Date: 28 October 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 half year ended 30 September 2024 ('Q2 & H1 FY25')

This is further to our letter dated 16 October 2024 intimating the details of Earnings Call with Investor/Analyst (Participants) to discuss the unaudited Financial Statements (standalone and consolidated) of the Company for the quarter and half year ended 30 September 2024, ('Q2 & H1FY25') held on Wednesday, 23rd October 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
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(Konica Yaadav)
Company Secretary and Compliance officer
Membership No. : A30322

"Amber Enterprises India Limited
Q2 & H1 FY '25 Earnings Conference Call"
October 23, 2024

"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 23rd October 2024 will prevail."

MANAGEMENT: **MR. JASBIR SINGH – EXECUTIVE CHAIRMAN AND 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 KUMAR ARORA – WHOLE TIME DIRECTOR – IL JIN ELECTRONICS
MR. SACHIN GUPTA – WHOLE TIME DIRECTOR – AMBER ENTERPRISES INDIA LIMITED
MR. RAVI KHARBANDA - HEAD INVESTOR RELATIONS - AMBER ENTERPRISES INDIA LIMITED
MR. ROHIT SINGH - HEAD OF CORPORATE AFFAIRS - AMBER ENTERPRISES INDIA LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Amber Enterprise India Limited Q2 and H1 FY '25 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing the star then zero on your touchstone phone. Please note that this conference is being recorded.

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

Jasbir Singh: Hello, good morning as well as good afternoon and good evening for the participants joining from different time zones. On the call today, I'm joined by Mr. Daljit Singh, Managing Director; Mr. Sudhir Goyal, our CFO; Mr. Sachin Gupta, CEO of CAC and RAC Division and Whole-time Director; and Sanjay Kumar Arora, Whole-Time Director of IL JIN Electronics and CEO of Electronics. We have uploaded our results presentation on the Exchanges, and I hope everybody had an opportunity to go through the same.

As you are aware, we have three business divisions, namely Consumer Durable division, Electronic EMS division and Railway Subsystem and Defence division. I'm pleased to say the diversification journey is progressing very well and each division is unlocking new horizons of growth for Amber.

Propelled by each division, we had reported robust growth for Q2 FY '25 with revenue of INR1,685 crores, reflecting a growth 82%. Operating EBITDA grew by 85% and PAT grew to INR21 crores from a loss of INR6 crores over the same period year.

Prior to taking you through divisional performance for the quarter, let me touch base on the recent strategic initiatives to shape up the growth trajectory of the group. Firstly, earlier this month, we did a ground-breaking ceremony for manufacturing plant of Ascent Circuits at Hosur in Tamil Nadu. This will add annual capacity up to 840,000 square meters upon completion in two phases.

Secondly, we have entered a joint venture agreement with Korea Circuit to foray into the advanced manufacturing of HDI, flex and semiconductor substrates PCBs. This collaboration will further strengthen the offering of bare PCB portfolio and marks the revolutionary progression of Amber Group into a leading full stack backward-integrated EMS company. The JV would leverage Korea Circuits experience of more than four decades in PCB production and help us develop competitive advantage for rapid growth and additionally bring the connect with marquee global customers.

This JV will expand our horizons newer segments, including mobile, IT modules and semiconductor industry. From the ownership perspective, we will have 70% ownership through our subsidiary IL JIN Electronics and 30% with the Korea Circuit in the new JV company.

Now let me take you through the divisional performance. First is Consumer Durable division. This division comprises of three verticals: Room air conditioners and its components; non-room air conditioner components such as telecom components, smart meter components, IT server components, refrigerator components, microwave, washing machine, water purifier and automobile components. And lastly, as a final product washing machine, fully automatic front load and top load.

Owing to prolonged summers and lower channel inventories during the period, both the vertical of RAC and non-RAC components recorded a strong growth of 104% and 68%, respectively, with the blended growth of this division of 95%, leading to operating EBITDA of INR62 crores for the quarter, representing a growth of 196% over last year.

The robust growth of the division was driven by strong underlying RAC industry and increasing wallet shares by virtue of deepening relationship with customers. Additionally, during the quarter, we onboarded one new customer for the tower ACs and cassette ACs and successfully converted a customer from gas charging earlier to now ODM solutions.

With regards to our diversification beyond air conditioners, I am pleased to report our washing machine JV with Resojet is on track and progressing very well to commence the mass production in second half. The trials are in progress for the four onboarded customers.

Moving to Electronics division now. The division revenue almost doubled to INR492 crores with a robust growth of 98% in Q2. The journey, which began for capturing the technological shift in the AC industry from fixed speed AC to inverter AC by acquiring IL JIN, then offering PCB assembly. It has evolved now to a full-fledged division, offering solutions for appliances, consumer electronics, hearable, wearable, telecom, smart meters, automobile segment and additionally entered into defence segment now, and further strengthened offering into the bare board PCB with acquisition of the Ascent Circuits.

I would like to emphasize our recent key strategic developments once again, the ground-breaking of a new manufacturing plant of Ascent at Hosur, Tamil Nadu. This will add annual capacity of 840,000 square meter upon completion in two phases, more than doubling the capacity from current level. We plan to invest around INR650 crores for advanced manufacturing technologies of multilayer bare PCBs backed by state government and central government subsidies.

