



Date: 2 August 2024

To
Secretary
Listing Department

BSE Limited

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

To
Secretary
Listing Department

National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex,
Mumbai – 400 050
Scrip Code : AMBER
ISIN : INE371P01015

Dear Sir/Ma'am,

Subject: Earnings Call Transcript for operational and financial performance of the Company for the quarter ended 30 June 2024 ('Q1 FY25')

This is further to our letter dated 22 July 2024 intimating the details of Earnings Call with Investor/Analyst (Participants) to discuss the unaudited Financial Statements (standalone and consolidated) of the Company for the quarter ended 30 June 2024, ('Q1 FY25') held on Saturday, 27th July 2024 at 10:00 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.ambergrouppindia.com/investor-events-presentation-head/> 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 Yadav)
Company Secretary and Compliance officer
Membership No. : A30322

Amber Enterprises India Limited

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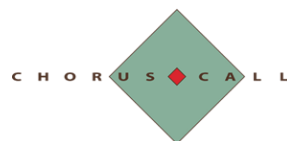
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“Amber Enterprises India Limited
Q1 FY '25 Earnings Conference Call”

July 27, 2024

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 27th July 2024 will prevail.”



MANAGEMENT: MR. JASBIR SINGH – EXECUTIVE CHAIRMAN & CHIEF EXECUTIVE OFFICER AND WHOLE-TIME DIRECTOR – AMBER ENTERPRISES INDIA LIMITED
MR. DALJIT SINGH – MANAGING DIRECTOR – AMBER ENTERPRISES INDIA LIMITED
MR. SUDHIR GOYAL – CHIEF FINANCIAL OFFICER – AMBER ENTERPRISES INDIA LIMITED
MR. SANJAY KUMAR ARORA – WHOLE TIME DIRECTOR – IL JIN ELECTRONICS
MR. SACHIN GUPTA – CHIEF EXECUTIVE OFFICER – CAC & RAC DIVISION



Moderator: Ladies and gentlemen, good day, and welcome to Amber Enterprises India Limited Q1 FY '25 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 the conference call, please signal an operator by pressing the star then zero on your touchstone phone. Please note that this 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, everyone. On the call, I'm joined by Mr. Daljit Singh, Managing Director; Mr. Sudhir Goyal, our CFO; Mr. Sanjay Kumar Arora, Whole-Time Director of IL JIN Electronics; and Mr. Sachin Gupta, CEO of CAC & RAC Division.

We have uploaded our results presentation on the exchanges, and I hope everybody had an opportunity to go through the same. As you are all aware that over the years, we have transitioned from our core focus of room air conditioners and have structured our diversification in 3 business segments, namely Consumer Durable division, Electronics EMS division, and Railway Sub-system and Defense division. All these divisional engines are firing well and are marching forward, scripting new growth opportunities. It's been a good quarter, and we have delivered revenue growth of 41% at consol level, EBITDA grew by 45% and PAT recorded a growth of 60%.

I will now take you through the divisional highlights. First is consumer-durable division. This division comprises of three verticals: room air conditioners and room air conditioner components; non-room air conditioner components such as telecom components, smart meter components, IT server components, refrigerator components, microwave, washing machine, water purifier and automobile components; and third, is washing machine, fully automatic, front-load and top-load, which is a new addition.

Owing to favorable summers, the air conditioning industry witnessed an unprecedented demand during the last quarter. The industry recorded a growth of more than 35% in the first half of this calendar year, continuing to uphold our leadership position and our strategy to grow the product and component business, we have grown both business verticals of Consumer Durable, that is RAC product business and component business.

I'm delighted to share that due to favorable weather conditions and good secondary sales, we recorded a growth of 50% in our RAC business and non-RAC components vertical grew by 39%. On a blended basis, this division has grown by 44%. Owing to these endeavors, our operating EBITDA margins in the Consumer Durable division stood at 7.8%, which is reflective of our blend of strategy for finished goods and the components. The major drivers that led this growth were unprecedented industry growth, addition of new customers and increasing wallet

share in existing customers and diversification of business into other industries beyond consumer durables. We further expanded our product portfolio by adding new products during the quarter and became India's first B2B player, offering ODM solutions in products like tower air conditioners, window top throw inverter series, tropical high-efficiency split air conditioners, and cassette air conditioners.

Our dedicated and continuous R&D efforts give us an edge to provide solutions that are first to market, and we shall keep working on this strategy. Propelling the diversification beyond air conditioners, our JV for washing machine, Resojet, is further strengthening our position in the consumer durable space. We are on track to deliver our guidance where the mass production will commence from second half of this year. We have already onboarded four customers for which trials are undergoing, and we expect to start mass production by Q3 of this year.

Now coming to Electronics division, led by strategic acquisition, this division during the quarter grew by 45%. The journey, which started from around 3% EBITDA in 2018 has evolved to 7.7% in quarter 1 of FY '25. Going forward, we are confident to touch EBITDA in the range of 7.75% to 8% during this year. In PCBA segment, our journey which started with capturing the trends of air conditioners from fixed speed to inverters has now evolved to provide solutions for appliances, consumer electronics, hearable wearable, telecom, smart meters and automobile segments. I'm also glad to inform that we have received our first purchase order for defense products in the segment. This division has further received a thrust with induction of bare PCB in its fold through acquisition of Ascent Circuits and MOU with Korea Circuit.

