


**Buy Range** ₹3710 – 3760

**Target** ₹4450 – 4500

**Recommendation** BUY

**Highlights**

- The India HVAC Market reached US\$ 9.1bn in 2023 with residential ACs contributing US\$ 3bn and commercial refrigeration and air-conditioning representing a significant portion too. Industry estimates 14.5% CAGR during 2025-2029. The market continues to expand, driven by the adoption of energy-efficient systems and increasing demand in residential, commercial, and industrial sectors. The projections indicate that by 2030, the number of Indian cities with populations exceeding one million will increase from 42 to 68, driving the demand for HVAC systems. Additionally, with over 50% of the country's buildings expected to be constructed in the next two decades, the market holds vast potential. The government's focus on fostering self-reliance through initiatives like Atmanirbhar Bharat further fuels this growth. The Indian government's recognition of the industry as a 'sunrise industry' in 2020 prompted the launch of the Atmanirbhar Bharat initiative to promote domestic manufacturing.
- The India Meteorological Department (IMD) in its seasonal weather release on 01Mar24 forecasted for the hot weather season from Mar-May'24, predicting above-normal maximum temperatures for most parts of the country. The above-normal number of heatwave days is likely over most parts of the country except northeast India, the western Himalayan region, the southwest peninsula and the west coast. This comes with El Nino conditions that are set to persist till May'24. El Nino conditions will continue this summer, and we have seen in the past that El Nino conditions help in provoking heatwave condition. Overall, El Nino could have an impact on heatwave conditions, leading to higher-than-normal number of heatwave days. Air conditioners now contribute to about 4.3% of India's electricity consumption. Anticipating a 20.8% increase in the AC usage in 2024.
- The Production Linked Incentive (PLI) Scheme for the air-conditioner industry is proving to be a "game changer" as within a year and a half of its launch, the ratio of domestic value addition has gone up significantly to 45% from 25%. The audit of the PLI scheme for Amber has started and the incentives are expected to commence from Q4FY24.
- To create **new growth avenues, AMBER has been actively expanding the operations in the Electronics Division (ED) and Railway Sub-systems & Mobility Division (Rail)** as a part of **AMBER 2.0 (ED) and AMBER 3.0 (Rail)**. Management expects RAC contribution to further reduce to 28-30% over the next two years. With RAC set to decline in the mix, Amber is expanding into non-RAC components for other sectors, such as telecom, smart meters, automobiles, refrigeration, washing machines and microwave parts. Management expects new businesses to be profit-accretive from 2HFY26. Amber via IL JIN has acquired a 60% stake in Ascent Circuits Pvt Ltd and has signed a MoU with Korea Circuits to further grow its Electronics (PCB) business.
- Incorporated a Joint Venture company named **"Stelltek Technologies Private Limited"** to manufacture, assemble and design of wearables and other smart electronics products.
- Amber has formed a 50:50 joint venture **"Shivaliks Mercantile Private Limited"** with Titagarh Rail Systems through its subsidiary Sidwal, with both entities investing ₹1.2bn each. With the new JV, it is expanding into doors, gangways, pantry systems, couplers, interiors, toilets, pathways and pantographs, which sums up to ~₹20mn per coach.

**AMBER ENTERPRISES INDIA LTD (AMBER)**
**Company Background**

**AMBER ENTERPRISES INDIA LTD (AMBER)**, is India's largest contract manufacturer of air conditioners and is primarily engaged in the manufacturing and assembly of Room Air Conditioners (RACs) and key functional and reliable RAC components. AMBER has focused on backward integration and forayed into induction motor manufacturing and Printed Circuit Board Assembly (PCBA) manufacturing. This has created a significant competitive advantage enabling AMBER to capture 29.4% market share as at the end of Q2FY24 in RAC industry. The company has 27 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. The clientele of AMBER includes reputed RAC brands like Daikin, LG, Samsung, Toshiba, and Blue Star. It has been actively expanding the operations in the Electronics Division (ED) and Railway Sub-systems & Mobility Division (Rail) as a part of AMBER 2.0 (ED) and AMBER 3.0 (Rail). Acquired majority stake of 60% in Ascent Circuits Pvt. Ltd. (ACPL) to strengthen the ED Business. Also signed a MoU with South Korea's, Korea Circuit, through ACPL. To enhance the capability of ACPL for providing solutions to Mobile & Semiconductor industry. In Dec'23, IL JIN Electronics incorporated a 50% JV named **Stelltek Technologies Private Limited** with Nexbase Marketing Private Limited - **Noise** brand creating to manufacture, assemble and design its wearables & and other smart electronics products. SIDWAL, another subsidiary of AMBER, which is part of Rail business entered into a strategic alliance with Titagarh Rail Systems Limited (TRSL), to create JV "**Shivaliks Mercantile Private Limited**" for the supply of railway component and subsystem business. **Segmental Revenue Mix (%) 9MFY24/Q3FY24 – Consumer Durables: Electronics: Rail Sub-systems & Mobility – 71.6/72:19.3/18.6:9.9/9.4%.**

**Investment Rationale**
**1. Government infra push and escalating demand from residential sector augers well for Heating, Ventilation, and Air-conditioning (HVAC) industry**

