"Amber Enterprises India Limited Q1 FY20 Earnings Conference Call"

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Moderator: Good day, Ladies and Gentlemen and welcome to the Q1 FY20 Earnings Conference Call of Amber Enterprises India Limited. This conference call may contain forward looking statements about the company which are based on the belief, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Jasbir Singh – Chairman and CEO of Amber Enterprises India Limited. Thank you and over to you, sir.

Jasbir Singh: Good Evening everyone and a warm welcome to our Q1 FY20 Earnings Conference Call. Today I am joined by Mr. Daljit Singh – Managing Director, Mr. Sudhir Goyal – CFO, Mr. Sanjay Arora – Director Operations and Strategy Growth Advisors, our Investor Relation Advisors. We have uploaded our updated result & investor presentation on the exchanges and I hope everybody had an opportunity to go through the same.

As mandated from 1st April 2019 we have reported our quarterly financials on standalone as well as consolidated basis which also includes financial of Sidwal which we recently acquired on 2nd of May, 2019.

Acquisition update: As discussed in the previous communications we have acquired Sidwal Refrigeration Industries Private Limited which also includes the business of Sidwal Technologies and now is a subsidiary of Amber Enterprises since 2nd May, 2019.

Business integration with respect to the systems and processes have been successfully implemented and we have identified synergies between the Amber and Sidwal which will bring cross selling opportunities, operational efficiency and margin enhancement going forward. We see decent growth opportunities in Sidwal due to additional metros coming across the country and increase in the number of air condition passenger coaches in railways over the years.

Business update: We have been able to maintain our growth momentum and clocked a robust volume growth of 89% as compared to Q1 FY19. Our room AC volumes for the quarter stood at 10.4 lakh units as compared to 5.5 lakh in Q1 FY19. As highlighted earlier we will endeavor to grow at a higher pace than the industry. The growth in the volumes was primarily due to addition of new customers, increase in wallet share in the existing customer and offering more products now.

Addition of new energy efficient models on a continuous basis, impact in increase of custom duty due to which we are seeing a shift to domestic procurement in place of imports, increased demand from online players which do not have manufacturing facilities and now due to higher custom duty and logistical hassles, imports not being a viable option. I would also like to highlight that not only our room AC division, but also AC components and non-AC components division are gaining momentum and our penetration level with customers is increasing. We further expect this to grow after seeing the full year revenue from customers added in the last two quarters.

I will now take you through the financial numbers, Let me take you through the standalone highlights first. The total standalone revenue of Q1 FY20 stood at 996 crores up by 65% as against Rs. 602 crores for the corresponding quarter last year. Revenue from AC drew by 83% from Rs. 466 crores in Q1 FY19 to Rs. 852 crores in Q1 FY20. Our operating EBITDA post the impact of IndAS 116 for the quarter stood at Rs. 93 crores as compared to Rs. 60 crores in Q1 FY19 a growth of 54% on YoY basis. EBITDA margins for Q1 FY20 stood at 9.4%. Standalone PAT for Q1 FY20 stood at Rs. 49 crores as compared to Rs. 29 crores for Q1 FY19 a growth of 69% year-on-year basis. PAT margins for Q1 FY20 stood at 4.9% as compared to 4.8% for Q1 FY19 an increase of 10 bps. Our net debt as on 30th June, 2019 for the standalone entity stands at Rs. 270 crores, working capital days is at 41 days.

Moving on to the consolidated results:

Our consolidated revenues include Sidwal as well, but only for the month of May and June since we acquired it on 2nd May 2019. Our revenue for Q1 FY20 on a consolidated basis grew by 75% from Rs. 708 crores to Rs. 1,236 crores. Growth from IL JIN and Ever has been significantly up as compared to last year with better margins in both these subsidiaries. Revenue breakup from the subsidiaries before the intercompany adjustments for Q1 FY20 stands as below:

- PICL contributed Rs. 50 crore revenue,
- IL JIN contributed Rs. 91 crores,
- Ever contributes 89 crores and
- Sidwal contributed 31 crores for two months.

