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Date: 05 August 2025

To
Secretary
Listing Department

To
Secretary
Listing Department

BSE Limited

Department of Corporate Services
Phiroze Jeejeebhoy Towers Dalal Street, Mumbai –
400 001
Scrip Code : 540902
ISIN : INE371P01015

National Stock Exchange of India Ltd.

Exchange Plaza, C-1, Block G, Bandra Kurla
Complex, Bandra (E) Mumbai – 400 051
Symbol : AMBER
ISIN : INE371P01015

Dear Sir/Ma'am,

Subject: Transcript of the Earnings Call held on 30 July 2025 for discussing the unaudited Financial Results (Standalone and Consolidated) of the Company for the quarter ended 30 June 2025 ('Q1FY26')

This is further to our letter dated 25 July 2025 intimating the details of Earnings Call with Investor/Analyst (Participants) to discuss the Unaudited Financial Results (Standalone and Consolidated) of the Company for the quarter ended 30 June 2025, ('Q1FY26') held on Wednesday, 30 July 2025 at 9:30 A.M. IST.

In this regard, we are enclosing herewith the Earnings Call Transcript. The same is also available on the Company's website at <https://www.ir.ambergrouppindia.com/news-events/investor-events/> for your information and for information of members / participants and public at large.

This information is submitted to you pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Kindly take the same into your records and oblige.

Thanking You,
Yours faithfully
For **Amber Enterprises India Limited**

(Konica Yaadav)
Company Secretary and Compliance Officer
Membership No. : A30322



“Amber Enterprises India Limited
Q1 FY '26 Earnings Conference Call”
July 30, 2025

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 30th July 2025 will prevail.”



**MANAGEMENT: MR. JASBIR SINGH – EXECUTIVE CHAIRMAN AND
CHIEF EXECUTIVE OFFICER AND WHOLE-TIME
DIRECTOR
MR. DALJIT SINGH – MANAGING DIRECTOR
MR. SUDHIR GOYAL – GROUP CHIEF FINANCIAL
OFFICER
MR. RAVI KHARBANDA - HEAD INVESTOR RELATIONS
MR. ROHIT SINGH - HEAD OF CORPORATE AFFAIRS
SGA – INVESTOR RELATIONS ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '26 Conference Call of Amber Enterprises India Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that your conference is being recorded.

I now hand the conference over to Mr. Jasbir Singh, Executive Chairman and CEO and Whole-Time Director of Amber Enterprises India Limited. Thank you, and over to you, sir.

Jasbir Singh: Hello, and good morning. On the call today, I'm joined by Mr. Daljit Singh, our Managing Director; Mr. Sudhir Goyal, our Group CFO. We have uploaded quarterly presentation on the exchanges, and I hope everyone had an opportunity to go through the same. I'm pleased to report robust performance during the quarter, driven by growth in all the 3 divisions, despite a challenging season for the room AC industry.

The consolidated revenue grew by 44%, reaching to INR3,449 crores for the quarter and operating EBITDA grew by 31% to INR263 crores and PAT of INR106 crores, recording a 42% growth over previous year. The operating EBITDA margin was impacted due to divisional mix and product mix. However, we expect the consolidated margins to be in the range of 8% to 9% by FY '26 end.

Let me now take you through the divisional performances. On the Consumer Durables, this division continued the growth momentum in line with our earlier guidance of outpacing the industry for the year. The growth is driven by the following factors: A diversified product offering, adding wallet share in some customers, expanding component business, conversion of earlier gas charging customers into full ODM customers and robust growth in our commercial AC vertical. We also onboarded one more multinational customer in commercial AC vertical during quarter 1, which will contribute a decent growth in quarter 4 and thereafter.

Further, we have signed a strategic cooperation agreement with GMCC, the largest compressor manufacturer of the world, ensuring compressor supplies for 3 years as per our plans. Based on our cooperation agreement, GMCC is expanding its capacities in India. This expansion will be operational by November of this year.

We continue to remain optimistic about outperforming the RAC industry growth by a factor of 10% to 12% for the year, supported by our strong portfolio of finished goods and components to a diversified customer base.

Additionally, on the washing machine front, quality control orders is getting implemented by October 2025 on this product. We are now revisiting this strategy, considering the capex required due to this quality control order of washing machines.

Coming to Electronics division. The division continued the stellar growth trajectory, almost doubling the revenues to INR766 crores, reflecting growth of 97% and resultant operating

EBITDA of INR49 crores with growth of 62%. The performance is driven by both printed circuit board assemblies and bare printed circuit board vertical spanning across the customer segments in consumer durables, hearable and wearable, telecom, automotive, energy meters and defense.

On the strategic front, we have filed 2 applications under the Electronics Manufacturing Component Scheme, one for multilayer PCBs through Ascent Circuits of INR990 crores to be spent over the span of the scheme. Second, HDI, high-density interface PCBs through Korea Circuit JV for INR3,200 crores to be spent in phased manner over the scheme.

The JV will cater to HDI and flex PCBs, bringing advanced technology in country, which so far has heavily relied on imports. And the buyback arrangement with Korea Circuits offers us early visibility on the revenue.

On the strategic front, I'm pleased to share that IL JIN Electronics has signed 2 definitive agreements, one with Power-One Micro Systems, Bangalore; and second, Unitronics Israel, strengthening the industrial segment of the electronics portfolio.

Talking about the Power-One first. It's prominent player in rapidly growing battery energy storage systems, solar inverter space, including on-grid, off-grid and hybrid solar inverters, EV chargers and industrial UPS, catering to customers in large public sector units and large corporates.

