Date: 16.02.2024

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 nine months ended 31 December 2023 ('Q3 & 9MFY24')

This is further to our letter dated 07.02.2024 2023 intimating the details of Earnings Call with Investor/Analyst (Participants) to discuss the unaudited Financial Results (Standalone and Consolidated) of the Company for the for the quarter and nine months ended 31 December 2023, **('Q3 & 9MFY24'),** held on Monday, 12th February 2024 at 9:00 A.M. IST.

In this regard, we are enclosing herewith the Earnings Call Transcript. The same is also available on the Company's website at https://www.ambergroupindia.com/investor-events-presentationhead / 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: 2024.02.16 18:49:06 +05'30'

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

CIN NO. : L28910PB1990PLC010265

“Amber Enterprises India Limited
Q3 & 9M FY'24 Earnings Conference Call”

February 12, 2024

MANAGEMENT: **MR. JASBIR SINGH – EXECUTIVE CHAIRMAN, CHIEF EXECUTIVE OFFICER & WHOLE-TIME DIRECTOR**
MR. DALJIT SINGH – MANAGING DIRECTOR
MR. SUDHIR GOYAL – CHIEF FINANCIAL OFFICER
MR. SANJAY ARORA – WHOLE-TIME DIRECTOR
MR. SACHIN GUPTA – CHIEF EXECUTIVE OFFICER (RAC DIVISION)

Disclaimer: E&OE-This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on 12th February 2024 will prevail

Moderator: Ladies and gentlemen, good day and welcome to Amber Enterprises India Limited Q3 & Nine Months 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 the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' 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, 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 callI'm joined by Mr. Daljit Singh – Managing Director; Mr. Sudhir Goyal – our CFO; Mr. Sanjay Arora – Whole-Time Director of IL JIN Electronics; and Mr. Sachin Gupta – CEO of RAC Division.

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

This year has been a year of transformation at Amber. As you all are aware that we have been into business of manufacturing of room air conditioners since beginning and have been maintaining our dominance in this industry since we got listed in 2018, unlike other sectors, this sector underwent major structural shift in the last two years. First, we got impacted by two COVID waves in 2020 and 2021 when COVID hit us in the peak of the season, then competitive landscape changed where we saw many new players entering B2B space in RAC sector, and, finally, all the major customers decided to shift assembly businesses in-house and started constructing their own facilities. Most of them have already shifted to in-house manufacturing, two more customers are expected to start in Q1 and Q2 of next financial year.

Looking into the structural shift in our sector, we proactively realigned our strategies in tandem to our customers decision and took a cautious call on diversifying our portfolio.

Firstly, we shifted towards supply of components to room air conditioner customers with our goal of maintaining our share of business in this sector of 28% to 29% in value terms. We are glad to announce that we have been able to maintain our share and are hopeful to continue maintaining it.

Furthermore, we opted for going for non-room air conditioner components, like components for telecom, smart meters, automobiles, refrigerator compressor parts, washing machine parts, microwave parts, etc., Today, our room AC contribution has come down from 72% in 2018 to 38% and will further reduce in the coming years to come.

We also diversified our electronics PCBA portfolio to different applications apart from consumer durables. We added hearable and wearable sector, telecom sector, auto, smart metering and now further expanding into defense and industrials, plus, we acquired Ascent circuits for expanding our portfolio into PCB boards for various applications.

Furthermore, we strengthened our railway portfolio. Apart from supplying air conditioners, we entered into doors and gangways and pantry systems and further now expanding into couplers, interiors, toilets, pantographs and passage through our recently announced JV with Titagarh.

With all the above initiatives in respective divisions, we have laid a very strong foundation for robust growth for a coming decade. Each division has multibillion dollar opportunities in the years to come. Financial year '25 will be the year of execution and customer approvals for our new initiatives in PCB and railway business, and we expect all the initiatives to start paying dividends from second-half of FY'26 onwards.

As we are undergoing this transformational journey, a couple of quarters may witness fluctuations in top line. However, we are very strongly confident of maintaining our growth trajectory in our bottom line in the next financial year and years to come. Also, we are confident of maintaining our guidance of ROCE levels of 19% to 21% range in the next three years, i.e. FY'27.

I would now like to take you through Highlights of Recent Announcements made in Electronics and Railway Division. Ascent Circuits: Amber Group has acquired 60% stake in Ascent Circuits Private Limited through IL JIN Electronics for consideration of Rs.311 crores subject to adjustments as stipulated in definitive agreements. This acquisition will aid us in manufacturing of printed circuit boards and help us develop capacities and capabilities for single-sided, double-sided, multi-layered and RF PCBs. Through this acquisition, we will be able to cater diverse set of customers for various applications that is aerospace and defense, medical, energy solutions, automotive, telecom, data centers, consumer electronics, IT, lighting, etc.,

Further, Amber via Ascent Circuits also signed an MOU with South Korea's Circuit, which is a YoungPoong Group Company, to manufacture Flex, HDI, semiconductor substrates, PCBs, thereby enhancing PCB manufacturing in India.

