



Date: 30.01.2025

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 of the operational and financial performance of the Company for the quarter and nine months ended 31 December 2024 ('Q3 & 9M FY25')

This is further to our letter dated 19 January 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 and nine months ended 31 December 2024, ('Q3 & 9M FY25') held on Friday, 24th January 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.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 Yaadav)
Company Secretary and Compliance officer
Membership No. : A30322

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“Amber Enterprises India Limited Q3 & Nine Months FY '25 Earnings Conference Call”

January 24, 2025

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 24th January 2025 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 – GROUP CHIEF FINANCIAL OFFICER - AMBER ENTERPRISES INDIA LIMITED
MR. SANJAY ARORA – CHIEF EXECUTIVE OFFICER, ELECTRONIC DIVISION & WHOLE-TIME DIRECTOR - IL JIN ELECTRONICS
MR. RAVI KHARBANDA - HEAD INVESTOR RELATIONS - AMBER ENTERPRISES INDIA LIMITED
MR. ROHIT SINGH - HEAD OF CORPORATE AFFAIRS - AMBER ENTERPRISES INDIA LIMITED



*Amber Enterprises India Limited
January 24, 2025*

Moderator: Ladies and gentlemen, good day and welcome to Amber Enterprises India Limited Q3 and 9M FY '25 Earnings Conference Call.

As a reminder, all participant lines will be in 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 "*" then "0" on your touch tone phone. Please note that this conference is being recorded.

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

Jasbir Singh: Hello, good morning. Greetings for 2025. And thank you for joining from different time zones. On the call today I am joined by Mr. Daljit Singh – Managing Director; Mr. Sudhir Goyal – Group CFO; Mr. Sanjay Arora – CEO of Electronic division and Whole-time Director of IL JIN Electronics.

We have uploaded our Results Presentation on the Exchanges, and I hope everybody had an opportunity to go through the same.

I am pleased to report robust quarterly performance in Quarter 3 FY '25, with revenue of Rs. 2,133 crores, registering growth of 65%. Operating EBITDA almost doubled to Rs 162 crores, recording 97% growth. And PAT grew to Rs. 37 crores from a loss of minus Rs. 1crore over the corresponding period previous year.

As you are aware, we have three business divisions, namely:

- The Consumer Durable division
- Electronics division
- Railway Sub-system & Defense Division.

Let me take you through the divisional performance:

The Consumer Durable division, which consists of Room AC and its components, plus non-room AC components and washing machine. The RAC industry continued the growth momentum with channel inventory filling during Quarter 3 in anticipation of the positive summer season. We recorded the blended division growth of 67%, led by both RAC and non-RAC vertical. RAC grew by 71% and non-RAC vertical grew by 43%. And the resultant EBITDA of Rs. 116 crores, reflecting growth of 150% over last year. The strong performance is driven by the underlying growth in the RAC industry, coupled with conversion of new customers from gas charging to ODM, and deepening of customer relationships.

Beyond the RAC, the commercial AC is picking up thrust. I am pleased to report addition of one new customer and strengthening of the commercial AC order book. The washing machine JV with Resojet is progressing well, and trials are in progress with new customers. And we expect to commence the mass production from the new plant by H1 of the next financial year.

Switching to the Electronics division, the division continued the remarkable growth momentum, clocking revenue of Rs. 472 crores, reflecting growth of 96%. And resultant EBITDA of Rs. 34 crores reflecting 193% growth. Looking into current order book, we are pleased to revise our revenue growth guidance for Electronics division from 45% earlier to 55% for FY' 25, propelled by both PCBA and bare board verticals.

The journey which began to capture the technological shift from fixed speed AC to inverter AC in 2018, has now evolved into a comprehensive full stack EMS company. In the PCBA vertical, we continued to expand our customers with the addition of renewable energy customers. On the strategic expansion front, the construction is progressing well for the new facility at Hosur and we expect to start commercial production by Q4 of FY '26.

Additionally, we earlier announced the JV for HDI, flex and semiconductor substrates PCBs with Korea Circuit Company, a pioneer for Korean PCB industry with more than four decades of experience. To reiterate, the JV will bring the world class technology into India, will leverage on connect with marquee global customers, along with an interim buyback arrangement for initially two years.

On the way forward, we are waiting for the finalization of the electronic component scheme by the Ministry of Electronics & IT. Which, as per the recent media articles, has got the nod from the Finance Ministry. While in parallel we are scouting for the land and have started engaging with the customers.

To summarize, the Electronic division is on a transformative growth path with addition of customer applications on PCBA front and on the bare board front, the Ascent facility expansion coupled with Korea Circuit JV will unlock the new scales for the company.

Now coming to our third division, Railway Sub-system & Defense:

The division reported a muted quarter with a decline of 13% in Quarter 3 on expected lines, owing to delay in off-take of products. The division profitability also got impacted due to delays and product expansion expenses. We expect to get back to normalized range of 18% to 22% by H2 of FY '26, to emphasize delays in offtake are momentary with no cancellations of orders. During the quarter, we further strengthened the order book with an additional air conditioner order for a metro project. And on the defense front, the vertical is gathering a robust traction with visibility on sizable export opportunities over midterm.

