



# Sanstar Limited



## Sanstar Ltd.

**Issue Opens On**  
**July 19, 2024**

**Issue Closes On**  
**July 23, 2024**

**Price Band (INR)**  
**90 – 95**

**Issue Size (INR Mn)**  
**4,833-5,102**

**Rating**  
**SUBSCRIBE**

**Sanstar Limited** is a leading Indian manufacturer of plant-based specialty products and ingredient solutions for food, animal nutrition, and industrial applications, producing 1,100 metric tons daily. Using a multi-step process, it converts maize into ingredients that enhance taste, texture, and functionality in foods, animal nutrition, and industrial products. As the fifth-largest maize-based product manufacturer in India, their offerings include liquid glucose, maltodextrin powder, dextrose monohydrate, starches, and co-products like germs and enriched protein. The advanced facilities in Dhule and Kutch support diverse portfolio and competitive edge in domestic and global markets.

### OFFER STRUCTURE

Particulars	IPO Details	Indicative Timetable	
No. of shares under IPO (Mn)	53.7	Offer Closing Date	Tuesday 23 <sup>rd</sup> Jul'24
Fresh issue (# shares) (Mn)	41.8	Finalization of Basis of Allotment with Stock Exchange	On or about 24 <sup>th</sup> Jul' 24
Offer for sale (# shares) (Mn)	11.9	Initiation of Refunds	On or about 25 <sup>th</sup> Jul' 24
Price band (INR)	90 – 95	Credit of Equity Shares to Demat accounts	On or about 25 <sup>th</sup> Jul' 24
Post issue MCap (INR Mn)	16,402-17,313	Commencement of Trading of Eq. shares on NSE	On or about 26 <sup>th</sup> Jul' 24

Source: IPO Prospectus

Source: IPO Prospectus

Issue	# Shares	INR Mn	%
<b>QIB</b>	2,68,50,000	2,551	50%
<b>NI</b>	80,55,000	765	15%
<b>Retail</b>	1,87,95,000	1,786	35%
<b>Net Offer</b>	5,37,00,000	5,102	100%

Source: IPO Prospectus, DevenChoksey Research

### Objects of the Offer

1. Funding the capital expenditure requirement of Dhule facility
2. Repayment of borrowings
3. General Corporate Purposes.

Source: IPO Prospectus, DevenChoksey Research

Shareholding Pattern	Pre-Issue (%)	Post-Issue (%)
Promoters & Promoters Group	99.78%	70.37%
Others	0.22%	29.63%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: IPO Prospectus, DevenChoksey Research

Particulars (In INR Mn)	FY22	FY23	FY24
Revenue	5,044	12,051	10,673
EBITDA	397	724	981
EBITDA Margin (%)	8%	6%	9%
PAT	159	418	668
PAT Margin (%)	3%	3%	6%
Net Worth	490	1,493	2,159
RONW (%)	33%	28%	31%

Source: IPO Prospectus, DevenChoksey Research

## Sanstar Ltd.

### Company Overview

Sanstar Limited is a major manufacturer of plant-based specialty products and ingredient solutions in India, primarily catering to the food, animal nutrition, and industrial sectors. With an installed capacity of 3,63,000 tons per annum (1,100 tons per day), the company ranks as the fifth largest manufacturer of maize-based specialty products in the country. Sanstar's product portfolio includes liquid glucose, dried glucose solids, maltodextrin powder, dextrose monohydrate, native and modified maize starches, and co-products such as germs, gluten, fiber, and enriched protein. Sanstar leverages its technical expertise, state-of-the-art manufacturing facilities, and a comprehensive understanding of the industry to maintain a competitive edge.

- The company has two manufacturing facilities spread across cumulative area of 10.68 million square feet (approximate 245 Acres) are located at Dhule in the state of Maharashtra and Kutch in the state of Gujarat.
- The company's Kutch, Gujarat facility is registered with United States Food and Drug Administration (USFDA) which is regarded as a crucial certification for selling the goods in United States.
- The principal raw material required for manufacturing the Company's products is 'maize'. The Company is dependent for its raw material requirement on a few number of raw material suppliers who are local farmers located near manufacturing facilities and suppliers in mandis which are unorganized marketplaces.
- The company's customer base can be broadly classified into 3 categories: Manufacturers of end products, Manufacturers of ingredients / agents / excipients and Distributors / Traders / Aggregators / Indenting Agents.

The Company operates in three broad segments, i.e., Food, Animal Nutrition and other Industrial Application. These products serve various applications, including food ingredients, thickeners, stabilizers, sweeteners, emulsifiers, and additives, as well as nutritional ingredients for animal nutrition and various industrial uses like disintegrants, excipients, supplements, and coating agents.

During Fiscal 2024, company's revenue from exports was ₹ 3,944.38 million respectively, representing 35.53 % of their Gross Revenue from Operations. The company has exported products to 49 countries across Asia, Africa, Middle East, Americas, Europe and Oceania, during Fiscal 2024.

### Exhibit 1: Revenue segmentation

Segment	FY22		FY23		FY24	
	INR Mn	in %	INR Mn	in %	INR Mn	in %
Food	3,044	59%	7,721	61%	6,452	58%
Animal Nutrition	650	13%	1,276	10%	1,160	10%
Other Industrial Applications	1,456	28%	3,609	29%	3,489	31%
<b>Total</b>	<b>5,150</b>	<b>100%</b>	<b>12,605</b>	<b>100%</b>	<b>11,101</b>	<b>100%</b>