Operating EBITDA for Q1 FY20 as on consolidated basis stood at Rs. 116 crores as compared to 63 crores in Q1 FY19 a growth of 84%. EBITDA Margin stood at 9.4% for Q1 FY20 as compared to 8.9 in Q1 FY19 an increase of 50 bps YoY basis.

With higher volumes and operating leverage play out we were able to deliver higher margins. PAT for Q1 FY20 stood at Rs. 64 crores as compared to Rs. 26 crores in Q1 FY19 a growth of 146%. PAT margins on consolidated basis stood at 5.2% as compared to 3.7% for Q1 FY19 an increase of 150 bps. Our net debt on consolidated basis for 30th June, 2019 stands at Rs. 381 crores. Integration of IL JIN Electronics and Ever Electronics was successfully done in last year and post additions of new customers in Q4 of last year and Q1 of this year we will be able to deliver higher growth for the coming financial year. Also, Sidwal acquisition has helped us to foray into new product segment of mobile applications of heating ventilation, air conditioning industry like railways, metros and defense and buses with immense business opportunity to cater and capitalize on the growth going forward. With this I open the floor for discussion.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Veenit Pasad from Investec Capital. Please go ahead.

Veenit Pasad: Sir, just wanted to ask specifically for standalone business the gross margins have contracted close to 60 bps on a YoY basis even sequentially there is a drop of similar quantum, what could this be on account of given FOREX and commodity prices have somewhat cooled off over the past few months?

Jasbir Singh: No, it is primarily because of the product mix. So in Quarter 1 we have sold more of indoor units where our margins are little bit squeezed as compared to window and outdoor units that is the only thing contributed to this.

Veenit Pasad: Is it a case where we have higher proportion of bought out components in this quarter which has also resulted to this?

Jasbir Singh: Yes of course I mean that is also a contribution factor.

Veenit Pasad: Sir, secondly room AC companies have indicated that inventory levels have been pretty low in the channel as well as with the companies, so would that indicate a strong remaining maybe coming 6 months for Amber in that case?

Jasbir Singh: Yeah we are hoping for good off season as well as Quarter 4, but given the circumstances of the inventory yes you are right the inventory levels have bottomed out and I think nobody is carrying much of inventories. It has been a good season for the industry. Industry has grown by almost 20% to 22% so the case which was in December, November where people were carrying lot of inventory that is not the case and secondary sales and primarily sales both have picked up in this quarter. So, we expect yes it should be going positive, but again you know there is a seasonality factors play in, nobody knows whether it will rain in Q4 or not and given the economic sentiments of the whole consumerism will play out, but barring these two factors I think if everything goes well yes industry should be a good next 6 months.

Veenit Pasad: And sir lastly can you share your debt numbers on standalone and console basis?

Jasbir Singh: So, standalone we are at 270 crores and on a console basis we are at almost 381 crores.

Moderator: Thank you. The next question is from the line of Manoj Gori from Equirus Securities. Please go ahead.

Manoj Gori: Sir couple of question was on the subsidiary business, can you give the breakup of EBITDA as well you give the sales number can you provide the number again sir?

Jasbir Singh: Yes, so for Amber we have already told on standalone basis we have a sales number of almost 996 crores and EBITDA of close to 98 crores, PICL is 50 crores in revenue and 3.82 crores in EBITDA, IL JIN revenues are 90 EBITDA is 4.75 crores. Ever we have a revenue base of 89 crores and EBITDA of 3 crores and Sidwal we have revenue of 30.5 crore and number of 8 crores on EBITDA.

Manoj Gori: Sir, secondly one question from a very structural point of view that going forward if you look at today most of the players are looking for domestic manufacturing as a long term solution, in this case obviously preference for you would definitely move up, but in the long run if they are starting or if they are setting up their own assembly lines, so will it impact Amber in terms of completely build in units sales or IDU or ODU I mean this case the components things will inch up so do you see any such kind of scenario may be around 3 years or 2 years down the line?

