

# Sanstar

On a sustainable growth path

## Summary

Sanstar Limited is one of the major manufacturers of plant based speciality products and ingredient solutions in India for food animal nutrition and other industrial applications. Its speciality products and ingredients solutions add taste, texture, nutrients and increased functionality to foods as ingredients, thickening agents, stabilizers, sweeteners, animal nutrition products as nutritional ingredients, and other industrial products as disintegrants, excipients, supplements, etc. The management believes that their leading position in the industry, technical knowledge to bring specific functionality and nutrition to end products, diverse product portfolio and clientele in domestic and global markets, provide them with competitive advantage. At upper price band and diluted equity, IPO is priced at 42.5X PER on FY23 EPS of Rs2.2.

## Key Investment Rationale

- One of the largest manufacturers of maize based speciality products in India with diverse product portfolio:** The Company is the third largest manufacturer of maize based speciality products and ingredient solutions in India and exported the products to 49 countries across Asia, Africa, Middle East, Europe & Oceania and Americas. It offers a diversified portfolio of speciality products and ingredient solutions which find applications in a wide array of industries including food and beverages, pharmaceuticals, animal nutrition, adhesives, textiles, paper, amongst others.
- Well positioned to leverage the large opportunities in speciality products and ingredient solutions industry:** The Company's established market position in the industry is a reflection of its vast experience, large capacities and lasting customer relationships, which enables them to tap the large potential and opportunities in existing and future products.

<b>Issuer</b>	Sanstar Limited
<b>Transaction Type</b>	<b>Fresh Issue of Equity shares aggregating upto ₹3971 Mn and Offer for sale of Equity Shares aggregating upto ₹1135 Mn</b>
<b>Issue Open / Close</b>	19-July-2024 / 23-July-2024
<b>Type of Offering</b>	Fresh Issue and Offer for Sale
<b>Total Offer Size</b>	Rs. 5106Mn
<b>Price Band</b>	Rs.90-95/Sh
<b>Bid Lot</b>	150 Equity Shares and in multiples thereafter
<b>Percentage of Offer Size (Allocation)</b>	<ul style="list-style-type: none"> <li>• QIB: 50%</li> <li>• NII: 15%</li> <li>• Retail: 35%</li> </ul>
<b>Objective</b>	To meet future capital requirements for capacity expansion and debt repayment

## Share holding pattern (%)

	Pre-Issue	Post-Issue
Promoter	99.78	70.37
Public	0.22	29.63
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Financial Snapshot

(Rs mn)	FY21	FY22	FY23	H1FY24*
Revenue	3,098	5,044	7,598	3,754
EBITDA	371	397	715	397
<i>EBITDA Margin(%)</i>	12.0	7.9	9.4	10.6
Adj.PAT	139	159	407	218
EPS (Rs)	0.8	0.9	2.2	1.2
Dividend Yield (%)	-	-	-	-
P/E (x)	124.3	108.7	42.5	79.6
RoE (%)	40.2	20.6	38.6	15.9
RoCE (%)	35.3	19.6	36.1	17.0