These partnerships have opened our avenues for manufacturing of single-sided, double-sided, multilayer, RF PCB, Flex HDI and semiconductor substrates. These acquisitions and MOU has helped to cater marquee customers in the segment of automotive component customers, telecom consumer electronics, both domestic and multi-nationals, defense, medical, energy solutions, and aerospace. The bare board PCB market in India stands today at INR37,000 crores and is expected to reach INR80,000 crores by 2030. The sector is growing at a CAGR of 11%, but 85% of its total demand today is still bring that through the imports. The current gap of localization versus imports is huge and, therefore, presents us with the opportunity to reduce this gap through import substitution.

The recent announcement of government imposing antidumping duty on PCBs up to 6 layers has given the much needed boost to local PCB industry. This move has enabled us to onboard four new customers, which is a mix of multinational companies and domestic companies comprising of segments such as consumer electronics, IT, auto, EV and defense. In this quarter, we have also increased our stake in IL JIN and Ever from 70% to 90.2%. Looking into our current order book, our earlier guidance for revenue growth in EMS division of 35%, now stands revised to more than 45%.

Now coming to our third division, Railway Sub-system and Defense. The expanding infrastructure spending towards modernization of mobility infrastructure in the country in the last few years has given the much needed thrust to the railways and metro ecosystem in the country. But the change in government strategies in Indian Railways and its priorities slows down the progress for the interims. Owing to these priority shifts by the government, this



division witnessed a sluggish quarter largely pertaining to following reasons: The Bangalore Metro project is moving with a delay by 9 months. Mumbai Metro project is also delayed because of shortage of sub-systems from the rolling stock companies. Project of 200 Vande Bharat Express is also moving delayed by around 8 to 9 months, owing to a change in the composition of coaches from 16 to 24 per Vande Bharat train. And also recent announcements made by railway ministry on shifting their focus to non-AC coach this year has led to delay in production of coaches, which has withheld lifting of material from our factory. Considering the delays of the aforesaid projects, we expect this division to be flattish this year; however, during the quarter, we have further strengthened our order book by winning more contracts, thereby taking the order book visibility to around INR2,075 crores. We continue to maintain our earlier guidance of doubling the division's revenue in the next 3 years.

I am glad to announce that we have shortlisted the location for Yujin India, our recent joint venture for couplers, gears and pantographs with the South Korean company, Yujin Machinery and have started ordering this plant and machinery. The trial of products under this joint venture are expected to begin in India by quarter 4 of this fiscal.

Further, the construction of new greenfield facility of Sidwal is in full swing and we expect to start the trials of our new product categories, doors and gangways, in quarter one of next year, which is expected to convert into mass production by Q4 of next financial year.

It also gives me pleasure to inform you that after dedicated and relentless efforts of our team for 4 years, we have reached to the final stage of receiving our developmental order of air conditioner for trains from the US markets and European rolling stock companies. It will take about 2.5 years for completing the development process, post which we expect global doors to open for Sidwal. In a nutshell, the long-term horizon of this division stands to be robust.

Additionally, our defense segment is gaining momentum. With our order book growing stronger, we are expanding our product offerings in this segment and aim to become significant contributors to this sector.

Just to summarize, our strategic acquisitions across various business divisions have bolstered our market position and allowed us to offer more comprehensive solutions by leveraging favorable government initiatives like Make in India and Atmanirbhar Bharat. We are dedicated to reducing our dependence on imports and are well positioned to capitalize on the emerging market opportunities.

I now request Sudhir Goyal, our CFO, to take you through the consolidated financial highlights.

Sudhir Goyal:

Good morning, everyone. So now I'll take you through the consolidated financial highlights, including the divisional performance.

So on the revenue front, at consol level, our quarter 1 financial year '25 revenue stood at INR2,401 crores compared to INR1,702 crores, which is a growth of 41% year-on-year level. Operating EBITDA for the quarter 1 financial year '25 stood at INR200 crores versus INR138 crores in quarter 1 financial year '24, a growth of 45%. Operating EBITDA is before impact of ESOP expenses and other nonoperating income and expenses. Operating EBITDA margin for



quarter 1 financial year '25 stood at 8.3% versus 8.1% in the quarter 1 financial year '24. PAT for the quarter 1 financial year '25 stood at INR75 crores versus INR47 crores in the quarter 1 financial year '24.

Now coming to the divisional highlights. We shall now take you through all the 3 divisional highlights, which are as follows:

Consumer Durable division: The Consumer Durable division has reported total revenue of INR1,918 crores for quarter 1 financial year '25 compared to INR1,331 crores last year same quarter. The operating EBITDA stood at INR150 crores in quarter 1 financial year '25 versus INR106 crores in the same quarter last year. Strong summer season led to good demand, which resulted in improved revenue and EBITDA in quarter 1 financial year '25.

Electronic division: the Electronics division has reported total revenue of INR388 crores in quarter 1 financial year '25 compared to INR267 crores in quarter 1 financial year '24, which is a growth of 45% year-on-year level. The operating EBITDA stood at INR30 crores in quarter 1 financial year '25 versus INR11 crores in quarter 1 financial year '24.

Now coming to Railway Subsystem and Defense division: The Railway Subsystem Defense division has reported total revenue of INR95 crores in quarter 1 financial '25 compared to INR104 crores in quarter 1 financial year '24. The operating EBITDA stood at INR20 crores in quarter 1 financial year '25 versus INR21 crores in quarter 1 financial year '24.