Jasbir Singh: You see as we talk today also the outsourcing business is only 35%, 36% or maybe maximum 40%, but most of the companies they do have their own manufacturing facilities. All of the major players like LG, Diakin, Voltas, Panasonic, Hitachi they all have their own manufacturing facility. So, Amber is a solution provider we provide integrated solutions at their doorsteps through our geographical presence of almost 15 plants now catering to different customers both in components as well as finished goods category. So, I think if any customer of us they have an assembly line putting up that is positive for our component business because they would also need critical components like PCBs like motors, heat exchanger, sheet metal, injection molding etc which is also our core businesses. So, we do not see a traction, of course this shift keeps on happening it has been happening in the past well. There have been companies like LG Electronics used to be manufactured many years back and then they shifted to inhouse assembly line, but our component business increased with LG. If I see my business from there and today, I have increased my business with LG today. So, I mean for us it is positive because you know if a brand is putting up a facility that means theiris a core belief in Indian growth story in heating ventilation air conditioning businesses is very core, very strong and they are here for long term and we as a geography spread the kind of solutions we are offering it is a very unique bouquet of solutions which we offer as a one stop solution. So, important for us how is our wallet share within that customer you know that is what we keep a track on and that is what we have been working on and that is what we will keep working on. So, as far as our wallet share does not moved that is prime important to us whether it does not matter where a customer goes inside or outsourcing, I mean that is not a problem for us.

Manoj Gori: Sir one last question so if you look you are seasonally very strong in Q4 and Q1 and with preference happening for domestic manufacturing obviously your bigger client would be given preference when it comes to your utilization rates during this quarter, so is there any possibility like your smaller client might come in with other orders during non-seasonal period and your Q2 and Q3 can be relatively stronger now or going forward?

Jasbir Singh: See Q2 and Q3 it all depends on the inventory level markets are keeping and how the trend is there is a new trend which has moved up. So, online sales is almost about 12% now on overall basis of complete industry which was only 3% 2 years back. So, that is a big shift which is happening you know online players they do not have manufacturing facilities and yes you rightly said I mean if a smaller players want to buy but we have to maintain that they also get deliveries when they required. So, for us the size of a customer does not matter, what matter is quality, cost and delivery which we definitely keep a track on.

Moderator: Thank you. The next question is from the line of Bhoomika Nair from IDFC. Please go ahead.

Bhoomika Nair: Sir as you said this quarter has been fairly strong we have seen versus Q4 also an improvement in volumes and revenues however the adverse mix towards higher IDU has impacted relatively the profitability, so from a medium to long term basis what is our strategy to increase margin in IDU or is it that they will remain relatively at a lower level?

Jasbir Singh: As the volumes are picking up in IDU definitely they will be operating leverage which will be coming up as well and the purchase leverage. So, we see positivity moving forward, but we cannot quantify the kind of positivity right now, but yes there should be a trend where if the volumes move up the margin should increase in IDU as well and on the other side I think all other products are going fine. So, as I told you that Bhoomika we are a solution provider it does not matter to us whether client is buying indoor units or outdoor units or kits or window AC or components. Important is the wallet share so if we track wallet share on a customer that is a key factor for us.

Bhoomika Nair: Are we able to take given the hike and custom duty and rupee movement, etc., and clients looking to source more indigenously as you said, are we able to take see a trend of price hikes happening or do you feel customers is still very resistant to that given they themselves has not been able to take much of price hikes?

Jasbir Singh: On a brand basis because the strategy of brands playing against the other brands in the market keep on shifting, there could be a brand whose starving for market share increase and they get approval from their headquarters to pump in money they will continue to subsidize it. So, that is not how the industry works as far as suppliers like us are concerned. So, we have our own bottom line drawn on each and every model apart from where we do not take the orders and it is very critical for us to maintain our bottom line and we will continue to be focused on that strategy of bottom line maintenance, but yes I mean there has been some customers who were earlier totally importing from China from them we have been able to get a good price increase.

Bhoomika Nair: Sir given that you know Q1 is now been very strong for us given the summers how are we looking in the year as a whole in terms of volume guidance and can the macro slowdown have any impact into the later part of the year towards AC demand?

