Management Discussion

Jasbir Singh - Executive Chairman, Chief Executive Officer, and Whole-time Director, Amber Enterprises India Limited

Hello good evening everyone, I hope everyone had a safe and prosperous Diwali. We have uploaded our presentation on the exchanges and I hope you had an opportunity to go through the same on the call today. I am joined by Mr. Daljeet Singh, our managing director, Mr. Sachin Gupta, whole-time. new businesses. Now let me first briefly talk about the strategic updates for the quarter. Firstly, in line with our continued efforts to strengthen and simplify the group structure, Iljin had acquired the balance 40% stake in Power One and 1.5% stake in Ascent Circuits through the issuance of CCPS, compulsorily convertible preference shares, under a share swap arrangement.

Consequently, both Power One and SN Circuits are now wholly owned subsidiaries of Iljin. Secondly, on the leadership front, I would like to acknowledge and thank Mr. Sanjay Arora for his immense contribution in shaping and value creation of our electronics division. As we enter the next phase of growth He will take on the role of President, New Businesses and Group Evolution. Here he will spearhead the mobile division and organizational development. We are confident that under his leadership, the mobile business will attain significant scale and emerge as a key player in the industry.

We also welcome Mr. Satinder Singh as the CEO and Whole-Time Director of Aisin Electronics. He is a seasoned industry professional with over 3 decades of experience in the electronic circuit sector, and prior to joining us, he served as the CEO of a listed EMS company and held other leadership positions with global organizations in his career. Coming to on the mobile business, after a thorough deliberation, we have decided to house mobile business under AMBER, including production for Oppo, OnePlus, and Realme brands.

Mobile business will operate under a dedicated and wholly owned subsidiary, namely AMBER Digital Technologies. With this, AMBER will become a product-focused business encompassing both mobile phone and backward integrated RAC business. The complementary nature of these businesses helps diversify our revenue streams, reduce seasonality, and driving stronger returns on capital employed. On the Sidwal expansion front, the greenfield facility for heating, ventilation, air conditioning, doors, and gangways in Faridabad is now operational and under the production capacity scale-up to support future growth.

Coming to the outlook, The margin pressure witnessed are temporary in nature, and in line with our earlier guidance, we continue to expect the consumer durable to have a margin impact to the tune of 50 to 100 basis points considering the commodities are constant at H1 level. In case the commodity further spikes up, percentage margin will look suppressed As we have seen in the past, and we have all witnessed it, we have been able to pass on these all these changes of commodities and currency on a quarterly lag basis to our customers.

On Railway Division, margins are expected to rebound to normalized levels from next year Q2 onwards once the old projects get delivered under the nature of fixed-price contracts. Further, would like to inform the operations of Iljin facility, which got affected by a fire incident, has resumed operations and affected facility is now operational.

Now let me hand over to Sudhir Goel, our CFO, for financial highlights.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
Hi, good evening everyone. Firstly, let me take you through first half results. For financial year '27 at consolidated level, revenue for H1 financial year '27 increased to INR6,515 crores compared to INR5,096 crores, recording a growth of 28% over last year. Operating EBITDA for H1 financial year '27 expanded to INR464 crores against INR361 crores, reflecting a growth of 29% year on year. For clarification, operating EBITDA is before impact of ESOP expenses and other non-operating income and expenses. And to emphasize, the operating EBITDA is after adjusting for the consumption of inventory that has been fair valued at the time of purchase price allocation for the new acquisitions which we have done in the last financial year, which is Power One, Unitronics, and Shoguny, aggregating to an impact of INR28.8 crores in H1 financial year '27, representing increase in the raw material consumption in the consolidated financial statements for H1.

This increase in raw material consumption is non-operational in nature, and complete impact of this inventory PP allocation adjustment will be completed, uh, by the year-end. And the remaining balance is around INR32 crores, which will get adjusted in the next 2 quarters. Adjusted PAT for H1 financial year '27 stood at INR69 crores. It is before considering an exceptional loss of INR132.2 crores Out of this, INR125.9 crore is related to Ascent share purchase and INR6.3 crore is related to difference in fire loss amount and expected receivable from insurance company based on the documents submitted till date.

Now moving to quarterly performance, I am pleased to report consolidated revenue of INR2,627 crore, uh, compared to INR1,647 crore over previous year. Recording a strong growth of 60%. Operating EBITDA for the quarter increased to INR127 crores against INR98 crores in the same quarter previous year, reflecting a growth of 30% year on year. It is after adjusting for the inventory and purchase price allocation of INR13.5 crore for Q2 FY27. Adjusted loss after tax for the quarter stood at INR57 crore before the exceptional loss of INR9.5 crores Out of this, INR3.2 crores is related to Ascent share purchase and INR6.3 crores is related to difference in fire loss amount and expected receivable from insurance companies based on documents submitted till date.