On the JV with Korea Circuit, JV will foray us into advanced manufacturing of HDI flex and semiconductor substrates PCBs. This JV will further graduate Amber as leading Electronic company, offering solutions in PCB assemblies and full stack backward integrated PCB solutions for a single layer, double layer, multilayer, RF, HDIs and semiconductor substrates PCBs. We await for the new incentive scheme by Ministry of Electronics and IT on HDIs and semiconductor substrates, which is likely to be announced in the next 3 to 4 months. Post announcement, we will finalize our capex plan and intimate our stakeholders accordingly.

On the macro front, the bare board PCB market expects to grow to almost INR80,000 crore market by FY 2030 from current level of INR32,000 crore market and with a CAGR of almost 11% to 12%. And interestingly, close to 85% of market today is fed through imports. So, this leaves a big delta of growth for this division. These initiatives unlock the opportunity to capture the domestic market and localization potential as well.

And we are also glad to announce that we have signed a buyback arrangement with our partner Korea Circuit, where they will be buying back a percentage of the complete capacity for first 2 years, and then it will taper down moving down. So, the day we start with the Korea Circuit facility, we will be going for a complete 80% to 90% of capacity utilizations on the year 1 itself.

Now coming to our third division Railway subsystems and defence. The division reported a muted quarter with a decline of 6% in quarter 2, owing to delay in projects and shift in government strategies and priorities towards the non-AC coaches. However, the delay in Indian Railways offtake is more momentary and with no cancellation of orders, hence, division growth potential remains very intact.

On the expansion front, I am pleased to report construction is progressing well for Sidwal's greenfield expansion, and we're on track for energy-efficient air conditioners, doors, gangways and pantry systems to commence operations by quarter 1 of FY '26. Additionally, with regards to the progress of JV with Yujin machinery of South Korea is progressing well for the couplers, products, gears and pantographs and trial of the products under this joint venture are expected to begin in India by quarter 4 this year or Q1 of next year. We continue to maintain our earlier guidance of doubling the division's revenue in the next 3 years, backed by a strong order book of more than INR2,000 crores plus and product portfolio expansion.

To sum up, we witnessed a strong quarter 2, coupled with key strategic initiatives of Ascent's new plant expansion and JV with Korea Circuit have further strengthen the positioning of Amber Group. In line with the government of India's Atmanirbhar Bharat initiatives. These initiatives augment the domestic manufacturing and import substitution capabilities.

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

Sudhir Goyal: Good morning, everyone. Greeting for the festive season. I'm pleased to report a strong set of financials for the quarter, despite quarter 2 generally being a seasonally weak quarter. Let me take you through the quarterly financials first.

During the quarter 2 financial year '25, we clocked a consolidated revenue of INR1,685 crores, up by 82% over last year. We recorded quarterly operating EBITDA of INR120 crores against INR65 crores last year with a growth of 85%. For clarification, operating EBITDA is before impact of ESOP expenses and other nonoperating income and expenses. PAT for the quarter is INR21 crores versus a loss of INR6 crores last year.

Let me take you through half yearly results for H1 financial year '25 financials at consolidated level. We recorded consolidated revenue of INR4,086 crores strong growth of 55% over last year. Operating EBITDA of INR320 crores against INR203 crores last year with a growth of 58%. PAT for the H1 financial year '25 is INR96 crores versus a INR41 crore last year.

Now switching over to divisional performance. The favourable weather, coupled with the channel filling led to remarkable growth in the Consumer Durables division. This division reported total revenue of INR1,069 crores for quarter 2 financial year '25 against INR547 crores same quarter last year, reflecting a strong growth of 95%. Coming to divisional profitability. The operating EBITDA for the quarter 2 was INR62 crores, a growth of 196% on a year-on-year basis.

Moving to Electronics division. The Electronics division has reported total revenue of INR492 crores in quarter 2 financial year '25 against INR248 crores, growth of 98% over last year. The operating EBITDA of INR37 crores in quarter 2 financial year '25, representing year-on-year growth of 187%. I will reiterate, we are progressing well towards the guided revenue growth of 45% for this Electronics division. To reiterate the recent expansion of Ascent Circuits, new plant and Korea Circuit JV dwell for the margin profile of division in long term, being the margin-accretive segment of the business.

Now coming to Railway Subsystem and Defence division. The division reported a muted quarter owing to a slower offtake as mentioned earlier. The revenue for the quarter 2 financial year '25 was INR124 crores, representing a decline of 6% over last year, owing to lower revenue further operating EBITDA declined to INR21 crores in quarter 2.

On capex guidance, we expect the yearly capex to remain in the range of INR350 crores to INR375 crores, excluding the Korea Circuit capex and the expansion of Ascent, which we'll let you know in due course of time.

On the balance sheet front, the net working capital days reduced to 27 days from 52 days in H1. And net debt stood at INR1,277 crores at consol level. Looking ahead, we expect the console revenue to grow around 25% for the year and expect an improvement in ROCE to reach around 15% by the year-end. The recent key initiatives, Ascent facility expansion, JV with Korea Circuit, and expanding product portfolio of Railway division augurs well for the growth of that company.

Now I request to open for the Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ankur Sharma from HDFC Life.

Ankur Sharma: Great numbers in both the Durable as also the Electronics division. Just one question on the AC side. If you could just talk about; one, how are you seeing festive overall industry level? How is demand? Of course, Q2 was great in terms of channel filling but in terms of end demand, how you're seeing? And also, your views on overall industry growth and how much would Amber in turn be growing for FY '25? That's my first question.

