



SANSTAR LIMITED

Sanstar Limited incorporated on February 26, 1982, is one of the manufacturers of plant-based specialty products and ingredients solutions in India for food, animal nutrition and other industrial applications.

Sanstar manufactures maize starch, dextrin, modified starches, liquid glucose, high maltose maize syrup, maltodextrin, dextrose monohydrate, sorbitol, gluten, germ and steep liquor. The products find application in Textiles, Paper, Pharmaceutical, Food, Adhesives, Animal Nutrition & many other industries

Sanstar Limited manufacturing facilities are in Gujarat and Maharashtra which are the major states producing maize in India. Post the expansion, Sanstar will have aggregate capacity of 2,100 MTD and be 3rd largest player in maize base speciality products and ingredient solutions providers industry

Sanstar Limited is promoted & headed by Mr Gouthamchand Sohanlal Chowdhary, Sambhav Gautam Chowdhary and Shreyans Gautam Chowdhary. Mr Gouthamchand Sohanlal Chowdhary is the Chairman & MD & is responsible for overseeing the strategic growth initiatives and expansion plans of the company. Mr Sambhav Gautam Chowdhary designated as Joint MD has been associated with Sanstar since February 22, 2012 onwards & is responsible for day-to-day operations and expansion plans of the Company while Mr Shreyans Gautam Chowdhary designated as Joint MD enjoys over 13 years of exposure in the company's operations

Sanstar Limited is now looking at raising Rs 510.15 crs via a fresh issue & a OFS primarily to fund Capital Expenditure Requirement for expansion of its Dhule Facility, Repayment and/or pre-payments of loans & balance for general corporate purposes

Sanstar Limited is making a fresh issue of 4.18 crs shares of Rs 2 each aggregating Rs 397.10 crs. Additionally, the co is making a OFS of 1.19 crs shares aggregating 113.05 crs. The net offer to the public is 5.37 crs shares offered at price band of Rs 90-95 per share. 18795000 shares to be offered to retail, while 80.56 lac shares will be offered to the Non-Institutional HNI category, & 26850000 shares will be offered to QIBs

The shares will be listed on the National Stock Exchange (NSE) & Bombay Stock Exchange (BSE)

Issue opens on 19-07-2024

Issue closes on 23-07-2024

Exp date of Listing – 26th July 2024

Listing – NSE & BSE

Price band ₹ 90-95

Issue Size ₹ 510.15 Crs

Face Value ₹ 2/-

Lot Size - 150 shares

Fresh Shares Offered – 4.18 crs shares of FV of Rs 2 at a price band of Rs 90-95

OFS Offered - 1.19 crs shares of FV of Rs 2 at a price band of Rs 90-95

Retail Portion 18795000 Equity Shares of FV of Rs 2 each at a price band of Rs 90-95

QIB Portion 26850000 Equity Shares of FV of Rs 2 each at a price band of Rs 90-95

HNI/NII 80,56 lacs Equity Shares of FV of Rs 2 each at a price band of Rs 90-95

BRLMs: Pantomath Capital Advisors Private Limited

Prominent Institutional/Domestic Investors, including BofA Securities Europe SA ODI, Bank Of India Flexi Cap Fund, Bank Of India Small Cap Fund, SBI General Insurance, Trust Mutual Fund – Flexi Cap Fund, Societe Generale – ODI, Gagandeep Credit Capital, Negen Undiscovered Value Fund, Intuitive Alpha Investment Fund, Chattisgarh Investments, Minerva Emerging Opportunities Fund, SB Opportunities Fund -1, & Finavenue Growth Fund have subscribed to Sanstar Limited anchor book where Co offered 16110000 shares to the anchor investors.

Sanstar Limited Key Competitive Strengths

Experienced Management Team – The company’s management team led by Mr Gouthamchand Sohanlal Chowdhary, Sambhav Gautam Chowdhary and Shreyans Gautam Chowdhary who are the Promoters all have rich experience in the industry in which it is operating and have been responsible for the growth of its operations and financial performance. They also have adequate experience in the line of business undertaken by the Company for its strategic and day-to-day business operations.

Scalable Business Model – Sanstar Limited enjoys a business model which is scalable. The biggest positive the company enjoys is that it is a fully Indian-grown value added sorn processing player with strong technical strengths and enjoys a strong competitive edge via its distribution reach and well spread out product portfolio & does business with large organized B2B players which have approved its product quality and service standards

Strong execution capabilities with industry experience. Since incorporation, the Company has always focused on timely execution and has offered quality products to customers. Further the company has marquee customers like HUL, ITC, Godrej Agrovet, Zydus Wellness, Capital Foods & AB Mouri led by the food industry segment (58.12%), followed by animal nutrition products (10.45%), and other industrial applications (31.43%)

Post the Public Issue Sanstar will benefit significantly in terms of lowering its working capital cost ahead – Sanstar Limited has stated that with the availability of working capital funds it will be able to save considerably on the working capital cost of funding & additionally this will help it to ramp up business significantly going ahead. Also fresh capex will boost its capacity leading to higher incremental topline bringing in operating leverage benefits going ahead

Financials –

31st March (₹) Cr.	FY22	FY23	FY24
Total Revenue	504.4	1205.1	1067.3
EBIDTA	39.7	72.4	98.1
EBIDTA %	7.87	6.01	9.19
PBT	22	55.4	89.7
Profit After Tax	15.9	41.8	66.8
EPS Rs	1.1	3	4.3
Shareholders' Funds	85.2	187.1	253.8

Source - Company

Risks-

- Environmental risks like floods, heavy rainfalls & Cyclones can significantly affect business growth
- Customer disputes and chargebacks

Our View on This IPO

Sanstar Limited which is tapping the capital market, enjoys a strong track record of ramping up its turnover in the last two years & building strong business relationships with its domestic and overseas customers across various product verticals in the value added corn processing basket which has helped it significantly scale its operations

Sanstar biggest positive is that it is a fully Indian-grown value added sorn processing player with strong technical strengths and enjoys a strong competitive edge via its distribution reach and well spread out product portfolio & does business with large organized B2B players which have approved its product quality and service standards & hence we believe that Sanstar enjoys a business model which is scalable.

More importantly, Sanstar promoters have significant industry experience and have been instrumental in the company's consistent growth. The management team's combined expertise and experience are also a significant asset going ahead

We are positive on Sanstar Limited for the long term as Sanstar has a robust global presence with top export destinations, including Malaysia, Vietnam, Kenya, Indonesia, the United Arab Emirates, Nigeria, Sri Lanka, Ghana, and Thailand.

The maize-based specialty products and ingredient solutions industry have high entry barriers, which include the high capital costs of building manufacturing facilities, the lead time and expenditure required for R&D and building customer confidence and relationships, the limited availability of raw materials necessary for manufacturing due to alternative applications of the raw materials, a certain level of capacities required for achieving economies of scale, and competition from well-established players.

Samstar products find application across diverse end industries globally, including food, animal nutrition, and various industrial applications, and are subject to different rules and regulations across geographies. This leads to customers performing rigorous quality checks and tests on products right from the sample sharing stage to the commercial manufacturing stage, which involves time and resources on the part of customers. Given this, the customers generally do not prefer to change suppliers frequently, resulting in the customers' propensity to continue with the same set of suppliers.

After the proposed IPO, the company's net worth will total Rs 642.54 crore; post-IPO, the equity capital will stand at Rs 36.44 crore.

We are confident that Sanstar Limited will deliver consistent performance and provide an excellent investment opportunity for investors with a long-term horizon.

Hence, we recommend **SUBSCRIBE** for long-term investment