The Industrial segment complements to our well-spread portfolio of electronic division. From the financial standpoint, it's a debt-free company and clocked impressive EBITDA margin of 17% to 18% on the revenue base of approximately INR245 crores in FY '25 and is expected to reach INR325 crores in revenue in FY '26.

This partnership enables the following: direct synergy to our Electronics division. It adds a portfolio of high-margin power electronics and energy sector modules. Given the multibillion-dollar TAM of this sector, it is highly scalable business. We shall be leveraging the group's purchasing power and also the capabilities of the component ecosystem such as printed circuit board assemblies, printed circuit board and sheet metal fabrication, enabling it to backward integrate and manufacture at scale. In Tranche 1, we will pay INR262 crores plus a deferred consideration basis on FY '26 numbers. We expect the closure of this transaction within the next 15 to 20 days.

Moving to Unitronics Israel. It's an Israel-based listed company and a prominent lead player offering comprehensive solutions in industrial automation and control systems such as programmable logical controllers, human machine interface (HMIs), PLCs integrated with HMIs, VFDs and software solutions.

On the financial front, Unitronics command an impressive EBITDA margin profile of about 30% on the revenue base of approximately \$57 million, deriving almost 95% of the business from U.S. and European region. Furthermore, it is a dividend-paying company, almost debt-free company and generating business ROCE of 60%.

This partnership enables the following for us: entry into rapidly growing sector of industry automation and control systems, access to global markets like U.S. and Europe, expansion of Unitronics products in the Indian market, leveraging backward integration of printed circuit board assemblies and bare PCB boards and leveraging the purchasing power of the group. The total consideration converted into Indian rupee is expected to be around INR403 crores for approximately 40.24% controlling stake. We plan to close the transaction in the next 60 to 75 days.

To sum up, both the companies operate in fast-growing niches of industrial electronics applications, complementing with the strategy of strengthening the industrial portfolio and have rich margin profile, which will enhance the divisional profitability and returns. And these partnerships will augment the domestic manufacturing in the country aligned with Atmanirbhar Bharat vision. Both these add-ons balances volume and value play in our Electronics division.

The Electronics division which began by addressing the shift from fixed speed to inverter air conditioners in 2018 and is now evolving into a full stack EMS company. It features printed circuit board assemblies vertical serving diverse customer segments and a bare printed circuit board vertical offering a range of products, including HDI, Flex PCBs and substrates.

Furthermore, the division has expanded its capabilities to include complete box-build products into multibillion-dollar power electronics, energy market and automation market for industrial applications. With all the add-ups, we intend to take Electronics division to \$1 billion by next 3 years with target EBITDA of 11.5% to 12% range.

Coming to Railway division. This division delivered a strong performance due to offtake in the metro projects. The division recorded revenue of INR123 crores, registering strong growth of 29% and operating EBITDA of INR22 crores, reflecting growth of 8%. On the expansion front, the construction is progressing well for Sidwal's greenfield facility for HVAC, pantry, doors and gangways and expected to commence operations by quarter 4 of financial year '26.

With regards to Yujin Machinery joint venture, new facility for pantographs, driving gear couplers and brakes is to begin product trials by September of '25. Our data center products developed by this division have also started gaining traction.

Special cooling products for missile launchers and other defense applications are also gaining traction and are expected to contribute meaningfully in the coming years. Backed by the strong order book and product portfolio expansion, we remain optimistic of doubling the division's revenue over next 2 financial years.

Now let me hand over to Sudhir Goyal, our CFO, for financial highlights. Thank you.

Sudhir Goyal:

Hello, everyone. Good morning. I'm pleased to report a strong performance for quarter 1 financial year '26. Let me first take you through the quarterly consolidated financial highlights.

The consolidated revenue for quarter 1 '26 grew by 44% year-on-year to INR3,449 crores compared to INR2,401 crores in the same quarter last year and operating EBITDA increased to

INR263 crores for the quarter compared to INR200 crores in quarter 1 financial year '25, reflecting a significant growth of 31% year-on-year. Please note, operating EBITDA is before impact of ESOP expenses and other non-operating income and expenses. We recorded PAT of INR106 crores, reflecting a growth of 42% year-on-year.

Now let me take you through the divisional performance overview. Firstly, revenue and operating EBITDA details of the divisional performance are not comparable with published segmental results.

The Consumer Durable division reported revenue of INR2,560 crores in quarter 1 financial year '26 compared to INR1,918 crores, reflecting a growth of 33% year-on-year despite the challenging season for RAC industry.

Strong performance was achieved on the back of a strong product portfolio, including RAC and CAC and continued traction in component vertical. Operating EBITDA for the quarter increased by 28% year-on-year and stood at INR192 crores compared to INR150 crores in quarter 1 financial year '25.

Coming to the Electronics division performance. The revenue for the quarter increased to INR766 crores compared to INR388 crores in the same quarter last year, reflecting a robust growth of 97% year-on-year. Operating EBITDA for the quarter increased by 62% year-on-year and stood at INR49 crores compared to INR30 crores in quarter 1 financial year '25. If we look at the performance of Ascent, it recorded a revenue of INR100 crores in quarter 1 '26, highlighting a growth of 37% against quarter 1 financial year '25.

Moving to Railway Systems and Defense divisional performance. The revenue for the quarter increased to INR123 crores compared to INR95 crores in quarter 1 financial year '25, reflecting a growth of 29% year-on-year and the resulting operating EBITDA of INR22 crores, translating into a growth of 8% year-on-year. The business delivered strong performance, particularly in metro projects. With a robust order book and an expanding product portfolio, we remain confident in doubling the division's revenue over the next 2 financial years.

