



# IPO NOTE

## SANSTAR LIMITED



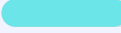


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### ISSUE OFFER

Issue Opens on	JULY 19, 2024
Issue Close on	JULY 23, 2024
Total IPO size (cr)	₹510.15
Fresh issue (cr)	₹397.10
Offer For Sale (cr)	₹113.05
Price Band (INR)	90-95
Market Lot	150
Face Value (INR)	₹2
Retail Allocation	35%
Listing On	NSE, BSE

### ISSUE BREAK-UP (%)

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

### SHAREHOLDING (No. of Shares)

<b>Pre Issue</b>	<b>Post Issue</b>
140,444,250	182,244,250

### INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	24-07-2024
Refunds/Unblocking ASBA Fund	25-07-2024
Credit of equity shares to DP A/c	25-07-2024
Trading commences	26-07-2024

Sanstar Limited manufactures specialty plant-based products and ingredient solutions for food, pet food and other industrial applications in India. The company's product portfolio includes liquid glucose, dried glucose solids, maltodextrin powder, dextrose monohydrate, native maize starches, modified maize starches, and by-products such as germ, gluten, fiber and fortified proteins.

### OBJECTS OF THE ISSUE

- Funding the capital expenditure requirement.
- Repayment of certain borrowings availed by the Company.
- General Corporate Purposes.

### OUTLOOK & VALUATION

Sanstar Limited, a leading Indian manufacturer of maize-based specialty products and ingredient solutions, caters to a diverse range of industries in both domestic and global markets. The company boasts strategically located, state-of-the-art manufacturing facilities with a focus on sustainability, and has established a large and diversified customer base.

Sanstar's financial performance presents a mixed picture, with recent declines in revenue but growth in profitability. However, some key risks require careful consideration. Fluctuations in raw material prices, exposure to global market volatility, intense competition, and a lack of diversification beyond maize-based products pose challenges for future growth.

The IPO valuation of 20x P/E appears fully priced. While we acknowledge the potential for listing gains, a cautious approach is warranted due to the aforementioned risks. Thus, we recommend a subscribe rating for this IPO for listing gain.



## KEY MANAGERIAL PERSONNEL

01

### **Gouthamchand Sohanlal Chowdhary**

Chairman and Whole-Time Director of the Company. He has completed his schooling from Monfort School Yercaud, Tamil Nadu. He has served on the board of Sanstar Biopolymers Limited (merged with the Company vide order dated November 23, 2023 passed by NCLT, Ahmedabad) for a period of 38 years since September 27, 1985.

03

### **Harishkumar Shisupaldas Maheshwary**

Chief Financial Officer of the Company. He holds a bachelor's degree in commerce from the Rajasthan University and has cleared the professional examination of the Institute of Company Secretaries of India. He is a qualified chartered accountant and a member of the Institute of Chartered Accountants of India. He handles the accounting and financial related matters of the Company.

02

### **Sambhav Gautam Chowdhary**

Joint Managing Director and one of the Promoters of the Company. He holds a bachelor's degree in engineering from the Gujarat University. He has served on the board of Sanstar Biopolymers Limited (merged with the Company vide order dated November 23, 2023 passed by NCLT, Ahmedabad) for a period of 13 years since March 30, 2011. During the year 2005-06, he was employed with Infosys Technologies Limited.

04

### **Fagun Harsh Shah**

Company Secretary and Compliance Officer of the company. She has been appointed as CS of the Company with effect from June 15, 2020. She holds bachelors of commerce from Gujarat University and is an associate member of the Institute of Company Secretaries of India. Prior to joining the Company, she was associated with Monil S Shah & Associates and Addin Power Limited

## COMPANY PROFILE

- Its 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 other.
- The company has two manufacturing facilities spread across a cumulative area of 10.68 million square feet located at Dhule in the state of Maharashtra and Kutch in the state of Gujarat.
- It has an in-house Research and Development team comprising of ten personnel as on March 31, 2024 having an overall collective experience of at least 40 years.
- The principal raw material required for manufacturing the Company's products is 'maize'.

## COMPETITIVE STRENGTHS

- One of the largest manufacturers of maize-based specialty products and ingredient solutions in India.
- Specialty products and ingredients solutions player catering to diverse industry segments.
- Strategically located, sustainability-driven, state-of-the-art manufacturing facilities.
- Global presence in a market with high entry barriers.
- Strong financial growth along with robust performance metrics.
- Large, diversified customer base with long-lasting relationships.

## KEY STRATEGIES

- Expand its manufacturing capacities to capture additional market share.
- Leverage its industry-leading capabilities by continuing to diversify its customer base and increase wallet share with existing customers.
- Increase its global footprint and augment growth in current geographies.
- Increase the revenue contribution from derivative products and scale up the organic ingredients segment.
- Foray into manufacturing of Ethanol through leveraging its maize sourcing capabilities

## KEY CONCERNS

- Any fluctuations in the prices of its raw materials may adversely affect its business.
- The company sells its products for specific use by certain industries. Any reduction in the demand or requirement of its products in such industries may result in loss of business.
- The Company exports its products to various geographies across the globe. its products may be subject to import duties or restrictions of the relevant geographies.
- It operates in a highly competitive industry where it faces competition from other players.
- It operates only in the industry of maize-based specialty products and ingredient solutions industry and there is a lack of diversification in other business areas.

**COMPARISON WITH LISTED INDUSTRY PEERS**

Name of the Company	EPS (Basic)	NAV	P/E	TOTAL INCOME (In ML)	RoNW (%)
<b>Sanstar Limited</b>	<b>4.75</b>	<b>15.37</b>		<b>10,816.83</b>	<b>30.92</b>
<b>Peer Group</b>					
Gujarat Ambuja Exports Limited	7.54	60.37	18.65	50,714.20	12.49
Gulshan Polyols Limited	2.85	123.63	73.31	13,901.82	2.30
Sukhjit Starch and Chemicals Limited	31.98	321.75	15.01	13,850.40	9.94

**FINANCIALS (RESTATED CONSOLIDATED)**

PARTICULARS (RS. IN MILLION)	FY 2024	FY 2023	FY 2022
<b>Equity Share Capital</b>	280.89	280.89	295.00
<b>Other equity</b>	2256.73	1590.42	557.14
<b>Net Worth</b>	2537.62	1871.31	852.14
<b>Total Borrowings</b>	309.20	342.81	575.40
<b>Revenue</b>	10672.71	12050.67	5044.02
<b>EBITDA</b>	1,493.09	1,147.05	1,131.48
<b>Profit before Tax</b>	981.41	724.47	397.20
<b>Net Profit of the Year</b>	667.67	418.05	159.21


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