



India

ADD (previously HOLD)

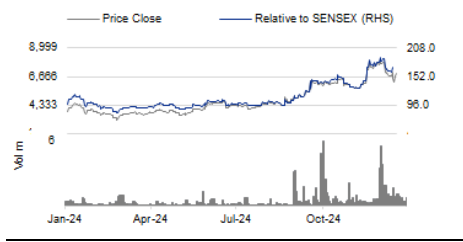
Consensus ratings\*: Buy 18 Hold 7 Sell 2

Current price:	Rs6,974
Target price: ▲	Rs8,055
Previous target:	Rs6,880
Up/downside:	15.5%
InCred Research / Consensus:	13.3%
Reuters:	AMBE.NS
Bloomberg:	AMBER IN
Market cap:	US\$3,248m
	Rs235,878m
Average daily turnover:	US\$59.1m
	Rs4290.9m
Current shares o/s:	33.7m
Free float:	17.9%

\*Source: Bloomberg

Key changes in this note

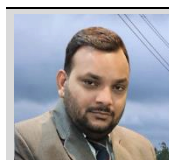
- We raise FY25F-27F revenue estimates by 8%-11% and PAT estimates by 2%-5%.




Price performance	1M	3M	12M
Absolute (%)	(3.8)	11.5	82.7
Relative (%)	(0.9)	17.2	70.4

Major shareholders	% held
Goldman Sachs Funds	2.1
Kotak MF	4.6
Motilal Oswal	2.0

Research Analyst(s)



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# Amber Enterprises

## Robust performance continues; upgrade to ADD

- 3Q EBITDA grew 102% YoY (40% QoQ) to Rs1.58bn, 37% above our estimate & 39% above BB consensus, while EBITDA expanded by 138bp YoY to 7.4%.
- It is looking at an investment of Rs8-10bn to create a comprehensive PCB manufacturing ecosystem in India. The Resojet JV is expected to break even.
- Raise FY25F-27F revenue estimates by 8%-11% & PAT estimates by 2%-5%. Upgrade to ADD (from HOLD), valuing it at 45x FY27F EPS (vs. Sep 2026F).

### Strong revenue-led growth continues

Amber Enterprises posted another stellar performance in 3QFY25, with revenue surging 65% YoY to Rs21.3bn, surpassing our estimate by 18% & Bloomberg or BB consensus estimate by 26%. This growth was primarily driven by the consumer durables segment, up 98% YoY, and the electronics segment, which soared 139% YoY. EBITDA grew 102% YoY to Rs1.58bn, 37% above our estimate and 39% above the BB consensus estimate, while EBITDA expanded by 138bp YoY to 7.4%. PAT stood at Rs371m, a remarkable turnaround from a net loss of Rs5m in 3QFY24, driven by strong revenue growth.

### Healthy guidance continues

Management expects the room air-conditioner or RAC industry to grow at 25% in FY25F, while in 9MFY25 it grew at ~30%. The RAC industry's volume is likely to triple by FY30F, offering significant growth opportunities for Amber Enterprises. The electronics segment is expected to grow 55%, up from an earlier estimate of 45%. The execution of Vande Bharat train orders and Mumbai metro rail project is expected to resume and ramp up by 2HFY26F. Margin is expected to recover to the 18-22% range in the second half of next year. Management highlighted the massive potential of the printed circuit board or PCB market in India, which is expected to grow from Rs320bn currently to Rs800bn by FY30F. With 85% of PCBs still being imported, the company aims to capitalize on this opportunity.

### New strategic initiatives

Recently, Amber Enterprises started Ascent Circuits' new manufacturing plant in Hosur (Tamil Nadu), which will add annual capacity of up to 8,40,000 sq. m in two phases. It also inked a joint venture (JV) with Korea Circuits to enter advanced PCB manufacturing for HDI, flex, and semiconductor substrates. It is looking at an investment of Rs8-10bn to create a comprehensive PCB manufacturing ecosystem in India. The Resojet JV is expected to break even in the next financial year, with losses declining from 2Q onwards.

### Upgrade to ADD rating due to healthy growth prospects

Amber Enterprises continues to leverage favourable government initiatives like 'Make in India' & 'Atmanirbhar Bharat' to reduce the dependence on imports. We raise FY25F-27F revenue estimates by 8%-11% & PAT estimates by 2%-5% factoring in healthy 3Q results, good growth in RAC biz, healthy guidance & new initiatives. Upgrade to ADD rating (from HOLD) with a higher target price of Rs8,055 (Rs6,880 earlier), rolling forward our valuation to FY27F from Sep 2026F and valuing the stock at 45x. Downside risks: Subdued summer season and weak execution at new ventures.

Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	69,271	67,292	95,680	115,853	133,386
Operating EBITDA (Rsm)	4,179	4,918	8,169	9,701	11,548
Net Profit (Rsm)	1,572	1,373	3,168	4,713	6,031
Core EPS (Rs)	46.7	40.7	94.0	139.9	179.0
Core EPS Growth	44.0%	(12.7%)	130.7%	48.8%	28.0%
FD Core P/E (x)	149.47	171.14	74.18	49.86	38.96
DPS (Rs)	0.0	0.0	0.0	0.0	0.0
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%
EV/EBITDA (x)	58.21	49.39	29.71	24.80	20.68
P/FCFE (x)	154.07	6,535.56	55.43	42.76	44.41
Net Gearing	40.1%	35.1%	29.6%	17.5%	9.6%
P/BV (x)	12.31	11.38	9.87	8.24	6.80
ROE	8.6%	6.9%	14.3%	18.0%	19.1%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCES: INCRED RESEARCH, COMPANY REPORTS

## 3QFY25 conference-call highlights

- **Quarterly summary:**
  - Amber Enterprises reported a strong performance with total revenue of Rs21.3bn, up 65% YoY, and EBITDA doubling. The consumer division saw significant growth driven by the RAC segment, commercial AC business expansion, and the washing machine JV with Resojet, which is expected to begin mass production by 1HFY26F. Amber Enterprises witnessed 71% growth, with outsourcing expanding faster than the overall industry.
  - The electronics division posted Rs4.7bn in revenue, up 96% YoY, and EBITDA of Rs340m, up 193%, supported by the growth in PCBA and bare board verticals, a new facility at Hosur, and the JV with Korea Circuit Company for advanced PCB technology.
  - The railway sub-systems and defence division saw a 13% revenue decline due to product offtake delay, but the outlook remains positive with new metro rail projects, defence products export growth, and new greenfield facilities which are expected to be operationalized by FY26F.
- **Guidance**
  - **RAC industry growth:**
    - The company estimates industry growth at ~30% in 9MFY25F, revising it to 25% for the full year due to likely slower 4Q growth. The RAC industry's volume is projected to triple by FY30F, offering significant growth opportunities.
    - Electronics business is expected to grow 55%, up from an earlier estimate of 45%. The Ascent Circuit JV, which contributed Rs820m in 3Q, is expected to grow 20-25% annually. The company holds 60% stake in Ascent Circuit, explaining the flat minority interest despite revenue growth.
  - **Electronics segment**
    - The JV with Korea Circuits for PCB manufacturing is awaiting finalization of government incentives, which is expected in the upcoming Union budget. The project aims at Rs8-10bn in investments and will benefit from strong central and state government incentives. The long-term goal is to create a comprehensive PCB manufacturing ecosystem in India.
    - The Resojet JV is expected to break even in the next financial year, with losses declining from 2Q, while the PCB facility's asset turnover is expected to improve due to government incentives.
  - **Railway:** Sidwal witnessed muted revenue and margin due to the delay in Indian Railways' projects and metro rail orders. The execution of Vande Bharat train orders and the Mumbai metro rail project is expected to resume and ramp up by 2HFY26F. Margin is expected to recover to the 18-22% range in the second half of next year. For new product categories like doors and gangways, margin is expected to be in the 15%-18% range once local manufacturing begins in 3QFY26F. The company is expanding across divisions and has a strong order pipeline of over Rs20bn, positioning itself to scale up and double revenue in key areas over the next three years.
- **Supply chain:** Copper supply problems have been resolved, although potential challenges with compressors may arise due to shipment delay in Apr 2025F. The government's electronics component scheme is expected to be announced by Mar 2025F, with approvals by Aug-Sep 2025F.
- **Lower margin impact (3Q):** Margin in the RAC division was impacted by variations in the product mix, with the RAC components business gaining traction alongside steady growth in assembly. In the electronics division, the revised growth guidance of 55% is driven by diversification into sectors like telecom, smart meters, automotive, and defence, with the strong growth expected to continue.

