158 days). The inventory days remained high as the firm needs to maintain stock of equipment in the showroom throughout the year. Due to this, the average of the maximum working capital utilisation for the last 12 months ending Oct'18 remained fully utilised.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

Inherent risks associated with business constitution as partnership firm

GAC, 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.

Key Rating Strengths

Experienced promoters with presence of group companies in related business

Greenland (A&M) Corporation (GAC), a partnership firm is currently partnered by Mr. Anil Khetrpal, Mr. Sunil Khetrpal, Mr. Arun Khetrpal and Mr. Ranjan Khetrpal. They are professionally qualified partners 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 various brands

GAC is an authorized dealer for various OEMs such as TVS Motors Co. Ltd., Force Motors Ltd., Atul Auto Ltd., VE Commercial Vehicles Ltd. and Terex Equipment Pvt Ltd. in districts of eastern Uttar Pradesh. The firm's association to the top brands in diversified vehicle segments viz. two wheelers, three wheelers and tractors protects it against the cyclicity associated with specific product segments and provides it with the leverage of brand recognition.

Moderate operational performance of the firm

The total operating income of the firm remained stable in FY18 with Rs. 74.29 cr. as compared to Rs. 73.82 cr. in FY17. Moreover, the profitability margins of the firm have remained stable with PBILDT margin at 5.41% (PY: 5.30%) and PAT margin at 0.44% (PY: 0.39%). The interest coverage ratio of the firm has also remained stable with 1.39x (PY: 1.38x) in FY18 due to stable profitability margins.

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 Corporation (GAC), established by Late R.N. Khetrpal in 1950 initiated business as a franchise of Ferguson tractors which pioneered the concept of mechanized farming in various districts of eastern Uttar Pradesh. The business was diversified by the current partners (sons of Mr. R.N. Khetrpal) by adding dealerships of other Original Equipment Manufacturers (OEMs) across different segments, viz. TVS Motors Limited (deals in 2-wheels; associated since 1985), Force Motors (deals in passenger and light commercial vehicle; associated since 2008), Terex Equipment Private Limited (deals in tractors; associated since 2009), Atul Auto Limited (deals in three wheelers; associated since 2010) and VE Commercial Vehicles Limited (deals in medium and heavy commercial vehicles; associated since 2010). The firm in addition to the above business provides transportation services to India Yamaha Motor Private Limited and TVS Motors Limited. The firm operates through its offices in over 25 districts of eastern Uttar Pradesh.

Key Financial Indicators

	Rs. Cr.	
Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	73.82	74.29
PBILDT	3.91	4.02
PAT	0.29	0.33
Overall gearing (times)	0.70	0.86
Interest coverage (times)	1.38	1.39

A: Audited

Status of non-cooperation with previous CRA: NA

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	-	-	-	20.00	CARE B-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	2.00	CARE B-; Stable / CARE A4; ISSUER NOT COOPERATING*
Fund-based - LT-Bank Overdraft	-	-	-	7.75	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	-	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	20.00	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/ ST-Bank Guarantees	LT/ST	2.00	CARE B-; Stable / CARE A4; ISSUER NOT COOPERATING*	-	-	1)CARE B; Stable / CARE A4; ISSUER NOT COOPERATING* (25-Feb-20)	1)CARE BB-; Stable / CARE A4 (25-Dec-18)
3.	Fund-based - LT-Bank Overdraft	LT	7.75	CARE B-; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (25-Feb-20)	1)CARE BB-; Stable (25-Dec-18)
4.	Fund-based - LT-Term Loan	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-Bank Overdraft	Simple
2.	Fund-based - LT-Cash Credit	Simple
3.	Fund-based - LT-Term Loan	Simple
4.	Non-fund-based - LT/ ST-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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