In summary, with all the key divisional performance strongly, consumer durable delivering robust growth driven by deepening customer engagement and traction in new categories, electronics continuing its strong growth in trajectory and the Railway Subsystem and Defense division portfolio expansion, the company is well positioned for a strong growth phase. This growth momentum, coupled with strategic actions like bare PCB expansion and inorganic growth is expected to drive significant growth and lead to a structural improvement in our margin profile over the coming years.

Thank you. And now I request operator to please open the floor for the Q&A.

Moderator:

The first question is from the line of Dhruv Jain from Ambit Capital.

Dhruv Jain:

Congratulations on a good set of numbers. Sir, first question on your opening remarks, you mentioned that you're looking at Electronics business touching \$1 billion revenue in the next 3

to 4 years. So just wanted to understand how much of it will be driven by acquisitions? How much by the bare PCB and PCBAs? And broadly, just want some color on how are you thinking about the individual scalability of these various components of the Electronics segment? That's my first question.

Jasbir Singh:

Dhruv, thanks for the compliment. On Electronics division, see, it's a very big TAM today. If I tell you about the manufacturing footprint TAM of room air conditioning industry, that is about \$5 billion today as a current year, right?

But when we talk about PCB TAM, which is about \$4 billion, PCBA is about \$12 billion to \$15 billion today under the \$135 billion of electronics getting consumed in the country. Then we have added UPS inverter and battery storage space, which is another TAM of \$4.75 billion. And plus, we have added VFD drives and HMIs and PLCs, which is about \$6.5 billion TAM.

So we've jumped into ocean on the addressable market side for the products which we are offering now in the electronics space. PCBA, PCB, the industrial parts of HMI and PLCs and drives and the UPS and battery energy storage. It's about \$22 billion to \$25 billion TAM. So I think looking into that whole number of today, going to next 3 to 4 years, this will be almost double.

So out of that \$1 billion achieving I think it's very much visible, the kind of customer profile which we have built. On a \$1 billion kind of a thing, we should be about INR2,200 crores or INR2,500 crores in the PCB front by that time and largely driven by PCB applications and the industrial portfolio, which is HMI, PLCs and inverters plus the other one should be contributing around INR1,300 crores to INR1,400 crores by that time.

Dhruv Jain:

Okay. And sir, my second question is on the consumer durables vertical. So we have seen that Amber has significantly outperformed the industry in this quarter. And while you maintain that 10% to 12% outperformance for the full year, some -- I mean, some brands are talking about inventory buildup in the channel at this point of time. So do you see that your business in the durables segment sort of slows down in the second and third quarter given the fact that there is still some inventory in the system?

Jasbir Singh:

Dhruv, on the inventory numbers, generally, the inventories are 1.4 million to 1.5 million. That's the standard inventories which the industry carries on. But now the numbers which we have is about 2.5 million to 3 million. I mean different research reports are stating different numbers, but that is the inventory. So it's almost double the inventory what is normally kept by the brands because of the bad season or things.

So what we are saying is that whatever the industry will be, normally, quarter 2 and quarter 3 are anyway the lean season for this industry. That's a historic trend in this -- quarter 1 and quarter 4 are the large quarters, which contributes about 65% of the revenue. I think depending on how the offtake will be in the festivities and in the quarter 3, that will define where the industry is going to head towards.

And whatever the industry will head, if it is flattish, we expect that we should be about 15% growth level. If it is negative, we will outnumber that number. And if it is positive by 10%, we should be there because nobody can predict where the quarter 4 and how good or bad the season will be.

But what I would like to tell all of you is that in last 25 years of my experience, we have seen 7 bad seasons plus 2 COVID seasons, which were impacted in the March of 2020 and March of 2021. So we have witnessed the disruption because of bad season plus COVID, 9 years, 9 seasons out of 25. 25 years back, the industry was 0.5 million mark. Today, industry is 15 million mark. So despite of this, I would only request all of you not to see the room air conditioner stocks from a quarterly number. You will end up buying at a wrong quarter and selling at a wrong quarter. It is to be seen from a long-term perspective.

One bad season is not an impediment for the longer-term outlook of this sector. We are very bullish. We are very optimistic. I believe personally and my team also believes. And if you map the number of current households, the division of HNIs, middle class, lower middle class and BPL families, this complete curve is shifting in the next 5 years in the households.

You can map the number. The number of 15 million should be about 35 million by 2030. So that talks about 2.5x kind of a thing for -- of course, there will be 1 or 2 bad seasons during the time. But on the longer outlook, we are very optimistic.

Dhruv Jain:

If I may, can I squeeze in one small thing?

Moderator:

Sorry to interrupt, sir. We request you to return to the question queue for follow-up questions as there are several participants waiting in for their turn. The next question is from the line of Praveen Sahay from Prabhudas Lilladher Capital.

Praveen Sahay:

Many congratulations on a good set of numbers. Sir, first question related to the consumer durable. And in the consumer durable, you had also an indication of a commercial AC. There is a good expansion. So is it possible to quantify like any indication how much of the contribution that has reached to? Second question is, sir, related to the acquisition of Power-One. If you can give INR250-odd crores of revenue bifurcation in terms of the product mix, where it's largely coming from?

Jasbir Singh:

So on the commercial AC front, we don't want to give a number because it keeps on changing, but it's growing pretty well. It has grown more than 40% for us because we've added product line. Now we can cater entire range from 3 tonnes to 17.5 tonnes, both in ductable and the packaged parts. Plus we also added cassette air conditioners and tower air conditioners, which are add-on, and we are now launching 2 more products by quarter 4. So -- but it is growing pretty well. I think that's given us a good growth story for -- good add-on what we've done in the sector.

