

### 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. 27,070 cr
52-week high/low:	Rs. 8,167/ 3,965
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	28.6
DII	17.8
Others	13.9

### Price chart



Source: NSE India, Mirae Asset Sharekhan Research

### Price performance

(%)	1m	3m	6m	12m
Absolute	18.7	34.2	23.6	89.1
Relative to Sensex	21.2	33.0	18.4	85.6

Source: Mirae Asset Sharekhan Research, Bloomberg

## Amber Enterprises India Ltd

### Stellar Q1, electronics lend spark to outlook

Capital Goods	Sharekhan code: AMBER		
Reco/View: Buy	↔	CMP: Rs. 8,034 (as on Jul 30, 2025)	Price Target: Rs. 9,300 ↑

#### Summary

- Q1 numbers were healthy amid RAC industry headwinds. Electronics is gaining huge traction with multiple tie-ups and robust capex plan.
- Revenues grew 44%, sharply higher than our estimates. Operating profits grew 31% to Rs 257 crore with margins falling 72 bps on product mix in the RAC segment. PAT rose 48%.
- The major focus is on electronics business and company is looking to target a TAM of \$ 22bn-25bn across PCB, PCBA, battery storage and other markets.
- We maintain a Buy rating, factoring in long-term revenue growth triggers across segments with a revised PT of Rs. 9,300. At CMP, the stock trades at a valuation of 71x/45x its FY2026E/FY2027E EPS.

Q1FY26 revenues rose 44% led by robust growth across segments. The consumer durables segment did well, growing 33%, amid the RAC industry tailwinds on the back of strong demand from the commercial AC segment. Company has onboarded new MNC customer in the commercial AC segment. Electronics segment's revenues almost doubled and grew by 97% driven by strong order execution and further cushioned by antidumping duty on PCBs. Management eyes segmental revenue at \$1 billion in next three years with margins of 11.5-12% driven by the PCB, PCBA and industrial portfolios. The company to increase the TAM has acquired controlling stake in Power One micro-systems and Unitronics providing direct synergy to electronics segment products. Electronics division is set to strategically build margin accretive industrial application portfolio through Power One and Unitronics. Management has revealed its plan to invest Rs 3,000+ crore in the electronics segment over five years. About 65% of the capex would be recovered through the PLI scheme and government subsidies and overall 35% of capex would spent. Railway sub-systems after almost 3-4 lacklustre quarters had a decent growth of 29% driven by increased capex spending in Vande Bharat and Metro trains. The management is confident and expects doubling the revenues in coming two financial years. Consolidated EBITDA margins declined by 72 bps to 7.4% from 8.2%. Overall, PAT grew by 48%.

#### Key positives

- Consumer durables and electronics segments clocked robust growth. Railways business also picked up backed by spending in metros and Vande Bharat trains.
- Multiple tie-ups and acquisitions will boost electronics segment increasing the overall TAM. Management is targeting \$1-billion revenues from the segment in three years.
- Filed two applications under the Electronic Component Manufacturing Scheme for Multiplayer PCBs through Ascent Circuits and HDI PCBs through Korea Circuit JV.

#### Key negatives

- Margins declines by 72 bps to 7.4% as an impact of product mix.

#### Management Commentary

- The company expects to outperform RAC industry growth by 10-12% despite current headwinds. While industry inventory is elevated at 2.5-3.0 million units versus the normal 1.4-1.5 million units, the long-term outlook remains strong, with volumes expected to grow from 15 million to 35 million units by 2030.
- Capex for FY26 includes Rs 350-400 crore for Ascent, Rs150 crore (out of Rs3.5bn announced) for Railway division and land acquisition for Korea Circuit JV. For Ascent Circuits (multi-layer PCBs), while the Korea Circuit JV (HDI PCBs) will see Rs 1200 crore Phase-I investment with tangible output expected from 4QFY27.

**Revision in earnings estimates** – We revisit our estimates for FY26 and FY27 factoring in the strong Q1 performance and strong outlook.

#### Our Call

**Valuation – Retain Buy with a PT of Rs. 9,300:** Amber is well-placed to capture incremental demand accruing 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 ~23%/~39% (FY2025-FY2027E). We maintain a Buy rating with a revised PT of Rs. 9,300 based on 51x of FY2027E EPS.