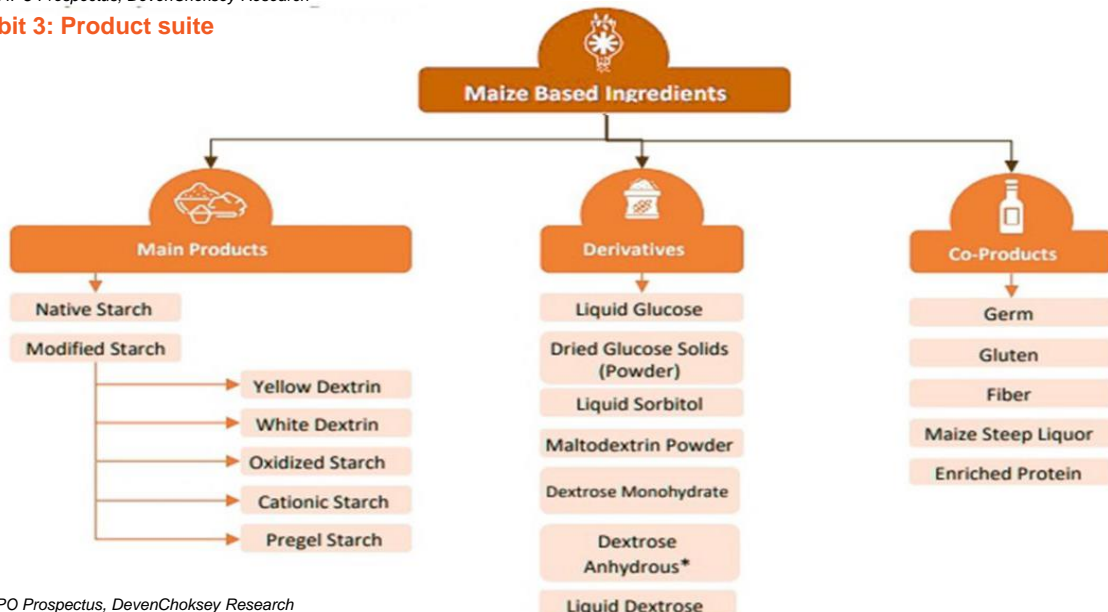
Source: IPO Prospectus, DevenChoksey Research

### Exhibit 2: Product wise revenue segmentation

Product	FY22		FY23		FY24	
	INR Mn	in %	INR Mn	in %	INR Mn	in %
Starches	3,012	58%	8,118	64%	7,012	63%
Derivatives	51	1%	669	5%	719	6%
Co-Products	1,719	33%	2,161	17%	1,830	16%
Others	369	7%	1,658	13%	1,541	14%
<b>Total</b>	<b>5,150</b>	<b>100%</b>	<b>12,605</b>	<b>100%</b>	<b>11,101</b>	<b>100%</b>

Source: IPO Prospectus, DevenChoksey Research

### Exhibit 3: Product suite



Source: IPO Prospectus, DevenChoksey Research

## Sanstar Ltd.

### Company Overview:

#### Product Description and Application:

Product Name	Brief Description	Major Applications
Native Maize Starch	Native starch powder obtained from the starchy part of maize	Foods (processed foods, bakery, confectionery), Pharmaceuticals
Modified Maize Starch	Modified to alter properties of native starch	Pharmaceuticals, Paper
Yellow Dextrin	Water-soluble, produced with less acid and high temperatures	Adhesives, Dyes, Abrasives, Packaging
White Dextrin	Water-soluble, low-viscosity, white-colored solutions	Pharmaceuticals, Paper, Textile, Explosive Metal Azides
Liquid Glucose	Clear, viscous, colorless solution with functional properties	Food (confectionery, candies, syrups, bakery, ready-to-eat sweets), Pharmaceuticals
Dried Glucose Solid	Uniform powdered form, high bulk density, lower sugar content	Food (confectionery, jams, jellies, preserves, syrup toppings)
Maltodextrin	Polysaccharide, used as a thickener and food additive	Food (additives, anti-caking agents, bulking agent, flavor carrier, artificial sweeteners)
Liquid Dextrose	Crystallized or liquid D-glucose made by hydrolysis of starch	Bio-Industry & Fermentation-Processing Aids, Plant Care (Fertilizers, Nutrients)
Dextrose Monohydrate	Monohydrate form of D-glucose, used as a sweetener and texturizing agent	Pharmaceuticals (nutritional supplement), Food (confectioneries, jams, jellies, bakery items)
Liquid Sorbitol	Bulk sweetener with humectant and texturizing properties	Food (processed foods, bakery, confectionery, seafood), Personal Care (Cosmetics), Pharmaceuticals
Co-products	Germ, Gluten, Fiber, and Maize steep liquor	Food, Animal Nutrition

Source: IPO Prospectus, DevenChoksey Research

#### Customer Base:

Sanstar has a reputed clientele of companies such as AB Mauri, ITC, Capital Foods, Hindustan Unilever Ltd and Godrej Agrovet and Zydus wellness in domestic market. Sanstar has a strong presence in states of Maharashtra, Gujarat, and Andhra Pradesh. Sanstar is making strides in markets of Telangana, Tamil Nadu, Madhya Pradesh, and Bihar.

#### Global Footprint:

Currently the company exports their products to over 49 countries across Asia, North America, Central America, South America, Middle East, Africa and Europe. Historically, countries like Malaysia, Vietnam, Kenya, Indonesia and United Arab Emirates have been their top 5 export destinations by revenue. Company's revenue from exports as a % of Gross Revenue from Operations has increased to 35.53% during Fiscal 2024 from 3.65% during Fiscal 2022.

