Techno Funda

AMBER ENTERPRISES INDIA LIMITED

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INVESTOR FIRST
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Date: 18/07/2023	Reco. Price: 2190-2210 • Target: 2400-2500 • Stoploss: 1990	Time Frame: 3-6 months

AMBER-DAILY CHART

Chart as on 18th July 2023

Technical Outlook

- On a daily scale, the stock has witnessed a breakout of the rounding bottom pattern. After the breakout, the stock has surpassed the hurdle of 2,180 and experienced a bullish flag pattern breakout, as highlighted in the chart above.
- The breakout is accompanied by strong volume, suggesting strength in the breakout.
- According to the rounding bottom pattern, the stock could test the levels of 2,400 in the medium term. Furthermore, the flag pattern suggests a target range of 2,500-2,600.
- The 34-Daily EMA is placed near 2180. Thus, any dips till 2180 can be good entry point for the short term accumulation.
- The RSI on a daily scale is placed above centre, suggesting strength.
- Based on the above technical set up, we recommend accumulating AMBER in the range of 2190-2210 and on dips around 2090-2110 with a stop loss of 1990 on a closing basis for the target of 2400-2500 for the medium-term.

Fundamental Rationale

- The company enjoys a clientele of strong and reputed RAC (Room Air Conditioner) brands like Daikin, LG, Samsung, Toshiba, and Bluestar etc. AEIL has medium to high share of business with these companies, while established relationships with them ensure good revenue visibility in the near to medium term. Further, increasing urbanization, climate change and improving standards of living are expected to provide a huge opportunity for RAC original equipment manufacturers (OEMs) in the domestic market.
- Favourable regulatory developments in the recent past, i.e., ban on import of completely built RACs with refrigerants and the PLI scheme for the AC component sector provide strong growth prospects for the industry over the medium to long term. In mobility applications, AEIL's customers include the Indian Railways and major metro system coach manufacturers in India. Given the GoI's push to upgrade railway infrastructure and improve intra-city public transportation through metro rail development, this business vertical (under AEIL's subsidiary, Sidwal Refrigeration) is also expected to scale up in a healthy manner.
- In the last five years FY18-FY23, AEIL operating revenues and profitability have grown by a CAGR of 27% and 20% respectively. Further, during the same period, the company's operating profit grew by a CAGR of 38%. Further company has managed to maintain its operating margin in the range of 6-9% during the same period. It currently trading at lower end PE multiple range. **Hence we recommend to "ACCUMULATE" the stock.**

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