Figure 1: Results summary

Rs m	3QFY25	3QFY24	YoY (%)	2QFY25	QoQ (%)	9MFY25	9MFY24	YoY (%)
<b>Revenue</b>	<b>21,333</b>	<b>12,948</b>	<b>64.8%</b>	<b>16,847</b>	<b>27%</b>	<b>62,193</b>	<b>39,238</b>	<b>58.5%</b>
Raw Material Costs	17,340	10,387	66.9%	13,457	29%	50,543	31,640	59.7%
Employee Expenses	790	639	23.8%	768	3%	2,323	1,830	26.9%
Other Expenses	1,615	1,137	42.1%	1,485	9%	4,640	3,068	51.2%
<b>Total Expenses</b>	<b>19,746</b>	<b>12,163</b>	<b>62.3%</b>	<b>15,710</b>	<b>26%</b>	<b>57,507</b>	<b>36,538</b>	<b>57.4%</b>
<b>EBITDA</b>	<b>1,588</b>	<b>785</b>	<b>102.2%</b>	<b>1,137</b>	<b>40%</b>	<b>4,687</b>	<b>2,700</b>	<b>73.6%</b>
Depreciation	588	466	26.2%	566	4%	1,703	1,350	26.1%
<b>EBIT</b>	<b>1,000</b>	<b>319</b>	<b>213.1%</b>	<b>571</b>	<b>75%</b>	<b>2,983</b>	<b>1,350</b>	<b>121.0%</b>
Other Income	160	52	206.6%	178	-10%	545	373	46.2%
Finance Costs	537	369	45.6%	486	10%	1,541	1,187	29.9%
<b>PBT</b>	<b>623</b>	<b>3</b>		<b>263</b>	<b>137%</b>	<b>1,987</b>	<b>536</b>	<b>270.9%</b>
Taxes	162	8		26	514%	487	131	272.7%
<b>PAT</b>	<b>461</b>	<b>-5</b>		<b>236</b>	<b>95%</b>	<b>1,500</b>	<b>405</b>	<b>270.4%</b>
Share of JV	90	-1		27	237%	173	22	
<b>PAT After Minority Interest</b>	<b>371</b>	<b>-5</b>		<b>210</b>	<b>77%</b>	<b>1,327</b>	<b>383</b>	<b>246.3%</b>
<b>EPS (Rs)</b>	<b>11.0</b>	<b>-0.1</b>		<b>6.2</b>		<b>39.4</b>	<b>11.4</b>	<b>246.3%</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Margin profile

	3QFY25	3QFY24	YoY bp chg	2QFY25	QoQ (bp)	9MFY25	9MFY24	YoY bp chg
Raw Material Costs	81.3%	80.2%	106	79.9%	141	81.3%	80.6%	63
Other Expenses	7.6%	8.8%	-121	8.8%	-124	7.5%	7.8%	-36
Personnel Costs	3.7%	4.9%	-123	4.6%	-85	3.7%	4.7%	-93
<b>EBIDTA Margin</b>	<b>7.4%</b>	<b>6.1%</b>	<b>138</b>	<b>6.8%</b>	<b>69</b>	<b>7.5%</b>	<b>6.9%</b>	<b>65</b>
EBIT Margin	4.7%	2.5%	222	3.4%	130	4.8%	3.4%	136
PAT Margin (%)	2.2%	0.0%	220	1.4%	76	2.4%	1.0%	138
Effective Tax Rate (%)	26.1%	274.1%	(24,807)	10.1%	1599	24.5%	24.4%	11
Gross Margin	18.7%	19.8%	(106)	20.1%	-141	18.7%	19.4%	(63)

SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 3: Segmental analysis

Rs m	3QFY25	3QFY24	YoY (%)	2QFY25	QoQ (%)	9MFY25	9MFY24	YoY (%)
<b>Revenue</b>	<b>25,251</b>	<b>12,950</b>	<b>95%</b>	<b>17,008</b>	<b>48%</b>	<b>66,528</b>	<b>39,240</b>	<b>70%</b>
Consumer Durables	18,441	9,320	98%	10,848	70%	48,726	28,110	73%
Electronics	5,750	2,410	139%	4,923	17%	14,555	7,560	93%
Railway Sub-System & Mobility	1,060	1,220	-13%	1,236	-14%	3,246	3,570	-9%
<b>EBITDA</b>	<b>1,620</b>	<b>820</b>	<b>98%</b>	<b>1,129</b>	<b>44%</b>	<b>4,711</b>	<b>2,850</b>	<b>65%</b>
Consumer Durables	1,160	460	152%	530	119%	3,138	1,730	81%
Electronics	340	120	183%	381	-11%	1,031	360	186%
Railway Sub-System & Mobility	120	240	-50%	217	-45%	542	760	-29%
<b>EBITDA Margin</b>	<b>6.4%</b>	<b>6.3%</b>	<b>8.4bp</b>	<b>6.6%</b>	<b>-22bp</b>	<b>7.1%</b>	<b>7.3%</b>	<b>-18.2bp</b>
Consumer Durables	6.3%	4.9%	135.5bp	4.9%	140.1bp	6.4%	6.2%	28.5bp
Electronics	5.9%	5.0%	93.4bp	7.7%	-182.9bp	7.1%	4.8%	232.3bp
Railway Sub-System & Mobility	11.3%	19.7%	-835.4bp	17.6%	-623.3bp	16.7%	21.3%	-459.1bp

SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 4: Actuals versus estimates

Rs m	3QFY25A	3QFY25F	Variation
<b>vs. InCred estimates</b>			
Revenue	21,333	18,049	18.2%
EBITDA	1,588	1,155	37.4%
Margin	7.4%	6.4%	104bp
PAT	371	187	98.2%
<b>vs. consensus estimates</b>			
Revenue	21,333	16,910	26.2%
EBITDA	1,588	1,146	38.5%
Margin	7.4%	6.8%	66bp
PAT	371	202	83.5%

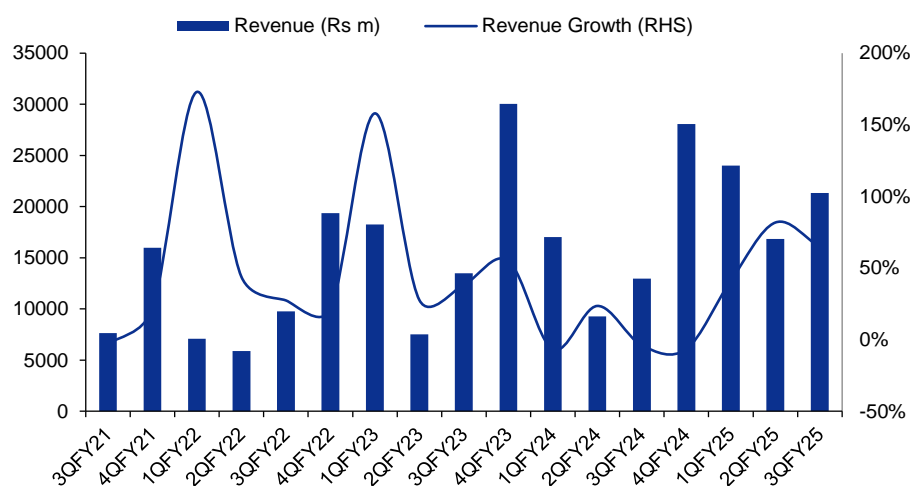
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 5: Our revised earnings estimates

Rs m	New			Old			Change		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Revenue	95,680	1,15,853	1,33,386	88,829	1,04,815	1,21,436	7.7%	10.5%	9.8%
EBITDA	8,169	9,701	11,548	7,739	8,767	10,504	5.6%	10.7%	9.9%
PAT	3,168	4,713	6,031	3,103	4,507	5,792	2.1%	4.6%	4.1%

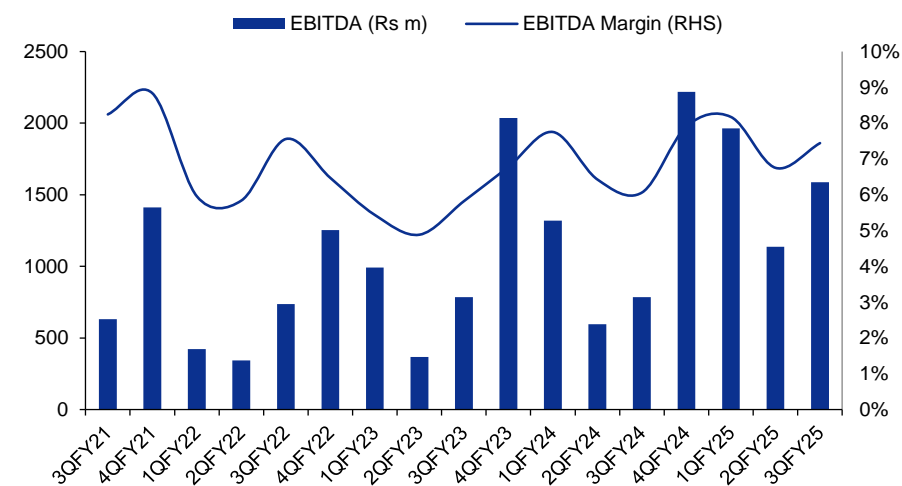
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 6: Revenue grew 65% YoY



