

SANSTAR LIMITED



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Flourishing in Plants based speciality products

Sanstar Ltd has emerged as a significant player in the Indian plant-based specialty products and ingredient solutions industry. The company stands as the fifth largest manufacturer of maize-based specialty products in India, with an impressive installed capacity of 363,000 tons per annum.

The company's product portfolio is extensive, catering to food, animal nutrition, and industrial applications. Their main products include:

- Liquid glucose
- Dried glucose solids
- Maltodextrin powder
- Dextrose monohydrate
- Native maize starches
- Modified maize starches

In addition to these core offerings, Sanstar Ltd produces valuable co-products such as germs, gluten, fiber, and enriched protein, further diversifying their product range.

Sanstar Ltd's manufacturing capabilities are anchored by two state-of-the-art facilities strategically located in Dhule, Maharashtra and Kutch, Gujarat. These locations offer dual advantages; proximity to maize harvesting belts for raw material sourcing and convenient access to major seaports for export operations. The Dhule facility, in particular showcases the company's commitment to innovation and sustainability having been designed by their in-house team of 24 engineers.

The company's global footprint is wide, with exports reaching 49 countries across Asia, Africa, Middle East, Americas, Europe, and Oceania. In the FY24, exports accounted for 35.53% of Sanstar Ltd's gross revenue from operations. Domestically, the company has its products being sold in 22 Indian states. The company is recognized as a Two Star Export house by the Director General of Foreign Trade, Government of India, Sanstar Ltd. The company's recent merger with Sanstar Biopolymers Limited, a Three Star Export House, further strengthens its position in the global market.

Key Financial Data (INR Cr, unless specified)

	Net Revenue	EBIDTA	Net Profit	EBIDTA Margin (%)	PAT (%)	EPS (₹)	RoE (%)	RoCE (%)	P/E (X)	Net Debt/EBITA Ratio
FY22	505.0	36.6	15.9	7.2	3.1	1.4	32.5	23.2	108.8	2.6
FY23	1205.0	76.1	41.7	6.3	3.5	2.9	28.0	23.8	41.4	1.6
FY24	1067.7	98.9	66.8	9.2	6.3	4.3	30.9	25.4	25.9	1.3

Industry	Food Manufacturing
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Issue Details

Listing	BSE & NSE
Open Date	19 th July 2024
Close Date	23 rd July 2024
Price Band	INR 90-95
Face Value	INR 2
Market Lot	150 shares
Minimum Lot	1 Lot

Issue Structure

Issue Size (INR cr)	INR510
Issue Size (Shares)	5,37,00,000
QIB Share (%)	≤ 50
Non-Inst Share (%)	≥ 15
Retail Share (%)	≥ 35
Pre issue sh (nos in cr)	14.04
Post issue sh (nos in cr)	18.22
Post issue MCap(INR cr)	503

Shareholding (%)	Pre (%)	Post (%)
Promoter	99.77	70.37
Public	0.23	29.63
TOTAL	100	100

Issue Structure and Offer Details

The Sanstar Limited is a book-built issue of INR 510.15 crores. The issue is a combination of fresh issue of 4.18 crore shares aggregating to INR 397.10 crores and offer for sale of 1.19 crore shares aggregating to INR 113.05crores.

Issue Structure	
Investor Category	Allocation
QIB	Not more than 50.00% of the Net offer
NIB	Not less than 15.00% of the Offer
Retail	Not less than 35.00% of the Offer

Number of shares based on a higher price band of INR 95

Source: Company Reports

Objects of the Issue

The Company proposes to utilize the Net Proceeds from the Fresh Issue towards funding the following objects:

- Funding the Capital Expenditure Requirement for expansion of our Dhule Facility.
- Repayment and/or pre-payment, in part or full, of certain borrowing availed by the Company.
- General Corporate Purposes.

Utilization Of Net Proceeds	
Particulars	Rs
Funding the Capital Expenditure Requirement for expansion of our Dhule Facility.	181.8 CR
Repayment and/or pre-payment, in part or full, of certain borrowing availed by the Company.	100 CR
General Corporate Purpose.	Proceeds