Jasbir Singh: We would not like to give any volume guidance the only guidance which we would like to maintain which we were maintaining earlier also that we will certainly endeavor to outnumber industry incrementally and we do not know how the economic sentiments given current situation on the economic slowdown how it converts into consumerism positively or negatively, but given as we have done a good start, good quarter. So, we should be ending in a positive note overall basis and I believe that I have fair amount of reasons why industry should grow at about 20% to 24% so this quarter industry has grown in that tune. If it continuous that is a decent growth which will be there.

Bhoomika Nair: Sir lastly if you can just comment on how working capital has moved on a consolidated basis from what was there at your end in the first quarter?

Jasbir Singh: So, on a consolidated basis our net working capital day are at 38 days which were earlier for same quarter last year it was 49 days.

Bhoomika Nair: Also, what is the IndAS impact on the EBITDA level there is clearly an increase in depreciation, but on the EBITDA level what would been the positive impact?

Jasbir Singh: Bhoomika there is no impact on the EBITDA level due to IndAS 116 there is a depreciation impact of around 39 lakh only.

Moderator: Thank you. The next question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.

Pritesh Chheda: Sir I wanted to understand the debt movement between the two quarters, or the three quarters post the acquisition also and what is the operating cash flow that you would have generated in Quarter 1?

Jasbir Singh: Free cash flow which we have generated is to the tune of 34 crores and our debt which stands now consolidated basis 381 crores wherein term loan is close to about total of 207 crores and remaining is working capital limits including all the subsidiaries primarily the debt was taken to fund the Sidwal acquisition which we did on 2nd May. So, earlier to that our net debt numbers are pretty low.

Pritesh Chheda: So, if you could just reconcile how much you would have taken for Sidwal?

Jasbir Singh: So, we have taken about 150 crores debt for Sidwal acquisition.

Pritesh Chheda: This includes the debt which came along with Sidwal or this is the acquisition amount only?

Jasbir Singh: This is the acquisition amount only.

Pritesh Chheda: And any debt got added because of Sidwal?

Jasbir Singh: About 55 crores.

Pritesh Chheda: For 205 crore movement is because of Sidwal and did we add on any debt between the two quarters, so I actually do not have access to Quarter 4 numbers?

Jasbir Singh: Not in term loan.

Pritesh Chheda: So, then you have a reduced working capital day from 49 to 38 so I was just trying to reconcile the operating cash flows on this?

Jasbir Singh: Yeah so is there a question?

Pritesh Chheda: Yeah so you have a reduced working capital day so your operating cash flow number should be far higher if?

Jasbir Singh: We are talking of net free cash flow after the CAPEX we have done in the Quarter 1. So, we have already done about 24 crore CAPEX. So, if we have a net free cash flow of 34 that means 34 plus 24.

Pritesh Chheda: This is still lower than your cash profits sir your cash profit for the quarter is 64. okay I will take it offline my second question is on the peak capacity utilization in the quarter went by usually of peak quarter so what would have been the capacity utilization?

Jasbir Singh: So, we have added capacities in Jhajjar plant this time because earlier we were working on capacity utilization of 75% and we have delivered 89% jump in the volumes so we have added. So, now our current is going on basis concerned we are sitting at a capacity utilization of 80%.

Pritesh Chheda: In the quarter gone by.

Jasbir Singh: Right in the peak month I am talking of.

Pritesh Chheda: And lastly on the customer mix size if you could give what would be broadly a customer mix?

Jasbir Singh: We have added lot of customers, we have added Toshiba, we have added Samsung recently, we have added online players like Flipkart and Amazon basics, Sansui. On a customer metrics basis the top three customers will be our three customers are LG and Panasonic and Voltas.

Pritesh Chheda: And they would contribute what percentage?

Jasbir Singh: They are contributing close to about 16% to 17% each.

Moderator: Thank you. The next question is from the line of Naval Seth from Emkay Global. Please go ahead.