Source: RHP, Company \*-Non-annualized numbers

### Archana Gude

archana.gude@idbicaapital.com  
+91-22-4069 1938

### Sarthak Awasthi

sarthak.awasthi@idbicapital.com  
+91-22-4069 1839

## About the Company

---

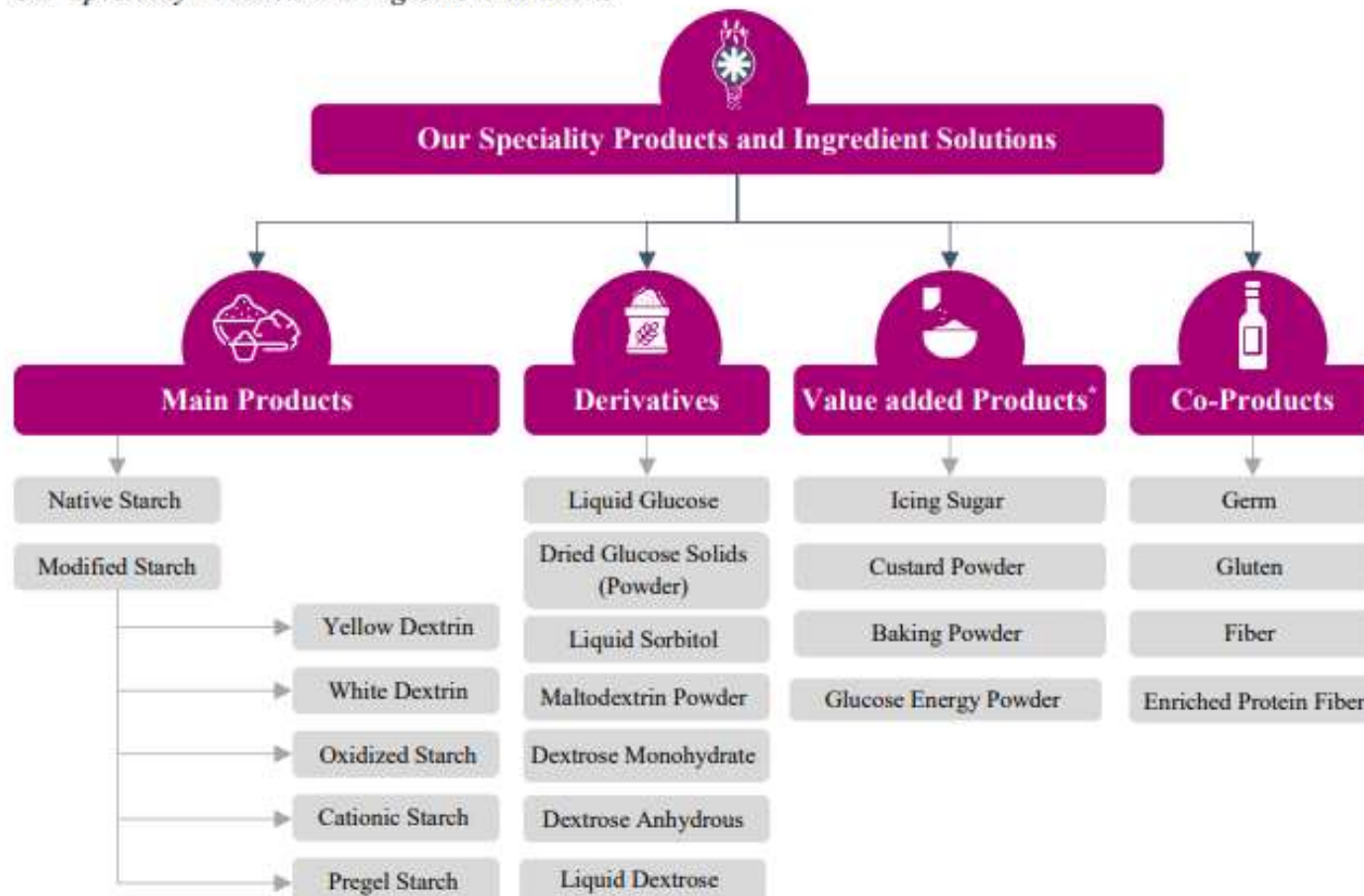
Sanstar Limited is one of the major manufacturers of plant based speciality products and ingredient solutions in India for food animal nutrition and other industrial applications. The Company's products include liquid glucose, dried glucose solids, maltodextrin powder, dextrose monohydrate, native maize starches, modified maize starches and co-products like germs, gluten, fiber and enriched protein, amongst others. 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 others.

As per Frost & Sullivan, it is the third largest manufacturer of maize based speciality products and ingredient solutions in India. The management believes that their leading position in the industry, technical knowledge to bring specific functionality and nutrition to end products, more than five decades of presence, state of the art manufacturing facilities, diverse product portfolio and clientele in domestic and global markets, provide them with competitive advantage.

## Broad description of Products and Applications

### Exhibit 1: Products

*Our Speciality Products and Ingredient Solutions*



*\*These products are under marketing trial*

*Source: F&S Report dated December 30, 2023*

Source: RHP, IDBI Capital Research

## Competitive Strength

- **One of the largest manufacturers of maize based speciality products and ingredient solutions in India with diverse product portfolio**

As per Frost & Sullivan (Company Commissioned Report dated December 30, 2023), the Company is the third largest manufacturer of maize based speciality products and ingredient solutions in India. It commenced commercial manufacturing from its 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 3,63,000 tons per annum (1,100 tons per day) (Source: Company Commissioned Report from Frost & Sullivan, dated December 30, 2023). It is a recognised Two Star Export House from Director General of Foreign Trade, Government of India (while Sanstar Biopolymers Limited, the erstwhile Company which was merged with the Company vide NCLT order dated November 23, 2023, is a recognised Three Star Export House). The Company exported the products to 49 countries across Asia, Africa, Middle East, Europe & Oceania and Americas.

The Company offers a diversified portfolio of speciality 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. As per the Frost & Sullivan Report (Company Commissioned Report dated December 30, 2023), these products find applications in a wide array of industries including food and beverages, pharmaceuticals, animal nutrition, adhesives, textiles, paper, amongst others. The Company's product mix determines its revenue and it changes based on the market prices and level of demand for completed goods.