Financial summary

Fig in INR Cr (unless specified)	FY22	FY23	FY24	Fig in INR Cr (unless specified)	FY22	FY23	FY24
Income Statement				Per share data & Yields			
Revenue	505.0	1,205.0	1,067.0	Adjusted EPS (INR)	0.9	2.3	3.7
<i>YoY Growth (%)</i>	<i>0.0</i>	<i>138.6</i>	<i>(11.5)</i>	Adjusted Cash EPS (INR)	1.4	2.9	4.3
Raw Material Cost	391.0	958.8	826.2	Adjusted BVPS (INR)	4.7	10.3	13.9
<i>RM Cost to Sales (%)</i>	<i>77.4</i>	<i>79.6</i>	<i>77.4</i>	Adjusted CFO per share (INR)	1.6	(0.3)	1.6
Employee Cost	10.4	19.3	21.9	CFO Yield (%)	1.7	(0.4)	1.7
<i>Employee Cost to Sales (%)</i>	<i>2.1</i>	<i>1.6</i>	<i>2.1</i>	Adjusted FCF per share (INR)	1.9	(2.0)	(1.0)
Other Expenses	67.0	150.7	120.9	FCF Yield (%)	2.0	(2.1)	(1.0)
<i>Other Exp to Sales (%)</i>	<i>13.3</i>	<i>12.5</i>	<i>11.3</i>	Solvency Ratio (X)			
EBITDA	36.6	76.2	98.0	Total Debt to Equity	1.1	0.7	0.5
<i>Margin (%)</i>	<i>7.2</i>	<i>6.3</i>	<i>9.2</i>	Net Debt to Equity	1.1	0.6	0.5
<i>YoY Growth (%)</i>	<i>0.0</i>	<i>108.1</i>	<i>28.6</i>	Net Debt to EBITDA	2.6	1.6	1.3
Depreciation & Amortization	9.0	11.9	12.0	Return Ratios (%)			
EBIT	27.6	64.3	86.0	Return on Equity	32.5	28.0	30.9
<i>Margin (%)</i>	<i>5.5</i>	<i>5.3</i>	<i>8.1</i>	Return on Capital Employed	23.2	23.8	25.4
<i>YoY Growth (%)</i>	<i>0.0</i>	<i>133.2</i>	<i>33.7</i>	Working Capital Ratios			
Other Income	0.4	4.0	14.4	Payable Days (Nos)	13	9	32
Finance Charges	6.0	9.0	10.7	Inventory Days (Nos)	9	8	39
Interest Coverage (X)	4.6	7.1	8.0	Receivable Days (Nos)	29	28	40
Exceptional Item	0.0	(4.0)	0.0	Net Working Capital Days (Nos)	25	26	47
PBT	21.9	55.3	89.7	Net Working Capital to Sales (%)	6.8	7.2	12.7
<i>Margin (%)</i>	<i>4.3</i>	<i>4.6</i>	<i>8.4</i>	Valuation (X)			
<i>YoY Growth (%)</i>	<i>33.7</i>	<i>152.1</i>	<i>62.1</i>	P/E	108.8	41.3	25.9
Tax Expense	6.1	13.5	22.9	P/BV	20.3	9.2	6.8
<i>Tax Rate (%)</i>	<i>27.6</i>	<i>24.4</i>	<i>25.5</i>	EV/EBITDA	49.9	24.3	18.9
PAT	15.9	41.8	66.8	EV/Sales	3.6	1.5	1.7
<i>Margin (%)</i>	<i>3.1</i>	<i>3.5</i>	<i>6.3</i>	Cash Flow Statement			
<i>YoY Growth (%)</i>	<i>0.0</i>	<i>163.3</i>	<i>59.6</i>	PBT	21.9	55.4	89.7
Min Int/Sh of Assoc	0.0	0.0	0.0	Adjustments	17.7	20.9	21.9
Net Profit	15.9	41.8	66.8	Change in Working Capital	(4.4)	(77.1)	(66.3)
<i>Margin (%)</i>	<i>3.1</i>	<i>3.5</i>	<i>6.3</i>	Less: Tax Paid	5.6	5.3	16.7
<i>YoY Growth (%)</i>	<i>0.0</i>	<i>163.3</i>	<i>59.6</i>	Cash Flow from Operations	29.6	(6.1)	28.6
Balance Sheet				Net Capital Expenditure	(4.5)	(71.0)	(40.8)
Share Capital	30.0	28.0	28.0	Change in Investments	0.0	0.1	3.9
Total Reserves	55.0	159.0	225.0	Cash Flow from Investing	(4.5)	(70.9)	(36.9)
Shareholders Fund	85.0	187.0	253.0	Change in Borrowings	(16.3)	26.5	15.9
Long Term Borrowings	57.5	34.0	31.0	Less: Finance Cost	(8.7)	(9.8)	(10.7)
Deferred Tax Assets / Liabilities	11.0	25.0	31.0	Proceeds from Equity	0.0	0.0	0.0
Other Long Term Liabilities	0.1	0.0	0.0	Buyback of Shares	0.0	0.0	0.0
Long Term Trade Payables	0.0	0.0	0.0	Dividend Paid	0.0	0.0	0.0
Long Term Provisions	0.0	0.1	0.0	Cash flow from Financing	(25.0)	83.0	5.2
Total Liabilities	153.6	246.1	315.0	Net Cash Flow	0.1	6.0	(3.1)
Net Block	133.1	160.4	201.7	Forex Effect	0.0	0.0	0.0
Capital Work in Progress	3.3	0.9	20.5	Opening Balance of Cash	0.5	0.6	6.1
Intangible assets under development	0.0	0.0	0.0	Closing Balance of Cash	0.5	6.7	3.0
Non Current Investments	0.0	0.0	0.2				
Long Term Loans & Advances	0.2	0.3	0.2				
Other Non Current Assets	0.0	0.3	0.0				
Net Current Assets	17.0	84.2	92.4				
Total Assets	153.6	246.1	315.0				

Source: Ventura Research

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