

Amber Enterprises India Ltd

Performance Update

(` cr)	3QFY19	3QFY18	% yoy	2QFY19	% qoq
Revenue	388.8	338.4	14.9	226.3	71.8
EBITDA	22.1	24.1	(8.2)	8.9	148.9
OPM (%)	5.7%	7.1%		3.9%	
Reported PAT	3.9	0.1	3123	-1.8	(320.0)

Source: Company, Angel Research

For 3QFY2019, Amber Enterprises Ltd (Amber) posted a decent set of numbers given muted demand environment and significant cost pressures. Revenue grew by 14.9% yoy to `338.8cr. On the bottom-line front, Amber reported PAT of `3.9cr against `0.1cr despite cost pressures.

Growth led by AC Components Division: The company's top-line grew by 14.9% yoy to `338.8cr on the back of strong volume growth. Growth was led by strong performance of the AC Components division which accounted for 8.8% of revenues in Q4FY19 as compared to 5.9% of revenues in Q3FY18. Growth in the air conditioner segment was sluggish due to weakness in overall demand and therefore its contribution dropped to 78.4% of revenues from 80.9%. Non AC components contributed to 12.8% of revenues as compared to 13.2% of revenues in Q3FY18.

Margins Impacted Due to Cost Pressures: On the operating front, the company's gross margins declined by 160bps to 14.1% due to cost pressures. EBITDA margins also declined by 130bps yoy to 5.7%. However lower interest outgo and stable tax rates led to increase in PAT from Rs. 0.1cr to Rs. 3.9cr.

Outlook and Valuation: We expect Amber Ltd. to report net profit (reported) CAGR of ~35.5% to ~`114.4cr over FY2018-20E on the back of topline growth of 19.4% in the same period. **Post the 3QFY19 numbers, we maintain BUY on the stock with a revised target Price of `910 (25x FY20E).**

Key Financials

Y/E March (` cr)	FY2017	FY2018	FY2019E	FY2020E
Net sales	1,651.9	2,128.1	2,500.5	3,034.7
% chg	51.7	28.8	17.5	21.4
Adj. Net profit	25.2	62.3	89.1	114.4
% chg	4.5	147.4	43.1	28.4
EBITDA margin (%)	7.9	8.6	7.5	7.5
EPS (`)	8.0	19.8	28.3	36.4
P/E (x)	79.5	32.1	22.5	17.5
P/BV (x)	6.0	2.2	2.1	1.9
RoE (%)	7.5	7.0	9.2	10.8
RoCE (%)	13.3	13.5	12.8	14.9
EV/Sales (x)	1.4	0.9	0.7	0.6
EV/EBITDA (x)	17.5	10.4	9.6	7.8

Source: Company, Angel Research Note

BUY

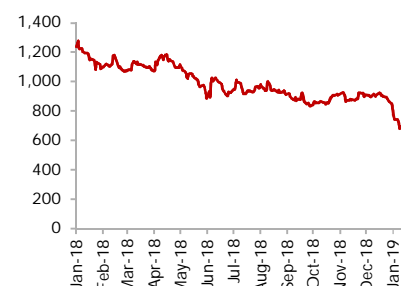
CMP	`637
Target Price	`910
Investment Period	12 months

Stock Info	
Sector	Consumer Durable
Market Cap (` cr)	2,002
Net Debt (` cr)	-62.0
Beta	0.9
52 Week High / Low	1200/630
Avg. Daily Volume	12,500
Face Value (`)	2
BSE Sensex	35,809
Nifty	10,724
Reuters Code	AMBER.BO
Bloomberg Code	AMBER.IN

Shareholding Pattern (%)			
Promoters			44
MF / Banks / Indian			33
FII / NRIs / OCBs			11
Indian Public/Others			12

Abs. (%)	3m	1yr	3yr
Sensex	1.6	4.4	52.0
Amber	(25.9)	(44.6)	-

Historical share price chart



Source: Company, Angel Research

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Exhibit 1: 3QFY2019 Performance

