September 9, 2025

Amber Enterprises India Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term/Short-term - Fund based/ Non-fund based – Working capital	665.00	665.00	[ICRA]AA- (Stable)/[ICRA]A1+; reaffirmed
Long-term Fund-based – Term Loans	100.00	100.00	[ICRA]AA- (Stable); reaffirmed
Total	**765.00**	**765.00**	

**Instrument details are provided in Annexure-I*

Rationale

The ratings reaffirmation for Amber Enterprises India Limited (AEIL) reflects its strong operating profile as a leading original design manufacturer (ODM) of room air conditioners (RAC) and components in India. AEIL benefits from its integrated operations and long relationships with top RAC brands such as Voltas, Panasonic, Daikin, LG, Godrej, Whirlpool, Samsung, Toshiba and Bluestar. The company has enhanced its position through backward integration into key RAC and electronics components, supporting sustained growth and profitability. However, recent trends indicate that some original equipment manufacturers (OEMs) are shifting finished goods assembly in-house, which could impact AEIL's RAC segment revenues. To mitigate this, AEIL has diversified into electronics product categories across multiple end-user industries, including mobility air-conditioning applications for clients like Indian Railways, private coach builder, defense and major metro coach manufacturers. Previously focused on the consumer durables segment, AEIL's electronics division now serves sectors such as automobile, telecom, medical, railways, industrial, defence, aerospace, wearable, and hearable technologies. This diversification is expected to deepen with significant investments in capacity expansion and new product development. AEIL's strong focus on cost competitiveness, aided by backward integration, and its shift towards higher-margin products and segments, bodes well for its future performance.

On a consolidated basis, AEIL reported a strong revenue increase between FY2021 and FY2025, with a compounded annual growth rate (CAGR) of approximately 27%, rising to Rs. 9,974 crore from Rs. 3,032 crore. Its operating profit also increased significantly to Rs. 786 crore from Rs. 230 crore, supported by AEIL's established customer base in the consumer durables segment and its expansion into other industries. To strengthen its electronics division and improve both revenue and margins, AEIL has made strategic investments, including recent moves that include acquiring about a 60% stake in Power-One Micro Systems Private Limited (Power-One) and signing a definitive agreement to acquire a 40.24% stake in Unitronics (1989) (R"G) Ltd. (Unitronics). These are expected to enhance AEIL's electronics division, boosting both revenues and margins.

AEIL faces rating constraints due to its exposure to the seasonal nature of the RAC business, which has historically led to fluctuations in revenue and profitability. Unseasonal rainfall during the recent peak season is expected to dampen revenue growth momentum in FY2026. The company also requires substantial working capital, particularly at the fiscal year-end, to support manufacturing and distribution during peak demand periods. Additionally, AEIL must continuously invest in capacity expansion and new product development to maintain its competitive edge, which has kept its return metrics moderated. In recent years, AEIL has undertaken significant capital expenditure, including acquisitions, and plans to invest Rs. 3,000-3,500 crore over FY2026 and FY2027. This investment is expected to be funded through a mix of equity infusion, internal cash generation, and existing liquidity. AEIL's board and AGM have approved an enabling resolution to raise equity of up to Rs. 2,500 crore. Further to this, ILJIN Electronics India Pvt Ltd (ILJIN), a material subsidiary of AEIL, has recently entered into separate definitive agreements with ChrysCapital and InCred Growth Partners Fund I (InCred PE), along with their respective affiliates, to raise Rs. 1,200 crore over the near term. The transaction is subject to regulatory approval.

The company's increased diversification into electronics and mobility segments is expected to further reduce its reliance on the RAC business over the medium-to-long term. While these investments will also enhance AEIL's long-term growth prospects, they may moderate its return metrics in the interim. Consequently, timely execution of the planned capex programme along with its funding mix will remain key rating monitorable. Additionally, AEIL is highly dependent on imported raw materials and components, making it vulnerable to foreign exchange rate fluctuations, supply chain disruptions, and raw material price volatility, which can only be passed on with a delay.

The Stable outlook on the long-term rating reflects ICRA's expectation that AEIL will maintain a strong credit profile, supported by its resilient business profile, comfortable capital structure and healthy liquidity position.

Key Rating drivers and their description

Credit strengths

Established track record and strong market share in domestic RAC industry as contact manufacturer – AEIL has nearly two decades of experience in the RAC industry, with an established track record and a leadership position. Between FY2023 and FY2025, the company derived 70-75% of its revenues from the RAC and RAC component segments, commanding a significant share of the outsourced RAC market. Additionally, AEIL holds a dominant position in the mobility application segment and is the largest supplier of roof-mounted package unit air conditioners to the Indian Railways. Its strong product development capabilities have enabled it to introduce new products and foster long-term client relationships, resulting in consistent repeat businesses.