The management believes that its diversified product portfolio, established market position, commitment to quality and large capacities have enabled them to establish a strong market presence and has provided them with increased visibility domestically as well as globally.

- **Speciality products and ingredients solutions player catering to diverse industry segments and poised to benefit from mega industrial trends**

The company is a speciality products and ingredients solutions 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 & flattening agents, finishing agents, amongst others, across diverse end user industries. Its manufacturing facilities, exports presence & exposure in over 55 countries and track record of commercialising and scaling up new products, position them advantageously to capture requirements of diverse end user industrial sectors. The management believes that growth of the business is directly linked to the growth in end user industries including food and beverages, animal nutrition, pharmaceuticals, adhesives, personal care, paper, textiles, among others.

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

The Company's Dhule Facility in Maharashtra is the largest manufacturing facility which commenced operations in the year 2017. It is located on an aggregate land area of 7.90 million square feet (approximate 181 acres) of which 2.46 million square feet (approximate 56 acres) is available for future expansion. This facility has an aggregate installed capacity of 2,47,500 tons per annum (750 tons per day). It is highly automated and is equipped with Supervisory Control and Data Acquisition ('SCADA') and PLC Automation Systems, enabling them to manufacture a diverse range of products, minimize the number of employees required, and as a result, reduce cost and human error. The Company has been using SCADA based automation system at the Dhule Facility. It has installed a bio-gas plant with an installed capacity of 1.56 megawatt to generate electricity from environment friendly, sustainable means.

The Company's manufacturing facility at Kutch is registered with the United States Food and Drug Administration (USFDA) for this facility in August 2023 which is valid upto December 2024. The manufacturing facility at Kutch, Gujarat had commenced operations in the year 2006. It is located on an aggregate land area of 2.77 million square feet (approximate 64 acres) of which 1.84 million square feet

(approximate 42 acres) is available for future expansion. This facility has an aggregate installed capacity of 350 tons per day, as on September 30, 2023.

The Management believes that large, state of the art manufacturing facilities along with availability of land for future expansion at both the facilities provide them sufficient competitive advantage for future growth and further scaling up of the business. Additionally, sustainability focused manufacturing capabilities enable them to add additional clientele in both international and domestic markets due to their increased focus on having sustainability driven vendors

- **Global presence in a market with high entry barrier**

On the basis of Proforma Consolidated Financial Statements, the Company has sold products to 58 countries across Asia, Africa, Middle East, Europe, North America, South & Central America and Oceania regions during the six months period ended September 30, 2023 and Fiscal 2023. Its top export destinations include Malaysia, Vietnam, Kenya, Indonesia, United Arab Emirates, Nigeria, Sri Lanka, Ghana, Thailand, among others. They are a recognised Two Star Export House under the Indian Ministry of Commerce (while Sanstar Biopolymers Limited, the erstwhile Company which was merged with the Company is a recognised Three Star Export House). The maize based speciality products and ingredient solutions industry in which the Company operates has high entry barriers, which include the high capital costs of building manufacturing facilities, the lead time and expenditure required for research and development and building customer confidence and relationships which can only be achieved through a long gestation period, the limited availability of raw materials necessary for manufacturing due to alternative applications of the raw materials, certain level of capacities required for achieving economies of scale, competition from well established players like the Company, among others.

- **Well positioned to leverage the large opportunities in speciality products and ingredient solutions industry**

The Company's established market position in the industry is a reflection of its vast experience, large capacities and lasting customer relationships, which enables them to tap the large potential and opportunities in existing and future products. According to Frost & Sullivan, India is major producer of maize globally, ranked 6th in the world's maize production and 4th in terms of maize acreage. Across

205.87 Mn Ha, 1.21 billion MT of maize was produced worldwide. Maize is 3rd most grown cereal after paddy and wheat in India. Rising demand of maize for Ethanol production will also push Indian farmer to increase the productivity in coming years. Thus, abundance in maize availability is allowing many wet millers to increase the plant capacities.

Starch has multiple uses across industries. According to Frost & Sullivan (Company Commissioned Report, dated December 30, 2023), Food industry is the largest consumer of starch and its derivatives. Starch is used in making of western snacks, pudding, salad dressings, noodles, pasta, gravies, and sauces. Sweetener such as liquid glucose is major ingredient in confectionary, candies, gums, cakes, pastries, and other sweet items. Paper industry is one of the key industries where industrial starches is used in large quantities. Cardboard paper uses significant quantities of modified starches, actively and in processing. Starch is also used for manufacturing adhesives. Native and modified starch is used in pharma industry as a tablet and capsule diluent, an excipient, a tablet and capsule disintegrant, as binder or as a glidant. Thus, demand for Maize starch and its derivatives have diversified applications boosting its demand.

