



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	✗	↔	✗

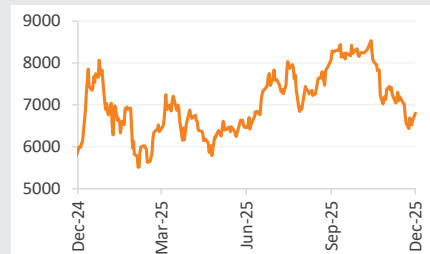
Company details

Market cap:	Rs. 23,925 cr
52-week high/low:	Rs. 8625/5238
NSE volume: (No of shares)	31.0 lakh
BSE code:	540902
NSE code:	AMBER
Free float: (No of shares)	21.7 cr

Shareholding (%)

Promoters	38.2
FII	30.6
DII	20.2
Others	11.0

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-7.8	-18.0	1.6	17.5
Relative to Sensex	0.8	3.4	4.6	3.7

Source: Mirae Asset Sharekhan Research, Bloomberg

Amber Enterprises India Ltd

Braving headwinds

Capital Goods	Sharekhan code: AMBER	
Reco/View: Buy	↔	CMP: Rs. 6,802 Price Target: Rs. 9,300 ↔

Summary

- Management has reiterated its guidance of double-digit growth for the consumer durables segment amid headwinds, Electronics division eyes stronger growth of 45% for FY26.
- Synergy between Shogini and Ascent Circuits bodes well for electronics biz. Management targets a 35-40% growth in the medium to long term and double-digit EBITDA margin in two years.
- Transition from ACs to electronics to mobility has boosted margins and is further expected to improve asset turn, driving returns.
- We maintain a Buy with PT of Rs. 9,300 (at 47x of FY2028E EPS), on hopes of better profitability, backed by a better RAC product profile, traction in electronics & mobility division. At CMP, the stock trades at a valuation of 56x/34x its FY2027E/FY2028E EPS.

In a recent interaction, the management reiterated its FY26 growth guidance and stated that it would maintain a market share of 28% in the RAC industry and continue outperforming the industry. The consumer durables segment is likely to grow in double digit versus flattish growth in the RAC industry. Industry-wide inventories have higher than the normal and price hikes due to energy rating changes shall be compensated by a reduction in prices because of GST rate cuts. However, an increase in raw material prices would impact margins as prices pass on, lags by quarter. Robust capex plans for electronics segment and recent acquisitions and JVs would be key growth driver. The company expects to revenues of the electronics and railway subsystem segments to double in a few years. Mobility segment would end FY26 on a flat note but seeing an increase traction of orders from railways.

- RAC industry growth and outlook:** Amber is the only ODM/OEM player capable of supplying ~70% of AC components to different brands and holds a market share of around 28%. The outperformance to industry is particularly driven by conversion of existing gas-based customers to ODM customers. A few Japanese players in the RAC industry is growing whereas other players are showing degrowth. Management shows little concerns of higher forex prices, Raw material prices and energy change to soften the margins in the near term. In the long term, the consumer durables business is target to clock 15-17% CAGR led by customer additions, conversion of gas-based customers to ODM customers and commercial AC business.
- Electronics - Leveraging JVs and acquisitions:** Amber is betting big on the electronics business and consider to spur the next leg of growth. The management reiterated a growth of 45% in the segment with margins of ~8% for FY26 and targets 35-40% growth CAGR over medium term and margins to reach double digits. The management has a strong capex plan to the tune of Rs 1500-200 crore over FY26-27. Amber is expanding its presence from PCB assembly to manufacturing bare board PCB through recent acquisitions / JV's such as Unitronics, Power one, Shogini. As per the annual report, total Indian PCB market has reached \$4.8 billion in 2023 and out of that only 15% is manufactured in India. The PCB market is expected to grow at 12-15% CAGR and reach \$10 billion by 2030.
- Mobility segment:** Amber bought Sidwal in 2019. Sidwal is now eyeing a larger kitty of orders from the different segment of railways. The segment shows a strong potential to grow on the back of strong order book of Rs 2600 crore. Management guides to close the year at flattish levels but long-term targets are to double the revenues in coming 3 years. Company has expanded its target market and now contributes 25% of total BOM per coach.

Our Call

Valuation - Retain Buy with a PT of Rs. 9,300: Amber is well-placed to capture incremental demand rising from components ecosystem development. The 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. We build in a revenue/PAT CAGR of ~21%/~38% (FY2025-FY2028E). We maintain a Buy rating with PT of Rs. 9,300.

