Date: 27 October 2023

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 of half year ended 30 September 2023 ('Q2 & H1FY24')

This is further to our letter dated 18 October 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 half year ended 30 September 2023, ('Q2 & H1FY24') held on Monday, 23rd October 2023 at 10:00 A.M. IST.

In this regard, we are enclosing herewith the Earnings Call Transcript. The same is also available on the Company's website at https://www.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
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(Konica Yadav)
Company Secretary and Compliance officer
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“Amber Enterprises India Limited
Q2 & H1 FY2024 Earnings Conference Call”

October 23, 2023

Disclaimer: E&OE-This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on 23rd October,2023 will prevail

MANAGEMENT: **MR. JASBIR SINGH – EXECUTIVE CHAIRMAN & CHIEF EXECUTIVE OFFICER AND WHOLE TIME DIRECTOR – AMBER ENTERPRISES INDIA LIMITED**
MR. DALJIT SINGH – MANAGING DIRECTOR – AMBER ENTERPRISES INDIA LIMITED
MR. SUDHIR GOYAL – CHIEF FINANCIAL OFFICER – AMBER ENTERPRISES INDIA LIMITED
MR. SANJAY ARORA – DIRECTOR – ILJIN ELECTRONICS (INDIA) PRIVATE LIMITED
MR. SACHIN GUPTA – CHIEF EXECUTIVE OFFICER – RAC DIVISION – AMBER ENTERPRISES INDIA LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Amber Enterprises India Limited's Q2 & H1 FY2024 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 call I am joined by Mr. Daljit Singh, Managing Director; Mr. Sudhir Goyal, CFO; Mr. Sanjay Arora, Director, ILJIN Electronics, Mr. Sachin Gupta, CEO of RAC Division; and our IR Advisors SGA. We have uploaded our results presentation on the exchanges and I hope everybody had an opportunity to go through the same.

Amber over the years has evolved as a comprehensive backward integrated and diversified B2B solution provider. As you all must be aware that we started our journey from room AC sector comprising of window AC and then split and inverters and further diversified into cassette air conditioners, ductables and package units of higher tonnages. Being backward integrated over the period we spread our wings in RAC and RAC components spreading into different geographies of India. Today we command 29.4% of manufacturing footprint of Indian room air conditioner industry. To gain an edge over the changing market patterns from fixed speed AC to inverter ACs Amber in the year 2018 ventured into the world of electronics by acquiring ILJIN and Ever and became a market leader in inverter air conditioner segment. As we graduated in our skills and knowhow of electronics, we learned that electronics is an ocean which needs to be explored. In the past five years a stint which started from inverter AC has now diversified into providing solutions for home appliances, consumer electronics, hearable and wearables, telecom and automobile segments. Recently we entered in a joint venture with Nexxbase Marketing Private Limited having its brand named 'Noise' to undertake the manufacturing, assembling and designing of wearables and other smart electronic products, thus contributing strongly towards Make in India initiative, which will help reducing import dependency, promoting top tier manufacturing, and positioning India as a global hub for industry-leading wearable technologies across various categories.

Being number one smart wearable brand in India and 3rd globally, 'Noise' in-depth understanding of the category combined with ILJIN's expertise in manufacturing, resources and innovative capabilities will help build a world class manufacturing ecosystem in India while contributing significantly to the burgeoning growth of the entire category.

Going forward we clearly see our electronic division becoming number 2.0 strategy having exponential growth opportunities in the year to come.

Furthermore, to expand our addressable market in heating, ventilation and air conditioning segment, we acquired Sidwal during the year 2019 to cater the mobility infrastructure of country, which includes railways, metro, bus and defence. Sidwal being a pioneer in all indigenous roof-mounted air conditioners for rail coaches carved out a niche for itself by developing top of the line products over the decades. Post acquisition we ramped up Sidwal facilities, expanded R&D capabilities and enabled Sidwal to cater different applications of metro, railways, HVAC solutions for new age application trains like Vande Bharat Express, Metro ACs, and trains like RRTS (Namo Bharat). Today, Sidwal is the leader in mobility air conditioning space and is further turning its wheels by expanding its footprints into railway subsystem space while introducing products like doors, gangways and pantry systems, hence enabling Sidwal to increase its wallet share in the bill of material of passenger coaches. With Indian government launching its plan of modernization of Indian Railways by launching new Vande Bharat Express and Urban Development Ministry to have new lines in the new cities and existing metro lines to expand their network, exponential growth opportunities are unfolding for Sidwal. We are currently inching towards finalization of our first global order for Sidwal products and this division is also set to become Amber 3.0 strategy going forward. We also feel pride in sharing that Sidwal has also been a part of recently inaugurated New RRTS Delhi-Ghaziabad-Meerut Corridor Journey to be known as Namo Bharat where it manufactures air conditioner systems for the train.