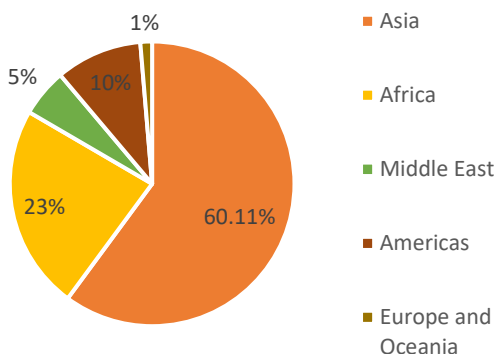
#### Exhibit 4: Geography wise sales

Segment	FY22		FY23		FY24	
	INR Mn	%	INR Mn	%	INR Mn	%
Domestic Sales	4,963	96%	8,829	70%	7,157	64%
Exports Sales	188	4%	3,777	30%	3,944	36%
Total	5,150	100%	12,605	100%	11,101	100%

Source: IPO Prospectus, DevenChoksey Research

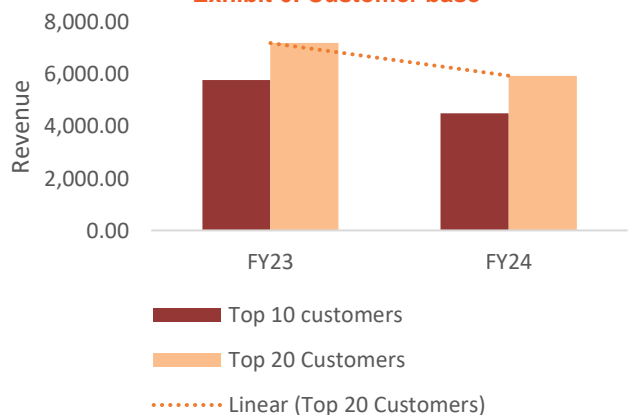
#### Exhibit 5: Revenue mix by geography

FY 2024



Source: IPO Prospectus, DevenChoksey Research

#### Exhibit 6: Customer base



Source: IPO Prospectus, DevenChoksey Research

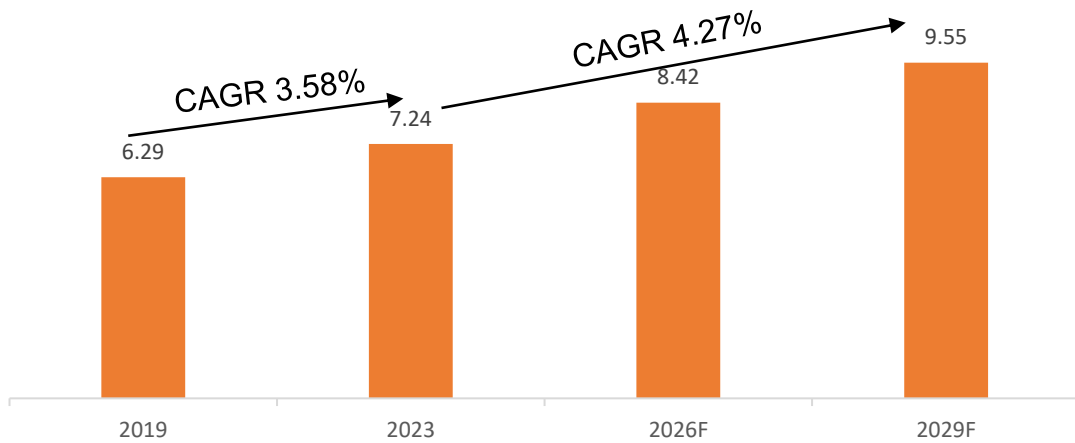
## Sanstar Ltd.

### Industry Overview

#### Maize Starch & Maize Based Specialty Products And Ingredient Solutions Market

- The global maize starch market is projected to grow significantly during the forecast period, with a CAGR of approximately 4.25% from 2023 to 2029. In 2023, the market was valued at USD 45,195 million and had a volume of around 84.5 million metric tons.
- Approximately one-third of India's maize production is for human consumption, with 10-15% used for starch production. Around 50-55% is used in animal and poultry feed.
- India is among the top 10 maize producing countries in the world. Karnataka, Andhra Pradesh and Maharashtra together account for nearly half of India's production of Maize.
- The Indian Maize Starch market is expected to grow significantly, with a projected CAGR of about 5.12% from 2023 to 2029. In 2023, it was valued at USD 3,121 million and approximately 7.27 million metric tons in volume.

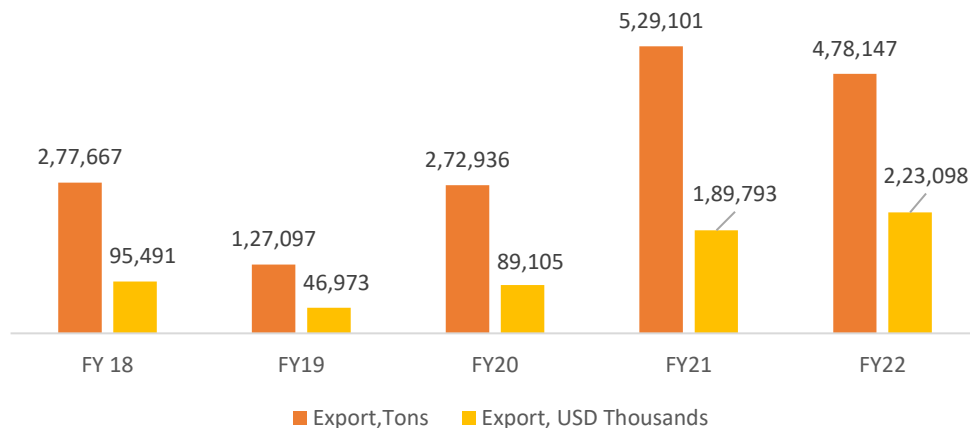
**Exhibit7: India Maize Starch Market, Mn Tons, 2019-2029F**



Source: IPO Prospectus, DevenChoksey Research

- Based on product type, the India Maize starch market is segmented into native, and modified. Amongst both, Native Maize Starch accounts for a higher share ~ 60.8% of the total market in value terms.
- Maize based specialty products and ingredient solutions manufacturing plants are located across India, with large numbers of plants located in Gujarat, Maharashtra and Karnataka owing to huge maize production by these states. In recent years, several plants have been commissioned in West Bengal, Bihar, UP for ease of export access to neighboring countries.
- India has always been a net exporter of Maize starch. Globally, India is the largest exporter of maize starch with ~20% of share in 2022. South-East Asian countries are the major importers of maize starch from India.