Now let me take you through the divisional performance overview. First, revenue and operating EBITDA details of our divisional performance are not comparable with the published segmental results. Starting with the Consumer Durable Division, the Consumer Durable Division reported revenue of INR1,227 crores for the quarter compared to INR873 crores in Q2 FY26, recording a robust growth of 41% year-on-year. Operating EBITDA for the quarter stood at INR4 crores. Margins came under pressure due to increase in commodity prices, foreign currency fluctuation, minimum wage revision, and cost pertaining to new Shirshetti plant which is currently under the ramp-up phase.

Coming to electronic division performance, revenue for the quarter increased to INR1,248 crores compared to INR642 crores in Q2 FY26, reflecting a growth of 94% over last year. Operating EBITDA for the quarter recorded a growth of 195% year-on-year and reaching to INR116 crores. Moving to Railway Systems and Defence divisional performance, the revenue for the quarter increased to INR152 crores compared to INR132 crores in Q2 FY26, reflecting a growth of 15% year-on-year. Recorded operating EBIT of INR7 crores.

Margin was affected by commodity inflation, foreign currency fluctuation, minimum wage revision, where few contracts are fixed price contracts. On the outlook, we now expect the revenue growth of about 15 to 20%, lower than the earlier expectations, mainly because of delay in future project offtakes. On the balance sheet front, the net debt stood at INR2,582 crores. Net working capital

days stood at 53 days, 53 days, and expected CapEx is around INR1,800 to INR2,000 crores for the full year. Ilgin Electronics has recently filed its DRHP with SEBI, and management may not be able to address questions relating to Ilgin and its subsidiaries beyond the details mentioned in the DRHP. We would request participants to refer to the DRHP for the detailed information about the electronic devices.

Thank you. I now request the operator to please open the floor for the Q&A.

Questions & Answers

Operator
Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. [Operator Instructions] First question is from the line of Sumit Sinha from Macquarie. Please go ahead.

Sameet Sinha - Analyst, Macquarie Capital
Yes, thank you very much. A couple of questions. So on the electronics division, to the extent that you can talk about it, you know, we're getting organic growth growth of close to 35% year over year. Uh, you know, the last 2 quarters organic growth has been down, you know, to a large extent because of, you know, the job the revenue recognition between job order and the, uh, and gross. So can you just talk about, uh, you know, what, what are the puts and takes here? What were the dynamics here?

And, uh, secondly, if you can just walk us through the, uh, you know, one thing that I think everyone will, uh, uh, hope to understand better is kind of the commodity exposure. And I don't know to the extent if you can give us, okay, X percentage of the RAC business is exposed to, you know, CCLX is exposed to oil. I think that will help us model things better as we can take inputs from the open market. That's it. Thank you.

Jasbir Singh - Executive Chairman, Chief Executive Officer, and Whole-time Director, Amber Enterprises India Limited
Well, Sumit, I'm sorry that on the electronics divisions We have been advised because of the DRHP filing, we will not be able to answer your question in the detail part on the organic and inorganic growth part. But on the commodity exposure part, I, uh, you know, we are exposed to commodities like copper, which is a large part of the BOM, and then aluminium, steel, and of course, uh, the CCL because of the PCBs. And also on the currency side. So these are moving parts. Uh, rest I would like Sachin to give you a little more brief on the consumer durable or room AC side, on the commodity side.

Sachin, why don't you answer some of this?

Sachin Gupta - Whole-time Director, Amber Enterprises India Limited
Hi, Sumit ji. So sir, if you see on the bill of material level for a room air conditioner, so the major exposure comes from 4 commodities and obviously the dollar. So copper, aluminium, steel, resin. So these are the commodities and then the forex. So if I talk of commodities, so in the total bill of material exposure is 2 to, you know, 40% exposure. And if I include at the raw material level, so for example I'm talking of a compressor, in the compressor again there is a lot of steel and copper involved. So then this 40% becomes 52%. So this is the exposure of the commodity.

Sameet Sinha - Analyst, Macquarie Capital
Okay, and on the electronic side, do you have the similar bill of material details?

Jasbir Singh - Executive Chairman, Chief Executive Officer, and Whole-time Director, Amber Enterprises India Limited
No, in electronics, I mean, the components are very different. There's no large, large part of the steel which contributes or plastics which contributes, but these are the electronic components. On the other components like IC and memory prices and memories and you know heatsinks and transformers and capacitors.

Sameet Sinha - Analyst, Macquarie Capital
Okay, since you couldn't answer question number 1, I guess I'll take the opportunity to ask, you know, ask another question. Um, can you give us a sense of timing on the Iljin side? What are you anticipating? What are your lawyers telling you? What are the exchanges saying? When could you do the IPO or the demerger?