Looking into the current business and manufacturing landscape change in last couple of months we have witnessed the customer demand getting fragmented into various forms like individual components, modular kits, finished products, subassemblies, hence we at Amber now onwards shall be doing a reporting in three divisional formats for the sake of simplicity and for our own focused approach we shall be looking towards three divisional concepts thereon. As explained above, all the three divisions, consumer durables which comprise of room AC finished goods, room AC and non-room AC components, this is one division. Second division is electronics division and third is railway subsystem and mobility, and all have multifold growth opportunities going forward.

I will now take you through the consolidated financial highlights. On the revenue front for H1 FY2024 revenue increased by 2.1% to Rs.2,629 Crores versus Rs.2,576 Crores in H1 FY2023. We have reported revenue of Rs.927 Crores in Q2 FY2024 versus revenue of Rs.750 Crores in Q2 FY2023.

On operating EBITDA on H1 FY2024 operating EBITDA stood at Rs.203 Crores versus Rs.182 Crores in H1 FY2023 a growth of 11.5%. For Q2 FY2024 operating EBITDA increased to Rs.65 Crores compared to Rs.52 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 H1 FY2024 stood at 8% versus 7% in H1 FY2023.

PAT of H1 FY2024 stood at Rs.41 Crores versus Rs.41 Crores in H1 FY2023. For Q2 FY2024 PAT loss stood at Rs.6 Crores versus loss of 2 Crores in Q2 FY2023. 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 increase in PAT loss.

Net debt of September 2023 stood at Rs.956 Crores from Rs.662 Crores in September 2022 we expect this debt number to come down to in the range of 650 to 675 Crores by the financial year end. Working capital days for September 2023 stood at 52 days as compared to 39 days in September 2022 and we also expect the net working capital days normalize by Q4.

Overall capex for H1 FY2024 stood at 149 Crores and we plan to incur a total capex in the range of Rs.350 to 380 Crores in the current financial year.

Coming to divisional highlights we shall now take you through all three divisional highlights which are as follows.

Consumer durables division: In consumer durables division the room AC and the component segment, for H1 FY2024 revenue for this division increased to Rs.1,744 Crores versus revenue of Rs. 1,797 Crores in H1 FY2023. Operating EBITDA stood at Rs.114 Crores versus 99 Crores in FY2023. For Parvartaka, we have setup a new facility in Chennai which is in process of scaling up for Amber PR (cross flow) division we have expanded in Pune which is also in the process of scaling up.

We have witnessed a mixed trend for the first half of this financial year 2024. Q1 which is usually a strong quarter was impacted by unseasonal weather patterns resulting in increased inventory levels. However rising temperatures and festivities on the anvil got the demand back and have helped in liquidation of inventory thereby leading to almost normalized levels of channel inventory. We anticipate a year-on-year growth in the single digit for the room AC industry in the fiscal year 2024 which bodes positively for Amber.

In this consumer durables division we have a motor segment. On the motor segment for H1 FY2024 revenue stood at Rs.135 Crores versus Rs.130 Crores. Operating EBITDA stood at Rs.13 Crores versus Rs.15 Crores in FY2023. Our profitability was slightly impacted a bit here due to increase of employee cost owing to inflation. However, for motors division we expect exports to increase in the coming quarters and further expect the industry to grow in the range of 25% to 30%.

Coming to electronics division: On the electronics division which includes INJIN and Ever we have performed phenomenally well, revenue for H1 FY2024 increased to Rs.515 Crores from Rs.449 Crores in H1 FY2023. EBITDA increased to Rs.24 Crores versus Rs.17 Crores in H1 FY2023. The division has witnessed growth in revenue, operating EBITDA as well as PAT due to product mix and growth of existing customers. During the quarter gone by ILJIN entered into a JV with Noise this JV will be 50% owned by ILJIN and 50% owned by Nexxbase and we will have a new plant setup in Noida. To begin with, ILJIN will develop local comprehensive integrated solutions in the wearable space and further intend to move into other electronic products. This is an exclusive tie-up with Noise and going forward this JV will be catering to other brands as well. In FY2023 ILJIN did revenue of close to Rs.1100 Crores which included Rs.330 Crores of wearable segments. With this JV going forward we expect additional Rs.1,000 Crores topline by next fiscal year in this JV and a capex of about Rs.10 to Rs.15 Crores and expect margins to be in the line with industry.

