

## IPO NOTE

### Issue Details

**Price Band: ₹ 90 to ₹ 95**

**Issue Opens on: July 19, 2024**

**Issue Closes on: July 23, 2024**

**Lot Size: 150 Shares & in Multiples thereafter**

### Issue Highlights

**Issue Size: ₹ 510.15 Cr.**

**No of Shares: 53,700,000**

**Face Value: ₹ 2**

### Offer Structure

Issuance	₹ in Cr.
Fresh Issue	397.10
Offer for Sale	113.05
<b>Total</b>	<b>510.15</b>

### Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	255.08
HNI	15	76.52
Retail	35	178.55
<b>Total</b>	<b>100</b>	<b>510.15</b>

### Listing

**BSE & NSE**

### Lead Managers

- Pantomath Capital Advisors Private Limited

### Registrar

**Link Intime India Private Limited**

#### ANALYST

**Krishna Rana**

[krishna.rana@sushilfinance.com](mailto:krishna.rana@sushilfinance.com)

+91 22 4093 6081

#### SALES

**Manan Divan**

[manan.divan@sushilfinance.com](mailto:manan.divan@sushilfinance.com)

+91 22 4093 6091 / +919819819979

## COMPANY OVERVIEW

Sanstar Ltd. is 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 (ii) animal nutrition products as nutritional ingredients, and (iii) other industrial products as dintegrants, excipients, supplements, coating agents, binders, smoothing & flattering agents, finishing agents, among others.

Company's 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. They are a recognised Two Star Export house from Director General of Foreign Trade, Government of India. They exported products to 49 countries across Asia, Africa, Middle East, Americas, Europe and Oceania, during Fiscal 2024.

Sanstar has a reputed clientele of companies such as AB Mauri, ITC, Capital Foods, Hindustan Unilever, Godrej Agrovet and Zydus wellness in domestic market. Sanstar has a strong presence in states of Maharashtra, Gujarat, and Andhra Pradesh.

## HIGHLIGHTS

1. Diversified and Strong Product Portfolio
2. Established Sales & Distribution Network
3. Diversified Clientele
4. Raw Material Accessibility
5. Robust framework to combat volatility in raw material pricing

## OBJECTS OF THE ISSUE

1. Funding the capital expenditure requirement for expansion of the Dhule Facility (₹ 181.56 Cr.)
2. Repayment and/or pre-payment, in part or full, of certain borrowings availed by the company (₹ 100 Cr.)
3. General corporate purposes

Offer for sale of up-to 11,900,000 equity shares. The company will not receive any proceeds from the Offer for sale.

## OUR VIEW

Incorporated in 1982, Sanstar is one of the major manufacturers of plant based speciality products and ingredient solutions in India for food, animal nutrition and other industrial applications. With an installed capacity of 3,63,000 tons per annum (1,100 tons per day), they are the fifth largest manufacturer of maize based speciality products and ingredient solutions in India. The manufacturing facilities are strategically located in terms of both proximity to the raw material sources i.e. maize harvesting belts as well as seaports of Mundra, Kandla, Hazira and Nhava Sheva, for exports of finished products.

They intend to increase their global footprint and also plan to increase the revenue contribution from derivative products and scale up organic ingredients segment. Company is dependent for its raw material requirement on a few number of raw material suppliers who are local farmers located near the Manufacturing Facilities and suppliers in mandis which are unorganized marketplaces. Any fluctuations in the price may adversely affect the pricing of their products. The reduction in demand from the end user industries may affect the operations of the company.

The revenue CAGR for the period FY 22-24 stood at about 45.5%. The company operated on an EBITDA margin of 9.2% and PAT margin of 6.17% for year ended FY24. However, the debt-equity ratio has decreased, indicating reduced reliance on debt financing.