The heating, ventilation, and air-conditioning (HVAC) sector is poised for an unprecedented growth due to increased demand in the coming years on the back of the government's focus on infrastructure investment. Finance Minister Ms. Nirmala Sitharaman in the interim budget for FY25 has allocated ₹11.11 lakh crs (tn) for infrastructure. Additionally, with over 50% of the country's buildings expected to be constructed in the next two decades. The India HVAC Market reached US\$ 9.1bn in 2023 with residential ACs contributing US\$ 3bn and commercial refrigeration and air-conditioning representing a significant portion too. Industry estimates 14.5% CAGR during 2025-2029. The market continues to expand, driven by the adoption of energy-efficient systems and increasing demand in residential, commercial, and industrial sectors. The projections indicate that by 2030, the number of Indian cities with populations exceeding one million will increase from 42 to 68, driving the demand for HVAC systems. Additionally, with over 50% of the country's buildings are expected to be constructed in the next two decades, the market holds vast potential. The government's focus on fostering self-reliance through initiatives like Atmanirbhar Bharat further fuels this growth. The Indian government's recognition of the industry as a 'sunrise industry' in 2020 prompted the launch of the Atmanirbhar Bharat initiative to promote domestic manufacturing. To excel in this evolving market, HVAC businesses must embrace strategic approaches and innovation. **A report by the International Energy Agency (IEA) predicts that by 2050, India will have more than 1bn ACs in operation.** The India air conditioner (AC) market surge is propelled by urbanization and increased disposable incomes. Urban migration creates a strong demand for ACs in cities, intensified by the growing apartment culture. Economic growth has boosted middle-class incomes, making ACs less expensive and accessible. Improved financing alternatives similarly widen customer access. Between 8-10% of the country's 300m households – home to 1.4 billion people – have an AC, but that number is expected to hit close to 50% by 2037, according to government projections. **So, India's Air Conditioner Market is projected to reach US\$ 6.73bn by 2028.**

**Important Data**

Nifty	22,417
Sensex	73,849
<b>Key Stock Data</b>	
CMP	₹3,779.0
MCAP (bn)	₹127.3
52-W High/Low	₹4,614/1,806
Shares o/s(mn)	33.7
Daily Vol.(3M NSEAvg.)	746,166
BSE Code	540902
NSE Code	AMBER
Bloomberg Code	AMBER:IN

**Shareholding Pattern (%) – Dec'23**

Promoter	40.3
DIIs	14.7
FIIIs	28.3
Public	16.7

**Financials**

Particulars	FY23		
	FY21	FY22	(₹ mn)
Operating Revenue	30,305	42,064	69,271
EBITDA	2,203	2,754	4,179
EBITDA Margin (%)	7.3	6.5	6.0
Net Profit	816	1,092	1,572
EPS (₹)	24.2	32.4	46.7
RoE (%)	5.0	6.5	8.6
RoCE (%)	6.4	5.9	7.9
P/E (x)	156.1	116.6	81.0
EV/EBITDA (x)	58.5	48.6	33.0
P/BV (x)	7.8	7.2	6.5

Particulars	FY26E		
	FY24E	FY25E	FY26E
Operating Revenue	71,936	86,614	120,687
EBITDA	4,963	6,043	8,629
EBITDA Margin (%)	6.9	7.0	7.1
Net Profit	1,548	2,308	4,221
EPS (₹)	45.9	68.5	125.3
RoE (%)	7.6	10.8	16.9
RoCE (%)	8.3	10.6	13.6
P/E (x)	82.3	55.2	30.2
EV/EBITDA (x)	25.6	21.2	14.7
P/BV (x)	6.2	5.6	4.7

Source: Company, Way2Wealth

**Relative Performance**

Return(%)	1Yr	3Yr	5Yr
AMBER	105.4	17.4	341.3
Nifty50	28.8	53.1	92.2
Sensex	24.9	50.2	90.0

Source: Company, Way2Wealth

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## 2. The demand is moving toward energy-efficient inverter ACs due to heightened awareness of electricity expenses and environmental effects

Split ACs, with advanced capabilities like Wi-Fi connectivity and air purifiers, are gaining recognition over window ACs, reflecting evolving purchaser preferences in India's dynamic AC market. Moreover, India's sizzling summers drive a surge in air conditioner (AC) demand, emphasizing power efficiency. Both residential and industrial sectors prioritize more astonishing environmentally friendly and price-effective solutions. Soaring energy costs and environmental concerns spark a shift closer to power efficient ACs, decreasing electricity payments and carbon footprints. Government projects, which include the Bureau of Energy Efficiency (BEE) star rating system, incentivize producers and consumers to undertake power-efficient models, shaping a more sustainable and low-priced trajectory in the dynamic panorama of the Indian AC market. Similarly, consumers seek ACs with better BEE star ratings for elevated electricity efficiency, prompting manufacturers to introduce models with 5-star rankings and above. Smart ACs, equipped with capabilities like Wi-Fi connectivity and smart scheduling, offer remote control and electricity optimization, with the potential for full-size adoption. Emerging alternative cooling technologies, including solar-powered ACs and district cooling structures, present promising long-term solutions. Continued investment in research and development is essential to advancing even more efficient cooling technologies and propelling the market ahead.