Korea Circuit is the pioneer of Korean PCB industry and has pioneered various PCB solutions including HDI, flex, semiconductor substrates, multilayer double-sided and single-sided PCBs in the last 45-years. These solutions find applications across diverse sectors such as mobile industry, IT industry, semiconductor industry, home appliances, consumer electronics, aerospace and defense, medical, energy solutions, automotive, telecom, data centers and more.

The recent acquisition of a majority stake in Ascent Circuits, followed by signing of this MoU with Korea Circuit, places Amber in a unique spot and positions it as a leading player in the electronic EMS space, thereby opening a myriad of new business opportunities. Moreover, it enhances Amber's EMS portfolio by increasing local value addition and fostering backward integration into passive components of PCB assemblies. This aligns seamlessly with the Atmanirbhar Bharat Vision of Government of India and is consistent with the group strategy of strengthening backward integration for its EMS play across diverse applications.

We clearly see our electronics division becoming Amber 2.0 strategy that has exponential growth opportunities in the year to come.

Now, I'll talk about Sidwal and Titagarh Announcement. Further, Amber through Sidwal has posed a strategic partnership with Titagarh Rail Systems Limited to enter the train components and subsystem business in India and Italy via a 50:50 joint venture SPV named Shivalik. Titagarh Rail stands as a front runner in the railway rolling stock domain excelling in both freight and passenger rolling stock. Besides being renowned manufacturer of railway wagons and metro coaches, Titagarh is actively engaged in prestigious projects including Vande Bharat Trains, Surat Metro, Ahmedabad Metro and Pune Metro. Both Sidwal and Titagarh Rail will invest INR120 crores each into this joint venture and will establish a new facility in India dedicated to manufacturing critical railway components and subsystems utilized in railway and metro coaches.

Additionally, the SPV will make investments into Titagarh Firema SPA, which is an associate of Titagarh group, based in Italy. The government of Italy's investment arm Invitalia will also be making new investments of €17 million in Titagarh Firema, for which an in-principle nod has already been obtained. Firema is a premier designer and manufacturer of passenger trains in Italy, boasting a distinguished legacy spanning several decades with an order book nearing €1 billion for new coach production. Together, Titagarh Rail and Sidwal will support the growth of Firema via combined management expertise as well as improving cost competitiveness by supplying critical components from India, which are produced by both the groups.

We are already in advanced stage of discussing for obtaining technology for such components from global leaders, including Europe. The components would include coach interiors, coach toilets, kitchens, seats and other important railway subsystems. The JVC would target to achieve a wallet share of at least 20% value per coach by way of developing components and subsystems which are fitted on these coaches.

The strategic partnership in Firema will not only facilitate Sidwal's entry into European market, but will also give Sidwal a preferred access to Firema's own demand. This division is also set to become Amber 3.0 Strategy going forward.

I will now take you through the "Consolidated Financial Highlights." On the revenue front for nine months FY'2024 revenue stood flat at Rs.3,924 crores on a YoY basis. We have reported revenue of Rs.1,295 crores in Q3 FY'2024 versus revenue of Rs.1,348 crores in Q3 FY'2023.

For the nine months FY'24, operating EBITDA stood at Rs.285 crores versus Rs.271 crores in the nine months 2023, a growth of 5%. For Q3 FY'24, operating EBITDA stood at Rs.82 crores compared to Rs.89 crores in corresponding quarter last year. Operating EBITDA is before impact of ESOP expense and other non-operating income and expenses. Operating EBITDA margins for the nine months FY'2024 stood at 7.3% versus 6.9% in the nine months FY'2023.

PAT for the nine months FY'2024 stood at Rs.40 crores versus Rs.56 crores in the nine months FY'2023. For Q3 FY'2024, PAT loss stood at Rs.1 crore versus Rs.15 crores in Q3 FY'2023. Increase in depreciation on account of CAPEX incurred and finance cost increase due to increase in debt and higher cost of finance which led to PAT loss.

CAPEX for the nine months FY'2024 stood at Rs.262 crores at consol level.

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

The Consumer Durable division has reported total revenue of Rs.2,810 crores for the nine months FY'24 and Rs.932 crores for Q3 FY'24. The operating EBITDA stood at Rs.174 crores versus Rs.170 crores in the nine months FY'23.

