BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 7,740 | ∀ 4%

AMBER ENTERPRISES | Consumer Durables | 30 July 2025

Strong Q1; Electronics set to grow through inorganic expansion

- **Q1 revenue and EBITDA were 34% and 30% ahead of estimates, driven by strong growth in electronics (+97% YoY) & CD (+33% YoY)**
- **EBITDA margin contracted 70bps YoY/40bps QoQ on commodity inflation and product mix**
- **Revise estimates, introduce FY28E; roll forward to June-27 EPS, TP at Rs 7,740 (42x multiple), downgrade to HOLD**

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Robust growth across segments; margins see minor pressure: AMBER Q1 revenue grew 44% YoY (-8% QoQ), led by 33% YoY growth in the consumer durables (CD) segment, a robust 97% YoY growth in electronics and 29% YoY growth in railways. Gross margin contraction of 210bps YoY (-90bps QoQ) on account of commodity inflation and product mix was contained by lower other expenses and employee costs, limiting to 70bps YoY (-40bps QoQ) contraction in EBITDA margin. Adjusted PAT grew 44% YoY (-11% QoQ) to Rs 1bn.

CD growth led by commercial AC and client additions: CD revenue grew 33% YoY, despite a weak demand environment and an industry-wide sales decline of 15–20% YoY. Growth was primarily driven by a strong 40% YoY growth in the commercial AC segment, supported by traction in cassette ACs, new client additions, and momentum in the AC components business. Electronics division reported a robust 97% YoY growth, led by higher contribution from inverter PCBs, favourable impact of anti-dumping duties on PCBs, and new order wins in the defense and renewable sectors. During the quarter, the product mix in electronics segment stood at 87% PCBA and 13% bare PCB. This mix is expected to shift in favour of bare PCBs, following commercialisation of the Ascent facility and the Korean Circuit JV.

Electronics to gain from ECMS and inorganic acquisitions: AMBER has submitted two applications for the PCB category under MeitY's Electronic Component Manufacturing (ECM) scheme and will undertake a capex of Rs 40bn over the next 5 years under two phases. First, Rs 10bn capex through Ascent Circuit, ILJIN subsidiary, of which Rs 650bn to be spent in phase 1, while the remaining after 3 years. The 1st phase will likely get commercialised by Q1FY27. Second, Rs 32bn through Korea Circuit JV, of which Rs 12bn will be spent in phase 1, expected to get commercialised by Q1FY28. Besides this, the company has also signed definitive agreements to acquire controlling stakes in two companies – Unitronics and Power One.

Key changes

Target	Rating
▲	▼

Ticker/Price	AMBER IN/Rs 8,041
Market cap	US$ 3.1bn
Free float	60%
3M ADV	US$ 28.3mn
52wk high/low	Rs 8,177/Rs 3,964
Promoter/FPI/DII	40%/24%/14%

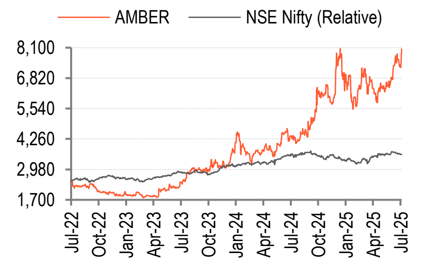
Source: NSE | Price as of 30 Jul 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	99,730	1,14,980	1,49,635
EBITDA (Rs mn)	7,634	9,349	13,064
Adj. net profit (Rs mn)	2,436	3,521	5,816
Adj. EPS (Rs)	72.3	104.5	172.6
Consensus EPS (Rs)	74.0	140.0	186.0
Adj. ROAE (%)	11.2	14.3	19.9
Adj. P/E (x)	111.2	76.9	46.6
EV/EBITDA (x)	35.5	29.0	20.7
Adj. EPS growth (%)	83.3	44.6	65.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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Revise estimates, downgrade to HOLD: We have revised our FY26-27 estimates downwards by 2-5% respectively to factor in the weakness in RAC demand, despite AMBER's outperformance. Additionally, we estimate the ambitious capex plan to be initially funded by borrowings. We introduce FY28E estimates and expect that AMBER is set for high growth, driven by value-added EMS capabilities and benefit from the Centre- and State-level incentives. We now ascribe a 42x June 27E EPS (vs 40x Mar-27 EPS) to arrive at June'26 TP of Rs 7,740 (vs Mar-26 TP of Rs 7,260).

