AMBER ENTERPRISES INDIA (AMBEN)

CMP: ₹ 6,265 | Target ₹ 7,500 (+20%) | Target Period: 12 months | BUY

November 16, 2026

Strong topline momentum; Profitability set to rebound...

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.

Q2FY27 performance: Amber reported mixed result with strong revenue growth (60% YoY, -32% QoQ) but profitability remaining under pressure. Segmentally, Consumer durable division grew 41% to ₹1227 crore, electronics division grew by strong 94% YoY to ₹1248 crore and railways segment grew modest 15% YoY to ₹152 crore. EBITDA came at ₹98.3 crore with EBITDA margins at 3.7% down 180 bps YoY and 428 bps QoQ owing to select one-offs as well as commodity inflation.

Investment Rationale:

- **Diversification from RAC business shall be key growth driver:** Amber's strong revenue growth was driven by both Consumer Durables (+41% YoY) and Electronics divisions (+94% YoY). Electronics division is expected to sustain strong growth momentum, while the Consumer durables segment is likely to grow in high teens, broadly in line with the industry. Further, Amber has established a subsidiary to manufacture smartphones for Oppo, Realme and OnePlus, targeting production of ~8mn units in the first year and ~16mn units in the second year, providing an additional growth avenue from FY28. Amber's multi-year capex of ~₹4,300 crore for PCB manufacturing is largely on track with operations expecting to commence in CY28. These capacities will strengthen backward integration, reduce dependence on the seasonal RAC business.
- **Margin set to rebound:** EBITDA margin was subdued at 3.7% in Q2FY27, with Consumer durables and Railway margins declining to 0.2% (vs. 5.8%) and 4.9% (vs. 16.2%) YoY, resp. Margins were impacted by commodity inflation, forex fluctuations, minimum wage revisions, initial ramp-up costs at the Sri City facility and execution of fixed-price railway contracts. Management expects Consumer durables margins to contract by 50-100bps in FY27, while Railway margins are likely to remain at 8-10% (vs. normalised 14-16%). In contrast, electronics margins improved to 9.3% from 6.1% in Q2FY26, aided by operating leverage and higher contribution from acquired businesses. Going ahead, expect steady improvement in consolidated margins (ex-mobile business), driven by improving business mix, easing supply chain constraints and commissioning of PCB capacities.

Rating and Target Price:

Amber's margin is expected to improve as commodity inflation eases and benefits of investments are reflected in operating leverage. Besides, its subsidiary ILJIN electronics has filed DRHP for IPO with management intending to list it in about a year which shall enable Amber to earn premium multiple. We value the stock at PE of 45x on FY28E EPS with target price of ₹7,500 and maintain BUY rating.

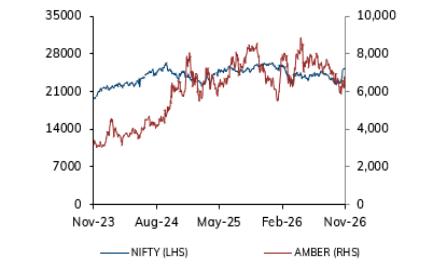
Particulars

Particular	Amount
Market Cap (₹ Crore)	22,134
H1FY27 Debt (₹ Crore)	4,288
H1FY27 Cash (₹ Crore)	346
EV (Rs Crore)	26,076
52 Week H/L (₹)	8.974/5.400
Equity Capital (₹ Crore)	35.3
Face Value	10

Shareholding pattern

	Dec-25	Mar-26	Jun-26	Sep-26
Promoter	38.1	38.1	38.0	38.0
FII	26.9	23.9	20.4	20.6
DII	23.8	27.9	30.5	29.7
Public	10.9	9.9	10.8	11.5

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%	15460.1	24888.6	43%
EBITDA	417.9	491.9	763.4	952.3	32%	1128.6	1674.7	33%
EBITDA Margin (%)	6.0	7.3	7.7	7.8		7.3	6.7	
Net profit after MI*	163.8	132.9	243.6	177.6	3%	269.4	585.6	82%
EPS (₹)	48.6	39.4	72.3	50.5		76.4	166.1	
P/E(x)	128.9	158.9	86.7	124.1		82.0	37.7	
RoE (%)	8.6	6.4	10.7	4.1		6.2	11.8	
RoCE (%)	9.4	8.9	12.6	7.9		7.1	10.7	