With the changed lifestyles, ready to eat/cook foods are gaining popularity. Baby food, chips, baked goods, drinks, candies, sauces, soups, noodles, pasta and ready to eat snacks are some sectors where consumption of starch is increasing. Crispiness, bulkiness/carriers, texturization, humectant, dusting, extrusion, and thickening agent are among some of the functional uses of Maize starch which are essential in ready to eat/cook category. The demand for starch is anticipated to increase in the future, except for textiles, as it is seen as a cost-efficient element with no effective replacements anticipated.

■ **Large, diversified customer base with long lasting relationships**

The Company has cumulatively served over 660 customers during the six months period ended September 30, 2023 and Fiscal 2023, on the basis of Proforma Consolidated Financial Statements. It had served over 410 and 540 unique customers, on the basis of Proforma Consolidated Financial Statements during six months ended September 30, 2023 and Fiscal 2023 respectively. Similarly, it had served 240, 315, 215 and 155 customers during six months ended September 30, 2023 and Fiscals 2023, 2022 and 2021 respectively.

- **Expand manufacturing capacities to capture additional market share**

The Company operates two manufacturing facilities located at Dhule in the state of Maharashtra and Kutch in the state of Gujarat. To cater to the growing demand of its products from existing customers and to meet requirements of new customers, the management intends to expand manufacturing capacities for existing products including native starches, modified starches, liquid glyucose, dextrose monohydrate. They also intend to add manufacturing capacities for new products like dextrose anhydrous. To achieve this, the management intends to expand manufacturing capabilities at Dhule, Maharashtra facility by installing additional factory building, machineries and equipments and utilities to increase installed capacities by 1,000 Tons Per Day (TPD). The total area of the land at Dhule Facility is 7.90 million square feet (approximate 181 acres). The cost of the proposed expansion is estimated to be ₹ 2,015.55 million as per the TEV Report dated December 30, 2023 prepared by Dun & Bradstreet. Of this, cost of the proposed expansion upto ₹ 1,815.55 million is proposed to be funded by Net Proceeds of this Offer.

With the proposed expansion, aggregate installed capacity of both the facilities is expected to increase to 2,100 TPD. The proposed expanded capacity is estimated to commence commercial manufacturing during Fiscal 2026 as per the TEV Report dated December 30, 2023 prepared by Dun & Bradstreet. As per Frost & Sullivan Report, once the proposed expansion is commissioned, the Company is expected to become the second largest manufacturer of maize based speciality products and ingredient solutions in India by installed capacity (Source: Company Commissioned Report from Frost & Sullivan, dated December 30, 2023).

The management believes that the proposed expansion will enable them to further scale up operations, onboard new customers across existing and new end application segments, introduce new products, better serve existing customers, enable them to better address the business requirements of large customers, and facilitate the growth strategy.



## Strategies:

### ■ **Expand manufacturing capacities to capture additional market share**

The Company operates two manufacturing facilities located at Dhule in the state of Maharashtra and Kutch in the state of Gujarat. To cater to the growing demand of its products from existing customers and to meet requirements of new customers, the management intends to expand manufacturing capacities for existing products including native starches, modified starches, liquid glyucose, dextrose monohydrate. It also intends to add manufacturing capacities for new products like dextrose anhydrous. To achieve this, the Company intends to expand manufacturing capabilities at Dhule, Maharashtra facility by installing additional factory building, machineries and equipment and utilities to increase installed capacities by 1,000 Tons Per Day (TPD). With the proposed expansion, the aggregate installed capacity of both the facilities is expected to increase to 2,100 TPD. The management believes that the proposed expansion will enable them to further scale up their operations, onboard new customers across existing and new end application segments, introduce new products, better serve existing customers, enable them to better address the business requirements of large customers, and facilitate growth strategy.

### ■ **Leverage industry-leading capabilities by continuing to diversify customer base and increase wallet share with existing customers**

The management intends to continue to expand their customer base by leveraging relationships with existing customers in India and globally, while simultaneously pursuing opportunities to develop new relationships. The Company aims to continue to maintain track-record of repeat orders from existing customers as well as expand and strengthen relationships as part of organic growth efforts. It intends to focus on leveraging relationships with customers to improve existing products and also increase the number of products that they currently manufacture for each customer. The Company is continuing to explore several additional applications of existing and planned products in existing and new industries including pharmaceuticals, food, biotech, biopolymers, bioethanol, among others. The management believes that this will result in adding new customers and in an increase in the wallet share of each customer, revenues, margins, and profitability which is expected to ensure longevity of relationships with customers. The Company intends to capitalize on the current set of customers consolidating their supplier bases to capture greater total value content. In order to achieve this, the management intends to actively

manage key customer accounts to increase customer interaction and collaborate with customers in their product development efforts.

