Sanstar Limited

April 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	95.00	CARE BBB+; Stable / CARE A2	Reaffirmed
Short-term bank facilities	18.75	CARE A2	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Sanstar Limited (SAL) factors in persistent comfortable capital structure and debt coverage indicators led by healthy net worth and low external debt. Ratings also consider SAL's experienced promoters, established track record in the maize processing industry, and a moderately diversified product portfolio with presence across multiple end-user industries and geographies. Ratings further factor in SAL's moderate scale of operations, despite moderation in revenues and profitability in FY25 (FY refers to April 01 to March 31) and 9MFY26. Sequential improvement in operating performance in Q3FY26 provides partial comfort. However, ratings remain constrained by profitability susceptible to raw material price volatility and spread compression, particularly in the commoditised native starch segment. Ratings also factor in execution, ramp-up, and saleability risks associated with the ongoing large-scale capacity expansion. The competitive industry environment, marked by pressure on realisations amid ongoing capacity additions by industry players, continues to weigh on ratings. The liquidity profile remains adequate, supported by low leverage, moderate accruals, and sufficient cushion in working capital limits. However, liquidity is partly constrained by encumbered cash balances and weak cash flow generation in recent periods.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in scale of operations, with total operating income (TOI) exceeding ₹1,400 crore and profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 8% on a sustained basis.
- Successful and timely completion of the ongoing capital expenditure (capex).

Negative factors

- Sustained decline in profitability, with PBILDT margin falling below 6%.
- Total debt to PBILDT exceeding 4x on a sustained basis.
- Significant delay in, or cost overruns in the planned capex, leading to deterioration in the capital structure.

Analytical approach: Standalone

Outlook: Stable

The "Stable" outlook reflects CARE Ratings Limited (CareEdge Ratings) expectation that SAL will sustain its business performance in the medium term, supported by its established presence in the maize starch industry, well-established procurement and distribution network, and on-time completion of capex.

Detailed description of key rating drivers:

Key strengths

Comfortable capital structure and debt coverage indicators

Steady accretion to net worth in the last few years, supported by profitability and further strengthened by Initial Public Offering (IPO)-led equity infusion, resulted in a comfortable capital structure for SAL. Net worth increased significantly to ₹629.29 crore as on March 31, 2025, compared to ₹217.51 crore as on March 31, 2024. The company's reliance on external debt continues to remain low evident from reduction in total debt to ₹27.07 crore as on March 31, 2025 (Previous Year: ₹127.64 crore), and ₹22.43 crore as on September 30, 2025.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Consequently, capital structure indicators improved materially, with overall gearing improving to 0.04x as on March 31, 2025, compared to 0.59x as on March 31, 2024, and total outside liabilities to tangible net worth (TOL/TNW) improving to 0.12x compared to 1.15x over the same period.

Debt coverage indicators also remained comfortable, marked by total debt to gross cash accruals (TD/GCA) of 0.47x in FY25 (FY24: 1.50x) and interest coverage of 6.71x (FY24: 6.99x), supported by lower debt levels and adequate accruals. Working capital utilisation also remained low.

However, current capital structure is largely supported by IPO-led equity infusion, while operating performance moderated in FY26 and the company is in the process of executing and ramping up its expanded capacities. Accordingly, going forward, sustenance of the current leverage and coverage indicators after stabilisation of operating performance and efficient utilisation of the expanded capacity will remain a key monitorable.

Moderate scale of operations with moderation in profitability; sequential recovery visible in Q3FY26
SAL operates at a moderate scale in the maize processing industry, with TOI of ₹947.83 crore in FY25, against ₹1,087.07 crore in FY24 and ₹1,208.03 crore in FY23. Decline in FY25 was primarily considering lower sales realisations and moderation in volumes across key product segments, particularly native starch.

Profitability also moderated in FY25, with PBILDT margin declining to 5.34% from 6.91% in FY24, reflecting pressure on spreads despite some softening in input costs.

Performance remained subdued in nine months ended FY2026 (9MFY26), with TOI declining to ₹567.85 crore against ₹730.53 crore in 9MFY25, while PBILDT margin declined sharply to 4.73% against 9.39% in the same period.

The weak performance in FY26 was largely attributable to pressure on realisations in the native starch segment amid elevated Chinese exports into Southeast Asia, resulting in oversupply and pricing pressure in both export and domestic markets. Apart from this, annual maintenance shutdown across plants affected production and capacity utilisation, impacting operating leverage, particularly in H2FY26.