Source: Company, ICICI Direct Research

Q2FY27 Earnings call highlights

- **Consolidated performance:** Consolidated revenue grew 60% YoY to ₹2,627 crore, while EBITDA came at ₹98.3 crore with margins at 3.7% down 180 bps YoY and 428 bps QoQ. Adjusted loss after tax stood at ₹57 crore, before exceptional loss of ₹9.5 crore. Operating EBITDA includes ₹13.5 crore impact from purchase price allocation (PPA) adjustments related to inventory of recent acquisitions.
- **Consumer Durables (RAC & components):** Consumer durable division revenue grew 41% YoY to ₹1,227 crore, while operating EBITDA stood at ₹4 crore. Growth was driven by higher contribution from commercial ACs, commodity price increases, changes in star-rating norms and volume growth. Management expects the division to grow in line with the RAC industry, which is expected to grow 20-22% in FY27.
- **Consumer durable margins:** Margins were impacted by approximately ₹32-35 crore of non-operational expenses, ₹20-30 crore towards minimum wage revisions and ₹15-20 crore of additional costs related to the new plant during H1. Around 50% of the commodity cost increase was passed on to customers in Q2, with the remaining recovery expected from Q3 onwards. Management expects margins to recover in Q3 and Q4, maintaining its earlier full-year guidance of 50-100 bps margin decline, assuming commodities remain at H1 levels.
- **Electronics division:** Electronics revenue grew 94% YoY to ₹1,248 crore, while operating EBITDA increased 195% to ₹116 crore. Margins benefited from the commencement of customer price pass-throughs, although management indicated that the impact of commodity and currency fluctuations remains a moving factor. The company expects CCL supply constraints to ease over the next 2-3 quarters, with prices likely to remain elevated in the near term.
- **Railways and Defence division:** Revenue grew 15% YoY to ₹152 crore, while operating EBITDA stood at ₹7 crore. Margins were impacted by commodity inflation, forex fluctuations and minimum wage revisions, particularly in legacy fixed-price contracts. Management lowered FY27 revenue growth guidance to 15-20% due to delays in project offtakes, with EBITDA margins expected at 8-10%. Margins are expected to gradually normalize to 14-16% as legacy contracts get delivered, with recovery beginning from Q2FY28 onwards.
- **Mobile Business:** Amber has decided to house its mobile business under a dedicated wholly owned subsidiary, Amber Digital Technologies, covering manufacturing for Oppo, OnePlus and Realme. The business will be housed under Amber, alongside its backward-integrated RAC business, helping diversify revenue streams, reduce seasonality and improve capital efficiency.
- **Sidwal expansion:** The new greenfield facility in Faridabad for HVAC, doors and gangways has commenced operations and is currently

undergoing capacity ramp-up. Management reiterated its earlier guidance of doubling Sidwal's revenue over the next two years, supported by a strengthened order book.

- **PCB expansion and CapEx:** Ascent's Hosur expansion is expected to commence operations in H1CY27, while the Korea Circuit project is expected to start operations in CY28. Overall Capex guidance stands at ₹1,800-2,000 crore for FY27, with a similar level expected in FY28.
- **IL JIN Electronics:** Operations at the fire-affected IL JIN facility have resumed, with the facility expected to become fully operational over the next couple of months as capacity ramps up. Management indicated that customer sales have not been materially impacted, as production was shifted to other facilities. IL JIN has filed its DRHP with SEBI, with approval expected over the next 3-4 months, following which the IPO can be launched within one year. Amber expects to retain majority control with more than 51% shareholding post IPO.
- **Group restructuring and balance sheet:** IL JIN acquired the remaining 40% stake in Power-One and an additional 1.5% stake in Ascent Circuits through a CCPS share-swap arrangement, making both wholly owned subsidiaries of IL JIN. Net debt stood at ₹2,582 crore, with gross debt of approximately ₹4,100-4,200 crore. Net working capital days stood at 53 days. Management expects net debt to remain seasonal, increasing in Q2-Q3 and declining in Q4-Q1.

Exhibit 1: Variance Analysis

	Q2FY27	Q2FY26	YoY	Q1FY27	QoQ (%)	Comments
Revenue	**2627**	**1647**	**59.5**	**3888**	**-32.4**	Strong topline growth; consumer durable segment grew 41% YoY, Electronics segment grew 94% YoY and railways grew 15% YoY
Other Income	33	16	110.8	48	-30.7	
Raw Material Exp	2134	1309	62.9	3158	-32.4	Margins impacted owing to increased commodity cost
Employee cost	161	91	77.8	155	4.3	
Other Expenditure	234	156	50.4	264	-11.3	
Total Expenditure	**2529**	**1556**	**62.5**	**3576**	**-29.3**	
EBITDA	98	91	7.7	312	-68.5	
EBITDA Margin (%)	**3.7**	**5.5**	**-180 bps**	**8.0**	**-428 bps**	Consumer durable segment and railways posted depressed margins impacted by commodity inflation, foreign currency fluctuation, minimum wage revision, Sri City new plant cost which is under ramp-up phase and fixed price contract in railways. While electronics business margins stayed healthy
Depreciation	113	70	60.5	108	4.2	
Interest	95	77	23.9	85	12.4	
PBT	-88	-48	84.7	43	-303.0	
Total Tax	-22	-16	39.6	40	-154.0	
PAT	**-66**	**-32**	**NM**	**3**	**NM**	Losses expanded owing to depressed margins & higher depreciation and finance cost