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
So, hi, Samit. So, uh, we are having expectation of getting the approval from the SEBI in next 3 to 4 months' time. And post that, as per the regulation, we have a 1-year time to launch our IPO. So we'll take a call after the approval came.

Sameet Sinha - Analyst, Macquarie Capital
Sorry, thank you very much.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
Thank you.

Operator
Thank you. Next question is from the line of Santosh Deshadri from Avenda Spark. Please go ahead.

Santhosh Seshadri - Analyst, Avendus Spark
Hi sir, uh, thanks for taking up my questions. Uh, so just on the, uh, you know, remaining minority interest portion in Unitronics, uh, can you tell us what is the plan here? Uh, can we see a similar sort of buyout as we have done for Power One and other subsidiaries?

Jasbir Singh - Executive Chairman, Chief Executive Officer, and Whole-time Director, Amber Enterprises India Limited
Santosh, uh, you know, since Unitronics is also a listed entity in Israeli stock markets We'll not be able this will be company-sensitive information. We'll not be able to answer your question.

Santhosh Seshadri - Analyst, Avendus Spark
Sure, no problem. So, yeah, and also, you know, on the broader, you know, PCB industry, what's your assessment on the PCB shortage? And also, if I'm not sure if you can answer this, but if you can, I'm just wondering if you can leverage the current situation to probably like secure a multi-year supply contract with customers and also, you know, potentially securing some sort of repayment, uh, to fund any sort of growth projects. Is that something under the cards, on the cards?

Jasbir Singh - Executive Chairman, Chief Executive Officer, and Whole-time Director, Amber Enterprises India Limited

Oh well, I, I think on the shortages front, uh, you know, definitely there's a shortage on the CCL part, but which is getting addressed now. A lot of capacity expansions are happening at a CCL company's level, so we expect that things should be very streamlined, uh, though the prices continue to increase, but, uh, you know, we are seeing that there's a maybe in next 2-3 quarters things will come to normalized level in the supply chain level.

Santhosh Seshadri - Analyst, Avendus Spark
Got it. And also for the electronics division, can you give us the split between, uh, you know, the PCB revenue and, uh, uh, halogen revenue for the last quarter?

Jasbir Singh - Executive Chairman, Chief Executive Officer, and Whole-time Director, Amber Enterprises India Limited
We will not be able to give any, any kind of data points here, especially segmental data points. I think you will have to refer to DRHP for the time being.

Santhosh Seshadri - Analyst, Avendus Spark
All right, thank you very much, sir.

Operator
Thank you. Next question is from the line of Archil Loade from Nuwama Institutional Equity. Please go ahead.

Achal Lohade - Analyst, Nuvama Institutional Equities
Yeah, good evening, team. Am I audible?

Jasbir Singh - Executive Chairman, Chief Executive Officer, and Whole-time Director, Amber Enterprises India Limited
Yes.

Achal Lohade - Analyst, Nuvama Institutional Equities
Yeah, so thank you for the opportunity. Um, the first question is, uh, you know, this 41% growth in the consumer durables, uh, you know, if you could help us understand, uh, you know, what has driven this growth, and if you could split in terms of volume stroke price, uh, you know, rise or price inflation in that.

Jasbir Singh - Executive Chairman, Chief Executive Officer, and Whole-time Director, Amber Enterprises India Limited
Sachin, will you take this question?

Sachin Gupta - Whole-time Director, Amber Enterprises India Limited
Yeah, so sir, there are 3 reasons for this growth. The first is obviously the contribution from the commercial AC has increased for us. So as everyone knows that we started the commercial AC business 3 years back. So every year we have been adding the new product portfolio, plus every year we have been adding new customers. So in this quarter, so commercial AC business has contributed versus last quarter, one. Second is obviously the impact of the commodity and star rating table change versus last quarter. And third is the volume growth. So all these 3 put together, the like CD division has grown by somewhere around 41%.

Achal Lohade - Analyst, Nuvama Institutional Equities
Uh, sir, if you could talk about what is the volume growth.

Sachin Gupta - Whole-time Director, Amber Enterprises India Limited
Sir, we are really sorry at this moment, probably we will not like to have a discussion regarding the volume growth.

Achal Lohade - Analyst, Nuvama Institutional Equities
Sorry, the reason I'm asking is that if you are talking about in line with the industry growth, right, so it appears that the growth will slow down quite a bit in the second half. Um, and given we have added the commercial AC, you know, I was just, uh, you know, kind of trying to figure out if the volume growth was weaker in the second quarter?

Sachin Gupta - Whole-time Director, Amber Enterprises India Limited
No, no, if you see, so on an annualized basis, so what we told was that we shall be in line to the industry growth. So, and we are still maintaining the same. So it's not like that there is a weaker demand in quarter 2 or quarter 3. So if you see, uh, on annual basis, we are expecting industry to grow by somewhere around 20 to 22%. So we are in line to that.

