



**DALAL & BROACHA**  
STOCK BROKING PVT. LTD.

**Analyst:** Abhilasha Satale (022) 67141435

## Plant Visit Note@ Dalal & Broacha

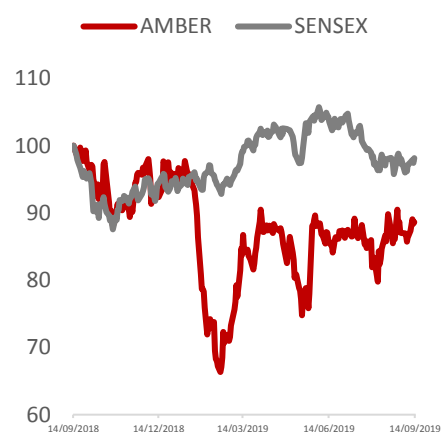
### Not Rated

Current Price	830
52 Week Range	621/999

### Key Share Data

Market Cap (Rs.bn)	26.10
Market Cap (US\$ mn)	365
No of o/s shares (mn)	31.45
Face Value	10
Monthly Avg. vol (BSE+NSE) Nos'000	20.71
BSE Code	540902
NSE Code	AMBER
Bloomberg	AMBER IN

### Price performance



% Shareholding	Jun-19	Mar-19
Promoters	44.02	44.02
DII	35.51	35.46
FII	11.41	11.47
Others	9.06	9.05
Total	100	100

### Key Financials

Year	Net Sales	Growth	EBITDA	OPM%	PAT	% Growth	EPS	PE(x)	ROE(%)	ROCE(%)
FY 17	16519	54%	1514	9.17%	507	110%	21.3	38.97	15%	16%
FY 18	21281	29%	1835	8.62%	623	23%	19.8	41.92	10%	15%
FY 19	27520	29%	2129	7.74%	948	52%	30.1	27.57	10%	13%
FY 20E*	37362	36%	3133	8.39%	1348	42%	42.86	19.37	12%	17%
FY 21E*	42522	14%	3653	8.59%	1612	20%	51.26	16.19	13%	17%

\*As per Bloomberg Estimates

The company is a Market leader in AC component manufacturing having 11 manufacturing facilities spread across seven locations in India. Further, as per the management, Amber has 55.4% market share in Room Air Conditioners (RAC) OEM and 19.1% market share in overall RAC Market in India. The Current capacity of Amber is to make 4.8mn units and peak utilization is 75% while average utilization is 50%. Amber commands a dominant market share of 55% in RAC original equipment manufacturer (OEM). RAC contributes 69% of sales followed by RAC components contributing 12% and other segments contributing 19%.

**Confident of growing better than industry growth:** Amber is beneficiary of more and more players entering into AC manufacturing and increasing local sourcing by AC manufactures. India's top 10 AC manufacturers are Amber's clients. Total contribution from these clients is 85% to its revenue. Increase in import duties for components and fully build units has led to increase in local sourcing benefiting players like Amber.

**Components contribution to total volume to increase and lead margin improvement:** As OEMs focus on improving backward integration Amber gets an opportunity to improve contribution from components segment. It supplies critical components like PCBs motors, heat exchanger, sheet metal, injection molding etc. Amber has capacity of 8mn PCBs (through subsidiary Elgin) which facilitates it to cater to all OEMs. As margin for component segment is better management expects 30-50bps margin improvement.

**Acquisition of Sidwal to add value:** During FY19 Amber entered into definitive agreement to acquire 80% equity in Sidwal Refrigeration Industries. Sidwal acquisition is helping Amber make inroads in HVAC business especially in rail coaches and metro. The AC for entire Train-18 is done by Sidwal. Sidwal has net block of Rs100mn and revenue of Rs2000mn. Management is confident of increasing turnover to Rs3500mn over two years without incurring major capex.

### Valuation & Outlook

Amber has expanded its capacity at Jajjar plant and incurred capex of Rs. 900mn. It intends to incur capex at Tirupati as major OEMs are setting plant in South India in view of improving penetration from this region. However, change in government has slowed down their capex plans. Amber earns ROE and ROCE of 10% and 13% respectively. The under penetrated AC industry and increasing local sourcing offers good opportunity for growth. As per Bloomberg consensus estimates Amber is likely to post Topline growth of 24% over FY19-21E and bottom line growth of 30% over same period. Amber is likely to post EPS of Rs 42.86 and Rs 51.26 over FY20E and FY21E. At CMP the stock trades at 19x FY20E and 16x FY21E earnings.



**DALAL & BROACHA**  
STOCK BROKING PVT. LTD.

## Plant Visit Note @ Dalal & Broacha

### Disclaimer

**Dalal & Broacha Stock Broking Pvt Ltd, hereinafter referred to as D& B** (CIN\_U67120MH1997PTC111186) was established in 1997 and is an integrated financial services player offering an extensive range of financial solutions and services to a wide spectrum of customers with varied needs ranging from equities to mutual funds to depository services.

D&B is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE). D&B along with its affiliates offers the most comprehensive avenues for investments and is engaged in the securities businesses including stock broking (Institutional and retail), depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. [www.dalal-broacha.com](http://www.dalal-broacha.com)

D&B is registered as Research Analyst with SEBI bearing registration Number INH000001246 as per SEBI (Research Analysts) Regulations, 2014.

D&B hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in any time in the past. It has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on D&B for certain operational deviations in routine course of business.

D&B offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

### Other disclosures by D&B (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

D&B or its associates may have financial interest in the subject company.

D&B or its associates do not have any material conflict of interest in the subject company.

The Research Analyst or Research Entity (D&B) has not been engaged in market making activity for the subject company.

D&B or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

### Disclosures in respect of Research Analyst:

Whether Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report:	No
Whether the Research Analyst or his/her relative's financial interest in the subject company.	No
Whether the research Analyst has served as officer, director or employee of the subject company	No
Whether the Research Analyst has received any compensation from the subject company in the past twelve months	No
Whether the Research Analyst has managed or co-managed public offering of securities for the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation or other benefits from the subject company or third party in connection with the research report	No

**DALAL & BROACHA**  
STOCK BROKING PVT. LTD.**Plant Visit Note @ Dalal & Broacha**

D&B and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject D&B or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to D&B. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of D&B. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of D&B or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Contact	Email ID	Contact No.	Sector
Mr. Kunal Bhatia	kunal.bhatia@dalal-broacha.com	022 67141442	Auto, Auto Ancillary, FMCG
Mrs.Charulata Gaidhani	charulata.gaidhani@dalal-broacha.com	022 67141446	Pharma /Healthcare
Mrs.Abhilasha Satale	Abhilasha.satale@dalal-broacha.com	022 67141438	Mid- cap senior analyst
Mr. Mayank Babla	mayank.babladalal-broacha.com	022 67141412	I.T/Telecom/Media
Mr. Avinash Tanawade	avinash.tanawade@dalal-broacha.com	022 67141449	BFSI
Mr. Suraj Nandu	suraj.nandu@dalal-broacha.com	022 67141438	Associate
Ms. Nidhi Babaria	nidhi.babaria@dalal-broacha.com	022 67141450	Associate
Mr. Tanush Mehta	tanush.mehta@dalal-broacha.com	022 67141449	Associate

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021

Tel: 91-22- 2282 2992, 2287 6173, Fax: 91-22-2287 0092

E-mail: research@dalalbroachaindia.com, equity.research@dalal-broacha.com