Key Risks

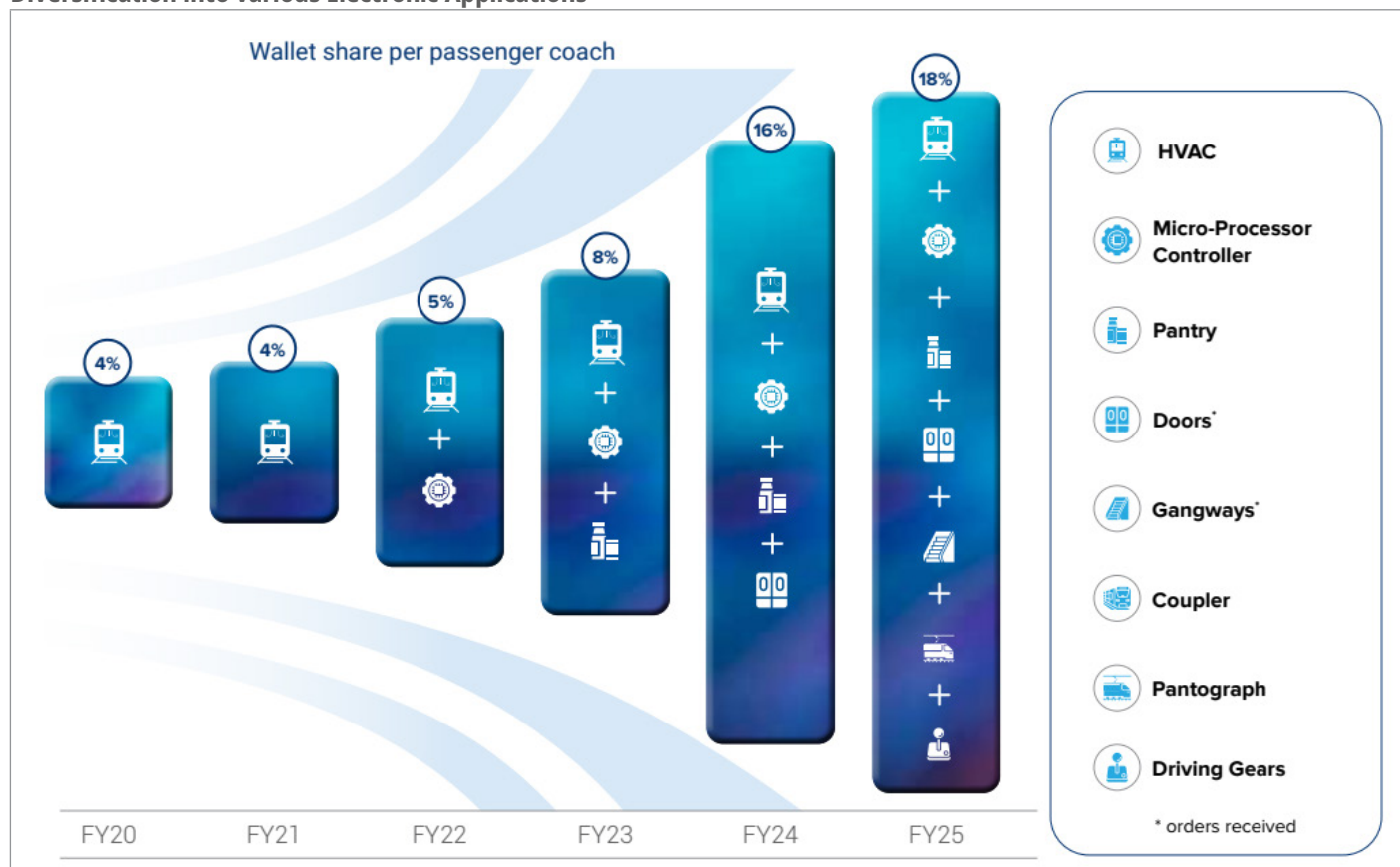
- 1) Seasonal nature of the RAC industry.

Valuation (Consolidated)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	6,729	9,973	11,868	14,360	17,519
Operating Profit Margin (%)	7.3	7.7	7.0	7.7	8.2
PAT	139	251	269	401	662
Growth (%)	(11.4)	80.4	7.1	48.9	65.1
EPS (Rs.)	41.3	74.5	79.9	118.9	196.3
P/E (x)	160.3	88.9	83.0	55.7	33.7
EV/EBITDA (x)	49.1	31.4	23.6	17.9	17.9
RoCE (%)	10.5	16.5	14.8	18.8	23.8
RoE (%)	7.1	16.1	20.4	23.8	23.8

Source: Company; Mirae Asset Sharekhan estimates

Diversification into various Electronic Applications



Source: Company data

Outlook and Valuation

■ Sector Outlook – Demand outlook encouraging, healthy growth prospects

The air-conditioner industry is set to grow strongly, on 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. Better capacities and wider product offerings and customer penetration are likely to drive company's performance in addition to a healthy demand outlook for the electronics outsourcing industry.