Achal Lohade - Analyst, Nuvama Institutional Equities
And what has been the growth for, uh, first half, if you could help us understand that, uh, for the industry, first half.

Sachin Gupta - Whole-time Director, Amber Enterprises India Limited
For the industry?

Achal Lohade - Analyst, Nuvama Institutional Equities
Yeah.

Sachin Gupta - Whole-time Director, Amber Enterprises India Limited
Oh yeah, just.

Jasbir Singh - Executive Chairman, Chief Executive Officer, and Whole-time Director, Amber Enterprises India Limited
Maybe we can park this question and attend it later while answering.

Sachin Gupta - Whole-time Director, Amber Enterprises India Limited
Yeah, so, so yeah, we have the data point. So as per us, the growth is for H1, it should be 18% for H1.

Achal Lohade - Analyst, Nuvama Institutional Equities
Understood. Uh, sir, if you could, uh, clarify on the EBITDA, uh, you know, in terms of the reported EBITDA, um, it's -1.1% or, uh, you know, -14 crores. Uh, if you could help us, uh, with the one-offs here in terms of forex loss There are 3-4 components which you have called out, right? Minimum wage revision, uh, Chiricity-related, plant-related, commissioning-related costs. What is the underlying margin on a per-unit basis? Have we seen a fair amount of reduction, and how do we see it for the second half?

Sachin Gupta - Whole-time Director, Amber Enterprises India Limited
So sir, if you see, as we told earlier as well, so how this business is operating is that there is one raw material exposure and then there is a fixed conversion. Okay, so for us, the fixed conversion remains intact. There is no change in that. So in the fixed conversion, we have been impacted by 2 things. One is the minimum wage revision, and the second point is the greenfield facility of Surincity has been up, but the capacity utilization is towards, you know, 40%, while obviously the expense has been added over there.

So we are expecting that by Q4 it will be back to the normal. So on the conversion side, this is the impact that we are seeing on the Q2 EBITDA levels. Second impact is on the RMC side. So as we have told that generally our costing with the customers work with a quarter lag, so obviously during this volatile period of the commodity, we are discussing with our customers. So in Q2, whatever increase was there, we have been able to take 50% from the customer while 50% is a lag. So from Q3, that will also be recovered. So again, coming back, if I talk in terms of the complete financial year, so we stick to our guidance which we have given earlier and we will be maintaining it. There is no change in that.

Achal Lohade - Analyst, Nuvama Institutional Equities
Possible to quantify the one-off impact, sir, extra of the RM cost?

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
So, so, Achal, you asked about the foreign currency and all, which is non-operational in nature. So that is around, uh, 32 crores. Which is related to forex fluctuation, ESOP impact, and some like, uh, non-operational in nature. So this is on the PBT level, INR32 crore. Then there is a wage revision which has also impacted AMBER. Uh, at AMBER level only, standalone, we you can take a number of roughly around INR22 to INR25 crore which got impacted us in the H1. So these 2 are the major thing, uh, which is you can say not a one-off. One-off is INR32 crore and the other is going to be which we are interested with the customer to pass on that increase in the costing.

Achal Lohade - Analyst, Nuvama Institutional Equities
Sorry, just to clarify, uh, so this is, uh, forex loss, INR32 crores is including forex loss and ESOP impact, etc., is for the consumer durables business or, uh.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
Only consumer.

Achal Lohade - Analyst, Nuvama Institutional Equities
At the company level? Only for consumer, right?

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
Only, only Amber level, only Amber standalone.

Achal Lohade - Analyst, Nuvama Institutional Equities
Okay, understood. Uh, thank you. I'll fall back in the queue for follow-up, sir. Thank you.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
Sure, thank you.

Operator
Thank you. Next question is from the line of Madhav Merda from MLP. Please go ahead.

Madhav Marda - Analyst, MLP
Hi, good evening. Thank you so much for your time. Just wanted an update on the timeline for the 2 CapEx projects which we have, the Korea Circuit, um, as well as the asset, like in terms of, you know, where we are in the construction timeline and when do we expect these projects to, uh, you know, start commissioning for us.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
Yeah, so as mentioned in the DRHP also, so our expected timelines to start Ascent, uh, hostel expansion by H1 calendar year '27, and, uh, Korea circuit, uh, will be will start in calendar year '28. This is already mentioned in the DRHP, and exact timelines, uh, will come near to the, uh, operational near to the commencement of the operations.

