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**Issue Offer**

Fresh Issue of 6,258,000 equity shares aggregating up to INR 425.5 mn and offer for sale of 312,000 equity shares aggregating up to INR 21.20 mn.

**Issue Summary**

Price Band (INR)	65-68
Face Value (INR)	10
Implied Market Cap (INR mn.)	1,696
Market Lot	2,000
Issue Opens on	July 4 ,2024
Issue Close on	July 8 , 2024
No. of share pre-issue	18,688,819
No. of share post issue	24,946,819
Listing	NSE – SME

**Issue Break-up (%)**

QIB Portion	50%
Retail Portion	35%
NII Portion	15%

**Registrar**

Link Intime India Private Ltd.

**Book Running Lead Managers**

Fast Track Finsec Pvt Ltd.

**Shareholding Pattern**

	Pre-Issue	Post-Issue
Promoters	94.97%	69.90%
Public & Others	5.03%	30.10%

**Objects of the issue**

- To meet Working Capital Requirements
- General Corporate Purpose.
- Issue related expenses

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Ambey Laboratories Ltd. established for nearly four decades, specializes in manufacturing agrochemical products, particularly focusing on '2,4-D base chemicals'. Located in Behror, Rajasthan, India, their 5-acre facility adheres to stringent quality and Environmental, Health, and Safety (EHS) standards. ALL holds ISO 9001:2015 and ISO 14001:2015 certifications, ensuring top-notch quality and environmental practices. Their manufacturing process incorporates advanced technologies like PLC and SCADA, along with rigorous testing via HPLC, GC, and UV at every production stage. Committed to sustainability, the plant operates a Zero Liquid Discharge (ZLD) system, minimizing emissions and waste. ALL collaborates closely with partners like Aromatic Rasayan Private Limited and OFB Tech Private Limited, optimizing supply chain efficiency through strategic transactions.

**Investment Rationale**

**Quality Assurance and Standards in Business** : It play a crucial role in ensuring that products or services consistently meet predefined quality criteria. By adhering to these standards and implementing robust QA procedures, companies can produce reliable outputs that align with customer expectations. QA and standards contribute significantly to a company's strength, resilience, and competitiveness by ensuring consistency, reliability, compliance, and efficiency. Moreover, they enhance customer satisfaction through the delivery of high-quality products and services. Emphasizing continuous improvement in both products and processes, QA and standards foster an environment of innovation and adaptability, ultimately bolstering the overall performance and reputation of the company in the marketplace.

**Strategic Integration in Manufacturing** : In pursuit of operational efficiency and market expansion, the company is strategically implementing both backward and forward integration in manufacturing. Backward integration aims to consolidate raw material sourcing down to basic chemicals, offering enhanced cost control and flexibility in product development. By securing this foundational level of production, we not only bolster company bottom line but also diversify our product offerings, leveraging base chemicals for multiple end products. Simultaneously, forward integration will capitalize on company manufacturing capabilities by venturing into the small pack market. This initiative involves selling their manufactured goods under customer brands as well as our own, thereby maximizing their production capacities and capturing additional sales opportunities. This dual approach not only strengthens company market position but also promises to significantly enhance profitability through increased market reach and operational synergy.

**Leveraging Market Leadership in 2,4-D for Strategic Growth** : Company established market skills, relationships, and leadership position in the 2,4-D sector, company is poised to expand their installed capacity and capitalize on burgeoning market opportunities. Company dedicated Quality Assurance and Quality Control Team plays a pivotal role in ensuring the consistent delivery of high-quality products. Through rigorous checklist methods implemented across production and dispatch stages, minimize complaints and bolster customer satisfaction levels. This strategic approach not only strengthens their market presence but also reinforces their commitment to excellence in product quality and customer service, positioning us for sustained growth and leadership in the 2,4-D market.

**Strategic Advantage of Cordial Supplier Relationships** :Business thrives on the foundation of strong and cordial relationships with company suppliers, ensuring the effective and timely sourcing of materials. These relationships not only provide with a competitive edge but also enable to maintain a steady supply chain. By prioritizing effective material sourcing, company guarantee timely delivery of products to their customers, thereby enhancing the overall value proposition. This strategic approach not only strengthens operational efficiency but also reinforces their commitment to meeting customer expectations consistently. Through collaborative partnerships with their suppliers, they continue to uphold high standards of service and reliability, driving sustained growth and customer satisfaction in their industry.

**Valuation and View** : Ambey Laboratories Ltd., with nearly four decades of expertise in manufacturing agrochemical products, particularly 2,4-D base chemicals, adhering to stringent quality and EHS standards. alongside rigorous testing protocols, ensuring top-tier quality. Their commitment to sustainability is reflected in their Zero Liquid Discharge system. Strategic partnerships enhance their supply chain efficiency. Ambey Laboratories' focus on quality assurance, strategic manufacturing integration, leveraging market leadership, and strong supplier relationships positions them for sustained growth and market leadership. At the upper band of INR 68 , the issue is valued at a P/E of 23.45x based on FY24 EPS (Annualized) of INR 2.9 We are recommending "Subscribe" for this issue.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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