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Temporary margin headwinds, structural story 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.

Q4FY26 performance: Amber reported a mixed operational performance with revenues at ₹4,148 crore (up 10.5% YoY, 40.9% QoQ). Consumer durables division revenue grew 7% YoY to ₹2,979 crore, although margins moderated because of commodity inflation and currency depreciation pressures. Electronics division remained the key growth engine with revenue surging 21% YoY to ₹1,015 crore while Railway & Defense division revenue increased 22% YoY to ₹153 crore. EBITDA margins stood at 8.6% (up 78 bps YoY, 27 bps QoQ) aided by electronics division which witnessed margin moving to double digit at 10.8% vs 5.9% in Q4FY25. Adj. PAT reported at ₹162 crore up 27% YoY and 93% QoQ.

Investment Rationale

- Healthy business growth of 20-25% expected alongwith diversification:** Amber is steadily transforming from a RAC-focused ODM player into a diversified electronics manufacturing platform. RAC dependency continues reducing with RAC CBU (completely built unit) contribution declining from 72% in FY18 to 47% in FY26. Management expects RAC division shall grow at ~13%, similar to industry run-rate. Meanwhile electronics shall grow at 40%+ for FY27 while railways shall grow 30-35% CAGR for next 2 years. Further, key projects of Ascent circuits (₹990 crore) & Korea circuits (₹3290 crore) for PCB and Sidwal & Yujin Machinery for railways should aid growth, margin alongside providing diversification.
- Margin to be impacted with commodity cycle upsurge, though shall be transitory:** Prevalent high commodity prices, currency depreciation and minimum wage revision in UP and Haryana shall adversely impact margin in forthcoming quarters. Management expects 50-100 bps margin impact at consol level which shall be though transitory. Expect margin to scale back to 8.5% by FY28, anchored by rising proportion of electronics, components and railway division, that have double digit margin profile.

Rating and Target Price

- Amber's financials are likely to be impacted by uncontrollable part of west Asia conflict which has caused commodity upsurge, some execution delay in PCB projects while RAC demand remains subject to summer season. Considering these factors, we revise FY28E profitability downwards and subsequently the target price at ₹8250, 40x PE on FY28E EPS. However, we maintain BUY rating considering its market leadership in RAC division and long-term growth prospects in electronics and railway division.



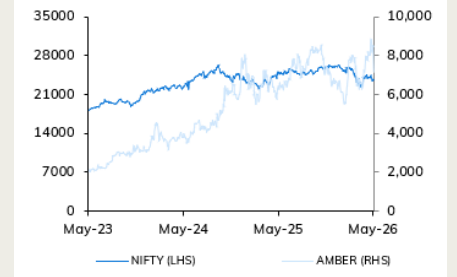
Particulars

Particular	Amount
Market cap (₹ crore)	25055.0
Total Debt (₹ crore)	2305.9
Cash & Investment (₹ crore)	465.6
EV (₹ crore)	26895.4
52 Week H/L	8974/5400
Equity Capital (₹ crore)	35.2
Face Value(₹)	10.0

Shareholding pattern

	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	39.7	38.2	38.2	38.2
FII	28.6	30.6	27.0	24.0
DII	17.8	20.2	23.9	27.9
Public	14.0	11.0	11.0	10.0

Price Chart



Key risks

- Execution delays esp. in PCB projects owing to various approvals, macro slowdown, etc.
- Any restraint in government support measures.

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Key Financial Summary

₹ Crore	FY23	FY24	FY25	FY26	3 Year CAGR (FY23-26)	FY27E	FY28E	3 Year CAGR (26-28E)
Net sales	6927.1	6729.3	9973.0	12186.5	21%	15127.7	18600.5	24%
EBITDA	417.9	491.9	763.4	952.3	32%	1164.8	1618.2	30%
EBITDA Margin(%)	6.0	7.3	7.7	7.8		7.7	8.7	
Net profit after MI*	163.8	132.9	243.6	177.6	3%	413.7	718.9	101%
EPS (₹)	48.6	39.4	72.3	50.5		117.6	204.3	
P/E(x)	146.6	180.7	98.6	141.1		60.6	34.9	
RoE (%)	8.6	6.4	10.7	4.1		8.9	13.4	
RoCE (%)	9.4	8.9	12.6	7.9		9.4	12.5	

