CMP: ₹ 7259 | Target ₹ 8500 (+17%) | Target Period: 12 months | BUY

August 17, 2026

Modest growth, diversification on track ...

About the stock: Amber Enterprises India (Amber) is a leading manufacturer and solution provider for room air-conditioner (RAC) industry, commanding leadership with market share of ~25%+. It has capabilities to manufacture ~70% BoM for RACs. Its electronics division (PCBA, Bare PCB and Box-build) serves customers across consumer durables, smart electronics, automotive, telecom, healthcare, industrial and defence.

Q1FY27 performance: Amber reported mixed result as revenue growth was modest at 13% YoY (declining 6% QoQ) to ₹3,888 crore. Consumer Durables segment posted single-digit growth of ~8% YoY, against the high base in Q1FY26 (34% YoY growth in Q1FY26). Electronics revenue grew ~29% YoY to ₹985 crore while Railway & Defence division reported 18% YoY growth to ₹144 crore. Gross margins remained flat QoQ but improved 308 bps YoY, supported by a favourable product mix. EBITDA stood at ₹312 crore, up 22% YoY, with margins expanding 59 bps YoY to 8.0%, aided by the Electronics division achieving double-digit margins.

Investment Rationale:

- **Diversification from RAC business shall be key growth driver:** Amber is diversifying business wherein we expect consumer durable (mainly RAC) proportion to reduce from ~69% in FY26 to ~47% in FY28E. In Q1, electronics division delivered healthy growth of 29% YoY, albeit below the ~40% FY27 guidance. Further, Amber has partnered with Oppo, Realme and Oneplus to manufacture their phones in India targeting ~8 mn phones in year 1 and ~16 mn phones in year 2. Also, Amber is investing ~₹4,300 crore towards bare PCB manufacturing, strengthening its backward integration. Besides, the growth in electronics shall be supported by the scaling-up of Power Electronics and Industrial Automation, while Railway & Defence is expected to double its revenue over the next 2–3 years.

- **Margin expansion to be driven by improving business mix:** Amber's Q1FY27 consolidated EBITDA margin improved to 8.0%, up 58 bps YoY, despite pressures from commodity inflation and currency fluctuations. Electronics segment margins expanded to 10.8% from 6.4% YoY, driven by increasing contribution from higher-margin businesses and operating leverage. With new PCB capacities coming on stream and existing acquisitions scaling up, we expect further improvement in consol margins (ex-mobile business) through greater backward integration.

Rating and Target Price:

Amber's Q1FY27 performance was modest on the growth front, although margins remained broadly resilient YoY. Management guided that company shall trace back to RAC industry growth. While near-term geopolitical uncertainty and commodity pressures could pose risks to profitability, we expect these headwinds to be transitory. Overall, the company has ventured in several segments including bare PCB, smart phones, power electronics and railways wherein execution remains the key. We maintain BUY rating on the stock considering favorable risk-reward, valuing it at 43x FY28E P/E and arrive at a target price of ₹8500.

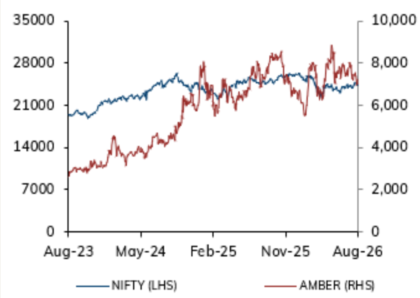
Particulars

Particular	Amount
Market Cap (₹ Crore)	25,600.8
FY26 Debt (₹ Crore)	2305.9
FY26 Cash (₹ Crore)	465.6
EV (Rs Crore)	27,441.1
52 Week H/L (₹)	8.974/5.400
Equity Capital (₹ Crore)	35.2
Face Value	10

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	38.2	38.1	38.1	38.0
FII	30.6	26.9	23.9	20.4
DII	20.2	23.8	27.9	30.5
Public	10.9	10.9	9.9	10.8

Price Chart



Key risks

(i) Execution delays esp. in PCB projects owing to various approvals, macro slowdown, etc.

(ii) Any restraint in government support measures.

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

(₹ crore)	FY23	FY24	FY25	FY26	3 Year CAGR	FY27E	FY28E	2 Year CAGR
Net sales	6927.1	6729.3	9973.0	12186.5	21%	14846.8	24460.3	42%
EBITDA	417.9	491.9	763.4	952.3	32%	1217.4	1695.2	33%
EBITDA Margin (%)	6.0	7.3	7.7	7.8		8.2	6.9	
Net profit after MI	163.8	132.9	243.6	177.6	3%	388.1	698.0	98%
EPS (₹)	48.6	39.4	72.3	50.5		110.3	198.3	
P/E(x)	149.3	184.1	100.4	143.8		65.8	36.6	
RoE (%)	8.6	6.4	10.7	4.1		8.6	13.4	
RoCE (%)	9.4	8.9	12.6	7.9		9.2	12.4	