Madhav Marda - Analyst, MLP
Okay, perfect, understood. And secondly, just wanted clarification. I don't know if you can share or it's, you know, because of confidentiality we can't, but for the electronic business, the margins in my understanding were quite decent given in Q1 I think we were talking about some margin pressure in this segment given, you know, we are a tier 2 supplier in some of the segments and it takes time to pass on. Any qualitative comments you can share in terms of, you know, what helped us report reasonably decent margins despite the commodity cost pressure? That would be helpful. Thank you.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
So as guided earlier, we were discussing with the customer and, uh, pass-on has, uh, started happening. So that is, uh, the only thing which is getting us a better margin overall in the overall electronic division.

Madhav Marda - Analyst, MLP
Okay, so, uh, is it fair to understand that, uh, worst of the pressure even in this segment is somewhat behind us, like from a margin pressure perspective?

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
We can't say that. It all depends on how the future commodity fluctuation, currency fluctuation.

Madhav Marda - Analyst, MLP
Asuming stable commodity cost, like let's say copper, aluminum, it's been easing a little bit already, so hopefully it doesn't go up again. But if it stays here, like, are we largely okay?

Jasbir Singh - Executive Chairman, Chief Executive Officer, and Whole-time Director, Amber Enterprises India Limited
Safe statement to make will be partially behind us. It's a moving part always with the customers, you know.

Madhav Marda - Analyst, MLP
All right, great. So thank you so much.

Operator
Thank you. Next question is from the line of Dhruv Jain from Ambit Capital. Please go ahead.

Dhruv Jain - Analyst, Ambit Capital
Thank you for the opportunity, sir. My first question is on CIGVAL. So while we've seen that this year you've seen impact with respect to margins around commodity, if you could just spell out how should we look at the margins in FY28 and FY29? And in terms of your earlier guidance of doubling top line in 2 years. Does that stand or is there some revision in that as well?

Daljit Singh - Managing Director, Amber Enterprises India Limited
So Dhruv, I'll first of all answer about the doubling the top line guideline. That still is intact and that stands because our order book is now more and more strengthened. Okay, uh, regarding the margins, yes, there are some old contracts, legacy contracts, which doesn't have a price variation clause. Which of course there is some delays in the, uh, on the customer end of picking. So that is happening now. So we feel that probably another, uh, 2 to 3 quarters it will be partially built up again later on, and then by FY29 I think so we should be back to normalized conditions because the price and all that will be again for the new contracts. The we are having the price variation clauses as well as Of course, uh, the new contracts are negotiated on the new commodities.

Dhruv Jain - Analyst, Ambit Capital
Okay, so just to sort of clarify here, incrementally for FY28 and FY29, while we'll see an improvement, it will not go back to 20% or 19-20% level that we saw earlier. It will be more gradual.

Daljit Singh - Managing Director, Amber Enterprises India Limited
Yeah, it will be more gradual, and I think so normalized condition we should see it around like 14 to 16% kind of, uh, uh, margins basically.

Dhruv Jain - Analyst, Ambit Capital
Case. Sure. Okay, so my second question is on CAPEX. So if you could just spell out how should we look at your CAPEX, uh, over FY27, '28, and '29? And in that context, when do you start receiving incentives for some of your, uh, you know, initiatives? So on a gross and a net basis, if you could just give us that CAPEX number. And, you know, a relation a question related to that will be around debt as well. So So if you could just give that, and if you could call it out segment-wise. Thank you.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
Segment-wise will be difficult, though. As you know that we filed the DAHP, so it will be difficult for us to mention segment-wise. At the console level, like we guided in the previous call, our overall capex for the current financial year will be between INR1,800 to INR2,000 crores, uh, and next year also it will be in the similar range, uh, and, uh, on the incentive side, because incentive will be available once we start the commercial production. And after filing the application and all, we get we can expect that the cash flow will start coming from financial year '27 for the incentive. '29.

Dhruv Jain - Analyst, Ambit Capital
Uh, and so from a debt perspective, we've seen, say, debt go up and interest cost goes, uh, go up significantly in this quarter. So how should we look at it from, say, '27 and '28?

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
So, so this quarter, if you see, uh, we have to see the interest cost at the net level after adjusting the interest income lying in the other income. Uh, so if I'll give you the numbers of the net interest, quarter 1 was around INR56 crore and quarter 2 is around INR63-64 crores. So it's not a significant increase, but since you are seeing only the finance cost, you might not be able to appreciate it, but

the interest cost is INR64 and INR56. Costs in Q2 and Q1 respectively.

Dhruv Jain - Analyst, Ambit Capital
So I believe yes, please go ahead.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
So we are expecting the similar, uh, amount of interest costs in the next 2 quarters as well in the current financial year.

Dhruv Jain - Analyst, Ambit Capital
Okay, okay, fair enough. Uh, thanks a lot and I'll call back.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
Sure, thank you.

Operator
Thank you. Next question is from the line of Keshav Lahoti from HDFC Securities. Please go ahead.