On the Power-One front, on the Power-One, your second question, basically, we will not be able to give the whole bifurcation of this. What we have the number is that they are targeting INR325 crores. Last year, it was INR245 crores. So it's going on a good growth. Looking into the solar

installations and the requirement for battery energy storage space, I think this company has a very big potential of growing almost more than 40% for next 3, 4 years.

Praveen Sahay: Largely in the solar segment only, whether it's solar inverter or EV charger kind of...

Moderator: Sorry to interrupt, sir. We request that you return to the question queue for follow-up as there are several participants waiting for their turn. Our next question is from the line of Vipraw Srivastava from PhillipCapital.

Vipraw Srivastava: Yes. Just quickly, firstly, on the EMS industry. So obviously, the long-term growth trigger is there, and we remain bullish on that. But sir, for this year, FY '26, what kind of growth you are seeing? Should we continue with the quarter 1 run rate or you are seeing any ramp-up in the coming quarters for the Electronics division?

Jasbir Singh: Well, see, in the Electronics division, largely right now, if you see the split, we are about 60%, 58% to 60% is still the consumer durable. And in consumer durable, the quarter 2 and quarter 3 are generally the lean seasons. So I don't think that we will be able to maintain this run rate of 100% growth for quarter 2.

But on the overall year basis, yes, we are heading towards a very, very good growth because the automotive segment has started kicking in. Telecom has gained traction. Hearable wearable has gained traction. The smart meters is up and running. We believe that by year end, by year-end, we should be bringing the banking of consumer durable to as low as 45% and in the next 3 years to as low as 25%, while growing the other segments.

Vipraw Srivastava: Got it, sir. Sir, second question quickly on the financials. So in the segmental breakup, the other unallocable expenditure has gone up. Reason for that? And secondly, why is the tax rate so high?

Sudhir Goyal: Other unallocable expenses has gone high?

Vipraw Srivastava: Decline, sir, sorry, my bad.

Sudhir Goyal: Okay. So I think we'll talk on this separately. I need to check on this.

Vipraw Srivastava: And sir, why is the tax rate so high 30%?

Sudhir Goyal: So since we have some MAT credit available with us, so in the main entity, we are still using the old regime of the taxation, which is 35%. And plus we are getting some additional benefit on the additional depreciation. So we are largely calculating our taxes based on the actual net cash outflow in taxes. So we will shift to the new regime once all that benefit has gone away.

Moderator: The next question is from the line of Sonali from Jefferies.

Sonali: A big congratulations to the team for such a stellar set of results. Sir, my first question is regarding the 2 applications that you have filed under ECMS, one worth about INR10 billion, one worth about INR32 billion via JV.

Could you please help us understand the capex requirements for this over the period of next 5 to 6 years? And also how much of that do you expect to be subsidized from both the central and the state government? So in and I want to understand what's our capex outlook for FY '26, '27?

Jasbir Singh:

Thank you, Sonali. Basically, on the 2 applications, first one is Ascent Circuits, we filed INR990 crores to be spent over a period of scheme, out of which the first phase we've already announced last year, INR650 crores, which is getting implemented and executed this year at new facility in Hosur. Second is -- the remaining portion of that, we will be investing after 3 years.

Second application we have filed is the joint venture with the Korea Circuits, which is INR3,200 crores. In that, the first phase will be INR1,200 crores in the very first year, which will be -- we expect that the scheme, the announcements of -- the approval from the applications filed will be done by maximum October or November by government and then 15 more months for start of production.

So the real, I think, output -- tangible output from this new JV will start coming in maybe quarter 4 of FY '27. And this is the first phase is INR1,200 crores. Then after 2 years, another INR1,200 crores. And then last year, which is about fifth year, will be another remaining portion.

Now coming to the incentive scheme. In HDI, 48% will be given back by the Ministry of Electronics and IT. And we have negotiated 42% of the incentives by the state governments, which is to be reimbursed over a period of the scheme.

So nutshell, but there is a catch here. The MeitY scheme is only applicable on the plant and machinery. The state government schemes are available only on building, plant and machinery. So on a net basis, if you will see, we will be able to get back almost about 70% of the net invested capital. But this is not a pari passu scheme. First, we will have to arrange funds and organize and implement, execute and then apply for this.

Out of 48% from MeitY, 25% is the capital subsidy, which will be given after the start of commercial production. And remaining 23% is to be spread like it's a hybrid of top line incentive and employee-linked incentive. It's a hybrid of TLI and ELI, which will be given in a span of 6 years. And so are the cases with the state governments. Their incentive also starts from third year and spreading into next 5 years. So that's how we will get about 70% back.

Sonali:

Sir, that's very clear. Sir, so is it fair to understand that per annum over at least the next 2 years, our capex in our consolidated balance sheet could be about INR5 billion to INR7 billion per annum and not more than that?

Jasbir Singh:

If you see on the net capex side, I think it will be a little more because INR650 crores is being spent this year in Ascent, then we are putting up INR150 crores out of the INR350 crores announced in the Railway division. And then there is a further expansion of the Sri City plant in this. And then Korean JV -- Korea Circuits JV, we'll be buying the land piece in this financial year. So this all capex will come here. And the remaining portion of the Korea Circuit JV will come to next year.

Sonali: Understood. Got it. And just one last question. What is the reason for the decline in the margins in railways because last year's base was low, which is why we are checking.

