

Date	Report / Update	Report Price (₹)	Buy Range (₹)	Target Price (₹)
02-Apr-24	<a href="#">Quick Insight</a>	3,779.00	3710 – 3760	4450-4500


**Target ₹4450 – 4500**
**Recommendation BUY**
**Highlights**

- In Q4FY24, Amber's revenue declined 6.6% YoY but grew 2x QoQ to ₹28.1bn due to decline by 10.4% YoY (+2x QoQ) in revenue of component inventory plus business compression in brands (OEMs doing inhouse manufacturing) in the Consumer Durables segment to ₹22.4bn.
- In response to changing market dynamics, the company has diversified its portfolio by venturing into supplying components for non-RAC products like telecom smart meters, automobiles, refrigerators, compressors, washing machines, and microwaves, thus, resulting in a significant reduction in the contribution of RAC in their overall business from 72% in FY18 to 40% currently. The company strategically shifted focus towards supplying components for RAC to maintain a 27.3% market share. The management expects the segment to grow in double digit in the next 10 years.
- Due to the anti-dumping duty imposition on printed circuit boards, new venues of opportunities are opening up and the management expects customer addition in the auto and related products category and consumer durables. Going forward, the management is confident to touch an EBITDA range of 7.5-8% for the division for FY25. It expects the segment to show a topline growth of 30-35% for FY25.
- Through Ascent Circuits, the company signed an MOU with Korea Circuit to manufacture flexible PCBs, HDI, semiconductor substrates, and other advanced PCBs, thereby enhancing PCB manufacturing capabilities in India. The management expects Ascent to double its revenue next year. The company entered into a 50:50 joint venture with Nexxbase Marketing Private Limited in FY24 to increase its footprint in wearable & hearable products.
- In FY24, the company received its first orders for doors and gangways from three new customers. In Phase-1, the company will assemble these new products and in Phase-2 complete manufacturing will begin from Q1FY26 onwards. The management expects margins of around 18-20% in this segment going forward. Total order book of SIDWAL at ₹20bn. Further, to acquire advanced technological expertise for manufacturing of driving gears, couplers and pantographs, SIDWAL has entered into a joint venture with South Korea's Yujin Machinery Ltd. through AT Railway Sub Systems Pvt Ltd, a wholly owned subsidiary of SIDWAL; thereby further enhancing its wallet share in each AC passenger coach. With this addition, SIDWAL now can offer around 18% of bill of material (BOM) of each AC passenger coach from the previous 5-10% BOM.
- In FY25, the management expects to receive all clearances and approvals from customers and expects to commence production of Yujin products, which are couplers, pantographs and gearboxes etc. by Q4FY26. SIDWAL can now offer solutions worth ~₹11mn per passenger car. The management is optimistic about modernisation and expansion plans of the Indian government in railways and metro segments, foreseeing an addressable market size of ₹750bn~800bn in the next five to six years. The management expects railway subsystem and mobility division to double its revenue in the next two to three years.