On the expansion front, the construction is progressing well for Sidwal's greenfield facility for HVAC, Pantry, Doors and Gangways and is expected to commence operations by Quarter 2 of FY '26. Similarly, the JV with Yujin Machinery of South Korea is progressing well. We expect the facility to be ready by Quarter 1 of FY '26, product trials to begin from quarter 2 or Quarter3 FY '26 onwards for the Driving gear, Coupler and Pantograph.



*Amber Enterprises India Limited
January 24, 2025*

We continue to remain confident on the long-term potential of division and maintain our guidance of doubling the revenue in the next three years, backed by a strong order book visibility of Rs. 2,000 crores plus and increase in wallet share.

To sum up:

We witnessed a robust quarter, and we look forward, the road map is in place for multi-fold scale up for each division as expansion strategy unwinds.

Now, let me hand over to Sudhir Goyal – our CFO, for the financial highlights.

Sudhir Goyal:

Hello, everyone. Good morning. I am pleased to report a strong performance for Quarter 3 and nine-months for Financial Year '25.

Let me first take you through the Quarterly Consolidated Financial Highlights.

The consolidated revenue for Quarter 3 Financial Year '25 grew by 65% year-on-year to Rs. 2,133 crores compared to Rs. 1,295 crores in the previous year. And operating EBITA increased to Rs. 162 crores during the quarter, compared to Rs. 82 crores last year, reflecting a strong growth of 97% year-on-year. Please note, operating EBITDA is before impact of ESOP expenses and other non-operating income and expenses. We recorded PAT of Rs. 37 crores against the loss of Rs. 1 crore in the previous year same quarter.

Let me take you through the Nine Months Financial:

Revenue for nine-months Financial Year '25 increased to Rs. 6,219 crores compared to Rs. 3,924 crores in the previous year, recording a growth of 59%. Operating EBITDA increased to Rs. 482 crores against Rs. 285 crores in nine-months Financial Year '24, with a growth of 69% year-on-year. PAT increased to Rs. 133 crores compared to Rs. 40 crores in previous year, reflecting a growth of 228%.

Now, let me take you through the Divisional Performance:

Firstly, revenue and operating EBITDA details are not comparable with the published segmental results.

To start with, Consumer Durable division:

The division reported revenue of Rs. 1,555 crores in Quarter 3 Financial Year '25, compared to Rs. 932 crores, reflecting a growth of 67% year-on-year on the back of strong RAC business growth, driven by positive season. Operating EBITDA for the quarter increased by 150% year-on-year and stood at Rs. 116 crores compared to Rs. 46 crores in Quarter 3 Financial Year '24.

Coming to Electronics Division performance:

Revenue and operating EBITDA details are not comparable with published segmental results. That revenue for the quarter increased to Rs. 472 crores compared to Rs. 241 crores in previous year, reflecting a growth of 96% year-on-year. Operating EBITDA for the quarter increased by 193% year-on-year and stood at Rs. 34 crores compared to Rs. 12 crores in Quarter 3 Financial Year '24.

I will reiterate that we are progressing well and expect to close the year with revenue growth in excess of 55% for Financial Year '25. There is revision in guidance, earlier was 45%, now we are going by more than 55% during the year.

Moving to Railway Sub-division & Defense division performance:

Again, to emphasize the revenue and operating EBITDA, details are not comparable with the published segmental results. The division reported a muted quarter owing to slower offtake, as mentioned earlier. The revenue for the quarter stood at Rs. 106 crores, reflecting a decline of 13% year-on-year. And resultant operating EBITDA of Rs. 12 crores, impacted due to slower offtake and product expansion expenses.

On the return on capital employed, with a strong underlying business performance, we expect improvement in ROCE and expect to cross the 15% mark by the year end. Just to summarize, the key initiatives taken earlier during the year of Ascent facility expansion, JV with Korea Circuit, and expanding product portfolio of Railway division bodes well for the growth of the company.

Now, I hand it over to the operator and happy to answer all the queries.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Natasha Jain with PhillipCapital. Please go ahead.

Natasha Jain: Congratulations team for a great set of numbers. Sir, I had two questions, my first question is on the RAC side. So, now in the past few quarters we did more of assembly because of which our margins were flattish. Now when I see your consolidated gross margin, you further declined by 106 basis points. So, I just want to know if you could throw some light as to how RAC components did versus RAC assembly, and some growth in between those two segments?

Sudhir Goyal: So, the gross margin impact is largely due to the product mix, like we need to give you a very detailed explanation for that because margins varies on product to product. Like we explained earlier, there are different margins for different star rating, different tonnages, plus which component revenue share is how much. So, it's very difficult to give you the complete breakup that how to measure it, but it's a normalized thing and there's no big impact in the gross margins during the financial year.