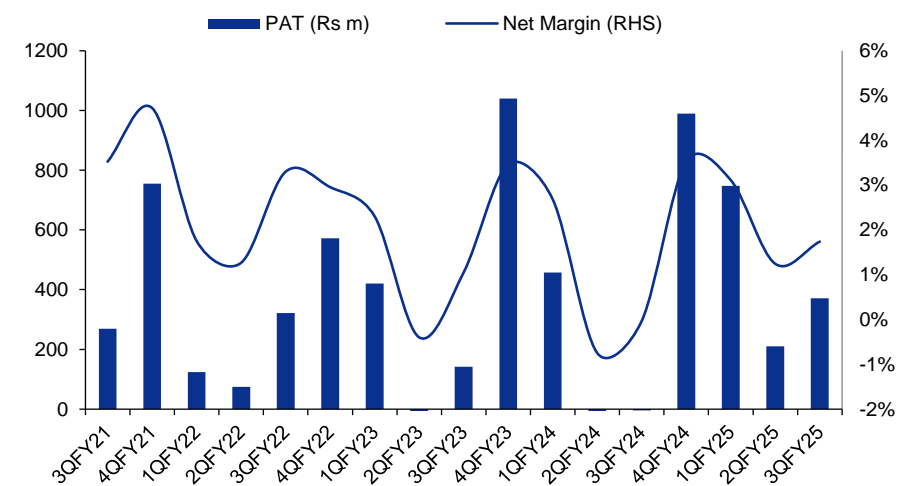
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 7: EBITDA margin expanded by 138bp YoY



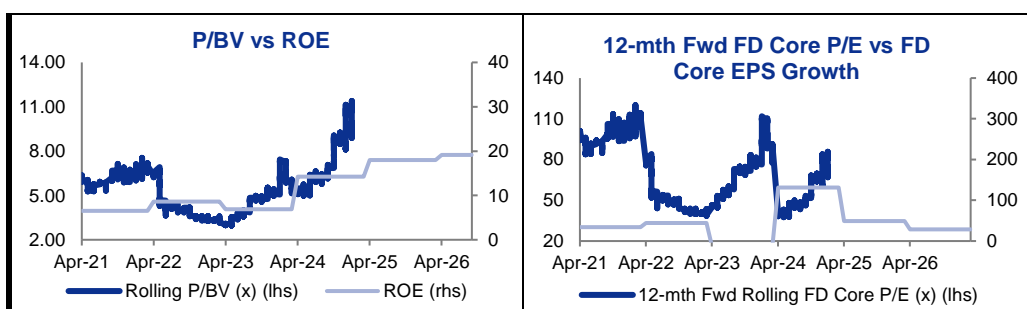
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 8: PAT turns positive



SOURCE: COMPANY REPORTS, INCRED RESEARCH

BY THE NUMBERS



**Profit & Loss**

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>Total Net Revenues</b>	69,271	67,292	95,680	115,853	133,386
<b>Gross Profit</b>	10,021	12,293	18,012	20,854	24,276
<b>Operating EBITDA</b>	4,179	4,918	8,169	9,701	11,548
Depreciation And Amortisation	(1,391)	(1,865)	(2,297)	(2,509)	(2,688)
<b>Operating EBIT</b>	2,788	3,053	5,872	7,192	8,860
Financial Income/(Expense)	(1,118)	(1,670)	(2,089)	(1,472)	(1,371)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	527	553	724	860	886
<b>Profit Before Tax (pre-EI)</b>	2,197	1,937	4,507	6,581	8,376
Exceptional Items					
<b>Pre-tax Profit</b>	2,197	1,937	4,507	6,581	8,376
Taxation	(559)	(519)	(1,167)	(1,678)	(2,136)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	1,638	1,418	3,340	4,903	6,240
Minority Interests	(66)	(45)	(173)	(190)	(209)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	1,572	1,373	3,168	4,713	6,031
Recurring Net Profit	1,572	1,373	3,168	4,713	6,031
<b>Fully Diluted Recurring Net Profit</b>	1,572	1,373	3,168	4,713	6,031