While we have delved into these figures extensively in previous discussions, it's essential to reiterate that our business model is currently undergoing a significant transition. Thus conducting year-on-year comparisons might not provide an accurate depiction. With many OEMs bolstering their in-house manufacturing capabilities, we have strategically shifted our focus towards component manufacturing. Consequently, although it may seem that our revenues in these divisions have experienced a 3% and 5% YoY decline for the nine months and Q3 respectively, it's crucial to consider the context, namely the decline in finished goods sale compared to the previous fiscal year. Typically, orders for finished goods commence in late October to prepare for the upcoming business season, while orders for components usually kickstarts in January to February to minimize inventory holding period. We expect margin expansion in this division due to our shift of strategy towards components and we expect to maintain our share of business of 28% to 29% in value terms in this division.

Shifting gears to the "Electronics Division," it has reported total revenue of Rs.757 crores for the nine months FY'24 and Rs.241 crores for Q3 FY'24. Operating EBITDA increased to Rs.36 crores versus Rs.30 crores in the nine months as compared to the nine months FY'23. Despite witnessing a 7% YoY increase in the revenues for the nine months FY'24, there was an 8% decline in Q3 FY'24.

As previously mentioned, we have recently done two strategic onboarding in Amber's ambit; Ascent Circuits and Korea Circuit which will significantly contribute to the top line and bottom line of the division going forward.

Further, we have onboarded large smart metering business and customers in automotive segment. Though we anticipated all the customer approvals by Q3, however, it took longer time than we expected, and also one of our customers opted for job work basis to start within phase-I. Since now we have received all the necessary approvals and expect good growth in coming year, we foresee this division to increase its margin going forward and doubling the revenue in the next two financial years.

Additionally, with YP Group joining hands in Ascent Circuits, we shall be able to cater to semiconductor and mobile sector, thereby opening new growth opportunities in the years to come.

On the "Railway Subsystems and Mobility." This division has demonstrated decent performance with total revenue of Rs.357 crores for the nine months FY'24 and Rs.122 crores for Q3 FY'24, showcasing YoY growth rates of 15% and 11% respectively. For the nine months FY'24 operating EBITDA stood at Rs.76 crores versus Rs.71 crores in FY'23. The order book for this division stands at a commendable Rs.1,160 crores plus LoI from Titagarh for framework agreement of Vande Bharat, Surat and Pune Metro, will further offer order book strengthening by around Rs.850 crores, thereby taking our order book visibility to close to Rs.2,000 crores.

While Q3 FY'24 revenues may appear slightly subdued compared to Q2 FY'24 due to unforeseen delays at the customer's end, it's imperative to understand that we currently only cater to 5% of the bill of material of the entire rolling stock. Therefore, the readiness of the customer in terms of balancing rolling stock directly impacts our supply chain dynamics. These temporarily hurdles notwithstanding, they do not in any way impede the overarching vision or strategy of the division.

Looking at the modernization and expansion plan of Government of India in the segment of railways and metro, we are optimistic towards opening an addressable market size of almost about Rs.75,000 crores to Rs.80,000 crores in the next five to six years. Taking a very conservative approach of addressing about 20% of this total addressable market, we foresee an exponential growth in our railway subsystems division in next four to five years. In order to achieve this growth, Sidwal shall be setting up a new Greenfield facility in Faridabad for existing product portfolio capacity increase and also plan two more facilities through SPV; one for interiors, and other for couplers, gear, pantograph and other subsystems. Total CAPEX for this expansion in Sidwal shall be around Rs.200 crores to Rs.225 crores, which shall be done in the next two financial years.

In essence, our company now boasts multiple robust growth engines. Necessitating a holistic perspective when evaluating our business performance, Amber's evolution beyond its traditional focus on the RAC industry is evident and our steadfast commitment to diversification ensures that our dependence on any single industry continues to diminish steadily in the years to come.

With this, I would now open the floor for Q&A.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Natasha Jain from Nirmal Bang. Please go ahead.

Natasha Jain: My question is on the consumer durable segment. Now, I understand that you mentioned that you've gone through segmental reporting change and so on so forth. However, see, brands have reported good volume growth, right, in Q3. So in comparison, we have registered a degrowth. Now, what I want to understand is, was most of the sales out of the inventory already present with the channel and therefore no primary sales at the OEM level, or there is also some bit of in-house manufacturing by brands which has led to compression in your overall revenue? That's my first question. And my second question is, you did mention that component sales would now start from the fourth quarter, that's how it goes. Now that we're already done with half of fourth quarter, how was the shelf filling quarter for you and how are you seeing the demand in terms of the entire fourth quarter?

