

CMP: ₹ 7,510

Target: ₹ 8,900 (19%)

Target Period: 12 months

February 11, 2026

BUY

Strong Q3, growth story remains intact...

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 26-27%. 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.

Q3FY26 performance: Amber reported revenue of ₹2943 cr which grew by 38% YoY and 79% QoQ, wherein i) consumer durable segment reported revenue of ₹1971 crore (+27% YoY) led by recovery in demand post prolonged monsoon and demand up tick owing to BEE rating change, ii) electronics division at ₹845 cr (+79% YoY) aided by both organic & inorganic growth and railways at ₹127 cr (+20% YoY). EBITDA growth strong at 55% YoY with EBITDA margin healthy at 8.4%, expanding ~90 bps YoY and ~280 bps QoQ.

Investment Rationale

- Structural diversification reducing business cyclicity:** Amber is steadily transforming from a largely RAC-led, seasonal play into a diversified manufacturing platform spanning components, electronics and mobility. While consumer durables remain a large base, the company's strategic push into RAC and non-RAC components, electronics (PCB, PCBA, power electronics, industrial automation) and railway subsystems beyond HVAC is structurally lowering dependence on built-up RAC units. Further, Amber is in midst of large, multi-year capex cycle across electronics and railway subsystems with key projects at Ascent circuits (₹990 crore) & Korea circuits (₹3290 crore) for PCB and Sidwal & Yujin Machinery for railways, which should aid growth, margin alongside reducing seasonality.
- Sustainable margin expansion driven by mix shift and value addition:** Amber's margin is set to increase from ~7.5% currently to 8.5% by FY28E, anchored by rising proportion of electronics, components and railway division which have better margin profile in double digits. This along with acquisitions such as Unitronics having EBITDA margin of 25-28% and Power-one at 15-18%, provides a clear pathway for margin improvement. Q3 performance delivered healthy margins despite raw-material headwinds, which management suggests has a quarterly pass through.

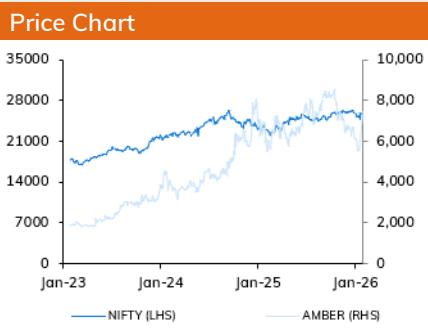
Rating and Target Price

- Amber remains well on track to achieve its guided numbers. Management expects electronics division to generate \$1bn (~₹ 9000 crore) revenue in next 3-4 years, wherein ~₹ 3200 crore expected in FY26E. Railways revenue to double in next 2 years while consumer durables to outpace industry driven by higher growth from component business. We maintain BUY rating on stock with a target price of ₹8900, 40x PE on FY28E EPS.



Particulars	
Particular	Ammount
Market cap (₹ crore)	26330.0
Total Debt (H1FY26) (₹ crore)	2558.0
Cash & Inves(H1FY26) (₹ crore)	848.0
EV (₹ crore)	28040.0
52 Week H/L	8626/5235
Equity Capital (₹ crore)	35.1
Face Value(₹)	10.0

Shareholding pattern				
	Mar-24	Jun-25	Sep-25	Dec-25
Promoter	39.7	39.7	38.2	38.2
FII	27.1	28.6	30.6	27.0
DII	19.4	17.8	20.2	23.9
Public	13.8	14.0	11.0	11.0



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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Key Financial Summary

₹ Crore	FY22	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	FY28E	3 Year CAGR (25-28E)
Net sales	4206.4	6927.1	6729.3	9973.0	33%	12471.4	16005.2	19494.0	25%
EBITDA	275.4	417.9	491.9	763.4	40%	930.4	1358.8	1655.0	29%
EBITDA Margin(%)	6.5	6.0	7.3	7.7		7.5	8.5	8.5	
Adj. Net profit after MI	111.3	163.8	132.9	243.6	30%	278.8	511.0	775.6	47%
Adj. EPS (₹)	33.0	48.6	39.4	72.3		79.3	145.4	220.7	
P/E(x)	227.0	154.3	190.2	103.8		94.5	51.6	34.0	
RoE (%)	6.4	8.6	6.4	10.7		7.6	12.6	16.0	
RoCE (%)	6.8	9.4	8.9	12.6		11.0	15.0	15.4	