Jasbir Singh: Ankur, so I think on the industry side, on the air conditioners, as you all have seen that there were a lot of climatic volatilities, which we are seeing these days. Last year, I would say that it was the worst year of AC industry in 40 years. And this year has been the best year of 40 years of our industry. So, the channel inventories right now are at reasonable levels, which are standard levels, which keep -- the channel keeps with them. And this is the product which is not festivity product. So, this used to be product earlier, which was sold in the festivities. But yes, in the southern markets, definitely, it does bump up because of the climatic conditions.

From a growth perspective, we expect that the industry should clock a 25% to 30% improvement from last year's number. So, I expect that the industry should be in the range of 1 crore 30 lakhs air conditioner this year as compared to about 95 lakhs last year -- 95 lakhs to 1 crores last year. And we are expecting -- I mean everybody looking from the current order book and the excitement from our customers level, we expect that the quarter 3 and quarter 4 will also be a good quarter because channel inventory is pretty low.

And by December, customers will start filling in the inventory of various brands. So, we expect that the quarter 3 should also be a positive quarter for the industry. But overall basis, I expect that it should be about 30% growth for the whole industry in India.

Ankur Sharma: And for, Amber, sir, just to finish my question. Amber will grow faster for sure, right?

Jasbir Singh: Amber is growing more than the industry, primarily because of reasons that we added a new customer, which was earlier a gas charging customer. That is one part. Secondly, all our earlier initiatives which we announced in last 4 quarters for launching the tower air conditioners and cassette air conditioners, also the commercial air conditioning range of ductables are now fructifying into reasonable revenues.

So those kind of initiatives are also showing a very positive results, and plus the industry growth. So, these are 3 factors, which is making Amber grow more than the industry. I believe we should continue this trend at least for the next 2, 3 quarters.

Ankur Sharma: And just a second question on the....

Moderator: Sorry to interrupt you, sir. I request you to come back for a follow-up question. The next question is from the line of Natasha Jain from Nirmal Bang.

Natasha Jain: Sir, my first question is on your gross margin despite a very strong top line growth, we've seen almost 200 basis point decline in gross margin. So first, can you please explain that?

Jasbir Singh: That's largely pertaining to product mix range because whenever we will sell more finished goods, the gross margin on the level is lesser there. And whenever we sell more of components, the gross margins are different there. So, because this time, this quarter, we have seen more of finished good sales sold by us. The gross margin has declined. But -- so that's very standard for the product mix.

Natasha Jain: Sir, just a follow up on that. Even in first quarter, our commentary was saying that we did more of finished goods than components. So when exactly can we see the component story playing out because the demand in terms of RAC is very strong. So when can this be expected to be changed?

Jasbir Singh: Natasha, it's very difficult for a B2B company like us, which is delivering solutions on all the fronts. See, we sit in front of a customer as a solution provider. We don't, they define what we need to sell them. So if they want more of a finished goods, we have to sell more of a finished goods. And in case they want to manufacture finished goods on their own, then we sell number of a components.

So it varies from quarter to quarter, and I would like to guide everybody that we have mitigated 2 broad risks in our business strategies, which is, one is the brand exchanging market share should not impact us as we are supplying to everybody. Earlier the LG was leader, today Voltas is leader, tomorrow, maybe other companies could be the leader. So, since we are supplying to everybody, that doesn't impact us.

The second is the brands exchanging the market shares, brands changing the strategies of insourcing and outsourcing. So, when they start outsourcing, we will start supplying them more of finished goods. And when they want us to supply more components, we will supply but we don't define the mix of the components and all. So, this can vary from quarter-to-quarter.

Natasha Jain: Understood, sir. That's very helpful. And sir, a related question on the channel inventory now. I understand that quarter 2 was a channel filling quarter because of lower inventory. But we have to understand that going forward, we'll also be sitting on high basis. And because there has bump in of inventory in quarter 2, does that mean that our growth could moderate in quarter 3 when actually it's a channel filling quarter? Or do you think that the demand quite strong?

Jasbir Singh: Industry is growing by 25% to 30%. I think we'll grow more than the industry because of various initiatives taken by us. So, there were new products, which we have launched, the new customers, which we have added, which were not there last year in the balance sheet. So those kind of things will enable Amber to grow more than the industry. But yes, on a long-term basis, you are right that because if we see from quarter 1 perspective , it was a very high base. So, we will move in tandem with the industry growth.

Natasha Jain: Understood. And sir, just one last question, if I may.

Moderator: Sorry to interrupt you, ma'am. I request you to come back for a follow-up question. The next question is from the line of Rahul Gajare from Haitong Securities.

Rahul Gajare: Congratulations on a very good performance. Sir, my first question is on your EMS business. Now could you give us a sense of approximately what is the kind of investment that is being planned for the JV with Korea Circuit? I think Mr. Sudhir did indicate that we will give you, perfect number later on but some ballpark number. And typically, what should be the asset turn that one should expect in this kind of business?

Jasbir Singh: So, Rahul, the asset turns in PCBs are very low. Generally, depending on what kind of PCBs you want to supply. So, it ranges is from 0.75x to 1.25x. But there's another way to look at the asset turns because in industry government is giving good incentives. So, industry is being fed by incentives from Central Government, which is Ministry of Electronics and IT schemes.

Earlier, there used to be a SPEC scheme, which used to fund 25% of plant and machinery. And then the state governments are also giving the capex subsidies plus GST subsidies and logistics subsidies and other subsidies, in all totalling to about 30% to 35% depending on which state you want to go in for.

