



# Sanstar™

**Issue Opens - July 19, 2024 to July 23, 2024**

**Price Band**  
**₹90 to ₹95**

**Face Value**

₹2

**Lot Size**

150 Shares

**Issue Size**

₹510.15 Cr

**Issue Type**

Book Built

[research@ganeshstock.com](mailto:research@ganeshstock.com)

# Important Events



**Issue Size**

**53,700,000 shares / ₹510.15 Cr**

**Fresh Issue**

**41,800,000 shares / ₹397.10 Cr**

**Offer for Sale**

**11,900,000 shares of ₹2/ ₹113.05 Cr**

**Basis of Allotment**

**Wednesday, July 24, 2024**

**Initiation of Refunds**

**Thursday, July 25, 2024**

**Credit of Shares to Demat**

**Thursday, July 25, 2024**

**Sanstar Limited Listing Day**

**Friday, July 26, 2024**

## Objects of The Offer

The Company proposes to utilise the Net Proceeds towards the following objects

1. Funding the capital expenditure requirement for expansion of our Dhule Facility
2. Repayment and/or pre-payment, in part or full, of certain borrowings availed by our Company
3. General corporate purposes

# Brief profiles of the Directors



**Gouthamchand Sohanlal Chowdhary**, 66, is the Chairman and Managing Director of our company and a key promoter since February 22, 2012. He completed his schooling at Monfort School Yercaud, Tamil Nadu, and has 38 years of experience on the board of Sanstar Biopolymers Limited (now merged with our company). He oversees overall functions and strategic growth initiatives.

**Sambhav Gautam Chowdhary**, 41, is the Joint Managing Director and a promoter. He joined the company on February 22, 2012, and holds a bachelor's degree in engineering from Gujarat University. He served on the board of Sanstar Biopolymers Limited for 13 years and previously worked at Infosys Technologies Limited. He is responsible for day-to-day operations and expansion plans.

**Shreyans Gautam Chowdhary**, 39, is also a Joint Managing Director and promoter. He has been with the company since February 22, 2012, and holds a bachelor's degree in engineering from Gujarat University and a master's degree in Management with a Specialism in Marketing from The City University London Sir John Cass Business School. He served on the board of Sanstar Biopolymers Limited for 13 years and manages commercial and sales aspects.

**Sejal Ronak Agrawal**, 34, is an Independent Director, associated with the company since November 1, 2023. She holds bachelor's and master's degrees in commerce from Veer Narmada South Gujarat University and is a fellow member of the Institute of Chartered Accountants of India, practicing since 2011.

**Atul Agrawal**, aged 67 years, is an Independent Director of our Company. He has been associated with our Company since November 1, 2023. He holds a bachelor's degree in commerce from National Degree College, Lucknow. He is 275 a certified associate of the Indian Institute of Bankers. He was appointed as assistant general manager at Central Bank of India in the year 2007. He was associated as the Executive Director with the Indian Overseas Bank, Chennai from the year 2013 to 2016.

# About The Company.



Sanstar Limited is a leading manufacturer of plant-based specialty products and ingredients in India. They offer a variety of starches, sweeteners, and other ingredients used in food, animal feed, and industrial applications. With a presence in 49 countries, they are a recognized Two Star Export House. Sanstar has two strategically located manufacturing facilities totaling 245 acres and implements sustainable practices. Their certifications include ISO and FSSAI, ensuring food safety and quality.