Source: Company, ICICI Direct Research

Q1FY27 Earnings call highlights

- Consolidated revenue grew 13% YoY to ₹3,888 crore; operating EBITDA grew 28% to ₹337 crore and adjusted PAT stood at ₹126 crore. Net debt increased to ~₹1,225 crore as of June 2026 vs ~₹510 crore in March 2026.
- **Consumer Durable (RAC & components):** Consumer durable division revenue grew 8% YoY to ₹2,758 crore, with operating EBITDA Growth of 12% despite commodity inflation and minimum wage revisions in Haryana. Management expects growth in consumer durable segment to be in line with industry growth rate of ~13-15% for FY27.
- Q1 margins benefited from pre-stocking of compressors and copper and a favorable product mix towards premium/5-star and 2-ton products.
- **Electronics division:** Electronics revenue grew 29% YoY to ₹985 crore, while operating EBITDA more than doubled to ₹107 crore with margin at 10.8%. Management reiterated the earlier 40%+ FY27 revenue growth guidance, with PCB, PCBA and industrial/power electronics all expected to contribute.
- PCB margins are currently impacted by sharp increase in CCL (Copper clad laminate) prices, with margin at ~12% versus normalized 16%. Price pass through is ongoing, with margins expected to move back toward 15-16% from Q3FY27 onwards, subject to no further CCL price increase.
- **Railways and Defence division:** Revenue grew 18% YoY to ₹144 crore while operating EBITDA declined 26% to ₹16 crore due to product mix, commodity inflation, currency depreciation and 35% increase in Haryana minimum wages. Management expects 30-35% growth in this segment for FY27 with margins in 15-16% range.
- **Mobile Business:** Manufacturing collaboration with Oppo covering Oppo, OnePlus and Realme is progressing well, with trial production targeted in Q4FY27 and commercial production from Q1FY28. Initial scale is expected at ~8mn units in first year, ramping up to ~15-16mn units in second year. Export opportunities are also being discussed, although it is at very early stage.
- **PCB expansion:** HDI PCB facility at Jewar has commenced construction, with 3,200 crore ECMS approval, while Hosur has received approval for ₹1,000 crore and Shogini, Pune for ₹500 crore. Hosur is expected to be operational this financial year, while Jewar is expected to take ~18 months for trial production. The company also expects to have its first CCL plant by FY29-30.
- **ILJIN disruption:** Amber has received permission to reconstruct the affected ILJIN facility and is reassessing the overall loss. Management indicated that the business impact remains limited as operations have been shifted across other locations, while the facility, inventory and machinery are adequately insured.

- Additionally, board has approved an enabling resolution for fund raise up to ₹5,000 crore, with the exact details to be finalized and will be communicated by management.

Exhibit 1: Variance Analysis

	Q1FY27	Q1FY26	YoY	Q4FY26	QoQ (%)	Comments
Revenue	3888	3449	12.7	4148	-6.3	Electronics segment remained the key growth driver with ~29% YoY growth. Consumer durable segment grew ~8% YoY, impacted by a high base. Railways & Defence showcased steady revenue growth of 18% YoY.
Other Income	48	30	60.2	20	136.5	
Raw Material Exp	3037	2771	9.6	2705	12.3	Margins are fairly stable considering elevated commodity prices, particularly copper/CCL, along with currency depreciation
Employee cost	155	90	72.1	156	-0.8	
Other Expenditure	264	195	34.9	265	-0.7	
Total Expenditure	3576	3192	12.0	3789	-5.6	
EBITDA	312	257	21.6	358	-12.8	
EBITDA Margin (%)	8.0	7.4	58 bps	8.6	-61 bps	Operating EBITDA margins improved YoY, aided by strong growth in the electronics segment, which reported 10.8% margins. Consumer durable EBITDA grew 12% YoY, while Railways & Defence EBITDA declined 26% YoY.
Depreciation	108	62	75.1	99	9.0	
Interest	85	63	33.7	65	30.9	
PBT	44	161	-72.7	278	-84.2	
Total Tax	40	48	-16.5	49	-18.2	
PAT after MI	22	104	-78.6	134	-22.3	Exceptional loss of ₹122 crore related to subsidies, adjusting for which the profitability would have been better.