So, if you reduce that point of almost 55% plus subsidies, which you are getting back, so you will be doing a capex of almost about 40% to 40% (wrongly said, kindly read it as 40% to 45%). So, from that perspective, the asset turns become very good. So, this is the way we are looking at it, and that's why I think this is the right time to take bold and brave step to create import substitution in the country. Otherwise, we will continue to import as a nation.

And especially in the PCB business, there's a large total addressable market. I'll just give you all a very brief on how we are looking at it as an opportunity. Seven years back, India was consuming $32 billion worth of electronics. Last year, India ended up consuming $115 billion worth of electronics in our country. As a thumb rule basis, 3.5% to 4% is what is required as a PCB of this consumption. And today, almost about INR32,000 crores worth of PCBs are getting consumed in India either through products, full products or through imports.

And incidentally, only 15% of this INR32,000 crores is getting manufactured in the country. Now that is a big delta, which is lying on. And where is this $115 billion of consumption heading towards in FY 2030. Business as usual, according to various research reports, it is heading towards $300 billion, whereas our honourable Prime Minister has taken it as a mission mode for $500 billion by FY 2030, which was announced in the SemiCon Conference. So, if we even take the $300 billion mark, this is a $10 billion opportunity sitting for the nation.

And we are assuming that at least 40%, or 45%, or maybe 50% will continue to get imported in this form of the finished good products or through imports. So, you can say a small number of INR3,000 crores versus the 5 billion, that is the TAM for this kind of industry. And we want to be very brave and bold to bring this import substitution to the nation. So, we will not shy away from announcing big capex. But the quantum of capex right now is very difficult to tell you because we are waiting for the incentives.

Now what we hear from various media reports and during our meetings in the Ministry of Electronics and IT that they are coming up with a very big incentive schemes, almost similar to semiconductors kind of thing for the HDIs and semiconductor substrates and other electronic components, which government wants them to be being manufactured in the nation. So, if that happens and plus coupled with the state subsidy, we will come with a good number on the capex. We want to create a big import substitution slowly in India.

And with the Korea Circuit's technology and with the buyback arrangement with us, we won't see any risk in implementation from execution point of view. So, we will become a full stack PCB player in the country, starting from single layer, multilayer, double-layer, RF, HDI, semiconductor substrates plus PCB assemblies delivered by IL JIN and Ever. So, this is a very unique electronic EMS, which we are creating.

Rahul Gajare: This is very helpful. And typically, how much time does it take for construction of the kind of facility that you are envisaging with Korea Circuit?

Jasbir Singh: So normally, this kind investment take somewhere about 10 to 12 months for construction because the lead time of the machineries are quite long. I think as soon as -- so what we are doing is in 3 to 4 months' time, you will have the notification of the announcement by Ministry of Electronics and IT. Parallelly, our teams have started talking to various state governments for -- and scouting the land piece parcel. And also, one team is working with the customers along with the Korea Circuit. So, we are having very marquee customers, which Korea Circuit is planning to shift to India with us, and there are big names which are coming on the table.

Rahul Gajare: Okay. So, we'll see this really starting to contribute in FY '27. I think that is what I can make out from our discussion.

Jasbir Singh: Maybe quarter 4, '26 could be seen as a first kind of implementation from that. But this is on the Korea Circuit. But on the expansion plan of Ascent Circuits, we've already done a ground-breaking ceremony. The plant should be up and running by next year September. And we expect H2 of next year to contribute from the new plant also.

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

Abhishek Ghosh: Sir, if you can help us articulate for both Ascent's 8.5 lakhs square meter and for Korea Circuit, what would be the overall capex that you will entail over the next 2, 2.5 years?

Jasbir Singh: Abhishek, we are doing INR650 crore capex right now out of which we will get almost about 50% back from the government. So net capex outflow will be INR300 crores in the 2 financial years. This year, we have started just the construction. So, the guidance as given by our CFO of INR375 crores contains this capex guidance on the minus the capex of Ascent Circuits.

So, I think somewhere if you want to answer that total Ascent Circuits will do about INR650 crores in the next 2 financial years. On the HDI semiconductor substrates, we will be able to let you know exact number by quarter 4. Abhishek, I hope I've answered your question.

Abhishek Ghosh: Okay, Sir, you were inaudible for last 10 secs, I'll maybe get it later. Sir, in terms of the Ascent's number in the INR492 crores of top line that you have done in 2Q, what was the Ascent Circuits' number in that?

Sudhir Goyal: So, Abhishek, Q2 Ascent's number is revenue is INR83 crores and operating EBITDA is INR16.5 crores.

Abhishek Ghosh: Okay, okay. Got it. Sir, just 1 thing in terms of the…

Moderator: The next question is from the line of Aditya Bhartia from Investec India.

Aditya Bhartia: My first question is on the guidance that you've given, given that we have had a phenomenal first half, the guidance of roughly 25% revenue growth basically means only around 5% revenue growth in the second half of this fiscal. So how should we look at it? Is it that you're just being very conservative while guiding and overall numbers are likely to be much stronger than that?

Jasbir Singh: Yes, Aditya, our CFO is very conservative. You know that. So, we believe in under-committing and over-delivering. And I think we are seeing a robust October and November sales also. But we don't want to guide any number because nobody can predict how quarter 1 or quarter 4 will go depending on the season because this is highly seasonal product.