**Cash Flow**

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>EBITDA</b>	2,197	1,937	4,507	6,581	8,376
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(582)	5,032	(370)	(569)	(2,583)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	1,391	1,865	2,297	2,509	2,688
Other Operating Cashflow	(1)	(108)			
Net Interest (Paid)/Received	740	1,384	1,365	611	485
Tax Paid	(539)	(461)	(1,167)	(1,678)	(2,136)
<b>Cashflow From Operations</b>	3,205	9,648	6,632	7,454	6,829
Capex	(6,535)	(3,977)	(703)	(461)	(18)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	1,734	(6,225)	(522)	(598)	(680)
<b>Cash Flow From Investing</b>	(4,801)	(10,202)	(1,225)	(1,059)	(697)
Debt Raised/(repaid)	3,120	589	(1,168)	(901)	(841)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid					
Preferred Dividends					
Other Financing Cashflow	(1,192)	(1,806)	(2,359)	(1,700)	(1,561)
<b>Cash Flow From Financing</b>	1,928	(1,216)	(3,527)	(2,601)	(2,401)
Total Cash Generated	333	(1,770)	1,880	3,795	3,730
<b>Free Cashflow To Equity</b>	1,525	36	4,239	5,495	5,291
<b>Free Cashflow To Firm</b>	(2,713)	(2,223)	3,318	4,924	4,761

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**BY THE NUMBERS...cont'd**

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25F</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Total Cash And Equivalents	5,594	6,913	5,960	7,170	8,052
Total Debtors	17,631	15,693	24,903	30,154	34,717
Inventories	10,913	8,408	15,728	19,679	24,850
Total Other Current Assets	4,221	2,541	2,793	3,070	3,374
<b>Total Current Assets</b>	<b>38,360</b>	<b>33,555</b>	<b>49,384</b>	<b>60,073</b>	<b>70,994</b>
Fixed Assets	18,020	21,163	22,033	22,677	22,896
Total Investments	23	1,109	998	898	808
Intangible Assets	4,698	7,997	8,370	8,780	9,230
Total Other Non-Current Assets	1,332	2,108	2,202	2,307	2,424
<b>Total Non-current Assets</b>	<b>24,073</b>	<b>32,377</b>	<b>33,602</b>	<b>34,661</b>	<b>35,358</b>
Short-term Debt	7,671	7,657	7,157	6,857	6,557
Current Portion of Long-Term Debt					
Total Creditors	23,039	21,671	37,876	46,589	53,808
Other Current Liabilities	3,719	3,430	3,539	3,609	3,704
<b>Total Current Liabilities</b>	<b>34,429</b>	<b>32,758</b>	<b>48,572</b>	<b>57,054</b>	<b>64,069</b>
Total Long-term Debt	5,766	6,675	6,008	5,407	4,866
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,497	3,660	3,284	2,956	2,660
<b>Total Non-current Liabilities</b>	<b>7,263</b>	<b>10,335</b>	<b>9,292</b>	<b>8,363</b>	<b>7,527</b>
Total Provisions	1,201	1,677	1,758	1,864	1,977
<b>Total Liabilities</b>	<b>42,893</b>	<b>44,770</b>	<b>59,622</b>	<b>67,281</b>	<b>73,572</b>
Shareholders Equity	19,088	20,644	23,811	28,524	34,555
Minority Interests	452	518	518	518	518
<b>Total Equity</b>	<b>19,540</b>	<b>21,162</b>	<b>24,329</b>	<b>29,042</b>	<b>35,073</b>

<b>Key Ratios</b>					
	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25F</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Revenue Growth	64.7%	(2.9%)	42.2%	21.1%	15.1%
Operating EBITDA Growth	51.8%	17.7%	66.1%	18.8%	19.0%
Operating EBITDA Margin	6.0%	7.3%	8.5%	8.4%	8.7%
Net Cash Per Share (Rs)	(232.76)	(220.20)	(213.83)	(151.18)	(100.05)
BVPS (Rs)	566.51	612.68	706.69	846.56	1,025.55
Gross Interest Cover	2.49	1.83	2.81	4.89	6.46
Effective Tax Rate	25.4%	26.8%	25.9%	25.5%	25.5%
Net Dividend Payout Ratio					
Accounts Receivables Days	81.09	90.38	77.43	86.73	88.76
Inventory Days	59.51	64.11	56.71	68.02	74.48
Accounts Payables Days	123.39	148.36	139.92	162.26	167.93
ROIC (%)	6.9%	7.0%	12.7%	14.8%	16.6%
ROCE (%)	8.9%	8.6%	15.5%	17.6%	19.5%
Return On Average Assets	4.4%	4.2%	6.6%	6.8%	7.2%

SOURCE: INCRED RESEARCH, COMPANY REPORTS



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## Recommendation Framework

### Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

### Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

### Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.