- **Increase global footprint and augments growth in current geographies**

Currently the Company exports products to over 55 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. The revenue from exports as a % of Gross Revenue from Operations has increased to 16.47% during six months ended September 30, 2023 from 0.51% during Fiscal 2021 on the basis of Restated Standalone Financial Statements. Similarly, revenue from exports as a % of Gross Revenue from Operations has increased to 33.07% during six months ended September 30, 2023 from 30.93% during Fiscal 2023 on the basis of Proforma Consolidated Financial Statements. With a view to further diversify customer base and increase market share, the management intends to augment sales in the geographic markets where they sell products as well as expand into new geographies. They intend to achieve this by having dedicated sales and marketing teams, opening dedicated warehouses and sales offices to serve these markets better and on real-time basis.

- **Increase the revenue contribution from derivative products and scale up organic ingredients segment**

As per Frost & Sullivan (Company Commissioned Report, dated December 30, 2023), the global market size for maize based derivatives is estimated at USD 5,414.00 million in CY 2023 and is expected to expand at CAGR of 4.33% from CY 2023 to CY 2029 to reach USD 6,985.00 million by CY 2029. Similarly, market size for maize based derivatives in India is estimated at USD 439.00 million in CY 2023 and is expected to expand at CAGR of 5.29% from CY 2023 to CY 2029 to reach USD 598.00 billion by CY 2029. Maize based derivatives are generally high margin products than native starches and find applications in specialised industries like pharmaceuticals, food, personal care, flavours and fragrances, among others. On the basis of Proforma Consolidated Financial Statements, revenue contribution from derivatives for the six months ended September 30, 2023 and Fiscal 2023 has been 6.59%, and 5.58% respectively. The management intends to further grow the contribution from sale of derivatives to increase margins and returns going forward. In this direction, the management proposes to expand manufacturing capacity of Liquid Glucose

and Dextrose Monohydrate at its Dhule, Maharashtra plant by 300 tons per day (i.e. 150 tons each) to address the growing demand and capture the market share in derivatives. Additionally, they are setting up manufacturing capacity of 50 tons per day of Dextrose Anhydrous, as part of proposed expansion plan

■ **Foray into B2C business through launching Value Added Products**

The Company intends to foray into manufacturing and marketing of ready to use, end consumer focused, value added products such as Maize Flour, Baking Powder, Custard Powder, Icing Sugar and Glucose Energy Powder under the brand names “Blend N Bliss” and “Glucozap”. The Global Market for these value added products is estimated to be USD 9,088.80 million in CY 2023 and is expected to grow to USD 13,443.10 million in CY 2029 at a CAGR of 6.74%. Similarly, the Indian Market for these value added products is estimated to be USD 701.60 million in CY 2023 and is expected to grow to USD 1,040.80 million in CY 2029 at a CAGR of 6.79%

■ **Foray into manufacturing of Ethanol through leveraging maize sourcing capabilities**

The Government of India has chosen to push up the 20% Ethanol blend objective in petrol by five years, from year 2030 to year 2025. According to Ministry of Petroleum and Natural Gas, Government of India, Ethanol market is predicted to expand by 500% domestically. At a 20% blending level, the demand for ethanol is expected to rise to 1,016 billion litres by 2025. Consequently, the value of the Ethanol sector will increase from about ₹ 90,000 million to over ₹ 5,00,000 million, i.e. a growth of more than 500%. Ethanol distillation capacity is expected to grow by more than three times to 1,500 Crore litre annually. The Company has established strong maize sourcing capabilities over the period, leveraging both the relationships with farmers, particularly in the states of Maharashtra and Madhya Pradesh, which cumulatively account for 25% of the maize production in India, as well as sourcing from traders and aggregators of maize across the country. The management believes that these capabilities along with experience in the value chain of manufacturing speciality products and ingredient solutions could be well leveraged to foray into and scale up the production of Ethanol based on maize grain.

**Exhibit 2: Key Management**

Management	Designation
Mr. Gouthamchand Sohanlal Chowdhary	Chairman & MD
Mr. Aniket Sunil Talati	Non-Executive Independent Director
Mr. Sambhav Gautam Chowdhary	Jr. Managing Director
Mr. Harishkumar Shisupaldas Maheshwary	CFO
Mr. Fagun Harsh Shah	Company Secretary
Mr. Bindu Kumar Mehta	Senior Project Manager
Mr. Ashish Shah	Senior Finance Manager
Mr. Nimesh Gandhi	Head- Factory Management & Operations
Mr. Jignesh Oza	Head- Research & Development