## 3. The Indian AC industry allocates a considerable portion to 1.5-ton AC units, representing a substantial market share

The residential air conditioner (AC) market is a pivotal and expanding segment within India's broader AC market. Rapid urbanisation, disposable earnings, and a growing middle elegance contribute to the rising demand for residential cooling solutions. As more families seek comfort and improved living standards, the residential AC market experiences a sustained boom. Factors such as energy efficiency, modern capabilities, and various product varieties similarly propel the significance of this phase, making it a key driver in shaping the dynamics of India's AC enterprise. The trend of 1.5-ton AC units is attributed to their most beneficial balance between cooling capacity and strength performance, making them a desired preference for numerous consumers. The 1.5-ton sector aligns with the demand for efficient cooling solutions in Indian households, reflecting a harmonious blend of overall performance and cost-effectiveness. As a result, those units play a critical role in shaping and dominating the dynamics of the Indian AC market.

## 4. Air conditioners use likely to increase by 21% in 2024

The India Meteorological Department (IMD) in its seasonal weather release on 01Mar24 forecasted for the hot weather season from Mar-May'24, predicting above-normal maximum temperatures for most parts of the country. The above-normal number of heat wave days is likely over most parts of the country except northeast India, the western Himalayan region, the southwest peninsula and the west coast. The weather department also highlighted an increased number of heat wave days likely for the majority of the country, especially in Rajasthan, Gujarat, Haryana, Punjab, Madhya Pradesh, Maharashtra, Uttar Pradesh, Bihar, Jharkhand, West Bengal, Odisha, Chhattisgarh, Telangana, Andhra Pradesh, Karnataka, and some parts of Tamil Nadu. More heat wave days than normal are predicted over northeast peninsular India -- Telangana, Andhra Pradesh and north interior Karnataka -- and many parts of Maharashtra and Odisha during the period. This comes with El Nino conditions that are set to persist till May'24. El Nino conditions will continue this summer, and we have seen in the past that El Nino conditions help in provoking heat wave condition. Overall, El Nino could have an impact on heat wave conditions, leading to higher-than-normal number of heat wave days. There are about 24 air conditioner units per every 100 households in the country. The cooling electricity consumption increased by 21% between 2019 and 2022, constituting nearly 10% of the total demand. Air conditioners now contribute to about 4.3% of India's electricity consumption. Anticipating a 20.8% increase in the AC usage in 2024, urgent measures are needed to enhance energy efficiency and sustainable practices.

#### 5. Air conditioner makers get more time to comply with quality norms

Amidst the mounting challenges posed by the soaring demand for air conditioners and their substantial impact on India's electricity consumption, Energy Efficiency Services Limited (EESL) urged the public to adopt energy efficient practices. It asked the key stakeholders to support initiatives like the 24-degree Celsius default setting in air conditioners. The Union government is actively implementing measures to mitigate the impact and address these challenges. In response to escalating electricity demand driven by the surge in AC usage, EESL launched Super-Efficient Air Conditioner Programme to Chennai and five more cities. Adding to its presence in Delhi-NCR, EESL is now selling these Super-Efficient ACs in Chennai, Bengaluru, Mumbai, Kolkata, Hyderabad and Jaipur. The company aims to sell 10,000 ACs in next 3 months and another 40,000 in next 6 – 8 months, before summer sets in. The company is also looking to sell 20,000 Super-Efficient ACs in Chennai individually in next two years, targeting domestic consumers and institutions, including government premises. The government on 03Jan24 exempted some air conditioner parts including high capacity compressors from mandatory quality control norms for a year on industry demand, till Oct'24. The quality control order (QCO) for air conditioners, compressors and its parts came into force on 01Oct23 and it applies equally to those which are produced by domestic manufacturers and imported. Hermetic (sealed) Compressors of more than 7000 W (2 TR) capacity have been exempted from QCOs for one year till Oct'24 for the manufacturers of air conditioning and refrigeration equipment and related parts. These compressors are used for industrial purposes. The notification issued by the Department for Promotion of Industry and Internal Trade (DPIIT) also exempted 200 numbers of goods or articles imported for the purpose of research and development by manufacturers of air conditioning and refrigeration equipment and related parts per year. These imported goods and articles will not be allowed to be sold commercially and can be disposed of as a scrap. Goods produced by Bureau of Indian Standards (BIS) certified manufacturers before the QCOs came into force will be allowed to be sold till Mar'24.

#### 6. The Production Linked Incentive (PLI) Scheme for the air-conditioner industry is proving to be a "game changer" as within a year and a half of its launch, the ratio of domestic value addition has gone up significantly to 45% from 25%.