Fig 1 – Quarterly performance

Particulars (Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Q1FY26E	Var (%)
Revenue	34,491	24,013	44	37,537	(8.1)	25,653	34
EBITDA	2,567	1,962	31	2,948	(12.9)	1,980	30
EBITDA Margin (%)	7.4	8.2	(70bps)	7.9	(40bps)	7.7	(30bps)
Depreciation	618	549		580		630	(2)
Interest	634	518		546		744	(15)
Other Income	297	207		191		221	34
PBT	1,612	1,101	46	2,013	(19.9)	826	95
Tax	484	298		702		208	132
Adjusted PAT	1,039	724	44	1,161	(10.5)	537	93
Exceptional item	-	-		100		-	
Reported PAT	1,039	724	44	1,061	(2.1)	537	93
Adj. PAT Margin (%)	3.0	3.0	0bps	3.1	(10bps)	2	90bps
EPS (Rs)	33.5	23.8	41	38.9	(13.9)	18	83

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

Particulars (Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Segment revenue					
Consumer durables	25,600	19,180	33	27,869	(8)
Electronics division	7,663	3,880	97	8,416	(9)
Railway subsystem and mobility	1,228	950	29	1,252	(2)
EBITDA					
Consumer durables	1,864	1,500	24	2,340	(20)
EBITDA Margin (%)	7.3	7.8	(54bps)	8.4	(100bps)
Electronics division	488	300	63	500	(2)
EBITDA Margin (%)	6.4	7.7	(136bps)	5.9	0bps
Railway subsystem and mobility	220	200	10	300	(27)
EBITDA Margin (%)	17.9	21.1	(314bps)	24.0	(600bps)

Source: Company, BOBCAPS Research

Earnings Call Highlights

Consumer Durables

- The RAC division sustained strong growth, outperforming the industry by 10–12%, led by diversified offerings, higher wallet share, commercial AC traction, component expansion, and customer conversions from gas-charging to full ODM.
- The company onboarded a new multinational customer in commercial AC, which is expected to contribute meaningfully from Q4FY26 onwards. The company also signed a strategic cooperation agreement with GMCC, the world's largest compressor manufacturer, securing compressor supply for 3 years. GMCC is expanding capacity in India, expected to be operational by November 2025.
- Management highlighted, industry-wide channel inventory build-up is 2.5 - 3.0 mn units vs the normal ~1.4 - 1.5 mn. Long-term AC demand outlook remains bullish, with industry volume expected to rise from the existing 15mn units to 35mn units by 2030.
- During the quarter, the company has expanded its product range (cassette, tower ACs) and plans to launch two new models by Q4FY26.
- Inverter AC PCB share stands at 18–20%, with room AC value addition rising to ~68%.

Electronics

- The company reiterated its ambition to scale this division to USD 1 bn revenue over the next 3 years, targeting 11.5-12% EBITDA margins, supported by a balanced mix of volume-led PCBA and value-added verticals like power electronics, industrial automation, and defense.
- Amber has filed two applications under the ECMS—Rs 9.9 bn for multilayer PCBs (Ascent) and Rs 32 bn for HDI & Flex PCBs (Korea Circuit JV)—with offtake secured through buyback agreements. Management guided PCB EBITDA margins in the 15–30% range, with 25%+ for defense/aerospace and 15–20% for IT/telecom segments and highlighted a WC cycle of 60–70 days.
- AMBER announced the acquisition of Power-One Microsystems (India) for Rs 2.62 bn + deferred consideration, a debt-free player in BESS, EV chargers, and solar inverters with Rs 2.45 bn FY25 revenue, expected to grow to Rs 3.25 bn in FY26 and deliver 17–18% EBITDA margins. Management also disclosed a 40.24% controlling stake acquisition in Unitronics (Israel) for Rs 4.03 bn, a firm focused on automation systems with Rs 570 mn revenue and 30% margins, enabling entry into PLCs, HMIs, VFDs, and industrial software.
- Management guided that margin expansion will be driven by (a) scale-up of Ascent and Korea Circuit plants (b) increasing contribution from high-margin acquisitions (Power-One and Unitronics) (c) deeper backward integration into bare PCBs and EMS (d) a strategic pivot away from low-margin consumer appliances.