Generating ROE and ROCE of 30.92% and 25.43% respectively for FY24. The company is asking for a PE multiple of 20x on the upper end of the price band and using diluted EPS for FY24 (₹ 4.75). The industry average is 35.66x. The P/BV is at 6.18x for FY24. **Looking at all the factors, risks, opportunities and valuation, investors may subscribe for the issue with a long-term view.**

### Brief Financials

PARTICULARS	₹ in Million		
	FY '24	FY '23	FY '22
Total Income	10,816.83	12,096.68	5,047.67
Total Expenditure	9,919.59	11,542.80	4,827.84
EBITDA	981.41	724.47	397.20
Profit before Tax	897.24	553.88	219.83
Profit after Tax	667.67	418.05	159.21
E.P.S. (Diluted)	4.75	2.98	1.08
P/E (x) (Diluted)	20	-	-
RONW (%)	30.92	28.00	32.51

\* Not Annualised

### PRICE CHART (@ ₹ 95) (Retail Category)

LOT SIZE	Amount
150	14,250
300	28,500
450	42,750
600	57,000
750	71,250
900	85,500
1,050	99,750
1,200	114,000
1,350	128,250
1,500	142,500
1,650	156,750
1,800	171,000
1,950	185,250
2,100	199,500

### HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Small HNI	2,250	213,750
Big HNI	10,650	1,011,750

### Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	24/07/2024
Initiation of refunds/unblocking ASBA Fund	25/07/2024
Credit of Equity Shares to demat accounts of Allottees	25/07/2024
Commencement of trading of the Equity Shares on the Stock Exchanges	26/07/2024

For more details, Please refer RHP,

[https://www.sebi.gov.in/filings/public-issues/jul-2024/sanstar-limited-rhp\\_84750.html](https://www.sebi.gov.in/filings/public-issues/jul-2024/sanstar-limited-rhp_84750.html)

## **Disclaimer & Disclosures**

### **SEBI Registration No. INH00000867**

This report has been furnished to you for your general information only and should not be reproduced, re-circulated, published in any media, website or otherwise, in any form or manner, in part or as a whole, without the express consent in writing of Sushil Financial Services Private Limited. This Research Report is meant solely for use by the original recipient to whom it is sent and is not for circulation. Any unauthorized use, disclosure or public dissemination or copying of information (either whole or partial) contained herein is prohibited.

This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice/offer for the purpose of purchase or sale of any securities mentioned herein. Past performance is not a guide for future performance, future returns are not guaranteed. Opinions expressed herein are subject to change without notice. Investor should rely on information/data arising out of their own investigations. The Sushil Equity Universe is marked as # and the fundamental reports are marked as ##.

Investors are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investor may realize losses on any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by us to be reliable. A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com) Research Analyst views on Subject Company may vary based on Fundamental and Technical Research. Sushil Financial Services Private Limited or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. None of the directors, employees, affiliates or representatives of company shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages/loss etc whatsoever from the information/opinions/views contained in this Report and investors are requested to use the information contained at their risk

Sushil Financial Services Private Limited (SFSP) and its connected companies, and their respective Directors, Officers and employees or their relative, may have a long or short position in the subject companies mentioned in the report and it may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Reports based on technical and derivative analysis centre on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. SFSP has different business segments/Divisions with independent research and maintains arm's length distance catering to different set of customers having various objectives, risk profiles, investment horizon, etc. and therefore may at times have different contrary views on stocks sector and markets. Research Report may differ between SFSP's RAs on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold - SFSP, its employees and associates responsible for any losses, damages of any type whatsoever.

This Report is not intended to be a complete statement or summary of the securities, market or developments referred to in this document. SFSP or its affiliates or employees are under no obligation to update the information. SFSP or its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report.

SFSP or its affiliates and/or its employees/its associates or his relative does not have financial interest in the subject companies. SFSP or its affiliates and/ or its employees/its associates or his relative may or may not have beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report. SFSP/its Associates/ Research Analyst have not received any compensation from the subject company in the past twelve months. Further the subject company is/was not a client during twelve months preceding the date of distribution of the research report and the types of services provided. SFSP or its research analyst has not served as an officer, director or employee of the subject company. SFSP or its affiliates and/or its research analysts have not been engaged in market making activity for the subject company. SFSP or its associates or its Research Analyst have not received any compensation or other benefits from the subject companies or third party in connection with the research report. SFSP/its Associates/ Research Analyst/ his Relatives not have any other material conflict of interest at the time of publication of the research report.

SFSP/its Associates/ Research Analyst have not managed or co-managed public offering of securities, have not received compensation for investment banking or merchant banking or brokerage services, have not received any compensation for product or services other than investment banking or merchant banking or brokerage services from the subject companies in the last twelve months. There is no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities.

Research Disclaimer: Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

<https://www.sushilfinance.com/Disclaimer/research>  
<https://bit.ly/3Vbgbvl>