Source: RHP, IDBI Capital Research

## Key Risks

- Any delays, interruptions or reduction in the supply of raw material to manufacture products and any abrupt fluctuations in the prices of raw material may adversely affect the pricing of products and may have an impact on business, results of operation, financial condition and cash flows.
- During the peak arrival season of maize harvesting, the Company procures and stores significant quantities of maize which is the primary raw material required for the manufacturing of Company's products and for the purpose of doing the same significant amount of working capital is required. The Company's inability to meet the said working capital requirement during the peak harvesting season of maize may have an adverse effect on results of operations and overall business.
- The Company sells its products for specific use by certain industries. Any reduction in the demand or requirement of products in such industries may result in loss of business and may affect financial performance and condition.
- Any slowdown or shutdown of manufacturing operations at Manufacturing Facilities could have an adverse effect on business, financial condition and results of operations
- The Company in the usual course of business does not have any long term contracts with its customers and it relies on purchase orders for delivery of products and customers may cancel or modify their orders, change quantities, delay or change their sourcing strategy. Loss of one or more of top customers or a reduction in their demand for products or reduction in revenue derived from them may adversely affect business, results of operations and financial condition.
- The Company exports its products to various geographies across the globe. It may be subject to import duties or restrictions of the relevant geographies. Additionally, any adverse fluctuation in foreign exchange rate, unavailability of any fiscal benefits or inability to comply with related requirements may have an adverse effect on business and results of operations.

## Financial Summary

### Profit & Loss Account

(Rs mn)

Year-end: March	FY21	FY22	FY23	H1FY24
<b>Net sales</b>	<b>3,098</b>	<b>5,044</b>	<b>7,598</b>	<b>3,754</b>
<i>Change (yoy, %)</i>		63	51	(51)
Operating expenses	(2,728)	(4,647)	(6,883)	(3,357)
<b>EBITDA</b>	<b>371</b>	<b>397</b>	<b>715</b>	<b>397</b>
<i>Change (yoy, %)</i>		7	80	(44)
<i>Margin (%)</i>	12.0	7.9	9.4	10.6
Depreciation	(89)	(90)	(94)	(56)
<b>EBIT</b>	<b>281</b>	<b>307</b>	<b>621</b>	<b>341</b>
Interest paid	(120)	(91)	(93)	(53)
Other income	3	4	11	17
<b>Pre-tax profit</b>	<b>164</b>	<b>220</b>	<b>539</b>	<b>305</b>
Tax	(25)	(61)	(132)	(87)
<i>Effective tax rate (%)</i>	15.1	27.6	24.4	28.4
Minority Interest	-	-	-	-
<b>Net profit</b>	<b>139</b>	<b>159</b>	<b>407</b>	<b>218</b>
Exceptional items	-	-	-	-
<b>Adjusted net profit</b>	<b>139</b>	<b>159</b>	<b>407</b>	<b>218</b>
<i>Change (yoy, %)</i>		14	156	(46)
EPS	0.9	1.1	2.8	1.5
Dividend per sh	-	-	-	-
<i>Dividend Payout %</i>	-	-	-	-

**Balance Sheet**

(Rs mn)

Year-end: March	FY21	FY22	FY23	H1FY24
<b>Shareholders' funds</b>	<b>693</b>	<b>852</b>	<b>1,260</b>	<b>1,478</b>
Share capital	295	295	295	295
Reserves & surplus	398	557	965	1,183
<b>Total Debt</b>	<b>795</b>	<b>575</b>	<b>449</b>	<b>402</b>
Other liabilities	106	110	189	224
<b>Curr Liab &amp; prov</b>	<b>373</b>	<b>537</b>	<b>667</b>	<b>650</b>
Current liabilities	346	512	642	581
Provisions	27	25	25	69
<b>Total liabilities</b>	<b>1,274</b>	<b>1,222</b>	<b>1,305</b>	<b>1,276</b>
<b>Total equity &amp; liabilities</b>	<b>1,967</b>	<b>2,075</b>	<b>2,565</b>	<b>2,754</b>
Net fixed assets	1,409	1,364	1,613	1,673
Investments	-	-	-	-
Other non-curr assets	2	2	5	8
<b>Current assets</b>	<b>556</b>	<b>709</b>	<b>947</b>	<b>1,073</b>
Inventories	146	127	125	267
Sundry Debtors	209	402	414	387
Cash and Bank	5	18	64	18
Loans and advances	196	162	343	401
<b>Total assets</b>	<b>1,967</b>	<b>2,075</b>	<b>2,565</b>	<b>2,754</b>

**Cash Flow Statement**

(Rs mn)