Concall highlights and outlook

- **Consumer durable (RAC & components):** RAC Industry remained flattish flattish in FY26 due to adverse weather conditions, however Amber outperformed industry with 14% growth aided by wallet share gains and higher ODM contribution.
- Q1FY27 industry demand has started strong after weak initial April days, with management expecting ~20% YoY industry volume growth in Q1 aided by low base and strong summer conditions.
- For FY27, management expects RAC industry growth of ~13-15%. Wherein Amber expects consumer durable business growth broadly in line with industry during FY27.
- Combined RAC price hikes taken in Jan'26 and Apr'26 stand at ~14% YoY driven by commodity inflation and BEE rating changes.
- Non-AC components now contribute ~25% of consumer durable division revenue, reflecting ongoing diversification away from RAC dependency.
- Commodity inflation and currency impacts are pass-through in nature with one-quarter lag; hence absolute per-unit margins remain largely protected despite percentage margin dilution.
- **Electronics division:** Electronics division revenue grew 49% YoY to ₹3,268 crore in FY26 with revenue mix of ~₹2,300 crore from PCBA, ~₹600 crore from PCB and rest ~₹400-500 crore from power electronics & automation.
- PCB margins are currently impacted due to sharp increase in copper-clad laminate (CCL) and gold prices; however, management indicated customer price pass-through discussions are progressing positively. Long-term PCB margin profile expected at ~16-17% versus current ~12-13%.
- Management guided for ~40% revenue growth in FY27 with EBITDA margin guidance of 9.5%-10%. With long term ambition of becoming India's largest integrated PCB manufacturer spanning single-layer to advanced HDI PCB solutions.
- **Railways and defence division:** Railways division revenue grew 19% YoY in FY26 with EBITDA margins remaining healthy at ~17%.
- Management guided for 30-35% revenue growth in both FY27 & FY28 supported by strong order book visibility ~₹2,600+ crore.
- New Sidwal greenfield facility for HVAC, doors and gangways is ready with commercial production expected from current quarter. Also, Yujin Machinery JV facility for pantographs, brakes and couplers is operational with approvals underway.
- Amber has also started gaining traction in data center cooling solutions with execution already completed for marquee projects.
- **Margins & cost pressure:** Management guided for temporary EBITDA margin pressure of ~50-100 bps in FY27 due to sharp increase in copper clad laminates prices (+60% YoY), gold prices inflation (+60% YoY), currency depreciation and minimum wage hikes in UP & Haryana.

Management expects normalization once commodity environment stabilizes.

- **Capex guidance:** Capex guided at ~₹1800 crore – ₹2000 crore primarily towards PCB and railway expansion projects with actual cashflows expected at ₹1,100-1,200 crore due to supplier credit and subsidy support. Further FY28 capex cash outflow likely at ₹1,400-1,500 crore. Overall, net debt expected to increase moderately by ₹200-300 crore to ₹700-800 crore by FY27-end despite aggressive capex pipeline.

Exhibit 1: Variance Analysis

	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Comments
Revenue	4148	3754	10.5	2943	40.9	Electronics segment continues to remain key growth driver ~21% YoY growth. Consumer durable segment grew ~7% YoY impacted by delayed summer and previous year high base. Railways showcased steady revenue growth of 22% YoY.
Other Income	20	19	5.3	55	-63.3	
Raw Material Exp	3242	2966	9.3	2643	22.7	Gross margins to be impacted by inflated input cost going ahead
Employee cost	156	92	68.7	123	26.6	
Other Expenditure	265	235	12.7	211	25.8	
Total Expenditure	3789	3459	9.6	2697	40.5	
EBITDA	358	295	21.5	246	45.5	EBITDA margins improved YoY aided by electronics segment which reported margins at 10.8% (vs. 5.9% Q4FY25)
EBITDA Margin (%)	8.6	7.9	78 bps	8.4	27 bps	
Depreciation	99	58	71.3	91	8.8	
Interest	65	55	18.6	79	-18.4	
PBT	278	201	38.2	27	922.7	
Total Tax	49	70	-29.7	28	77.0	
Adj. PAT (After MI)	134	244	NM	-27	NM	Adj. for loss on impairment on investment in Shivalik

Financial Summary

Exhibit 2: Profit and loss statement					₹ crore
(Year-end March)	FY25	FY26	FY27E	FY28E	
Revenue	9,973.0	12,186.5	15,127.7	18,600.5	
Growth (%)	48.2	22.2	24.1	23.0	
Expenses					
Raw material expense	7,819.0	9,947.8	12,389.6	15,178.0	
Employee expenses	324.6	459.3	544.6	613.8	
Other expenses	699.5	827.1	1,028.7	1,190.4	
Total Operating Exp	9,209.6	11,234.2	13,962.8	16,982.3	
EBITDA	763.4	952.3	1,164.8	1,618.2	
Growth (%)	55.2	24.7	22.3	38.9	
Depreciation	228.3	322.6	393.3	492.9	
Interest	208.7	284.4	265.2	239.9	
Other Income	73.6	120.2	164.3	202.0	
PBT	399.9	426.5	670.6	1,087.4	
Total Tax	118.8	110.0	169.0	272.8	
Adj. PAT after MI	243.6	177.6	413.7	718.9	
Growth (%)	83.3	-27.1	132.9	73.8	
Adj. EPS (₹)	72.3	50.5	117.6	204.3	