Keshav Lahoti - Analyst, HDFC Securities
I thank you for the opportunity. So one thing I want to understand, which inventory you said, uh, by Q3 and Q4 also because of purchase price allocation it will take time. So normally a company might be carrying the 3-4 months inventory. Why is it taking 1 year for this entire process?

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
So since these are related to the FG and SFG and, uh, it is related to the new acquisition where of Unitonic, Shoguny, and Power One So model mix and everything, sales keeps on changing. So whatever finished goods and SFG lying with us, and liquidation of that will take time. So that is why it is going to be like absorbed in next 2 quarters more.

Keshav Lahoti - Analyst, HDFC Securities
Understood. Correct. In the engine, because of fire, was there any, you know, loss of sales in this quarter? And has the thing got normalized now?

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
See, we have already resumed the operation recently, in few days back, and, uh, facility will be fully operational in a couple of months because now it is in the phase of ramping up. But only about the losses and all, we won't be able to tell because we have not disclosed in the DRHP. It will be difficult, but, uh, we don't see there is a major loss in the customers and the customer sales, because we were able to do that, uh, by, uh, using the other facilities of LG.

Keshav Lahoti - Analyst, HDFC Securities
Last question from my side, what is the price hike you have taken in the REC segment, including the hike you will take in Q3 because of the commodity inflation? And lastly, what is the guided EBITDA margin for Consumer Durables division for this year?

Sachin Gupta - Whole-time Director, Amber Enterprises India Limited
Sir, coming to the price increase. So price increase if you compare against quarter three of last year, right?

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
Quarter two.

Sachin Gupta - Whole-time Director, Amber Enterprises India Limited
We are comparing against this quarter two.

Keshav Lahoti - Analyst, HDFC Securities
Quarter two last year versus quarter two.

Sachin Gupta - Whole-time Director, Amber Enterprises India Limited
Quarter two last year versus quarter two this year. So the price increase was eight percent.

Keshav Lahoti - Analyst, HDFC Securities
Okay, only eight percent.

Sachin Gupta - Whole-time Director, Amber Enterprises India Limited
You are comparing quarter 2, right?

Keshav Lahoti - Analyst, HDFC Securities
Yeah, yeah, year on year the blended price increases only 8% for our yeah.

Sachin Gupta - Whole-time Director, Amber Enterprises India Limited
See actually what happened, I will tell you exactly, I will tell you what happens. See, maybe the commodity increases to a tune of maybe 12%, for example, okay? But what happens is that every year there is a very, very, uh, I would say cost improvement done by the A-class suppliers like the compressor guys or the PCBA guys. So overall, the product cost also comes down, right? So you need to set it off by the cost improvement done by the suppliers and the commodity increase. So for example, the commodity increases 12%, then there is a cost improvement of 4%, so the net impact comes 8%, just like that.

Keshav Lahoti - Analyst, HDFC Securities
And, uh, on this I have also what is the guided EBITDA margin for consumer durables for this year, and what would be the normalized margin of this business? The reason why I'm asking, because, you know, as company have taken already 8% price hike Possibly you will take more hike in the future. So as you get a fixed cost conversion remains same, so whatever the EBITDA margin what we used to do 7-8%, possibly that might be lower in the upcoming years.

Sachin Gupta - Whole-time Director, Amber Enterprises India Limited
If you see in terms of percentage, it is very difficult because if you see what is happening is that in H1 itself only versus last year, so we told that it will be down by somewhere around 50-200 bps, right? Now assuming that the commodity remains as is in H1. So obviously we maintain this, but in case there is a further volatility of commodities like copper, dollar, or oil so I think so that in terms of percentage it is very, very difficult because the ASP keeps on changing for us. Second point is that the model mix as well keeps changing for us. So in terms of percentage it is very difficult, but what we can tell you that in terms of the absolute amount we maintain.

Keshav Lahoti - Analyst, HDFC Securities
Understood, got it. That's it. Thank you so much.

Operator
Thank you. Next question is from the line of Rabindranath Nayak from Nirmal Bang Institutional Equities. Please go ahead.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Good evening, sir. Thank you for the opportunity. Am I audible?

Jasbir Singh - Executive Chairman, Chief Executive Officer, and Whole-time Director, Amber Enterprises India Limited
Yes, Rabindra, good evening. Audible.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Okay, sir. Thank you. Sir, I'm just checking with that you mentioned that this year the consumer durable business would be growing by 20% as compared to 26%. Is it correct?

Sachin Gupta - Whole-time Director, Amber Enterprises India Limited
Sorry, sir, come again.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
The guidance for the consumer durable business growth for FY27 would be 20%, right? It's compared to FY26 till here.