Jasbir Singh: So this is basically because of the product mix because metro, we have sold more in metro little -- we have a little less margins in the metro. In railway, we have a little more. But nothing changes on the outlook of Sidwal for the financial year. You have seen these margins getting dipped because of commodity issues and because of the product mix. And even our bus air conditioning division is a little bit at a less margin, but whereas our defense is at a high margin. So generally, in quarter 4, defense, our AMC business and our railway business is more. And that's what brings the whole margin of Railway division back to 20% plus range.

Moderator: The next question is from the line of Nirransh Jain from BNP Paribas.

Nirransh Jain: Congratulations again. Sir, my first question is on the double-digit margin guidance for the Electronics division by next year. So is it fair to understand that this would primarily come from the uptick in the Ascent's new facility and the consolidation of the 2 acquired entities for whose benefit we might start seeing from third quarter this year itself?

And also wanted to check on the Power-One margin guidance. So till FY '24 on the reported financials, the margins used to be in the range of 7% to 8%. So what is leading to the 17% to 18% guidance on the Power-One Micro Systems?

Jasbir Singh: On the Electronics margin guidance, you see, I'll just take you all through the journey of electronics, which is very important for all of you to understand when we acquired IL JIN, this was a INR300 crores company manufacturing printed circuit board assemblies for LG and IFB with 2.8% EBITDA. So this was what we started and inherited. For first 3 years, we were very focused in air conditioners and refrigerators and washing machine space.

By 2021, the company grew to INR500 crores and the margins went to 4%. We were struggling to see that why we have not been able to cross 8%, 9% of the range. And then we realized that we need to balance the volume and the value play. So the large part of the printed circuit board assembly, if you want to be in the highest range of the margins, you need to be in the defense and aerospace. Now that is a high entry barrier business, very sticky business. Net working capital days are a little stretched in that business, but margin profile is very good.

Second comes the industrials which is again in the range of 15% to 20%. Now industrial itself is a very big ocean. You can divide it into the power electronics part like Power-One products, starting from UPS, battery energy storage space, you can divide it into HMI, PLCs, automation-related products. Even the smart meters comes into that. Even railway signaling also comes under industrial. So these are large portions, which are in the range of 15% to 20%. Again, high entry barriers, sticky businesses, little net working capital stretched, but good decent ROCEs.

Third comes is the medical sector, which is again 12% to 14% range. Then comes the automobile sector. Automobile can be further divided into 4 categories: EV, non-EV, 2-wheeler, 4-wheeler. With 2-wheeler non-EV, which is like a high-volume business, it's about 7%. But if you can go

for 4-wheeler EV, you can make about 8%, 9%. Then comes the telecom, then comes hearable wearable and lowest is the consumer durable and appliances.

So when we realized this that we are not doing anything wrong, if we continue to be in consumer durable, our margins will be in the range of 4%, 4.5% range. But we have to balance the volume and value play. That's where the strategy of bringing new applications started. 2022, we added hearable wearable. '23, we added automobile. '24, we added smart meters and defense. And now we have added this industrial applications by inorganic growth.

So we are taking gradual steps, careful steps, building portfolio very cautiously. And then we backward integrated it into PCB to give more solutions and increasing our TAM while being focused in the electronic space, which is into PCB sector, which is a business of 15% to 20% range, depending on what kind of PCB you deliver. So this is our journey, and that's why we are confident that we will be able to deliver you double-digit number by next year. And on the Power-One margins, I think, Sudhir, I'll ask Sudhir to answer that.

Sudhir Goyal:

Yes. So on the Power-One, if you see their declared results of financial year '24, they used to give their sales revenue, including the GST. And GST gets adjusted in the notes to the accounts. So if you eliminate that, then it is around 9% to 10% plus there is some more salary they used to take, which is not maintainable after this transaction. So they normally draw the larger salary during the -- before the transaction. So that will become a maintainable salary, and that will bring the EBITDA level to around 17% to 18%.

Nirransh Jain:

Sure, sir. And sir, lastly, on the funding plans. So out of INR4,200 crores capex plus another INR700 crores, INR800 crores outlay for the acquisitions. So how are we looking at the current funding plans, especially for the time gap before we start receiving the subsidies?

Jasbir Singh:

Well, you must have seen that we filed an enabling resolution for the AGM for INR2,500 crores of QIP. And our AGM is on 11th of August, and we believe that after the clearance, that is one portion -- one direction we can take.

Second direction is a lot of private equity funds who are chasing to invest in the electronic division. And that could be the second portion to begin with. So we will see we'll take a right step at the right time, and we'll keep you updated as any event happens.

Moderator:

The next question is from the line of Keshav Lahoti from HDFC Securities.

Keshav Lahoti:

I wanted to get a sense how is your RAC component mix right now?

Jasbir Singh:

It keeps on varying RAC components and the finished goods because we don't define the demand side from the customers. We give solutions to whatever is demanded to us. Sometimes, it is 60:40, sometimes it is reverse, 40:60. So very difficult to predict and even give the number.

Keshav Lahoti:

Understood. Got it. And sir, last question on the Unitronics. What sort of growth you are looking for next 2 to 3 years?

Jasbir Singh: Well, whenever we've acquired the companies in last 7 acquisitions, which we have done, our trend is that for first 6 quarters, which is about 18 months, we generally get into the company, we integrate our systems, our cultures, we understand the company and the possibilities and then drive the growth from there onwards.

So I believe currently, situation in Israel, they have just moved out of the war. There are still tariff issues happening. So I believe it will be going muted this year while maintaining their EBITDA margins -- and but yes, the very big TAM, they don't have presence in India. We've already hired a very dedicated team for bringing those products in India. India itself has a \$6.5 billion total addressable market for the products of Unitronics.