The sole objective of the PLI scheme for air-conditioners was to increase the value addition to 75% from 25% by FY28 by encouraging the domestic production of components. A jump from 25% to 45% has happened just in about more than a year. Investments in heat exchangers, compressors and other components, which are part of the PLI scheme for air-conditioners have started coming. All applicants have invested in physical structures. This has happened in a record period of just about 18 months. In Nov'21, the government selected 42 companies under the PLI Scheme for white goods, of which 26 companies invested ₹38.98bn for air-conditioner components, and 16 firms invested ₹7.16bn for LED component manufacturing. The response of the government was also unprecedented, which was reasonably fast. The industry responded back with equally with fast speed with the total bill of material of the air-conditioner produced in India has nearly doubled to 45% in just 18 months. Companies like Amber are exploring opportunities in the supply chain, where it provides smart factory solutions, industrial devices and energy business. The audit of the PLI scheme for Amber has started and the incentives are expected to commence from Q4FY24.

#### 7. To create new growth avenues, AMBER has been actively expanding the operations in the Electronics Division (ED) and Railway Sub-systems & Mobility Division (Rail) as a part of AMBER 2.0 (ED) and AMBER 3.0 (Rail)

This is also diversifying the business and improving the margin profile as ED and Rail businesses have meaningfully higher profitability. Amber's RAC business contributed 38% of the topline in Q3FY24 as compared to 70% in FY18. Management expects this contribution to further reduce to 28-30% over the next two years. With RAC set to decline in the mix, Amber is expanding into non-RAC components for other sectors, such as telecom, smart meters, automobiles, refrigeration, washing machines and microwave parts. Management expects new businesses to be profit-accretive from 2HFY26.



Amber entered into an 50% JV agreement with Resojet (A Radiant Group Company) for manufacturing of fully automatic top & front load washing machines; strengthening its consumer-durable vertical in Mar'24. The joint venture will enable expand Amber's footprint in the consumer durables space, beyond room air conditioners. Amber will expand its capabilities in the business of manufacturing fully automatic top-load and front-load washing machines and its components with the Indian Washing machine market valued at US\$ 2.4bn in 2023 and is expected to reach US\$ 5.2bn by 2032, at a CAGR of 4.1% during the forecast period 2023 – 2032.

**8. Amber via IL JIN has acquired a 60% stake in Ascent Circuits Pvt Ltd and has signed a MoU with Korea Circuits to further grow its Electronics (PCB) business.**

Ascent has an order book of ₹8bn and earns EBITDA margins of 19-20%. PCBs contribute ~20% of Amber's electronics business and this category has declined more than 10% YoY in Q3FY24 due to high inventory with customers. Management expects inventory liquidation to have taken place in the new year and hence anticipates a pickup in PCB buying. Additionally, a proposed 30% anti-dumping duty is likely to boost the indigenous PCB market. Ascent Circuits is engaged in the manufacturing of Printed Circuit Boards (Single-sided, double-sided, multi-layered and RF PCB) catering to marquee customers such as ISRO, BEL, BHEL, automotive, telecom, consumer electronics clients both multinational & domestic. Amber expects with help of this acquisition its electronics segment revenue to double in the next two years with enhancement in its EMS portfolio along with margin expansion by increasing its local value addition and backward integration into passive components of PCB Assemblies which is in sync with the 'Make in India' and 'Atmanirbhar Bharat' vision of the Government of India and is in line with the group's strategy of strengthening backward integration for its electronics (EMS) play into various applications such as Aerospace & defence, Data Centers, Medical, Telecom, Consumer electronics and Automotive along with large opportunities in this product category as more sectors are being electrified. MoU with South Korea's, Korea Circuit, through ACPL is to enhance capability of ACPL for providing solutions to Mobile & Semiconductor industry.

**9. On 26Dec23, IL JIN Electronics and Nexxbase Marketing Pvt Ltd ("NEXXBASE"-Noise Brand), which is a Gurgaon based company engaged in the business of selling, distributing, marketing and advertising electronic products including smart watches, earphones, earbuds, headphones etc. through offline and online modes incorporated a Joint Venture company named "Stelltek Technologies Private Limited" to manufacture, assemble and design of wearables and other smart electronics products.** The Indian wearable market saw a 34% YoY growth to ship record 134.2mn units. The festive period witnessed many launches with offers and discounts but resulted in overstocking through the second half of the year. The average selling price of the overall wearables market went down from \$25 (~₹2,075) to \$21.2 (~₹1,760), a 15.4% decline. The International Data Corporation's (IDC) India Monthly Wearable Tracker also goes on to say that smart watch shipments grew 73% YoY, shipping 53.4mn units. Its share in the wearables market increased from 30.7% to 39.8%. But festive sales and heavy discounts also created a drop in average sales price from \$42.5 (~₹3,529) to \$26.1 (~₹2,167). Advanced Smart watches lost their share of the market, dropping to just 1.1mn units. The earwear category also registered a growth of around 16.9%, with 80.4mn units shipped. The Truly Wireless Stereo (TWS) segment reached a record 67.4% from 55.3% in the previous year. But neckband shipments dropped by 15.2%. Average sales prices also declined at 8.2%. BoAt, Noise and Fire-Bolt secured the top positions by having products in many categories selling at lower average sales prices. Boulton Audio was the fastest-growing company among the top five brands. BeatXP is a new entrant that managed to enter the top smart watch vendor list. Titan went up to fourth place with its approach of launching models across price segments. The smart ring category caught a lot of attention last year, especially towards the second half. More than 100,000 smart rings were shipped in 2023 with average sale prices at \$171.6 (₹14,248). Ultrahuman was the leader of the segment with a 43.1% market share followed by the Pi Ring with 42.3% market share. Aabo was in the third place with a 7.9% market share.

