Date: 24 May 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 and financial year ended 31 March 2024 ('Q4 and FY24)

This is further to our letter dated 14 May 2024 intimating the details of Earnings Call with Investor/Analyst (Participants) to discuss the Audited Financial Results (Standalone and Consolidated) of the Company for the for the quarter and financial year ended 31 March 2024, ('Q4 and FY24') held on Saturday, 18th May 2024 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.ambergroupindia.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
Digitally signed by Konica Yaadav
DN: cn=Konica Yaadav, o=Amber Enterprises India Limited, ou, email=cs_corp@ambergroupindia.com, c=IN
Date: 2024.05.24 10:37:29 +05'30'

(Konica Yadav)
Company Secretary and Compliance officer
Membership No. : A30322

CIN NO. : L28910PB1990PLC010265

“Amber Enterprises Limited Q4 & FY'24 Earnings Conference Call”

May 18, 2024

MANAGEMENT: **MR. JASBIR SINGH – EXECUTIVE CHAIRMAN & CHIEF EXECUTIVE OFFICER, & 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 ARORA – WHOLE-TIME DIRECTOR, IL JIN ELECTRONICS

Disclaimer: E&OE-This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on 18th May 2024 will prevail

Moderator: Ladies and gentlemen, good day and welcome to Amber Enterprises India Limited Q4 & FY'24 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 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 "*" then "0" on your touchtone 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 Arora, Whole-time Director of IL GIN Electronics and our Investor Relations Advisor, SGA.

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

FY'23-24 has been a year of resilience and growth for Amber. And in this one year we have strengthened our portfolio and market offerings with strategic diversifications in new growth segments.

From a core RAC player we have transitioned towards a diversified manufacturing company supported with multiple acquisitions and MoUs that we did during the year, further fortifying our positions in the markets.

Amber with the DNA of manufacturing is completely aligned with this transformative journey and is scripting its role through localization and backward integration of consumer durables and its components, EMS and railways subsystem & mobility.

I will now take you through some highlights on the "Consumer Durable Division." Our journey, as you all know, it began from room air conditioner sector, initially focusing on window ACs, then expanding into split units, then inverters, later branching out into cassette air conditioners, ductibles and higher tonnage package units.

As the industry landscape evolved with majority of the customers looking to shift assembly businesses in-house, we quickly recognized the need to adapt our strategies accordingly and diversified our portfolio. Initially, this involved transitioning towards supplying components to RAC customers with the aim of maintaining our market share in this segment at around 27% in value terms. I am pleased to report that we have successfully upheld this share and are optimistic about sustaining it moving forward.

Additionally, we expanded into supplying components of non-room AC applications such as telecom components, smart meter components, automobile components, refrigerator, washing machine, microwave components and more. As a result of this strategic shift, our contribution from room AC has decreased from 72% in FY'18 to just 40% in FY'24.

As guided during previous call, our RAC top line was hit due to brands taking RAC assembly in-house and a reflection of the same is evident in our top line of FY'24. This was a well-known transition and hence we diversified our offerings in the component space which are more margin-accretive. Further, two more customers will begin their plant by next quarter and post that the business model will move towards stability and growth will move in tandem with the industry trend.

Glad to share that due to high temperatures and good secondary sales in the month of April and May, we are moving with a run rate of 20% growth and expect the same growth by year-end for this division.

Also, our operating EBITDA margins in consumer durable division have increased by 100 basis points, touching to 7% now which is reflective of our component strategy with better margins.

I'm also glad to share that Amber received a PLI grant of Rs.15 crores for manufacturing of AC components.

On the JV with Resojet continuing with the same thought process of strengthening our position in the consumer durable space, we have entered into 50:50 JV with Resojet Private Limited part of the Radian Group Company for manufacturing of fully automatic top and front load washing machines. This joint venture will propel Amber's diversification beyond air conditioners in finished goods into the washing machine and its component segment, thereby further solidifying our position within the consumer durable market.

Mass production from the new plant will commence from H2 second half this year, where we expect around 40,000 washing machines to be produced in this year, which will further take it to 1,25,000 in next financial year. We have already onboarded a couple of customers and the trials are currently going on. Through this JV, we gained access to manufacturing washing machines, thereby allowing us to offer wider range of high quality products to our customers.

Now, I will take you the highlights on “Electronics Division.” In the past five years, our stint which started from providing PCBA solution for inverter AC has now diversified into providing solutions for home appliances, consumer electronics, hearable and wearable, telecom, smart meters and automobile segments.