And secondly is the backward integration in the printed circuit board assembly and PCB. These 2 things we will start early, but larger tangible output of the growth, you will see after about 6 quarters.

Keshav Lahoti: Understood. Got it. Just a follow-up on this, but the Power-One is a different case. That way will continue to grow by whatever upwards of 40% from acquisition only, what I understand.

Jasbir Singh: Yes. Power-One is a growing company. They have all the required eligible criteria for participating in the government tenders. Their customer profile is very niche like Power Grid Corporation of India, BEML, BHEL, NTPCL, all of them and the large solar installations. So I believe that they will continue to grow in about 40% range.

Moderator: Our next question is from the line of Mr. Achal Lohade from Nuvama Institutional Equities.

Achal Lohade: Congratulations for fabulous growth. Sir, just on the margin part for the consumer durables, if you could give us some sense; for the quarter, we have seen a substantial revenue growth, but actually a margin contraction. So if you could explain for the first quarter and also give us some sense about the direction just the way you kind of highlighted for electronics business?

Jasbir Singh: On consumer durable margins, see, we have a profile of business starting from 6% EBITDA to about 9% because some of the components are higher range. The assembly part is at a little lower range, but on the mid-level. And then we have also non-room air conditioner components, which are at 10% EBITDA also. So that's the range. But it's very difficult to predict the mix of the components and the finished goods.

And within the finished goods, there is a big range starting from 1 tonne to 1.5 and 2 tonne plus all the star rating. So I think very, very difficult for us to give any number here. But yes, we should be in the range of 7% to 8% range in the consumer durable side of the business.

But on the electronics, we have already explained why we feel that we should be hitting 10% plus range next year. And our railway segment is already at about 20%, which we will continue to maintain. So overall basis, we are very confident that the consol balance sheet will move towards about 8.5 to 9% range.

- Achal Lohade:** Got it. And just one more question, if I may, with respect to the accounting part of this for these new ventures. Will this -- the depreciation will be on the gross spend or will be only on the net spend, if you could give us some sense?
- Sudhir Goyal:** So depreciation will be on the fair valuation of all the assets. So there will be a PPA, which will be done for both the acquisitions as per the Ind AS. And whatever is the fair value comes based on that depreciation will be charged at the consol level. At the stand-alone level, the same depreciation will continue.
- Achal Lohade:** Understood. And just on this HDI and PCB, where the subsidies are available, the depreciation will be on the gross value or the net of subsidies?
- Sudhir Goyal:** So it will be first on the gross value and as and when we are getting -- so there are 2 type of subsidies. One is capex subsidy, one is opex subsidy. So capex subsidy will be reduced from the gross block and then the definitely charge on the -- after the adjustment of the subsidy. And on the opex, opex will be routed through the P&L account.
- Moderator:** Our next question is from the line of Vishal from Trinetra Asset Managers.
- Vishal:** Congratulation on a good set of numbers. So I have just one macro question. Like Amber today supplies 20% of India's RAC inverter. With India's EMS industry growing at a good pace, what local BOM share are you getting for an inverter AC assembly by upcoming years?
- Jasbir Singh:** If you're asking only about the inverter air conditioners, PCB applications, we are serving to many customers in inverter PCB applications. And on the industry side, if I see, I think we are controlling about 18% to 20% of India's inverter PCB board requirement.
- Vishal:** No, I was asking like your bill of material you will source in a local way, like as PLI scheme is promoting it?
- Jasbir Singh:** Yes. So on the -- right now, there's applications going on. Factories are yet to be established. Once the component ecosystem starts getting available from here, we will be more than happy to source it locally. Like in air conditioners case, because of PLI, cross flow fans, inverter PCB boards, motors, valves, copper tubes, they have started -- even compressors, they have started getting available from India, and we have started sourcing from India. And I believe that is one of the most successful PLIs of the government because the main objective was to increase the value addition.
- Currently, in 2020, it used to be 25% and now it has touched to almost about 68% local value addition in the air conditioner space, and we are buying locally. So similarly, as the PLI scheme has been announced for the component in the electronics space, the moment factories are up and running, we'll definitely assess them.
- Moderator:** The next question is from the line of Arafat Saiyed from Reliance Nippon Life.

Arafat Saiyed: Yes. Sir, if you look at, let's say, now we are serving almost 70% of BOM for room AC, the only thing missing was compressor. But now with the GMCC coming in also, as you said in the opening remarks, so what kind of arrangement we have with the GMCC and how you see, let's say, can we supply overall compressor in the next couple of quarters? Or how that would be?

Jasbir Singh: So our relation with the GMCC was very old relations, but when we saw some of the noise on the shortage coming, though, we were not convinced with the market's noise. But still, we thought that it is better to stitch the deal. So we signed a cooperation agreement with GMCC, giving them our core plan of compressor requirement for next 3 years.

And they've agreed to expand their capacities in India. The expansion is going on right now. And I think that new lines, which they are putting up, it is not exclusive to us. They will be serving other customers also. But they are putting this expansion based on these strategic cooperation agreements. That will be up and running by November. So till 3 years, we don't anticipate any shortages now.

Overall, from 70% BOM, yes, we don't have compressor with us. We don't have refrigerant. We don't have copper tubes and aluminum and wiring harness. These are the new categories which we don't have right now, which contributes another 30% of it. As we move ahead and as the markets are moving ahead, we are currently doing some feasibilities of increasing our bill of material. And as soon as the decision is arrived and the feasibility report is positive, we will definitely let all of you know.