**10. To further augment the rail and mobility business, Amber has formed a 50:50 joint venture "Shivaliks Mercantile Private Limited" with Titagarh Rail Systems through its subsidiary Sidwal, with both entities investing ₹1.2bn each.**

Amber earlier catered to orders worth ₹2.5mn-3mn per passenger coach through its RAC segment, as against a total material bill of ~₹60mn per coach. With the new JV, it is expanding into doors, gangways, pantry systems, couplers, interiors, toilets, pathways and pantographs, which sums up to ~₹20mn per coach. Demand for these products is expected to come from the government's recently announced plans to add ~600 metro cars per year and 3,000 Vande Bharat trains. Sidwal's revenue of ₹1.67bn (15% EBITDA margins) in FY19 is to expected reach ₹4.75-4.8bn in FY24. with 20-22% operating margin as per the management. It expects rail revenue to double in two years. The subsidiary's current order book stands at ₹11.6bn, along with a Letter of Intent (LoI) from Titagarh Rail for Vande Bharat and Pune metro coaches to the tune of ₹8.5bn. Management is optimistic about achieving total addressable market size of 750-800bn in 5-6 years in this segment. Management expects exponential growth in this segment as company expects to take 20% of total addressable market size over next four to five years. As company plans to witness exponential growth in the railway segment, hence company will be setting new Greenfield facility in Faridabad to increase capacity for existing products and plan two more facilities for new SPV, one for railway coach's interior and second for couplers, gear, pantograph and other subsystems. Company plans to incur capex of ₹2-2.25bn over the next 2 years. Further, newly formed SPV has made investment of ₹17mn in Titagarh Firema SPA, which is an associate of the Titagarh Group, based in Italy.

**Q3FY24 Revenue/EBITDA/ PAT declined 4%/0.01%/103.4% YoY to ₹129bn/₹785mn/ Loss of ₹4.8mn**

- Amber's topline declined 4% YoY to ₹12.9bn in Q3FY24 and EBITDA was flat at ₹785mn. Operating margin inched up 20bps to 6.1%, likely due to a favourable change in product mix as the contribution of components increased. The company, however, reported a ₹5mn loss due to high interest which grew 27.4% YoY to ₹368.5mn and 28.2% YoY growth in depreciation to ₹465.6mn.
- The consumer durables and electronics businesses contracted 15% and 8% YoY to ₹9.3bn and ₹2.4bn respectively during Q3, while mobility revenue at ₹1.2bn grew 11% YoY. Sidwal's mobility order book stood at ₹11.6bn at the quarter's end, with further visibility of ₹8.5bn from Vande Bharat trains and the Pune metro. Management expects the electronics and mobility businesses to grow rapidly amid burgeoning business opportunities.
- Management expects revenue to be volatile for the next few quarters as customers are shifting to in-house RAC manufacturing but aims to reach 19-21% RoCE by FY27. Amber expects to earn ~7% operating margins in its consumer durables and electronics segments and more than 20% margins in the rail business.
- The company has incurred capex of ₹2.6bn in 9MFY24 and is also planning expansion in Sidwal with an outlay of ₹2.3bn over the next two years. Additionally, it is looking at greenfield capacities in Faridabad, in addition to two facilities to be housed under its JV for interiors, couplers and other rail components .

Particulars	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)	9MFY24	9MFY23	YoY (%)
<b>Revenue</b>	<b>12,947.6</b>	<b>13,483.1</b>	<b>(4.0)</b>	<b>9,270.6</b>	<b>39.7</b>	<b>39,238.1</b>	<b>39,244.8</b>	<b>(0.02)</b>
<b>Cost of Matl</b>	10,830.0	12,058.8	(10.2)	7,102.3	52.5	31,744.6	33,391.2	(4.9)
<b>Inventory Changes</b>	(442.7)	(873.6)	(49.3)	103.5	(527.6)	(104.9)	(646.5)	(83.8)
<b>Employee Exps</b>	638.6	542.0	17.8	596.0	7.2	1,830.4	1,477.4	23.9
<b>Other Exps</b>	1,136.6	970.7	17.1	873.2	30.2	3,068.1	2,878.4	6.6
<b>EBITDA</b>	<b>785.0</b>	<b>785.1</b>	<b>(0.01)</b>	<b>595.7</b>	<b>31.8</b>	<b>2,699.9</b>	<b>2,144.3</b>	<b>25.9</b>
<b>EBITDA Margin (%)</b>	<b>6.1</b>	<b>5.8</b>	<b>24</b>	<b>6.4</b>	<b>(36)</b>	<b>6.9</b>	<b>5.5</b>	<b>142</b>
<b>Other Income</b>	52.1	89.4	(41.7)	127.5	(59.1)	372.7	339.7	9.7
<b>Depreciation</b>	465.6	363.2	28.2	452.2	3.0	1,350.7	1,002.8	34.7
<b>Finance cost</b>	368.5	289.3	27.4	365.7	0.8	1,186.8	743.6	59.6
<b>PBT</b>	3.0	222.1	(98.7)	(94.8)	(103.1)	535.1	737.5	(27.5)
<b>Tax</b>	8.1	71.3	(88.6)	(38.3)	(121.2)	130.7	180.8	(27.7)
<b>Minority Interest - (Profit)/Loss</b>	0.3	(9.3)	(103.6)	(13.0)	(102.6)	(22.3)	(24.6)	(9.4)
<b>Net Profit</b>	<b>(4.8)</b>	<b>141.5</b>	<b>(103.4)</b>	<b>(69.5)</b>	<b>(93.1)</b>	<b>382.1</b>	<b>532.2</b>	<b>(28.2)</b>
<b>EPS (₹)</b>	(0.1)	4.2	(103.4)	(2.1)	(93.1)	11.3	15.8	(28.2)