**Q4FY24 Result Highlights**

- All business segments on strong trajectory** – In Q4FY24, Amber's revenue declined 6.6% YoY but grew 2x QoQ to ₹28.1bn due to decline by 10.4% YoY (+2x QoQ) in revenue of component inventory plus business compression in brands (OEMs doing inhouse manufacturing) in the Consumer Durables segment to ₹22.4bn. Electronics segment grew 13.3% YoY and 2x QoQ to ₹4.7bn on the back of expansion into non-RAC applications such as telecom, smart meters and automobiles along with strong growth in Wearables. Rail Subsystems & Mobility (RSM) segment grew 7.3% YoY to ₹1.23bn enabled by healthy orders and new customer additions .EBITDA grew by 9% YoY & 2.8x QoQ to ₹2.22bn mainly on account of positive operating leverage, as RM cost as a percentage of sales contracted by 310bps YoY (+304 bps QoQ). PAT declined by 8.4% YoY & loss to profit QoQ to ₹990.3mn owing to strong operating performance. Amber received approvals from some customers in Q4 which aided growth in exports. The order book is guided to remain strong in FY24. WC cycle improved to 30 days in FY23 from 39 days YoY, driven by a reduction in receivables and inventories.
- Market share maintained at 27% in RAC** – In response to changing market dynamics, the company has diversified its portfolio by venturing into supplying components for non-RAC products like telecom smart meters, automobiles, refrigerators, compressors, washing machines, and microwaves, thus, resulting in a significant reduction in the contribution of RAC in their overall business from 72% in FY18 to 40% currently. The company strategically shifted focus towards supplying components for RAC to maintain a 27.3% market share. The management expects the segment to grow in double digit in the next 10 years. The management expects margin expansion in this division due to a shift in strategy towards components and further diversifying into manufacturing of fully automatic top load and front load washing machines and its components via Resojet Pvt Ltd. The company entered into 50-50 JV with Resojet Pvt Ltd, part of the Radiant group company for manufacturing fully automatic top and front load washing machines. The management expects production to start in 2HFY25 and produce around 40,000 units in FY25 & 125,000 in FY26.
- New avenues opening up in Electronic division** – Due to the anti-dumping duty imposition on printed circuit boards, new venues of opportunities are opening up and the management expects customer addition in the auto and related products category and consumer durables Going forward, the management is confident to touch an EBITDA range of 7.5- 8% for the division for FY25. It expects the segment to show a topline growth of 30-35% for FY25. Through Ascent Circuits, the company signed an MOU with Korea Circuit to manufacture flexible PCBs, HDI, semiconductor substrates, and other advanced PCBs, thereby enhancing PCB manufacturing capabilities in India. The management expects Ascent to double its revenue next year. The company entered into a 50:50 joint venture with Nexxbase Marketing Private Limited in FY24 to increase its footprint in wearable & hearable products.
- JVs and new customers' additions aiding Railway Subsystems and Mobility division** – In FY24, the company received its first orders for doors and gangways from three new customers. In Phase-1, the company will assemble these new products and in Phase-2 complete manufacturing will begin from Q1FY26 onwards. The management expects margins of around 18-20% in this segment going forward. Total order book of SIDWAL at ₹20bn. Further, to acquire advanced technological expertise for manufacturing of driving gears, couplers and pantographs, SIDWAL has entered into a joint venture with South Korea's Yujin Machinery Ltd. through AT Railway Sub Systems Pvt Ltd, a wholly owned subsidiary of SIDWAL; thereby further enhancing its wallet share in each AC passenger coach. With this addition, SIDWAL now can offer around 18% of bill of material (BOM) of each AC passenger coach from the previous 5-10% BOM. In FY25, the management expects to receive all clearances and approvals from customers and expects to commence production of Yujin products, which are couplers, pantographs and gearboxes etc. by Q4FY26. With all the above mentioned initiatives, SIDWAL can now offer solutions worth ~₹11mn per passenger car. The management is

**Important Data**

Nifty	22,546
Sensex	74,058
CMP	₹3,799
Market Cap (₹)	₹128.0bn
52W High/Low	₹4615/2012
Shares o/s (mn)	33.7
Daily Vol. (3M NSE Avg.)	404,115
BSE Code	540902
NSE Code	AMBER
Bloomberg Code	AMBER:IN

**Shareholding Pattern (%) – Mar'24**

Promoter	40.3
DIs	15.8
FIs	26.0
Public	17.9

**Financials & Valuations**

Particulars	(₹mn)		
	FY21	FY22	FY23
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	1,638
EPS (₹)	24.2	32.4	48.6
RoE (%)	5.0	6.2	8.4
RoCE (%)	3.6	3.4	10.0
P/E (x)	156.9	117.2	78.2
EV/EBITDA (x)	58.8	48.9	32.8
P/BV (x)	7.8	7.2	6.6

Particulars	FY24P		
	FY24P	FY25E	FY26E
Operating Revenue	67,293	83,291	101,147
EBITDA	4,919	6,739	9,051
EBITDA Margin (%)	7.3	8.1	8.9
Net Profit	1,395	2,512	4,137
EPS (₹)	41.4	74.6	122.8
RoE (%)	6.6	11.5	15.9
RoCE (%)	9.2	12.1	16.4
P/E (x)	91.8	51.0	30.9
EV/EBITDA (x)	27.7	20.2	15.0
P/BV (x)	6.0	5.7	4.8

Source: Company, Way2Wealth

**Relative performance**

Return(%)	1Yr	3Yr	5Yr
AMBER	83.9	29.7	418.6
Nifty50	23.1	48.6	92.1
Sensex	19.5	46.2	89.4

Source: Company, Way2Wealth

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optimistic about modernisation and expansion plans of the Indian government in railways and metro segments, foreseeing an addressable market size of ₹750bn~800bn in the next five to six years. The management expects railway subsystem and mobility division to double its revenue in the next two to three years.

- Working capital days for Mar'24 stood at 13 days as compared to 29 days in Mar '23. The management expects it to be at the level of 20-25 days going forward. Overall, Capex for FY24 stood at ₹3.73bn compared to ₹6.98bn in FY23. The company plans to incur Capex of ₹3.5-3.7bn for FY25.