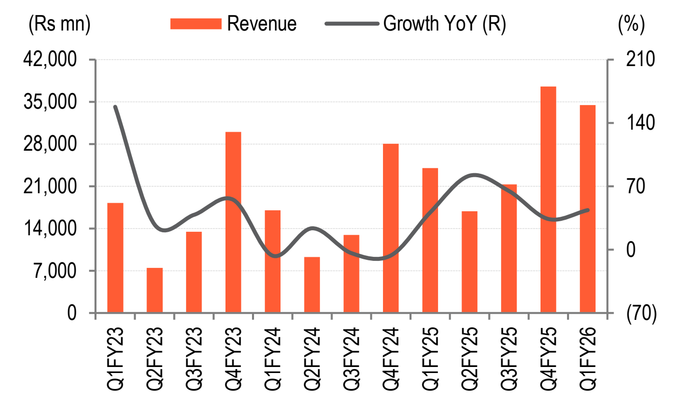
Railway subsystem and mobility

- Management reiterated confidence in doubling the division’s revenue over the next two years, supported by a healthy order book and expanding product portfolio, including traction in data centre cooling and specialised defense applications like missile launcher cooling.
- Q1 EBITDA margins declined due to an unfavourable product mix (higher Metro, lower defense/railways), but management expects margins to normalise to 20%+ in H2FY26 as high-margin defense and AMC segments ramp up.
- Sidwal’s greenfield facility (HVAC, pantry doors, gangways) remains on track to be operational by Q4FY26, while product trials at the Eugene JV facility (pantographs, couplers, brakes) are scheduled to begin by September 2025.

Guidance

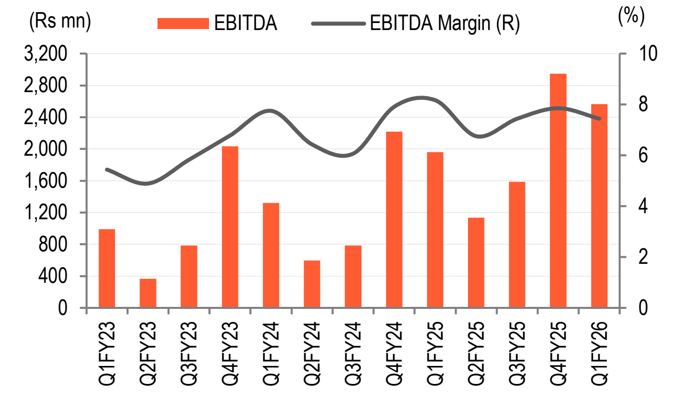
- Management guided for consolidated EBITDA margins in the 8%–9% range by FY26-end, led by improvements in the Electronics and Railway segments.
- AMBER expects CD EBITDA margins in the 7–8% range, though variability may persist on shifting product mix (6–10% range by category). Electronics division is set for strong full-year growth, with consumer durables share likely to decline from ~58–60% to ~45% by FY26-end and ~25% over 3 years, as auto, telecom, smart meters, and wearables scale up.
- EBITDA margins in electronics are guided to exceed 10% by FY26, supported by operating leverage and a favourable mix, while railway & defense margins are steady at ~20% and will likely hold steady.

Fig 3 – Revenue growth



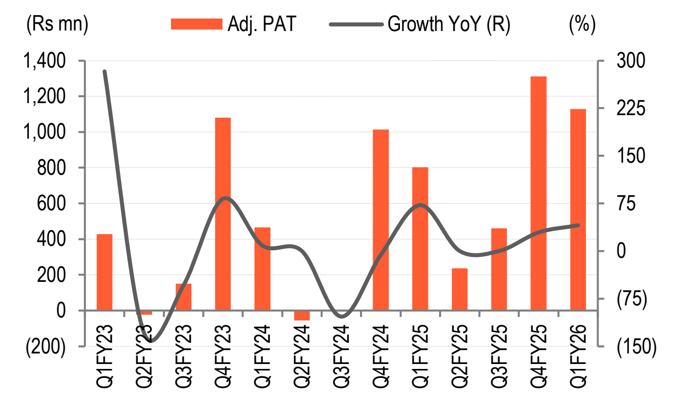
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth



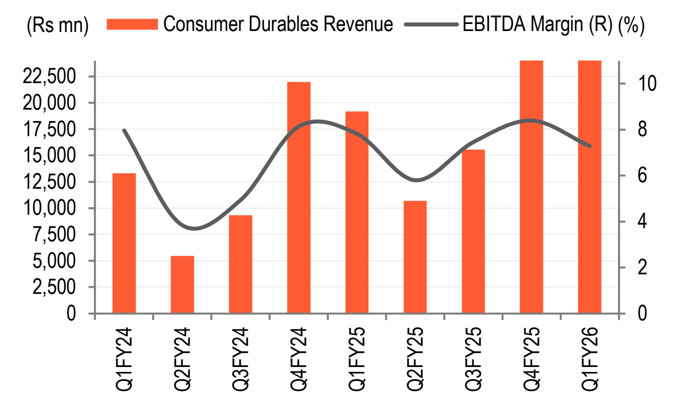
Source: Company, BOBCAPS Research

Fig 5 – PAT growth



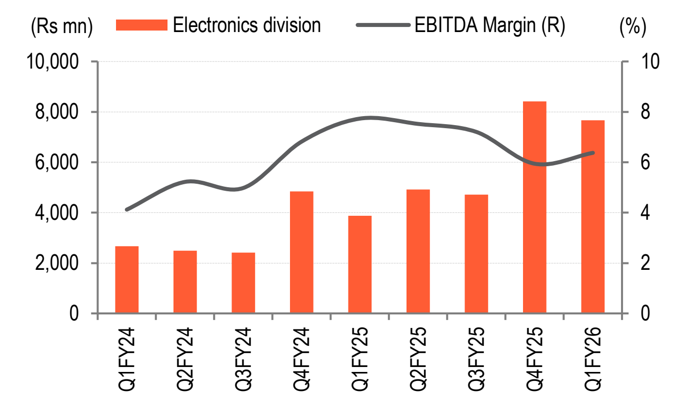
Source: Company, BOBCAPS Research

Fig 6 – Consumer Durables growth



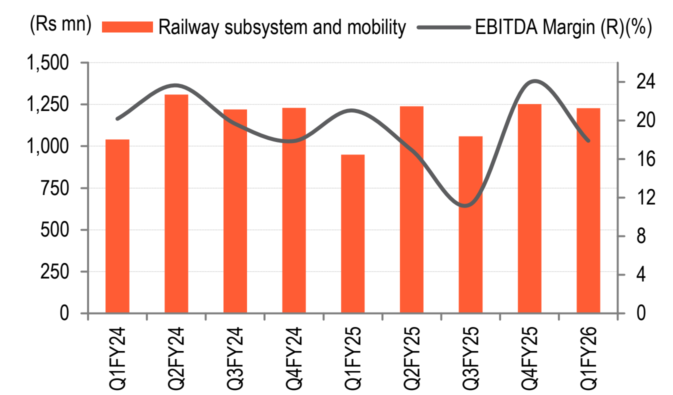
Source: Company, BOBCAPS Research

Fig 7 – Electronics growth



Source: Company, BOBCAPS Research

Fig 8 – Railway subsystem and mobility

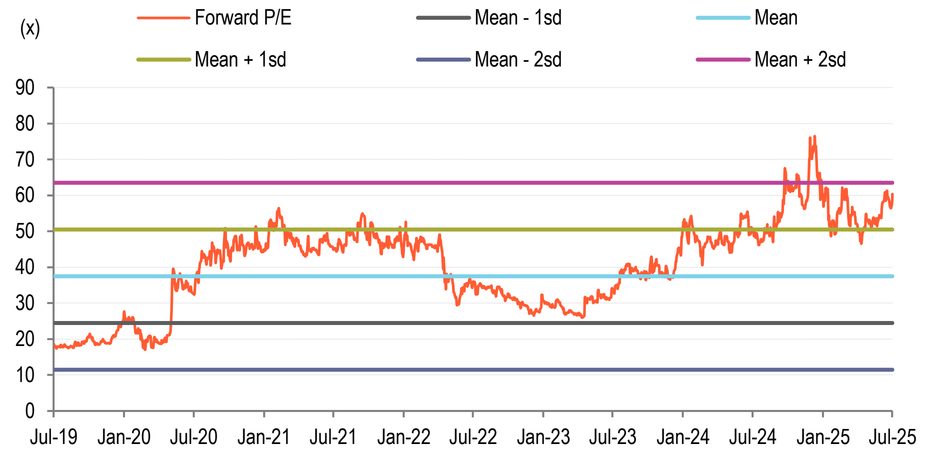


Source: Company, BOBCAPS Research

Valuation Methodology

We have revised our FY26-27 estimates downwards by 2-5% respectively to factor in weakness in RAC demand, despite AMBER's outperformance. Additionally, we estimate the ambitious capex plan to be initially funded by borrowings. We introduce FY28E estimates and expect that AMBER is set for high growth, driven by value added EMS capabilities and benefit from the Centre- and State-level incentives. We now ascribe a 42x June 27E EPS (vs 40x Mar-27 EPS) to arrive at June'26 TP of Rs 7,740 (vs Mar-26 TP of Rs 7,260).

Fig 9 – AMBER 1YF PE band chart



Source: Company, BOBCAPS Research

Fig 10 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	1,14,980	1,49,635	1,87,255	1,21,726	1,58,232	NA	(6)	(5)	NA
EBITDA	9,349	13,064	16,821	9,644	13,229	NA	(3)	(1)	NA
PAT	3,521	5,816	7,392	3,592	6,115	NA	(2)	(5)	NA

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**67,293**	**99,730**	**1,14,980**	**1,49,635**	**1,87,255**
EBITDA	4,919	7,634	9,349	13,064	16,821
Depreciation	1,865	2,283	2,558	2,925	4,371
EBIT	3,054	5,351	6,791	10,139	12,450
Net interest inc./(exp.)	(1,670)	(2,087)	(2,629)	(3,108)	(3,348)
Other inc./(exp.)	553	736	1,000	1,100	1,100
Exceptional items	0	0	0	0	0
EBT	1,937	3,999	5,162	8,131	10,202
Income taxes	519	1,188	1,299	2,047	2,568
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(23)	(300)	(250)	(150)	(100)
Reported net profit	**1,329**	**2,436**	**3,521**	**5,816**	**7,392**
Adjustments	0	0	0	0	0
