

# Amber Enterprises India Limited

**Issue Snapshot:**

Issue Open: Jan 17 – Jan 19, 2018

Price Band: Rs. 855 – 859  
(Employee Discount of Rs 85 per share)

Issue Size: \*6,984,866 Equity Shares  
(Including Fresh issue of \*5,529,686 eq sh  
+ Offer for sale of 1,455,180 eq sh)

Offer Size: Rs.597.20 crs – 600.00 crs

QIB Upto 50% eq sh  
Retail at least 35% eq sh  
Non Institutional at least 15% eq sh  
Employee Reservation 50,000 eq sh

Face Value: Rs 10

Book value: Rs 152.30 (Sep 30, 2017)

Bid size: - 17 equity shares and in multiples thereof

100% Book built Issue

**Capital Structure:**

Pre Issue Equity: Rs. 25.91 cr  
Post issue Equity: Rs. 31.45 cr\*

Listing: BSE & NSE

Book Running Lead Manager: Edelweiss Financial Services Limited, IDFC Bank Limited, SBI Capital Markets Limited and BNP Paribas

Registrar to issue: Karvy Computershare Private Limited

**Shareholding Pattern**

Shareholding Pattern	Pre issue %	*Post issue %
Promoter and Promoter Group	59.02	44.02
Public & Others	40.98	55.98
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source for this Note: RHP

\* = Assuming issue subscribed at the higher band

**Background & Operations:**

Amber Enterprises India Ltd (AEIL) is a market leader in the Room Air Conditioner( RAC) Original equipment manufacturer (OEM)/ Original design manufacturer (ODM) industry in India with a market share of 55.4% in terms of volume in Fiscal 2017 (Source: F&S Report). It is a one-stop solutions provider for the major brands in the RAC industry and currently serve eight out of the 10 top RAC brands in India (Source: F&S Report). It has a diversified product portfolio as set out below:

**RACs:** It design and manufacture complete RACs including window air conditioners ('WACs') and indoor units ('IDUs') and outdoor units ('ODUs') of split air conditioners ('SACs') with specifications ranging from 0.75 ton to 2 ton, across energy ratings and types of refrigerant. It also design and manufacture Inverter RACs on ranging from 1 ton to 2 ton.

**RAC Components:** It manufacture critical and reliability functional components of RACs such as heat exchangers, motors, inverter and non-inverter printed circuit boards and multi-flow condensers. It also manufacture other RAC components such as sheet metal components, copper tubing and injection molding components.

**Other Components:** AEIL manufactures components for other consumer durables and automobiles such as case liners for refrigerator, plastic extrusion sheets and printed circuit boards for consumer durables and automobile industry, sheet metal components for microwave, washing machine tub assemblies and for automobiles and metal ceiling industries.

AEIL's key customers includes leading RAC brands such as Daikin, Hitachi, LG, Panasonic, Voltas and Whirlpool. Its customers command around 75% share in the Indian RAC market in Fiscal 2017 (Source: F&S Report). It has built strong and longstanding relationships with its customers by aligning its offerings with their business needs and provides them with a range of additive manufacturing solutions at their doorsteps by supplying them components and RACs through OEM/ODM models. AEIL is focused on consistently upgrading the technology used in its products as well as the processes used in manufacturing them through its research and development ('R&D') efforts.

From a single factory in Rajpura, Punjab that commenced operations in 1994, AEIL has today grown to 11 manufacturing facilities across seven locations in India. Its manufacturing facilities has a high degree of backward integration and is strategically located in proximity to its customer's facilities. Its Promoters, Jasbir Singh and Daljit Singh, are experienced in the RAC and components manufacturing sector and its key management persons include experts from the industry with wide experience. As on November 30, 2017, AEIL had 1,152 full-time employees and has also seen three rounds of private capital infusion (IFCI Venture Capital Funds Limited, Reliance Alternative Investments Fund - Private Equity Scheme I through Fairwinds Trustees Services Private Limited and ADV Opportunities Fund I, L.P. through their investment entity Ascent)

**Objects of Issue:**

The Offer comprises a Fresh Issue by AEIL and an Offer for Sale by the Promoter Selling Shareholders.

**The Offer for Sale**

The Promoter Selling Shareholders will be entitled to the proceeds of the Offer for Sale of their respective portion of the Equity Shares after deducting their portion of the Offer related expenses & relevant taxes thereon. AEIL will not receive any proceeds from the Offer for Sale.

**The Fresh Issue**

AEIL intends to utilize the Net Offer Proceeds from the Fresh Issue towards the following objects

- Prepayment or repayment of all or a portion of certain borrowings availed by the Company; and
- General corporate purposes.

**Requirements of Funds**
**Rs in million**

Particulars	Amount
Prepayment or repayment of all or a portion of certain borrowings availed by the Company	4000.00
General corporate purposes	*
<b>Total</b>	<b>*</b>

**Competitive Strengths**

- Market leadership in the RAC OEM/ODM industry in India
- One stop solutions provider for the RAC industry with high degree of backward integration:
- Strong customer relationships with the majority of leading RAC brands in India:.
- R&D and product design capabilities leading to high proportion of ODM business:
- Track record of financial performance:
- Economies of Scale:
- Culture of innovation and highly experienced management:

**Business Strategy:**

- Expansion of existing product portfolio with a focus on ODM:
- Expand domestic customer base and grow export sales:
- Continuing innovation and strengthening the R&D capacity:
- Pursue selective acquisitions, partnership opportunities and inorganic growth:
- Continue to focus on increasing efficiency and profitability:

**Key Concerns**

- Dependence on principal customers and their outsourcing requirements and AEIL's relationship with customers;
- Market conditions affecting the RAC industry;
- Future developments, trends and conditions in the industry;
- Capital markets development;
- Non-compliance with specific obligations under the financing agreements by AEIL;
- Contingent liabilities;
- Inability to identify and understand evolving industry trends, technological advancements, customer preferences and develop new products;
- Manufacturing facilities, R&D capacity and human resources; and
- Continued macroeconomic growth and urbanisation in India.

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