## VIEW

Amber reported strong Q4FY24 & FY24 performance, as the company shifted to manufacturing RAC components which has high margins apart from the RAC finished goods. Non-RAC components and new avenues like Defence along with increase in wallet share augers well for the return ratios in coming years. Electronics and Railway Subsystems & Mobility (RSM) segments are expected to be the main growth levers going forward buoyed by customer additions, as the company's strategy of offering components to brands in tandem with them increasing in-house manufacturing has reaped rewards. The company is seeing increased traction in its RSM division, with a strong order book of ₹20bn in addition to immense future potential from Vande Bharat trains, as it looks to double this business in 3-4 years. **Hence, we maintain our BUY recommendation with target range ₹4450-4500 trading at P/E 30.9x FY26E EPS ₹122.8.**

**Q4FY24 FINANCIALS**

(₹ mn)

Particulars	Q4FY24	Q4FY22	YoY (%)	Q3FY24	QoQ (%)	FY24	FY23	YoY (%)
<b>Revenue</b>	<b>28,054.6</b>	<b>30,026.2</b>	<b>(6.6)</b>	<b>12,947.6</b>	<b>116.7</b>	<b>67,292.7</b>	<b>69,271.0</b>	<b>(2.9)</b>
Cost of Matl	22,971.0	25,858.9	(11.2)	10,830.0	112.1	54,715.6	59,250.1	(7.7)
Inventory Changes	388.6	74.0	425.1	(442.7)	187.8	283.7	(572.5)	149.6
Employee Exps	742.0	638.3	16.2	638.6	16.2	2,572.4	2,115.7	21.6
Other Exps	1,734.1	1,419.9	22.1	1,136.6	52.6	4,802.2	4,298.3	11.7
<b>EBITDA</b>	<b>2,219.0</b>	<b>2,035.1</b>	<b>9.0</b>	<b>785.0</b>	<b>182.7</b>	<b>4,918.8</b>	<b>4,179.3</b>	<b>17.7</b>
<b>EBITDA Margin (%)</b>	<b>7.9</b>	<b>6.8</b>	<b>113</b>	<b>6.1</b>	<b>185</b>	<b>7.3</b>	<b>6.0</b>	<b>128</b>
Other Income	180.4	186.9	(3.5)	52.1	246.2	553.1	526.6	5.0
Depreciation	514.6	388.4	32.5	465.6	10.5	1,865.3	1,391.2	34.1
Finance cost	483.0	374.6	28.9	368.5	31.1	1,669.8	1,118.2	49.3
PBT	1,401.7	1,459.0	(3.9)	3.0	47,238.9	1,936.8	2,196.5	(11.8)
Tax	388.0	378.0	2.6	8.1	4,680.1	518.6	558.8	(7.2)
Minority Interest - (Profit)/Loss	(23.4)	-	-	-	-	(23.4)	-	-
<b>Net Profit</b>	<b>990.3</b>	<b>1,081.0</b>	<b>(8.4)</b>	<b>(5.2)</b>	<b>19,306.0</b>	<b>1,394.7</b>	<b>1,637.8</b>	<b>(14.8)</b>
EPS (₹)	29.4	32.1	(8.4)	(0.2)	19,306.0	41.4	48.6	(14.8)

Source- Company, Way2Wealth

Cost as % to Sales	Q4FY24	Q4FY23	YoY (BPS)	Q3FY24	QoQ (BPS)	FY24	FY23	YoY (BPS)
Raw Matl Cost	83.3	86.4	(310)	80.2	304	81.7	84.7	(298)
Gross Margin	16.7	13.6	310	19.8	(304)	18.3	15.3	298
Employee Exps	2.6	2.1	52	4.9	(229)	3.8	3.1	77
Other Exps	6.2	4.7	145	8.8	(260)	7.1	6.2	93

Segmental Revenue (₹ mn)	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	FY24	FY23	YoY (%)
<b>Consumer Durables</b>	<b>22,350</b>	<b>24,956</b>	<b>(10.4)</b>	<b>9,467</b>	<b>136.1</b>	<b>50,928</b>	<b>54,663</b>	<b>(6.8)</b>
<b>Electronics</b>	<b>4,652</b>	<b>4,107</b>	<b>13.3</b>	<b>2,299</b>	<b>102.3</b>	<b>12,070</b>	<b>10,867</b>	<b>11.1</b>
<b>Railway Subsystems &amp; Mobility</b>	<b>1,233</b>	<b>1,150</b>	<b>7.3</b>	<b>1,233</b>	<b>0.0</b>	<b>4,847</b>	<b>4,268</b>	<b>13.6</b>