**Exhibit 8: Maize Starch Export by India, 2018-2022**

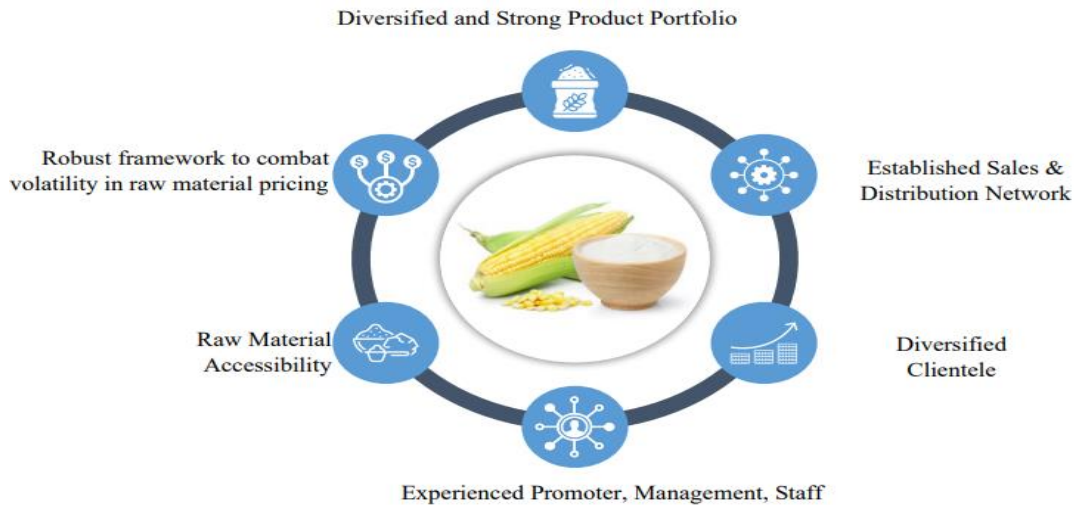


Source: IPO Prospectus, DevenChoksey Research

## Sanstar Ltd.

### Strengths:

#### Overview of competencies in specialty products and ingredient solutions industry:



Source: IPO Prospectus

#### One of India's leading manufacturers of maize-based specialty products and ingredient solutions with a diverse product portfolio; achieved 45% revenue CAGR and 105% PAT CAGR from Fiscal 2022-2024. :

- The company is the fifth largest manufacturer of maize based specialty products and ingredient solutions in India.
- The company commenced commercial manufacturing from manufacturing facilities located at Kutch, Gujarat and Dhule, Maharashtra in the year 2006 and 2017 respectively and have grown the business to the current scale with an installed capacity of 363,000 tons per annum (1,100 tons per day).
- The Company offers a diversified portfolio of specialty products and ingredient solutions including liquid glucose, dried glucose solids, maltodextrin powder, dextrose monohydrate, native maize starch, modified maize starches and co-products like germs, gluten, fiber and enriched protein, amongst others.
- These products find applications in a wide array of industries including food and beverages, pharmaceuticals, animal nutrition, adhesives, textiles, paper, amongst others.
- The company has experienced sustained growth in various financial indicators including revenue, profitability, cash flows and returns as well as consistent improvement in its balance sheet position in the last three Fiscals, wherein it has seen an increase in their net worth.
- The company's revenue from operations has increased at a CAGR of 45.46% from ₹ 5,044.02 million in Fiscal 2022 to ₹ 10,672.71 million in Fiscal 2024 aided by strong incremental growth coming from export market while profit after tax has grown at a CAGR of 104.79% from ₹ 159.21 million in Fiscal 2022 to ₹ 667.67 million in Fiscal 2024.

#### Specialty products and ingredients solutions player catering to diverse industry segments and poised to benefit from mega industrial trends:

- It is a specialty products and ingredients solutions company manufacturing native and modified maize starches, derivatives and co-products for applications including ingredients, thickening agents, stabilizers, sweeteners, emulsifiers, additives, nutritional ingredients, disintegrants, excipients, supplements, coating agents, binders, smoothing & flatter agents, finishing agents, amongst others, across diverse end user industries.
- Its manufacturing facilities, exports presence & exposure in over 49 countries and track record of commercializing & scaling up new products, position it advantageously to capture requirements of diverse end user industrial sectors.

#### Growth in end-use industries

End Industry	Global Market CAGR (CY 2023-2027)	Indian Market CAGR (CY 2023-2027)
Pharmaceuticals	5.9%	6.9%
Animal Nutrition	7.3%	8.2%
Snacks	6.3%	9.0%
Confectionery	5.9%	8.9%
Convenience Foods	6.8%	9.9%
Sauces and Spices	6.5%	8.5%
Spreads	6.6%	6.9%
Paper	3.2%	4.1%
Apparels	2.8%	3.6%