Adjusted net profit	**1,329**	**2,436**	**3,521**	**5,816**	**7,392**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	21,671	31,703	36,542	47,555	59,511
Other current liabilities	3,525	4,051	6,186	8,050	10,074
Provisions	0	0	0	0	0
Debt funds	14,332	19,400	23,900	25,900	27,900
Other liabilities	5,761	6,268	6,268	6,268	6,268
Equity capital	337	338	338	338	338
Reserves & surplus	20,307	22,520	26,041	31,857	39,249
Shareholders' fund	20,644	22,858	26,379	32,195	39,588
Total liab. and equities	**65,932**	**84,281**	**99,275**	**1,19,969**	**1,43,341**
Cash and cash eq.	6,913	7,268	4,245	3,533	10,437
Accounts receivables	15,693	17,501	20,791	27,057	33,860
Inventories	8,408	16,551	19,846	25,417	31,808
Other current assets	2,531	5,160	5,949	7,743	9,689
Investments	0	0	0	0	0
Net fixed assets	20,919	22,840	25,433	38,008	39,637
CWIP	244	1,151	9,000	4,000	3,500
Intangible assets	7,997	8,384	8,484	8,584	8,684
Deferred tax assets, net	0	0	0	0	0
Other assets	3,226	5,426	5,526	5,626	5,726
Total assets	**65,932**	**84,281**	**99,275**	**1,19,969**	**1,43,341**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**9,648**	**7,109**	**5,678**	**7,988**	**10,604**
Capital expenditures	(3,977)	(5,556)	(13,000)	(10,500)	(5,500)
Change in investments	(2,625)	(2,580)	(100)	(100)	(100)
Other investing cash flows	(3,743)	(1,394)	(100)	(100)	(100)
Cash flow from investing	**(10,345)**	**(9,529)**	**(13,200)**	**(10,700)**	**(5,700)**
Equities issued/Others	0	1	0	0	0
Debt raised/repaid	352	1,259	4,500	2,000	2,000
Interest expenses	0	0	0	0	0
Dividends paid	(1,567)	1,969	0	0	0
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**(1,216)**	**3,229**	**4,500**	**2,000**	**2,000**
Chg in cash & cash eq.	**(1,913)**	**809**	**(3,022)**	**(712)**	**6,904**
Closing cash & cash eq.	**6,913**	**7,268**	**4,245**	**3,533**	**10,437**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	39.4	72.3	104.5	172.6	219.4
Adjusted EPS	39.4	72.3	104.5	172.6	219.4
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	612.7	678.4	782.9	955.5	1,174.9

