



Press Release

Gemini Equipment and Rentals Private Limited (GEAR)

January 31, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long term Bank Facilities	20.06 (reduced from 26.08)	IVR BBB-/Stable (IVR Triple B minus with stable outlook)	IVR BBB-/Negative (IVR Triple B minus with negative outlook)	Outlook revised from Negative to Stable	Simple
Long term Bank Facilities	4.50	IVR BBB-/Stable (IVR Triple B minus with stable outlook)	--	Rating Assigned	Simple
Long term Bank Facilities	0.00 (reduced from 0.20)**	--	IVR BBB-/Negative (IVR Triple B minus with negative outlook)	Withdrawn	Simple
Short term Bank Facilities	4.00 (enhanced from 2.00)	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Rating Reaffirmed	Simple
Long Term/Short Term Bank Facilities - Proposed	1.44 (reduced from 1.92)	IVR BBB-/ Stable; IVR A3 (IVR Triple B Minus with Stable Outlook; IVR A Three)	IVR BBB-/ Negative; IVR A3 (IVR Triple B Minus with Negative Outlook; IVR A Three)	Rating Reaffirmed; Outlook revised from Negative to Stable	Simple
Total	Rs. 30.00 (Rs. Thirty Crore only)				

**Withdrawn, since repaid fully.

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed/assigned its ratings to the Bank facilities of GEAR as it derives strengths from improved operating performance, improved net worth coupled with strong capital structure, moderate debt protection metrics, well-diversified product portfolio and reputed clientele, and continuous support from well-funded promoters. However, these rating strengths are partially constrained by elongated working capital cycle, stiff competition from established domestic players as well as unorganized players in rental equipment industry and exposed to inherent cyclicity in the capital investments by end-user industries.



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The “stable outlook” reflects strong capital structure and strong support from the promoters.

Infomerics Ratings has simultaneously withdrawn outstanding term loan worth Rs. 0.20 crore has been withdrawn based on client’s request received via mail dated Jan 24, 2025, as it is fully paid off and No dues certificate yet to be received as confirmed by the banker. The rating is withdrawn is in line with Infomerics’ policy on withdrawal of ratings.

Key Rating Sensitivities:

Upward Factors

- Improvement in collection period leading overall improvement in liquidity

Downward Factors

- Any further increase in collection period and/or inability to reduce collection period leading to deterioration in liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Improved operating performance

GEARs total operating income (TOI) grew by 37.31% to Rs. 108.46 crore on y-o-y basis in FY24 (period refers from April 01, 2023, to March 31, 2024) (FY23: Rs. 78.99 crore) driven by higher revenue from trading of equipment and after sales service segment. However, the EBITDA margin declined at 16.45% in FY24 (FY23: 19.90%) as the company has made provision of Rs. 3.31 crore against doubtful debtors. Further, the PAT margin improved to 4.03% in FY24 (FY23: 3.63%) on account of higher non-operating income. GEAR has reported TOI of Rs.80 crore during 9MFY25 with EBITDA margins of 21% due to higher contribution from high margin after sale service segment.

Improved net worth coupled with strong capital structure

Adjusted tangible net worth improved to Rs. 80.45 crore as on March 31, 2024 (March 31, 2023: Rs. 67.27 crore) due to infusion of equity share capital of Rs. 13.13 crore during FY24 and profit accretion. To arrive at the adjusted net worth, Infomerics has considered Rs. 8.29 crore of unsecured loans from promoters and directors as quasi equity and the same has subordinated to the bank facilities. The capital structure remained strong marked by overall



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gearing and TOL/ATNW stood at 0.67x and 0.84x respectively as on March 31, 2024, (March 31, 2023: 0.80x and 1.00x respectively) due to increase in net worth.

Moderate debt protection metrics

The debt protection metrics improved though remained moderate with interest coverage at 1.99x in FY24 (FY23: 1.75x) on account higher EBITDA. Further, the total debt to NCA (net cash accruals) also improved though remained moderate at 4.53 years in FY24 (FY23: 5.35 years) due to decrease in working capital borrowings. Going forward, the debt protection metrics will be comfortable in the short to medium term due to improvement in EBITDA margin.

Well-diversified product portfolio and reputed clientele

GEAR covers a variety of industry such as mining, metal, glass, automobile, renewable energy, FMCG, paper real estate infrastructure sectors etc. GEAR has variety of product offering needed in the material handling equipment and has a particularly strong presence there. GEAR - caters to large number of reputed clients from various segment namely, Bharat Aluminium Company Limited, Vedanta Limited, Reliance Industries Limited, CMR green technologies limited, Khanna paper mills limited and Michelin India Private Limited. GEAR's focus on quality has led to repeat orders from many of its key clients however sustained order book shall remain key for the growth of GEAR.