Arafat Saiyed: Sir and my second question is on, again, let's say, outsourcing versus in-sourcing. So in the last couple of quarters, many brands now focusing on in-housing, in-sourcing. But now to some extent, I think that is now back seated. So how do you think that insourcing and outsourcing play for the next couple of quarters?

Jasbir Singh: I have seen this strategy being shifted by customers 3 times in last 20 years. And though market saw it for the first time. So we were not -- our business model is that we have mitigated 2 broad risks in our -- as a B2B company. One is brands changing their strategies of in-sourcing and outsourcing. And second is brands exchanging market shares between them. We have seen earlier Korean companies were the leader, then one Indian brand became the leader.

And if in future, we don't know how that will pan up. But we are suppliers to everybody in the market. We are the integrated solution providers. Whenever the in-sourcing or outsourcing shift happens, we shift our strategy by supplying components to them. So that's our mitigation strategy.

And we have 24 plants in India supplying components and finished goods, out of which 4 are finished goods and remaining 20 are component plants, which are located in vicinity to all the customer clusters. So that's what Amber has developed in the last 15 years, and that's what is paying dividend to us today.

Moderator: The next question is from the line of Madhav from Fidelity.

Madhav: Just wanted to understand the unit economics for the 2 capex, especially the Korea Circuit, we're investing INR3,200 crores. Could you give some sense in terms of the revenue potential and the margin profile and also the working capital required for the project? And by when do you think we can ramp up this fully? I know it's coming up in phases. So maybe for Phase 1, if you could give us some color, that itself would be great.

Jasbir Singh: So Madhav, on the Ascent Circuits in the Hosur, INR650 crores is getting invested this year. I believe by quarter 4 or maximum by quarter 1 of next financial year, the plant will be up and running. That is for multilayer PCBs. For HDI, which is going to be put up in UP, that is -- we are waiting for -- we have applied to MeitY.

I think they will take another 60 to 90 days' time to assess the applications and then approve the applications. After that, we have 15 months for our implementation and execution of the plant. So FY '28, first quarter is when we expect these plants to be up and running.

And the asset turns in this business is about -- close to about 0.75x to 1x different ranges. But we have an offtake arrangement with our -- with Korea Circuits already signed up. the moment we sign, we expect that very first year, we should be able to reach to at least 0.75x of the asset.

So in the first phase, we are going to implement INR1,200 crores investment. So you can say that in the very first year, we should be getting a top line of almost about INR750 crores to INR800 crores from the time it begin the production.

Madhav: And sir, what about the margin profile and the working capital cycle for this kind of business?

Jasbir Singh: Margins normally in the multilevel PCB board is somewhere about 15% to 20% range. And on the HDI side, depending on applications which you serve, it ranges from 15% to 30% also. If you are catering to defense application, aerospace application, you can go to 25% plus. But if you are serving to the IT laptops or telecom products, it is in the range of about 15% to 20%. And the working capital cycle is almost about 60 to 70 days in this case.

Madhav: Okay. And so basically of the INR1,200 crores, just to be...

Moderator: Sorry to interrupt. Request Madhav sir to rejoin the question queue for the follow-up question. The next question is from the line of Samyak Jain from Marcellus.

Samyak Jain: Sir, my question is on the 2 acquisitions that we have made. So on the face of it, it appears that it's a product company, whereas in our electronics, we are mostly contract manufacturing or supply components in our electronics division. So do you see any gaps in the capabilities that we currently have to grow the business for both the businesses that we have recently acquired?

Jasbir Singh: I'll give you a little brief of Amber's history. We started as a component manufacturer of air conditioners. The first component we produced for air conditioner was the outside sheet metal box for window air conditioner. That's where our journey began.

And then that's when we started assembling the boxes, full air conditioners, then gradually, we backward integrated to create moats in the industry. And plus, we coupled up from 2012 onwards, the R&D capabilities also. So while you see the whole ocean of electronics getting consumed, it doesn't [inaudible 0:52:41] or it is semi knockdown or just the assemblies part of it.

Yes, you're right. We started our journey from printed circuit board assembly. First, we grew different applications in that assembly business. And then we backward integrated into PCB. And now we have started coming into fully box-built capabilities also. But within the PCB, I would like to highlight that we are already doing box built for telecom.

We are doing 4G and 5G equipment. We are doing box build for smart meters, and we are doing full box build for Bluetooth speakers and smart watches. So this is already in line. So nothing new. It is just the addition and the type of business which we have added.

Samyak Jain:

So what I meant -- got it, sir. So what I meant was currently, it's more of a contract manufacturing that we are doing, whereas in the businesses, it would be a customer-facing B2B kind of wherein we would be directly dealing with all the customers who are consuming these products. So is there any difference or any understanding gap in my understanding?

Jasbir Singh:

No, you see, like in railways, it is a business -- B2G business we have. And then we have a business with OEMs such as Alstom, Bombardier, Siemens, GE, Titagarh, BEML and all. In air conditioners, we have business with OEMs such as Daikin, Panasonic and all. Here, the Unitronics products, they are largely -- have a business relation with companies like Ingersoll Rand, who are manufacturing compressors, companies who are manufacturing machines, they are their users. So it's not a consumer-facing box-built businesses.

Similarly, when you come to Power-One Electronics, there, it's a B2G combination of B2G business plus projects business. On B2G business, they apply for the tenders. They give solutions for airports, they give solutions for Power Grid Corporation for BEML, for BHEL. And on the other side, on the solar panel installation, they take tenders for that. So it's a B2G and B2B businesses, not directly B2C. So there is no business which we've added is directly consumer-facing.

