

## Greenland Motors

	Amount Outstanding	Rating Action
	Rs. Crore	May 2016
Cash Credit Facilities (LT Scale)	1.50	[ICRA]B+; Reaffirmed
Term Loan Facilities (LT Scale)	1.55	[ICRA]B+; Reaffirmed
Fund based facilities (ST Scale)	14.25	[ICRA]A4; Reaffirmed
Non-fund based faculties (ST Scale)	1.00	[ICRA]A4; Reaffirmed
<b>Total</b>	<b>18.30</b>	

ICRA has reaffirmed its long-term rating of [ICRA]B+ (pronounced ICRA B plus) and its short-term rating of [ICRA]A4 (pronounced ICRA A four) on the Rs. 18.3 Crore bank facilities of M/s Greenland Motors (GLM)<sup>†</sup>.

ICRA's ratings reaffirmation takes into account GLM's satisfactory operational performance, with its sales volumes registering an year-on-year growth of ~26% in FY2015 and ~21% in FY2016. While the volumes have increased, GLM's operating margin declined to 3.0% from 3.4% in the preceding year. The working capital requirements of the firm remain high in relation to its networth, hence keeping the level of outside borrowings high. Further, GLM faces high degree of competition from other OEMs in its limited geographical area of operations. However, ICRA factors in the established position of the firm as an authorized dealer of Maruti Suzuki India Limited (MSIL) in Allahabad, Uttar Pradesh and the established relationship of the promoters with MSIL.

The firm's ability to increase its scale of operations while improving its profitability and optimally managing the working capital intensity will be the key rating sensitivities.

### Company Profile

Established in 2005, GLM is engaged in the dealership of MSIL's cars. The firm has three sales and service outlets in Allahabad, Pratapgarh and Kaushambi (all in Uttar Pradesh). GLM has three outlets in UP, with two outlets where it is the sole dealership of MSIL and one where it is the larger of the two dealerships operational in Allahabad.

### Recent Results

In FY2015, GLM reported a net profit of Rs. 0.6 Crore on an operating income of Rs. 137.6 Crore, as compared to a net profit of Rs. 0.5 Crore on an operating income of Rs. 106.1 crore in the previous year. As per the provisional results, the firm reported an operating income of Rs. 171 crore in FY2016.

**May 2016**

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<sup>†</sup>"For complete rating definition please refer to the ICRA website [www.icra.in](http://www.icra.in) or any of the ICRA Rating Publications"



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