Naval Seth: First question is on IDU and ODU mix so if you can highlight how the trend is currently and what kind of change it can happen post as the custom duty increase has happened, so I am just trying to correlated as you mentioned that operating leverage will kick in as the IDU volume will grow, but in transit your margins might remain at the similar level of Q1 despite of strong volume growth, so if you can share some kind of industry insight what is the mix in terms of import and domestic procurement for that?

Jasbir Singh: See our IDU volumes if I see I mean from last quarter versus this quarter we have grown by more than 100%, we had done about 2,30,000 numbers last year and this year we have done 4,80,000 of IDU. window AC has also moved up this time from 1,40,000 to 1,70,000 and remaining ODU there is a small growth in ODU as well and on the industry trend. If I see I mean due to this import custom duty increase I think IDU which were largely being imported post 27th September 2018 when custom duty increase was announced by Government of India after that finished goods stopped coming in, but still there were many players who had released their LC by that time so they continue to buy finished goods as they had already released letter of credit but the main traction we saw was in ODU as well as in indoor units comparison for the domestic production and I think this trend will continue because now the volumes have are increasing if industry grows by 20%, 25%. Customers who are having more than 1 lakh volumes they would need a local solutions moving forward which is positive for our industry.

Naval Seth: So, as you have seen 100% growth in IDU so does that mean the operating leverage benefit what you did not want to quantify will start kicking in from this fiscal itself because you have reached a certain scale with this kind of growth?

Jasbir Singh: Yes, I mean you know if this trend continuous definitely there will be leverage on margin expansion and on a consolidated basis there is already a 150 bps increase on the margins. So, we are looking at a complete solution which we give to a customer and there will be definitely increase as the volume goes up.

Naval Seth: And second question is on subsidiaries you shared Q1 20 numbers on revenue and EBITDA can you share that for Q1 19 as well?

Jasbir Singh: Yes Q1 19. So, Amber was standalone was 602 PICL revenue was 30 crore which is now at 50, IL JIN was 83 crores, Ever was not there in last Q1 because we had bought the company in September and Sidwal was not there.

Moderator: Thank you. The next question is from the line of Mehul Mehta from SPA Securities. Please go ahead.

Mehul Mehta: This is with regard to IL JIN and Ever, what kind of revenue target I believe you were guiding for about 700 crores for full year put together FY20?

Jasbir Singh: Yes, we are still maintaining the same.

Mehul Mehta: How has been the margin you said I think in Ever it is about 3 crores EBITDA we have generated?

Jasbir Singh: Yes.

Mehul Mehta: So, that makes it about 3% to 4%, so IL JIN we have already achieved 5% plus, so how would guide on margins sir?

Jasbir Singh: Ever we have large concentration on one customer where we have initiated the process of adding customers there and not this year I think by next year you will see a margin expansion in Ever also because of new products coming in, we have initiated our R&D process for bringing in new products, innovative products as we have done in IL JIN and also because of new product line up which will come at a better gross margin then you will see positivity in both IL JIN and Ever put together.

Mehul Mehta: And sir in terms of working capital you have said the console level it has come down to 38 days, so can you share in terms of components of working capital how debtors is and like creditors days, inventory creditors and debtors?

Sudhir Goyal: See Mehul inventory days has been decreased from 42 to 37 days. Debtors days has reduced from 52.5 to 51.2 days and there is an increase in the trade payable days from 46 to 51 days.

Moderator: Thank you. The next question is from the line of Neerav Vasa from Anand Rathi. Please go ahead.

Neerav Vasa: My question is pertaining to the working capital trend that you are seeing post this acquisitions going forward because our standalone business deals with mainly with the corporate which are there in a product line, but Sidwal deals might be dealing with lot of government agencies. So, the working capital there might be skewed so how well are we prepared to work on stressed working capital?

Jasbir Singh: See we have already as I explained you while when we had a call during acquisition this company had a net working capital days of 180 days when we acquired and within this 3 months we have been able to put in lot of efforts and now the days have come to 128 days. We are still working on improving the inventory levels which they were keeping earlier because this was a proprietary company earlier managed by a very small set of teams. So, now we are in a process of install ERP solutions which will give further leverage on inventory days. So, I think on a long-term basis within next year or within next two financial years we should be able to bring it down to less than about 90 to 100 days' time.