Further we have also added customers in telecom, automobile and hearable space in this segment. As mentioned during our prior discussion a significant portion of the PCBA required for non-smart phone applications are currently met through imports, the government's commitment to promoting domestic electronic manufacturing offers a significant potential for the substantial growth and we anticipate a growth rate of 35% in FY2024 for the segment. We also expect this division to increase its margin going forward. We are targeting an EBITDA margin in the range of 6.75% to 7% range and doubling its revenue over the base of FY2024 year-on-year base in next two years' time.

Coming to the third division railway sub-systems & mobility. On the mobility applications the H1 FY2024 revenue stood at Rs.235 Crores versus Rs.200 Crores in H1 FY2023. For H1 FY2024 operating EBITDA stood at Rs.52 Crores versus Rs.51 Crores in H1 FY2023. The division has witnessed growth in revenue, operating EBITDA as well as PAT due to growth in the current operating segments. We are adding new product categories for metro coaches which includes gangway, doors, pantry system, and HVAC system. Due to our recently announced technology transfer agreements, we have started receiving orders for the new product categories and we are glad to share that the order book of Sidwal has significantly jumped and now stands at Rs.1,140 Crores. We expect mobility application division to grow to in the range of 25% in FY2024 and double its revenue in the next two financial years.

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

Moderator: Thank you very much. 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: Good morning gentlemen and congratulations on a good set of numbers. My first question is on electronics side. Why do we have a robust commentary for this division and have also delivered good growth in terms of margin, our topline for this quarter has been quite tepid at 3% and on the Q-o-Q basis it has been declined, so since this is a non-seasonal segment and our historical trend has been quite good, so why only a 3% growth that is my first question?

Sanjay Arora: So, such growth is mainly due to the muted growth in the AC segment like electronics division we supply a lot of controllers and the AC season was quite damp this time and it also affected the growth, so that was the main reason of the less growth in the electronics.

Natasha Jain: Would it be possible to give a breakdown for electronics in terms of telecom, hearables and wearables, automobiles and PCBA that will help?

Jasbir Singh: Anyway Sanjay we can send it to Natasha later on the breakup of the four segments within the electronics division.

Natasha Jain: Alright. Thank you so much Sir. My next question is on the consumer durables segment. First of all, has there been any price discounting which you may have taken as an ODM for the brand?

Jasbir Singh: Price discounting?

Natasha Jain: Yes. Has there been any price discounting or any discounts that you have passed on to the OEM players?

Jasbir Singh: No, there is no price discounting which we have passed on to any customers. The commodities now have eased off so that is a quarterly lag basis, whatever the impact is that will automatically get transferred.

Moderator: Thank you. Our next question is from the line of Dhruv from Ambit. Please go ahead.

Dhruv: Hi, Sir. Good morning. I had a couple of questions. First was on the electronics side just to build on the last participant's question, so we have seen a tepid growth and while you have given a guidance of close to 35%-40% growth in the full year, so do you think you can continue the momentum in the second half will we see a better number there also?

Jasbir Singh: Yes. We have added new applications in this sector. We have added auto EV space. We have also added wearable and hearable customers and telecom business which we just on boarded in Q1 has started, so we expect that we should be able to match in the range of 35% growth for this division.

Dhruv: On the standalone side we have seen a strong growth; however, I think SanjayJi made a comment that the AC season was tepid so that growth that we have seen was it on account of a newer customer just trying to connect, I think there is a little bit of disconnect in that sense?

Jasbir Singh: Multiple reasons too, new customers, new applications, and new products.

Dhruv: Can you just elaborate a little bit on these new applications per se?

Jasbir Singh: For the new applications which I spoke like we have added telecom sector components, we have also added telecom products in the electronics division, then we have added auto EV space, we have added some customers in the hearable and wearable space, so all these put together plus there are some customers, which have been added in the refrigerator and washing machine space, so all put together is giving us this growth.

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

Sonali Salgaonkar: Good morning Sir and thank you for the very detailed earlier commentary during the call. Sir just two questions firstly any update on PLIs, the two that we have received for AC components and secondly for Nexxbase you did mention that about Rs.1,000 Crores additional revenue just to clarify this Rs.1,000 Crores will be for the JV as a whole, so we will be taking about 50% of that or 50% is equal to Rs.1,000 Crores for us?