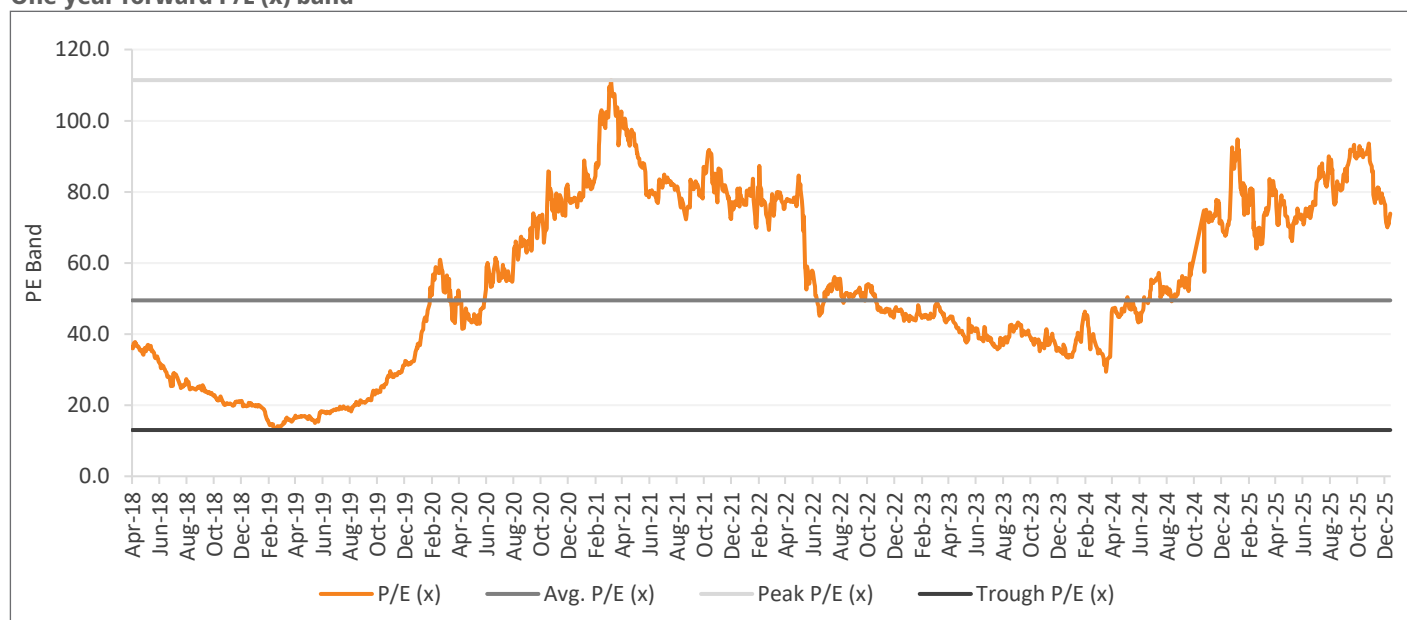
■ Company Outlook – Long runway for growth

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 over the next 3-4 years. Overall, the outlook remains optimistic 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 PT of Rs. 9,300

Amber is well-placed to capture incremental demand rising from components ecosystem development. The 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. We build in a revenue/PAT CAGR of ~21%/~38% (FY2025-FY2028E). We maintain a Buy rating with PT of Rs. 9,300.

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
Konika Yadav	Company Secretary and Compliance Of-ficer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Motilal Oswal Asset Management Co	2.83
2	Vanguard Group Inc/The	2.37
3	Sundaram Asset Management Co Ltd	1.95
4	Invesco Asset Management India Pvt	1.7
5	Goldman Sachs Group Inc/The	1.67
6	Capital Group Cos Inc/The	1.55
7	L&T Mutual Fund Trustee Ltd/India	1.37
8	DSP Investment Managers Pvt Ltd	1.34
9	Blackrock Inc	1.33
10	Franklin Resources Inc	1.13

Source: Bloomberg

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

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

DISCLAIMER

This information/document has been prepared by Sharekhan Ltd. and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited. This information/ document is subject to change without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, and outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply to information/documents focused on technical and derivatives research and shall not apply to reports/documents/information focused on fundamental research.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. Mirae Asset Sharekhan will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and Mirae Asset Sharekhan has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on a reasonable basis, Mirae Asset Sharekhan, its subsidiaries and associated companies, their directors, and employees ("Mirae Asset Sharekhan and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent Mirae Asset Sharekhan and its affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Mirae Asset Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Mirae Asset Sharekhan and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restrictions.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in the securities of the company and that all the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of Mirae Asset Sharekhan. The analyst and Mirae Asset Sharekhan further certifies that either he or his relatives or Mirae Asset Sharekhan associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report. The analyst and Mirae Asset Sharekhan encourage independence in research report/ material preparation and strive to minimize conflict in the preparation of the research report. The analyst and Mirae Asset Sharekhan do not have any material conflict of interest or have not served as officers, directors or employees or engaged in market-making activity of the company. The analyst and Mirae Asset Sharekhan have not been a part of the team which has managed or co-managed the public offerings of the company, and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Ltd, or its associates, or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from a third party in the past twelve months in connection with the research report.

Either Mirae Asset Sharekhan or its affiliates or its directors or employees/representatives/clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. Mirae Asset Sharekhan may from time to time solicit from, or perform investment banking or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall Mirae Asset Sharekhan, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Sharekhan Ltd and its affiliates undertake no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader/investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgment before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Mirae Asset Sharekhan has been ranked as India's No.1 Retail Broker by Asiamoney Brokers Poll 2023. For more details, visit bit.ly/AsiamoneyPoll

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com

Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE - 748, NSE - 10733, MCX - 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

For any complaints/ grievances, email us at igc@sharekhan.com, or you may even call the Customer Service desk on 022-41523200/ 022-61151111.