Jasbir Singh: Yes, Natasha, you're right. Almost about seven brands have shown positive numbers and almost about 25 other brands have shown muted numbers. But, yes, being a B2B company, we are the first one to get impacted and the last one to rise when it comes to inventory level management at the brand level. So, brands did face issues in Q1 when the unseasonal rains disrupted this whole sector. And so they started liquidated their inventories in Q2 and Q3. And Q3 end by almost about 15th of December is when we saw uptakes starting happening. And since some of the brands have already started their factories, so they have shifted the assembly businesses in-house, and that's the reason why our top line number is looking muted, because finished goods top line is basically having some pass-through components like compressors and all, whereas in components that is not the case. So right now, we are supplying more of the components than the finished goods and our structural shift has already happened. I think two more customers which are pending, they will start their facilities in coming financial year, and post that the complete dust will settle of all the insourcing versus outsourcing and the structural shift which has happened in this sector. We are very optimistic of increasing our margins because of our shift in the strategy. And as you rightly said that January is when we started getting orders of components and now everything is on line and track.

Natasha Jain: Just one more question in terms of the strategic alliance that you mentioned about Titagarh Rail Systems, now you said that you will be targeting 20% of the BOM cost. So, any kind of translation in terms of value there and what services exactly would you provide in the international markets -- so would you manufacture those stuff there itself or would you manufacture it domestically and ship it out, how will that work?

Jasbir Singh: So I'll give you a little brief on this. One Vande Bharat comprises of 16 passenger coaches and one passenger coach cost whatever you want to call metro car or passenger car. The bill of material is somewhere about Rs.6 crores. Currently, we were only addressing air conditioners till now, which was in the range of Rs.25 lakhs to Rs.30 lakhs depending on model-to-model. But with our additions of doors, gangways and pantry system, we have taken this wallet share to almost about Rs.75 lakhs to Rs.80 lakhs. Now with this announcement with Titagarh where we are bringing up interiors, toilets, seats, plus we are getting into couplers, gears, pantograph and other railway systems, we will be able to address almost about Rs.2 crores per car on that front. So you can imagine Indian Government has already announced 3,000 new Vande Bharat Express to come in the next five to six years. And if we even take conservative approach, 2,000 numbers of Vande Bharat and almost 600 coaches of metro cars which are newly built every year, you can imagine the kind of addressable market we have opened. To answer your second question, we will be manufacturing these components here in India. While we have got a preferred purchase agreement with Firema, Italy, so we will be supplying these components from India. Currently, we were trying from the last two years to go global in Sidwal, but because of lack of experience of even single train supplied outside India, we were not getting orders. In one of the large orders which we were likely to get in Washington, we lost it because of the lack of experience though we were L1 there. So, this announcement of Firema will help us to bridge that gap and also open up global doors for Sidwal as well as for the new SPV, which we'll be creating with Titagarh.

Moderator: The next question is from the line of Aditya Bhartia from Investec. Please go ahead.

Aditya Bhartia: My first question is on the electronics side, wherein you mentioned that there were some delays from getting customers onboarded and getting some approvals. If you could give us some more details about what's really happening over there? Usually, consumer durable kind of business should not have gotten impacted whatever we were thinking was in addition of that. So is it that we are seeing some challenges on the consumer durable side as well? And amongst all the additions that we are doing, where exactly are we positioned and how are you seeing growth for that division going forward?

Jasbir Singh: Aditya, in IL JIN and EVER specially consumer durable applications which we were giving, we got impacted because we are one of the leading solutions provider in the air conditioner space. And since air conditioner went through non-seasonal rains and there was inventory got stuck up and so brands also ended up having inventories of this component and hence the air conditioner part of the PCBs that saw a decline while we were expecting a growth there. Plus, the new customers which we onboarded especially on the smart metering side and auto side, we were expecting that we will get approvals by Q3 wherein it took longer time and now we have recently just in February 1st week we have received the approval. And now things are on track, plus, the inventory levels of air conditioner PCB also has been exhausted at brands level. So we think that now it is coming back to track. Plus, one of the customers initially to begin with, this is the first interaction with us, so they opted to go for the job work basis rather than on the sales basis which is completely understood at our level. So, we obtained that, okay, fine, not a problem, we can shift later on. That's the reason why top line is looking muted. But now it is on track and that's why we have given a guidance that this division will double its revenue in the next two financial years. So, we started our journey with air conditioner PCB and then we added refrigerator, washing machine, microwave, water purifier and fans. This was for consumer durable applications. Then we added hearables and wearables. Then we also added telecom products and now we have recently added smart meters. And the process of approvals is underway for the defense and aerospace and industrial business, which we expect to come in FY'25. Plus, the Bare Board PCBA Ascent Circuits has opened a new pandora box for new growth opportunities for us. Because that is the first level of backward integration you need to do in PCBA. And with that, we have opened up a new category of product profile. So, we are expecting this division to not only increase its margin. History of that was 3% margins. Now, we have already touched to almost 5%. But we expect within next year itself, this division will cross 7%, 7.5% margins. And of course with the good ROCEsis in hand, this division is expected to grow very robust growth in the coming years to come.

