

Date: 3rd April 2019

To
Secretary
Listing Department
BSE Limited

Department of Corporate Services Phiroze
Jeejeebhoy Towers Dalal Street, Mumbai – 400
001

Scrip Code : 540902

ISIN : INE371P01015

To
Secretary
Listing Department

National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex,
Mumbai – 400 050

Scrip Code : AMBER

ISIN : INE371P01015

Dear Sir/Ma'am,

Sub: CIRISL rating update on Amber Enterprises India Limited

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, we wish to inform that CIRISL has placed its ratings on the Bank facilities of Amber Enterprises India Limited on '**Rating Watch with Developing Implications**'. The details of rating action are mentioned below :

Rating Action

Total Bank Loan Facilities Rated	Rs.650 Crore
Long Term Rating	CRISIL A+ (Placed on 'Rating Watch with Developing Implications')
Short Term Rating	CRISIL A1 (Placed on 'Rating Watch with Developing Implications')

1 Crore = 10 Million

The detailed Rating rationale given by CIRISL is annexed as "**Annexure A**"

Kindly take the same on record.

Thanking You,
Yours faithfully

For **Amber Enterprises India Limited**

(Formerly Known as Amber Enterprises (India) Private Limited)


(Konika Yadav)

Company Secretary and Compliance Officer

**Amber Enterprises India Limited** (Formerly Known as Amber Enterprises (India) Private Limited)**Corp. Address :**

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Ratings

Rating Rationale

April 02, 2019 | Mumbai

Amber Enterprises India Limited

Ratings placed on 'Watch Developing'

Rating Action

Total Bank Loan Facilities Rated	Rs.650 Crore
Long Term Rating	CRISIL A+ (Placed on 'Rating Watch with Developing Implications')
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Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has placed its ratings on the bank facilities of Amber Enterprises India Limited (Amber; a part of the Amber group) on 'Rating Watch with Developing Implications'.

The rating action follows Amber's announcement through press release dated March 22, 2019, to enter into the definitive agreements for acquiring 80% stake upfront in the equity share capital of Sidwal Refrigeration Industries Pvt Ltd, which will include in it, the business of Sidwal Technologies. CRISIL is in discussion with Amber, and will make a final rating action once there is more clarity, on the overall impact on the company's business and financial risk profile.

The ratings continue to reflect the Amber group's established market position as a vendor to leading air conditioner (AC) manufacturers, diversified customer base, high operational efficiency due to integrated operations and designing capability, and an above-average financial risk profile. These strengths are partially offset by the risks inherent in the seasonal nature of business, and large working capital requirement.

Analytical Approach

For arriving at the ratings, CRISIL had combined the business and financial risk profiles of Amber, PICL (India) Pvt Ltd (PICL), IL Jin Electronics India Pvt Ltd (IL Jin) and Ever Electronics Pvt Ltd (Ever), collectively referred to as the Amber group.

PICL is a wholly owned subsidiary of Amber. Amber acquired 70% stake in IL Jin in December 2017 and 19% stake of Ever in March 2018. Amber further plans to acquire a majority stake in Ever by June 30, 2019. All the entities have significant business and operational synergies.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description**Strengths***** Established market position and a diversified clientele**

The Amber group has strong market position in the AC segment, which contributes above 70% to the revenue. The group supplies to leading brands such as Voltas, Panasonic, LG, Daikin, Hitachi, Whirlpool, Godrej and Blue Star, which account for nearly 75% of the domestic refrigeration and air conditioning (RAC) market. Clientele is fairly diversified with top five customers accounting for 78% of revenue in fiscal 2018.

*** High operational efficiency**

Integrated operations with in-house manufacturing of components (heat exchangers, multi flow condensers sheet metal components and plastic mouldings, system tubing, printed circuit boards and electric motors) enhances operating efficiency. Thus, the operating margin has been adequate at 8-10% and should remain stable even over the medium term.

*** Healthy financial risk profile**

Financial risk profile improved significantly post initial public offering (IPO). Total consolidated debt reduced to Rs 120.3 crore as on March 31, 2018, from Rs 400.0 crore a year ago; consequently, the total outside liabilities to tangible networth ratio moderated to 0.93 time from 2.45 times. The ratio is expected to remain below 1 time over the medium term. With prepayment of debt and reduction in interest outgo, debt protection metrics may improve over the medium term; interest coverage and net cash accrual to total debt ratios are projected at over 4 times and around 1 time, respectively, over the medium term.

Weaknesses*** Risks inherent in the seasonal nature of business**

Over 70% of the revenue comes from ACs, demand for which is seasonal (January-May), leading to a sharp increase in working capital requirement. Seasonal business also leads to uneven cash flow during the year and affects liquidity.

* Large working capital requirement

Operations are likely to remain working capital intensive over the medium term and, hence, its efficient management remains a key monitorable. Gross current assets, inventory and receivables were 162 days, 74 days, and 65 days, respectively, as on March 31, 2018.