Jasbir Singh: No, the JV will have total 1000 Crores and since it is a 50:50 JV we will not be able to consolidate it in revenue, it will be a separate revenue which will be booked on the new company and we will be able to consolidate the PAT on the 50% part of it. As far as your first question is concerned regarding the PLI we are eligible in the PLI. PLI audits have started, a couple of factories have been visited and we expect that maybe by Q4 we should start receiving the PLI benefits.

Sonali Salgaonkar: How much incentive we are expecting in FY2024 and FY2025 if we can share that?

Jasbir Singh: So, for the first year it was about Rs.16 Crores and this financial year we expect the incentive to be in the range of about Rs.28 to Rs.30 Crores.

Sonali Salgaonkar: Understood. Got it. Thank you Sir.

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

Aditya Bhartia: Hi, good morning, Sir. My first question is on the electronics side how we really looking at this vertical, would it be an extension of what we have been doing until now or can it be completely different, a foray into even industrial application, defense, aerospace, are all options open or are we looking to be specializing in certain fields within the electronics space?

Jasbir Singh: No, since we have now learned the electronics space and we are expanding our knowledge base, so we are very open, we have taken two pronged strategy one is to increase our margins because we started with our lowest margin businesses available in the PCBA which is the consumer durables part whereas the defense and aerospace and the railways and industrial is the higher margin businesses, so we are inching towards that. So, as you see we started with consumer durables, then we entered into telecom, then we added a hearable, wearable and now we have added auto EV space. So, we will continue to grow in the space of PCBA applications while increasing our margins, and we also intend to backward integrate in the component space moving forward, which will strengthen our moat in this division. So we are seeing this as Amber 2.0 story like what we did in air conditioner we started with manufacturing just a sheet metal box of air conditioners and then started producing air conditioners and then backward integrated and today we can deliver 70% of bill of material of air conditioner including the full boxes. So similar strategy will be followed over the years in this division and we are very excited. I think this division has the potential to surpass room AC division in three to four years' time.

Aditya Bhartia: You spoke about I think 6.5%-6.75% kind of margins. Given the kind of mix that we are having today how those margins are going to be attained because I understand that room AC, your consumer durables is slightly on the lower side in terms of margins even possibly wearables and hearables could also be a similar margin or is my understanding incorrect?

Jasbir Singh: You are correct, the consumer durable spaces will continue to be lower margin space, but since we are adding new applications which are at a higher margin that will grow this division's performance to a better margin and we are intending to backward integrate into some components which are at a higher margin space. So consolidated basis you will see this division going to almost about 6.75% to 7% range. When we acquired this company it was just 2.8% EBITDA company and it is already inching towards 5% now and we will continue to grow the margins.

Moderator: Thank you. Our next question is from the line of Onkar Ghugardare from Shree Investments. Please go ahead.

Onkar Ghugardare: Good morning. My question was regarding you mentioned about doubling of revenue from FY2024 for electronics division in two years and doubling of revenue in two years for railway systems and mobility division as well. I just wanted to know what is your long-term strategy on both these, you are mentioning 2.0 for electronics and railway subsystem 3.0 for Amber, just wanted a broad long-term view on these two aspects?

Jasbir Singh: The broader long-term view is that these divisions will be heading for a very independent growth and have a potential of becoming as big as Amber is today, going forward. So it is very simple strategy which we have opted. We actually acquired into adjacencies and then we have grown those divisions into various applications. In electronics like I have explained that we have already entered into four applications now we are adding some more applications in that plus we are going to backward integrate into component space of the electronic PCBA part, which will help us both topline growth as well as the bottomline growth. In the Sidwal the mobility division, when we acquired this company was a small company and the EBITDA margins were also less so we have already traveled a journey in last three years from 16% EBITDA to almost 22% EBITDA and grown the topline by almost three times in last three-and-a-half, four years. What we are going to do next is that today we are contributing only 4% to 5% of the bill of material of the passenger car. Now if you can imagine the kind of orders which have been floated by the Indian Railways for new Vande Bharat Express trains and also by the Urban Development Ministry which has already shortlisted 25 new cities to have new metro lines and the existing cities having metro lines are going to expand its network. There is an opportunity, huge opportunity which has come for the complete railway application passenger coaches, which is called rolling stock. So, in rolling stock, if you see we currently are giving a solution of only 4% to 5% of our bill of material. So, we to become a meaningful supplier in the whole railway subsystem we have now started our growth story for getting deep dive into the bill of material for increasing our wallet share with the existing customers. Now how do we do that? We started forging our alliances by signing technology transfer agreements. We have done two TOTs, one with Taiwanese company and another one with Canadian company for doors and gangways and we have developed Pantry systems. So today we can offer 10% of bill of material in a passenger car to a customer. So from 4% we have reached to 10% and moving forward we are going to further do some more alliances and we wish to reach to 25% to 30% of offering, becoming a multiproduct company in the railway sub-systems part. So, within India there is a huge growth opportunity. There is a growth opportunity in the global space as well, so we are excited with these complete growth opportunities coming for this division and by forming alliances by TOTs for JV we will reach to a 30% offering of a bill of material in next two to three years' time, and that is how we are very confident that we can double the revenues from current levels and also increase some margins.

