

December 15, 2025

Amber Enterprises India Limited: Ratings reaffirmed; rated amount enhanced

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	1705.00	[ICRA]AA- (Stable)/[ICRA]A1+; reaffirmed and assigned for enhanced amount
Long-term – Fund-based – Term Loans	100.00	460.00	[ICRA]AA- (Stable); reaffirmed and assigned for enhanced amount
Total	765.00	2165.00	

*Instrument details are provided in Annexure-I

Rationale

The rating action 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. It benefits from its integrated operations and long relationships with top RAC brands such as Voltas, Panasonic, Daikin, LG, Godrej, Whirlpool, Samsung, Toshiba and Blue Star. 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 builders, defense and major metro coach manufacturers. Previously focussed on the consumer durables segment, its electronics division now serves sectors such as automobile, telecom, medical, railways, industrial, defence, aerospace as well as 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 strong growth in revenues between FY2021 and FY2025, at a compounded annual growth rate (CAGR) of approximately 27%, rising to Rs. 9,974 crore from Rs. 3,032 crore. However, after reporting strong revenue growth in FY2025, the company's growth moderated with revenue of Rs. 5,096 crore in H1 FY2026, primarily due to the flat performance of the RAC business, even though the electronics division grew by 60% over this period. In line with the industry trend, the RAC business performance was impacted by relatively weaker demand in the season due to non-conductive weather conditions and some deferment of purchases by the consumers, between the goods and services tax (GST) rate cut announcement and implementation. AEIL's operating margin also witnessed some moderation in H1 FY2026 in view of the flat performance of the RAC business and adverse raw material price movement in the printed circuit board (PCB) business. Nevertheless, demand is expected to recover in H2, aided by festive sales, GST rate cuts and expansion of the components business. Additionally, performance of the electronics division is also expected to remain healthy, supported by the recent acquisitions of Power-One Micro Systems Private Limited (Power-One) and Unitronics (1989) (R"G) Ltd (Unitronics) by AEIL's subsidiary - ILJIN Electronics (India) Private Limited (ILJIN). These factors are expected to enable the company to report healthy growth in consolidated revenues and earnings for the entire fiscal.

ICRA has also taken note of AEIL's recent acquisition (through ILJIN) of the majority (80%) stake in Pune-based Shogini Technoarts Pvt. Ltd. (Shogini), an established manufacturer of PCBs ranging from single-sided, double-sided, multi-layered, metal-clad and flex PCBs. The stake has been acquired for a consideration of around Rs. 506 crore, funded through surplus liquidity available. This acquisition is in line with the company's strategy of strengthening its PCB capability and the Amber Group's progression into a leading full-stack, backward-integrated electronics manufacturing services (EMS) company.

AEIL's ratings are constrained by its exposure to the RAC business that faces seasonality in demand, which has historically led to fluctuations in revenue and profitability. 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 (capex), including acquisitions, and plans to invest Rs. 3,000-3,500 crore over FY2026-FY2028 largely towards its electronics division, apart from investments for the acquisitions undertaken in FY2026 thus far. While these large investments are expected to strengthen and diversify the business profile over the medium term, they are likely to weigh on return metrics in the near term, until scale benefits and integration synergies begin to materialise. Timely execution of the planned capex programme along with realisation of operational and financial synergies from the recent acquisitions will be a key rating monitorable.

Nonetheless, the company has raised sizeable equity of Rs. 2,750 crore (Rs. 1,750 crore in ILJIN and Rs. 1,000 crore in AEIL) over September – November 2025, strengthening its capital structure. These funds have been/ will be deployed for the recent acquisitions (Power-One, Unitronics and Shogini) and the capex planned for FY2026 and FY2027. This, coupled with the expected increase in earnings, is expected to contain the financial leverage and support the company's healthy financial profile.