And if you remember last year, the rain started from February onwards. And it went on until May. So, we don't want to predict any number. But yes, what I can commit is that what we can guide is that we will outdo the industry growth for sure.

Aditya Bhartia: Understood. In fact, last year, second half to that extent was slightly weak base. And unless, again, we have very unfavourable weather, fair to assume that we should be having a pretty decent second half?

Jasbir Singh: That's right. Yes.

Aditya Bhartia: Growth much stronger than -- sure, sure, sure. Sir, my second question is on Korea Circuits. While you mentioned that at this stage, it's not possible to give complete understanding about capex that may get incurred. But if you could just let us know about how you're looking at the opportunity size, what kind of revenues can this company be doing? And on the buyback arrangement, what exactly is it? What proportion of capacity gets bought by Korea Circuit?

Jasbir Singh: So basically, on the buyback, it is a full capacity buyback for first 2 years, then it is a tapering down in the next 2 years. So why we wanted this buyback is that the semiconductor ecosystem is getting developed in the nation. And we may see some kind of delays. So, we don't want to sit on an investment, which is not delivering on time. And Korea Circuit agreed for that, which is very, very good initiative by them.

And they also agreed to pump in 30% of the equity, which is their commitment for bringing the right technology and also their conviction and their confidence in Indian markets and the growth strategy. They are already selling close to about $1.5 billion, $1.6 billion worth of just PCBs in various regions, and they want to use India as the best cost country from that perspective.

So, we are looking forward. But let me give you some timelines to all of you, I think, so to avoid any confusion. So, Korea Circuits JV has been signed. Earlier MOU was signed, but now it has converted into a proper JV, which was -- the signing ceremony was also witnessed by our honourable Secretary of MeitY and Joint Secretary of MeitY. And they also appreciated this technology to be brought in India.

We will be waiting for the announcements to be done, which -- from MeitY scheme but parallelly our teams have started working. So, on the timelines, it is that even if the announcements are done for example, by January or February by government, bring into the notification stage, it will be another 2 months' time. And then they will ask companies to apply, which will be another 2 months' time, and then there will be approval process. So, in the best case basis, the approval should come by quarter 2 of next financial year.

After that, the capex will start over. So large capex whatever will be happening, whatever we decide will come in FY '27. So, nothing is coming in FY '26 from that perspective, except the land piece parcel. So, this is what I want to tell you.

But yes, I think you all would agree to me that looking into this large import substitution domestic play, this is the right time for the Indian entrepreneurs to come forward and achieve the Atmanirbharatha of our nation. So that is what we are looking into, and I think we are very excited by this JV signing.

Aditya Bhartia: Absolutely, sir. And revenue potential, anything that you would want to comment on that?

Jasbir Singh: I don't want to give any revenue potential but Aditya just to answer your question, I think I can give you FY 2030 target for our division. That is a very strong target which we have taken because PCBAs and PCB both are clocking well and PCBs are a better margin business. So, as you have seen, our historic journey, which started from INR300 crores top line in 2018 with just 2.7% EBITDA has almost reached to 8% now.

And I think this division now has a multibillion-dollar opportunities going forward. That's all I can say. And we want to bring it to a double-digit EBITDA division very soon. Maybe in the next 2 to 3 years' time, you should see that number is going up.

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

Dhruv Jain: So, my first question is on capacity utilization. So, if you could just spell out what is the current capacity utilization of the Consumer Durables division? And what is the kind of peak revenue you can do without incurring substantial capex?

Jasbir Singh: On capacity utilization, all plants are at different capacity utilizations. Our component plants are sitting at a capacity utilization of somewhere about 60% to 65%. Our air conditioner plants, if I see on the annual capacity, maybe we are just sitting at 40%. But that's not the right way to look at this industry. We look at it from a seasonal capacity utilization point of view. So, like our new Sri City plant that's sitting at about 60%, 65% of capacity utilization, whereas our Dehradun plant is already running at 85%, 90% capacity utilization. So, there are some seasons.

What we see from capacity utilization is how much we can manufacture in per plant on a monthly basis. That is the right way because seasons keep on shifting. Sometime the season will start in February and sometimes it doesn't start until March also. So, there are a 4-month, 5-month window period where capacity utilization is very high but then we hit the leaner quarters.

And Sri City plant is sitting at lesser because that's a newer capacity. We are not touching 90% also right now there. But I think to give you answer on where we can head from the revenue perspective, I think we can grow at least by 40% to 45% with the current capacity utilization we have additionally on revenue side.

Dhruv Jain: Okay. And my second question, sir, you mentioned in your presentation with respect to commercial AC and light commercial AC coming up, right. So, I just want to understand, sir you say, 2 years' time or 3 years' time, how substantial it can be? Any number would be great?

Jasbir Singh: I'll share my personal thought process, how we are seeing our Consumer Durables division by FY 2030. Last year, AC industry was about 1 crore air conditioning industry, about 10 million numbers. And this year, if it touches 1.3, by FY 2030 we are expecting 3 crore air conditioners to be sold in the market. So, there is a clear 3x story what we have on the plate.

Last year, we did about INR5,000 crores worth of our revenue on the AC and AC components. So even if we discount that number by bit, overall, above air conditioners, what we are doing is we've launched this commercial air conditioner division. We have also launched our tower cassette air conditioners. Then on top of it, we have done washing machine initiatives. So plus, we are opening some doors for the exports, which is right now, we are seeing some green shoots. Maybe by next year, we will be able to crack something on that and that will be substantial numbers, which are coming forward.