#### Key Risks

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

#### Valuation (Consolidated)

Particulars	FY23	FY24	FY25	FY26E	FY27E
Net Sales	6,927	6,729	9,973	12,367	15,087
Operating Profit Margin (%)	6.0	7.3	7.7	7.9	8.4
PAT	157	139	311	380	604
Growth (%)	44.5	(11.4)	123.4	22.1	59.1
EPS (Rs.)	46.7	41.3	92.3	112.7	179.3
P/E (x)	172.2	194.4	87.0	71.3	44.8
EV/EBITDA (x)	66.6	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

## Q1FY2026 investor update and conference call highlights

- ♦ **Electronics:** The company is strategically shifting the segment dependence on consumer durables and looks forward to address a \$22-25 billion market via margin accretive industrial application portfolio which will be driven by recent multiple tie-ups with Power One and Unitronics. Filed two applications under the Electronic Component Manufacturing Scheme for multi-layer PCBs through Ascent Circuits and HDI PCBs through Korea Circuit JV. In 2-3 years, 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 targeted to reach \$1 billion segmental revenues over coming 3 years with margins reaching double digit by 2027.
- ♦ **Railway subsystems & mobility:** The order book here stood at Rs. 2,000 crore. After lacklustre performance in last 3-4 quarters the railways business picked up in Q1FY26 driven by increased spending in Vande Bharat and Metro trains. Construction is progressing well for Sidwal greenfield facility and expected to operationalise by Q4FY26. 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:** Segment posted a strong performance amid the RAC industry tailwinds. Company has experience an increasing traction in commercial AC business. RAC and RAC components grew by 40% y-o-y, while non-RAC components grew by 10-15%, driven by diversified product offerings, expanding component business, conversion of gas charging customers to full ODM customers and robust growth in the commercial AC vertical.

### Quarterly Results (Consolidated)

Particulars	Q1FY26	Q1FY25	Y-o-y%	Q4FY25	Rs cr QoQ%
<b>Net Sales</b>	<b>3,449</b>	<b>2,401</b>	<b>43.7</b>	<b>3,754</b>	<b>-8.1</b>
<b>Operating Profit</b>	<b>257</b>	<b>196</b>	<b>31.0</b>	<b>295</b>	<b>-12.9</b>
Depreciation	62	55	12.3	58	6.6
Interest	63	52	21.9	55	16.1
Other Income	30	19	56.2	19	55.4
<b>PBT</b>	<b>161</b>	<b>108</b>	<b>49.3</b>	<b>201</b>	<b>-19.9</b>
Tax	48	30	61.5	70	-30.9
<b>Adjusted PAT</b>	<b>106</b>	<b>72</b>	<b>47.5</b>	<b>119</b>	<b>-11.0</b>
<b>Adjusted EPS (Rs.)</b>	<b>31.3</b>	<b>21.4</b>	<b>46.7</b>	<b>35.4</b>	<b>-11.5</b>
<b>Margins</b>			<b>BPS</b>		<b>BPS</b>
OPM (%)	7.4	8.2	-72	7.9	-41
NPM (%)	3.3	3.2	2	3.5	-22

Source: Company; Mirae Asset Sharekhan Research

## Outlook and Valuation

### ■ Sector Outlook – Demand outlook encouraging, healthy growth prospects

The RAC 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 PT of Rs. 9,300

Amber is well-placed to capture incremental demand accruing 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 ~23%/~39% (FY2025-FY2027E). We maintain a Buy rating with a revised PT of Rs. 9,300 based on 51x of FY2027E EPS.

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	2.52
3	Sundaram Asset Management Co Ltd	2.43
4	Vanguard Group Inc/The	2.38
5	Kotak Mahindra Asset Management Co	1.96
6	L&T Mutual Fund Trustee Ltd/India	1.62
7	Capital Group Cos Inc/The	1.61
8	DSP Investment Managers Pvt Ltd	1.42
9	Blackrock Inc	1.14
10	Calamos Partners LLC	0.95

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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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.

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

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