Onkar Ghugardare: Just one number I wanted for FY2023 what was the revenue of electronics division and what was the revenue of railway sub-systems?

Jasbir Singh: So, FY2023 revenue of for electronics division was Rs.1,100 Crores plus and for Sidwal it was Rs.422 Crores.

Onkar Ghugardare: Thank you very much.

Moderator: Thank you. Our next question is from the line of Arafat from InCred Capital. Please go ahead.

Arafat: Hi, Sir. Thanks for taking my question. My first question is on capex. Last year you invested almost Rs.750-odd Crores and this year also you guided for Rs.350-odd Crores investment, so I just want to know which are these areas we will be investing, of course it is a non-AC more about a hearable and wearable, but again if you can guide on that and again what asset turn you are expecting on a longer-term with this investment?

Jasbir Singh: So, we will be investing in all the three divisions, largely investments are happening in electronics division and the mobility division plus this complete Rs.380 Crores includes the maintenance capex of all 27 plants. It also includes the R&D capex and some new products which we are developing for the room air conditioner division. So, in total we will be reaching currently. On the return side as guided in the markets earlier also we will repeat. Last financial year we have done about 15% ROCE and we expect ROCEs to jump to about

16% plus this year and as guided earlier we will again maintain that guidance that we should see Amber on a consolidated basis delivering a 19% to 21% ROCEs in the next two to three years' time.

Arafat: My next question is again on the PCBA side let us say you are now have the AC PCBA, refrigerator, television and all, has there any plan to enter like you said high growing area like aerospace, defence and medical in that matter so any plan to enter that segment heavily Sir?

Jasbir Singh: Certainly, there is a plan to enter into various applications of PCBA. If you actually strip down the availability of the PCBA applications, almost about 8 to 9 sectors are prevailing. So first of all on the bottomline point of view, the top bottomline contribution is aerospace and defense and then comes the railway, then industrial, then telecom sector, then automobile sector, then healthcare sector is there and hearable & wearable and consumer durables. So, we started our journey from consumer durable appliances side. We are inching into adding some new customers, new applications. We will continue to do more applications in this division. It will take time. Defense and aerospace is a little longer time duration because their testing periods' time, validation assessments takes long time, similarly is the case in the industrial and railways, but yes we have initiated our processes.

Moderator: Thank you. Our next question is from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.

Aniruddha Joshi: Sir, thanks for the opportunity. Now we are seeing most of the brands are sitting at their own facilities so do you see any impact on the industry and on us considering there will be likely excess capacity in entire air conditioner as well as components manufacturing, also what is current industry capacity versus what is it likely to be let's say after one, one-and-a-half years when most of the new plants will come on stream and what is Amber's strategy to tackle the steep increase in industry capacity as well as the likely competitive pressures that may emerge post this capacity? That is it from my side.

Jasbir Singh: So the brands basically started investing in their own capacity from year-and-a-half back and most of them have started their facilities. Only two customers are pending to start their facilities probably I think in Q4 and one customer will start and by FY2025 one Japanese customer will start. So, the depth has already been settled with this landscape change of complete insourcing versus outsourcing by some of the brands and we have already aligned in tandem to their strategy towards moving into more component supplies rather than finished good supplies and we are seeing some benefits out of our strategy which we focused on. Moving forward I think there is no more announcements coming up from any brands for putting up new facilities. Yes, you are right, industry will sit on a little bit overcapacity for maybe two to three years' time because recently anybody who puts up a factory they do not put up a factory, only just considering year or two years' time it is a good horizon which they take. So for coming two to three years' time we will be seeing overcapacity in the industry, but our strategy is to supply them components whichever brands have started. So whichever company started their factories we are giving them components from various geographies. Whether in North, West or South, we have plants all over place and we can deliver 70% of the components which goes into air conditioner. Our wish list is that everybody buys all those 70%, but had that been true we would be sitting at 70% of our market share, but today we are at 29.4% of the manufacturing footprint of AC. I think we are excited by the growth of this whole sector. In the last five years the room AC volumes have jumped from 4.2 million to 8.5 million it has doubled and in the next five years also there is expectation of more than doubling than this, so we expect 8.5 million number to go to 20 million number and exports are also starting happening from India. So, for Amber it is a manufacturing footprint which we see as addressable market where we think that there is a lot of growth. Even maintaining the market shares which we have, we should see a decent growth coming out of this division.