But largely on these 3, 4 initiatives over and out to the standard industry growth. This can contribute about INR1,500 crores to INR2,000 crores additional revenue in the next 3 to 4 years' time. So that is what we are doing. So, I think we are trying to hedge our seasonality. We are trying to also bring more initiatives over and above to the industry growth. So this sector can grow at least 3, 3.5x in next 5 years' time.

Dhruv Jain: Sir, just 1 data point on the Electronics...

Moderator: Sorry to interrupt you sir. I request you to come back for a follow-up question. The next question is from the line of Bhoomika Nair from DAM Capital.

Bhoomika Nair: Congratulations, sir, on a good set of numbers. My first question is related to the Electronics ex Ascent business. If I see that seen a very strong growth, both on Y-o-Y and also on Q-o-Q basis. So, what's really -- what segments are within this is really driving the growth? What new customers have you added, etcetera? If you can just kind of throw some color would be useful.

Jasbir Singh: Bhoomika, so we have added customers. In the automobile segment, we have also added. So these are all initiatives which we took three years back to diversify our applications in the PCBAs are now giving us good results. So, we started this journey in 2018 by just supplying air conditioner PCB and refrigerator PCBs. That is what IL JIN used to do in 2018 when we picked up 70% stake. And it was just an SMT assembling plant. So, we developed our own R&D unit. And then after applying to air conditioners, we started diversifying. So today, we are giving solutions in the smart watches and Bluetooth speaker. I'm glad to announce consistently from last three months, we have been clocking about 1 million watches every month.

And then we've added telecom sector, which we are supplying to companies like Tejas. Then we added smart meter companies. Then now we have recently added automobile companies, both 2-wheeler and 4-wheeler, and we've added defence electronics company onboarded from the PCBA point of view.

On the Ascent Circuits, we are already delivering solutions to auto, almost 65% of revenue is coming from the auto sector and almost about 15% is coming from the telecom sector and then rest is aerospace and defence sectors. So, this becomes a very big, good hybrid for us. And moving forward, we've recently added our consumer durable companies whom we were serving from here in the Ascent Circuits also. So that's given us a good leeway from the PCB point of view. So, I think we are horizontally deploying our customer base into Ascent now, and Ascent customer base into the PCBAs.

So, this is a good synergy, which we are able to do. And we are very excited. I think we are moving very positive on this division. It's a very strong division. We are almost touching about 8% EBITDA, and we want to go to a 10% EBITDA in next 3 years' time. And that is what the target is for this. And this division will continue to grow. I mean, it will be a very robust division for us.

Bhoomika Nair: Sure. Sir, on Ascent, what is our current utilization till the new capacity comes in? And will that help grow? And secondly, in terms of Sidwal margins, I understand it has slipped because of the weaker revenue growth. Once the growth really comes back, do we see margins going back to the 20-odd percent that we used to see? Or is this going to be the new level of growth? So yes, so just on Ascent utilization and Sidwal margins.

Jasbir Singh: So on Ascent, we are already sitting at 85% capacity utilization, and that's why we have done the groundbreaking because after the announcement of antidumping duty by government of India up to 6 layers, we have seen a lot of interest from very marquee customers and very big names. And that's the reason why we immediately went ahead and started this capex. So, as I told that almost 50% will come back in subsidy terms. So net capex will be about INR300 crores from our side. But this can additionally give us a revenue of INR550 crores to INR600 crores on a full capacity basis. And Ascent as it is, can go to about INR450-odd crores in the current capacities what they have. So this means that we can do about close to about INR1,100 crores with the new capacity and the old capacities in this by doing just a capex of INR300 crores and with good EBITDA margins.

Bhoomika Nair: Sure. On Sidwal margin, sir?

Jasbir Singh: On Sidwal margins, we'll definitely come back because there's no change in the construct of bill of material and RMC there. It is just a matter of because we are doing expansions and there are some expenses being built. On the other side, there's a little slowdown but Sidwal team is very confident that by next year onwards, we will start seeing the growth. And they are also at the final leg of winning some more tenders right now. I think we will appraise all of you by next quarter call if that materializes. So those are also big tenders.

And we are glad that export of Sidwal air conditioners, we are expecting to start by quarter 4 of next year. So that will be our very big inroads into the European markets from that perspective. We are already sitting on the INR2,075 crores of order book which will be further strengthened in this quarter, plus the export opportunities, which are sitting on the table. So this division will be a very different division if we see from a 5-year point of view.

Moderator: We will now take the next question is from the line of Sonali from Jefferies Group.

Sonali: Congratulations on a great set of numbers. Sir, my first question is regarding your PLI incentives. Could you quantify how much you have received so far in H1 and probably how much you expect to receive in H2? And also, just a confirmation, you don't share these incentives back with the brand owners, right? So, should we expect them to flow through directly into your EBITDA?

Jasbir Singh: Sonali, yes, so last year, we received our first PLI incentives, which was INR15 crores. This year, we are likely to receive about INR36 crores (inaudible 45:50). I think the documents have been filed. So, whenever they want to announce the disbursals, it will be announced soon. And plus, we are expecting some more subsidies from government of Haryana and other state governments. So, in all I think we are looking towards the subsidies receiving in the tune of INR65 crores to INR70 crores this year, which is moving online right now.