Quarterly performance indicates that Q1FY26 and Q2FY26 were the weak periods, with Q2FY26 reporting revenue of ~₹196 crore and PBILDT of ~₹4 crore, reflecting low realisations and weak absorption of fixed costs. However, performance improved in Q3FY26, with revenue increasing to ~₹202 crore and PBILDT to ~₹21 crore, translating to PBILDT margin of over 10%, supported by normalisation of plant operations, improved throughput and some easing in pricing pressure. Thus, while overall 9MFY26 performance remained weak with Q3FY26 reflecting partial operational recovery.

Going forward, the company's scale of operations is expected to benefit from ramp-up of the ongoing Dhule expansion and gradual improvement in product mix towards derivatives and other relatively higher value-added products. Benefits from captive and renewable power arrangements and improved operating leverage may support profitability. The extent of recovery depends on stabilisation in realisations in the native starch segment, timely stabilisation of expanded capacities and the company's ability to increase share of derivative products in the overall sales mix.

Diversified clientele and geographically spread revenue base
SAL has a diversified customer base across multiple end-user industries, including food, pharmaceuticals, textiles, paper, adhesives and animal nutrition, which provides some diversification to its revenue profile.

However, customer concentration remains moderate, with contribution of top 10 customers at ~34% in 9MFY26, compared to 28.49% in FY25 and lower levels in earlier periods, indicating some increase in concentration in the recent period.

The company derives revenue from domestic and export markets, with exports contributing ~30–36% of total income in the last few years, while the domestic market accounts for the balance. The Kutch facility primarily caters to export markets due to its proximity to ports, whereas the Dhule facility largely serves domestic demand.

While the geographically diversified revenue base provides access to multiple markets, export realisations remained under pressure in FY26, due to an adverse global pricing environment, particularly in the native starch segment.
Going forward, the company's ability to diversify its customer base, improve product mix towards value-added derivatives and manage exposure to export market volatility will remain key monitorable.

Established track record of operations with moderately diversified product portfolio
SAL has an operational track record of nearly two decades in the maize processing industry, having transitioned from trading of tapioca starch to manufacturing of maize-based starch and its derivatives. The company operates two manufacturing facilities at Dhule, Maharashtra and Kutch, Gujarat, with an installed capacity of ~1,100 tonne per day (TPD).

The company is undertaking a significant capacity expansion at its Dhule facility, which is expected to increase total capacity to ~2,100 TPD, with phased commissioning of native starch and derivative capacities in FY27.

The product portfolio remains moderately diversified, with native starch accounting for ~60–65% of revenues, while derivatives and processed food ingredients such as liquid glucose, maltodextrin and dextrose contribute a relatively smaller share. By-products such as gluten and germ constitute the balance. While presence across multiple end-use industries provides demand diversification, higher dependence on native starch exposes the company to pricing pressures in commoditised segments.

The company benefits from an established maize procurement network and strategic location of its Dhule facility in a maize-growing region, supporting raw material availability and procurement efficiency. However, capacity utilisation moderated to ~73% in 9MFY26 compared to ~82% in FY25, reflecting lower demand and operational disruptions.

Going forward, improvement in scale and profitability will depend on stabilisation in capacity utilisation levels and increasing contribution from value-added derivatives following ramp-up of expanded capacities.

Key weaknesses

Profitability susceptible to raw material price volatility and spread compression
SAL uses maize as its key raw material, accounting for ~75–80% of total cost of sales, exposing profitability to volatility in Agri-commodity prices. Maize procurement is largely market-linked and, although minimum selling price (MSP) provides a benchmark, actual procurement prices are driven by mandi dynamics, crop output, farmer selling patterns and competing demand from sectors such as ethanol, animal feed and starch processing.

Raw material prices have exhibited cyclical movements in recent years, influenced by variability in monsoon, acreage shifts and tightening supply-demand balance. However, the impact on profitability is not solely driven by maize price movements, but by the company’s ability to maintain spreads between raw material costs and product realisations.

In this regard, although maize prices moderated in 9MFY26 (average ~₹19.40/kg against ~₹22/kg in FY25), profitability declined sharply in the period. Decline was primarily considering significant pressure on product realisations, particularly in the native starch segment, due to elevated Chinese exports into Southeast Asia, resulting in oversupply and pricing pressure in export and domestic markets.

Accordingly, SAL’s profitability remains exposed to both raw material price volatility and adverse movements in product realisations, with spread compression risk being more pronounced given its relatively higher dependence on commoditised starch segment.

Going forward, the company’s ability to improve product mix towards value-added derivatives, maintain procurement efficiencies and manage spread volatility will remain key monitorable.

Execution, ramp-up, and saleability risks associated with large-scale capacity expansion
SAL is in the process of undertaking a significant capacity expansion at its Dhule facility, increasing total capacity from ~1,100 TPD to ~2,100 TPD, with phased commissioning of native starch and derivative capacities in FY27. The expansion is largely funded through IPO proceeds, resulting in limited incremental reliance on debt.