Now at consol level, we have started realizing the subsidies from central and state governments over the capex made. We expect to receive a subsidy reimbursement of INR80 crores during the year under various central and state subsidies, including PLI of INR36 crores. At consol, our capex guidance remains at same level of INR350 crores to INR375 crores for this financial year. Our net working capital days at consol level has improved from 35 days to 14 days, and our net debt stood at INR965 crores. Lastly, at current run rate level, we expect our consol revenue to grow around 25%. Further, we expect a jump of around 300 basis points in our ROCE level, taking it to above 15% financial year '25, and we maintain our guidance to touch 19% to 21% in next 2 financial years.

With this, I will now open the floor to question and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Dhruv Jain from Ambit Capital.

Dhruv Jain: Sir, I have 1 question on the EMS division. So last year, we ended consumer durables plus smart watches at about 91% share. How should we think about the share of the other verticals improving over the next 2 to 3 years? And what, in your sense, would be the right margin, say, over the next 3 years for this vertical?

Jasbir Singh: Dhruv, good morning. So, you said 91%. We didn't get that point.

Dhruv Jain: So the share of your EMS verticals, consumer durables plus smart watches, revenue share was about 91% in FY '24, if I'm not wrong.

Jasbir Singh:

No, I think you're mistaken on the numbers. But anyway, I'll give you a highlight on the Electronics EMS division. Basically, on this division, we have 2 segments now. We have PCBA and we have PCB. In our PCBA business, which started from 2018 by acquiring IL JIN and Ever, it was a small INR300 crore worth company, and we were at 3% EBITDA. And we were catering to refrigerators and air conditioners inverter PCB boards. So we took 2 years to develop our own boards, and we became the first company in India to develop our own inverter PCB solutions. And then we found that we were having headwinds from Chinese, they were dropping the prices, then we changed our strategies.

While strengthening our inverters board for air conditioning industry, we started diversifying into wearable wearables, where the smartwatches and bluetooth speakers came in. And then we further added telecom equipments, telecom PCBAs. Then we added smart meters. We also added auto. And recently, we have added the defense portfolio. So in all, the trajectory was to take this 3% EBITDA from a bottom line towards more than 6%, 7%. And we achieved about 5.6% last quarter while diversifying these applications. Then we acquired Ascent Circuits, which is into bare PCB boards and which is a more marginable business plus a very high import substitution opportunity.

And on a blended basis, that division is also growing very well. It's grown by more than 30% this year over last year. And it has further strengthened because of the anti-dumping duty imposed by the government. On a blended basis, now the EBITDA has come to 7.7%. So in a nutshell, if you see, we have a strong R&D layer built up. Today, we are catering to almost about 22% to 23% of inverter PCB boards for air conditioners, the prime reason for which we acquired this company, so that objective has been achieved. And now we are further graduating into becoming an EMS player, electronic EMS player like our peers, a very strong solution provider.

So nobody has the solutions like we have. We have R&D layers on one side. We are giving full solution on the PCB and different applications plus we have a backward integration with the PCB support, which is a higher-margin business. So all 3 put together brings this division to a very robust growth opportunity moving forward.

Dhruv Jain:

So sir, how should we think about the contribution of non-consumer durables vertical evolving as a revenue share evolving over the next, say, over until FY '26 or FY '27?

Jasbir Singh:

See, if you remember, we used to speak about when we were just entering into electronics that we want that our air conditioner versus other businesses, there should be a decent split of 50-50 moving forward, so we are moving towards that. And the verticals created by us, which is railways and defense and electronics are contributing to that only. Today, all these divisions, which have been -- where we have invested further, they are nonseasonal in nature. They are having good EBITDA margins. And overall basis, if you will see, we will be a very different diversified B2B player in moving forward if we talk about 3 years or 4 years from now, which will be exporting our components both in different divisions. And also on the domestic side, there are huge growth opportunities.

Moderator:

The next question is from the line of Ravi Swaminathan from Avendus Spark.

Ravi Swaminathan: Sir, congrats on good set of numbers. Sir, my first question is with respect to the room air conditioner market. If you can give a sense on what could -- is likely to be the growth for the room AC business given the backdrop of the strong growth that was there in the summer for financial year '25. What kind of growth would have been there? What is the kind of volumes of room ACs that the industry would have seen this year?

Jasbir Singh: Well, you see, as per our resources, the H1, the full from -- the positive season is going from January onwards. We are seeing almost about 36% growth, 35% to 36% in the whole full number. So if we are talking of almost about 1 crore air conditioners last year, I think if this run rate continues in quarter 4 also, industry should be closing somewhere about 1.3 crores to 1.4 crores. And looking into that, I believe, right now, because of the good summers, inventory levels are at the minimum at this point of time. And everybody is anticipating good summers again. So everybody has started now preparing ourselves for the next season.

And we believe that if you see -- actually, Ravi, if you see the long-term thing, this is -- we have seen 6 bad seasons in the last 24 years. We have seen many good seasons in this. But overall, because of the per capita income increase, because of the lifestyle shift, because of power adequacy, this demand for air conditioners are moving. And what new trend we are seeing that it has started penetrating to Tier 3, Tier 4 cities and even to the rural areas. I was surprised to hear that even villages have started putting up, the first air conditioners have started penetrating into some villages. So that means that it opens up a big opportunity moving forward for this sector.

Ravi Swaminathan: Understood, sir. And sir, for us to grow probably much higher than the industry growth rate, say, in terms of export opportunities or ability to manufacture critical components like compressors or even trying to gain further market share. If you can talk about them more in the room AC space, that will be great, sir.