We have further amplified our offerings by making an entry into manufacturing of bare PCB, which going forward will open new avenues for us in the sector of aerospace, defense, medical electronics, EV, mobile and energy solutions amongst others.

We acquired 60% stake in Ascent Circuits for manufacturing of printed circuit boards, single sided, double sided multilayer and RF PCB. The company has been catering to marquee customers such as ISRO, BHEL, VHEL, automotive component customers, telecom, consumer electronic clients, both multinational and domestic, who have been driving India's growth journey. This acquisition will enable us to offer solutions to applications such as aerospace and defense, medical, energy solutions, etc., This acquisition strengthens our EMS portfolio by enhancing our presence in passive components of PCB assemblies. This uniquely positions Amber as a leading player in the electronic EMS space.

Further, our MoU with South Korea, Korea Circuit through our recent venture Ascent Circuits for manufacturing of Flex HDI and semiconductor substrates, which means in India will bolster Amber's electronics EMS play. This MoU will enhance the capability of Ascent Circuits for providing solutions to the mobile and semiconductor industry, which has been a focus of the government recently. This association between Amber and Korea Circuit will envelope the entire portfolio of PCBs required for various applications in India's electronic manufacturing growth story, that is HDI, Flex, Semiconductor Substrate, Multilayer Double Layer, Single Sided, etc.,

Also, the recent decision by government to impose anti-dumping duty on imported printed circuit boards will settle the dust of import and make the road clear for localization of bare boards in the country.

In this electronic EMS division, we have travelled a journey from 3% EBITDA in 2018 to 5.6% in FY'24. Now going forward, we are confident to touch EBITDA in the range of 7.5% to 8% for the division in the current year.

On the railway subsystem and mobility division, as you all are aware that last year we expanded our portfolio from HVAC to doors and gangways through TOT with Ultimate Group and also added pantry systems in Sidwal.

We are glad to share that during year of FY'24 we received our first orders for doors and gangways from three new customers. In phase one, we shall assemble these new products and in phase two, complete manufacturing will begin from Q1 FY'26 onwards.

During the year, we did a strategic alliance with Titagarh by investing in Firema in Italy and also did a JV with Yujin of South Korea for couplers, gears and pantographs.

We are also glad to inform that our defense portfolio in Sidwal is gaining momentum. The order book for the defense has moved double-digit during this year and we are expanding our product portfolios for specialized terrain vehicles, slip on air conditioners, etc.,

For expanding our capacities we have done a groundbreaking ceremony for our upcoming Greenfield facility in Faridabad and construction is in full swing. This new facility shall have state-of-the-art manufacturing facility for energy efficient air conditioners, doors and gangways for railways and metros and pantry systems. We expect commencement of production from this facility in Q1 in next financial year.

Another Brownfield expansion will be done for Yujin products in the country in current financial year. We expect to receive all clearances and approvals from customers in FY'26 and expect to commence production of Yujin products, that is couplers, pantographs and gearbox by Q4 of FY'26.

With all the above mentioned initiatives, Sidwal can now give solution up to approximately 1.1 crore per passenger car, which expands our addressable market multifold. FY'25 shall be the year of execution and customer approvals for these new products and the real ramp up in revenue for all new product category shall start from second half of FY'26 onwards, which is in line to the rolling plan of new Vande Bharat Express Trains.

I shall now request Sudhir Goyal, our CFO, to take you through the Consolidated Financial Highlights.

Sudhir Goyal: Hi, good morning everyone. So now I will take you to the consolidated highlights of the Financial:

So, on the revenue front for Financial Year '24 revenue stood at Rs. 6,729 crores compared to Rs. 6,927 crores in Financial Year '23. We have reported revenue of Rs.2,806 crores in Q4 Financial Year '24 versus revenue of Rs.3,003 crores in Q4 Financial Year '23. Operating EBITDA for Financial Year '24 stood at Rs.519 crores versus Rs.475 crores in Financial Year '23, a growth of 9% for Q4 Financial Year '24. Operating EBITDA stood at Rs.234 crores compared to Rs.204 crores in corresponding quarter last year. Operating EBITDA is before impact of ESOP expenses and other non-operating income and expenses. Operating EBITDA margin for Financial Year '24 stood at 7.7% versus 6.9% in the Financial Year '23.