Concall highlights and outlook

- **Consumer durable (RAC & components):** Segment delivered growth of 27% YoY in Q3, significantly outperforming RAC industry which has likely witnessed single digit growth. Management highlighted that Q3 saw limited industry recovery driven by channel filling ahead of revised BEE star rating norms effective January 2026.
- For FY26, RAC industry is expected to remain flattish, while management reiterated its confidence in delivering 13–15% growth for FY26, supported by higher wallet share with existing customers, rising contribution from non-AC components, and expanding presence in commercial AC products such as tower, cassette and ductable systems.
- Commodity inflation shall have pass through implications with quarterly-lag, having minimal impact on margins.
- **Electronics division:** Electronics division remained the key growth engine, reporting 79% YoY revenue growth to ₹845 crore. driven by strong traction in PCBA, bare PCB, power electronics and industrial automation.
- Margins were temporarily impacted by elevated copper-clad laminate and gold prices in the bare PCB business. However, management indicated that pricing pass-through typically occurs with a 1–1.5 quarter lag, with margins expected to stabilise by Q4 and expand to double digits by FY27E.
- Strategic acquisitions & expansions, including Shogini Technoarts and increased stake in Unitronics Israel, alongside Ascent Circuits and Korea Circuits, position Amber as a full-stack EMS player across PCB, PCBA and box-build solutions, with long-term revenue aspirations of \$1 billion over the next 3–4 years.
- **Railways and defence division:** Railways & Defence segment posted 20% YoY revenue growth in Q3FY26, driven by higher execution in railway and metro projects, while defence orders continued to gain traction. The order book stands strong at ₹2,600+ crore, with current mix of ~46% from railways, ~35% from metro projects and ~10% from defence applications. Management remains confident of doubling segment revenues over the next two fiscal years.
- The new Sidwal greenfield facility is nearing completion, with trial production expected in Q4FY26 and commercial production to follow shortly thereafter, while defence-specific cooling solutions are expected to contribute meaningfully in coming years.
- Facility for Yunjin Machinery JV for pentograph, brakes, driving gears couplers is ready with product development underway and expected to commence commercial operations by H1FY27.
- **Capex guidance:** Capex guided at ~₹800 crore for FY26E and ~₹1,100–1,200 crore for FY27E, focused largely on electronics and railways subsystems. Key projects include i) Hosur electronics facility which is expected to begin trial production by Sep-26, ii) Korea Circuits JV (HDI PCB) wherein phase-1 capex is planned at ~₹1,200 crore, iii) expansion at

Sidwal for HVAC, doors, gangways is nearing commissioning and iv) Yujin Machinery for pantographs, brakes & couplers is expected to commence commercial production by H2FY27.

- **Exceptional item:** Company recognised a one-time impairment loss on its investment in Shivalik (related to Titagarh Firema, Italy) as the expected turnaround didn't materialise. Management clarified that the impairment fully addresses the exposure and no further losses are expected to be recognised in relation to this.

Exhibit 1: Variance Analysis

	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comments
Revenue	2943	2133	38	1647	79	Consumer durable segment grew ~27% YoY owing to channel filling due to BEE rating change; Electronics division continued its growth momentum (up 79% YoY)
Other Income	55	16	243	16	250	
Raw Material Exp	2287	1569	46	2728	-16	
Employee cost	123	79	56	91	36	
Other Expenditure	211	162	31	156	36	
Total Expenditure	2697	1975	37	1556	73	Broadly in line.
EBITDA	246	159	55	91	170	EBITDA margins improved owing to better product mix & operating leverage kicking in.
EBITDA Margin (%)	8.4	7.4	92 bps	5.5	282 bps	
Depreciation	91	59	55	70	30	
Interest	79	54	48	77	3	Recent QIP funds shall reduce borrowings and interest cost going ahead.
PBT	27	62	-56	-40	-168	
Total Tax	28	16	72	-16	-278	
Adj. PAT	76	36	111	-33	-331	Adj. for one-time impairment loss against investment in Shivalik (₹94 crore) & labour code impact (₹9 crore)

Financial Summary

Exhibit 2: Profit and loss statement					₹ crore
(Year-end March)	FY25	FY26E	FY27E	FY28E	
Revenue	9,973.0	12,471.4	16,005.2	19,494.0	
Growth (%)	48.2	25.1	28.3	21.8	
Expenses					
Raw material expense	7,819.0	10,281.4	13,125.9	15,987.1	
Employee expenses	324.6	436.5	480.2	584.8	
Other expenses	699.5	823.1	1,040.3	1,267.1	
Total Operating Exp	9,209.6	11,541.0	14,646.4	17,839.0	
EBITDA	763.4	930.4	1,358.8	1,655.0	
Growth (%)	55.2	21.9	46.1	21.8	
Depreciation	228.3	315.5	372.9	454.2	
Interest	208.7	280.5	213.4	191.4	
Other Income	73.6	130.9	104.0	78.0	
PBT	399.9	465.3	876.6	1,087.4	
Total Tax	118.8	114.1	220.4	273.4	
Adj. PAT after MI	243.6	278.8	511.0	775.6	
Growth (%)	83.3	14.5	83.2	51.8	
Adj. EPS (₹)	72.3	79.3	145.4	220.7	