Segmental Revenue Mix (%)	Q4FY24	Q4FY23	YoY (BPS)	Q3FY24	QoQ (BPS)	FY24	FY23	YoY (BPS)
<b>Consumer Durables</b>	<b>79.7</b>	<b>83.1</b>	<b>(345)</b>	<b>73.1</b>	<b>655</b>	<b>75.7</b>	<b>78.9</b>	<b>(323)</b>
<b>Electronics</b>	<b>16.6</b>	<b>13.7</b>	<b>290</b>	<b>17.8</b>	<b>(118)</b>	<b>17.9</b>	<b>15.7</b>	<b>225</b>
<b>Railway Subsystems &amp; Mobility</b>	<b>4.4</b>	<b>3.8</b>	<b>57</b>	<b>9.5</b>	<b>(513)</b>	<b>7.2</b>	<b>6.2</b>	<b>104</b>

Segmental EBIT (₹ mn)	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	FY24	FY23	YoY (%)
<b>Consumer Durables</b>	<b>1,915.5</b>	<b>1,505.1</b>	<b>27.3</b>	<b>579.7</b>	<b>230.4</b>	<b>3,958.4</b>	<b>3,117.8</b>	<b>27.0</b>
<b>Electronics</b>	<b>256.6</b>	<b>419.3</b>	<b>(38.8)</b>	<b>2.0</b>	<b>12,886.3</b>	<b>491.1</b>	<b>580.3</b>	<b>(15.4)</b>
<b>Railway Subsystems &amp; Mobility</b>	<b>227.2</b>	<b>297.6</b>	<b>(23.7)</b>	<b>255.5</b>	<b>(11.1)</b>	<b>1,022.4</b>	<b>1,007.8</b>	<b>1.5</b>

Segmental EBIT Margin (%)	Q4FY24	Q4FY23	YoY (BPS)	Q3FY24	QoQ (BPS)	FY24	FY23	YoY (BPS)
<b>Consumer Durables</b>	<b>8.6</b>	<b>6.0</b>	<b>254</b>	<b>6.1</b>	<b>245</b>	<b>7.8</b>	<b>5.7</b>	<b>207</b>
<b>Electronics</b>	<b>5.5</b>	<b>10.2</b>	<b>(469)</b>	<b>0.1</b>	<b>543</b>	<b>4.1</b>	<b>5.3</b>	<b>(127)</b>
<b>Railway Subsystems &amp; Mobility</b>	<b>18.4</b>	<b>25.9</b>	<b>(747)</b>	<b>20.7</b>	<b>(229)</b>	<b>21.1</b>	<b>23.6</b>	<b>(252)</b>

Segmental Revenue (₹ mn)	FY21	FY22	FY23	FY24	CAGR (%)
<b>Consumer Durables</b>	<b>23,750</b>	<b>33,020</b>	<b>54,663</b>	<b>50,928</b>	<b>29.0</b>
<b>Electronics</b>	<b>4,550</b>	<b>6,170</b>	<b>10,867</b>	<b>12,070</b>	<b>38.4</b>
<b>Railway Subsystems &amp; Mobility</b>	<b>2,010</b>	<b>2,890</b>	<b>4,268</b>	<b>4,847</b>	<b>34.1</b>

Source - Company, Way2Wealth

**FINANCIALS & FORECASTING**

(₹ mn)

Particulars	FY19	FY20	FY21	FY22	FY23	FY24P	FY25E	FY26E
Revenue	27,520	39,628	30,305	42,064	69,271	67,293	83,291	101,147
EBITDA	2,129	3,093	2,203	2,754	4,179	4,919	6,739	9,051
<b>EBITDA Margin (%)</b>	<b>7.7</b>	<b>7.8</b>	<b>7.3</b>	<b>6.5</b>	<b>6.0</b>	<b>7.3</b>	<b>8.1</b>	<b>8.9</b>
Net Profit	937	1,584	816	1,092	1,638	1,395	2,512	4,137
EPS (₹)	27.8	47.0	24.2	32.4	48.6	41.4	74.6	122.8
RoE (%)	9.3	13.6	5.0	6.2	8.4	6.6	11.5	15.9
RoCE (%)	6.3	7.7	3.6	3.4	10.0	9.2	12.1	16.4
Cash Balances	447	1,203	2,899	5,626	5,594	6,913	2,818	4,766
FCF	(1,835)	1,433	364	(1,729)	(3,416)	5,528	(1,139)	3,257
Receivable Days	104	79	129	114	93	85	83	80
Inventory Days	88	72	104	73	68	56	66	62
Payable Days	148	122	191	148	143	144	143	140
Net Debt/ Equity (x)	0.3	0.3	0.1	0.4	0.5	0.4	0.5	0.4
P/E (x)	136.7	80.8	156.9	117.2	78.2	91.8	51.0	30.9
EV/EBITDA (x)	61.4	42.6	58.8	48.9	32.8	27.7	20.2	15.0
P/BV (x)	12.7	11.0	7.8	7.2	6.6	6.0	5.7	4.8
PEG	2.7	1.2	(3.2)	3.5	1.6	(6.2)	0.6	0.5

Source – Company, Way2Wealth

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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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