Source- Company, Way2Wealth

Cost as % to Sales	Q3FY24	Q3FY23	YoY (BPS)	Q2FY24	QoQ (BPS)	9MFY24	9MFY23	YoY (BPS)
Raw Matl Cost	80.2	83.0	(273)	77.7	250	80.6	83.4	(280)
Gross Margin	19.8	17.0	273	22.3	(250)	19.4	16.6	280
Employee Exps	4.9	4.0	91	6.4	(150)	4.7	3.8	90
Other Exps	8.8	7.2	158	9.4	(64)	7.8	7.3	48

Segmental Revenue (₹ mn)	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)	9MFY24	9MFY23	YoY (%)
Consumer Durables	9,320	10,970	(15.0)	5,470	70.4	28,100	29,050	(3.3)
Electronics	2,410	2,610	(7.7)	2,480	(2.8)	7,570	7,100	6.6
Railway Subsystems & Mobility	1,220	1,100	10.9	1,320	(7.6)	3,870	3,100	24.8

Segmental Revenue Mix (%)	Q3FY24	Q3FY23	YoY (BPS)	Q2FY24	QoQ (BPS)	9MFY24	9MFY23	YoY (BPS)
Consumer Durables	72.0	81.4	(938)	59.0	1,298	71.6	74.0	(241)
Electronics	18.6	19.4	(74)	26.8	(814)	19.3	18.1	120
Railway Subsystems & Mobility	9.4	8.2	126	14.2	(482)	9.9	7.9	196

Segmental EBIT (₹ mn)	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)	9MFY24	9MFY23	YoY (%)
Consumer Durables	460.0	550.0	(16.4)	210.0	119.0	1,730.0	1,680.0	3.0
Electronics	120.0	130.0	(7.7)	130.0	(7.7)	380.0	300.0	26.7
Railway Subsystems & Mobility	240.0	200.0	20.0	310.0	(22.6)	860.0	710.0	21.1

Segmental EBIT Margin (%)	Q3FY24	Q3FY23	YoY (BPS)	Q2FY24	QoQ (BPS)	9MFY24	9MFY23	YoY (BPS)
Consumer Durables	4.9	5.0	(8)	3.8	110	6.2	5.8	37
Electronics	5.0	5.0	(0)	5.2	(26)	5.0	4.2	79
Railway Subsystems & Mobility	19.7	18.2	149	23.5	(381)	22.2	22.9	(68)

Source: Company, Way2Wealth

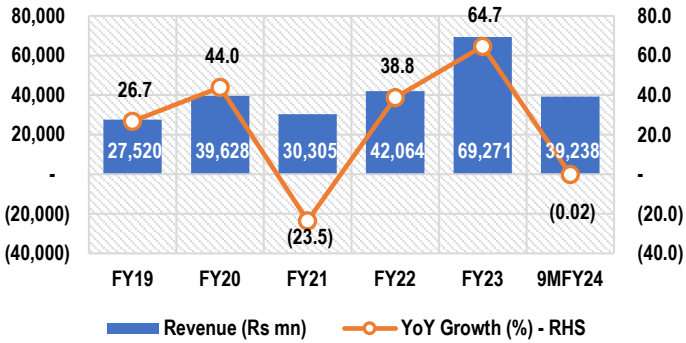
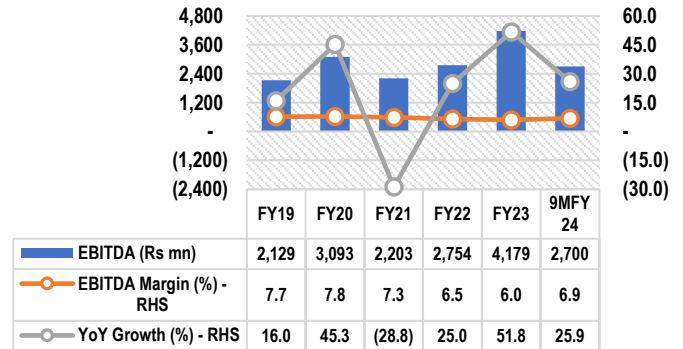
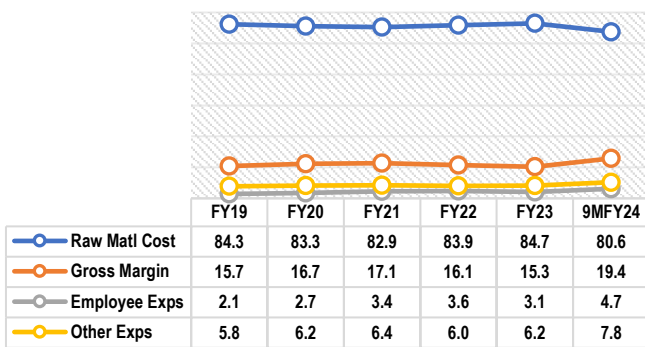
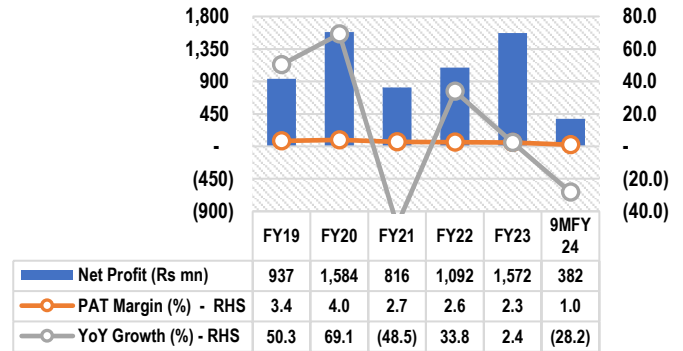
## KEY RISKS