Sachin Gupta - Whole-time Director, Amber Enterprises India Limited
No, no, we didn't tell it by 20%. What we are saying is that, so it shall be in line to the industry. Our expectation is that industry should grow by somewhere around 20 to 22%.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Okay, okay, okay. And regarding Ilgin, I know, I know that you have already filed the DLHP, but you know, regarding the fire incidents, uh, whether This quarter we have done around INR1,247 crores from electronics division. So do you mean to say after the restoration of the activities in, uh, at Iljin after the fire, the normal run rate for the revenue will continue, uh, in the coming periods? Is it the right understanding? I'm not asking for any number. Is it normalized completely? I can say,

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
Yeah, your understanding is right. Then since we have resumed the operations, uh, we'll see the normalized level of our growth in the electronics division.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Okay. And so regarding this railway division, uh, where you have guided that there will be, you know, decline in, uh, you know, guidance, you have cut the guidance. So what is the margin we can expect? It should be in the range of 14 to 15% this year, full EBITDA margin for railway?

Daljit Singh - Managing Director, Amber Enterprises India Limited
So this year, uh, we are expecting the range of the EBITDA margin should be around, uh, single digit, like 8 to 10%. Uh, however, as we told that as we move forward, uh, the new the older legacy contracts are now getting delivered, and by probably, uh, Q2, uh, we should come back partially, and then slowly and slowly and gradually we should come back to the normalized EBITDA margin of 14 to 16%.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Okay, so last question from my side, sir. You have already filed the DRHP for Iljin, uh, so if I see the capital structure of the company Iljin now, you, after the conversion of the, you know, preference shares, your holding will go down to around 60%, particularly for Amber's holding is 60%, and you are going for a, you know, IPO, you know, price of money of around INR2,500 crores currently. So, uh, you know, if I take the pricing I don't know what the pricing will future will decide but the current price, if you dilute your equity, it will go down to around below 50%, uh, if at all the pricing will not be proper.

So will you, uh, you know, consider if in a case of, you know, the your stake will go down below 60 to 50%, whether the company will subscribe to the IPO, you know, in the IPO for Ilgin, or will future will go for buyback or some sort of kind of differential issue to make the controls? In a nutshell, I'm asking whether you will control the Ilgin's, you know, perform, you know, in, uh, Amber, uh, in future. That is my one question. And regarding the debt, you have already INR4,000 crores of debt in your, you know, total, total.

Out of that, Ilgin, if you remove the Ilgin's debt of around INR1,700 crores, your debt is around INR2,600 crores right now currently. So, uh, is it the current understanding, is estimate on the float as far as the debt is concerned. And also, there are also the ongoing CapEx and also debt is there. So what would be ex-Elgin debt for Amber for FY27?

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
So first of all, uh, on the 60% and, uh, post-IPO, what is the dilution diluted equity holding of Elgin? So whatever is there in the DRHP, it is on the maximum dilution basis. Uh, because all the conversion will be based on the, uh, operations of both the entities. Uh, like, uh, we acquired, uh, Power One, we acquired Ascend Circuit 100% with some CCPS issuance. Conversion of the same depends on the profitability of both the entities, Ilgin at a console level as well as individual entities.

And also the conversion of the private equity shares are depending on the future profitability of the company. So in the DHP, it is at the maximum level, but we are not expecting, uh, that that can happen. It can be reduced further. Ultimate, uh, dilution might be, uh, might be lesser than the, uh, 40%. And on the, uh, IPO.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Okay, okay, you will control the, uh, stake in Iljin with more than 51%? We can control

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
So that we are expecting, we can't say.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Okay.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
Yes, we are expecting that board will always be in our control and as well as we are expecting that our shareholding will be more than 51%.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Okay, okay, it is under debt side sir, okay.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
Yeah, and on the net debt side it is gross debt is around 41-4200.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Okay, so that you even this INR2,600 crore around debt will continue for FY27?

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
No, we are expecting since we are in a seasonal business, we always see that our net debt level, uh, increases, uh, during Q2 and Q3, and then it comes down in Q4 and Q1. So that, that will continue in future as well.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Okay, how much percentage of how much total debt would be tied up with the due to the inventory rise? Is it any can you please give any estimates on that?

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
Can you ask again? I, I didn't got your question.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
How much debt is related to your inventory rise? Because you have purchased some compressor and your inventory has also risen due to that. So is it how much debt is related to that?

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
No, no, it is not divided like that. Since once prices increases, then our creditor also increases to the similar extent. So it is not divided like that. So once value of inventory increases, that correspondingly the, the value of creditor also increases because creditor value includes, uh, the price hike in the commodity prices. So it is difficult because partially inventory is, uh, paid and partially inventory is unpaid as well.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Okay, so nothing no debt is actually tied to the inventory. Okay, okay, thank you very much, sir. All the best.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
Yeah, thank you.