The ratings also factor in AEIL's high dependence on imported raw materials and components, making it vulnerable to foreign exchange (forex) rate fluctuations, supply chain disruptions and raw material price volatility, which can only be passed on to customers with a lag.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company 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, it 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 and diversification in high-margin products/segments – 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, Unitronics and Shogini are expected to boost both revenue and profitability in its 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 Blue Star. 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% year-over-year decline in revenue. Segment-wise, consumer durables accounted for 74% of the total revenue, while electronics contributed 22% and railways made up 4%. Notwithstanding some moderation in H1 FY2026, AEIL's growth momentum is expected to continue, supported by an expanding electronics product portfolio, rising RAC component revenues, a healthy ramp-up in the mobility segment and the recent acquisitions.

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-FY2028, partly towards relatively long gestation projects. Any material delay in project ramp-up could adversely impact the company's operational and financial profiles. AEIL's total debt/OPBDITA is expected to remain around 1.5 times in the medium term as proposed capex, including acquisitions, would be funded primarily through cash flow generation and available surplus 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, for which the demand is seasonal (January to June, i.e. Q1 and Q4 of a fiscal) and susceptible to changes in weather conditions. This causes 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 continues to be a concern. Nonetheless, its long track record in the industry and the experienced management team provide comfort. Also, over the past few years, AEIL 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 – AEIL'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 through forward contracts. However, it 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, AEIL 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., continues to be 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 achieving 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 its manufacturing units and office buildings have installed solar rooftops and adopted green building measures to reduce energy consumption. In addition, the company 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 relies heavily on human capital and technological expertise for designing appliances. Retaining skilled employees and maintaining strong relationships with both staff and suppliers are critical to ensuring smooth, disruption-free operations. Another social risk that the company faces pertains to product safety and quality, where instances of product recalls and high warranty costs may not only result in financial implications but could also harm its reputation and create a more long-lasting adverse impact. In this regard, its 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 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. 970 crore. 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 its working capital needs. On a consolidated basis, AEIL has planned annual capex and acquisition-related outflows of around Rs. 2,000 crore in FY2026 and Rs. 1,500-1,700 crore in FY2027. The outflows for FY2026 also include a payout of around Rs. 1,170 crore for the recent acquisitions of Power-One, Unitronics and Shogini. These investments are expected to be funded through a mix of cash flow generation and the recent equity fund raise of Rs. 2750 crore at a consolidated level. The company has annual repayment of Rs. 190-200 crore in FY2026 and FY2027 on a consolidated basis. Available liquidity and cash flow 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 return on capital employed (RoCE) of more than 15% on a sustained basis, with AEIL 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. A 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	To arrive 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 RAC contract manufacturer. The company specialises in manufacturing and assembling RACs and key functional components. As on March 31, 2025, it 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	H1 FY2026*
Operating income	6,735.3	9,973.9	5,096.1
PAT	141.8	281.1	88.2
OPBDIT/OI	7.5%	7.9%	6.8%
PAT/OI	2.1%	2.8%	1.7%
Total outside liabilities/Tangible net worth (times)	2.1	2.6	1.4
Total debt/OPBDIT (times)	3.0	2.6	4.0
Interest coverage (times)	3.0	3.8	2.5

Source: Company, ICRA Research; *Result; 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)	Dec 15, 2025	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based/Non-fund based – Working Capital	Long-term/Short-term	1705.00	[ICRA]AA-(Stable)/[ICRA]A1+	Sep 9, 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+
				Aug 6, 2025	[ICRA]AA-(Stable)/[ICRA]A1+	-	-	Nov 30, 2023	[ICRA]AA-(Stable)/[ICRA]A1+	Aug 19, 2022	[ICRA]AA-(Stable)/[ICRA]A1+
				Apr 10, 2025	[ICRA]AA-(Stable)						

Instrument	Current year (FY2026)				Chronology of rating history for the past 3 years						
	Type	Amount rated (Rs. Crore)	Dec 15, 2025	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long-term	460.00	[ICRA]AA-(Stable)	Sep 9, 2025	[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	1705.00	[ICRA]AA- (Stable)/[ICRA]A1+
NA	Term loans	Jan-25	7.5-8.5%	Dec-30	460.00	[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

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