And yes, as you asked us to confirm, I think as explained earlier that because the PLIs have been given by Government of India on the threshold of some investments and the PLIs are getting back to us on the incremental sales. So, because the incremental sales are all the endeavours of Amber management, we don't think so that there's a possibility of us to pass on to our customers. We are not passing anything to our customers from the PLI benefits point of view because this is not a sector, which is like other sectors where you have to pass on completely. Because here, you have to be near to the customer. These are voluminous components. So, there are many products. And customers are not giving you a take or pay back arrangements in case they don't deliver the incremental sales. So that is the reason why we have not passed on. So, we confirm again.

Sonali: Very clear, sir. Sir, my second question is regarding the AC industry. It's obviously a very strong year. Could you quantify the pricing actions that the AC industry has taken in the first 6 months of this fiscal year, that's April to September? And also lastly, I missed the number if you have already given for the potential capex for Korea Circuit's JV?

Jasbir Singh: Sonali, I think on the capex front, we are right now in a stage where we are discussing with government for their incentives. I think that will be announced soon. Post the announcements are done by Ministry of Electronics. We'll come up with a number, and we'll have a call with all of you.

I've explained the complete total addressable market and what is our rationale behind this JV. I have also explained about the buyback arrangements, which we have signed, which is a I think, good step and good confidence, which Korea Circuit is bringing on the table and plus by bringing new customers. What was your question on the AC front, do you want to ask...

Sonali: Pricing action -- the pricing actions in the industry.

Jasbir Singh: On the pricing, nothing has changed on the pricing. I think industry is moving as stable. Commodity cycles are not very volatile. So, there's no big changes in the pricing side.

Moderator: The next question is from the line of Pulkit Patni from Goldman Sachs.

Pulkit Patni: Sir, my question is on our cash flow. While our revenue has grown significantly, so is the operating profit. We see working capital increase meaningfully, and that's primarily because of trade payables going down quite significantly. How should we look at this? Is it just because of the seasonality that we had higher payables in March and we've paid that out? Or how should we look at payables? Our net operating cash flows have grown quite negative this particular first half. So, what's your view on that? That's question number one.

Sudhir Goyal: Yes. Pulkit, so on the negative cash flow from operations question is because that we have a better payment from the creditors and largely, we bought all the materials during the peak season, which is quarter 4 and quarter 1. In quarter 2 of the financial year it gets paid. So that is why you always see that our cash flow is stretched, our net working capital days are different in the quarter 2 and quarter 3, which get normalized by year-end. And this is a normal trend year-on-year as well.

Pulkit Patni: Yes. So, this is just the trade payables getting paid out after the festive season got over, right?

Sudhir Goyal: Yes. Yes. Not the festive season but I don't say that it's a festive season – after summer season.

Pulkit Patni: Yes, I mean, the summer season, sorry, yes. My second question is on against capex. I think a few people have asked. Can you talk about the total capex plus what is going to be the other investments given that we've got multiple other joint ventures, Yujin etcetera, what will also be the growth in investments that we'll do during this year in addition to whatever gets added to the capex line?

Sudhir Goyal: So as of now, if you talk about any additional investment, that is not we can foresee in the current year, which is happening apart from the normal capex for the capacity expansion, which is to the range of around INR350 crores to INR375 crores other than the KCC and Ascent expansion.

Pulkit Patni: Okay. So, no major investments in any of those Railway JVs, etcetera, other than what you've spoken on?

Sudhir Goyal: Yes.

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

Keyur Pandya: Sir, first question is on the growth and you mentioned about the good momentum in demand. So, in that backdrop as well as our earlier commentary of new capacities coming up for the brand. So, considering that, how should we think of growth in second half? And when you mentioned about good momentum being continued, should we expect growth similar to H1, which is 50% kind of growth in H1?

Jasbir Singh: All the brands, whoever had announced their factories in South India, they have already started. And the last one was Voltas, which started in quarter 1 in their Chennai plant. And we have shifted both strategies into the components and the finished goods. And very difficult to predict right now how the quarter 4 will be.

But what we have guided to everybody, I'll repeat it that we will out-do the industry growth by good percentage points because we've added customers, we've added new products, and we've changed our strategies from being a consolidated solution provider in terms of either components or in the air conditioner side, full side. So, we are expecting a good season. Let's hope. I think if rain doesn't disrupt, it should be a very good season and a very good year for AC industry.

Keyur Pandya: Okay. And second and last question. So, I mean, you mentioned some of capex like the Korea Circuit, that would come in this next financial year. So clearly, what would be the capex for current financial year FY '25, which includes organic capex as well as some stake increase if you do? And in that context, what would be our debt level by the end of the financial year?

Sudhir Goyal: So, if I talk about the normal capex, which we are doing in all the entities, it is in the range of INR350 crores to INR375 crores. Apart from that we invested in Resojet JV, INR35 crores in the current H1 financial year '25. Plus, we increased our stake in IL JIN and Ever by further paying around INR100 crores. So that is what we have done the investment plus the capex that we are doing. In the next H2, we are not as of now expecting any further investments. So that is not on the block as of now.

Keyur Pandya: So INR370 crores plus INR135 , that would be the total cash outlay for this year, INR370 crores normal capex plus INR100 crores IL JIN and Ever, plus INR35 crore Resojet, that would be the summation ?

Sudhir Goyal: Yes.