## Description of Their Business

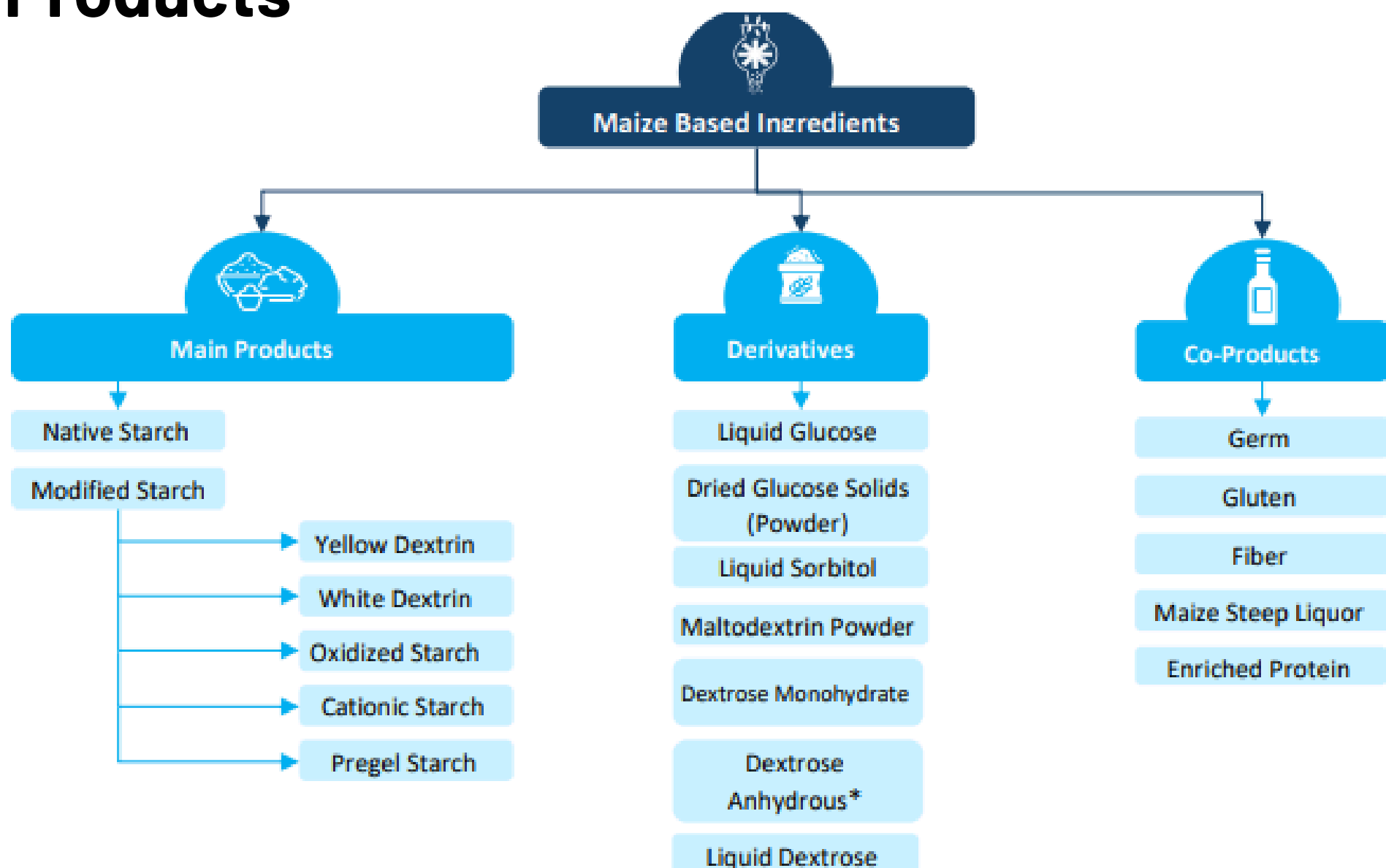
They are one of the major manufacturers of plant based speciality products and ingredient solutions in India for food, animal nutrition and other industrial applications. their products include liquid glucose, dried glucose solids, maltodextrin powder, dextrose monohydrate, native maize starches, modified maize starches and co-products like germs, gluten, fiber and enriched protein, amongst others. their speciality products and ingredients solutions add taste, texture, nutrients and increased functionality to (i) foods as ingredients, thickening agents, stabilizers, sweeteners, emulsifiers and additives (in bakery products, confectionery, pastas, soups, ketchups, sauces, creams, deserts, amongst others), (ii) animal nutrition products as nutritional ingredients, and (iii) other industrial products as disintegrants, excipients, supplements, coating agents, binders, smoothing & flattering agents, finishing agents, among others.

Their two manufacturing facilities, located in Dhule, Maharashtra, and Kutch, Gujarat, cover approximately 245 acres. The Dhule facility is a state-of-the-art, sustainability-focused, automated facility designed by their in-house team of 24 engineers. Both facilities are strategically located near maize harvesting belts and seaports for export purposes. The Dhule unit is certified by FSSAI, FSSC 22000:2018, Kosher, HALAL, ISO 9001:2015, and SGS's Certificate for India's National Programme for Organic Production Standards.