Source: IPO Prospectus



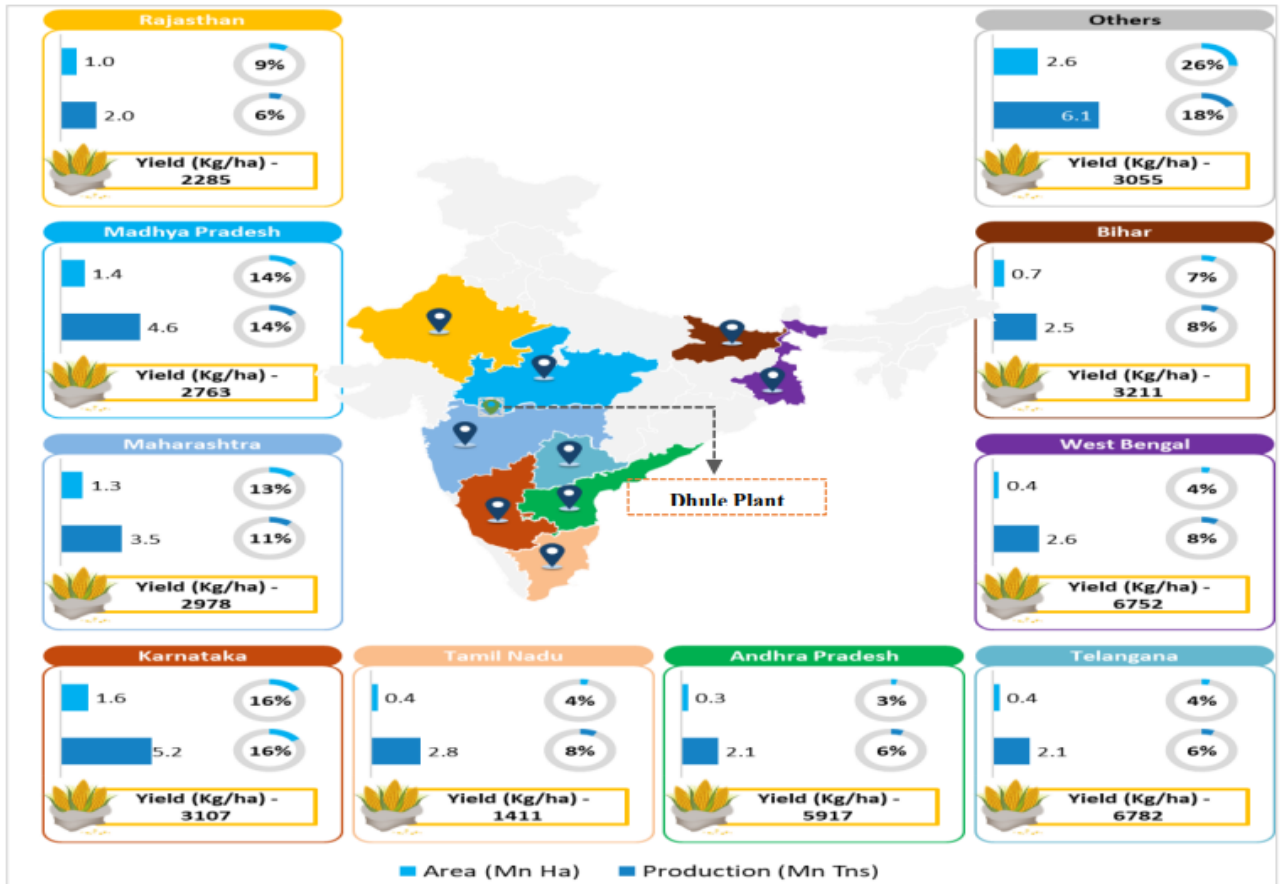
**Sanstar Ltd.**

**Strengths:**

**Strategically located, sustainability driven, state of the art manufacturing facilities:**

- Dhule Facility in Maharashtra: Strategically located, state of the art, highly automated, sustainability focused facility with ample scope for expansion.
- Large land with ample scope for future expansion: Dhule facility in Maharashtra is the latest and largest manufacturing plant, began operations in 2017. It spans 7.90 million square feet (approximately 181 acres), with 2.46 million square feet (approximately 56 acres) reserved for future expansion. As of March 31, 2024, this facility has an installed capacity of 247,500 tons per annum (750 tons per day).
- Automation: Their highly automated operations utilize Supervisory Control and Data Acquisition (SCADA) and PLC Automation Systems, facilitating the production of native starches, modified starches, and yellow dextrin. This advanced technology reduces labor requirements, thereby cutting costs and minimizing human errors. At Dhule Facility, the implementation of SCADA-based automation has significantly shortened task times, increased manufacturing speeds, expedited turnaround times, ensured continuous operation of machinery for enhanced manufacturing efficiency, and improved data collection and processing capabilities.
- Sustainability focused: The company has installed a 1.56-megawatt bio-gas plant to generate electricity sustainably from biogas produced through anaerobic digestion of starch plant waste. This process converts organic matter into biogas, mainly methane and carbon dioxide, used to power operations and reduce greenhouse gas emissions. It has also established a 3.6-megawatt solar plant.
- Strategic location: Dhule Facility is strategically situated in the maize production hubs of Maharashtra and Madhya Pradesh, accounting for a significant portion of India's maize output. This location enables the company to procure maize, the primary raw material, at competitive prices with reduced freight costs. The proximity to these raw material sources grants them one of the industry's lowest procurement costs. Additionally, facility's proximity to the Mumbai Agra National Highway and Nhava Sheva port, approximately 410 kilometers away, ensures convenient access to transportation and logistics networks.
- Storage infrastructure: The company has over 50,000 MT of maize storage silos and finished goods storage, significantly cutting handling, transportation, and third-party storage expenses.

*State-wise Maize Production in India financial year 2022-23*



Source: IPO Prospectus

## Sanstar Ltd.

### Strengths:

#### Global presence in a market with high entry barriers:

- The industry for maize-based specialty products and ingredient solutions, where the company operates, faces significant barriers to entry. These include substantial capital costs for manufacturing facilities, lengthy R&D and customer relationship building phases, limited availability of essential raw materials due to alternative uses, economies of scale requirements, and competition from established players.
- Due to the critical nature of the products and processes, the company adheres to rigorous quality standards and approval systems.
- Over the years, it has built strong customer relationships and operates advanced manufacturing facilities, earning a reputation for high-quality production
- The company's strategic approach to raw maize sourcing involves long-term partnerships with farmers, traders, and aggregators, leveraging proximity to production belts for cost efficiency, precise timing, quality assessment, and predictive capabilities based on weather patterns.
- Company's B2B business model creates substantial exit barriers for customer switching due to rigorous product quality checks and regulatory compliance across global markets, fostering customer loyalty and continuity.