- Amber acknowledged that most room AC (RAC) customers have shifted to in-house production, with two more customers likely to do so in the next couple of quarters. This has led the company to switch focus to non-RAC components, with a market share target of 28%.
- Recent purchases and planned diversification not able to deliver optimum performance.
- Slowdown in RAC industry due to change in climate conditions.
- Change in the stance of the policy support by the government.
- Economic slowdown in domestic and export market.

## VIEW

Amber Enterprises Ltd is well-placed to capture incremental demand accruing from the indigenisation of both fully built-up units and components ecosystem development through reduced imports. The company is a key beneficiary of PLI schemes for AC and components. 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 FY24 and margin pressure in some of the components. Despite a structural change in the RAC industry, wherein brands are resorting to in-house manufacturing of finished goods, 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 the next 3-4 years. Further, in the near term, hot summer in 2024 and traction in the high growth sectors such as railways in the long term could augur well for the company. Hence, we **Re-advice** to **BUY** with **target range ₹4450-4500** trading at **P/E 30.2x FY26E EPS ₹125.3**.

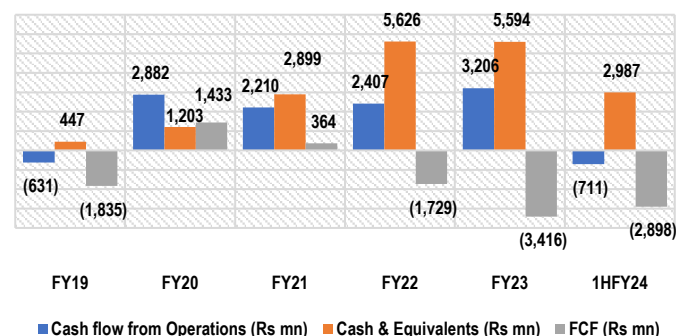
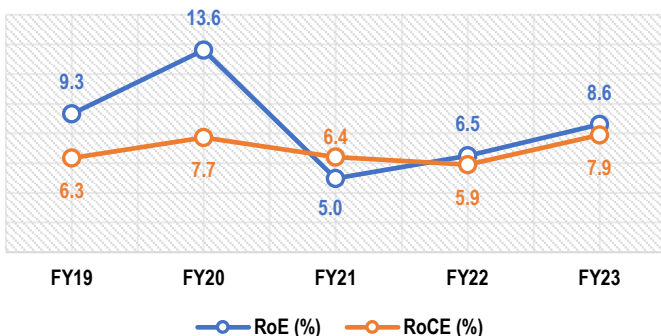
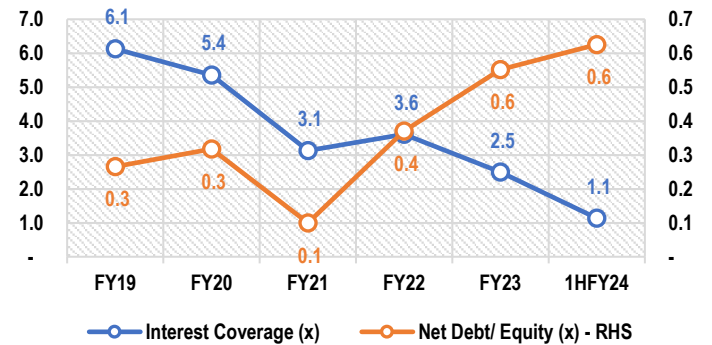
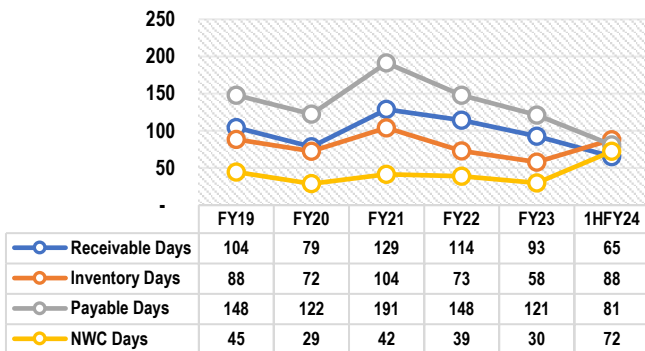


