January 07, 2026

SIDWAL REFRIGERATION INDUSTRIES PRIVATE LIMITED: [ICRA]AA- (Stable)/[ICRA]A1+; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based	200.00	[ICRA]AA- (Stable); assigned
Long-term/Short-term working capital - Unallocated limits	100.00	[ICRA]AA- (Stable)/[ICRA]A1+; assigned
Total	**300.00**	

**Instrument details are provided in Annexure I*

Rationale

The assigned ratings factor in Sidwal Refrigeration Industries Private Limited's (Sidwal) established position in the Indian mobility HVAC (heating, ventilation and air conditioning) segment, supported by extensive management experience and a strong execution track record in railway and metro projects, including Vande Bharat, Shatabdi, Rajdhani, luxury coaches like Palace on Wheels and metro projects in Delhi, Mumbai, Chennai, etc. The rating also derives comfort from the company's strong business and financial linkages with its parent, Amber Enterprises India Limited (AEIL; rated [ICRA]AA-(Stable)/[ICRA]A1+), reflected in common management, financial support in the form of advances and corporate guarantees, and ICRA expects AEIL to continue to provide need-based funding support. Sidwal has a comfortable financial risk profile marked by a compound annual growth rate (CAGR) of 18% in revenues between FY2021 and FY2025, healthy operating profit margins (OPM) of 16-18% and moderate debt coverage indicators, as reflected by total debt/operating profit before depreciation, interest, tax and amortisation (OPBDITA) of 2.4 times as on March 31, 2025 and interest cover of 9.1 times for FY2025. It had a healthy order book of Rs. 2,031 crore as on September 30, 2025, implying an order book to operating income (OI) ratio of 4.5 times, providing medium-term revenue visibility. ICRA notes the ongoing Rs. 250 crore largely debt-funded capital expenditure (capex) for a greenfield facility at Faridabad to be commissioned by the end of FY2026 towards capacity enhancement and new product development. Timely commissioning of the facility and successful ramp-up thereof will remain a monitorable for sustaining stable coverage metrics.

The ratings are, however, constrained by the working capital-intensive nature of operations, given the long receivable cycle and high inventory requirements associated with project execution. Its operations are diversified across railways, metro, defence and telecom sectors; however, railways and metro contribute over 90% to its revenues, making it dependent on Government initiatives towards infrastructure development and timely fund allocation. Further, the fixed-price nature of contracts limits its ability to pass on cost escalations, rendering margins vulnerable to fluctuations in raw material prices. The competitive intensity in the HVAC mobility industry adds to the pricing pressure. Moreover, timely execution of the existing order book and the ability to secure fresh orders will remain key in sustaining revenue growth and profitability.

The Stable outlook on the rating reflects ICRA's expectations that Sidwal's credit profile will remain healthy, supported by its market position and order book and close integration with its parent.

Key rating drivers and their description

Credit strengths

Established business position in the Indian HVAC mobility segment – Sidwal, incorporated in 1965, has over five decades of experience in the Indian HVAC mobility segment, primarily catering to Government entities in the railway and metro sectors. It pioneered India's first roof-mounted modular compact air conditioners for rail coaches and has supplied over 35,000 Research Designs and Standards Organisation (RDSO) approved units for trains such as Vande Bharat, Shatabdi, Rajdhani and luxury coaches like Palace on Wheels. The company entered the metro segment in 2004 and has delivered more than 3,600 HVAC units across major metro projects in Delhi, Mumbai, Kolkata, Bengaluru, Jaipur, and Chennai. Sidwal has also diversified into defence, buses and telecom, contributing to revenue streams beyond railways and metro.

Benefits arising from its strong parentage – Sidwal, as a wholly owned subsidiary of AEIL, benefits from the strong operational and financial linkages with its parent. The company leverages AEIL's established presence in the HVAC segment, enjoys favourable procurement terms and has access to financial support, including advances and corporate guarantees from the parent. Further, the close integration is underpinned by common board representation, demonstrating strong governance linkages and strategic alignment between Sidwal and its parent.

Healthy order book position provides revenue visibility – Sidwal's order book stood at Rs. 2,031 crore as of September 2025, largely comprising railway and metro projects, with execution timelines ranging from six months to five years. This translates to an order book to revenues of 4.5 times, providing strong medium-term revenue visibility. While revenue growth in FY2025 and H1 FY2026 was impacted by delays in metro projects and Vande Bharat offtake, along with the Government's focus on non-AC coaches, execution of Vande Bharat-related orders is expected to drive healthy growth from FY2027 onwards.

Comfortable financial risk profile – The company witnessed a CAGR of 18% in revenues between FY2021 and FY2025, reaching Rs. 450 crore, driven by strong traction in the railway and metro segments along with expansion of its product portfolio to include railway sub-systems such as gangways, doors and pantry modules. Its OPM remained healthy at 16-18%, though it moderated slightly in recent times due to competitive pressures and limited flexibility to pass on cost escalations, given the fixed-price nature of contracts. The company's capital structure continues to be comfortable with gearing below 1 times as on March 31, 2025, despite an increase in total debt to Rs. 203 crore from Rs. 31 crore as on March 31, 2024, primarily to fund its greenfield expansion. ICRA expects debt levels to remain elevated in FY2026, resulting in moderation in coverage indicators in FY2026. However, these are expected to improve going forward, supported by revenue growth, continued healthy OPM and gradual debt reduction.