Natasha Jain: Sir, so can we expect that the components business is picking up, specifically the RAC components?

Sudhir Goyal: Yes, the components business is picking up, on the back other side, RAC finished goods is also picking up. If you see the growth, in both these products there is good growth we have done in the current quarter and the full nine-months as well.

Natasha Jain: Sir, and my second question is on the Electronics side, and you have revised your guidance upward from 45 to 55%. Now, given in the short term we have capacity constraints for Ascent, also there has been ASP decline in hearables and wearables. So, what is going to be needed so much that we are revising our guidance so much?

Jasbir Singh: Natasha, first of all, congrats on your new role, and good morning.

Natasha Jain: Thank you so much, sir.

Jasbir Singh: Actually, if you see the traction and the journey of Electronics division, we have added lot of applications. So, we started our journey with the Consumer Durable specifically by supplying PCB applications and assembly boards to consumer durables, especially air conditioners, and then we graduated into refrigerator, washing machine. But now we are giving solutions in the space of telecom, in smart meter space, we are giving solutions in auto space, both four-wheeler and two wheeler. In fact, recently we have just started the commercial vehicles business also. And we have onboarded defense. So, looking into that, plus the Ascent circuit growth potential, we have revised the guidance. And we are very strongly hopeful that we shall be able to maintain more than 55% of the growth of this vertical.

Moderator: Thank you. Next question comes from the line of Bhoomika Nair with DAM Capital. Please go ahead.

Bhoomika Nair: Congratulations on a great set of numbers. Sir, just wanted to understand the RAC segment a little better. Now if I look at it, for the nine-month period we have grown fairly well, even this quarter we have grown about 71%. Now, if I understand, a lot of the brands were putting up a lot of capacities in a lean season too they have continued to outsourced. So, if you can just explain what's driving this growth, what's the end market growth? And coming into the next season, given the overall slowdown in consumption and the base of last year being very high, how are you looking at the upcoming season really?

Jasbir Singh: Good morning, Bhoomika. First of all, I will give you the reason for 71% growth of this vertical. You would be aware that we were doing gas charging for large multinational companies, and we have been telling that we are converting those into ODM players and that has already happened. And that's the reason of the growth. And also, the factories which brands were putting, it has already done. So, there is no more new factory which is getting announced as of now. All the six brands who were putting up, their factories are up and running. There is no brand which is left out now.

And from our perspective, as a solution provider, we have tagged along with them while supplying our components as well as finished goods. So, this year we have also seen some spillover because

of a large demand which came to us, and that's the reason why we have outnumbered the industry growth. For coming year, I personally feel that industry should be growing. This year industry ends up at about 25% growth, next year industry is expecting good summers, and in that anticipation they are ramping up the inventory right now.

But you are right that there is some demand slowdown. We yet need to see that slow down because right now inventory is getting filled at the primary level at the dealers level, and that's how the ramp up is happening. But as far as Amber is concerned, I think we will grow in tandem with industry. And because of our addition of some new customers onboarded, we may outnumber industrial growth next year.

Bhoomika Nair:

Sure sir, this is helpful. Sir on Sidwal you spoke about the deferment by Indian Railways which has resulted in a bit of a sluggish nine-month period. Now going ahead, how are you looking at the ramp up coming back? Because this year we will probably see some decline in revenues and drop in margins. But as we move ahead into '26, where do you see the acceleration coming through, what kind of execution can be there? And do margins then revert back to 20% if revenue growth comes back, or should we structurally look at a lower margin profile out here?

Jasbir Singh:

Bhoomika, we intimated everybody in last quarter also when the Railways announced focus on non-AC production because of the accidents which happened. And there was lot of hue and cry in the market that government needs to plan on the BPL families also for the AC, but the government is only thinking about air-conditioned trains. So, the focus entirely changed and that's why we revised our guidance that this will be a muted year.

And right now, if I see, there were two main issues, one is the 200 Vande Bharat Express order that got delayed in execution because of the structural shift in the number of coaches. Earlier, one train was having 16 coaches, now the government has revised it to 24 coaches. So, the whole construct of designing of the train systems get changed and that's delayed. But now what I have heard just 10 days back is that they have been cleared, so most probably it is moving by a year's delay. So, next year this whole will come back from H2 onwards.

As well as another project which was delayed was the Mumbai Metro project. Again, we are hearing now since the elections are over and everything is done in Maharashtra, so that is also coming up again on track. Apart from that, there is nothing, no change in Sidwal. Yes, we did get hit in the margins because, in anticipation of the growth, the expenses also were increased, there were teams which were built. And on the other side the slowdown happened, the delays happened, which was totally not foreseen.

But what we feel right now is, all these two projects are coming again onboard. We feel that the margins will come back again. We will continue to get hit for the next quarter and next to next quarter. After that we will see this margins coming up because the Railways have already given us indication of resuming the supplies from H2 onwards. We expect this division to grow next year. And apart from that, there are some defense projects which are getting added and the order

book on the defense side is also getting added. I believe next year we should be able to come back to the normal 18% to 22% range post H2 range.