**PAST PERFORMANCE**
**Revenue 26% CAGR FY19-23**

**EBITDA 18.4% CAGR FY19-23**

**Cost as % to Sales**

**PAT 13.8% CAGR FY19-23**


Segmental Revenue (₹ mn)	9MFY21	9MFY22	9MFY23	9MFY24	CAGR (%)
Consumer Durables	10,290	16,920	29,050	28,100	39.8
Electronics	2,820	3,720	7,100	7,570	39.0
Railway Subsystems & Mobility	1,200	2,060	3,100	3,870	47.7

Segmental Revenue Mix (%)	9MFY21	9MFY22	9MFY23	9MFY24
Consumer Durables	71.9	74.5	74.0	71.6
Electronics	19.7	16.4	18.1	19.3
Railway Subsystems & Mobility	8.4	9.1	7.9	9.9

Source: Company, Way2Wealth

**Stable W.C management enabling to deliver strong operating cash balances and return ratios**


Source: Company, Way2Wealth

**FINANCIALS & VALUATIONS**

(₹ mn)

Particulars	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue	27,520	39,628	30,305	42,064	69,271	71,936	86,614	120,687
EBITDA	2,129	3,093	2,203	2,754	4,179	4,963	6,043	8,629
EBITDA Margin (%)	7.7	7.8	7.3	6.5	6.0	6.9	7.0	7.1
Net Profit	937	1,584	816	1,092	1,572	1,548	2,308	4,221
EPS (₹)	27.8	47.0	24.2	32.4	46.7	45.9	68.5	125.3
RoE (%)	9.3	13.6	5.0	6.5	8.6	7.6	10.8	16.9
RoCE (%)	6.3	7.7	6.4	5.9	7.9	8.3	10.6	13.6
Cash Balances	447	1,203	2,899	5,626	5,594	3,689	9,126	14,887
FCF	(1,835)	1,433	364	(1,729)	(3,416)	1,163	3,568	1,581
Receivable Days	104	79	129	114	93	104	99	100
Inventory Days	88	72	104	73	58	66	62	64
Payable Days	148	122	191	148	121	150	149	148
Net Debt/ Equity (x)	0.3	0.3	0.1	0.4	0.6	0.6	0.5	0.5
P/E (x)	135.9	80.4	156.1	116.6	81.0	82.3	55.2	30.2
EV/EBITDA (x)	61.1	42.4	58.5	48.6	33.0	25.6	21.2	14.7
P/BV (x)	12.7	10.9	7.8	7.2	6.5	6.2	5.6	4.7
PEG	2.7	1.2	(3.2)	3.4	1.8	(53.8)	1.1	0.4

Source: Company, Way2Wealth

**TECHNICAL VIEW**
**Weekly Chart**

 AMBER [N1185] 3657.70, 2.95%  
 Price Avg(E,3) Avg(E,9) Avg(E,100) Avg(E,200)


On monthly chart, AMBER has given a clear breakout from rounding bottom reversal pattern on January 2024 which is a long-term bullish continuation. The stock price has broken out on the weekly chart by surpassing the multiple top resistance levels and tested an all-time high of 4614.2 on 31st Jan 2024. After testing an all-time-high, the stock witnessed profit booking and tested the low of 2992.5. Lower buying level witnessed from the recent low of 2992.5 and currently the stock is trading above the short-term moving average of 20 days EMA & 50 days EMA suggesting positive outlook. Momentum Oscillators like – the 14 days RSI is sloping upwards and placed above 55 on the weekly chart, indicating strength in the short-term positive outlook of the stock. The daily MACD has also given a positive divergence, indicating that price would start moving up. The short-term chart structure looks positive, and the stock has resistance at 3944/3969 levels. Further if it decisively crosses this area, the next hurdle is pegged at 4148/4218 or even 4440 levels. On the lower side, the support lies at 3460 and 3380 levels. Breakdown of 3300 would test 3074 levels.

**Technical Indicators/Overlays**

Bollinger Bands (Upper - Lower)	4366.10 - 2910.80
Short Term - 20 & 50 Days EMA	2922 & 2506
Long Term - 100 & 200 Days EMA	2096 & 1747
Volatility	2.18
ADX	34.29
MACD	327.75
RSI	62.25
Average True Range(ATR)	904.18
AD Line	271.64 Lk
Standard Deviation	721.13
Pivot Levels - R1, R2	3964 & 4271
Pivot Point	3478
Pivot Levels - S1, S2	3171 & 2685
ROC (%)	72.8

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**Disclosure of Interest Statement: AMBER ENTERPRISES LTD. as on 02<sup>nd</sup> April 2024**

Name of the Security	AMBER ENTERPRISES LTD.
Name of the analyst	Jayakanth Kasthuri
Analysts' ownership of any stock related to the information contained.	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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