PAT for the Financial Year '24 stood at Rs.139 crores versus Rs.164 crores in Financial Year '23. For Q4 Financial Year '24 PAT stood at Rs.99 crores versus Rs.108 crores in Q4 Financial Year '23. Net debt for March '24 stood at Rs.615 crores from Rs.588 crores in the March 2023. Working capital days for March '24 stood at 13 days as compared to 29 days in March '23. Overall CAPEX for Financial Year '24 stood at Rs.373 crores compared to Rs.698 crores in Financial Year '23. We plan to incur CAPEX of Rs.350 to 375 crores for Financial Year '25.

Due to the anti-dumping duty imposition on the printed circuit boards, new avenues of opportunities are opening up and expect marquee customers addition in auto and IT-related products category and consumer durables. We are evaluating our expansion plan for the printed circuit board for Make in India and shall inform once the decision of total capacity expansion has been taken considering all the government incentives in place.

Coming to the "Divisional Highlights," we shall now take you through all the three divisional highlights which are as follows:

The consumer durable division has reported total revenue of Rs.5,009 crores for Financial Year '24 compared to Rs.5,380 crores in Financial Year '23. For Q4 Financial Year '24 revenue stood at Rs.2,199 crores compared to Rs.2,475 crores in Q4 Financial Year '23.

The operating EBITDA stood at Rs.352 crores in Financial Year '24 versus Rs.325 crores in Financial Year '23. The operating EBITDA in Q4 stood at Rs.179 crores compared to Rs.156 crores in Q4 Financial Year '23.

We expect margin expansion in this division due to our shift of strategy towards components and further diversifying into manufacturing of fully automatic top load and front load washing machine and its components. We expect to maintain our share of business of around 27% of manufacturing footprint in value terms in our RAC division.

The electronics division has reported total revenue of Rs.1,241 crores for Financial Year '24 compared to Rs.1,125 crores in Financial Year '23. For Q4 Financial Year '24 revenue stood at Rs.484 crores compared to Rs.415 crores in Q4 Financial Year '23.

The operating EBITDA stood at Rs.69 crores in Financial Year '24 versus Rs.51 crores in Financial Year '23. The operating EBITDA in Q4 Financial Year '24 stood at Rs.33 crores compared to Rs.21 crores in Q4 Financial Year '23.

With marquee development during the year such as customer addition in telecom, automobile and durable space, onboarding large smart metering business and customers in automotive segment.

IL GIN entering JV with Nexxbase for manufacturing smart variables, acquisition of Ascent Circuits for expanding portfolio into PCB boards for various applications and Ascent signing MoU with Korea Circuit to manufacture Flex, HDI, Semiconductor Substrate PCB. With such developments, we expect this division to increase its margin going forward. We are targeting an EBITDA margin in the range of 7.5% to 8% and expect this division to grow by above 35% in the current Financial Year '25.

The Railways Subsystem and Mobility Division has reported total revenue of Rs.480 crores for Financial Year '24 compared to Rs.422 crores in Financial Year '23. For Q4 Financial Year '24 revenue stood at Rs.123 crores compared to Rs.113 crores in Q4 Financial Year '23. The operating EBITDA stood at Rs.98 crores in Financial Year '24 versus Rs.99 crores in Financial Year '24. The operating EBITDA in Q4 Financial Year '24 stood at Rs.22 crores compared to Rs.28 crores in Q4 Financial Year '23.

Just to reiterate for the benefit of all, our railway subsystem and mobility division has witnessed remarkable developments during the year with manufacturing air conditioner system for the Namo Bharat trains, Sidwal's strategic partnership with Titagarh rail systems and now with AT rail subsystems' JV with Yujin Machinery. These development places Amber Group in a sweet spot to increase its wallet share and BOM per passenger coach, which is in line with our strategy.

Further, we have received our first order for new category added in Financial Year '24 that is doors and gangways. Glad to share that new orders for doors and gangways received from three customers amounting to Rs.515 crores. This makes total order book of Sidwal at approximately Rs.2,000 crores. No

With good order book in place, increase in product offering per passenger coach and Sidwal getting a preferred supplier status, we expect railway subsystem and mobility division to double its revenue in the next two to three financial years. With all the initiatives in respective divisions, we have established a robust foundation for strong growth over the next decade. We expect further margin improvement in this current financial year at a consol level by at least 50 basis points to 75 basis points and hence ROCE level to bounce back above 15% in Financial Year '25.

With this I would now open the floor for question-and-answer. Thank you.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Ravi Swaminathan from Avendus Spark. Please go ahead.