Moderator: Thank you. Next question comes from the line of Aditya Bhartia with Investec. Please go ahead.

Aditya Bhartia: Just wanted to understand these new customers that have been moved from gas charging to ODM solutions. How large could those customers be and how much they may have contributed in third quarter and nine-month of this fiscal?

Jasbir Singh: Well, these are large multinational companies which were earlier importing their products and then the gas ban was announced by Government of India, so we started helping them by gas charging the products. But ultimately, the road map was very clear that you cannot continue like this, you have to either put up your own facility or you convert it into manufacturing in India. And there their volumes are growing, I think they are gaining traction, they have surpassed our expectations. We thought that they will grow in range of 25%, 30% but two of our customers, they have grown by more than 45%. So, we got benefited because of that. And the whole shift of gas charging to ODM started giving us more traction on the finished good side. But one of the customers in the gas charging machine product category, they have put up their own factory and they have already allowed us for the supply of components. So, we will be supplying components, one, and we have started supplying finished goods to other teams.

Aditya Bhartia: Sir, the reason why I was asking is that like you mentioned room AC category grew by 71%, just wanted to kind of get some sense how much would have existing customers grown by and how much these new customers could have contributed. How relevant are these customers in the overall scheme of things?

Jasbir Singh: So, these are long term contracts Aditya, because once you ship to ODM, when you design products and invest in the tools, so these are all long-term projects which are onboarded right now. As on the percentage side, I think it is very difficult to say because largely customers have got added on the CAC front also, the commercial air conditioners front also. These two, three customers which have come onboard, you can say that they have been instrumental in giving us the growth over and above to the industrial growth.

Aditya Bhartia: Sure, sir, that's helpful to understand. And is it fair to kind of think about outsourcing industry growing at a pace much, much faster than the overall industry in a good summer season and therefore the benefit being disproportionate this year?

Jasbir Singh: Well, see, outsourcing industry, it's very difficult to predict at our level because we are a B2B solution provider. What we focus on is how deeply we can deliver comprehensive solutions to the industry. I particularly feel that, if last year India was at 10 million mark, this year with a 25%, 30% we should end up at 1.30 crores market. By FY '30 it is expected be close to about 3 crores or 3.5 crores air conditioners. And if you see last five years or four years' trend also, from 7.2 million in COVID time, it has come to 13 million. So, looking into this, there's a 3x growth kind of a thing possible for this if these numbers stack up rightly.

So, there is enough growth for everybody in the whole air conditioning industry. I personally feel we are tagging along with industry growth, the strategical shifts of customers will continue, they may outsource, they may buy components. So, from our side it is very important, the relevant thing from our side is that how much business we are doing with the customer on the absolute basis, irrespective of the structure and form of the solution which we are providing.

Moderator: Thank you. Next question comes from the line of Aniruddha Joshi with ICICI Securities. Please go ahead.

Aniruddha Joshi: Sir, congrats for excellent set of numbers. So, currently, the industry capacity, I mean, how do you see the current industry capacity of the brands as well as the EMS players both put together? And how do you see the capacity changing by FY'26 end and by FY'27 end? I guess most of the projects are already in place now, so what should be the capacity change maximum?

Jasbir Singh: See, everybody has put up different capacities. All the brands, all the six new units which had come are at very, very different capacities. Some have put up 0.5 million capacity, some have started the 2 million capacity. But whenever a brand puts up a facility, they will think long term. So, they have thought about the next four, five years at least to put up these facilities. And to add on the capacities on assembly lines is not a very big challenge because it's just a six-month job. So, you can you can add assembly businesses anytime, while moving in the season also.

I believe that overall, we should look at it how the seasonal capacities are panning out. So, on the seasonal capacity side, I would say, industry should be at around 65% of capacity utilization, something like that. That's a very ballpark number which comes to mind. But every brand is at different capacity utilization. We cannot comment on behalf of our customers, but as Amber is concerned, we are at a capacity utilization of 65% at the moment in our room air conditioner facilities.

Aniruddha Joshi: Sir, that's helpful. And on the second question, in a way, probably we would have gained the market share. So, is there any loss of market share or is it pure industry growth that we would have grown? Means, in a way, right now the kind of growth that we are building is much higher than what the market growth also seems to be. So, is there a likely market share gain or in a way market would have also grown at similar rate in Q3?

Jasbir Singh: We do not calculate it on a quarterly basis. I think by year end we will calculate where are we. Last year we were at 26% of the manufacturing footprint of air conditioner. And if industry grows by 30% number, and Amber end up growing by 50%, 60%, then definitely we would have grown our market share.

Moderator: Thank you. Next question comes from the line of Ankur Sharma with HDFC Life. Please go ahead.