Aditya Bhartia: When you are speaking about doubling revenues, you are considering revenues of acquisitions that we have also done?

Jasbir Singh: Yes, Ascent Circuits last year did about Rs.279 crores financial year. So this year, I mean, since we entered in February itself, though that revenue will not come up. But next year, yes, it is also expected to grow in 15% to 20% range, plus all this initiative which we have taken in PCB business will also grow and that's how we are expecting to double the revenue.

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

Bhumika Nair: Continuation to this PCBA segment, when we're talking of doubling the revenue profile over the next two years, I just want to get a sense on only also the Noise JV, how that is panning out and is that inclusive of the Bare PCB Board? And in terms of the Ascent Circuits, how is the working capital profile going to change because initially both IL JIN and EVER did have lower working capital. So does their profile change. Question #2 is on the overall investments that will be required in the PCBA perspective, because in this business, because you're having a Rs.300 crores kind of an investment in terms of the acquisition, but will that require more CAPEX? And when I look at it, there's Rs.300 crores that is going into Ascent roughly, about Rs.120 crores that will go into the Sidwal JV with Titagarh and there'll be further CAPEX for Sidwal expansion per se. Obviously, there will be increase in revenues and profitability, etc., But does that mean that there will be towards these two businesses, something like a 700, 800 crores kind of investment over the next two years?

Jasbir Singh: So Bhumika, for the first question on the Noise JV, the doubling of revenues doesn't include Noise JV part because that's a 50:50 JV, so we will not be able to consolidate revenues. However, we will be able to consolidate some PAT levels in line to the percentage of equity we hold.

Jasbir Singh: That is going fine. Noise as you all must have heard that they have signed an agreement with Bose. Bose has invested in Noise and now they are moving towards premium segment. So, we are pretty excited. Our facility with Noise is moving on track. We will be starting that facility by mid of April and that's when it will start, and we expect decent revenue to come in, in the very first year. They are talking of very big numbers. I think somewhere about 800-1,000 crores is something which we expect to begin with in Noise JV part. But that is not on the consolidation of IL JIN and EVER. Now talking about the investment part of Ascent Circuits, Ascent is a profitable business with cash-positive business. It is like Sidwal business where the net working capital days are almost about 100 days right now, but since we saw the similar trend in Sidwal where we were able to bring it down. Since the profitability is very high, we expect that it will be ROCE accretive for us and it will not be a dampener on the working capital days moving forward. But yes, for the defense and aerospace businesses and for industrial businesses, that is where some lack of net working capital days will be there. We still have to experience that as we move forward, but we expect that we will be able to bring some efficiency there. On your question on the investment part, looking into the Sidwal plus Bare PCB Board, right now we are still looking towards what strategy to take, whether to go for semiconductor substrates and also mobile substrates and HDI part, then after that we will decide on what kind of CAPEX that we have to do in this along with YP Group. So as we speak, our team today is sitting in South Korea to even to finalize those numbers. I believe by next 15 to 20 days' time or month's time we will be able to have a clarity on what capacities and which sectors to go for the first phase of expansion. Already 12 acres have been allotted by ELCOT by Tamil Nadu government for Ascent Circuits which is about 6 kilometers ahead than the current facility. So, we will be expanding our portfolio there, but the investment amount is yet to be figured out. YP Group is also going to put up equity stakes there. So they will also infuse some equity there. I think probably we will be able to answer your question by next quarter in more detailed format because we are also still in that initial phases of deciding how much CAPEX to be done and what category of products to be brought in there. As far as Sidwal is concerned, yes, we have told that we are going to bring three new facilities; one Greenfield facility for expanding the capacities of Sidwal products, doors, gangways, pantry systems and also air conditioners, that will be put up in Faridabad. We have already got approval of five-acre plot in Faridabad from HSIIDC, and we are expecting allotment very soon and then we'll start the construction. And plus two facilities, one for interiors and one for the other railway subsystems will be set up; one in Brownfield expansion and one in Greenfield expansion. But the CAPEX in that is not much. The amount of Rs.120 crores which we are putting in the SPV will take care of those investments in those zones.