Year-end: March	FY21	FY22	FY23	H1FY24
Pre-tax profit	164	220	539	305
Depreciation	-	-	-	-
Tax paid	81	(49)	(49)	(24)
Chg in working capital	18	(18)	116	(161)
Other operating activities	-	-	-	-
<b>Cash flow from operations (a)</b>	<b>263</b>	<b>153</b>	<b>606</b>	<b>120</b>
Capital expenditure	(1,409)	45	(249)	(60)
Chg in investments	-	-	-	-
Other investing activities	-	-	-	-
<b>Cash flow from investing (b)</b>	<b>(1,409)</b>	<b>45</b>	<b>(249)</b>	<b>(60)</b>
Equity raised/(repaid)	295	-	-	-
Debt raised/(repaid)	795	(219)	(126)	(47)
Dividend (incl. tax)	-	-	-	-
Chg in minorities	-	-	-	-
Other financing activities	-	-	-	-
<b>Cash flow from financing (c)</b>	<b>1,090</b>	<b>(219)</b>	<b>(126)</b>	<b>(47)</b>
<b>Net chg in cash (a+b+c)</b>	<b>(56)</b>	<b>(21)</b>	<b>231</b>	<b>13</b>



### Financial Ratios

Year-end: March	FY21	FY22	FY23	H1FY24*
Book Value (Rs)	5	6	9	10
Adj EPS (Rs)	0.8	0.9	2.2	1.2
Adj EPS growth (%)		14	156	-46
EBITDA margin (%)	12.0	7.9	9.4	10.6
Pre-tax margin (%)	5.3	4.4	7.1	8.1
Net Debt/Equity (x)	1.1	0.7	0.3	0.3
ROCE (%)	35	20	36	17
ROE (%)	40	21	39	16
<b>DuPont Analysis</b>				
Asset turnover (x)	3.2	2.5	3.3	1.4
Leverage factor (%)	2.8	2.6	2.2	1.9
Net margin (%)	4.5	3.2	5.4	5.8
<b>Working Capital &amp; Liquidity ratio</b>				
Inventory days	17	9	6	26
Receivable days	25	29	20	38
Payable days	13	14	11	11

Source: Company; IDBI Capital Research \*-Non-annualized numbers



# Notes

Dealing	(91-22) 6836 1111	dealing@idbicapital.com
---------	-------------------	-------------------------

**Key to Ratings Stocks:**

**BUY:** 15%+; **HOLD:** -5% to 15%; **SELL:** -5% and below.

**IDBI Capital Markets & Securities Ltd.****Equity Research Desk**

6th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai – 400 005. Phones: (91-22) 2217 1700; Fax: (91-22) 2215 1787; Email: info@idbicapital.com

**SEBI Registration:** BSE & NSE (Cash & FO) – INZ000007237, NSDL – IN-DP-NSDL-12-96, Research – INH000002459, CIN – U65990MH1993GOI075578

**Compliance Officer:** Ms. Sunita Rangankar; Email: compliance@idbicapital.com; Telephone: (91-22) 2217 1907

**Disclaimer**

This report has been published by IDBI Capital Markets & Securities Ltd. (hereinafter referred to as “IDBI Capital”) for private circulation. This report should not be reproduced or copied or made available to others. No person associated with IDBI Capital is obligated to call or initiate contact with you for the purposes of elaborating or following up on the information contained in this report. The information contained herein is strictly confidential and meant for 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 the prior written consent of IDBI Capital.

Recipients may not receive this report at the same time as other recipients. IDBI Capital will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is from the public domain or sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. While reasonable care has been taken to ensure that information given is at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the very nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. In so far as this report includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Opinions expressed are current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis, the information discussed in this material, IDBI Capital, its directors, employees are under no obligation to update or keep the information current. Further there may be regulatory, compliance, or other reasons that prevent us from doing so.

Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

IDBI Capital, its directors and employees and any person connected with it, will not in any way be responsible for the contents of this report or for any losses, costs, expenses, charges, including notional losses/lost opportunities incurred by a recipient as a result of acting or non-acting on any information/material contained in the report.

This is not an offer to sell or a solicitation to buy any securities or an attempt to influence the opinion or behavior of investors or recipients or provide any investment/tax advice.

This report is for information only and has not been prepared based on specific investment objectives. The securities discussed in this report may not be suitable for all investors. Investors must make their own investment decision based on their own investment objectives, goals and financial position and based on their own analysis.

Trading in stocks, stock derivatives, and other securities is inherently risky and the recipient agrees to assume complete and full responsibility for the outcomes of all trading decisions that the recipient makes, including but not limited to loss of capital.

Opinions, projections and estimates in this report solely constitute the current judgment of the author of this report as of the date of this report and do not in any way reflect the views of IDBI Capital, its directors, officers, or employees.