Ankur Sharma: Just one question on this proposed JV with Korea Circuit on the manufacturing of PCBs. If you could just help us, what is the overall Capex that you are looking at here? What could be the asset

turns? I understand we are expecting quite a bit of subsidy as well here, so yes, some dot contours, by when do you commission this plan?

Jasbir Singh:

Good morning, Ankur. So, on Korea Circuit we are waiting for Government to finalize the incentive scheme. You would have all heard through the media reports that it has already got nod from the Finance Ministry. So, earlier we were talking of Rs. 40,000 crores incentive, but the nod which has come from the Finance Ministry is Rs. 25,000 crores. We are waiting for the structure. We are not privy to the final structure, which is going to come out, especially for the PCB parts. And once that is there, earlier we were hearing it is Rs. 1,000 crores minimum investment, but now we do not know because of this shift change, maybe they have reduced, or they have increased, we are not knowing about that.

I personally feel that, we expect that it should get announced by the Budget time. And in case it does so, there will be a notification after that and then at least two to three months will be given for the applicants, and then another two to three months for the approval systems. So, by next year half, or maybe by September the approvals will be in place, and that is when the process will start. But what we have done parallelly is we have started scouting for land. And the incentives which is talked about is quite a good, it is more than 40% for HDIs and semiconductor substrates from the Central Ministry. And over and above to that, state governments are also giving incentives like the Hosur expansion we have been able to negotiate 35% of incentive from the state government. So, we feel that it's a time to put a bold foot forward for creating this whole ecosystem in India.

And just to give you just the numbers on the electronics getting consumed and the reason why we are planning this large Capex whenever the incentive schemes are announced. Largely if we see, India as a country consumed \$32 billion of electronics eight years back. Last year, we consumed \$115 billion. Business as usual is expected to be in the range of \$300 billion, \$285 billion to \$300 billion. Whereas our honorable Prime Minister has taken a mission mode for getting the number to \$500 billion because this is one sector which is labor intensive and it creates a lot of jobs also.

If we see what it what it calculates into the total addressable market for the bare board PCB, this is a MeitY number which I am talking to you right now, it is I think available on the MeitY's website. India consumed about Rs. 30,000 crores plus PCBs and only 10% of that got manufactured in India. So, with that incentive schemes coming in right now, I think there's a huge potential for this going up. And if we talk about 5 to 10 years from now, there's a large potential and TAM available for this and we will be a single stack company offering complete solution from single side, multi-layer RF category, flex category, HDI, semiconductor substrates, all categories in one place. So, that is what we are aiming to deliver to Indian markets.

Ankur Sharma:

That's very helpful, sir. Also, have you frozen on how much are you looking to invest in this JV in terms of overall Capex number? I understand there will be subsidies that you will get thereafter, but is there a number you can share?

Jasbir Singh:

See, there will be a threshold investment criteria by government. So, as I explained earlier, it was Rs. 1,000 crores when we were talking of Rs. 40,000 crores of incentive scheme. Now it would

have been shifted, we do not know whether it has shifted. That will be the number which we will have to put up for getting approved by the Ministry. So, if it is Rs. 800 crores, we will have to do minimum 800 crores. If it is more than that, we will have to do that. So, I think it should be in the range of Rs. 1,000 crores plus.

Moderator: Thank you. Next question comes from the line of Dhruv Jain with Ambit Capital. Please go ahead.

Dhruv Jain: First question that I had was on the Consumer Durable side. So, if you could just tell us what's the peak capacity and the peak revenue that you can do with the current capacity? The reason why I am asking this question is that the government recently announced the third round of home appliances PLI and Amber did not participate in that. So, just your thoughts there, that's my first question.

Jasbir Singh: Well, we have already got approval of Rs. 400 crores PLI, and that's the reason why we did not apply for any further PLIs. And the earlier PLIs are moving very fine, we are getting reimbursement from government in time, and we are very thankful to Indian Government for all those reimbursements which are happening on time.

On the capacity utilization, to answer your question, I already addressed this question earlier, but I will reiterate. We are currently at 65% level, and you can calculate where we can go with the complete 95% or 98% capacity utilization if that goes fine.

Dhruv Jain: And sir, the second question was on the JV losses, right? We have seen that Q-o-Q the losses of JV have kind of inched up. So, wanted to understand what's the pathway of the broader, how should we look at this number going forward in terms of how it breaks even and how that number percolates into profits going forward? Thanks.

Jasbir Singh: Well, as far as Resojet is concerned, that's a new facility and the new product line up. We believe that it should break even in next financial year. We should see losses coming down from quarter two of next financial year. And as far as the other JV is concerned, that is a turnaround story, and we are expecting next financial year it will continue to bleed. But after that there is a complete turnaround story which is happening. They have received new orders, and a new CEO also has joined, ex-Skoda CEO has joined that company. And there's a lot of positive things which are happening.

Moderator: Thank you. Next question comes from the line of Tina Virmani with Motilal Oswal Financial Services Limited. Please go ahead.