R Swamintathan: My first question is with respect to the railways business. There seems to be a lot of exciting opportunity over there and you are also increasing your capability in that. Just wanted to get your sense with respect to Sidwal. How is the opportunity that we need to think of with respect to the traditional railways, the Vande Bharat trains, defense also you had mentioned there's a bit of opportunity and there has been a lot of work going on in data centers also. What can be the addressable market over the next two to three years that you can talk about? and with respect to the Titagarh joint venture, would we be addressing the opportunity of Vande Bharat only from the Titagarh angle, or we will be in a position to supply to other Vande Bharat manufacturers also… train manufacturers also, if you can give your broad thought process?

Jasbir Singh: Good morning, Ravi. Basically this modernization program, which was kicked in by the Government of India for complete railway ecosystem, which includes new Vande Bharat Express and also urban mobility where new cities are getting new metro lines and the existing metro lines are also getting expanded, this opens up a wide multi-fold business opportunity for a company like Sidwal. I will give you just a brief data number . As per the recent media reports published by Ministry of Railways, they are now coming up with a grand plan of almost about 3,000 new Vande Bharat Express is to be rolled on in next 5 to 6 years. Now, new Vande Bharat Express will have 24 sleeper coaches in one Vande Bharat Express. So that means almost about 72,000 coaches, passenger cars will be required to be delivered in next 5 to 6 years. And Sidwal as a comprehensive solution provider at what level we have become supplying almost seven components that goes into a passenger car addressing almost Rs. 1.1 crore per car. So that is only opportunity of Vande Bharat I'm talking to you currently which is going to come in next 5 to 6 years. And also to clear, there are almost close to about 550 to 600 coaches which are required in the metro space also. Every day, every year metro lines are expanding. That business is also expanding and we have clearances from all customers who are giving rolling stock to metro divisions like Alstom, they are all our customer, BEML is our customer. Titagarh, of course, has become our customer and new customers like TMH and Siemens and all, they are also being onboarded. Yes, with Titagarh, we have a preferred supplier status as a partner with them. But we are free to deliver the solutions to everybody and we are receiving this order book from other companies also. So we are very excited with this capability enhancement which we have done. This has been very strategic move. I think post current year of FY'25 where all the new factory will be put up plus the new customer approval will be coming in, order book has already started flowing in for the new product category and we are excited for this journey going forward.

R Swamintathan: And all these products will be manufacturing here, pantry, doors, gangways, couplers or will there be a sourcing strategy for this?

Jasbir Singh: So all these will be manufactured here only in India. We have one factory in Faridabad. Second factory groundbreaking ceremony has been done. The construction is in full swing. The Yujin products which are the gears, couplers and pantograph, that team is yet to come from Korea and once they come, we will finalize the location, and once the location is finalized then we'll go ahead with creating the factory for those products also.

Moderator: The next question is from the line of Natasha Jain from Nirmal Bang. Please go ahead.

Natasha Jain: Sir my question firstly is on the reported numbers. In your segmental number in the PPT versus what you've published, sir, specially at EBIT level for electronics, there's a very stark difference. So on your published number, I think there is a degrowth of almost 470 basis points and on the PPT there is an increase of 170 basis points. So if you can tell us what's the difference here because even if I take full impact of ESOP, there is still a decline. So, if you could call out what are these non-operating income and expenses? And secondly, on that segment again, we are seeing a tepid growth in FY'24. Now, our guidance have been that we want to clock in 50% top line CAGR. So like how you explained for Sidwal, if you could tell us the strategy here also going forward, how can we get back on the growth path?

Jasbir Singh: So basically on the growth part like PCBAs, we have already expanded our applications. We are no more a consumer durable application company. We are now giving applications solutions for telecom industry, for hearables, wearables for smart meters, for auto players also and plus by acquisition of Ascent Circuits, which is largely into defense, aerospace and predominantly into auto space. This expands our portfolio of offering both into PCB as well as PCBA world and that's how we are very confident of achieving, because our PCB business is at a higher margin as compared to our PCBA business, but on a blended basis, now we are targeting to touch 7.5% to 8% in this current financial year. As far as on the other income is concerned, I would request Sudhir to answer that question.

Sudhir Goyal: So on the operating EBITDA which you mentioned that there is a difference in division wise performance versus the consol. So if you see that consol level operating margin is 7.7% and on the divisional front like consumer durable division is having 7%, electronics division is having 5.6% operating EBITDA margin and railway subsystem is having 20.4%, so weighted average is coming to 7.7%. If there is some more difference is coming we can have a separate call and I will discuss with you and give you the proper explanation. On the operating EBITDA adjustments, one is the ESOP which is totaling to around Rs. 17.7 crores. Then we have one fixed assets, because gain on the sale of fixed assets comes in the other income, but loss is coming in the other expenses, so that we have netted off amounting to around Rs. 8.5 crores, which is including put call option adjustment on the acquisition. And these are the major differences which will make it to the operating EBITDA level from the normal EBITDA.

