



Press Release

Gemini Equipment and Rentals Private Limited

October 18, 2022

Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	5.90	IVR BBB- / Stable Outlook [IVR Triple B Minus with Stable Outlook]	Assigned	Simple
Short Term Bank Facilities	1.10	IVR A3 (IVR A Three)	Assigned	Simple
Long Term / Short Term Bank Facilities	30.00	IVR BBB- / Stable; IVR A3 [IVR Triple B Minus with Stable Outlook; IVR A Three]	Assigned	Simple
Total	37.00 (Rupees Thirty - Seven crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Gemini Equipment and Rentals Private Limited derives strength from Well-diversified product portfolio and reputed clientele, Healthy revenue growth and stable EBIDTA margins, Moderate capital structure and financial risk profile. The rating is however constrained by stiff competition from established domestic players as well as unorganized players in equipment industries.



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Key Rating Sensitivities:

Upward Factors

- Sustained growth in scale of operation along with sustained improvement in profitability metrics thereby leading to overall improvement in cash accruals.

Downward Factors

- Any decline in scale of operations, profitability and/or liquidity profile of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Well-diversified product portfolio and reputed clientele

The business of Gemini Equipment and Rentals Private Limited covers a variety of industry such as real estate infrastructure sectors etc. The company has variety of product offering needed in the infrastructure industry and has a particularly strong presence there. Gemini Equipment and rentals private limited - Caters to large number of reputed clients from the various segment namely; Bharat Aluminium company limited, Vedanta Limited, Reliance Industries Limited, Cummins India Limited and Castrol India Limited. Company'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 the company.

Healthy revenue growth and stable EBIDTA margins:

The overall operating income increased by 70.26% y-o-y basis from Rs. 39.35 Cr. in FY21 to Rs. 67.00 Cr. in FY22. The company has achieved continuous growth over the past two years. The EBITDA margin of the company improved from 13.42% in FY21 to 20.61% in FY22 along with recovery in previous years PAT losses to PAT of Rs. 3.20 Cr. in FY22 resulting in PAT margin of 4.65%. The growth in total operating income is largely driven by increase in repeated orders and healthy demand from domestic market.



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Moderate capital structure and financial risk profile

The financial risk profile of the company remained comfortable over the years marked by its moderate overall gearing at 0.68x as on March 31, 2022 (0.88x as on March 31, 2021) and comfortable debt protection metrics. The debt protection metrics of the company improved and remained comfortable marked by interest coverage and debt service coverage ratio of 2.41x & 1.01x respectively in FY22 (0.98x & 0.51 respectively in FY21).

Key Rating Weaknesses

Stiff competition from established domestic players as well as unorganized players in equipment industries

The company faces stiff competition from established domestic players in the material handling industries. In the equipment segment, it faces intense competition from Godrej Material Handling, Toyota Material Handling, Hosch Equipment (India), Avadhesh Engineering Equipment and Services Private Limited, Equipment Rentals India in the material handling segment. GEAR face significant competition from such players.

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

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

Analytical Approach: Standalone Approach

Applicable Criteria:

[Rating Methodology for Service Companies](#)

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

[Criteria on Rating Outlook](#)



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Liquidity – Adequate

GEAR generated gross cash accruals of Rs. 11.04 crore for period FY2022 as against repayment obligations of Rs. 11.02 for the same period. The average bank limit utilization stood at ~60% for the last twelve-month period ended May 2022. The company has maintained cash & bank balance of Rs. 5.03 crore in FY22. GEAR's liquidity profile is expected to remain adequate over the medium term.

About the Company

Gemini Equipment and Rentals Private Limited (GEAR), which was established in 2007, is a construction equipment rental and plant hire company. GEAR is engaged in the business of rental of construction and material -handling equipment. Gemini Equipment and Rentals Private Limited is promoted by two private equity investment funds, Berggruen Holdings (51%) and Cycladic Capital (41%). The business is headquartered in Mumbai and company has regional presence pan India at locations such as Ahmedabad, Bhopal, Bhubaneswar, Lucknow, New Delhi, Bangalore, Kolkata, and Secunderabad.

Financials (Standalone)*:

(Rs. Crore)

For the year ended / As on	31-Mar-2021 (Audited)	31-Mar-2022 (Audited)
Total Operating Income	39.35	67.00
EBITDA	5.28	13.81
PAT	NM	3.20
Total Debt	42.95	44.33
Adjusted Tangible Net worth	43.02	55.91
EBITDA Margin (%)	13.42	20.61
PAT Margin (%)	NM	4.65
Overall Gearing Ratio (times) on Net Adjusted Tangible Net Worth	0.88	0.68

Status of non-cooperation with previous CRA: Nil

Any other information: None



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Rating History for last three years:

Sr. No.	Name of Instrument / Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Cash Credit	Long Term	5.90	IVR BBB- / Stable Outlook	–	–	–
2.	Bank Guarantee	Short Term	1.10	IVR A3	–	–	–
3.	Proposed	Long Term/ Short Term	30.00	IVR BBB- / Stable Outlook; IVR A3	–	–	–

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.



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

For more information visit www.infomerics.com.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	–	–	Revolving	5.90	IVR BBB- / Stable Outlook
Bank Guarantee	–	–	–	1.10	IVR A3
Proposed	–	–	–	30.00	IVR BBB- / Stable; IVR A3

Annexure 2: List of companies considered for consolidated analysis: Nil

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Gemini-Equipment-oct22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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