Jasbir Singh: So we are expanding both products -- product profile in the finished goods sector as well as in the component space. In the finished goods sector, as explained during my speech, we have expanded the product portfolio like tower air conditioners. We have become the first B2B company launching the tower air conditioners, cassette air conditioners and window top through inverter series and also the tropical high-efficiency split air conditions. That is one part. There are endeavors moving forward for the exports also. And we expect we should be able to crack our first orders for the export markets very soon. And that -- this is going on in the product business. On the component side, we are already very deeply penetrated from the inverter PCB boards from motors point of view.

We can offer 70% of the bill of material in the air conditioners. Our wish list is that everybody should buy all the 70% from us so that we should be 70% of the market. But today, we have about 26%, 27% market share, and we are maintaining that. But yes, we are also looking to expand into other verticals, which we will announce as soon as there will be some advancements. We don't want to right now tell because it's little sensitive. We have signed some NDAs on that front for expanding our further footprint in the bill of material.

Ravi Swaminathan: Okay. If compressor would be the one, which is...



- Moderator:** Sorry to interrupt Mr. Ravi. Could you please fall back in the question queue for further questions. The next question is from the line of Bhoomika Nair from DAM Capital.
- Bhoomika Nair:** Congratulations on a good set of numbers. So my first question is related to the Electronics segment. If you can talk about in terms of what has been the contribution by Ascent in both the revenues and the EBITDA line number? And there has also been the shift of the hearable and wearable JV to a JV. So what was that lower revenue? Or what revenue kind of got shifted out to the JV. So we just get a like-to-like number.
- Sudhir Goyal:** Good morning. Our revenue in Ascent is around INR73 crores for the quarter 1 ended 30th June 2024 and operating EBITDA is INR15 crores.
- Bhoomika Nair:** Understood. And sir, any revenues have moved to the JV versus last year first quarter?
- Sudhir Goyal:** So JVs are not subsidiaries. So JV, only PAT get consolidated in the overall PAT.
- Bhoomika Nair:** Okay. So even 1Q of last year didn't have any JV revenue?
- Sudhir Goyal:** Yes.
- Bhoomika Nair:** Okay. So the reason I'm asking is that if I -- the kind of growth that we've seen in the AC segment, which has been quite robust. If I were to remove the Ascent bit, the growth for the -- for IL JIN and Ever per se is at about 18-odd percent. So any reason why the growth has been slightly lower and not kept in pace with the AC segment? And given the fact that we've added a lot of customers in various segments out there.
- Jasbir Singh:** So Bhoomika, the reason why this has been about 18%, 19% growth in the PCBA segment is because the average selling price of the hearable wearable have drastically been reduced. Though the volumes continue to grow, but ASP of smartwatches and Bluetooth speaker has come down. It's almost down by 40%. That's the reason why the top line growth is not looking at. But it is reflective in the bottom line strategy. Overall, what we are looking at it because we are further expanding our applications, so that's the reason why we have guided that on a blended basis. We earlier guided that we will be able to grow this division by 35%, but now our guidance stands at 45% growth.
- Bhoomika Nair:** Okay, sir. And this 45% is inclusive of Ascent, right?
- Jasbir Singh:** It is inclusive of Ascent. But if you remove the Ascent also, then PCBA also will be growing a good 35% growth.
- Bhoomika Nair:** So we expect the next couple of quarters to pick up sales?
- Jasbir Singh:** That's right. Yes.
- Bhoomika Nair:** Okay. Sir on the Ascent business, you spoke about the import duties and our MOU with Korea Circuits for expanding our product portfolio. If you can talk about how are we seeing this evolving? The market is very large. There's a huge import substitution, which can come into

play. How quickly can we kind of scale up these volumes shift towards the higher levels of product portfolio. If you can just give some color on that aspect?

Jasbir Singh:

So firstly, I mean, we have already been allotted 12 acres additional land in the SIPCOT area. That is the first beginning, which we have done. And MOU with Korea Circuits have -- it has begun, the activities have begun. They have started visiting us. Our teams have started visiting them. And we are also waiting for the government to announce some incentive schemes because earlier, the incentive scheme was SPECS and also this was the central government subsidy of about 25% and states were giving about 20% subsidy.

So now it is getting revised. So we have already got approval for about INR256 crore of plant and machinery in the SPECS Scheme 1, which is underway. That expansion has started happening. But we are expecting the new SPECS scheme or PLI scheme or some new incentives, which are getting changed for the component sector of electronics. Once the announcement will be done, we will be immediately going for the expansion with the Korea Circuits and Ascent put together in the HDI board. So we expect that at least 50% to 55% will be reimbursed by central and state governments.

Bhoomika Nair:

And by when do you think these revenues from these HDI boards would start coming in?

Moderator:

Could you please fall back in the question queue for further questions.

Bhoomika Nair:

Sure. I'll go back. Thank you.

Moderator:

Thank you very much. The next question is from the line of Sonali from Jefferies.

Sonali:

Congratulations on a good set of numbers. So my first question is regarding the RAC industry. We definitely saw a great summer. So you did mention the channel inventories are low right now. So does that mean that we could look at restocking of channel inventories going ahead in Q2, Q3. And also any pricing action that we have done in the first half of the year or is expected going forward?

Jasbir Singh:

Yes. Good morning, Sonali. We expect that the industry because whenever this kind of upbeat summer comes in, generally the trend is that Q2 is a normal one because Q2, nothing great happens, but Q3 onwards, the traction of the inventory buildup starts happening. So we expect better Q3 and then Q2 also is also moving much better. I mean, as of now July is moving much better than last year.