Moderator: The next question is from the line of Dhruv Jain from Ambit Capital. Please go ahead.

Dhruv Jain: First question was on the working capital side, right? So we have seen a very sharp improvement in working capital. So just wanted to understand the sustainability of the same, do you expect that the working capital is now normalized to 13 to 15 days kind of a number?

Sudhir Goyal: This is not a normalized level of 13 days though the normalized level in the year end level, we are expecting it should be in the range of 20 to 25 days. But this year, because of some new customers we onboarded, we have better terms and we got the payment on time. That helped us to reduce the payment term plus increase in the payment terms of the creditors.

Dhruv Jain: The second question was on the industry side. So in the last 1, 1.5 years we have seen that there has been a lot of capacities put up by brands and EMS partners. So there was that risk of insourcing for various EMS partners. However, we've seen this summer being very strong, so where are we in terms of the demand and supply in terms of capacity utilization of the AC industry as such? Do you expect that the risk that was thought to be say for two years or three years in terms of lower RAC sales would actually play out earlier?

Jasbir Singh: Well, Dhruv, basically, these are all recent units manufacturing plants which have been put up by various brands and whenever brand puts up a factory, they plan longer for the capacities. And I think yes, this season has been a very positive season. So capacity utilization will increase much beyond, I mean, we were not expecting this, but if we see from a long-term perspective, you may be right that in case these kind of trend of good season continues, then maybe the capacity utilization gets over in next two to three years only. But we have mitigated to large risks in our business model. One is since we are supplying to the entire industry so brands exchanging market shares do not impact us and second basically on the insourcing and outsourcing function, which is beyond our control, which is there which is decided by the brands themselves. They keep on calculating between make versus buy. But good part is that we as a solution provider, we are also enjoying the good season and we have seen good uptake both in finished goods as well as in our components division. I think already in April and May month, we are 20%-plus at run rate of that and if the Q4 also have a good season probably industry will see 20% to 25% range improvement in the whole industry level.

Moderator: The next question is from the line of Sonali Salgaonkar from Jefferies. Please go ahead.

S Salgaonkar: So my first question is regarding the multiple new product stories and the tie ups that you have recently entered. So the opportunity of each of these components is different and each of these will accrue to your top line in FY'25. So any kind of ballpark guidance in terms of revenue you would like to give? And also in Sidwal what percentage of your overall top line do you expect Sidwal to come through in the next three to four years?

Jasbir Singh: On a guidance, I mean since all these three divisions are on a growth path, I think it's very difficult to predict which division will contribute, how much in full financial year. But, yes, we are seeing positive uptick in each division. I think electronics is on a growth path of delivering about 30%, 35% range on the top line basis and also margin expansion, we expect it to touch to 7.5% to 8% this year. As Sidwal business is actually linked with the rolling of new Vande Bharat Express. So if you see all the order book which Indian Railways has given for Vande Bharat Express, so this financial year there are very less trains which are rolling out, but next year, the number of trains are exponentially increasing. And FY'27 is the peak year where it's the exponential increase in the number of trains which will be rolled out from all the rolling stock companies. We expect Sidwal to grow in that range only. As far as right now is concerned, we have got good order book. Our defense order book which used to be earlier at generally about 20, 25 crores, we have shifted to 70 crores and we are expecting that in line and we are adding some more products also for the defense offering. In metro space also, the same kind of about 10% to 15% growth is coming. And on the consumer durable side as I explained, we are running with a run rate of 20% right now. So on a blended basis, it's very difficult to guide right now on the top line but yes, you should expect a good growth and good bottom line growth on a consol level.

S Salgaonkar: Secondly, you did mention 40,000 washing machines in FY'25. Any customer names you would like to give at this point in time in terms of onboarding or prospective onboarding? And secondly, it's a JV. So what kind of numbers do we expect to accrue to Amber in FY'25 or going ahead?

Jasbir Singh: So it's basically a PAT which will be consolidated. The top line will not be consolidated in the consol balance sheet because it's a 50:50 JV. On the 40,000 numbers, that's what we are aiming to deliver with the clients which have been already onboarded for which the approvals are right now going on. I cannot name all the clients because we have NDA signed with them, but these are mix of multinationals, domestic and online players. And I think this will start contributing significantly after two years in the PAT levels also. But it's a good growth story. The assembly line has been put up, already, the products have started rolling out, we have started giving samples to customers, customers have visited our facilities, we have now onboarded almost about four customers and we expect to add three more customers going in this year.