While a part of the capacity is nearing commissioning, the project exposes the company to risks related to timely stabilisation and ramp-up of operations, particularly in the context of currently subdued industry conditions.
The maize processing industry remains competitive, with ongoing capacity additions by multiple players. Given the commoditised nature of native starch and recent pressure on realisations, the company faces risks not only in terms of capacity absorption but also in terms of saleability at remunerative pricing.

Accordingly, the ability to scale up volumes without exerting further pressure on realisations, especially in export markets, remains a key monitorable. The extent of improvement in operating performance will be contingent on stabilisation in market conditions, improvement in product mix towards higher value-added derivatives and efficient utilisation of the expanded capacity.

Competitive industry scenario with pressure on realisations amid ongoing capacity additions
The maize processing industry remains competitive, with the presence of large, integrated players and medium-sized and unorganised participants. Key players include Roquette India Private Limited, Gujarat Ambuja Exports Limited and Sukhjit Starch and Chemicals Limited, and other mid-sized entities such as Gulshan Polyols Limited, Sayaji Industries Limited and SAL.

A significant portion of the industry operates in commoditised segments such as native starch, where pricing flexibility remains limited and margins are susceptible to changes in demand-supply dynamics. Larger players with higher share of value-added derivatives and diversified product portfolios are relatively better positioned to withstand pricing pressures.

The industry has already witnessed pressure on realisations in FY26, driven by elevated Chinese exports into Southeast Asia leading to oversupply conditions, which impacted export and domestic pricing.

Ongoing and planned capacity additions by multiple players are expected to increase competitive intensity. Accordingly, the ability to maintain market share and realisations depends on product mix, cost efficiency and presence in higher value-added segments.

Liquidity: Adequate
SAL's liquidity profile remains adequate, supported by low leverage, moderate internal accruals and sufficient cushion in working capital limits. As on December 31, 2025, the company had liquidity in the form of cash, bank balances, fixed deposits and investments; however, a significant portion is lien-marked fixed deposits (~₹107 crore), limiting immediate availability of funds. Freely available liquidity remains moderate.

Working capital utilisation remains low, with average cash credit utilisation at ~1.74% for 12 months ended December 2025 (peak: ~8.53%), indicating adequate headroom in bank limits. GCA stood at ₹57.21 crore in FY25 against low debt repayment obligations, resulting in comfortable coverage indicators in the medium term.

However, cash flow from operations remained weak in FY24–FY25 due to working capital movements, and a significant portion of IPO proceeds have been deployed towards ongoing capex, leading to moderation in free cash balances. Overall liquidity is expected to remain adequate, supported by low leverage and available bank lines, while financial flexibility will remain contingent upon stabilisation in operating performance and ramp-up of expanded capacities.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast-moving consumer goods	Fast-moving consumer goods	Food products	Other food products

SAL is a publicly listed company on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE), incorporated in February 1982 and headquartered in Ahmedabad, Gujarat. SAL is engaged in manufacturing maize-based products and derivatives, including native and modified starch, liquid glucose, maltodextrin, dextrose monohydrate and co-products such as gluten, germ and bran. Its products cater to end-user industries such as food, pharmaceuticals, textiles, paper, adhesives and animal nutrition.

The company operates two manufacturing facilities in Gujarat and Maharashtra, with an aggregate installed capacity of ~1,100 tonnes per day (TPD). SAL is currently undertaking a capacity expansion at its Dhule facility, which is expected to increase the total installed capacity to ~2,100 TPD, with phased commissioning native starch and derivative capacities in FY27.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	1087.07	947.83	567.85
PBILDT*	75.10	50.58	26.86
Profit after tax (PAT)	66.77	43.80	13.96
Overall gearing (x)	0.59	0.04	NA
Interest coverage (x)	6.99	6.71	15.62

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Working Capital Limits	-	-	-	-	95.00	CARE BBB+; Stable / CARE A2
Non-fund-based - ST-Bank Guarantee	-	-	-	-	7.50	CARE A2
Non-fund-based - ST-Forward Contract	-	-	-	-	11.25	CARE A2

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Non-fund-based - ST-Forward Contract	ST	11.25	CARE A2	-	1)CARE A2 (07-Apr-25)	1)CARE A3+ (07-Jun-24)	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (26-Mar-24)
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	95.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Stable / CARE A2 (07-Apr-25)	1)CARE BBB; Stable / CARE A3+ (07-Jun-24)	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (26-Mar-24)
3	Non-fund-based - ST-Bank Guarantee	ST	7.50	CARE A2	-	1)CARE A2 (07-Apr-25)	1)CARE A3+ (07-Jun-24)	-

*Issuer did not cooperate; based on best available information.
ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Working Capital Limits	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple
3	Non-fund-based - ST-Forward Contract	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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