

Issue Details

Issue Size	INR 510 Cr
Issue Date	19.07.2024 to 23.07.2024
Implied Mcap Post Issue	INR 1,731 Cr
Price Band	INR 90 – 95
Offer Ratio	QIB - 50%; NII - 15%, Retail - 35%
Bid Lot	150 Equity shares per lot
Shareholding (Pre Issue)	140,444,250
Shareholding (Post Issue)	182,244,250
Fresh Issue	INR 397 Cr
Offer for sale	INR 113 Cr

Object of the offer

Particulars	Amount (INR in Cr)
Repayment / Prepayment of a portion of certain o/s borrowings	100.0
Funding the capital expenditure requirements of the company	181.5
General Corporate Purposes	115.5
Total	397.0

Company Name	EPS (Basic)	NAV	P/E	RONW (%)
Sanstar Limited	4.8	15.4	25.9	30.9
Gujarat Ambuja Exports Ltd.	7.5	60.4	18.7	12.5
Gulshan Polyols Ltd.	2.9	123.6	73.3	2.3
Sukhjit Starch & Chemicals Ltd.	32.0	321.8	15.0	9.9

Particulars (In Crores)	Mar-22	Mar-23	Mar-24
Equity Share Capital	29.5	28.1	28.1
Other Equity	55.7	159.0	225.7
Net Worth	85.2	187.1	253.8
Total Borrowings	85.2	111.7	127.6
Revenue from Operations	504.4	1,205.1	1,067.3
EBITDA	39.7	72.4	98.1
Profit / Loss Before Tax	22.0	55.4	89.7
Net Profit / Loss for the year	15.9	41.8	66.8

Business Overview

Sanstar Ltd. (Sanstar) is a leading manufacturer of plant-based specialty products and ingredient solutions in India, serving the food, animal nutrition, and various industrial sectors. Their product range includes liquid glucose, dried glucose solids, maltodextrin powder, dextrose monohydrate, native maize starches, modified maize starches, and co-products such as germs, gluten, fiber, and enriched protein.

Sanstar's specialty products and ingredient solutions enhance the taste, texture, nutritional value, and functionality of (i) food products, serving as ingredients, thickening agents, stabilizers, sweeteners, emulsifiers, and additives in items like bakery products, confectionery, pastas, soups, ketchups, sauces, creams, and desserts, (ii) animal nutrition products, providing essential nutrients, and (iii) other industrial products, acting as disintegrants, excipients, supplements, coating agents, binders, smoothing & flattering agents, and finishing agents.

Sanstar has an installed capacity of 363,000 tons per annum (1,100 tons per day), making it the fifth largest manufacturer of maize-based specialty products and ingredient solutions in India. Its prominent industry position is supported by its technical expertise, over five decades of experience, advanced manufacturing facilities, diverse product portfolio, and a wide client base in both domestic and international markets.

Sanstar holds the designation of a Two Star Export House by the Director General of Foreign Trade, Government of India. Sanstar Biopolymers Limited, which was merged with Sanstar, was recognized as a Three Star Export House. In Fiscal 2024, Sanstar exported products to 49 countries across Asia, Africa, the Middle East, the Americas, Europe, and Oceania. The company also has a significant presence in India, with products sold in 22 states.

Sanstar Ltd.'s two manufacturing facilities, covering a combined area of approximately 10.68 million square feet (about 245 acres), are located in Dhule, Maharashtra, and Kutch, Gujarat. The Dhule facility, the latest addition, is a state-of-the-art, automated plant with a strong focus on sustainability, designed by an in-house team of 24 engineers. These facilities are strategically positioned near major maize harvesting regions for efficient raw material sourcing and in close proximity to key seaports—Mundra, Kandla, Hazira, and Nhava Sheva—to facilitate the export of finished products.

Competitive Strength

- One of the largest manufacturers of maize based specialty products
- Specialty products and ingredient solutions player catering to diverse industry segments, poised to benefit from mega industrial trends
- Strategically located, sustainability-driven, state-of-the-art manufacturing facilities
- Global presence in a market with high entry barriers
- Strong financial growth with robust performance metrics
- Two generations of promoters with domain knowledge
- Well positioned to leverage large opportunities in the specialty products and ingredient solutions industry
- Large, diversified customer base with long-lasting relationships

Risk and Concerns

- Fluctuations in raw material prices can impact product pricing and financial health
- Significant working capital needed for maize procurement during peak season; failure to meet this can affect operations
- Dependence on specific industries for sales; reduced demand in these industries can harm financial performance
- Exports face import duties, exchange rate fluctuations, and compliance issues, impacting operations
- Domestic sales largely depend on customers in western India
- Increased demand for maize from other sectors could strain supply for the company
- Potential conflict of interest with group company SSPPL may adversely affect business

Sanstar Limited, a leading maize-based specialty products manufacturer, offers a diverse range of products and enjoys a strong market presence both domestically and internationally. With strategically located, state-of-the-art manufacturing facilities and a robust export strategy, the company is well-positioned for significant growth. However, the IPO valuation of 25.9x P/E appears fully priced, and it calls for cautious approach due to potential risks such as raw material price volatility and intense competition, despite the potential for listing gains.

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Rating	
★	Avoid
★★★	Neutral
★★★★★	Apply for listing gain
★★★★★★★	Apply for long term
★★★★★★★★★	Apply for both long term and listing gain

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