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

Rahul Gajeria: I have two questions. One is on the mobility business I want to know. We are talking about the opportunity on Vande Bharat, know through Titagarh, but on the metro, do we have tie-ups with the likes of BEML, Siemens, Alstom, Bombardier? That's the first question. The second question is on the CAPEX side. We've spent over Rs.2,000 crores in the last 10 years and we are looking at the significant CAPEX given that we've spent almost Rs.260-odd crores in the first nine months. You did indicate in the opening remarks, you want to get to ROCE of 19% to 20% from single digit. Can you just take us through how will you reach from single digit ROCs given the CAPEX intensity that we can see in the next couple of years?

Jasbir Singh: To answer your first question, Rahul, we already are supplying to BEML, Alstom, then CRRC and now onboarded Titagarh plus, all the three railway manufacturing facilities, ICF Chennai, RCF Kapurthala, MCF Raebareli and plus all the sub-divisional parts on the DCW and all, plus we are also supplying to locomotives as well, both Siemens and GE. So, on the customer front, we are already approved there. We just need to expand the product offering by increasing our wallet share. To answer the question on the second part on the CAPEX intensity, since all these new initiatives are higher margin businesses with a high ROCE businesses like Sidwal per se today is sitting at about 22% of EBITDA margin with close to 40% of ROCE business, Electronics again is at about 27% of ROCE business. And furthermore, by the initiatives which we have taken, we are going to increase the margins in the business, and on the consumer durable side also because of our strategy shift on the component side, the margins are expanding. So, because of higher margin businesses and high growth plus the operational leverage on the plants, we will reach to the ROCEs level of what we guided.

Rahul Gajeria: Isn't consumer and electronics both are close to 5%-odd because that's what we've seen in the nine months numbers.

Jasbir Singh: Consumer has now come to about 7.3% and electronics by next year will cross 7%.

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

Dhruv Jain: So on the RAC side, right, so you mentioned about the insourcing trends that are going on. So just wanted to understand that even in say FY'25 and the fourth quarter, will we see similar kind of trends as in flattish kind of growth and only double digit will only start happening in FY'26? Obviously, things are dependent on the season, but some thoughts will be helpful, sir.

Jasbir Singh: Dhruv, on the top line side, since finished goods will be on the declining trend, yes, you may see some fluctuations or muted for two or three quarters, but on the bottom line front you will see a complete growth path moving forward as guided earlier. So we don't see any disruption on that side. Top line is because in the finished goods we put compressors and gases and other things which is completely pass-through to us which is not required. And I think as mentioned in the opening commentary that we are very hopeful and we are maintaining our share of 28% to 29% on the value terms. As far as that is happening, we will be able to grow in line with the industry growth moving forward.

Dhruv Jain: On these two inorganic initiatives that you have taken right, so just wanted to understand what kind of revenue potential and margin that we can see in terms of improvement? And if you could even talk about Ascent's nine months performance and how should we think about it in the next two or three years? And just one clarification there, on the electronic side, you mentioned that you will go to about 7%, 7.5% margin. So does this include the Ascent because we understand that the margins there are much higher?

Jasbir Singh: So Ascent, nine months is performing fine; they have done Rs.206 crores with almost Rs.42 crores of EBITDA, almost about 19% to 20% of EBITDA levels which is very high for this kind of business sector. Yes, it will be consol of electronics division will reach to 7%, 7.5% moving forward, both PCBA as well as the Bare PCB Board put together, will be there on an EBITDA level.

Dhruv Jain: Just on the acquisition side, right, how should we think about say, the railway JV in terms of numbers, right, so you're committing about Rs.120 crores, but if you can just help us in terms of how you think that this will play out in addition to Sidwal's existing business?

Jasbir Singh: You see, Sidwal we acquired in May of 2019 when top line of Sidwal was Rs.167 crores and it was a 15% EBITDA company. This year we are likely to touch about Rs.475-480 crores or maybe little more than that, with again 22% of EBITDA. This number has a potential to go to at least 4-5x or maybe more in the next four years' time. That is the potential what brings on the table, plus the subsidiaries will have a different kind of revenues, the SPV where we will be having 50:50 JV with Titagarh, that is another Sidwal in making, where we will be consolidating the PAT numbers, but not the top line numbers. So overall basis if I see, Sidwal has a good growth book. And due to this Titagarh onboarding, we've added order book of almost about Rs.850 crores to Sidwal, where we'll be supplying doors, gangways plus our air conditioners to Vande Bharat and Pune Metro and Surat Metro, plus of course, this opens up a door for the global play. So it's going to be positive for both the organizations and strengthening and leveraging each other's strength to create synergies.

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

Sonali: My first question is, you did mention that you are undergoing a transformation in your RAC business. I know this question was asked earlier, but if you could give some more color on it, how many more quarters should we expect this kind of consolidation in your RAC business, and when can we expect the normalcy to come in the top line say because of the added components business?