#### Two Generations of Promoters with domain knowledge:

- Effective manufacturing of specialty products and ingredient solutions demands a skilled team proficient in efficient procurement, technical manufacturing knowledge, customer relations, and long-term partnerships.
- Company's management, led by Chairman and Managing Director Gouthamchand Sohanlal Chowdhary, Joint-Managing Directors Sambhav Gautam Chowdhary and Shreyans Gautam Chowdhary, along with key executives like Ruchit Patel (Head of Purchase and Procurement) and Harishkumar Shisupaldas Maheshwary (Chief Financial Officer), possesses extensive industry expertise across various functions including procurement, business development, and finance.
- This expertise gives the company a competitive edge in managing operations, exploring new growth opportunities, and optimizing raw material procurement efficiently.

#### Well positioned to leverage the large opportunities in speciality products and ingredient solutions industry:

- The company's established market position reflects its deep expertise, substantial capacities, and enduring customer relationships, enabling it to seize significant opportunities in both current and future product lines.
- Key growth drivers in India's maize-based specialty products and ingredient solutions market include the abundant availability of maize, India's prominent global ranking in maize production and acreage, and the diverse applications of starch across various industries such as food, paper, and pharmaceuticals.
- The increasing popularity of ready-to-eat foods and robust global export opportunities further underscore the promising outlook for Indian maize starch and its derivatives.

#### Large, diversified customer base with long lasting relationships:

- It served a total of 525 customers, including 162 new customers in FY24. This builds on the consistent customer base of 525, 541, and 215 customers in Fiscals 2024, 2023, and 2022 respectively.
- The company has also maintained strong repeat business, with 96 customers placing orders annually over the past three fiscal years.
- The company attributes the customer loyalty to accessible management, effective relationship-building by its marketing team, and a customer-focused culture emphasizing quality assurance and operational excellence.
- Additionally, the company has diversified its customer portfolio across sectors such as food, animal nutrition, pharmaceuticals, paper, textiles, personal care, and adhesives.

Period	Existing Customers #	%	New Customers #	%	Total
Fiscal 2024	9,893	89	1,208	11	11,101
Fiscal 2023	10,795	86	1,811	14	12,605
Fiscal 2022	4,523	88	627	12	5,150

Source: IPO Prospectus, DevenChoksey Research



## Sanstar Ltd.

### Growth Strategies:

#### Expand manufacturing capacities to capture additional market share:

- The company plans to expand its manufacturing capacities at facilities in Dhule, Maharashtra, and Kutch, Gujarat.
- This expansion aims to meet increasing demand from current and new customers by enhancing production capabilities for existing products like native starches, modified starches, liquid glucose, and dextrose monohydrate, as well as introducing new products such as dextrose anhydrous.
- The Dhule facility specifically will undergo expansion to add 1,000 Tons Per Day (TPD) capacity, with a total estimated cost of ₹2,015.55 million, funded largely through the net proceeds of the IPO proceeds.
- This expansion is projected to increase the company's aggregate installed capacity to 2,100 TPD by Fiscal 2026, positioning it as one of India's top three manufacturers of maize-based specialty products and ingredient solutions.

Particulars	Installed capacity	Capacity Utilization (TPA)	Capacity Utilization	Additional capacity	Post expansion capacity
Dhule Facility	2,47,500	2,19,678	89%	3,30,000	5,77,500
Kutch facility	1,15,500	93,194	81%	0	1,15,500
Total installed capacity	3,63,000				6,93,000

Source: IPO Prospectus, DevenChoksey Research

Particulars	Estimated Date of Commencement	Estimated Date of Completion
Factory building – Civil Construction	Jan-24	Aug-24
Purchase of plant and machinery	Jan-24	Jul-24
Installation of plant and machinery	Jul-24	Apr-25
Trial manufacturing	May-25	Jun-25
Commercial operation	Jul-25	

Source: IPO Prospectus, DevenChoksey Research

#### Leverage the industry-leading capabilities by continuing to diversify its customer base and increase wallet share with existing customers:

- The company plans to expand its customer base by strengthening existing relationships globally and pursuing new opportunities. It aims to secure repeat orders and enhance relationships through organic growth efforts.
- Leveraging the expertise in manufacturing native starches, modified starches, and other products, it intends to introduce new items like dextrose anhydrous and sorbitol powder.
- By exploring applications in pharmaceuticals, food, biotech, and other sectors, the company is expected to attract new customers and increase revenue & profitability.
- The strategy includes consolidating supplier bases of current customers and enhancing customer engagement through collaborative product development.
- Additionally, the company plans to expand its portfolio of plant-based specialty products and ingredients, invest in innovation & technology, and focus on export sales to drive growth in international markets.

#### Increase the global footprint and augment growth in current geographies:

- The company currently exports products to 49 countries spanning Asia, North America, Central America, South America, the Middle East, Africa, and Europe. Key export destinations historically include Malaysia, Vietnam, Kenya, Indonesia, and the United Arab Emirates.
- Export revenue has grown significantly, reaching 35.53% of Gross Revenue from Operations in Fiscal 2024, up from 3.65% in Fiscal 2022.
- To further diversify the customer base and expand market share, the company plans to increase sales in existing geographies and enter new territories.
- This strategy involves establishing dedicated sales and marketing teams, as well as opening warehouses and sales offices to provide real-time service and support in these markets.