Aniruddha Joshi: Sure Sir. Very helpful. Thank you.

Moderator: Thank you. Our next question is from the line of Renu Baid from IIFL Securities. Please go ahead.

Renu Baid: Hi. Good morning, team. My first question is to understand that while we have embarked on pretty aggressive growth in both mobility as well as electronics business. As a company what are we doing to build capability with respect to team people and what kind of capacity expansion in yours is required to double these revenues in the next two years? That is the first question.

Jasbir Singh: The divisions are already headed by professional CEOs and they have a complete team in place. As we are expanding our applications, we are enhancing our team strength at the senior level as well as at the bottom level and this is happening at both the divisions and we are taking proactive approaches because we know which divisions, which applications we are entering into so there is a proactive approach on the team strength which is happening and few of the members have already joined in. On the capex side Sidwal will be bringing up a new plant moving forward, since already we have entered from single product category to multiproduct category. Now we are giving solutions not only in air conditioner space, but for the doors and gangways and pantry systems and moving forward we are also entering into further components in the railway sub-systems. So there will be definitely, Greenfield expansion and Brownfield expansion both happening in both the divisions moving forward.

Renu Baid: Capex that you have broadly outlined at this point in time even if it is slightly rough in terms of broad estimate?

Jasbir Singh: In ILJIN if I talk about, I think the capex outline is already there because we are a PLI participant, so we are doing capex in that. We will be doing about Rs.75 to Rs.80 Crores capex in ILGIN and Ever and we expect slightly lesser capex this year in Sidwal, but since the applications are getting addressed by next financial year, maybe next financial year, we will come up with one Greenfield facility, which will include about the capex of close to about Rs.80 to Rs.100 Crores next year.

Moderator: Thank you. Our next question is from the line of Nirav Vasa from Anand Rathi. Please go ahead.

Nirav Vasa: Hello Sir and thank you very much for the opportunity. My question pertains to the debt part. As I look at in Q2 FY2024 the gross debt of the company is close to Rs.1,450 Crores, wanted to understand what can be our peak working capital requirement as we get in the peak summer season because this gross debt to equity ratio is quite close to net worth of now almost Rs.1,956 Crores and since we have aggressive plans going forward as well, how do we intend to fund them?

Jasbir Singh: So, one is that you are seeing from the gross debt side we have close to about Rs.400 odd Crores sitting in investments in fixed deposits and bonds, so net debt is a little less than Rs.1,000 Crores and as explained during my commentary that we expect this debt to be in the range of Rs.650 to Rs.675 Crores by the March end. This is a general trend in our industry and this year because this was a very poor season for air conditioners, a lot of inventory was piled up which was supposed to be paid on time and hence the debt got increased but as the inventories are getting liquidated it will come down. So internal accruals are very strong if we see from next two years perspective as we have guided that there is a likelihood of doubling our revenue in two divisions and the percentages are also getting increased, so internal accrual is good enough for catering to the needs of the capex requirements of the company.

Nirav Vasa: Any update on the current scenario and the growth rate that you are expecting for the domestic room air conditioner industry, would it be possible for you to share any kind of volume number that you are targeting for domestic air conditioners and what can be the number for exports that we can look in terms of volumes in the forthcoming part of the year? Thank you.