Neerav Vasa: Sir my second question would be with regards to CAPEX plans for FY20 any number that you can share on that and how would you intend to fund it?

Jasbir Singh: Are you asking about CAPEX?

Neerav Vasa: Yes.

Jasbir Singh: So, CAPEX in total number we have lined up a CAPEX of 100 crores out of which almost 24, 25 crore has been done till now and on a consolidated basis including the subsidiaries. We are bringing new products line up we have ramped up our R&D capabilities also in all the companies. We are expecting a total consolidated CAPEX of 125 crores.

Neerav Vasa: Sir how do you intend to fund it mainly internal accruals?

Jasbir Singh: Internal accruals yes company has a strong cash flow so we will not be taking any debt.

Moderator: Thank you. The next question is from the line of Raunak Arora from AUM Fund Advisor. Please go ahead.

Raunak Arora: Can you just give me the subsidiary number of PICL of IL JIN and Ever I may have missed it out?

Jasbir Singh: You want revenue breakup?

Raunak Arora: Yeah revenue and EBITDA.

Jasbir Singh: Revenue Amber standalone is 996 crores, PICL is 50 crores, IL JIN is 90 crores, Ever is 89 and Sidwal is 30.5 crores.

Raunak Arora: And EBITDA?

Jasbir Singh: EBITDA is Amber is 98, PICL is 3.8, IL JIN is 4.75, Ever is 3 crores and Sidwal is 8 crores.

Moderator: Thank you. The next question is from the line of Veenit Pasad from Investec Capital. Please go ahead.

Veenit Pasad: My questions have been answered.

Moderator: Thank you. The next question is from the line of Hiren Trivedi from Axis Securities. Please go ahead.

Hiren Trivedi: My question was regarding Sidwal that you have done 30.5 crores in 2 months, so would it be safe to assume that you know for the full year we will be doing around say 140, 150 odd crores for Sidwal?

Jasbir Singh: Sidwal I mean it is all depends on how the sales pickup because of coaches being manufactured sometimes railways request to defer the deliveries and sometimes they asked for preponement, but if everything goes well I think there is no change in a schedule we have a confirmed order book of almost 185 to 190 crores this year.

Moderator: Thank you. The next question is from the line of Rahul Ranade from Goldman Sachs. Please go ahead.

Rahul Ranade: Just wanted to know whether there is any plan of energy rating change coming up this year and how it would impact us?

Jasbir Singh: No BEE is not changing any table this year or January, but yes from maybe next to next year there will be a change.

Rahul Ranade: And I just missed the number for the standalone CAPEX plan for the year?

Jasbir Singh: 100 crores in the standalone.

Moderator: Thank you. The next question is from the line of Pranav Dedhia an Individual Investor. Please go ahead.

Pranav Dedhia: I wanted to know what the Sidwal growth you all are expecting for the coming year and in general what is the industry growth for refrigerator industry. You mentioned for AC industry you are expecting 20% to 22%, what it would be for the refrigerator industry?

Jasbir Singh: So, on the AC we are anticipating a growth of close to about 20% and on a refrigerator industry growing at a single digit we expect refrigerator industry to grow in a tune of 8% to 9%.

Pranav Dedhia: Are you all seeing any pain in this industry because of the overall economic slowdown currently?

Jasbir Singh: I think there are mixed views some of the brands are complaining for not a pickup especially in the TV segment and other segments of home appliances whereas refrigerator and air conditioning industry everybody is talking of positive numbers.

Moderator: Thank you. The next question is from the line of Sanjeev Zarbade from Kotak Securities. Please go ahead.

Sanjeev Zarbade: It was regarding the debt while you have clarified that you would not be raising fresh debt for meeting the CAPEX, so just wanted to if you could tell us what kind of debt you could end the year with, could it be at the same level or there could be significant or some increase?