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement					₹ crore
(Year-end March)	FY25	FY26	FY27	FY28	
Profit after Tax	243.6	278.8	511.0	775.6	
Add: Depreciation	228.3	315.5	372.9	454.2	
(Inc)/dec in Current Assets	-1276.6	-1308.8	-1042.0	-1297.6	
Inc/(dec) in CL and Provisions	1058.9	796.1	1027.6	1159.1	
Others	208.7	280.5	213.4	191.4	
CF from operating activities	462.9	362.1	1082.9	1282.8	
(Inc)/dec in Investments	-7.9	-23.8	-28.5	-34.2	
(Inc)/dec in Fixed Assets	-550.1	-899.4	-1,215.2	-1,319.5	
Others	-146.1	129.5	345.9	346.1	
CF from investing activities	-704.1	-793.6	-897.8	-1,007.6	
Issue/(Buy back) of Equity	0.1	1.3	0.0	0.0	
Inc/(dec) in loan funds	506.8	100.0	-200.0	-200.0	
Dividend paid & dividend tax	0.0	0.0	0.0	0.0	
Others	-231.0	824.7	-338.4	-191.4	
CF from financing activities	275.9	926.0	-538.4	-391.4	
Net Cash flow	34.7	494.5	-353.4	-116.2	
Opening Cash	692.2	726.9	1,221.4	868.0	
Closing Cash	726.9	1,221.4	868.0	751.8	

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet					₹ crore
(Year-end March)	FY25	FY26E	FY27E	FY28E	
Liabilities					
Equity Capital	33.8	35.1	35.1	35.1	
Reserve and Surplus	2,252.0	3,636.0	4,022.0	4,797.6	
Total Shareholders funds	2,285.8	3,671.1	4,057.1	4,832.7	
Debt	1,940.0	2,040.0	1,840.0	1,640.0	
Other non current liabilities	603.3	1,038.6	1,386.8	1,854.5	
Total Liabilities	4,829.2	6,749.7	7,283.9	8,327.2	
Assets					
Gross Block	3,880.7	4,675.8	5,936.1	7,244.6	
Less: Acc Depreciation	1,119.2	1,470.4	1,849.3	2,310.6	
Total Fixed Assets	2,876.6	3,460.5	4,302.7	5,168.0	
Goodwill	360.9	471.9	471.9	471.9	
Inventory	1,655.1	2,258.6	2,771.2	3,345.5	
Debtors	1,750.1	2,213.7	2,862.0	3,468.7	
Loans and Advances	35.6	44.5	57.1	69.5	
Other CA	396.3	629.1	497.6	601.8	
Cash	726.8	1,221.4	868.0	751.8	
Total Current Assets	4,563.8	6,367.2	7,055.9	8,237.3	
Creditors	3,170.3	3,947.4	4,897.6	5,942.3	
Provisions	33.6	40.9	51.1	62.2	
Other CL	395.1	406.7	474.0	577.3	
Total Current Liabilities	3,599.0	4,395.1	5,422.7	6,581.8	
Net current assets	964.8	1,972.2	1,633.2	1,655.5	
Other non current assets	626.8	845.2	876.1	1,031.9	
Total Assets	4,829.1	6,749.8	7,283.9	8,327.3	

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios					
(Year-end March)	FY25	FY26E	FY27E	FY28E	
Per share data (₹)					
EPS	72.3	79.3	145.4	220.7	
Cash EPS	140.0	139.8	251.5	349.9	
BV	678.4	1,015.1	1,124.9	1,345.6	
DPS	0.0	0.0	0.0	0.0	
Operating Ratios (%)					
EBITDA Margin	7.7	7.5	8.5	8.5	
PAT Margin	2.4	2.2	3.2	4.0	
Asset Turnover	2.6	2.7	2.7	2.7	
Inventory Days	60.6	66.1	63.2	62.6	
Debtor Days	64.1	64.8	65.3	64.9	
Creditor Days	116.0	115.5	111.7	111.3	
Return Ratios (%)					
RoE	10.7	7.8	12.9	16.4	
RoCE	12.6	11.2	15.2	15.5	
RoIC	15.2	13.6	17.9	18.1	
Valuation Ratios (x)					
P/E	103.8	94.5	51.6	34.0	
EV / EBITDA	34.5	28.0	19.3	15.7	
EV / Net Sales	2.6	2.1	1.6	1.3	
Market Cap / Sales	2.5	2.0	1.6	1.3	
Price to Book Value	11.1	7.4	6.7	5.6	
Solvency Ratios					
Debt / Equity	0.8	0.6	0.5	0.3	
Current Ratio	1.2	1.3	1.3	1.2	
Quick Ratio	0.7	0.7	0.7	0.7	

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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