Credit challenges

High dependence on Indian railways –The company has an established position as one of the leading players in the Indian railway and metro mobility HVAC segment, supported by repeat orders from Indian Railways and Delhi Metro Rail Corporation (DMRC), which reflects strong execution capabilities along with compliance with stringent quality norms. However, its revenue profile remains highly concentrated, with nearly 90% derived from these segments, making it vulnerable to delays or changes in Government investment plans and fund allocation. The company's increased efforts to diversify its product portfolio, expand its customer base and enter new segments such as defence and telecom, are expected to gradually mitigate this risk to some extent over the medium term.

Working capital-intensive operations – The operations of the company are working capital-intensive, driven by elongated receivable and inventory cycles. While payments for product supplies are generally timely, collections from metro projects involve extended credit periods. Receivables typically peak towards the fiscal year-end and are subsequently cleared. Sidwal meets its working capital requirements through bank limits and benefits from extended creditor days, leveraging its strong parentage as a wholly owned subsidiary of AEIL. It also avails non-fund-based limits for order procurement.

Liquidity position: Adequate

The company's liquidity profile is expected to remain adequate, supported by steady operating cash flows of Rs. 40-50 crore per annum, free cash and bank balance of Rs. 45 crore and unutilised working capital limits of Rs. 54 crore as on September 30, 2025. It plans to incur Rs. 100-120 crore capex in FY2026, primarily for the greenfield capacity expansion, funded largely through term debt, with no major capex expected in FY2027 and FY2028. Repayment obligations are modest at Rs. 3-4 crore in FY2026 and are expected to be Rs. 25-35 crore annually in FY2027 and FY2028. Healthy cash flows and available liquidity are expected to adequately support the cash flow obligations.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company reports strong growth in revenues and earnings, while maintaining comfortable credit metrics and liquidity position. The rating could also be upgraded if there is an improvement in the parent company's credit profile.

Negative factors – Pressure on the company's ratings could arise if there is a material deterioration in its earnings, or any material delay in scale-up of operations of the upcoming facility which weakens its credit metrics. The ratings could also be downgraded if there is a deterioration in the parent company's credit profile or weakening of Sidwal's linkages with its parent.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parent company: AEIL ICRA expects Sidwal's parent, AEIL, to extend operational and financial support to the company, given its strategic importance and strong business linkages. The rating also factors in AEIL's willingness to provide financial assistance whenever required, supported by the reputational sensitivity associated with Sidwal being a wholly owned subsidiary.
Consolidation/Standalone	The ratings are based on the standalone financial statements of the entity.

About the company

Incorporated in 1965 by Mr. Sherjung Singh Sidhu and Mrs. Randhir Kaur, Sidwal is headquartered in the NCR and commenced operations in mobile air conditioning and refrigeration solutions. The company is primarily engaged in designing, engineering, manufacturing, and supplying specialised HVAC units for railways, metros, defence, buses and telecom applications. Its product portfolio includes standalone HVAC units and railway sub-systems such as pantry modules, doors, gangways, brakes, couplers, pantographs and microprocessor controllers. Sidwal operates three fully integrated manufacturing facilities in Northern India—two in Faridabad catering to railway, metro, defence and telecom segments as well as one in Kala Amb dedicated to bus applications.

In March 2019, AEIL acquired an 80% stake in Sidwal, followed by the purchase of the remaining 20% in September 2020, making it a wholly owned subsidiary. The aggregate consideration for the acquisition was Rs. 200-220 crore.

About the parent - AEIL

Incorporated in 1990 and headquartered in Gurugram, Haryana, AEIL is India's largest contract manufacturer of room air conditioners (RACs) and caters to leading brands such as Voltas, Blue Star, LG, Panasonic and Daikin. As on March 31, 2025, it operated 30 manufacturing plants on a consolidated basis across eight states. Over the years, it has diversified through backward integration into induction motors, printed circuit board (PCB) assembly, roof-mounted AC units for mobility applications and injection moulding for refrigeration and automobile components through strategic acquisitions and organic expansion.

Key financial indicators (audited)

SRIPL (Standalone)	FY2024	FY2025
Operating income	479.8	449.9
PAT	70.5	52.8
OPBDIT/OI	19.9%	18.5%
PAT/OI	14.7%	11.7%
Total outside liabilities/Tangible net worth (times)	0.3	0.8
Total debt/OPBDIT (times)	0.3	2.4
Interest coverage (times)	156.5	9.1

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

Current year					Chronology of rating history for the past 3 years					
			FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based	Long-term	200.00	Jan 07, 2026	[ICRA]AA-(Stable)	-	-	-	-	-	-
Working capital – Unallocated limits	Long-term/Short-term	100.00	Jan 07, 2026	[ICRA]AA-(Stable)/ [ICRA]A1+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund based	Simple
Long-term/Short-term working capital – Unallocated Limits	Not applicable

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	Long-term – Fund-based	NA	NA	NA	200.00	[ICRA]AA- (Stable)
NA	Long-term/Short-term working capital – Unallocated Limits	NA	NA	NA	100.00	[ICRA]AA- (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

ICRA

ANALYST CONTACTS

Jitin Makkar
+91 124 4545 368
jitinm@icraindia.com

Kinjal Shah
+91 22 6114 3422
kinjal.shah@icraindia.com

Deepak Jotwani
+91 124 4545 870
deepak.jotwani@icraindia.com

Aruna Ganesh
+91 22 6114 3459
aruna.ganesh@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches