

August 06, 2024

AmberPR Technoplast India Private Limited: Ratings reaffirmed

Summary of rating action

| Instrument* | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|--|--------------------------------------|-------------------------------------|---------------------------------------|
| Long Term-Fund Based-Term Loan | 37.00 | 37.00 | [ICRA]A (Stable); reaffirmed |
| Long Term/Short-Term-Fund Based/Non-Fund Based-Working Capital | 55.00 | 55.00 | [ICRA]A (Stable)/[ICRA]A1; reaffirmed |
| Long-Term/Short Term-Unallocated Limits | 33.00 | 33.00 | [ICRA]A (Stable)/[ICRA]A1; reaffirmed |
| Total | 125.00 | 125.00 | |

*Instrument details are provided in Annexure-I

Rationale

The reaffirmed ratings for AmberPR Technoplast India Private Limited (AmberPR) reflect ICRA's opinion that the company will continue to benefit from strong operational and financial support from its parent, Amber Enterprises India Limited (AEIL). The company's established presence in the domestic market as a manufacturer of cross-flow fans will continue to support its growth. AmberPR is a leading manufacturer of cross-flow fans and has maintained steady relationships with major players in the consumer durables industry, such as AEIL, Voltas Limited, Godrej and Havells India Limited among others.

The company witnessed YoY revenue growth of ~9% in FY2024, despite subdued demand witnessed across the room air conditioner (RAC) segment, the major industry that AmberPR serves, particularly in the first half of the fiscal. However, the demand revived in Q4 FY2024, resulting in revenue growth for the entity. Going forward, the demand is expected to be robust in FY2025, which may further enhance in AmberPR's credit risk profile.

However, the company's ratings continue to be constrained by the limited scale of operations and the industry's exposure towards seasonality challenges that often impact the consumer durables sector. ICRA expects AmberPR to record healthy growth in its scale of operations over the medium term, benefitting from AEIL's support and established position in the consumer durables industry. The ratings further remain constrained by the company's improving but moderate debt coverage indicators. However, ICRA expects AmberPR to record healthy growth in its scale of operations over the medium term, benefitting from AEIL's support and capacity expansion, which is likely to help improve coverage ratios going forward.

The Stable outlook on the rating reflects ICRA's expectation that AmberPR will maintain a comfortable credit profile, aided by stable cash flow from operations and continued support from its parent entity.

Key rating drivers and their description

Credit strengths

Established position as a leading cross-flow fan manufacturer in India and healthy relationships with major industry players – AmberPR is a leading supplier of cross-flow fans in the country, with key players in the consumer durables industry as its clients, including Voltas Limited, Havells India Limited, Blue Star and Carrier Midea India Private Limited. It supplies a range of products, including Outdoor Unit (ODU) fans, cross-flow fans, refrigerator components and others.

Access to operational and financial support from parent entity, AEIL – AmberPR benefits from a high likelihood of parent support from AEIL, which enjoys a prominent position in the AC manufacturing industry. The subsidiary is expected to record healthy growth in the scale of operations, aided by strong relationships enjoyed by the Amber Group in the consumer durables industry. This was evident in its FY2024 revenues of ~Rs. 121 crore, a YoY growth of ~9% (~Rs. 111 crore in FY2023). Further, the majority of AmberPR’s revenue in FY2023 and FY2024 was from AEIL, and the growth in the parent’s operations would have a positive impact on AmberPR’s scale of operations. Further, the parent increased its stake to 100% in AmberPr in August 2024, which further strengthens the likelihood of AEIL’s support going forward.

Credit challenges

Limited scale of operations and modest debt coverage – Despite healthy growth in FY2023 and FY2024, AmberPR’s scale of operations remained modest. Given the small scale of operations, the company’s financial metrics remained stretched, although it improved on a YOY basis with a total debt to OPBDITA and interest coverage of 3.4 times and 2.9 times, respectively, as on March 31, 2024 and for FY2024 compared to 4.8 times and 2.8 times, respectively, as on March 31, 2023 and FY2023. The company's net debt to OPBDITA stood at 2.4 times in FY2024 compared to 3.8 times in FY2023, which shows significant improvement. The scale of operations is expected to improve, supported by the recent capacity expansion and expected growth in RAC demand. The same is also expected to lead to an improvement in returns and debt coverage indicators over a period of time.

Dependency on consumer durables industry results in seasonality of business – The majority of AmberPR’s customers and products cater to the consumer durables industry, exposing the company to the risks of seasonality in the business. In H1 FY2024, subdued demand in the RAC industry on the back of unseasonal rains impacted the company. However, with the revival witnessed in Q4 FY2024 and Q1 FY2025, the company’s growth prospects remain healthy.