Strong focus on cost competitiveness, aided by backward integration; diversification towards higher margins products/segments augurs well for the company, going forward – Over the years, AEIL has built strong capabilities to offer end-to-end product development solutions through its ODM model. Strategic backward integration has enabled in-house manufacturing of critical RAC components, enhancing cost competitiveness. This is reflected in a stable operating margin of 7-8% during FY2023-FY2025. Its profitability stability is supported by favourable commodity prices and a shift in revenue mix, particularly in the electronics segment. An evolving product portfolio and easing input costs are expected to further improve margins in the near-to-medium term. AEIL is also poised to benefit from production-linked incentives (PLI). Additionally, the recent acquisitions of Power-One and Unitronics are expected to boost both revenue and profitability in AEIL's high-margin electronics business, which includes PCB board manufacturing.

Diversified and reputed clientele – AEIL serves a strong and a reputed clientele in the RAC industry, including brands like Voltas, LG, Samsung, Toshiba, and Bluestar. It maintains a medium-to-high share of business with these companies, supported by long relationships that ensure consistent revenue visibility. While there has been a decline in finished goods (assembly orders from some OEMs, the RAC component business remains stable. With anticipated industry growth, AEIL's overall RAC segment revenue is expected to increase. Long-term growth drivers include rising urbanisation, climate change, and improving living standards, which will create opportunities for RAC OEMs in India. Additionally, favourable regulatory developments such as the import ban on fully built RACs with refrigerants and the PLI scheme for AC components are expected to support medium-to-long-term industry growth. In the mobility applications segment, AEIL supplies Indian Railways and major metro coach manufacturers through its subsidiary, Sidwal Refrigeration. This vertical is poised for healthy expansion, driven by the Government of India's push to modernise railway infrastructure and enhance metro rail systems.

Strong revenue growth in recent years; momentum expected to sustain – AEIL reported a robust revenue growth of approximately 48% in FY2025, touching Rs. 9,973 crore, up from Rs. 6,735 crore in FY2024. The consumer durables segment grew by around 48%, the electronics division by 77%, while the railway division saw a 6% decline in revenue year-over-year. Segment-wise, consumer durables contributed 74%, electronics 22%, and railways 4% to the total revenue. AEIL's growth momentum is expected to continue, supported by an expanding electronics product portfolio, rising RAC component revenues, and a healthy ramp-up in the mobility segment over the medium term. The acquisitions of Power-One and Unitronics are expected to enhance AEIL's electronics division, boosting both revenue and margins.

Favourable demand outlook for the Indian RAC industry supports long-term growth prospects – Structural drivers such as rising temperature, increasing RACs per household, urbanisation, higher disposable incomes, and easier consumer financing are expected to support long-term growth in the RAC industry. Additionally, replacement demand driven by a preference for energy-efficient models due to higher usage and energy costs remains a key factor. According to ICRA, the Indian RAC industry volumes are projected to grow by 10-12% over the medium term, although FY2026 may see a contraction due to weak demand during the recent peak season. This is also partly due to the base effect, with FY2025 volumes estimated to reach an all-time high of 12.5–13.0 million units.

Credit challenges

Large capex being undertaken in the electronics division, timely commencement of operations and healthy ramp-up remain key for return metrics – AEIL's strategic diversification into the electronics, consumer durables, and mobility segments is expected to reduce its dependence on the RAC business over the medium term. However, this shift entails significant capital commitments, with a planned capex of Rs. 3,000-3,500 crore over FY2026-FY2027, also partly towards relatively long gestation projects. Any material delay in project ramp-up could adversely impact the company's operational and financial profiles. Additionally, certain projects may necessitate further capital infusion, potentially affecting the company's leverage and liquidity position. However, AEIL's total debt/OBDITA is expected to remain at 2-2.5 times in the medium term as proposed capex, including acquisition, would be funded by mix a fresh equity, cash generation from business and available liquidity.

Exposed to inherent seasonality in RAC business – A dominant share of AEIL's revenues is attributed to the sale of RACs and its components, demand of which is seasonal (January to June, i.e., Q1 and Q4 of a fiscal) and is susceptible to changes in weather conditions. This leads to significant variations in working capital requirements during the year, impacting the company's cash flows. Therefore, the business remains vulnerable to the vagaries of weather, which remains a concern. Nonetheless, the long track record of the company in the industry and its experienced management team provide comfort. Also, over the past few years, the company has diversified into non-AC components (for other consumer durables) and mobility application businesses. An increasing share of these non-seasonal businesses, coupled with the scale-up of exports, is expected to mitigate the seasonality risk of the RAC business to an extent over the medium term.