Tina Virmani: Sir, my questions are related to this JV where Ankur also asked you on the expected turnover or the asset turnover that you can expect from this particular facility. So, basically, if you take this assumption that the incentives are provided and Amber invests into this particular facility, over a longer term, three to four year or a five-year term period, where do we see the scale up which can happen in this particular subsidiary of IL JIN and Korea Circuit?

And my second question is on the margins of Railways segment. Like you mentioned that margins can come back to the normal 19%, 20% which it was earlier. But what kind of margin profile is there for the newer areas, like Doors and Gangways, do you think that similar margins will be there for those portion also? These are my two questions.

Jasbir Singh:

So, on the first question, the asset turns normally in the PCBs are similar to OSAT businesses. It is in the range of 1x to 1.25x. However, how we should look at it is, since government is giving incentives, almost 70% to 75% will be given back collectively by MeitY as well as the state governments. So, the asset turns from that perspective is much better, it goes to about 2.5x or 3x.

And also to answer your second question on the Railways front, yes, we expect the margins to come back from H2 onwards of next financial year. So, the next quarter and next to next quarter will be impacted because of the slowdown, but then we are coming back again. On the margins of the new product categories, so first two trains will be coming from the principals in Korea as well as from Austria, but after that it will shift to India. So, since the first two trains will come, that is just trading, there will be hardly any margins in that. But once the manufacturing starts from H2 onwards from Q3 of the next financial year onwards, the margin profile of this product category are in the similar range of 15% to 18% range.

Moderator:

Thank you. Next question comes from the line of Achal Lohade with Nuvama Institutional Equities. Please go ahead.

Achal Lohade:

Congratulations for great earnings. Sir, if you could give a sense, I know it's kind of a repeated question, but for nine-months what would have been the industry growth in your estimate? I mean, you have said about 25% growth for the full year, does that mean that fourth quarter the underlying assumption is actually a lower number?

Jasbir Singh:

Well, I think what we hear from different brands, everybody has grown differently. Most of them are reporting 30%-35% growth and some have reported 20% also. But on the industry side, I think the first nine-months should be somewhere about 30% growth kind of a thing, what we hear from everybody. Quarter four, of course, because it's already a large quarter last year, so percentage wise there, I don't think so that we should look at 30% or 35%. And that's the reason why I said that industry should be in the range of 25% by year end.

Achal Lohade:

Understood. And the second question sir, with respect to the Electronics guidance, when you mention 45%, it implies actually a very small number for the fourth quarter for the Electronics revenue. So, I just wanted to understand what number could it be. I mean, is it a very, very conservative number or is this a realistic number we should work with?

Jasbir Singh:

No, we have given a conservative number. We have already revised the guidance. We have said that now it is not growing at 45%, it is growing at 55%+ for the complete year. So, we are very hopeful, strongly hopeful to deliver that 55% growth in the Electronics division.

Moderator:

Thank you. Next question comes from the line of Nirranish Jain with BNP Paribas. Please go ahead.

- Nirransh Jain:** Congratulations on a great set of results. Sir, my first question is on Ascent circuit, just wanted to check, like what is the revenue breakup for this quarter and the profitability as well? And one question from the accounting perspective, why are we not seeing any flow through in minority interest from the Ascent circuit? I mean, our minority interest has almost been flat in the last three, four quarters while the Ascent circuit revenue should start flowing in too, right? Or am I missing anything here?
- Jasbir Singh:** Well, Ascent Circuits has done Rs. 82 crores in Quarter 3. And we expect Ascent Circuits to get to grow in range of 20% to 25% range. And we have onboarded five new customers recently. So, whenever the new customer gets added, the share of business is very skewed initially for the first year and then it ramps up. We are already getting very good traction in Ascent Circuits on the single multi-layer PCB business, primarily because of the anti-dumping duty imposed. And we expect that in the next two years Ascent Circuits will be doubling its revenue from where it is today. There's a lot of potential in that, and that's the reason why we are putting up Capex also. And you asked for second question, can you please repeat it?
- Nirransh Jain:** Sir, we are not seeing any change in the minority interest in the last three, four quarters, while we expected that the Ascent Circuits profitability will also impact the minority interest. So, I just want to understand am I missing anything here? I mean, why the minority interest are going up as per the, like as the Ascent Circuits revenue consolidates?
- Jasbir Singh:** So, we own 60% of that and it is a path to control transaction which we have done with them.
- Moderator:** Thank you. Next question comes from the line of Deepak Krishnan with Kotak Institutional Equities. Please go ahead.
- Deepak Krishnan:** I just wanted to check, we have seen a lot of interested other peers as well as companies potentially putting up compressor plants due to maybe restrictions of imports coming through. Our thought as to why we are not considering that given the sort of strong growth? So, just your views on that, sir?
- Jasbir Singh:** We are already in touch with our suppliers for the capacity ramp up, and most of the suppliers are indicating a lot of capacity being ramped up at their level. But however, in case we see that there is a shortage coming in, we will certainly plan.
- Deepak Krishnan:** Sure, sir. And maybe just wanted to understand what is the inventory level currently in channel given the summer, as such the previous summer was very strong with virtually stock outs, and after now two quarters we are seeing volume coming up. So, in terms of overall inventory level, is it at normalized levels? Do you see this growth momentum continuing till Q4? And after that, does it depend upon the season? Just maybe a check on the inventory level, at an aggregate industry level?
- Jasbir Singh:** So, how we see is that brands buy from us only when there is a normalized inventory level or less inventory level. So, our uptake is reflective that the inventory levels are at a very normalized level