S Salgaonkar: Any pricing actions you have taken in Q1, especially in your AC business or expected to take?

Jasbir Singh: Since there is hardly any movement fluctuations of commodity side, ~~but~~ only the copper is a commodity which is skyrocketing right now, the LMEs shot up which will be passed on to customers definitely on a quarterly lag basis as we have done in past it will be done.

Moderator: The next question is from the line of Bhoomika Nair from DAM Capital. Please go ahead.

Bhoomika Nair: A couple of questions. One on the electronics side. For the quarter, have we included Ascent as well for fourth quarter given that we've acquired?

Jasbir Singh: Yes. So it's only two months of revenue which has been added, which is Rs.43 crores which has been added in this FY'24.

Bhoomika Nair: Rs.46 crores of revenues and how much would be the corresponding EBITDA?

Jasbir Singh: EBITDA will be Rs.5.8 (7.1) crores.

Bhoomika Nair: So you did speak about a lot of demand and favorable import duty which will help Ascent grow. How do you expect this business to really pan out into FY'25, '26? And how should we pencil in the growth when you're talking about 35% growth for the segment, I'm assuming this is excluding the Ascent business. Would that be a fair statement to make?

Jasbir Singh: No, Bhoomika, this will be including the Ascent business, but Ascent on its own as a company is witnessing a huge flow of customers and enquiries because of the anti-dumping duties and anti-dumping duties imposed is still six layer of PCB which is generally for applications like automobile, IT, and consumer durables, and already very big auto companies, large four wheeler companies have started visiting, they're auditing us. Their process is to audit and then approve in about 6 to 8 months 'time which they take. That process has started with almost five customers. If I consolidate the demand of five customers, this company has a potential to grow by 100% next year, but it will all depend, because we want to expand the capacities in line to the government incentives. There are specs scheme which is available and there is state incentives. So almost about 45% we will get that. So right now, we are taking inputs from everybody. We are also meeting Ministry of Electronics and IT officials for clarifying us on this specs scheme. And once the clarification comes and the customers commitments are onboarded, then definitely we will roll on. But yes, we have a plan to bring up India's largest PCB manufacturing plant for Ascent. Timing is very difficult to predict right now because it will all depend on the government incentive. So we will move in line to that.

Sudhir Goyal: One correction here, that, like sir has said, operating EBITDA of Ascent for two months is Rs.7.1 crores instead of Rs. 5.8 crores.

Bhoomika Nair: So here in the electronics segment itself, right, I mean, 70% is really the consumer durable segment. Within that, is it possible to understand how is RAC as a percentage of this electronic segment?

Jasbir Singh: Out of that, almost 25% to 30% will be RAC.

Moderator: The next question is from the line of Rahul Gajare from Haitong Securities. Please go ahead.

Rahul Gajare: So I've got two questions. One is on financial, and one is on a slightly longer timeframe. Now last year in FY'24 we had an EBITDA of almost Rs.500 crores and we landed up booking almost 70% of that cost or expense under depreciation and interest. And this number has actually increased in the last couple of years. I think that that number was holding around 50%, 55% and that has gone to almost 70%. And with newer ventures and with more Capex that is lined up, this number is I would think will increase at least on the depreciation side. Now, I understand this is certainly not good from a long-term perspective. How do you intend to manage your financials over the next, say, three to five years?

Sudhir Goyal: So, on the EBITDA front, like you said in the last year, it was Rs.470 (471) crores including the other income and not the Rs.500 crores and operating EBITDA was Rs.475 crores, which is excluding the other income and the non-operating expenses, plus ESOP we have not included while calculating operating EBITDA. And this year, that Rs.470 (471) crores has become Rs.547 crores. Percentage has improved from 6.79% to 8.13%. And the operating EBIDA as apple-to-apple comparison from Rs.475 crores, it has come to Rs.519 crores. Yes, on the depreciation front and the interest, there is a big jump in both the expenditure because of the growth prospects which we are looking into all the three divisions that is contributing big in the current financial year and the last financial year. It is going at the same level. It appears will not get reduced in the near future, but interest, we are targeting that it will not increase substantially in the current financial year, and will be moving towards more profitability in the current financial year and the future financial years. Margins are improving because of our component strategy and PAT will also improve substantially in the current year as well as in the future years.

Rahul Gajare: So that is likely to remain high is what you're saying?