Sonali:

Understood, sir. And about the update on the industry transition to be in-house. Any update on that front and also pricing actions in ACs.

Jasbir Singh:

So we don't see any pricing action as of now because there is not a very large movement on the commodity side. But on the industry expansion side, on the in-source versus outsource, I think the dust has already been settled. There's every company who wanted to put up their factories, their factories have started, except only one company is pending whose plant will be ready by October or November. So after that, I think, we don't hear any further plans from anybody to

show. So there should be a spillover also moving forward into the outsourcing part as the capacities of those plants get built up.

Sonali: Sure. Sir, my second question is, whether you mentioned that Sidwal's revenue could be flattish this year. I missed that, which is why I'm reconfirming.

Jasbir Singh: Yes, we were expecting about 15% to 20% growth this year. As earlier guided, that we have done joint ventures and we have stitched deals for expanding our portfolio into doors and gangways for which did a TOT. And for pantographs, gears, and couplers, we have done joint venture with Yujin. So generally, these kind of safety products and the functional products, they take a long time for the approval.

So once the factories are up and running by quarter 4 this year, next year as I guided earlier, this year will be the execution year. And next year will be the year of approvals from railways and metros. So we expect that Q4 of next financial year will be the starting point for all the new product categories.

Yes, that's the reason why we have changed our guidance because right now, for the time being, government has shifted its focus for production of more non-AC coaches. And that there is a slowdown from Indian Railways to pick up. But that's very momentary. I think it is momentary for this year. So that's the reason why earlier guided that this division will grow by 15%, 20%, we want to guide that it will be flattish this year, but nothing changes on the long-term horizon from next year or quarter 4 onwards.

Moderator: The next question is from the line of Sampath Nayak from Veritas Capital.

Sampath Nayak: Congratulations on good set of numbers. So my question is regarding railway mobility, especially HVAC segment, right? So what is the opportunity size and wallet share we have across different segments, such as AC, railway, defense and bus? That is my first question, sir.

Jasbir Singh: So in HVAC segment, so there are 2 segments to look at it. One is metro rails and second is Indian Railways. In metro rail, we are enjoying 46% share of business in the metro for the HVAC segment. And in Indian railways, we are at about 40% share of business in the Indian Railways. Overall, earlier, if we see there are about close to about INR550 to 600 coaches getting produced for metros on an annual basis. In the railway segment, the number keeps on fluctuating. So sometimes the production is of non-AC coaches more, sometimes AC coaches are more.

So it's very difficult to predict the government budgetary provision because that's very fluctuating numbers keep on coming in. Generally, it needs to be close to about 3,000 to 4,000 coaches annually, which is being produced, which are generally the air condition coaches. Out of the almost 7,500, 8,000 coaches being produced by 3 factories of Indian Railways.

And but the new trains which are being launched like Vande Bharat Sleeper, Vande Bharat Metro, and Vande Bharat Chair, they are all air-conditioned coaches. So as the momentum of new coaches will come up, the more trend will be from FY '26 onwards towards the air conditioned coaches.

- Sampath Nayak:** Right, right. And sir, what would be the like wallet share of HVAC in one particular coach?
- Jasbir Singh:** So generally, you see there are different -- different passenger cars have different kind of composition on the bill of material. Like LHB coaches about INR3.5 crores where HVAC contribution will be somewhere about INR16 lakhs, INR17 lakhs. But if you talk about the metro where it is about -- Vande Bharat, it is about INR6 crores, in that HVAC contribution will be somewhere about INR22 lakhs to INR24 lakhs. But metro is totally different. The coach composition can shift from -- bill of material can shift from INR9 crores to INR10 crores. In some cases, INR7.5 crores.
- So it will keep on varying. But what we have done, Sampath, is that, we have moved beyond HVACs also. Earlier, our contribution was only 3% to 4% of the bill of material of a particular passenger car. But now with the deal stitched with Yujin and the TOT done with the Ultimate group for doors gangway, we can go to INR1.2 crore per car. So that's the offering. So we have expanded our total addressable market. Plus, as explained, we are not only in future in about 2.5 to 3 years from now, we are expanding our global doors also. So that there's a whole new world opening for Sidwal as far as HVACs are concerned, and then we'll further grow this other component there.
- Yes, on the defense, as you asked on the defense, there is no particular research, which says how much is the market side because it's varying. It's totally dependent on projects. But yes, we are into multiple defense products where we have launched our instant cooling solutions. That is one expansion, which we have done. In fact, we have done deemed exports also for that. Some shipments were sent by Government of India, in which the instant cooling institutions were provided by us. And we are also expanding our defense product which is also opening doors for exports. So currently, as we are speaking, there are teams sitting in our Sidwal factories, which are gearing up. It will take about 24 months. We are letting up ourselves for the exports of these products to outside India also.
- Sampath Nayak:** Great, sir. And sir, what is the entry barrier for railway and defense sector?
- Moderator:** Sorry to interrupt, sir. Could you please fall back in the question queue...
- Jasbir Singh:** So on entry barrier, Sampath, it's a big gestation period. Generally, if someone wants to enter into railway HVAC or the safety products or functional products, you will be awarded a developmental contracts where within the 2 years, once you finish your development, the railway ministry will come and inspect and then they will give you 2 coaches or 3 coaches. They will monitor it for complete 1 year. After the successful execution, you will be awarded Part 2 category supplier. Part 2 means even if you come L1, you will receive only 15% or 10% of the business. And then 300 coaches or 3 years, whichever is earlier, that's how you become a Part 1. So it's a journey of 5 to 6 years.
- Moderator:** The next question is from the line of Rahul Gajare from Haitong Securities.
- Rahul Gajare:** Congratulations on good performance during the quarter. So I've got two questions, given that you've raised your guidance in the EMS from 35% to 40%, which will take us closer to INR1,800 crores. Many EMS companies are now talking about 50%, 60% kind of growth. Do you see



Amber clocking that kind of growth over the next, say, 3 to 5 years, given you have new areas, which will essentially contribute to the growth. So that's my first question.