Highly capital intensive nature of operations – Given the competition in the RAC industry and its inherent seasonality, the company requires large working capital for its operations to produce and distribute its products. It also needs to continually invest in building capacities, new product development (as an ODM) and maintenance capex. Thus, AEIL's return metrics remain relatively moderate (compared to OEMs) and critically dependent on prudent management of its working capital requirements. However, ICRA draws comfort from the company's track record and its adequate liquidity and financial flexibility.

Exposure to forex fluctuation risks and raw material volatility to an extent – The company's profitability remains exposed to fluctuations in foreign currencies as 25-30% of the total purchases are made through imports. The company hedges a part of its payables though forward contracts. However, the company passes on the increased prices to its buyers with some lag, but it absorbs the losses to an extent in case of a sharp adverse fluctuation in the currency. Similarly, the company faces the risk of adverse variability in raw material prices, which is also passed on to the clients with some lag.

Environmental and social risk

Environmental considerations: RAC manufacturers remain exposed to tightening Government regulations because of the transition towards a low carbon economy and a consequent push towards energy-efficient products. The extent of reliance on natural resources such as copper etc., remains high for the industry. In this regard, AEIL's widespread manufacturing footprint with plants across the country mitigates the risk to an extent. The manufacturing process entails generation of pollutants and waste products, which exposes the sector to the impact of any penalty/litigation. Thus, the company may need to invest materially to minimise the environmental impact of its facilities.

AEIL has committed to achieve carbon neutrality by implementing 100% renewable energy use throughout its organisation in the coming years but has not set a specific timeline for the same. Several of AEIL's manufacturing units and office buildings have installed solar rooftops and adopted green building measures to reduce energy consumption. In addition, AEIL has been developing products that reduce electricity consumption in line with environmental norms and has been proactive in reducing water consumption by using drip irrigation and harvesting rainwater. It has also entered into agreements with recyclers for recycling and scientific disposal of electronic and plastic waste generated by its operations and packaging process.

Social considerations: AEIL has a healthy dependence on human capital with technological expertise needed to design appliances, such as retaining human capital, maintaining healthy relationships with employees and supplier ecosystem, which remain essential for the entity's disruption-free operations. Another social risk that AEIL faces pertains to product safety and quality, where instances of product recalls and high warranty costs may not only lead to financial implications but could also harm its reputation and create a more long-lasting adverse impact. In this regard, AEIL's strong track record in catering to leading air conditioning manufacturers underscores its ability to mitigate these risks to an extent. The social risk pertaining to demographics and consumer trends remains generally low, given the increasing demand for air conditioners. AEIL's technological capabilities are also likely to help it align its products with any change in customer preferences.

Liquidity position - Adequate

AEIL's liquidity position is adequate, supported by healthy operating cash flows, cash/bank balances and liquid investments of approximately Rs. 850 crore, and an undrawn fund-based working capital buffer of Rs. 300-400 crore at the standalone level as of June 2025. The company has a sizeable working capital limit of Rs. 4,058 crore, fully interchangeable between fund-based and non-fund-based facilities, providing ample flexibility for working capital needs. On a consolidated basis, AEIL has planned an annual capex and investment outflows of Rs. 1,400-1,600 crore over FY2026 and FY2027, which include a payout of Rs. 665 crore for the acquisition of Power-One and Unitronics. These investments are expected to be funded through a mix of surplus liquidity, internal accruals, and incremental equity, minimising reliance on debt. To support this, Amber's board and AGM have approved an enabling resolution to raise equity of up to Rs. 2,500 crore at the parent or subsidiary level, of which around Rs. 1,200 crore fund raise has already been announced under ILJIN. On a consolidated level, the company has annual repayment of Rs. 190-200 crore in FY2026 and FY2027. Available liquidity and cash generation from the business are expected to be sufficient for meeting repayment obligations.

Rating sensitivities

Positive factors – The ability of the company to achieve a healthy pace of revenue growth with sustainable improvement in profitability, along with greater revenue diversification, would support an improvement in the rating. Specific credit metrics that could lead to a long-term rating upgrade include RoCE of more than 15% on a sustained basis, with the company continuing to maintain a strong credit and liquidity profile.