Sudhir Goyal: Appreciation, yes, but interest this year it might be.

Rahul Gajare: I'm looking at least numbers as a percentage of EBITDA because whatever operating profit…you may include ESOP or other things, it's just a very high number basically that I just wanted to understand your thought process over the next three to five years is what I was saying. Fair enough. So it's going to be slightly higher for the next couple of years. Sir, my second question is, this company has diversified significantly over the last couple of years from electronics to train subsystems, including several MoU's, stakes in company. How do you intend to manage all these activities, do you have business head for this and what are the parameters you as an M.D. would be looking for as far as performance of these JVs, MoU entities is concerned?

Jasbir Singh: So it's all led by professionals at each level. We have a divisional , CEO who's heading the RAC division, then we have components division CEO, electronics division CEO is right now sitting with us, Mr. Sanjay Arora, and Mobility is headed by Udaiveer, who's not on the call today. So, everybody, they are growing the product portfolio, they're adding customers profile, they're increasing the wallet share within the existing customers and also increasing the geographic profile of each division. And all these JVs and MoUs have been triggered by them only. I mean, I was just the catalyst of going and signing the agreements largely, but it's all come from them because every division is excited for their own growth path. So it's the three themes which we are working on. Consumption theme is what consumer durable business is, electronics theme is what we all know about EMS and the infra theme which is led by the government initiatives on the infra spending for railways and defense sector.

Moderator: The next question is from the line of Anupam Goswami from SUD Life. Please go ahead.

Anupam Goswami: My first question is on the Sidwal. When you are saying that you are going to expand Sidwal's portfolio and venturing into new railways and segments, do you intend to keep the margins also, I mean, do the margin will stay the same, how Sidwal has produced a little higher on the 20%, 23% margins, because we have seen some margin dilution coming in this quarter as well as the ROCE?

Jasbir Singh: No, margins actually will continue to remain in that space. But as we add new product categories like doors and gangways, they are slightly little margins of 18% kind of thing and couplers and gears and pantograph are also in the range of 18% to 19%. So we expect on blended basis, I think about 18% to 20% margin for the Sidwal products.

Anupam Goswami: You told about RACs or consumer durables growing at a 15%, 20%. Do we say this even when brands are putting up their own factories, if you can share some light on this, how do we expect to grow at such a rate?

Jasbir Singh: So brands have already put up their factories, capacities have been created and we shifted our strategies for supplying more components to brand rather than finished goods. And that's why there was a structural shift in our business model, which is now getting settled, because most of the plants have started at the brand level and two more plants are yet to start, which I expect in next quarter or so, those plants will also start. Post that, we will be supplying both, finished goods and the components. So we have given this flexibility to brands, and as of now, we are maintaining our 27% market share on the manufacturing footprint of complete room AC sector. So, it doesn't matter to us whether we supply full air conditioner or a semi knockdown air conditioner or just the components out of it. But, we as a B2B company focus on is how deeply penetrated we are in each of the brands and are we having a substantial share of business in the whole industry as such. And we expect this industry to keep on growing in double-digit growth at least for next 10-years.

Anupam Goswami: Just related to this, what explains the YoY degrown in consumer durable this quarter?

Jasbir Singh: So we answered that in our commentary, but I will reiterate that we told that in last earning call that next four quarters will be little shaky for the top line kind of a growth because the brands have taken in-house. So, because of finished goods going less, the top line has got impacted and we were also impacted by Q1 unseasonal rains. So, these are the two factors why the top line has come down, but margin improvement has come because of the component strategy and other product mix of the other divisions.

Moderator: The next question is from the line of Pulkit Patni from Goldman. Please go ahead.

Pulkit Patni: So the first one is in continuation of the previous participant asked, because while you haven't grown the top line much on the consumer durable side, you're saying 27% market share in AC components is maintained. So it should have reflected in our electronics division, right, because part of electronics is also AC-related. I'm not sure why that 27% is not reflecting in the growth for this segment or have we actually on an overall basis lost market share in the AC segment, that's the first question?

Jasbir Singh: No, if you see the total addressable market of air conditioners last year, earlier Q1 was a dampener because of this unseasonal rains and that's when we had predicted that industry will grow by 7% to 8%, but it has grown more than that in about 10% range, and the numbers of the whole finished goods have come to about 9.3 or 9.5 million numbers. And if you convert them into numbers and versus what Amber has delivered in the RAC and RAC components, we are maintaining the share of 27%. So nothing has changed on that. But yes, it is not getting reflected because we are not selling more air conditioners. So we are selling largely components and in air conditioners we had pass through items with us, because compressors and refrigerant, other things gets passed through which we are not producing which were supplied largely by the brands to us. So that's not happening right now. That's the reason why it is not getting reflected. But the right way to look at the reflection is from the margin perspective. If we were not maintaining our 27%, we wouldn't have delivered this kind of margin and the percentage of EBITDA wouldn't have improved.