Jasbir Singh:

Well, as I explained, we are expanding our portfolio as other peers. So from one side, we are expanding our portfolio to increase our EBITDA margins. On the other side, we are expanding our offering -- expanding the total addressable market. So both in PCB as well as in PCBA. In PCB, we see huge potential because of import substitution at the current level, as I explained, the industry is at INR37,000 crores.

And only 15% is getting manufactured in India. So there tends to be a big boost for the import substitution. But we don't want to give any number here that we can grow by -- continue to grow over 4, 5 years for 50%, 60%. But if government of India keeps on coming up with decent schemes, I think, automatically, companies like us will continue to grow in 45% to 50% range.

Rahul Gajare:

Sir, my second question is on your stakes that you have got with 2 areas. One is through Sidwal, you are planning to invest INR120 crores in the SPV. So I want to understand how much of this money will go into the domestic factory and how much of this will get invested into the overseas entity in terms of the stake? And connected with that, I just wanted to understand when you're looking at washing machine also, what would Resojet really bring to the table? Because I think that also is a fairly recently incorporated company.

Jasbir Singh:

So on the second question, Resojet, basically, they had already got the factory ready and complete tools and machinery was getting in place when we entered and they've already done a strategic tie-up with TCL, which is supporting the whole model lineup. And that's where we come in. We bring on the table basically, we've shortened the whole line. I mean, earlier, it would have taken us 1.5 to 2 years. But we've just directly entered into the newly freshly done-up plant.

And we brought in -- from our side, what we brought on the table is all the customer base of the company and, of course, the manufacturing capabilities of the consumer durables. So earlier, the plan was just to assemble, but now we have started complete manufacturing. The trials are underway. There are 4 customers, which have been onboarded and we are talking to 8 more customers to be onboarded. I believe we will keep you updating on the numbers of new customers getting added in that division.

On the other Sidwal front, of INR120 crores, out of that, INR90 crores we have invested in the Italy plant along with Titagarh and Government of Italy's fund, Invitalia. So the reason why we invested in that was because you see, if you want to see where the rolling stock large businesses are going to come from, that is coming from India for next 10 years and U.S. markets and European markets. So they are just booming in the rolling stock businesses.

And we were trying to penetrate into the global markets, but we were not getting approval because we lack in experience of even supplying single train outside India. In one of the tenders, which was very big tender, we did not get despite of coming L1 because of the lack of experience of single train.

So to reduce that 7, 8 years of approval cycle, we entered into that Italy with Titagarh and took a right of first refusal for the Sidwal products. And as we entered, we have started meeting the Italian government railway systems for our HVACs for the first wave. They have already given the orders for doors and gangways are under discussions. So we will be cutting short our approach to the global markets through this division. So that was our rationale to enter into that.

Rahul Gajare: I have more questions, but I will come back in the queue.

Moderator: The next question is from the line of Abhishek Ghosh from DSP.

Abhishek Ghosh: Sir, just on the Sidwal part of the order backlog of INR2,075-odd crores, what is the execution time for that, sir?

Jasbir Singh: So these are different projects with different time lines. So largely the Vande Bharat time lines are that first 2 trains have to go this year and then about 6, 7 trains next year, but the large traction of the deliveries are coming into FY '27. So you can say that this order book would be somewhere about divided in 2.5 to 3 years.

Abhishek Ghosh: Okay. Got that. And sir, the other thing is on the electronics part of the business, now with Ascent having come into your fold, which is a good 18%, 20% kind of a margin business for you all. How should one look at the overall margin profile? I know you don't want to comment to our growth because there are multiple levers to it. But can the overall margin of the Electronics division move to something like a low double digit given that Ascent is already at a 20% revenue contribution with about a 20% margin profile. Any thoughts on that?

Jasbir Singh: So Abhishek, when we acquired IL JIN we used to guide that, yes, in 5 years, we will be increasing our margin and that's what we have done. I would say that, yes, on a long-term perspective, if we talk about 3 to 4 years from today, we will definitely be targeting to do the early teen kind of numbers on this front, and we are taking adequate steps for capturing the applications, which are higher margin.

So there has to be a blend on value versus volume. So some of the business are volume driven and some of the businesses are value driven. So we are gradually getting into these high entry barrier zones. And I believe that somewhere about in the long run, if we talk about 4 years from now, 4 to 5 years from now, somewhere above 12% to 13% should be possible.

Abhishek Ghosh: And sir, just lastly on the AC part of...

Moderator: Sorry to interrupt. Abhishek, sir, could you please fall back in the queue.

Abhishek Ghosh: Sure.

Moderator: The next question is from the line of Indrajit Agarwal from CLSA.

Indrajit Agarwal: I have a couple of questions. First, on Electronics business. On 45% growth target implies about INR1,800 crore revenue for next year. Of that, assuming Ascent is roughly about INR300 crores, INR330 crores. Can you give us a split of the end consumer of the rest of the business, that is how much hearable wearable? And what are the other businesses that you have got?