Jasbir Singh: Sonali, on the RAC front. it's very difficult to predict right now because two of the customers are still to start their facilities. We were expecting that they will start their facilities in this quarter, but which did not happen. So, there's a little lag there. They may start in Q1 or Q2 or maybe Q3, we don't know. But whenever that happens, they will start the assembly businesses in-house, and that is when our component strategy will kick in with those companies. So, you should expect that at least two more quarters to have these fluctuations on this RAC front. But components are very much in track. Those companies who are taking who are right now building their facilities have already taken us on board for component supply, and our factories are also getting ready along with them whenever they will start making finished goods in their factories we will start supplying components. So, I think post-Q3 basis, you should look at the normality because whichever brand had to put up a facility will be over, and post that the normalcy should come up in the RAC segment.

Sonali: From H2 FY'25, is that correct?

Management: Yes.

Sonali: My second question is of your new initiative on the Ascent and Titagarh, you've tie up with them. What is the kind of upside, very approximately that we can expect?

Management: On Ascent, we have done two things. One is we have acquired 60% in Ascent, and secondly, we have also signed MoU for partnering with YP Group Korea Circuit of South Korea. It is a $12 billion group and they are one of the leading players supplying to mobile industry as well as semiconductor industry there and a specialist in HDI board. So they are very keen. With both of them put together, we have opened up a good opportunity for this business sector. Right now this bare PCB board is largely getting imported and nobody is making mobile PCBs here and nobody is making semiconductor substrates here, plus you must have heard anti-dumping duty has been levied and the file is just awaiting the final notification to be out. Already, DGFT has recommended 30% anti-dumping duty on these products from single layer to six layer basis. We expect that notification should be up and out by March. So that will open up this whole complete import substitution for us. Currently, if you see, almost about $3.8 billion worth of bare PCB boards are getting imported, plus, ongoing growth in electronics sector, where every sector is having more content of electronics, be it automobile, be it consumer durables, defense, aerospace, aviation, whatever sector you see, the content of electronics is increasing on yearly basis. So today, if we see, there's a lot of opportunity, which opens up because of Ascent Circuits and our association with YP Group.

Sonali: Any quantification you would like to state at this point either in your numbers of the total addressable market?

Management: Well, I mean, as I explained that about $3.7 billion is getting imported, so we'll see how which part of it to go in. But I think after next quarter, we will be very clear on which capacities we are building up and how much time we are going to increase for this division moving forward looking into the semiconductor lines now. You must be hearing lot of announcements of semiconductor and OSAT businesses. Both the businesses need these Bare PCB Boards and we are a one company which is ready to deliver that, but it will depend on when their factories are getting ready. If they are getting ready by FY'27, then a lot of opportunity will open up that. But if I see currently almost $3.7 billion getting imported. That itself is a very big opportunity size for Ascent.

Moderator: The next question is from the line of Indrajit from CLSA. Please go ahead.

Indrajit: I have got two questions. First is on electronics division. Can you help us understand what proportion of the revenue as you report today is from RAC-related electronics and what is non-RAC related electronics, just to understand what kind of decline that we have seen in electronics can be attributed to?

Management: So, electronics basically contribute about 19% in the total consol revenue and in that almost about 25% is air conditioner PCB boards.

Indrajit: So even if that would have declined by, say, 10%-odd, it means that non-RAC electronics would also have declined because of the order pushback that you talked about, is that correct?

Management: No, the decline was more than 10% because of the inventories which brands we are keeping with them. Now, since the inventories have been liquidated, they have started buying from us again.

Indrajit: Secondly is on your transaction with Ascent. Currently, are you sourcing any bare boards from Ascent? And also related to that is Ascent entire sales in domestic market or do they export, just to understand the import -?

Management: We as a company is not buying anything from Ascent because our customers need to approve Ascent first and then they will allow us to start. After our acquisition, four of our customers have already visited and now they have started the approval process. I think in the next six months' time, we will receive the approvals and we will start buying for our captive use. Secondly, yes, they do export, almost about 20% revenue of Ascent comes through exports at the moment.

Indrajit: Is the entire product portfolio of Ascent enough to satisfy our requirement of bare boards or do you still need to source it from other avenues?

Jasbir Singh: It will depend on which customer gives them the approval. Yes, but as far as the product line up is concerned, they can deliver all the kind of products which we are using captively for us.

Moderator: The next question is from the line of Arafat Saiyed from InCred Research. Please go ahead.

Arafat Saiyed: Just want to understand more about the Ascent. What is the current order book of Ascent and which sector this company is companies focusing mainly into because if you look at the margin of 19%, 20%, nobody makes in the PCB board and all, so I just want to understand more on that?