Continuous support from well-funded promoters

GEAR is promoted by two private equity investment funds, Berggruen Holdings and Cycladic Capital. The promoters have infused INR 13.13 crores during FY24. This enduring support from these well-funded private equity promoters ensures a consistent inflow of capital, enhancing GEAR's financial resilience and flexibility.

Key Rating Weaknesses

Elongated working capital cycle

GEAR's primary business involves renting material handling equipment which is inherent to the industry leading to an extended collection period as shown by net operating cycle which stood at 122 days in FY24 (FY23: 127 days) mainly due to high receivable days though marginally improved and stood at 112 days in FY24 (FY22: 133 days). Receivable days have



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increased due to higher credit period offered to the customers from MHE segment as well as higher revenue during the last quarter of FY24. The collection days are the key monitorable by the Infomerics.

Stiff competition from established domestic players as well as unorganized players in rental equipment industry:

GEAR faces stiff competition from established domestic players in the material handling industry. In the rental equipment segment, it faces intense competition from Godrej & Boyce Mfg. Co. Ltd., Toyota Material Handling India Pvt. Ltd., Leap India Private Limited, Jost's Engineering Company Limited, Avadhesh Engineering Equipment's and Services Private Limited.

Exposed to inherent cyclicity in the capital investments by end-user industries

The performance of GEAR shall remain susceptible to the cyclicity in investments by key end-user industries.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Service Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and post default curing period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Policy on Withdrawal of Ratings](#)

Liquidity – Adequate

The liquidity marked by gross cash accruals are sufficient for the debt repayment for FY25 to FY27. The working capital utilisation for last 12 months ended in October 2024 stood at 71.89%. Further, the current ratio remained comfortable at 1.64x as on March 31, 2024. Thus, indicating adequate liquidity.



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About the Company

Incorporated in 2007, GEAR is into material handling equipment rental company. GEAR is promoted by two private equity investment funds, Berggruen Holdings (58%) and Cycladic Capital (40%).

Financials (Standalone):

	(Rs. crore)	
For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	78.99	108.46
EBITDA	15.72	17.84
PAT	2.99	4.54
Total Debt	54.02	53.62
Adjusted Tangible Net Worth	67.27	80.45
EBITDA Margin (%)	19.90	16.45
PAT Margin (%)	3.63	4.03
Overall Gearing Ratio (x)	0.80	0.67
Interest Coverage (x)	1.75	1.99

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned (2023-24)	Date(s) & Rating(s) assigned (2022-23)	Date(s) & Rating(s) assigned
					Date: Jan 10, 2024	Date: Oct 18, 2022	
1.	GECL	Long Term	0.79	IVR BBB- /Stable	IVR BBB- / Negative	IVR BBB- /Stable	--
2.	Term Loan – 1	Long Term	4.27	IVR BBB- /Stable	IVR BBB- / Negative	IVR BBB- /Stable	--
3.	Term Loan - 2	Long Term	4.50	IVR BBB- /Stable	--	--	--
4.	Cash Credit	Short Term	15.00	IVR BBB- /Stable	IVR BBB- / Negative	IVR BBB- /Stable	--
5.	Bank Guarantee	Short Term	4.00	IVR A3	IVR A3	IVR A3	--



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					Date: Jan 10, 2024	Date: Oct 18, 2022	
6.	Proposed	Long/Short Term	1.44	IVR BBB-/Stable; IVR A3	IVR BBB-/Negative; IVR A3	IVR BBB-/Stable; IVR A3	--
7.	Term Loan**	Long Term	0.00	--	IVR BBB- / Negative	IVR BBB-/Stable	--

***withdrawn the rating assigned to the term loan worth Rs. 0.20 crore based on request received from the clients.*

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.



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Annexure 1: Instrument/Facility Details

Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/Outlook
GECL	--	--	--	Sep 2027	0.79	IVR BBB-/Stable
Term Loan – 1	--	--	--	Oct 2030	4.27	IVR BBB-/Stable
Term Loan - 2	--	--	--	Oct 2030	4.50	IVR BBB-/Stable
Cash Credit	--	--	--	Revolving	15.00	IVR BBB-/Stable
Bank Guarantee	--	--	--	--	4.00	IVR A3
Proposed	--	--	--	--	1.44	IVR BBB-/Stable; IVR A3



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Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Gemini-Equipment-31jan25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com