- Jasbir Singh:** We don't have handy right now, but yes, we can separately tell you, but it keeps on fluctuating. Even if we give you number that business will continue to fluctuate because if quarter 4 is very good, air conditioners will take the major jump as we have seen in quarter 1. So it will keep on varying like we have entered into electronics for 4-wheeler, we have light commercial vehicles, we have heavy commercial vehicles we have entered into, and we have entered into the auto part also for the EV charges and defense also. So it's very difficult to predict the complete bifurcation on the revenue mix of the applications.
- Indrajit Agarwal:** But ballpark, would AC be a substantial part of it, RAC...
- Jasbir Singh:** No, no. No, AC is very less part of it. If I talk about today also, AC will be less than 20%.
- Indrajit Agarwal:** Okay. That is helpful. My second question is on Sidwal of the order book of 2017. Is it all HVAC as of now or any of the newer segments are contributing to the orders?
- Jasbir Singh:** No, no, no. So this is almost about INR780 crores is the new product category and about INR78 crores to INR80 crores is defense order book and remaining is HVACs.
- Indrajit Agarwal:** And on your RAC...
- Jasbir Singh:** HVACs and pantry systems.
- Moderator:** The next question is from the line of Aadesh Mehta from Motilal Oswal.
- Aadesh Mehta:** Congratulations on fantastic numbers. I just have one question. Sir, [inaudible 0:47:14] for RAC industry and how are we positioned? What kind of inventory could you see building up for the industry as a whole and your outlook on growth?
- Jasbir Singh:** Could you repeat your question? There was some blip in the line. Can you please repeat your question?
- Aadesh Mehta:** In RAC business, are we seeing the next rating [inaudible 0:47:40] and consequently, are you seeing the inventory building up, in which year will that happen?
- Jasbir Singh:** So government has already announced that the new energy table will be implemented from 1st January 2026. So I think this year, nothing changes. But yes, next year, quarter 3 onwards, there will be shifting, which will happen.
- Moderator:** The next question is from the line of Aditya Bhartia from Investec.
- Aditya Bhartia:** Just wanted to understand how exactly is it panning out on the in-sourcing side from customers? Is it fair to assume that for some of them, given the facilities have become operational this year, they will be in a ramp-up phase and next year, they will possibly be doing a lot more in sourcing than what they have done this year?
- Jasbir Singh:** I don't think so because make versus buy is a right of the customer. And they keep on evaluating whether they should make or they should buy from outside. Overall, the capacities being put up by the brands, I believe it will be -- if this kind of continues the growth kind of continues, it will

be earlier than that, that they will be fulfilling those capacities and the spillover may happen. But Aditya, if you see our strategy of serving them even if they want to insource, nothing has changed for us., I would say some of our investor friends, they did get confused when every announcement came that factories are being put up by the customers.

But we moved in tandem with them. We started supplying our components, and you've seen that the margins have improved and the top line is also moving in tandem with the industry. So I think if this trend -- this will keep on shifting. In future also you should be ready. Some years, they will be spillover, some years, there will be under capacity -- over capacity, so they will be making in-house. But companies like us, we will keep on shifting in both the strategies.

Aditya Bhartia: Understood, sir. And my second question is related question on margins. So if we look at this particular quarter, wherein we had a very strong growth even in standalone entity, which houses ACs and largely durables. Over there despite that strong revenue growth in terms of margins, we actually didn't see any expansion. So there would have been operating leverage benefit, which would have played out, higher proportion of components would have been the case in this quarter. So there is no EBITDA margin expansion and at the gross margin side, there is a bit of an erosion. So how should we think about profitability going forward?

Jasbir Singh: See, we were earlier -- we were hovering around 6%, 6.5%. Now we have already touched almost close to about 8.3%. And we could see the EBITDA margins getting maintained at this level moving forward.

Aditya Bhartia: Okay. So we didn't really get any major benefit of operating leverage?

Jasbir Singh: So operating leverage. If you divide into the consumer durable numbers, you will see that margins have improved over the last quarters. And that's primarily because of the operating leverage as well as the shifting strategies of the components.

Moderator: The next question is from the line of Deepak Krishnan from Kotak Institutional Equities.

Deepak Krishnan: Sir, just maybe one question given that the PLI scheme sort of reopened again. How are we looking at that? Are we looking at any specific categories or in general expansion into existing basis? How are we specifically targeting the PLI scheme or will we stay completely away from that.

Jasbir Singh: No, we are not looking to invest further in PLI because PLI has been announced now. You will be just filing the application. You will be doing sale and then they are only 2 years left for getting the incremental sales and the benefits. So it's not worth that -- for taking the onus on achieving the incremental sales. So we will not be participating. We are staying away from the PLI.

Deepak Krishnan: Sure, sir. And maybe just in terms of -- you said overall industry growth rate was 35%. How much was the RAC growth rate for us, RAC, RAC components for the summer season? Because some of our peers have seen growth in the range of 60 plus. So I just wanted to sort of reconcile how has market share moved specifically within the outsourcing players in this particular quarter or this particular summer as such, both Q4 and 1Q together?

Jasbir Singh: So H1, industry grew by about 35%. That's the number from our resources. There is no research report published, but we feel that the industry numbers are somewhere about 35% to 36% growth rate. And we have grown by almost 50% in this quarter. So that's a good, robust growth. I think that's reflected that things are spilling back. But you should not -- I think what I will guide everybody and suggest is that quarterly fluctuations will continue from insourcing, outsourcing, components, non AC components or RAC components. But largely on the long-term horizon point of view, this is a good industry, which has a long-term horizon, and that's where we are banking our efforts on.