Source: Company, ICICI Direct Research

Financial summary

Exhibit 2: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Revenue	**9,973.0**	**12,186.5**	**14,846.8**	**24,460.3**
Growth (%)	48.2	22.2	21.8	64.8
Expenses				
Raw material expense	7,819.0	9,947.8	12,100.2	20,722.7
Employee expenses	324.6	459.3	534.5	697.1
Other expenses	699.5	827.1	994.7	1,345.3
Total Operating Exp	9,209.6	11,234.2	13,629.4	22,765.1
EBITDA	**763.4**	**952.3**	**1,217.4**	**1,695.2**
Growth (%)	55.2	24.7	27.8	39.2
Depreciation	228.3	322.6	445.4	513.7
Interest	208.7	284.4	309.5	267.4
Other Income	73.6	120.2	125.1	118.1
PBT	399.9	426.5	587.7	1,032.2
Total Tax	118.8	110.0	146.7	259.1
Adj. PAT after MI	243.6	177.6	388.1	698.0
Growth (%)	83.3	-27.1	118.5	79.9
Adj. EPS (₹)	**72.3**	**50.5**	**110.3**	**198.3**

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	243.6	177.6	388.1	698.0
Add: Depreciation	228.3	322.6	445.4	513.7
(Inc)/dec in Current Assets	-1276.6	-2147.1	-523.7	-2710.9
Inc/(dec) in CL and Provisions	1058.9	708.2	888.2	3429.9
Others	208.7	284.4	309.5	267.4
CF from operating activities	462.9	-654.3	1507.5	2198.0
(Inc)/dec in Investments	-7.9	86.5	0.0	0.0
(Inc)/dec in Fixed Assets	-550.1	-2,147.0	-1,112.0	-1,369.5
Others	-146.1	462.8	-169.5	-261.9
CF from investing activities	-704.1	-1,597.6	-1,281.5	-1,631.4
Issue/(Buy back) of Equity	0.1	1.4	0.0	0.0
Inc/(dec) in loan funds	506.8	365.9	200.0	-150.0
Dividend paid & dividend tax	0.0	0.0	0.0	0.0
Others	-231.0	1,622.8	-570.5	-267.4
CF from financing activities	275.9	1,990.1	-370.5	-417.4
Net Cash flow	34.7	-261.8	-144.5	149.3
Opening Cash	692.2	726.9	465.1	320.6
Closing Cash	**726.9**	**465.1**	**320.6**	**469.9**

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Liabilities				
Equity Capital	33.8	35.2	35.2	35.2
Reserve and Surplus	2,252.0	4,336.9	4,464.0	5,162.0
Total Shareholders' funds	2,285.8	4,372.1	4,499.2	5,197.2
Debt	1,940.0	2,305.9	2,505.9	2,355.9
Other non-current liabilities	603.3	2,781.6	2,725.8	2,899.4
Total Liabilities	**4,829.2**	**9,459.7**	**9,730.9**	**10,452.5**
Assets				
Gross Block	3,880.7	5,678.1	7,069.7	8,371.2
Less: Acc Depreciation	1,119.2	1,477.4	1,964.5	2,485.3
Total Fixed Assets	2,876.6	4,701.0	5,367.7	6,223.5
Goodwill	360.9	1,678.1	1,678.1	1,678.1
Inventory	1,655.1	2,452.0	2,740.3	3,806.9
Debtors	1,750.1	2,246.8	2,699.6	4,155.2
Loans and Advances	35.6	5.8	7.0	11.6
Other CA	396.3	1,279.6	1,060.9	1,245.1
Cash	726.8	465.6	320.6	469.9
Total Current Assets	4,563.8	6,449.7	6,828.4	9,688.6
Creditors	3,170.3	2,838.5	3,409.6	5,679.9
Provisions	33.6	79.2	93.1	156.6
Other CL	395.1	1,389.4	1,692.7	2,788.8
Total Current Liabilities	3,599.0	4,307.2	5,195.4	8,625.3
Net current assets	964.8	2,142.5	1,633.0	1,063.3
Other non current assets	626.8	938.6	1,052.2	1,487.7
Total Assets	**4,829.2**	**9,459.7**	**9,730.9**	**10,452.5**

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
EPS	72.3	50.5	110.3	198.3
Cash EPS	144.6	169.9	266.6	386.9
BV	678.4	1,242.4	1,278.5	1,476.8
DPS	0.0	0.0	0.0	0.0
Operating Ratios (%)				
EBITDA Margin	7.7	7.8	8.2	6.9
PAT Margin	2.4	1.5	2.6	2.9
Asset Turnover	2.6	2.1	2.1	2.9
Inventory Days	60.6	73.4	67.4	56.8
Debtor Days	64.1	67.3	66.4	62.0
Creditor Days	116.0	85.0	83.8	84.8
Return Ratios (%)				
RoE	10.7	4.1	8.6	13.4
RoCE	12.6	7.9	9.2	12.4
RoIC	15.2	8.6	9.5	12.7
Valuation Ratios (x)				
P/E	100.4	143.8	65.8	36.6
EV / EBITDA	33.5	27.6	21.9	15.5
EV / Net Sales	2.6	2.2	1.8	1.1
Market Cap / Sales	2.5	2.0	1.6	1.0
Price to Book Value	10.7	5.8	5.7	4.9
Solvency Ratios				
Debt / Equity	0.8	0.5	0.6	0.5
Current Ratio	1.2	2.1	1.9	1.6
Quick Ratio	0.7	1.2	1.1	0.9

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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