Pulkit Patni: Sir, I probably I will have to understand that better because I think top line is where the market share should reflect. So anyways, I will move to the next question. You have been talking about a 30%, 35% EBITDA growth for the company over two to three years and it hasn't come through. So, now that you have given some guidance in some of the sectors, are those numbers more like aspirational numbers or we have clear visibility for example in the electronics division, 35% growth and 7.5% margin, is that something that is part of our order book or is that part of our aspiration that we'd want to get there?

Jasbir Singh: No, we've never told our aspirations. I mean, aspirations are of course to do 100% growth every year. But yes, I mean, this 7.5% is because of the blend of our strategy for PCB and PCBA business. Our PCBA business today stands at about 5%-odd and our PCB business stands at about 18% to 20% range. So that is the blend why we are confident of achieving 7.5% to 8% range of the consol electronic division bottom line number. And that's what if you see all the electronic EMS who are delivering to defense, aerospace or industrials, they have better margins and that's what we have done. So, we have shifted our strategies towards a better margin businesses.

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

Keyur Pandya: Sir, just one clarification. The 35% kind of guidance that you have given for the electronic segment, now 1,240 crores of revenue for FY'24 organically probably around 1,200 crores excluding Ascent. So we are guiding for 35% growth on this 1,240 crores revenue which will include around 250 or 300 crores of revenue from the consolidation of Ascent as well and which gives us the organic growth of 10% to 15%. Is that a correct understanding?

Jasbir Singh: Yes, that's a correct understanding. Our PCBA business and Ascent Circuit put together will deliver us 35%. So we expect this to come in the range of close to about 1,800 crores this year.

Keyur Pandya: And just one follow up. So with all the diversification away from AC, I mean, is there any macro reason why organic growth we expect to be lower than what we used to do in the last two or three years, is it days or is it some macro challenge, if you can just throw some light?

Jasbir Singh: No, no, no. Since our B2B segment in the contract manufacturing space has undergone a structural shift because of brands taking assembly in-house, so that assembly the top line is not coming and that's the reason we are not guiding any number. All what we are saying is that April and May because of good season is delivering, we are moving at a run rate of 20% and if this trend continues, the industry grows by 20%, we will definitely grow by 20%.

Keyur Pandya: I was just talking about the electronics segment. The organic growth of 10% to 12% excluding Ascent consolidation, is there any company-specific reason or there is macro challenge?

Jasbir Singh: Organic, there is a little slight understanding here, because we were earlier manufacturing Noise products in Il Jin, now those products were worth of about Rs.400 crores, will shift to the new JV. So we are not including that. If we totally talk about the electronics part, it will be close to about 35% growth and this is without Noise. If we add the Noise JV that will be another 450-odd crores plus. So, it will be total of Rs. 2,200 crores.

Keyur Pandya: The second and last question is the kind of diversification that we are doing and adding capabilities and the size that we are increasing from the Opex perspective or especially from the employee cost perspective, should we see just normal increase that we see say 10% to 12% kind of growth or because of the talent acquisition, that growth should remain higher for the next couple of years?

Jasbir Singh: No, it should remain normal because we've already done the JVs and all. The new factories which we have planned basically will bring us new revenue also. So it should be in the range, not exponentially high.

Moderator: The next question is from the line of Natasha Jain from Nirmal Bang. Please go ahead.

Natasha Jain: Sir, my question is on your cash flow. So if I see your cash flow in FY'24, there is a very big jump in loans to related parties. Can you just give a little color as to what these related parties are and why has it increased so substantially?

Sudhir Goyal: So, we have given a loan to related parties, especially one is Rs.310 crores of OFCD which we have given to IL GIN from Amber to acquire Ascent. That is a larger jump if you have seen. And it is now on 30th of April, it has been converted into equity shares. And earlier we used to have 70% of IL GIN Holdings, now after that conversion we are holding 85.6% in IL JIN.

Moderator: As that was the last question, I now hand the conference over to Mr. Jasbir Singh for closing comments. Over to you, sir.

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, please get in touch with Rohit or strategic growth advisor, our investor relations advisors, and have a good day ahead. Thank you very much.

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