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

Nirransh Jain: Congratulations as on a good set of numbers. Sir, my first question is on the debt level. So what we have seen is like our debt has increased over the last 2 to 3 years primarily because like most of the PLI-related capex had been front-ended. So now going ahead, considering that our capex guidance has also come down from the levels that were there in the last 2 to 3 years, what is our debt repayment plan? And how are we looking at it going ahead?

Sudhir Goyal: Nirransh, this is Sudhir. So our debt repayment plan, so normally long-term debt, whatever we have taken, it is for 7 to 8 years, and our average maturity is around coming to 4 years. So the larger debt was taken in the last year and the last to last year in the terms side, and that will be paid over the next 7 to 8 years' time. Balance is working capital, which is a perpetual kind of a limit, which keeps on changing based on the requirement of the working capital.

Nirransh Jain: Sure, sir. Understood that. Sir, second question is on the durables division. So in FY '24, we saw that around 40% was the RAC contribution to the overall consol numbers. Now considering that the summer had been really strong, like how are we seeing this mix getting evolved? And in case like the RAC mix remains constant, can we expect a continued improvement in the margins for the durables division with a higher mix of the RAC?

Jasbir Singh: So we actually look at the RAC and RAC component. That is one vertical. Then we have non-RAC components. So that keeps on -- the average will keep on fluctuating.

Moderator: The next question is from the line of Keyur Pandya from ICICI Prudential Life Insurance.

Keyur Pandya: Two questions. Just first on the Consumer Durable division. So based on the performance of Q1. So any specific outlook you would like to give for the division in the context of strong AC demand? And just the extension to the question is that we saw strong demand in Q1 since there was overflowing of demand from their in-house facility. Now should we see that in Q2, Q3 as well? Because I believe that in those periods, the facilities are underutilized, and so brands given a choice would like to make in their own facilities. That is first question.

Jasbir Singh: No, actually, once you sign up for the model lineup, then it is very difficult to switch every quarter like this. So if the growth is going on for those models that will continue to be in the same range if the markets are growing at 35%, 40%. I think that, that's the growth we should look at, in case the quarter 4 is a good summer.

But in case quarter 4 is not a good summer, of course, the average will come down, but the model lineup remain intact. Yes, if brands put up extra capacities, maybe by next year, then they decide that supposing they are taking model A from us and they want to manufacture the model A within inside, then we will ship the -- we will start supplying components to them for that model A. That's the strategy.

Keyur Pandya: So as a summation of all this, any growth outlook for Consumer Durable division for '25? And the second question is total capex for FY '25 and any broad breakup that you may give?

Jasbir Singh: On the consol, I think, Sudhir, has already mentioned that we are looking towards consol revenue growth of almost about 25% this year. And we expect that we should be able to do it.

Keyur Pandya: For capex?

Jasbir Singh: Can you please ask your question again? I mean, there was some question pending.

Moderator: Yes, sir. We'll move on to the next question. It's from the line of Natasha Jain from Nirmal Bang.

Natasha Jain: Sir, my question is, first, on the revenue mix, now the commentary around Sidwal with CMS segment, it has been quite bullish and the revenue, I mean, the margin contribution is also very high from those segments. Just want to understand how the revenue mix will move from current 75% in Consumer Durable, say, by FY '27? If you can help me with that.

Jasbir Singh: Well, we feel that -- I mean, that's our wish list, that banking on Consumer Durable will a little bit come down because that's the way we are bringing up other divisions. So we expect that there should be at least a 60-40 kind of a split by FY '27. Other divisions are going to grow and they're doing good. And this is on the top line contribution, but bottom line can be a 50-50 kind of a split also.

Natasha Jain: All right. Sir, 60, you mean Consumer Durables and 40 remaining from EMS and Sidwal?

Jasbir Singh: That's right, yes.

Natasha Jain: All right. Sir, my next question is on the RAC assembly order book. Sir, can you throw some light as to what kind of clients we've onboarded there recently? Or what is the kind of contribution from our top 5 clients there, especially this quarter if we were able to onboard some newer clients?

Jasbir Singh: Yes. I mean, we've onboarded some new clients this time. We would not like to name them because of the sensitivity and the NDA signed with them. But largely, these are MNC clients. And then we were doing some gas charging earlier, which we have successfully shifted to ODM solutions. So that's the addition, which we have done.

Natasha Jain: Understood. And lastly, sir, in terms of margins, if I see now, if I just take your EBIT level number as per your filings, again, there is a flattish kind of EBIT margin growth in Consumer Durables. While I understand that the reason is a non-operating expense income, you've removed. But can you just throw some light, what are these expenses because they keep coming



every quarter. And if we remove them only is when we see a margin expansion. Could you throw some light as to what these line items are?

Sudhir Goyal: Non-operating expenses are largely ESOP expenses, which comes in the -- we normally add back to calculate the operating EBITDA. Apart from that, non-operating expenses like loss on sale of some fixed assets and something like that. A larger portion is ESOP.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, that was the last question for today's conference call. I would now like to hand the conference over to Mr. Jasbir Singh for the closing comments.

Jasbir Singh: Thank you, everyone, for joining on the call. I hope we have been able to address all your queries. For any further information, kindly get in touch with Rohit or SGA, our Investor Relations Advisors. And have a good day ahead and good weekend. Thank you.

Moderator: On behalf of Amber Enterprises, we conclude this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.