



3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✗	✓	✗

+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS	✗	↔	✓
RQ	✗	↔	✓
RV	✗	↔	✗

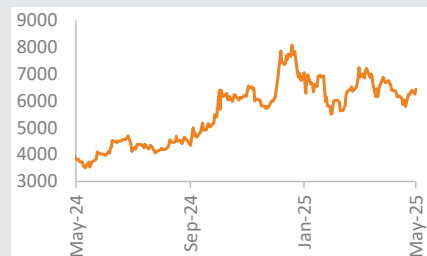
Company details

Market cap:	Rs. 21,685 cr
52-week high/low:	Rs. 8,167/ 3,320
NSE volume: (No of shares)	6.63 lakh
BSE code:	540902
NSE code:	AMBER
Free float: (No of shares)	18.2 cr

Shareholding (%)

Promoters	39.7
FII	27.1
DII	19.4
Others	13.8

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-4.7	16.7	-1.7	72.9
Relative to Sensex	2.0	7.2	5.2	7.7

Source: Mirae Asset Sharekhan Research, Bloomberg

Amber Enterprises India Ltd

Healthy growth outlook intact

Capital Goods	Sharekhan code: AMBER			
Reco/View: Buy	↔	CMP: Rs. 6,436	Price Target: Rs. 8,142	↔
↑ Upgrade	↔ Maintain	↓ Downgrade		

Summary

- Q4FY25 numbers were strong with revenue growth of 34% led by the consumer durables (up 27% y-o-y) and electronics (74% y-o-y) segments.
- Operating profits rose by 28% to Rs 295 crore although margins fell by 35 bps to 7.9%.
- The RAC business did well in April and May and Amber expects to outpace industry growth.
- We maintain a Buy rating, factoring in long-term revenue growth triggers across segments with a PT of Rs. 8,142. /At CMP, the stock trades at a valuation of 47x/33x its FY2026E/FY2027E EPS.

Q4FY25 revenues rose 34% led by robust growth across segments. Consumer durables segment did well, growing 27%, on strong demand for RAC and non-RAC products. Unlike peers, Amber saw good volume growth for RACs in April and May. The washing machines business in JV with Resojet has started operations and supplied ~28000 units; it is expected to break even in FY26. Electronics segment grew by 74% led by strong order execution and further cushioned by antidumping duty on PCBs. Amber expects a 30% topline growth in Electronics segment. Management has revealed its plan to invest Rs 3,000 crore in the electronics segment over five years. A 65% capex would be recovered through the PLI scheme and government subsidies and overall 35% of capex would spent. Railway sub-systems and mobility segment had a flat revenues due to a delay in Metro and Rail projects across regions but the management is confident and expects the segment to contribute significantly in 2026. Management sees a solution to metro and Vande Bharat train issues from the government's side. Consolidated EBITDA margins declined by 35 bps to 7.9% from 8.2%. Overall, PAT turned around at Rs 119 crore, rising 19% y-o-y.

Key positives

- Consumer durables and electronics segments clocked robust growth. RAC and non-RAC products supported growth.
- Overall demand remained positive for RACs in April and May with a recovery seen in the North, Central and parts of Western India, though the Southern markets were impacted by rains.
- Company looks to spend Rs 3000 crore in the Electronics (PCBs and PCBAs) over 5 years. Company is scouting for land for its new JV with Korea Circuits.

Key negatives

- Railway sub-systems & mobility division saw a decline in revenues as the focus majorly remained on non-AC coaches and due to delay in Railway projects across regions.

Management Commentary

- RAC industry momentum continued for Amber in April and May month. Company expects to outpace industry growth.
- Management expect electronics business to grow by 30% in FY26 with segment PBT margins to improve by 300 bps to 9-10%.
- Overall, capex is planned at Rs 800-900 crore, planned across segments.

Revision in earnings estimates – We revisit our estimates for FY25/26 and FY27 factoring in the bright outlook the RAC industry tailwinds and significant contribution from Electronics & Mobility segment.

Our Call

Valuation – Retain Buy with a PT of Rs. 8,142: Amber is well placed to capture incremental demand accruing from components ecosystem development. Management remains optimistic about growth in components (including mobility, electronics, and non-RAC components), customer additions as well as exports in 3-4 years. Further, traction in the high growth sectors such as railways could augur well for Amber. Moreover, in the long term, under-penetration of RACs, rising temperatures in India, changing lifestyle patterns and rising contribution from Tier-II, Tier-III, IV cities would drive RAC industry's growth and benefit Amber indirectly, driving demand for AC components. We build in a revenue/PAT CAGR of ~21%/~46% (FY2025-FY2027E). We maintain a Buy rating with a PT of Rs. 8,142.

Key Risks

- Higher share of exports to total revenue exposes the company to currency risk.
- Seasonal nature of the RAC industry.