Liquidity

Liquidity is likely to remain moderate over the medium term. The group's cash accruals are projected at over Rs 160 crore in fiscal 2020, against annual maturing debt of around Rs 20 crore. The group is planning to undertake capex of Rs 45-55 crore during 2020 to add new manufacturing lines and carry maintenance work on the existing capacities. The fund and non-fund based limit was utilised on an average of 46.5% for the 12 months through August 2018 on a standalone level. Unencumbered cash and bank balance for Amber was healthy at Rs 116 crore as on March 31, 2018, thereby providing significant cushion to liquidity; however, the balance declined from higher levels in the past. Group's current ratio improved to 1.3 times as on March 31, 2018, from 1.0 time a year ago.

About the Group

Incorporated in 1990, Amber is promoted by Mr Jasbir Singh and Mr Daljit Singh. The company started operations in 1992 and is headquartered in Gurugram. It manufactures and assembles majorly RACs and key functional and reliable components such as heat exchangers (Coils), multi flow condensers, sheet metal components, injection-moulding components, system tubing, inner case liners, washing machine tub assembly and other consumer durables. Facilities are in Dehradun, Uttarakhand; Rajpura, Punjab; Jhajjar, Haryana; Kala Amb, Himachal Pradesh; Greater Noida, Uttar Pradesh; and Pune, Maharashtra. In January 2018, Amber came out with an IPO. Its shares are listed on the Bombay Stock Exchange and National Stock Exchange.

PICL, incorporated in 1994, manufactures AC motors at its unit in Faridabad, Haryana. Amber acquired PICL in 2013.

In December 2017, Amber acquired 70% stake in IL Jin situated at Greater Noida.

In March 2018, Amber acquired 19% in Ever, which will increase to 70% by June 30, 2019. Both Ever and IL Jin execute manufacturing, assembling, dealing, importing and exporting of electronic assembled printed circuit boards for RACs and other consumer durables.

Key Financial Indicators (The Amber Group)

Particulars	Unit	2018	2017
Revenue	Rs crore	2131.3	1651.2
Profit After Tax (PAT)	Rs crore	62.0	21.9
PAT Margin	%	2.9	1.3
Adjusted debt/adjusted networth	Times	0.1	1.1
Interest coverage	Times	3.5	2.1

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Cr)	Rating assigned with outlook
NA	Cash Credit & Working Capital demand loan	NA	NA	NA	235.0	CRISIL A+/Watch Developing
NA	Letter of credit & Bank Guarantee	NA	NA	NA	355.0	CRISIL A1/Watch Developing
NA	Proposed Non-Fund based limit	NA	NA	NA	60.0	CRISIL A1/ Watch Developing

Annexure - List of Entities Consolidated

Entities Consolidated
PICL (India) Pvt Ltd
IL Jin Electronics India Pvt Ltd
Ever Electronics Pvt Ltd

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2019 (History)		2018		2017		2016		Start of 2016
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	235.00	CRISIL A+/Watch Developing			05-11-18	CRISIL A+/Stable	21-12-17	CRISIL A-/Positive/CRISIL A2+	30-09-16	CRISIL A-/Negative/CRISIL A2+	CRISIL A-/Stable/CRISIL A2+

				20-03-18	CRISIL A+/Stable/CRISIL A1	23-03-17	CRISIL A-/Stable/CRISIL A2+		
				22-01-18	CRISIL A-/Positive/CRISIL A2+				
				04-01-18	CRISIL A-/Positive/CRISIL A2+				
Non Fund-based Bank Facilities	LT/ST	415.00	CRISIL A1/Watch Developing	05-11-18	CRISIL A1	21-12-17	CRISIL A2+	30-09-16	CRISIL A2+ CRISIL A2+
				20-03-18	CRISIL A1	23-03-17	CRISIL A2+		
				22-01-18	CRISIL A2+				
				04-01-18	CRISIL A2+				

All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Cash Credit & Working Capital demand loan	235	CRISIL A+/Watch Developing	Cash Credit & Working Capital demand loan	235	CRISIL A+/Stable
Letter of credit & Bank Guarantee	355	CRISIL A1/Watch Developing	Letter of credit & Bank Guarantee	355	CRISIL A1
Proposed Non Fund based limits	60	CRISIL A1/Watch Developing	Proposed Non Fund based limits	60	CRISIL A1
Total	650	--	Total	650	--

Links to related criteria

[CRISILs Approach to Financial Ratios](#)[CRISILs Bank Loan Ratings - process, scale and default recognition](#)[Rating criteria for manufacturing and service sector companies](#)[Rating Criteria for Consumer Durable Industry](#)[CRISILs Approach to Recognising Default](#)[CRISILs Bank Loan Ratings](#)[CRISILs Criteria for Consolidation](#)[The Rating Process](#)

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