at this moment of time. However, we still need to see how the summer season spans out to be. Because generally the trend is that from December onwards brands start pushing up, filling the inventory at the dealers' level, and that's how the primary sales happen. I think we all should look at the secondary phase number from February onwards, that will actually define how the season is going on.

Moderator: Thank you. Next question comes from the line of Amit Mahawar with UBS. Please go ahead.

Amit Mahawar: Congratulations on great scale up across business. Sir, I just have one question. On a three-to-four-year basis, very clearly the Electronics division will lead the growth even in profitability and Consumer is anyway going to be a steady state. But in the Electronics division, so across the two, three divisions, can you help us understand how will we strategize the export opportunity? And once the new facility by Q4 '26 starts and stabilizes in '27, '28, should we expect a significant export scale-up? Or that's going to cater to maybe 80%, 90% India only?

Jasbir Singh: Well, right now, Amit, it is 90% India, and very small exports which are happening. But yes, as the ramp up is happening, the teams are already in touch for a lot of exports, not only for PCBs, but PCBAs also. I believe for cracking the customer outside India it takes a little time and gradually share of business grows. So, to answer your question on the three to four-year trajectory, yes, we see a significant scaling up of exports happening from both Ascent Circuits as well as IL JIN.

Amit Mahawar: Sure. And a quick one on Capex and the cash flows. How should we think about maybe around next year or what kind of operating cash flow and investment should we understand? That's it, thank you.

Jasbir Singh: On the Electronics side or you are asking for the whole group?

Amit Mahawar: Overall.

Jasbir Singh: Overall I can tell, Amit, division wise. So, we are planning for about Rs. 250-odd crores Capex in our Consumer Durable division where we are bringing up some new model lineups and also ramping up on the component side, giving solutions. Plus, we are also investing for our exports readiness. And then, we are also investing in our washing machine business category. On the Electronics side, we think that we have already announced Rs. 650 crores Capex in Hosur, out of which land parcel has come this year, then major portion will come next year, close to about Rs. 400 crores to Rs. 450 crores will be next year for the Ascent Circuits and the PCBs. And then our Railways division has already been announced, last year we announced Rs. 350 crores Capex for the two facilities which are coming up in Faridabad. Out of which Rs. 100 crores is being spent this year, and about Rs. 150 crores will come next year. So, that is going to be the overall Capex at the group level.

Moderator: Thank you. Next question comes from the line of Manoj Gori with Equirus Capital. Please go ahead.

- Manoj Gori:** Sir, I have just one question. If you look at, there are some uncertainties around the supply chain, earlier it was on the group proper, now currently there are some uncertainties on the compressor side as well for the upcoming season. How do you see industry and reversal placed in terms of inventories and product? Can we expect some disruption if industry growth at around 15% or more than that?
- Jasbir Singh:** So, on the compressor supply chain issue, so copper supply chain issue has been resolved by the Government, they have already moved out the inner grooved tube from the category and the BIS has also been revised for one of the companies. And plus, we are very thankful to all the copper manufacturing companies who have put up the facilities for building up plain copper tube facilities. I think copper more or less is resolved.
- As far as the compressor is concerned, I think February and March is good to go for everybody. But yes, April sounds a little tricky because the shipments, there is a delay in shipments. And the companies who large order book was given to them but they are supplying in a little miser way, I would say. So, April may get infected in case compressor issue does not get resolved. But I think we are getting assurances from China, we have now also shifted to other geographies. So, I do not think so that a very large issue should come up from that perspective on the compressor side also. Because if you see the worldwide, there's a lot of capacities available.
- Manoj Gori:** Sir, secondly on the electronics announcement of the various scheme that the government is likely to announce, any timelines do you expect like by when they should be coming out with any scheme announcements or any indication? Or any judgment from your end? That's all.
- Jasbir Singh:** I believe you are talking of the electronic component scheme?
- Manoj Gori:** Yes, sir.
- Jasbir Singh:** So, basically, since it has been nodded by the Finance Ministry, it's a matter of time. It has gone to the Cabinet. We are expecting that it should get announced in the Budget. But in case if it does not get announced in the Budget, most likely it would come in the month of March. And after that, the government do give some time for applicants to apply. And then, of course, there is a filtration process and approval process. So, most likely, by end of August, September, all the approvals should be in the place.
- Moderator:** Thank you. Next question comes from the line of Srinidhi Karlekar with HSBC. Please go ahead.
- Srinidhi Karlekar:** Sir, would it be possible to comment broadly how much price increases are required in your AC business to compensate for the recent commodity increases and currency depreciations?
- Jasbir Singh:** Well, there's a little uptake on the gas refrigerant prices which has impacted in the range of Rs. 100 to Rs. 120 per air conditioner. Other than that, it's a pass-on strategy from our side. So, whenever any kind of currency or commodity is hit, we have demonstrated in past that we pass on

to our customers at a quarterly lag basis. So, our is a B2B business, we operate on price variation clauses with our customers.