Valuation (Consolidated)

	Rs cr				
Particulars	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	6,927	6,729	9,973	11,968	14,600
Operating Profit Margin (%)	6.0	7.3	7.7	8.2	8.7
PAT	157	139	311	461	664
Growth (%)	44.5	(11.4)	123.4	48.1	44.0
EPS (Rs.)	46.7	41.3	92.3	136.8	197.0
P/E (x)	138.0	155.7	69.7	47.1	32.7
EV/EBITDA (x)	53.8	49.1	31.4	23.6	17.9
RoCE (%)	10.3	10.5	16.5	18.2	22.4
RoE (%)	8.7	7.1	16.1	20.4	23.8

Source: Company; Mirae Asset Sharekhan estimates

Q4FY2025 investor update and conference call highlights

- ♦ **Electronics:** Amber began this division for the sale of inverter ACs, but it now has diversified it into providing solutions for home appliances, consumer electronics, wearables, hearables, telecom, and automobile segments. The expansion of Ascent electronics and JV with Korea circuits will be the key growth drivers. Bare PCB market is estimated to be Rs. 32,000 crore and expected to reach Rs 50,000 crore by 2030 with 90% imports, which Amber can leverage upon for end use in IT, mobiles, semiconductors, etc. The management has guided a growth of 30% in FY26 with margins improvement of 300 bps to 9-10%. Amber looks to invest Rs 3000 crore over 5 years in the electronics business.
- ♦ **Railway subsystems & mobility:** The order book here stood at Rs. 2,000 crore. Though the revenues for FY25 had a moderate decline, the management is confident to revive the segment in 2026 with margins back to its normal level of 20-22%. Amber has bagged big HVAC order for metro in FY25. Construction is progressing well for Sidwal greenfield facility and expected to operationalise by Q3FY26. Defence projects are gaining huge traction. Amber has started receiving orders for new products such as doors, gangways and other railway subsystems, which will help the company generate more revenues from existing customers.
- ♦ **Consumer durables:** The management expects the RAC industry to grow by atleast 25% for FY26 and looks to outpace the industry growth. Converted a large MNC player from Gas charging to full ODM solutions. The washing machines business with Resojet has delivered 28000 machines and looks to breakeven in 2026. Amber highlighted it can triple its RAC division over the next three years on industry growth, components (70% of BOM; ex compressor) and expansion in ductable ACs.

Quarterly Results (Consolidated)

Particulars	Q4FY25	Q4FY24	Y-o-y%	Q3FY25	QoQ%
Net Sales	3,754	2,805	33.8	2,133	76.0
Operating Profit	295	230	28.2	159	85.6
Depreciation	19	10	90.9	16	19.5
Interest	55	48	13.7	54	1.7
Other Income	58	51	13.7	59	-1.3
PBT	201	141	42.8	62	222.9
Tax	70	39	79.9	16	332.1
Adjusted PAT	119	100	19.4	37	221.8
Adjusted EPS (Rs.)	35.4	28.8	22.9	11.0	221.8
Margins			BPS		BPS
OPM (%)	7.9	8.2	-35	7.4	41
NPM (%)	3.5	3.6	-14	2.2	133

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Demand outlook encouraging, healthy growth prospects

The AC industry is set to grow strongly, given strong pent-up demand post the two-year lull. Further, increasing disposable incomes, upgrade in lifestyles and rising temperatures are the structural growth drivers. Moreover, owing to a shift in manufacturing bases outside China and the government's incentives to enhance manufacturing through the Make in India initiative, there are enormous opportunities for well-integrated players such as Amber. Enhanced capacities and a wider range of product offerings and customer penetration are likely to drive the company's performance in addition to a healthy demand outlook for the electronics outsourcing industry.

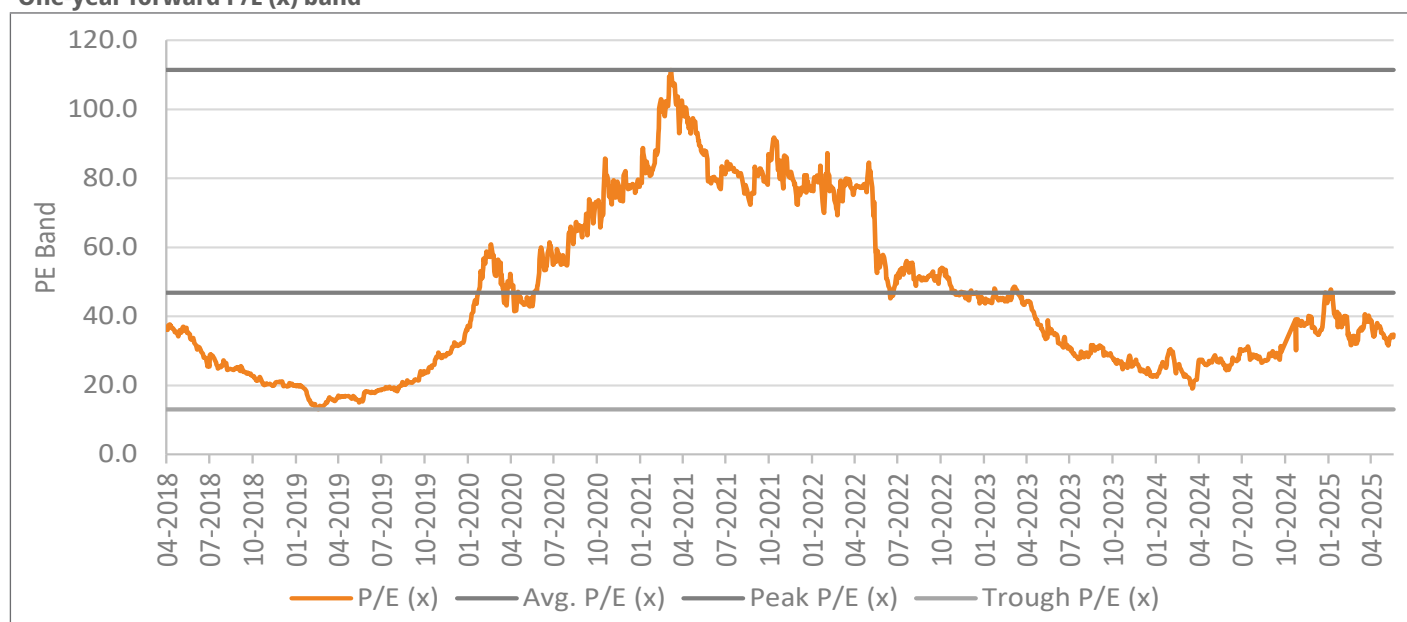
■ Company Outlook – Long runway for growth