Industry / Sector	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ in million	% of Gross Revenue from Operations	₹ in million	% of Gross Revenue from Operations	₹ in Million	% of Gross Revenue from Operations
Food	6,451.93	58.12	7,720.83	61.25	3,044.45	59.11
Animal Nutrition	1,160.06	10.45	1,275.67	10.12	649.74	12.62
Other Industrial Applications	3,489.05	31.43	3,608.94	28.63	1,456.24	28.27
<b>Gross Revenue from Operations</b>	<b>11,101.04</b>	<b>100.00</b>	<b>12,605.44</b>	<b>100.00</b>	<b>5,150.43</b>	<b>100</b>

# Products





# Track Record Of Financial Performance



(₹ in Million)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Income</b>			
Revenue from Operations	10,672.71	12,050.67	5,044.02
Other Income	144.12	46.01	3.65
<b>Total Income</b>	<b>10,816.83</b>	<b>12,096.68</b>	<b>5,047.67</b>
<b>Expenses</b>			
Cost of Materials Consumed	8,329.30	9,588.56	3,915.23
Purchases of Stock-in-Trade	-	11.61	-
Changes in inventory of finished goods, work in process and stock in trade	(66.78)	24.84	(44.44)
Employee Benefit Expenses	219.58	193.25	104.75
Finance Costs	107.38	98.06	90.85
Depreciation and Amortization Expense	120.91	118.54	90.17
Other Expenses	1,209.20	1,507.94	671.28
<b>Total Expenses</b>	<b>9,919.59</b>	<b>11,542.80</b>	<b>4,827.84</b>
<b>Restated Profit Before Tax</b>	<b>897.24</b>	<b>553.88</b>	<b>219.83</b>
<b>Tax Expense:</b>			
Current Tax	166.87	53.76	56.84
Deferred Tax	62.70	82.07	3.78
<b>Total Tax Expenses</b>	<b>229.57</b>	<b>135.83</b>	<b>60.62</b>
<b>Restated Profit for the period/year</b>	<b>667.67</b>	<b>418.05</b>	<b>159.21</b>
<b>Other Restated Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
(a) Remeasurements of defined benefit plans	(1.92)	0.99	0.36
(b) Equity Instruments through Other Comprehensive Income	0.11	0.06	-
<b>Income tax relating to items that will not be reclassified to profit or loss</b>			
(a) Remeasurements of defined benefit plans	0.48	(0.25)	(0.09)
(b) Equity Instruments through Other Comprehensive Income	(0.03)	(0.01)	-
<b>Other Comprehensive Income for the year, net of tax</b>	<b>(1.36)</b>	<b>0.78</b>	<b>0.27</b>
<b>Total Restated Comprehensive Income for the year, net of tax</b>	<b>666.31</b>	<b>418.83</b>	<b>159.48</b>
<b>Earnings per Share – (Face value of ₹ 10/- each) Basic and Diluted in ₹</b>	<b>23.77</b>	<b>14.88</b>	<b>5.40</b>
<b>Earnings per Share – (Face value of ₹ 2/- each) Basic and Diluted in ₹</b>	<b>4.75</b>	<b>2.98</b>	<b>1.08</b>

Sources:DRHP



## Operating metrics are set forth below

(₹ in million except per share data or unless otherwise stated)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenue from Operations <sup>(1)</sup>	10,672.71	12,050.67	5,044.02
EBITDA <sup>(2)</sup>	981.41	724.47	397.20
EBITDA Margin (%) <sup>(3)</sup>	9.20	6.01	7.87
PAT <sup>(4)</sup>	667.67	418.05	159.21
PAT Margin (%) <sup>(5)</sup>	6.17	3.46	3.15
EPS - Basic & Diluted <sup>(6)</sup>	4.75	2.98	1.08
Total Borrowings <sup>(7)</sup>	1,276.36	1,117.00	852.24
Net worth <sup>(8)</sup>	2,159.12	1,492.81	489.67
ROE (%) <sup>(9)</sup>	30.92	28.00	32.51
ROCE (%) <sup>(10)</sup>	25.43	23.82	23.19
Debt - Equity Ratio <sup>(11)</sup>	0.50	0.60	1.00
Fixed Assets Turnover Ratio <sup>(12)</sup>	5.28	6.16	3.79
Net Cash from/ (used in) Operating Activities <sup>(13)</sup>	285.97	(60.17)	297.14
No. of Plants <sup>(14)</sup>	2	2	1
Total installed capacity in metric tonnes per day <sup>(15)</sup>	1,100	1,100	750
No. of customers <sup>(16)</sup>	525	541	215
Export presence (no. of countries) <sup>(17)</sup>	49	49	5
Revenue CAGR (%) <sup>(18)</sup>			45.46
EBITDA CAGR (%) <sup>(18)</sup>			57.19
PAT CAGR (%) <sup>(18)</sup>			104.79