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**	**15,460.1**	**24,888.6**
Growth (%)	48.2	22.2	26.9	61.0
Expenses				
Raw material expense	7,819.0	9,947.8	12,584.5	21,066.1
Employee expenses	324.6	459.3	680.2	828.8
Other expenses	699.5	827.1	1,066.7	1,319.1
Total Operating Exp	9,209.6	11,234.2	14,331.5	23,213.9
EBITDA	**763.4**	**952.3**	**1,128.6**	**1,674.7**
Growth (%)	55.2	24.7	18.5	48.4
Depreciation	228.3	322.6	463.8	522.7
Interest	208.7	284.4	402.7	455.3
Other Income	73.6	120.2	125.1	118.1
PBT	399.9	426.5	387.2	814.8
Total Tax	118.8	110.0	93.6	204.5
Adj. PAT after MI	243.6	177.6	269.4	585.6
Growth (%)	83.3	-27.1	51.7	117.3
Adj. EPS (₹)	**72.3**	**50.5**	**76.4**	**166.1**

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	269.4	585.6
Add: Depreciation	228.3	322.6	463.8	522.7
(Inc)/dec in Current Assets	-1276.6	-2146.6	-1439.0	-2108.2
Inc/(dec) in CL and Provisions	1058.9	708.2	1476.9	3043.6
Others	208.7	284.4	402.7	455.3
CF from operating activities	**462.9**	**-653.8**	**1173.9**	**2499.1**
(Inc)/dec in Investments	-7.9	86.5	3.2	0.0
(Inc)/dec in Fixed Assets	-550.1	-2,147.0	-2,062.0	-1,819.5
Others	-146.2	462.9	-428.0	-483.6
CF from investing activities	**-704.2**	**-1,597.5**	**-2,486.8**	**-2,303.1**
Issue/(Buy back) of Equity	0.1	1.4	0.1	0.0
Inc/(dec) in loan funds	506.8	365.9	1,981.8	100.0
Dividend paid & dividend tax	0.0	0.0	0.0	0.0
Others	-231.0	1,622.8	-663.7	-455.3
CF from financing activities	**275.9**	**1,990.1**	**1,318.2**	**-355.3**
Net Cash flow	34.6	-261.2	5.3	-159.4
Opening Cash	692.2	726.8	465.6	470.9
Closing Cash	**726.8**	**465.6**	**470.9**	**311.5**

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Liabilities				
Equity Capital	33.8	35.2	35.3	35.3
Reserve and Surplus	2,252.0	4,336.9	4,345.4	4,931.0
Total Shareholders' funds	2,285.8	4,372.1	4,380.6	4,966.3
Debt	1,940.0	2,305.9	4,287.8	4,387.8
Other non-current liabilities	603.3	2,781.6	2,532.2	2,473.4
Total Liabilities	**4,829.2**	**9,459.7**	**11,200.6**	**11,827.4**
Assets				
Gross Block	3,880.7	5,678.1	7,782.2	9,658.7
Less: Acc Depreciation	1,119.2	1,477.4	1,982.9	2,512.6
Total Fixed Assets	2,876.6	4,701.0	6,299.3	7,596.1
Goodwill	360.9	1,678.1	1,712.9	1,712.9
Inventory	1,655.1	2,452.0	3,061.3	4,076.6
Debtors	1,750.1	2,246.3	2,893.5	4,175.9
Loans and Advances	35.6	5.8	5.8	11.8
Other CA	396.3	1,279.6	1,462.0	1,266.5
Cash	726.8	465.6	470.9	311.5
Total Current Assets	4,563.8	6,449.2	7,893.5	9,842.3
Creditors	3,170.3	2,838.5	3,632.1	5,829.3
Provisions	33.6	79.2	89.4	160.8
Other CL	395.1	1,389.4	2,062.7	2,837.6
Total Current Liabilities	**3,599.0**	**4,307.2**	**5,784.1**	**8,827.7**
Net current assets	**964.8**	**2,142.0**	**2,109.4**	**1,014.6**
Other non-current assets	626.8	938.6	1,079.1	1,503.9
Total Assets	**4,829.2**	**9,459.7**	**11,200.6**	**11,827.5**

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
EPS	72.3	50.5	76.4	166.1
Cash EPS	144.6	169.9	220.8	328.2
BV	678.4	1,242.4	1,242.4	1,408.5
DPS	0.0	0.0	0.0	0.0
Operating Ratios (%)				
EBITDA Margin	7.7	7.8	7.3	6.7
PAT Margin	2.4	1.5	1.7	2.4
Asset Turnover	2.6	2.1	2.0	2.6
Inventory Days	60.6	73.4	72.3	59.8
Debtor Days	64.1	67.3	68.3	61.2
Creditor Days	116.0	85.0	85.8	85.5
Return Ratios (%)				
RoE	10.7	4.1	6.2	11.8
RoCE	12.6	7.9	7.1	10.7
RoIC	15.2	8.6	7.0	10.8
Valuation Ratios (x)				
P/E	86.7	124.1	82.0	37.7
EV / EBITDA	29.1	24.1	22.1	15.0
EV / Net Sales	2.2	1.9	1.6	1.0
Market Cap / Sales	2.1	1.7	1.4	0.8
Price to Book Value	9.2	5.0	5.0	4.4
Solvency Ratios				
Debt / Equity	0.8	0.5	1.0	0.9
Current Ratio	1.2	2.1	2.0	1.6
Quick Ratio	0.7	1.2	1.2	0.9

Source: Company, ICICI Direct Research

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