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	413.7	718.9	
Add: Depreciation	228.3	322.6	393.3	492.9	
(Inc)/dec in Current Assets	-1276.6	-2147.1	-643.5	-892.4	
Inc/(dec) in CL and Provisions	1058.9	708.2	985.1	1505.5	
Others	208.7	284.4	265.2	239.9	
CF from operating activities	462.9	-654.3	1413.9	2064.8	
(Inc)/dec in Investments	-7.9	86.5	0.0	0.0	
(Inc)/dec in Fixed Assets	-550.1	-2,147.0	-1,062.0	-1,319.5	
Others	-146.1	462.8	52.0	48.2	
CF from investing activities	-704.1	-1,597.6	-1,010.1	-1,271.3	
Issue/(Buy back) of Equity	0.1	1.4	0.0	0.0	
Inc/(dec) in loan funds	506.8	365.9	0.0	-250.0	
Dividend paid & dividend tax	0.0	0.0	0.0	0.0	
Others	-231.0	1,622.8	-390.2	-239.9	
CF from financing activities	275.9	1,990.1	-390.2	-489.9	
Net Cash flow	34.7	-261.8	13.6	303.7	
Opening Cash	692.2	726.9	465.1	478.7	
Closing Cash	726.9	465.1	478.7	782.4	

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	4,625.7	5,344.6	
Total Shareholders funds	2,285.8	4,372.1	4,660.8	5,379.8	
Debt	1,940.0	2,305.9	2,305.9	2,055.9	
Other non current liabilities	603.3	2,781.6	2,961.3	3,155.5	
Total Liabilities	4,829.2	9,459.7	9,928.1	10,591.2	
Assets					
Gross Block	3,880.7	5,678.1	7,032.2	8,283.7	
Less: Acc Depreciation	1,119.2	1,477.4	1,912.4	2,412.4	
Total Fixed Assets	2,876.6	4,701.0	5,369.7	6,196.3	
Goodwill	360.9	1,678.1	1,678.1	1,678.1	
Inventory	1,655.1	2,452.0	2,790.3	3,145.2	
Debtors	1,750.1	2,246.8	2,749.6	3,413.9	
Loans and Advances	35.6	5.8	7.2	8.8	
Other CA	396.3	1,279.6	1,080.6	952.1	
Cash	726.8	465.6	478.7	782.4	
Total Current Assets	4,563.8	6,449.7	7,106.3	8,302.4	
Creditors	3,170.3	2,838.5	3,472.7	4,551.9	
Provisions	33.6	79.2	94.8	125.2	
Other CL	395.1	1,389.4	1,724.8	2,120.7	
Total Current Liabilities	3,599.0	4,307.2	5,292.3	6,797.8	
Net current assets	964.8	2,142.5	1,814.0	1,504.6	
Other non current assets	626.8	938.6	1,066.2	1,212.3	
Total Assets	4,829.1	9,460.2	9,928.1	10,591.3	

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios				
(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
EPS	72.3	50.5	117.6	204.3
Cash EPS	140.0	142.1	229.3	344.4
BV	678.4	1,242.4	1,324.4	1,528.7
DPS	0.0	0.0	0.0	0.0
Operating Ratios (%)				
EBITDA Margin	7.7	7.8	7.7	8.7
PAT Margin	2.4	1.5	2.7	3.9
Asset Turnover	2.6	2.1	2.2	2.2
Inventory Days	60.6	73.4	67.3	61.7
Debtor Days	64.1	67.3	66.3	67.0
Creditor Days	116.0	85.0	83.8	89.3
Return Ratios (%)				
RoE	10.7	4.1	8.9	13.4
RoCE	12.6	7.9	9.4	12.5
RoIC	15.2	8.6	9.4	12.9
Valuation Ratios (x)				
P/E	98.6	141.1	60.6	34.9
EV / EBITDA	32.9	27.1	22.2	15.6
EV / Net Sales	2.5	2.1	1.7	1.4
Market Cap / Sales	2.4	2.0	1.6	1.3
Price to Book Value	10.5	5.7	5.4	4.7
Solvency Ratios				
Debt / Equity	0.8	0.5	0.5	0.4
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%;

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Sell: <-15%

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