Amber is well-placed to capture incremental demand accruing from the indigenisation of both fully built-up units and components ecosystem development through lower imports. The company will also be a key beneficiary of PLI schemes for ACs and components. The company is expanding capacity through two greenfield projects, one in Supa, Pune, and the other in Chennai. The management remains optimistic about export prospects for both fully built-up units and components that can potentially emerge in 3-4 years. Overall, the outlook remains positive, with the management confident of capturing opportunities with better volume offtake, despite short-term challenges, such as tepid volume growth in FY2024 and margin pressure in some components.

■ Valuation – Retain Buy with a revised PT of Rs. 8,142

Amber is well placed to capture incremental demand accruing from components ecosystem development. Management remains optimistic about growth in components (including mobility, electronics, and non-RAC components), customer additions as well as exports in 3-4 years. Further, traction in the high growth sectors such as railways could augur well for Amber. Moreover, in the long term, under-penetration of RACs, rising temperatures in India, changing lifestyle patterns and rising contribution from Tier-II, Tier-III, IV cities would drive RAC industry's growth and benefit Amber indirectly, driving demand for AC components. We build in a revenue/PAT CAGR of ~21%/~46% (FY2025-FY2027E). We maintain a Buy rating with a PT of Rs. 8,142.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

About company

Incorporated in 1990, Amber has emerged as a market leader in the Indian room AC OEM/ODM industry. The company's comprehensive product portfolio includes room AC (indoor and outdoor units as well as window ACs) and reliable critical components, which have a long approval cycle. The company is one of the largest manufacturers and suppliers of critical components such as heat exchangers, PCBs, motors, sheet metal, case liner etc. of RAC and other consumer durables such as refrigerators and washing machines. Amber has emerged as a market leader in the Indian RAC OEM/ODM industry with more than 70% market share and 26.5% market share in the overall RAC market in FY2023. The company has 15 manufacturing facilities strategically located close to customers, enabling faster turnaround. The company also has a high degree of backward integration coupled with strong R&D capabilities, resulting in a high proportion of ODM. The company has been serving a majority of customers for over five years and has a marquee customer base as eight out of the top 10 RAC brands are its clients.

Investment theme

Amber has a market leadership position in the OEM/ODM segment for branded room ACs. Moreover, the opportunity size seems to be increasing as OEM players are now more focused on the innovation and marketing side of the business and relying on outsourcing for manufacturing their products. We believe enormous growth opportunities would come across going forward, owing to global players shifting their manufacturing base outside China and the Government of India to enhance manufacturing through Make in India initiative by providing incentives. Further, Amber remains a strong beneficiary from the recently announced PLI schemes for AC and components. A healthy demand outlook for the electronic outsourcing industry and enhanced capacity, increased product offerings, and customer penetration are likely to drive the company's performance.

Key Risks

- ♦ Lower demand offtake due to economic slowdown might impact revenue growth momentum and raw-material price volatility and forex rate fluctuation can impact profitability.
- ♦ Lack of diversified revenue base in terms of product categories and high revenue concentration with few customers pose a threat to revenue.

Additional Data

Key management personnel

Name	Designation
Jasbir Singh	Executive Chairperson and CEO
Daljit Singh	Executive Managing Director
Sudhir Goyal	Chief Financial Officer
Konica Yadav	Company Secretary and Compliance Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Goldman Sachs Group Inc/The	3.10
2	Motilal Oswal Asset Management Co	2.35
3	Vanguard Group Inc/The	2.20
4	Sundaram Asset Management Co Ltd	2.08
5	Kotak Mahindra Asset Management Co	1.75
6	L&T Mutual Fund Trustee Ltd/India	1.57
7	Capital Group Cos Inc/The	1.47
8	DSP Investment Managers Pvt Ltd	1.42
9	Blackrock Inc	1.10
10	Goldman Sachs Group Inc/The	0.94

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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