



## IPO INSIGHTS



**AMBO Agritec Ltd**

**Issue Dates - Opens: 21-11-2022 | Closes: 27-11-2022**

<b>IPO Note</b>	<ol style="list-style-type: none"> <li>1. Engaged in manufacturing and sales of Biscuits, Edible Oils and Bengali speciality packed food items.</li> <li>2. 3 Major Business Segments: Biscuits, Edible Oils, Vanaspati Ghee and Bengali Specialty Products and Trading in Crude Linseed Oil and Soyabean Meals</li> <li>3. Poor margins and highly levered</li> <li>4. Operates in Highly Competitive markets with established big players</li> <li>5. Risk of Market Concentration</li> </ol>
<b>Rating</b>	★★ (AVERAGE)

### IPO SNAPSHOT

Issue Size	₹ 10.20 Crores
Issue Type	Fresh
Fresh Issue	10.20
Offer for Sale	0
Face Value Per Share	₹ 10
Price Band Per Share	₹ 30
Minimum Lot Size	4000 shares
Listing On	BSE SME

Registrar to the Issue

CAMEO CORPORATE SERVICES LIMITED

# IPO SNAPSHOT – AMBO Agritec Ltd.

<b>About the Company</b>	<ul style="list-style-type: none"> <li>▪ Incorporated on September 7, 1994</li> <li>▪ Engaged in manufacturing of biscuits, outsourced manufacturing of edible oils and trading of crude linseed oils, soyabean meal</li> <li>▪ Have one state-of-the-art manufacturing plant for manufacturing of biscuits in West Bengal</li> <li>▪ Operates in three primary segments: <ol style="list-style-type: none"> <li>1. <b>Biscuits</b></li> <li>2. <b>Edible Oils, Vanaspati and Bengali Specialty products</b></li> <li>3. <b>Trading of crude linseed oil and soyabean meal</b></li> </ol> </li> <li>▪ Mainly operates and sells products in West-Bengal and nearby eastern areas</li> <li>▪ Has positioned itself in a way where the flavour, taste and food preferences are accepted by Bengali communities.</li> <li>▪ Products are majorly produced by keeping Bengali communities in or out of Bengal in mind</li> <li>▪ Certified by FSSAI</li> </ul>																														
<b>Competitive Strengths</b>	<ul style="list-style-type: none"> <li>▪ Existing Supplier Relationship</li> <li>▪ Wide range of Products</li> <li>▪ Organizational stability along with management expertise</li> </ul>																														
<b>Financials (₹ in Crores)</b>	<table border="1"> <thead> <tr> <th>Particulars</th> <th>31-3-2020</th> <th>31-3-2021</th> <th>31-3-2022</th> <th>Y-o-Y</th> </tr> </thead> <tbody> <tr> <td>Revenue from Operations</td> <td>73.36</td> <td>47.14</td> <td>94.69</td> <td><b>100.87%</b></td> </tr> <tr> <td>EBITDA</td> <td>0.46</td> <td>1.35</td> <td>2.88</td> <td><b>80.59%</b></td> </tr> <tr> <td>EBITDA Margin</td> <td>0.6%</td> <td>2.9%</td> <td>3.0%</td> <td></td> </tr> <tr> <td>Profit After Tax</td> <td>0.31</td> <td>0.19</td> <td>1.19</td> <td><b>524.12%</b></td> </tr> <tr> <td>Profit After Tax Margin</td> <td>0.4%</td> <td>0.4%</td> <td>1.3%</td> <td></td> </tr> </tbody> </table> <p>Debt to Equity = 3.18</p>	Particulars	31-3-2020	31-3-2021	31-3-2022	Y-o-Y	Revenue from Operations	73.36	47.14	94.69	<b>100.87%</b>	EBITDA	0.46	1.35	2.88	<b>80.59%</b>	EBITDA Margin	0.6%	2.9%	3.0%		Profit After Tax	0.31	0.19	1.19	<b>524.12%</b>	Profit After Tax Margin	0.4%	0.4%	1.3%	
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<b>Valuation</b>	<ul style="list-style-type: none"> <li>▪ Attributing FY22 Earnings P/E with retrospective effect = 7.57</li> </ul>																														
<b>Peers</b>	<ul style="list-style-type: none"> <li>▪ No listed peers</li> </ul>																														
<b>Promoters</b>	<ul style="list-style-type: none"> <li>▪ Umesh Kumar Agarwal</li> </ul>																														
<b>Objects of the issue</b>	<ul style="list-style-type: none"> <li>▪ Working capital requirements</li> <li>▪ General corporate purposes</li> <li>▪ Issue related expenses</li> </ul>																														
<b>Risks</b>	<ul style="list-style-type: none"> <li>▪ Product portfolio is wholly constructed to please the Bengali communities in or outside of West Bengal and it is unclear how they will expand their target audience</li> <li>▪ Highly levered and operating at exceptionally low margins, which may hurt their future earnings if margins do not improve</li> <li>▪ Rising raw material prices raises concern for margins</li> <li>▪ Highly competitive market where Industry giants have deeper market penetration, brand recognition and price advantage</li> <li>▪ Better product portfolio, market reach, target audience and reduction in raw material prices may improve earnings and margins in future</li> </ul>																														

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