Operator
Thank you. Next question is from the line of Naveen Kumar Dubey from Nardhulia Financial Services Limited. Please go ahead.

Naveen Kumar Dubey - Analyst, Narnolia Financial Services Limited
Yeah, uh, thanks for the opportunity, sir. Uh, just a question again on the consumer durables margin side. So, sir, I wanted to understand if we remove one-offs and new plant expenses, how should our margin maybe look like in Q2? The current quarter.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
Uh, so like I said that our non-operating expenses is around INR32 crore including foreign currency fluctuation and all. INR22 to INR25 crore is the, uh, wage revision, uh, due to the minimum wages hike in, uh, Haryana. And, and this is I'm talking about the, uh, consumer this Amber only. Consumer

dogal, you can take around INR25 to INR30 crore. Which includes PICL and, uh, Pravatka as well. So, uh, 20 to 30 crore is the, uh, consumer durable minimum wages, 32 plus, uh, 32 to 35 crore based on the non-operational, uh, cost, and one time not one time, but, uh, extra cost of CCT2 plant, uh, around maybe 15-20 crores you can expect, uh, since that is in H1. So this all figures I'm talking about the H1, not Q2. This is H1.

Naveen Kumar Dubey - Analyst, Narnolia Financial Services Limited
Okay.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
So, uh, 32, 35 plus, uh, 30 and plus, uh, 20.

Naveen Kumar Dubey - Analyst, Narnolia Financial Services Limited
Okay, some 80, 85 crore rupees of additional cost that come in, uh, one H.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
Yeah, H1.

Naveen Kumar Dubey - Analyst, Narnolia Financial Services Limited
Yes. Okay, okay, okay. And how should we look at the quarters going ahead? Everyone asks about the commodity and, uh, how should we look at it? Because this quarter margins were like extremely low this time. Everything happens in the same quarter, I think.

Sachin Gupta - Whole-time Director, Amber Enterprises India Limited
So sir, as I told earlier, uh, you know, see, again, we, uh, we will be explaining. We need to see how this business operates actually, you know. So you see, business has 2 things related to it. One is the seasonality of this business. One. Second point is that at an OEM level, the product mix keeps changing depending upon what my customer wants. Okay, so sometimes it is subassembly, sometimes it is finished goods, sometimes it is indoor only, you know, it keeps on changing. So what we have been requesting in past as well, it is very, very tough to justify on the quarterly basis, but on the annual basis, on the annual basis, so our guidance remains intact. So the margins that CD division has been delivering historically, we shall be recovering it in Q3 and Q4.

Naveen Kumar Dubey - Analyst, Narnolia Financial Services Limited
Okay, okay, perfect. Uh, sir, one more question on the Q2 results. We saw that some changes in inventory that comes under the cost of goods sold, that number is positive some INR62 crores. So can you explain what that number is like? That was negative in previous 2 quarters, 2-3 quarters.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
So it is, uh, like accounting thing. So one is raw material consumption, which is purely raw material, and then as per accounting, there are 2 more components in the inventory. One is semi-finished goods and one is finished goods. So RMC is calculated opening stock plus purchases minus closing stock, that is raw material consumption, and changes in the opening stock of SFC and FG and closing stock of SFC and FG. That becomes a part of the P&L account. So it is not like that. You have to club it both and derive the RMCE of the company.

Naveen Kumar Dubey - Analyst, Narnolia Financial Services Limited
Okay, okay, okay. Because if I remove that, the numbers, the gross margin numbers looks, uh, 2.5% more, like 18.8% becomes some 21%.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
No, no, you can't remove it. You have to always see RMCE combining both the figures.

Naveen Kumar Dubey - Analyst, Narnolia Financial Services Limited
Okay, okay, okay. Maybe I thought that was related more to the consumer business stable business.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
No, no, no, no.

Naveen Kumar Dubey - Analyst, Narnolia Financial Services Limited
Overall, it's overall Amber.

Sudhir Goyal - Chief Financial Officer, Amber Enterprises India Limited
It's a presentation only. You have to see both the figures jointly to arrive a RMC.

Naveen Kumar Dubey - Analyst, Narnolia Financial Services Limited
okay, okay, okay, [Foreign Speech] Thank you so much sir, thank you, that's from my side.

Operator
Thank you. Ladies and gentlemen, due to time constraints that was the last question for today. I now hand the conference over to management for closing comments.

Jasbir Singh - Executive Chairman, Chief Executive Officer, and Whole-time Director, Amber Enterprises India Limited
Thank you everyone for joining on the call. Wishing everyone a very nice evening ahead. For any further information, please get in touch with our Head of IR, Mr. Ravi Kharbanda, or, uh, Strategic Growth Advisor, our IR advisors. Thank you very much. Bye-bye.

Operator
[Operator Closing Remarks]