Srinidhi Karlekar: So, not much of inflation on the other component because of copper, apart from gas?

Jasbir Singh: Not really, copper is in the same range currently operating.

Moderator: Thank you. Next question comes from the line of Vipraw Srivastava with PhillipCapital. Please go ahead.

Vipraw Srivastava: Sir, quickly on the Korea Circuits JV. I mean, if you look at Korea Circuits, they are also into manufacturing of semiconductor substrates. You are starting with bare board manufacturing, what's the timeline you are looking at when you transition from bare board manufacturing to semiconductor substrate manufacturing?

Jasbir Singh: So, JV is basically for HDI, flex and semiconductor substrates. We will be beginning with HDI as a first phase, and then move to semiconductor substrate, because we think that FY'27-'28 will be the year when India's semiconductor ecosystem will get built up. Before that we are planning for HDI.

Vipraw Srivastava: And sir secondly, I mean, obviously, this whole Capex which you are going to do with Korea Circuits, it's going to be heavily financed by the Government of India. I mean, do you see the synergistic effect of this on the assembly business also? Because what I feel is you might actually price out the competitors if you are backward-integrated into bare boards.

Jasbir Singh: Well, of course, I mean, Ascent Circuits acquisition has really helped us for ramping our PCBA business also because Ascent Circuits is largely into telecom and auto, and defense, aerospace businesses. So, we are now gaining traction because of the PCBA. So, there is a cross deployment of customers in both, PCBA and PCB. And I believe we will be able to do that. And that's the reason why we have commented that this journey started from Rs. 300 crores in 2018 when we acquired IL JIN Electronics, at that time EBITDA used to be 2.8%. And this year, you have seen the results, and we have guided the market that we will be growing 55% plus. And we expect our margins to be in the range of 8% EBITDA. And I think there's a possibility of increasing it to double digit number in the next financial year itself.

Vipraw Srivastava: We have a buying agreement with Korea Circuits, right? So, I mean, is the assumption correct that Amber has a quick ramp up of PCB facility?

Jasbir Singh: Yes. So, it was nice of them to accept this arrangement of uptake of two years, because in India it takes little time for customers to approve and get the regulatory approvals and all. So, from our side, they have agreed to uptake the capacities for first two years.

Moderator: Thank you. Next question comes from the line of Naushad Chaudhary with Aditya Birla Mutual Funds. Please go ahead.

- Naushad Chaudhary:** Thanks for the opportunity. And apology, I am in a bad network, so if my call gets dropped. Two, three very quick clarifications. Sir, first, in our Electronics business, typically what is the length of contract we do in this business and same for Railways business?
- Jasbir Singh:** Well, depending on which applications we are serving, normally it takes close to about 2.5 to 3 years to onboard a customer. In Railways division, it's a process of four years minimum if everything goes fine at all the steps. And then you become Part 2. And then finally after supplying 300 coaches or three years, then you become Part 1 supplier in Railways. In Electronics, generally the contracts are longish time, ranging from three to five years contracts.
- Naushad Chaudhary:** Secondly on the Ascent Circuits, this is slightly a dated question. In terms of, I was just trying to understand what was the incentive for the Ascent Circuits promoter to sell a majority stake to us at such an attractive valuation? Can you elaborate on that?
- Jasbir Singh:** Well, there's an issue of succession and the promoter is aging and he thought because he has two daughters, so he was trying to sell it from last one and a half years and he was meeting many bankers as well as many potential buyers. And finally, when we met him, the deal clicked.
- Naushad Chaudhary:** And last, in the RAC components ex of compressor, what other major components we do not have in our portfolio? And any plan to add if we have any?
- Jasbir Singh:** We are currently doing about 70% of what goes into air conditioners. We do not have refrigerants, we do not have compressor, we do not have copper tube, we do not have aluminium, wiring harnesses, many other components we do not have.
- Naushad Chaudhary:** And any plan to add those as well or is there a technical barrier?
- Jasbir Singh:** No, of course as a team we keep on evaluating which component to buy and which to get into. Of course, as a growth strategy, teams are already evaluating various options.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question and answer session. I would now like to hand the conference over to the management for 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 our Head of IR, Ravi Kharbanda or Rohit Singh from our IR team, or Strategic Growth Advisors' team. And we wish you all a very happy 76th Republic Day in advance. Thank you. Have a great day ahead.
- Moderator:** Thank you. On behalf of Amber Enterprises India Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.