Liquidity position: Adequate

AmberPR’s liquidity remains adequate, supported by the expectation of moderate cash flows from operations and a sufficient working capital buffer. The company’s capex is expected to remain moderate over the next few years as the company undertook significant capex in FY2022 and FY2023. Following its acquisition by AEIL, the company increased its available working capital limits to Rs. 55 crore. Further, ICRA expects liquidity support from AmberPR’s parent as and when required. The company maintained an average buffer of ~Rs. 9 crore between June 2023 and May 2024.

Rating sensitivities

Positive factors – The ability of the entity to record a material and continued increase in scale of operations/earnings, while reducing customer concentration may lead to an improvement in the ratings. Any improvement in the credit profile of the parent entity may also lead to ratings upgrade.

Negative factors – Pressure on the ratings could arise in case of a sustained increase in working capital intensity, or any large debt-funded capex or decline in profitability, resulting in sustained weakening of the company's liquidity and credit metrics. A weakening of the company’s parent profile or linkages with the parent entity may also exert pressure on the ratings.

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|---|
| Applicable rating methodologies | Corporate Credit Rating Methodology |
| Parent/Group support | The reaffirmed ratings for AmberPR factor in the high likelihood of its parent company extending financial support due to its strategic importance and close business linkages. ICRA also expects AEIL to be willing to extend financial support to AmberPR to protect its reputation from the consequences of a Group entity's distress. |

Consolidation/Standalone

The rating is based on the standalone financial statements of the entity.

About the company

Amber PR Technoplast Private Limited, formerly known as Pasio India Private Limited, manufactures cross-flow fans and corresponding plastic parts, fans and fan guards for outdoor RAC units, plastic parts for water dispensers and refrigeration applications (other than for automobiles). It also manufactures plastic parts for the seats of trucks, tractors, and buses. Established in 2013, it has three manufacturing units, with one each in Greater Noida (Uttar Pradesh), Rudrapur (Uttarakhand) and Shahjanpur (Uttar Pradesh). In Q2 FY2024, AEIL acquired the balance stake, taking its ownership in AmberPR to 100% from 73%, in line with its stated intent.

Key financial indicators (audited)

| AEIL Consolidated | FY2023 | FY2024 |
|--|--------|--------|
| Operating income | 111.2 | 120.9 |
| PAT | 2.3 | 2.9 |
| OPBDIT/OI | 10.5% | 12.9% |
| PAT/OI | 2.1% | 2.4% |
| Total outside liabilities/Tangible net worth (times) | 3.8 | 3.6 |
| Total debt/OPBDIT (times) | 4.8 | 3.4 |
| Interest coverage (times) | 2.9 | 2.9 |

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| Instrument | Type | Current rating (FY2025) | | Chronology of rating history for the past 3 years | | |
|---|----------------------|-----------------------------|-------------------------------|---|----------------------------------|-------------------------------|
| | | Amount rated (Rs. crore) | Date & rating in FY2025 | Date & rating in FY2024 | Date & rating in FY2023 | Date & rating in FY2022 |
| | | | Aug 06, 2024 | Nov 30, 2023 | Aug 19, 2022 | - |
| 1 Term Loan | Long Term | 37.00 | [ICRA]A (Stable) | [ICRA]A (Stable) | [ICRA]A (Stable) | - |
| 2 Fund Based/Non-Fund Based-Working Capital | Long-Term/Short Term | 55.00 | [ICRA]A (Stable)/ [ICRA]A1 | [ICRA]A (Stable)/ [ICRA]A1 | [ICRA]A (Stable)/ [ICRA]A1 | - |
| 3 Unallocated Limits | Long-Term/Short Term | 33.00 | [ICRA]A (Stable)/ [ICRA]A1 | [ICRA]A (Stable)/ [ICRA]A1 | [ICRA]A (Stable)/ [ICRA]A1 | - |

Complexity level of the rated instruments

| Instrument | Complexity Indicator |
|--|----------------------|
| Long Term-Fund Based-Term Loan | Simple |
| Long Term/Short-Term-Fund Based/Non-Fund Based-Working Capital | Simple |
| Long-Term/Short Term-Unallocated Limits | NA |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

| ISIN | Instrument Name | Date of Issuance | Coupon Rate | Maturity | Amount Rated (Rs. crore) | Current Rating and Outlook |
|------|---|------------------|-------------|------------|--------------------------|----------------------------|
| NA | Term Loan | March 2022 | 5.6% | March 2028 | 37.00 | [ICRA]A (Stable) |
| NA | Fund Based/Non-Fund Based-Working Capital | NA | NA | NA | 55.00 | [ICRA]A (Stable)/ [ICRA]A1 |
| NA | Unallocated Limits | NA | NA | NA | 33.00 | [ICRA]A (Stable)/ [ICRA]A1 |

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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