Y/E March (₹ cr)	3QFY19	3QFY18	% chg. (yoy)	2QFY19	% chg. (qoq)	9MFY19	9MFY18	% chg
Net Sales	389	338	15	226	71.8	1,217	1,231	(1.1)
Net raw material	334.0	285.3	17.1	186.1	79.5	1022	1034	(1.2)
(% of Sales)	85.9	84.3	161	82.2	368	84.0	84.0	
Employee Cost	10	9	5.4	10	1.2	29	28	6.0
(% of Sales)	2.5	2.8	(23)	4.3	(176)	2.4	2.2	
Other Expenses	23	20	15.9	22	5.7	80	67	19.6
(% of Sales)	5.9	5.8	5	9.6	(368)	6.5	5.4	
Total Expenditure	367	314	16.7	217	68.7	1,131	1,129	0.2
Operating Profit	22	24	(8.2)	9	148.8	86	102	(16.1)
OPM (%)	5.7	7.1	(143)	3.9	176	7.1	8.3	(126)
Interest	3	17	(79.2)	3	5.5	9.6	39.4	(75.6)
Depreciation	12	11	11.3	12	(0.8)	36.5	31.9	14.6
Other Income	0	4	(93.0)	3	(89.9)	4.1	7.8	(47.3)
PBT before exceptional	7	0	1,352.2	(4)	(269.1)	44	39	12.5
(% of Sales)	1.7	0.1		(1.7)		3.6	3.2	
Exceptional Items							-	
PBT	7	0	1,352.2	(4)	(269.1)	44	39	12.5
Tax	3	0	708.6	(2)	(228.6)	12.9	10.8	19.2
(% of PBT)	42.4	76.1		55.7		29.4	27.8	
Reported PAT	4	0	3,400.0	(2)	(320.0)	31	28	10.0
PATM	1.0	0.0		(0.8)		2.5	2.3	
Extra-ordinary Items								
Adj PAT	3.85	0.11	3,400.0	(1.75)	(320.0)	31	28	10.0

Source: Company, Angel Research

Profit & Loss Statement

Y/E March (₹ cr)	FY2016	FY2017	FY2018	FY2019E	FY2020E
Total operating income	1,089.0	1,651.9	2,128.1	2,500.5	3,034.7
% chg	-11.5	51.7	28.8	17.5	21.4
Total Expenditure	975.3	1,521.3	1,944.5	2,313.0	2,807.1
Raw Material	858.5	1,371.2	1,768.8	2,125.4	2,579.5
Personnel	36.5	43.7	49.8	50.0	60.7
Others Expenses	80.3	106.5	125.9	137.5	166.9
EBITDA	113.7	130.5	183.5	187.5	227.6
% chg	10.9	14.8	40.6	2.2	21.4
(% of Net Sales)	10.4	7.9	8.6	7.5	7.5
Depreciation & Amortisation	30.9	40.1	49.0	51.2	54.3
EBIT	82.9	90.4	134.5	136.3	173.3
% chg	7.6	9.1	48.8	1.3	27.2
(% of Net Sales)	7.6	5.5	6.3	5.5	5.7
Interest & other Charges	53.2	63.5	53.8	18.8	21.7
Other Income	3.1	8.8	8.7	10.5	12.6
(% of Sales)	0.3	0.5	0.4	0.4	0.4
Extraordinary Items	-	-	-	-	-
Share in profit of Associates	-	-	-	-	-
Recurring PBT	32.7	35.7	89.4	127.9	164.2
% chg	-19.0	9.2	150.4	43.1	28.4
Tax	8.6	10.5	27.1	38.8	49.8
PAT (reported)	24.1	25.2	62.3	89.1	114.4
% chg	-13.5	4.5	147.4	43.1	28.4
(% of Net Sales)	2.2	1.5	2.9	3.6	3.8
Basic & Fully Diluted EPS (Rs)	7.7	8.0	19.8	28.3	36.4
% chg	-13.5	4.5	147.4	43.1	28.4

