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## Rating Rationale

December 21, 2017 | Mumbai

### PICL (India) Private Limited

*Ratings Reaffirmed*

#### Rating Action

Total Bank Loan Facilities Rated	Rs.60.5 Crore
Long Term Rating	CRISIL A-/Stable (Reaffirmed)
Short Term Rating	CRISIL A2+ (Reaffirmed)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

#### Detailed Rationale

CRISIL has reaffirmed its ratings on the bank facilities of PICL (India) Private Limited (PICL; part of the Amber group) at 'CRISIL A-/Stable/CRISIL A2+'.

The ratings continue to reflect strong operational and financial support from the parent, Amber Enterprises (India) Pvt Ltd (Amber; rated 'CRISIL A-/Positive/CRISIL A2+'), a moderate business risk profile driven by an established customer relationship, and an adequate financial risk profile. These strengths are partially offset by a modest scale, and working capital-intensive nature, of operations.

#### Analytical Approach

For arriving at the ratings, CRISIL has combined the business and financial risk profiles of Amber and PICL, together referred to as the Amber group. PICL is a wholly owned subsidiary of Amber and the two companies have business and operational synergies.

#### Key Rating Drivers & Detailed Description

##### Strengths

\* **Strong operational and financial support from Amber:** PICL's credit risk profile is backed by support of its parent, Amber, which has an established market position as a leading assembler of air conditioners in India, and moderate capital structure.

\* **Established customer relationship:** The group caters to both the domestic and global (largely the Gulf region) markets. Clients include leading players such as Carrier Air-conditioning & Refrigeration Ltd, Bluestar Ltd, Panasonic India Pvt Ltd, Samco, Aleesa, Zamil, and Daikin.

\* **Moderate financial risk profile:** The gearing was healthy at 1.07 times as on March 31, 2017, and the debt protection metrics moderate in fiscal 2017.

##### Weaknesses

\* **Modest scale of operations:** With revenue of Rs 121 crore in fiscal 2017, the scale remains small. However, turnover is likely to improve as indicated by a 28% year-on-year growth in the first quarter of fiscal 2018, and is expected at Rs 150-155 crore per fiscal over the medium term.

\* **Working capital-intensive operations:** Gross current assets were high at 171 days as on March 31, 2017, due to inventory and receivables of 70 days and 71 days, respectively.

##### Outlook: Stable

CRISIL believes PICL will continue to benefit over the medium term from strong operational and financial support from the parent and an established customer relationship. The outlook may be revised to 'Positive' in case of a similar revision in CRISIL's rating outlook on Amber. The outlook may be revised to 'Negative' in case of diminution in parental support or a similar revision in CRISIL's rating outlook on Amber.

#### About the Group

Incorporated in 1994, PICL is a wholly owned subsidiary of Amber, which acquired the company from its erstwhile promoters in 2013. PICL manufactures single-phase electric motors at its unit in Faridabad, Haryana.

Incorporated in 1990, Amber is owned and managed by Mr. Kartar Singh and his sons, Mr Jasbir Singh and Mr Daljit Singh. It assembles white goods such as air-conditioners and microwave ovens and manufactures key components of appliances such as sheet-metal components, injection-moulding components, copper tubing, multi-flow condensers, and heat exchangers (coils). Manufacturing facilities are in Dehradun, Uttarakhand; Rajpura, Punjab; Jhajjar, Haryana; Kala Amb, Himachal Pradesh; Greater Noida, Uttar Pradesh; and Pune, Maharashtra.

#### Key Financial Indicators

Particulars	Unit	2017	2016
Revenue	Rs crore	1644	1089
Profit after tax	Rs crore	28.75	21.03
PAT margin	%	1.75	1.93
Adjusted debt/adjusted networth	Times	1.0	1.76
Interest coverage	Times	2.4	2.2

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 crore)	Rating assigned with outlook
NA	Cash Credit	NA	NA	NA	13	CRISIL A-/Stable
NA	Fund-Based Facilities	NA	NA	NA	12.5	CRISIL A-/Stable
NA	Packing Credit in Foreign Currency	NA	NA	NA	12	CRISIL A2+
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	11.85	CRISIL A-/Stable
NA	Purchase Bill Discounting	NA	NA	NA	8	CRISIL A2+
NA	Term Loan	NA	NA	May-2021	3.15	CRISIL A-/Stable

**Annexure - Rating History for last 3 Years**

Instrument	Current			2017 (History)		2016		2015		2014		Start of 2014
	Type	Quantum	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
<b>Fund-based Bank Facilities</b>	LT/ST	60.5	CRISIL A-/Stable/ CRISIL A2+	23-03-17	CRISIL A-/Stable/ CRISIL A2+	30-09-16	CRISIL A-/Negative/ CRISIL A2+		No Rating Change	30-05-14	CRISIL A-/Stable/ CRISIL A2+	--
<b>Non Fund-based Bank Facilities</b>	LT/ST		--		No Rating Change		No Rating Change		No Rating Change	30-05-14	CRISIL A2+	--

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

**Annexure - Details of various bank facilities**

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Cash Credit	13	CRISIL A-/Stable	Cash Credit	13	CRISIL A-/Stable
Fund-Based Facilities	12.5	CRISIL A-/Stable	Fund-Based Facilities	12.5	CRISIL A-/Stable
Packing Credit in Foreign Currency	12	CRISIL A2+	Packing Credit in Foreign Currency	12	CRISIL A2+
Proposed Long Term Bank Loan Facility	11.85	CRISIL A-/Stable	Proposed Long Term Bank Loan Facility	11.85	CRISIL A-/Stable
Purchase Bill Discounting	8	CRISIL A2+	Purchase Bill Discounting	8	CRISIL A2+
Term Loan	3.15	CRISIL A-/Stable	Term Loan	3.15	CRISIL A-/Stable
<b>Total</b>	<b>60.5</b>	<b>--</b>	<b>Total</b>	<b>60.5</b>	<b>--</b>

<b>Links to related criteria</b>
<a href="#">CRISILs Approach to Financial Ratios</a>
<a href="#">CRISILs Bank Loan Ratings - process, scale and default recognition</a>
<a href="#">Rating criteria for manufacturing and service sector companies</a>
<a href="#">Rating Criteria for Consumer Durable Industry</a>
<a href="#">CRISILs Approach to Recognising Default</a>
<a href="#">CRISILs Bank Loan Ratings</a>
<a href="#">CRISILs Criteria for Consolidation</a>
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