Jasbir Singh: See I can talk about the industry as such because our landscape has shifted because we are largely now supplying components, sub-assemblies, semi-knocked-down kits and room air conditioner as such. I think industry did about 8.5 million last year, so we expect the industry to be in the range of 8-9 million this year. If all goes good by Q4 all depends on how the summer season spans out to be. So, we expect a single digit growth in the room air conditioner sector at least in this financial year, Q1 was a negative by 20%-25%, but we are seeing some makeup being done in Q3 and Q4. So, I think industry should be largely flattish or maybe in a single digit growth kind of a category of the room air conditioner part, but we have added some customers on the component side and we expect to outnumber the industry by a few percentage points as we have always done. That is our view on the industry of room air conditioner part. On export front there is a shift which is happening. We are seeing some multinational companies shifting their geographies to India and they have started testing the waters right now and we are seeing the export number which was happening only 1 lakh air conditioners were getting exported has come to almost about 5.5 lakhs, so this number is also going to go up as the multinational companies will shift their geographies to India to cater to Middle East and South African markets as the scene has been in the mobile case. I think this number will also add up to the manufacturing footprint of India and because for us the addressable market is what is getting manufactured in India whether for domestic market or global market does not impact us. Plus, overall Amber is also endeavoring on its own for export opportunities. We are very hopeful to receive orders for our first finished goods category in Q1 of the next financial year. So, we have already crossed some customers' validation assessments and now the Bureau of Energy Applications are going on. Once we clear that we will see first orders coming in from next Q1 of the next financial year.

Moderator: Thank you. Our next question is from the line of Abhishek from DSP. Please go ahead.

Abhishek: Thanks for the opportunity. Sir just couple of questions first is you called out this consumer durable topline to almost double in couple of years from FY2024. How should we look at the mix in terms of the PCBAs in terms of the new areas which you spoke about industrial, railways, defense, what can be the contribution from that or will it be largely from the current segment that you are doing?

Jasbir Singh: No, we have guided that the electronics division and the mobility application division which is railway sub-systems division 'Sidwal', both are likely to double its revenue in next two years' time and that the reasoning is very simple, we are adding new applications, new product categories, new customers and we are also deep diving into the bill of material of more passenger cars. So earlier as explained we were just giving 4% of the bill of material of a passenger car, which was only air conditioner as a product category, but now we have entered into multiple product categories which orders have also started flowing in and that is why we are very confident of achieving the doubling of air conditioner.

Abhishek: So my question was that this new product which you are adding, what can be the contribution of topline when you double it in next two years, will it be like 5%-10% or can it be meaningfully higher is what I was trying to understand?

Jasbir Singh: No, it will start with smaller number normally because these are very technical oriented products, so customers will not give you 100% of share of business on day one. So, we have started receiving orders, our supplies will start going in for next financial year. So, next year I would say the contribution should be about 10% to 15%, but two years from now the contribution will be almost as big as 35% to 40%.

Abhishek: Major portion of growth will come in from new product?

Jasbir Singh: That is right.

Abhishek: Just one other thing is in terms of your gross margins, we see some improvement there both on standalone and consolidated, so how are you looking at the overall competitive scenario, commodity inflation, just some comments that will be helpful in terms of the gross margins?

Jasbir Singh: As far as right now if you see the scenario the commodities have more or less settled and eased out so we do not see any big spike coming in from commodity cycle, but if it does so happen, we have demonstrated in past also that we are able to pass on to our customers on a quarterly lag basis. So, because we are entering into better profile of products category moving forward in electronics and in mobility applications, so on a consolidated level some margin improvement should be seen.

Moderator: Thank you. Our next question is from the line of Deepak Krishnan from Kotak Institutional Equities. Please go ahead.

Deepak Krishnan: I just wanted to sort of understand the weakness in the motor segment margin this particular quarter what was the factor that we are back to single digits after sustaining double digits for a long time?

Jasbir Singh: In the motors division it was particularly because we sold more of a BLDC motors which are lesser margin businesses and our export shipments did not happen the way we anticipated so that is the reason why there were small dip, but I think the double digit numbers are maintainable for this division.

Deepak Krishnan: For the full year we should be back to double digit?

Jasbir Singh: That is right. Yes.

Deepak Krishnan: In terms of overall inventory given how Q2 was and maybe early part of festive season how do you see the AC market evolving just Q2 and Q3 any sense of how the market trends have been so far?

Jasbir Singh: Market trend as explained earlier I will repeat it again. It is basically what we are seeing is mixed signals from various customers. Some of them are sitting with inventory, some of them have been able to liquidate them and some of them have liquidated some models, but some models are stuck. So overall if I talk about the industry level industry is heading towards a normalized inventory level I think by end of Q3 we should be able to see a completely normalized inventory levels so we should start Q4 at a good note.

Moderator: Thank you. Our next question is from the line of. Alok Deshpande from Nuvama Institutional Equities. Please go ahead.