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

Achal Lohade: Sir 2 questions. One, this is pertaining to the Consumer Durables business. While you've talked about overall growth for the full year of the company, it implies only 5% for the second half. Obviously, you are being conservative here. But I'm just trying to figure out if this is 5%, the swing in terms of a reduction, so to say, in terms of growth rate, would that be more Durables or Electronics as well?

Jasbir Singh: No. So, Electronics is moving fine. The guidance which we are giving for the AC industry is pertaining because this is a very seasonal product. So, we don't want to give any guidance where we can't commit, we can't honour those. But we are looking towards a 25% to 30% growth in the industry. And what we are guiding is we'll definitely outdo this growth because quarter 4 has a higher base as compared to the earlier because quarter 2, quarter 3 was a leaner section and quarter 1 was bad season last year. So, there were lower base there. On quarter 4 basis, it's sitting at a higher base. What we have guided is that if the industry goes by 30%, we'll definitely cross at least 5% to 10% more than the industry.

Achal Lohade: Understood. And the second question I had with respect to margins. Can you help us, we have seen a substantial improvement in 2Q in the Durables business as well as Electronics. Durables, I obviously understand to do with the utilization. How do you see if current momentum to sustain theoretically, could this margin be significantly better in the second half?

Jasbir Singh: Well, so each division is sitting at a different margin profile. But on the Electronic side, as I guided that we'll be closing near to about 8% on the EBITDA margins. And the Consumer Durables side, I think we will maintain the margins what we have done in H1. We don't see any big volatilities coming on the commodity side as of now. And that's how we think that the margins will be protected further. But yes, the more businesses, which we are adding are company with better margins. The larger part of significant revenue increase from those divisions, from those initiatives will start flowing in next year. So as far as H2 is concerned, I think we should be able to maintain the margins.

Achal Lohade: Got it. And just 1 small question, if I may. Of the total...

Moderator: Sorry to interrupt you sir. I request you to come back for a follow-up question. The next question is from the line of Nirransh Jain from BNP Paribas.

Nirransh Jain: Congratulations on a great set of numbers. Sir, most of my questions have been answered, and I have just 1 follow-up on the debt part. So, what we have seen in the first half that the debt levels have increased a lot, maybe primarily because of an increase in the short-term borrowings of the latest investments that have been done in the Resojet as well as additional stake. But how do we expect the debt levels going ahead? I mean with the additional capex that is expected for the next 2 to 3 years. So, do we expect the debt levels to increase further from here?

Sudhir Goyal: Yes, a little bit increase we are expecting in the current financial year as compared to last year because of the investment that we have done, and the capex which we are doing. So, we are expecting increase, like it should be in the range of INR700 crores to INR800 crores by year-end at the net debt level.

Nirransh Jain: Okay. INR700 crores to INR800 crores. So last year, it was around INR1,400 crores. So, is it right to assume that it would be around INR2,000 crores by the end of this year?

Sudhir Goyal: No, no. So I'm talking about the net debt, not the gross debt. Net debt what do that gross debt minus whatever cash we are having in the form of FDs and the current account balance, plus the liquid investments in the perpetual bonds of bank. So, if you exclude that, we were around INR600 crores. So that we are expecting at the net debt level, it will be in the range of INR700 crores or to INR800 crores by the year-end.

Nirransh Jain: Sure. And sir, lastly, 1 question on the Electronics side as well. I mean any particular reason why we have not increased our guidance to more than 45% considering that we've already clocked around 70% and the momentum is expected to remain strong and now that there is a pickup in the core PCBA business as well from 18% last quarter, excluding Ascent to 65%, excluding Ascent this quarter. So any particular reason why the guidance has not been revised for the segment?

Jasbir Singh: On the lighter note, the reason is the precedent set by the markets itself. Once we could not achieve our guidance and market punished us on an exponential basis. So, we want to be very conservative and then over-deliver our numbers. But yes, what I would like to say is that the Electronics division is standing at a very strong footing. And if you see on each and every division, all the 3 divisions have opened up multibillion-dollar opportunities moving forward for the next 5 to 10 years' time.

So, we are taking the right steps. It has taken a little more time than expected for us to build this division. We were expecting that this will be built by last year, but it has taken 1 more year for us, but now things are very clear. We are the only Electronic EMS company in the country today, giving a complete solution, backward integrated solution coupled with the R&D, PCBA solutions and backward integrated in the PCB solutions. And both PCB as well as PCBAs with the applications, which we are addressing are very, very big opportunities coming forward.

And we have stitched very sweet deals with our good partners, identifying good partners in both all the three divisions, whether it be Korea Circuits or by partnering into acquiring Ascent Circuits and also Yujin machinery of South Korea. They are a very beautiful company, manufacturing with marquee products, you'll see as we move ahead. And the ToT done for the doors and gangways and also now addition of commercial air conditioners and washing machines.

So, each division is progressing very well. I think we are very excited for that. But we don't want to guide any number where -- and then because the seasonality and because of so many functions it is. So, we would rather be a conservative guidance people and then overdeliver.

Moderator: Thank you. Ladies and gentlemen, we'll take this as the last question. I now hand the conference over to Mr. Jasbir Singh for closing comments.

Jasbir Singh: Thank you, everyone, for joining on the call. I hope we have been able to address all your queries. For any further information, kindly get in touch with our Head of IR, Ravi Kharbanda or IR team, Strategic Growth Advisers or Rohit Singh from our IR team. So, thank you very much and we wish you all a very happy and prosperous Diwali and safe Diwali. Thank you. Have a good day ahead.

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