## Sanstar Ltd.

### Growth Strategies:

#### Increase the revenue contribution from derivative products and scale up organic ingredients segment:

- To enhance revenue from derivatives, the company aims to capitalize on the growing global market for maize-based derivatives, projected to reach USD 6,985.00 million by CY 2029 with a CAGR of 4.33%.
- In India, the market for these derivatives is expected to grow to USD 598.00 million by CY 2029, expanding at a CAGR of 5.29%. These products, known for the high margin profile compared to native starches, and these products are crucial in specialized sectors such as pharmaceuticals, food, personal care, and more.
- Currently, the company's revenue from derivatives stood at 4.26% in Fiscal 2024 and 4.62% in Fiscal 2023. To increase this contribution, it plans to expand the manufacturing capacity of Liquid Glucose and Dextrose Monohydrate by 300 (i.e 150 tons each tons) per day at its Dhule, Maharashtra plant. Additionally, it is setting up a 50 tons per day capacity for Dextrose Anhydrous as part of the expansion strategy.
- In parallel, the company intends to scale up its Organic Starches segment, leveraging its current capacity of 1,250 tons per annum and APEDA registration.
- The global organic starch market was valued at USD 33.84 billion in CY 2023, with significant growth potential in India, particularly driven by the demand for organic foods like instant soups, sauces, and gravies. Organic starches, derived from organic-certified, non-GMO sources such as potatoes, maize, waxy maize, and wheat, are processed without chemicals or additives. These serve as essential ingredients in various food products and find applications in industries like confectionery, nutraceuticals, and pharmaceuticals.
- This dual strategy aims to capitalize on expanding market opportunities in derivatives while meeting the increasing demand for organic starches in India and globally.

### Risks:

- Price fluctuations in raw materials can potentially impact product pricing and overall business performance, influencing financial conditions, operational results, and cash flows.
- The company's lack of long-term contracts with raw material suppliers exposes it to potential increases in costs or supply shortages. This could adversely impact business operations and financial results, particularly if existing or new supplier relationships cannot be effectively leveraged.
- The company relies on a limited number of local farmers near its manufacturing units and suppliers in unorganized marketplaces ('mandis') for its raw material requirements.
- The company's products are designed for specific industries, and any decline in demand within these sectors could lead to business losses and affect its financial performance and stability.
- The company's plans to fund capital expenditures for expanding the Dhule Facility are susceptible to risks such as unforeseen delays in approvals, implementation issues, and potential cost overruns. These factors could negatively impact business operations and financial results.
- A slowdown or shutdown of manufacturing operations at the facilities could adversely affect the company's business, financial condition, and operational results.
- The company exports its products globally, potentially encountering import duties or restrictions in various markets. Fluctuations in foreign exchange rates, the unavailability of fiscal benefits, or non-compliance with related requirements could adversely impact business operations and financial results.
- Inability to effectively manage growth or implement growth strategies may adversely impact business prospects and future financial performance.
- Failure to accurately forecast product demand and effectively manage inventory could negatively impact business operations, financial condition, cash flows, and operational results.
- The company is currently in the process of transferring and assigning registrations, licenses, approvals, consents, and permissions held by Sanstar Biopolymers Limited (the 'Transferor Company') as part of an amalgamation scheme with Sanstar Limited (the 'Company' or 'Transferee Company') under Section 232 of the Companies Act, 2013. Any failure to complete this transfer could potentially delay operations, adversely affecting business, financial condition, operational results, and prospects.

## Sanstar Ltd.

### Outlook and Valuation:

Sanstar Limited is poised for significant growth, leveraging its aggressive capacity expansion, robust export strategies, and diversification into higher-margin derivative segments. With an additional 1,000 tons per day capacity at its Dhule Facility expected to commence by Fiscal 2026, the company aims to meet the increasing global demand for its maize starch, liquid glucose, dextrose monohydrate, and dextrose anhydrous products. Sanstar's revenue from operations has grown at a CAGR of 45% from ₹5,044.02 Mn in FY22 to ₹10,672.71 Mn in FY24, driven by both domestic and international market expansion, with exports now reaching 49 countries. The company is also focused on reducing its debt using IPO proceeds, which will lower the interest burden and enhance profitability. The commissioning of captive solar and biogas power plants is expected to reduce power costs significantly, further boosting profit growth. Adhering to high standards of quality and sustainability, Sanstar's strategic focus on cost management, operational efficiency in the backdrop of substantial topline growth is expected to drive sustained profitability and market share expansion, making it a formidable player in the industry. **We have assigned a 'SUBSCRIBE' rating for the IPO of Sanstar Ltd as the P/E ratio of 25.9x on FY24 EPS appears lucrative in light of its strong growth potential.**

### Peer Comparison:

Particulars	Sanstar Limited	Gujarat Ambuja Exports Limited	Gulshan Polyols Limited	Sukhjit Starch and Chemicals Limited
Revenue from operations	10,673	49,267	13,780	13,754
EBITDA	981	4,423	581	1280
EBITDA Margin (%)	9%	9%	4%	9%
PAT	668	3,459	178	500
PAT Margin	6%	7%	1%	4%
Networth	2,159	27,690	7,711	5,026
Total debt	1,276	1,970	3537	3,245
ROE (%)	31%	12%	2%	10%
ROCE (%)	25%	11%	2%	11%
EPS	3.7*	7.54	2.85	31.98
PE ratio	25.9	18.2	70.3	15.1

\*Adjusted EPS

### Financials:

Income Statement ( In INR Mn)	FY22	FY23	FY24
Revenue	5,044	12,051	10,673
Operating Expenditure	4,647	11,326	9,691
EBITDA	397	724	981
Margin	8%	6%	9%
Depreciation & Amortization	4	46	144
EBIT	90	119	121
Other Income	91	98	107
Interest	220	554	897
Exceptional	-	-	-
PBT	220	554	897
Tax	61	136	230
PAT	159	418	668
PAT Margin	3%	3%	6%
Reported EPS	1.1	3.0	4.8
Adjusted EPS	0.9	2.3	3.7

Source: IPO Prospectus, Devenchoksey Research

### Research Analyst

Karan Kamdar, [fundamental-research2@devenchoksey.com](mailto:fundamental-research2@devenchoksey.com)