Alok Deshpande: Hi. Good morning, gentlemen. Two questions, first on the electronics division you mentioned about the growth and the margins if you can give us some sense on what can be the typical working capital dynamics going forward what would be the asset turns on this that is question number one and secondly any outlook that you can give on the motors part of the strategy there beyond this year?

Jasbir Singh: Can you repeat your second question? The first one was the electronics division, Second one was…

Alok Deshpande: The strategy going forward on motors beyond this year?

Jasbir Singh: So, on the electronics side the net working capital days they are not much, the asset terms are pretty good in that division. The asset turns are as good as about 11 to 12 and ROCEs in that division is in the range of 26% to 27%, net working capital days will be in the range of about 20-25 days, so we expect that it should be in the same range moving forward as well and on the motors front what we are doing is we are opening our global doors as well as we have entered into industrial and commercial application of air conditioners. We have started giving motors for VRV applications for ductables, for package units, for fan coil units, etc., that is also moving positive for us and plus of course in the room air conditioner division we did not had BLDC motors which we have now been able to successfully launch, so this is one part of the strategy. Second part of the strategy is we are entering into washing machine motors and chimney motors. Probably next year we should see some orders coming from washing machine sectors also.

Alok Deshpande: Any chance that growth will accelerate in motors?

Jasbir Singh: Yes. We expect decent growth in next year. I think if all goes positive, we should see a growth rate of about 30% to 35% in the motor space over this year, next year.

Alok Deshpande: Understood. Thank you so much Sir.

Moderator: Thank you. Our next question is from the line of Aadesh from Motilal AMC. Please go ahead.

Aadesh: Sir, in Sidwal we are seeing that your current order book is around Rs.1,100 odd Crores any sense on where can this number settle over the next two to three years?

Jasbir Singh: Well, lot of activities are going on in that division so very difficult to give you a number but if our global doors open which we are likely to open it can be substantial number to add up to this number, but we cannot give that number right now. I think that is why we have guided that we are confident of doubling the revenue in next two years, but yes that division is heading towards a very robust growth moving forward.

Aadesh: Doubling of revenues will be from FY2024 base or FY2023 base.

Jasbir Singh: 2024 base, current year base.

Aadesh: Thanks. All the best Sir.

Moderator: Thank you. Our next question is from the line of Dhruvesh Shah from JM Financial Asset Management. Please go ahead.

Dhruvesh Shah: Sir my question is with respect to the new expansion that you are making that is into the EV auto space. Can you please describe or speak two lines on it as to whether it is a two-wheeler, four-wheeler or where exactly, what domain exactly are you planning in that space and what is the right to win versus that of the other peers? Thank you.

Jasbir Singh: We have cracked four-wheeler EV first and we have not become the Tier-1. We have become Tier-2 supplier right now and we are adding two-wheeler EV also very soon. I think probably by Q4 we should be able to add the two-wheeler also because that is a very focused segment for us. What we are offering uniquely is the geographical spread as well as our R&D capabilities which we have built over the last five years so that is the uniqueness which we are offering and we have plans in North India, West part of India and in the southern part of India, so that is helping us in this strategy.

Dhruvesh Shah: Are we in a position to name any clients?

Jasbir Singh: No. NDA have been signed that is a company sensitive information.

Dhruvesh Shah: No problem. Thank you. Best wishes.

Moderator: Thank you. Our next question is from the line of Dhananjai Bagrodia from ASK. Please go ahead.

Dhananjai Bagrodia: Hi Sir. Congratulations on a great set of numbers. Just wanted to ask you between your room AC and motors what would have been the split this quarter?

Jasbir Singh: Room AC has been on a consolidated level it has come down to 40% and then motor…

Dhananjai Bagrodia: Last quarter it was Rs.1,242 room AC what would have been this quarter?

Jasbir Singh: I do not have the number right now. Dhananjai what we will do is we will send you the numbers latter on.

Dhananjai Bagrodia: What would be your capex for this year?

Jasbir Singh: So, this year we have guided that we will be in the range of Rs.350 to Rs.380 Crores.

Dhananjai Bagrodia: Perfect. Thank you.

Moderator: Thank you. Ladies and gentlemen due to time constraint that was the last question of our question and answer session. I would now like to hand the conference over to Mr. Jasbir Singh for closing comments.

Jasbir Singh: Thank you everyone for joining on the call and I hope we have been able to address all your queries. I think two queries have not been addressed, which we will be sending you separately to Dhananjai and to Natasha. For any further information kindly get in touch with Rohit, or SGA our Investor Relations Advisor. Thank you very much and have a good day ahead.

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