Samyak Jain:

Got it, sir. And my second question is on the consumer durables. So while there is slowdown in the AC business, a lot of OEMs as well as your peers have reported poor set of numbers, while we have grown at a healthy pace.

Moderator:

Sorry to interrupt. Request you to rejoin the queue for the follow-up questions. The next question is from the line of Deepak from Sundaram Mutual Funds.

Deepak:

Jasbirji, could you please highlight what was our Y-o-Y growth rate in RAC and RAC component and non-RAC component within the consumer durable segment for Q1?

Jasbir Singh:

So it's about 30 -- sorry, it's about.

- Sudhir Goyal:** So RAC has grown by 40%; RAC and RAC components both put together has grown by 40%. And non-RAC component within Amber has grown by around 10% and balance is the like motors and the injection molding for the various other applications, that has also grown by like 10% to 15%.
- Deepak:** Okay. So RAC and component is 40% and the remaining non-RAC component is around 10% to 15%. Is that understanding correct?
- Sudhir Goyal:** Yes, yes.
- Deepak:** Okay. And sir, second question is on capex. I just want to double-click on that because earlier, I thought we were spending around INR350 crores on Hosur project in FY '26 and then again, half of it in FY '27. But now you're talking about spending INR650 crores of Hosur project in FY '26 itself, right? And then subsequently around INR1,200 crores in Phase 1 for that Korean Circuit JV in FY '27. So I just want to double check, what is our consolidated capex plan for FY '26 and '27? Could you please break it down by segment within consumer durable, EMS and railway?
- Jasbir Singh:** No. So let me give you a clear picture on Hosur project. Out of INR650 crores, the land parcel was acquired last year. The remaining portion is getting spread into financial years. The large part of the building and some part of the machinery will come this year, which will be around INR350 crores or maximum INR400 crores.
- The remaining portion of the capex, which will be the last payments of the machines when the machines arrive will be in quarter 1 of the next year. So technically, it got spread in 3 financial years. The land came last year, building and some part of machinery this year and the remaining part of the machinery next year.
- Deepak:** Okay. So INR350 crores to INR400 crores this year and the balance would be in next year, correct?
- Jasbir Singh:** That's right. That's right. Yes.
- Deepak:** Okay. And sir, on this Korean Circuit, how would that be?
- Moderator:** Sorry to interrupt, sir. Request you to rejoin the queue for the follow-up question. The next question is from the line of Rahul Agarwal from Ikigai Assets.
- Rahul Agarwal:** Congratulations for a good set in a weak environment. Sir, 2 questions. One is, it looks like very hyper growth for Amber in Electronics and railways ahead. My sense was you're also getting into larger merger and acquisitions now. The challenge essentially going forward could be managing people, having heads of department and then integrating all of this into the Amber's culture.

As of now, I just wanted to understand what are the gaps you have filled to handle such a large revenue. The P&Ls are going to be very big going forward. And what are the gaps which are still left to be addressed? So that's the first question.

And secondly, on cash flow, I think there are a lot of questions revolving around how much is going to be the capex purely because there are going to be timing mismatches. Once you raise the funds, whenever in case the Board approves that, just wanted to be double sure that what is the peak debt Amber plans over the next, let's say, just by March '26, how does the balance sheet shape up for Amber consol?

If Sudhirji can help us on understanding the overall cash outflow for the business over the next 9 months? And what could be the peak debt that will actually calm down the nerves a bit purely because till then we'll have full clarity on what is the equity funding plan and then we can work around the further numbers. So those are my 2 questions, sir.

Jasbir Singh:

So on the first question regarding the management bandwidth, what we do at Amber is the moment we start the due diligence process of any company - prospective company to be acquired, or to be partnered with, we, first of all, onboard who's going to lead that portion and who's going to integrate those companies after we acquire. So that is a proactive approach which we take.

Just to give an example, when Ascent Circuits was acquired, parallelly Santosh was onboarded, who was MD and CEO of the company, large company catering in India, multinational company. And then parallelly, Mr. Agarwal joined us, who is taking care of the Electronics division with Sanjay Arora.

And now since Power-One and Unitronics have been onboarded, already the team leaders who will be heading this have been onboarded from large multinational companies. They have already joined. In fact, most of the vetting of the products and also the technical due diligence has been done by our own team now. So this is a proactive approach which we take.

And good part of these, both 2 acquisitions is that both the promoters are -- they are traveling our journey further with us. So they will be with us for the next 5 years. And we don't think any big change coming in. And the large part of the CEOs of the company, they have agreed to continue with us. So we don't see any big change and challenge on the management bandwidth.

As far as the Korea Circuit JV's capex is concerned and the numbers on the debt levels, what you were asking, I would like to tell all of you that at Amber, I would, in fact, like to guide this to all of you that at Amber, we have taken a very strategic decision that we should be net debt-free company by next financial year end. So that is our plan.

In case though we have a policy and principle approved at the Board level that we will never ever cross 2x of debt EBITDA. But looking into the current situation and the capex plans, we will be raising some funds, and we'll keep you all posted. I think we are aiming to be a net debt-free company by next financial year.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, that was the last question for today. I now hand the conference over to management for closing comments.

Jasbir Singh: Thank you, everyone, for joining on the call. For any further information, kindly get in touch with our Head of IR, Mr. Ravi Kharbanda or Rohit Singh from our IR team, or Strategic Growth Advisors, our Investor Relations Advisors. Thank you very much. Have a good day ahead.

Moderator: On behalf of Amber Enterprises India Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.