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 IDBI Capital and associates 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 report may come are required to inform themselves of and to observe such restriction.

E-mail is not a secure method of communication. IDBI Capital cannot accept responsibility for the accuracy or completeness of any e-mail message or any attachment(s).

This transmission could contain viruses, be corrupted, destroyed, incomplete, intercepted, lost or arrived late. IDBI Capital, its directors or employees or associates accept no liability for any damage caused, directly or indirectly, by this email.

## Analyst Disclosures

We, Archana Gude and Sarthak Awasthi, hereby certify that the views expressed in this report accurately reflect our personal views about the subject companies and / or securities. We also certify that no part of our compensation were, are or would be directly or indirectly related to the specific recommendations or views expressed in this report. Principally, We will be responsible for the preparation of this research report and have taken reasonable care to achieve and maintain independence and objectivity in making any recommendations herein.

## Other Disclosure

IDBI Capital Markets & Securities Ltd. (hereinafter referred to as "IDBI Capital") was incorporated in the year 1993 under Companies Act, 1956 and is a wholly owned subsidiary of IDBI Bank Limited. IDBI Capital is one of India's leading securities firm which offers a full suite of products and services to individual, institutional and corporate clients namely Stock broking (Institutional and Retail) , Distribution of financial products, Merchant Banking, Corporate Advisory Services, Debt Arranging & Underwriting, Portfolio Manager Services and providing Depository Services. IDBI Capital is a registered trading and clearing member of BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE). IDBI Capital is also a SEBI registered Merchant Banker, Portfolio Manager and Research Analyst. IDBI Capital is also a SEBI registered depository participant with National Securities Depository Limited (NSDL) and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI).

IDBI Capital and its associates IDBI Bank Ltd. (Holding Company), IDBI Intech Ltd. (Fellow Subsidiary), IDBI Asset Management Ltd. (Fellow Subsidiary) and IDBI Trusteeship Services Ltd. (Fellow Subsidiary).

IDBI Group is a full-serviced banking, integrated investment banking, investment management, brokerage and financing group. Details in respect of which are available on [www.idbicapital.com](http://www.idbicapital.com) IDBI Capital along with its associates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our associates have investment banking and other business relationships with a significant percentage of the companies covered by our Research Department. Investors should assume that IDBI Capital and/or its associates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material. IDBI Capital generally prohibits its analysts, persons reporting to analysts, and their dependent family members having a financial conflict of interest in the securities or derivatives of any companies that the analysts cover. Additionally, IDBI Capital generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our sales people, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations 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. Directors of IDBI Capital or its associates may have interest in the Companies under recommendation in this report either as Director or shareholder. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of clients of IDBI Capital. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. 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 investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. We and our associates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. For the purpose of calculating whether IDBI Capital and its associates holds beneficially owns or controls, including the right to vote for directors, 1% of more of the equity shares of the subject issuer of a research report, the holdings does not include accounts managed by IDBI Asset Management Company/ IDBI Mutual Fund.

IDBI Capital hereby declares that our activities were neither suspended nor we have materially defaulted with any Stock Exchange authority with whom we are registered in last five years. However SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on IDBI Capital for certain operational deviations. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time. IDBI Capital, its directors or employees or associates, may from time to time, have positions in, or options on, and buy and sell securities referred to herein. IDBI Capital or its associates, during the normal course of business, from time to time, may solicit from or perform investment banking or other services for any company mentioned in this document or their connected persons or be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or their affiliate companies or act as advisor or lender / borrower to such company(ies)/associates companies or have other potential conflict of interest. This report may provide hyperlinks to other websites. Except to the extent to which the report refers to the website of IDBI Capital, IDBI Capital states that it has not reviewed the linked site and takes no responsibility for the content contained in such other websites. Accessing such websites shall be at recipient's own risk. IDBI Capital 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. Accordingly, neither IDBI Capital nor Research Analysts have any material conflict of interest at the time of publication of this report. We offer our research services to primarily institutional investors and their employees, directors, fund managers, advisors who are registered with us. The Research Analyst has not served as an officer, director or employee of Subject Company. We or our associates may have received compensation from the subject company in the past 12 months. We or our associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research Analyst or his/her relative's may have financial interest in the subject company. IDBI Capital or its associates may have financial interest in the subject company. Research Analyst or his/her relatives does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. IDBI Capital or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. The Subject Company may have been a client during twelve months preceding the date of distribution of the research report. Price history of the daily closing price of the securities covered in this note is available at [www.bseindia.com](http://www.bseindia.com); [www.nseindia.com](http://www.nseindia.com) and [www.economictimes.indiatimes.com/markets/stocks/stock-quotes](http://www.economictimes.indiatimes.com/markets/stocks/stock-quotes).