Phone: +91-22-6696 5555

[www.devenchoksey.com](http://www.devenchoksey.com)

## Sanstar Ltd.

### Financials:

Balance Sheet ( In INR Mn)	FY2022	FY2023	FY2024
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	1331	1957	2021
Capital work-in-progress	33	9	205
Investments	0	2	2
Other financial assets	2	21	13
<b>Total Non-Current Assets</b>	<b>1366</b>	<b>1989</b>	<b>2241</b>
<b>Current Assets</b>			
Inventories	127	265	1140
Trade Receivables	402	912	1175
Cash and Cash Equivalents	6	63	32
Bank balance other than cash	12	4	20
Other financial assets	0	4	6
Current Tax Assets	0	6	0
Other Current Assets	162	441	662
<b>Total Current Assets</b>	<b>709</b>	<b>1695</b>	<b>3035</b>
<b>Total Assets</b>	<b>2075</b>	<b>3684</b>	<b>5276</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity Share Capital</b>	<b>295</b>	<b>281</b>	<b>281</b>
Other Equity	557	1590	2257
<b>Total Equity</b>	<b>852</b>	<b>1871</b>	<b>2538</b>
<b>Non-Current Liabilities</b>			
Borrowings	575	343	309
Other Financial Liabilities	1	0	0
Provisions	0	1	0
Deferred Tax Liabilities (net)	110	255	317
<b>Total Non-Current Liabilities</b>	<b>686</b>	<b>599</b>	<b>627</b>
<b>Current Liabilities</b>			
Borrowings	277	774	967
Total Outstanding due to MSME	6	13	6
Total Outstanding due to other than MSME	175	290	953
Other Financial Liabilities	3	28	16
<b>Other Current Liabilities</b>	<b>44</b>	<b>61</b>	<b>35</b>
Provisions	25	37	46
Current Tax Liabilities	8	10	88
<b>Total Current Liabilities</b>	<b>537</b>	<b>1213</b>	<b>2111</b>
<b>Total Equity and Liabilities</b>	<b>2075</b>	<b>3684</b>	<b>5276</b>

Source: IPO Prospectus, DevenChoksey Research

Cash Flow ( In INR Mn)	FY2022	FY2023	FY2024
Net Cash Flow from Operating Activities	297	-60	286
Net Cash Flow from Investing Activities	-45	-714	-369
Net Cash Flow from Financing Activities	-250	830	52
Net Increase/(Decrease) in Cash	2	56	-31
<b>Cash &amp; Cash Equivalents at the Beginning</b>	<b>5</b>	<b>6</b>	<b>63</b>
<b>Cash &amp; Cash Equivalents at the End</b>	<b>6</b>	<b>63</b>	<b>32</b>

Source: IPO Prospectus, DevenChoksey Research

**Sanstar Ltd.****ANALYST CERTIFICATION:**

I, **Karan Kamdar** (CA), Research Analyst, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. I also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

**Terms & Conditions and other disclosures:**

DRChoksey FinServ Private Limited (hereinafter referred to as DCFPL) is a registered member of SEBI as a Research Entity vide Registration No. INH000011246 under SEBI (Research Analyst) Regulations, 2014, Portfolio Managers Entity vide Registration No. INP000007906 under SEBI (PORTFOLIO MANAGERS) Regulations, 2020 & Investment Adviser Entity vide Registration No. INA000017903 under SEBI (INVESTMENT ADVISERS) REGULATIONS, 2013.

The information and opinions in this report have been prepared by DCFPL and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of DCFPL. While we would endeavor to update the information herein on a reasonable basis, DCFPL is not under any obligation to update the information. Also, there may be regulatory, compliance or other reasons that may prevent DCFPL from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or DCFPL policies, in circumstances where DCFPL might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. DCFPL will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. DCFPL accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Our employees in sales and marketing team, dealers and other professionals may provide oral or written market commentary or trading strategies that reflect opinions that are contrary to the opinions expressed herein, in reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

We submit that no material disciplinary action has been taken on DCFPL and its associates (Group Companies) by any Regulatory Authority impacting Equity Research Analysis activities.

DCFPL prohibits its associate, analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analyst covers.

DCFPL or its associates (Group Companies) collectively or its research analyst, or relatives do not hold any financial interest/beneficial ownership of more than 1% (at the end of the month immediately preceding the date of publication of the research report) in the company covered by Analyst, and has not been engaged in market making activity of the company covered by research analyst.

It is confirmed that, I, **Karan Kamdar** Research Analyst of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific brokerage service transactions.

DCFPL or its Associates (Group Companies) have not managed or co-managed public offering of securities for the subject company in the past twelve months.

DCFPL or its associates (Group Companies) collectively or its research analyst, or relatives might have received any commission/compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of brokerage services or specific transaction or for products and services other than brokerage services.

DCFPL or its associates (Group Companies) collectively or its research analyst, or relatives might have received any commission/compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report other than investment banking or merchant banking or brokerage services from the subject company

DCFPL encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. DCFPL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither DCFPL nor Research Analysts his associate or his relative, have any material conflict of interest at the time of publication of this report.

It is confirmed that, **Karan Kamdar**, Research Analyst do not serve as an officer, director or employee of the companies mentioned in the report.

DCFPL or its associates (Group Companies) or its research analyst has may been engaged in market making activity for the subject company.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other Jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject DCFPL and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform them of and to observe such restriction.

The securities quoted are for illustration only and are not recommendatory

Please send your feedback to [research.retail@devenchoksey.com](mailto:research.retail@devenchoksey.com)

DRChoksey FinServ Private Limited

CIN Number -U67100MH2020PTC352816

**Registered Office and Corporate Office:**

5th Floor Abhishek Building, Behind Monginis Cake Factory, Off New Link Road, Andheri West, Mumbai-400058