Management: Well, Ascent Circuits has a very good order book for the next two years, they are sitting at an order book of close to about Rs.800 crores, and we expect them to grow in a decent value, plus we are likely to add new categories of bare PCB board along with YP Group in Ascent Circuits and that will expand their order book from over and above to what they have today.

Arafat Saiyed: Next question is on your revenue mix. So right now, AC is around 38%. So I just want to want how this mix will change over the next three years considering various things happening on non-

AC side especially railways and again PCBA. So just want to understand more about the revenue, EBITDA structure in FY'26?

Jasbir Singh: So, RAC used to be 72% in 2018, which has come to 38%. We expect RAC to go down to almost about 28% to 30% in the next two years and the other businesses to move up and that's how other businesses have better margins. So, we expect the margins also to improve on the consol level.

Arafat Saiyed: Any guidance on that, if you can quantify exactly you're looking in terms of margins, although you are looking to double the revenue for your electronics and also if you can guide on that what sort of margin are you looking for FY'26?

Jasbir Singh: Well, all the divisions are at a different margin profile. I think we are at almost 7.2% in the consumer durable division, we will be touching 7% plus in the electronics division by next year, and railway mobility is at about 20% plus. So all divisions are at different stream and at good growth prospective. Like in railways, I've explained that by this announcement, we have opened a good TAM for us. If you see on the Vande Bharat Express, very few Vande Bharat Express will be delivered next year. But next-to-next year, the numbers are going up, and by FY'27 the numbers are exponentially going up. So our revenues in that stream also will go to in line with the requirement of the Indian Railways.

Moderator: The next question is from the line of Kaushik Mohan from Ashika Institutional Equities. Please go ahead.

Kaushik Mohan: Sir, in the call you mentioned that you would be putting up this thing of Rs.2 crores of worth product for Vande Bharat. But according to my knowledge, one car value is around 8 crores. So, you are telling that 2 crores divided by 8 crores, 25 percentage of the total value of the car you are going to contribute? And how much would be your share on this and how were you able to get such a big contribution towards the car?

Management: Rs.8 crores is the selling price of the rolling stock people. If you see the bill of material, it is about 6 to 6.5 crores. And out of that, we will be addressing 2 to 2.5 crores. How we are going to get it? We were currently supplying air conditioners. Now, we have added doors, gangways, pantry system which has taken our wallet share to about 75 lakhs per car, plus we are adding couplers, we are adding interiors, we are adding toilets, and we are adding passenger announcement systems, and pantographs. Moving forward, we will be adding brakes also, but that is not right now, that is a little later. But even if we talk about all these initiatives, we will be able to address to 2 to 2.25 crores in Vande Bharat car.

Kaushik Mohan: Sir, 2, 2.5 crores is a very big number according to me because if we talk about 6.5 crores as the one entire manufacturing cost, you are telling that 30% you're contributing. So –

Management: If we talk about only interiors cost, somewhere about Rs.40, 45 lakhs, then pantograph is there, then toilet is there, plus doors and gangways are there. We've already reached Rs.75 lakhs. So, Rs. 2 crores is not a problem at all. We have seen the numbers, and along with the Titagarh team, we have identified those things. So 2 to 2.5 crores looks doable. See, what our competition is doing in Knorr-Bremse and Faiveley, they are a highly profitable company in India supplying all these multi-products in railway subsystems, having almost about 30% of EBITDA businesses with good ROCEs business. So, this space was dominated by multinationals. We will be able to bring in Make in India story for all these sectors.

Kaushik Mohan: So, what margins do we make here?

Management: It's in the range of 20% to 22%.

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

Anupam Goswami: Now that you are focusing more on the non-AC part, when do we see the growth in the top line, do we have a better sort of growth than earlier, are you envisaging some stronger growth than earlier or do we see some slowdown in that now that the AC part is coming down in the proportions?

Management: It's very difficult to predict on the top line basis because on the component side also we have some sub-assemblies where customers do take sub-assemblies, sometimes they don't take sub-assemblies. Similarly, in electronics division we have seen similar kind of a trend. So predicting and guiding on top line will be very difficult. But yes, as guided earlier, on the bottom line basis, we see a very, very strong growth moving forward.

Anupam Goswami: We have been a little beaten down with interest cost and depreciation. When do we see that absorption in our ramp up and a better bottom line margins?

Management: By next year, you will start seeing that.

Anupam Goswami: And our asset turn will also improve to that way?

Management: Yes, that's right.

Moderator: As that was the last question, I now hand the conference 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 Rohit Singh or Strategic Growth Advisor, our investor relations advisor. Thank you and have a good day ahead. Thank you very much.

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