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	4.0	2.7	2.4	1.8	1.4
EV/EBITDA	55.1	35.5	29.0	20.7	16.1
Adjusted P/E	203.9	111.2	76.9	46.6	36.6
P/BV	13.1	11.9	10.3	8.4	6.8

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	68.6	60.9	68.2	71.5	72.5
Interest burden (PBT/EBIT)	63.4	74.7	76.0	80.2	81.9
EBIT margin (EBIT/Revenue)	4.5	5.4	5.9	6.8	6.6
Asset turnover (Rev./Avg TA)	3.2	4.4	4.5	3.9	4.7
Leverage (Avg TA/Avg Equity)	1.1	1.1	1.0	1.3	1.1
Adjusted ROAE	6.7	11.2	14.3	19.9	20.6

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	(2.9)	48.2	15.3	30.1	25.1
EBITDA	17.7	55.2	22.5	39.7	28.8
Adjusted EPS	(15.5)	83.3	44.6	65.2	27.1
Profitability & Return ratios (%)					
EBITDA margin	7.3	7.7	8.1	8.7	9.0
EBIT margin	4.5	5.4	5.9	6.8	6.6
Adjusted profit margin	2.0	2.4	3.1	3.9	3.9
Adjusted ROAE	6.7	11.2	14.3	19.9	20.6
ROCE	7.5	10.0	11.8	15.0	15.7
Working capital days (days)					
Receivables	85	64	66	66	66
Inventory	46	61	63	62	62
Payables	118	116	116	116	116
Ratios (x)					
Gross asset turnover	2.6	3.3	3.3	3.3	3.3
Current ratio	1.0	1.0	1.0	1.0	1.1
Net interest coverage ratio	1.8	2.6	2.6	3.3	3.7
Adjusted debt/equity	0.7	0.8	0.9	0.8	0.7

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

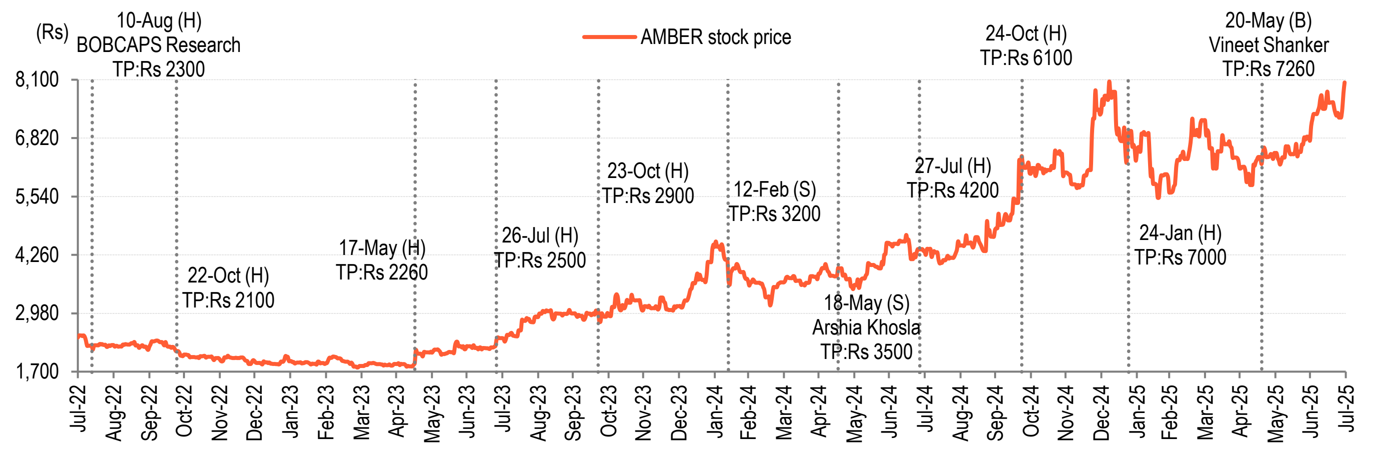
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): AMBER ENTERPRISES (AMBER IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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