## Strengths

- One of the largest manufacturers of maize based speciality products and ingredient solutions in India with diverse product portfolio;
- Speciality products and ingredients solutions player catering to diverse industry segments and poised to benefit; from mega industrial trends;



- Their strategically located, sustainability driven, state of the art manufacturing facilities;
- Global presence in a market with high entry barriers;
- Strong financial growth alongwith robust performance metrics;
- Two Generations of Promoters with domain knowledge;
- Well positioned to leverage the large opportunities in speciality products and ingredient solutions industry and;
- Large, diversified customer base with long lasting relationships.

## Threats

- Risk of time overrun for the proposed expansion due to failure to adhere to implementation schedule;
- Risk of non-receipt of necessary approvals in time for the proposed project
- Cost overrun and risk of escalation of estimated cost over the earmarked contingency may lead to lenders insisting the company to meet the shortfall;
- Technology risk with respect to deploying existing and established technology for manufacturing proposed products;





# Valuation and Outlook

The expected share price for Sanstar Limited IPO is set between ₹90 to ₹95 per share. The company's valuation shows a Price-to-Earnings (P/E) ratio of 20x, based on a price above ₹95, while the industry average is 35.66x, and FY23 EPS is Rs 4.75.

Sanstar is the fifth largest producer in India's maize-based specialty products and ingredient solutions industry. The company is expanding its Dhule facility by an additional 1,000 tons per day, which will make it the third largest in the country. This expansion aims to meet the growing demand from existing and new customers. Sanstar serves various industries domestically and internationally, with state-of-the-art, sustainability-focused manufacturing facilities and a broad customer base. Despite recent declines in revenue, profitability has grown. However, the company faces key risks such as raw material price fluctuations, global market volatility, intense competition, and a lack of diversification beyond maize-based products.

Name of the company	Standalone/ Consolidated	Current market price (CMP)	Face value per equity share (₹)	Total income (in ₹ million)	EPS (Basic & Diluted) (₹)	PAT Margin (%)	NAV (₹ per share)	P/E Ratio	RoNW (%)
Sanstar Limited	Consolidated Financials Statements	[•]	2/-	10,816.83	4.75	6.17	15.37	[•]	30.92
<b>Peer Group</b>									
Gujarat Ambuja Exports Limited	Consolidated	140.61	1/-	50,714.20	7.54	6.82	60.37	18.65	12.49
Gulshan Polyols Limited	Consolidated	208.93	1/-	13,901.82	2.85	1.28	123.63	73.31	2.30
Sukhjit Starch and Chemicals Limited	Consolidated	480.00	10/-	13,850.40	31.98	3.61	321.75	15.01	9.94

Keeping the P/E ratio, We assign a long-term "**Subscribe**" grade to this issue in addition to listing gains.

## **Disclaimer:**

**This report is not for public distribution and has been furnished solely for information and must not be reproduced or redistributed to others. None can use the report as a base for any claim, demand or cause of action and, also none is responsible for any loss incurred based upon. The investments discussed or recommended in this report may not be suitable for all investors. Opinion expressed is the current opinion as of the date appearing on the material only.**

**Further, the information in the document has been printed on the basis of publicly available information; internal data and other sources believed to be true and are for general guidance only but which may have not been verified independently. While every effort is made to ensure the accuracy and completeness of information contained, the company takes no responsibility and assumes no liability for any error/ omission or accuracy of the information. Recipients of this material should rely on their own judgments and conclusions from relevant sources before making any investment.**

**The investment advice should not be considered to be or taken as an offer to sell or a solicitation to buy/sell any security. Price and value of the investments referred to in this material are subject to volatility. Past performance is not a guide for future performance. Certain transactions -futures, options and other derivatives as well as non-investment grade securities are subjected to substantial risks and are not suitable for all investors.**