Balance Sheet

Y/E March (₹ cr)	FY2016	FY2017	FY2018	FY2019E	FY2020E
SOURCES OF FUNDS					
Equity Share Capital	21.7	23.8	31.4	31.4	31.4
Reserves & Surplus	240.9	311.1	861.3	936.5	1,033.0
Shareholders Funds	262.6	334.9	892.8	968.0	1,064.5
Minority Interest	-	-	-	-	-
Total Loans	326.6	344.9	105.5	100.0	100.0
Other Liab & Prov	80.8	46.8	64.4	75.7	91.9
Total Liabilities	670.0	726.6	1,062.7	1,143.7	1,256.4
APPLICATION OF FUNDS					
Net Block	536.1	577.5	739.8	789.8	839.8
Capital Work-in-Progress	2.0	3.0	4.0	5.0	6.0
Investments	-	-	5.7	55.7	105.7
Current Assets	533.6	650.4	964.0	1,081.6	1,259.7
Inventories	225.8	267.7	395.6	411.0	498.9
Sundry Debtors	247.9	310.4	378.6	411.0	498.9
Cash	18.4	34.7	133.8	176.3	161.5
Loans & Advances	40.6	37.1	28.3	50.0	60.7
Other Assets	1.0	0.5	27.6	33.1	39.8
Current liabilities	445.0	560.0	665.8	782.3	949.5
Net Current Assets	88.6	90.4	298.2	299.2	310.2
Other Non Current Asset	45.3	58.6	19.1	19.1	20.8
Total Assets	670.0	726.6	1,062.7	1,143.7	1,256.4

Cashflow Statement

Y/E March (₹ cr)	FY2016	FY2017	FY2018	FY2019E	FY2020E
Profit before tax	32.7	38.4	89.4	127.9	164.2
Depreciation	30.9	39.7	49.0	51.2	54.3
Change in Working Capital	42.9	(23.3)	(67.7)	(13.7)	(84.8)
Interest / Dividend (Net)	-	-	-	-	-
Direct taxes paid	(10.5)	(9.0)	(27.1)	(38.8)	(49.8)
Others	(56.2)	(52.7)	(38.8)	(5.4)	9.1
Cash Flow from Operations	152.2	98.5	82.4	132.1	74.8
(Inc.)/ Dec. in Fixed Assets	(101.2)	(82.0)	(162.2)	(50.0)	(50.0)
(Inc.)/ Dec. in Investments	1.4	0.8	-	-	-
Cash Flow from Investing	(83.9)	(89.7)	(162.2)	(50.0)	(50.0)
Issue of Equity	-	50.0	505.3	-	-
Inc./(Dec.) in loans	150.6	46.4	(239.4)	(5.5)	-
Others	218.5	97.6	63.6	32.8	39.6
Cash Flow from Financing	(67.9)	(1.2)	202.3	(38.3)	(39.6)
Inc./(Dec.) in Cash	0.4	7.6	122.5	43.8	(14.8)
Opening Cash balances	2.0	2.4	10.0	132.5	176.3
Closing Cash balances	2.4	10.0	132.5	176.3	161.5

Key Ratio

Y/E March	FY16	FY17	FY18E	FY19E	FY20E
Valuation Ratio (x)					
P/E (on FDEPS)	83.1	79.5	32.1	22.5	17.5
P/CEPS	18.8	16.8	8.2	6.0	4.8
P/BV	7.6	6.0	2.2	2.1	1.9
Dividend yield (%)	-	-	-	-	-
EV/Sales	2.1	1.4	0.9	0.7	0.6
EV/EBITDA	20.0	17.5	10.4	9.6	7.8
EV / Total Assets	3.4	3.1	1.8	1.6	1.4
Per Share Data (₹)					
EPS (Basic)	7.7	8.0	19.8	28.3	36.4
EPS (fully diluted)	7.7	8.0	19.8	28.3	36.4
Cash EPS	33.9	37.9	77.9	105.4	131.7
Book Value	83.5	106.5	283.9	307.8	338.5
Returns (%)					
ROCE	14.1	13.3	13.5	12.8	14.9
Angel ROIC (Pre-tax)	13.7	13.9	15.9	16.3	19.0
ROE	9.2	7.5	7.0	9.2	10.8
Turnover ratios (x)					
Asset Turnover (Gross Block)	2.3	2.9	3.8	4.1	4.6
Inventory / Sales (days)	76	59	68	60	60
Receivables (days)	83	69	65	60	60
Payables (days)	95	99	98	98	98
Working capital cycle (ex-cash) (days)	64	29	35	22	22

Source: Company, Angel Research

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Disclosure of Interest Statement

Amber Enterprises India

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

Ratings (Returns):

Buy (> 15%)

Reduce (-5% to -15%)

Accumulate (5% to 15%)

Sell (< -15%)

Neutral (-5 to 5%)