Negative factors – Pressure on the ratings could arise from a sustained increase in working capital intensity, any large debt-funded capex or a decline in profitability, resulting in material weakening of the company's liquidity and credit metrics. In addition, any loss of business from a large client, significant slowdown in its key product segments, or supply chain disruptions that materially affect its financial performance would also be a negative trigger. Specific credit metric for ratings downgrade includes Total Debt/OPBDITA of more than 2.5 times on a sustained basis, along with a material depletion of cash and cash equivalents.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology]
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of AEIL. As on March 31, 2025, the company had ten subsidiaries, which are all enlisted in Annexure-II.

About the company

Incorporated in 1990 and headquartered in Gurugram, Haryana, AEIL is India's largest contract manufacturer of room air conditioners (RAC). The company specialises in manufacturing and assembling RACs and key functional components. As of March 31, 2025, AEIL operates 30 manufacturing plants on a consolidated basis across eight states, serving major RAC brands such as Voltas, Blue Star, LG, and Daikin. Over the years, AEIL has expanded its footprint in the electronics and mobility (railway) segments through strategic acquisitions and organic expansion.

Key financial indicators

AEIL Consolidated	FY2024	FY2025	Q1 FY2026*
Operating income	6,735.3	9,973.9	3,449.1
PAT	141.8	281.1	112.9
OPBDIT/OI	7.5%	7.9%	7.4%
PAT/OI	2.1%	2.8%	3.3%
Total outside liabilities/Tangible net worth (times)	2.1	2.6	-
Total debt/OPBDIT (times)	3.0	2.6	-
Interest coverage (times)	3.0	3.8	4.1

*Source: Company, ICRA Research; *Provisional numbers; 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	Current year (FY2026)			Chronology of rating history for the past 3 years							
	Type	Amount rated (Rs Crore)	Sep 9, 2025	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based/ Non fund based - Working Capital	Long-term/ short-term	665.00	[ICRA]AA- (Stable)/ [ICRA]A1+	Aug 6, 2025	[ICRA]AA- (Stable)/ [ICRA]A1+	Aug 06, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+	Feb 20, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+	Nov 14, 2022	[ICRA]AA- (Stable)/ [ICRA]A1+
				Apr 10, 2025	[ICRA]AA- (Stable)	-	-	Nov 30, 2023	[ICRA]AA- (Stable)/ [ICRA]A1+	Aug 19, 2022	[ICRA]AA- (Stable)/ [ICRA]A1+
Term Loan	Long-term	100.00	[ICRA]AA- (Stable)	Aug 6, 2025	[ICRA]AA- (Stable)/ [ICRA]A1+	-	-	-	-	-	-
				Apr 10, 2025	[ICRA]AA- (Stable)	-	-	-	-	-	-
Unallocated limits	Long-term/ short-term	-	-	-	-	Aug 06, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+	Feb 20, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+	Nov 14, 2022	[ICRA]AA- (Stable)/ [ICRA]A1+
				-	-	-	-	Nov 30, 2023	[ICRA]AA- (Stable)/ [ICRA]A1+	Aug 19, 2022	[ICRA]AA- (Stable)/ [ICRA]A1+
Issuer rating	Long-term	-	-	-	-	-	-	-	-	-	[ICRA]AA- (Stable); Reaffirmed and Withdrawn

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term/Short-term - Fund based/ Non-fund based – Working capital	Simple
Long-term Fund-based – Term Loans	Simple

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	Fund based/ Non fund based -Working Capital	NA	NA	NA	665.00	[ICRA]AA- (Stable)/ [ICRA]A1+
NA	Term Loans	Jan-25	7-8.5%	Dec-30	100.00	[ICRA]AA- (Stable)

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Amber Enterprises India Limited	Parent entity	Full Consolidation
PICL (India) Private Limited	100.00%	Full Consolidation
IL JIN Electronics (India) Private Limited	90.22%	Full Consolidation
Ever Electronics Private Limited	90.22%	Full Consolidation
Appserve Appliance Private Limited	100.00%	Full Consolidation
Sidwal Refrigeration Industries Private Limited	100.00%	Full Consolidation
AmberPR Technoplast India Private Limited	100.00%	Full Consolidation
Pravartaka Tooling Services Private Limited	60.00%	Full Consolidation
Amber Enterprises USA Inc	100.00%	Full Consolidation
Ascent Circuits Private Limited	60.00%	Full Consolidation
AT Railway Sub Systems Private Limited	100.00%	Full Consolidation

*Source: Annual report FY2025, *Parent company*

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