Jasbir Singh: No we are looking to reduce our debt from this numbers because we will be generating cash. I think it should end up in a tune of somewhere about 335 to 350 crores.

Sanjeev Zarbade: That is a net debt at the console level you are saying?

Jasbir Singh: Yes, net debt at the console level.

Moderator: Thank you. The next question is from the line of Mehul Mehta from SPA Securities. Please go ahead.

Mehul Mehta: With reference to you said Sidwal debt like you know it is about 206 crores which we have added put together 150 crores was the debt on Sidwal and 56 crores additional debt we have taken am I right?

Jasbir Singh: Yes that is right.

Mehul Mehta: So, in that case, if I look at console debt at FY19 it was about 235 odd crores?

Jasbir Singh: Yes.

Mehul Mehta: So, have we reduced debt during first quarter despite working capital increase and all that?

Jasbir Singh: I mean there has been a cash flow increase so the limit utilization has been low because of cash flow generation.

Mehul Mehta: So, if I understand correctly 380 minus 235 so 145 crores is the debt we have added during the quarter despite like you know adding these 206 crores so there is net repayment of debt if I understand it correctly?

Jasbir Singh: Yes that is right. We have told that net working capital days has reduced in the first quarter.

Mehul Mehta: Yeah but we have got 75% increase in like sales revenue and volume growth of about 89% so like in that also we have to fund may be days have been reduced, but what I am indicating is that we have absolute term like there has been increase in working capital with this group is not it?

Jasbir Singh: Yeah that is right, but receivables are also good and there is no delay in payment from any of the customer in the season so that is not hitting the cash flow and that is given as a benefit of reducing the debt. I will like to highlight here that the new customers which we added they have come at a shorter number of credit days. So, earlier credit days were almost 90 days, but the new customers have come at 60 days so that is also contributing.

Moderator: Thank you. The next question is from the line of Uttam Kumar from Spark Capital. Please go ahead.

Uttam Kumar: Sir, just wanted to clarify, I mean get the information on what is the margin at the PAT level for the IL JIN, Ever, PICL Sidwal for the quarter?

Jasbir Singh: Amber is 49 and for PICL is Rs. 90 lakhs positive then IL JIN we have PAT of 2.8 and Ever we have a PAT level of 2 crores and this Sidwal technologies we have PAT of 6 crores.

Moderator: Thank you. The next question is from the line of Manoj Gori from Equirus Securities. Please go ahead.

Manoj Gori: Sir, couple of questions back on the debt side you said like currently we are at 380 crores at console level and net debt would be 330 crores is this right at the end of the year or FY20 end?

Jasbir Singh: Yes, we are talking of net debt to be in the range of 335 to 350 crores.

Manoj Gori: So, there would not be any debt repayment because you would be having some cash on your books?

Jasbir Singh: So, you see that would be reduced to a tune of the principal amount EMIs which are there and on the other side we are also having a CAPEX plan and so that will be there and then there is an incremental increase in the business which we are expecting which will be funded through internal accruals.

Manoj Gori: So, net-net we would be reducing our debt from current level, so just want a clarity on this nothing else?

Jasbir Singh: See we will be maintaining the same whatever cashflows are coming in, they will be utilized for reducing the working capital and also funding the CAPEX requirements. So, you do not know how the Q4 will pan out to be because nobody can tell that or predict it, but yes if everything is in line to what is expected we should be able to reduce it by some margins.

Moderator: Thank you. The next question is from the line of Mehul Mehta from SPA Securities. Please go ahead.

Mehul Mehta: Sir just one clarification I need this debt number which you have said is net debt or gross debt?

Jasbir Singh: Net debt.

Moderator: Thank you. As there are no further questions from the participants. I now hand the conference over to the management for closing comments.

Management: Thank you everyone for joining us and I hope we have been able to answer to all your queries and in case you require any further details you may please contact us or our investor relation advisors SGA Strategic Growth Advisors. Thank you have a good evening.

Moderator: Thank you. On behalf of Amber Enterprises India Limited we conclude this conference. Thank you for joining us and you may now disconnect your lines.