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SANSTAR LIMITED

Our Company was originally incorporated as 'Continental Papers Limited' under the Companies Act, 1956, as a public limited company, pursuant to the certificate of incorporation dated February 26, 1982 issued by the Registrar of Companies, Delhi & Haryana. The name of our Company was subsequently changed to 'Sanstar Limited', pursuant to resolution passed by the board of directors on March 9, 2012 and approved by the shareholders in their EGM held on March 16, 2012 and a fresh certificate of incorporation dated April 2, 2012, consequent upon change of name issued by the Registrar of Companies, Delhi & Haryana. For further details on the changes in the name and registered office of our Company, please refer to chapter titled "History and Certain Corporate Matters" on page 262 of the red herring prospectus dated July 12, 2024 filed with the RoC ("RHP" or "Red Herring Prospectus").

Registered Office: Sanstar House, near Parimal Under Bridge, opposite Suvidha Shopping Centre, Paldi, Ahmedabad - 380 007, Gujarat, India. Telephone: +91 79 26651819; Contact Person: Fagun Harsh Shah, Company Secretary and Compliance Officer; Email: cs@sanstar.in; Website: https://www.sanstar.in/; Corporate Identity Number: U15400GJ1982PLC072555



(Please scan the QR code to view the RHP)

OUR PROMOTERS: GOUTHAMCHAND SOHANLAL CHOWDHARY, SAMBHAV GAUTAM CHOWDHARY AND SHREYANS GAUTAM CHOWDHARY.

INITIAL PUBLIC OFFER OF UP TO 53,700,000 EQUITY SHARES OF FACE VALUE ₹2/- EACH ("EQUITY SHARES") OF SANSTAR LIMITED FOR CASH AT A PRICE OF ₹ [●] /- PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] /- PER EQUITY SHARE) (THE "OFFER PRICE"), AGGREGATING UP TO ₹ [●] MILLION COMPRISING OF A FRESH ISSUE OF UP TO 41,800,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY OUR COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 11,900,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION COMPRISING OF 500,000 EQUITY SHARES BY GOUTHAMCHAND SOHANLAL CHOWDHARY AGGREGATING UP TO ₹ [●] MILLION, 3,800,000 EQUITY SHARES BY RANI GOUTHAMCHAND CHOWDHARY AGGREGATING UP TO ₹ [●] MILLION, 500,000 EQUITY SHARES BY SAMBHAV GAUTAM CHOWDHARY AGGREGATING UP TO ₹ [●] MILLION, 500,000 EQUITY SHARES BY SHREYANS GAUTAM CHOWDHARY AGGREGATING UP TO ₹ [●] MILLION AND 3,300,000 EQUITY SHARES BY RICHA SAMBHAV CHOWDHARY AGGREGATING UP TO ₹ [●] MILLION AND 3,300,000 EQUITY SHARES BY SAMIKSHA SHREYANS CHOWDHARY AGGREGATING UP TO ₹ [●] MILLION ("THE OFFER FOR SALE").

DETAILS OF OFFER FOR SALE			
NAME OF THE SELLING SHAREHOLDER	TYPE	NUMBER OF EQUITY SHARES OFFERED AND AMOUNT	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE OF FACE VALUE ₹2/- EACH (IN ₹)*
Gouthamchand Sohanlal Chowdhary	Promoter Selling Shareholder	Up to 500,000 Equity Shares aggregating up to ₹ [●] million	2.17*
Rani Gouthamchand Chowdhary	Promoter Group Selling Shareholder	Up to 38,00,000 Equity Shares aggregating up to ₹ [●] million	1.80*
Sambhav Gautam Chowdhary	Promoter Selling Shareholder	Up to 500,000 Equity Shares aggregating up to ₹ [●] million	0.35*
Shreyans Gautam Chowdhary	Promoter Selling Shareholder	Up to 500,000 Equity Shares aggregating up to ₹ [●] million	0.34*
Richa Sambhav Chowdhary	Promoter Group Selling Shareholder	Up to 33,00,000 Equity Shares aggregating up to ₹ [●] million	0.70*
Samiksha Shreyans Chowdhary	Promoter Group Selling Shareholder	Up to 33,00,000 Equity Shares aggregating up to ₹ [●] million	0.44*

*As certified by M/s Nahta Jain & Associates, Independent Chartered Accountants, pursuant to their certificate dated July 06, 2024

We are manufacturers of plant based products and ingredient solutions for food, animal nutrition and other industrial applications.

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.

• QIB Portion: Not more than 50% of the Offer • Non-Institutional Portion: Not less than 15% of the Offer • Retail Portion: Not less than 35% of the Offer

PRICE BAND: ₹90 TO ₹95 PER EQUITY SHARE OF FACE VALUE OF ₹2 EACH

THE FLOOR PRICE IS 45.00 TIMES THE FACE VALUE OF THE EQUITY SHARES

AND THE CAP PRICE IS 47.50 TIMES THE FACE VALUE OF THE EQUITY SHARES

THE PRICE/EARNINGS RATIO BASED ON DILUTED EPS FOR FISCAL 2024 AT THE FLOOR PRICE IS 18.95 TIMES AND

AT THE CAP PRICE IS 20.00 TIMES AS COMPARED TO THE AVERAGE INDUSTRY PEER GROUP P/E RATIO OF 35.66

BIDS CAN BE MADE FOR A MINIMUM OF 150 EQUITY SHARES AND IN MULTIPLES OF 150 EQUITY SHARES THEREAFTER

In accordance with the recommendation of the Committee of Independent Directors of our Company, pursuant to their resolution dated July 9, 2024, the above provided Price Band is justified based on quantitative factors/ KPIs disclosed in the "Basis for Offer Price" section on pages 128 to 138 of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), as applicable, disclosed in the "Basis for Offer Price" section on pages 128 to 138 of the RHP.

IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST ONLY RELY ON THE INFORMATION INCLUDED IN THE RHP AND THE TERMS OF THE OFFER, INCLUDING THE RISKS INVOLVED AND NOT RELY ON ANY OTHER EXTERNAL SOURCES OF INFORMATION ABOUT THE OFFER AVAILABLE IN ANY MANNER.

RISKS TO INVESTORS:

- Risk in relation to raw material prices:** Our cost of material consumed were ₹ 8,329.30 million, ₹ 9,588.56 million and ₹ 3,915.23 million constituting 83.97%, 83.07% and 81.10% of our total expenses for the Fiscals 2024, 2023 and 2022 respectively. Any fluctuations in the prices of our raw material may adversely affect the pricing of our products and may have an impact on our business and financial condition.
- Supplier concentration risk:** The primary raw material required for manufacturing our Company's products is 'maize'. Our Top 10 suppliers constituted 34.88%, 21.82% and 53.38% as a % of total purchases for Fiscals 2024, 2023 and 2022 respectively. We have not entered into any long term contracts with suppliers and an increase in the cost of, or a shortfall in the availability of such raw materials or our inability to leverage existing or new relationships with our suppliers could have an adverse effect on our business.
- Risk in relation to financial indebtedness:** We have total borrowings (long term and short term including current maturity) outstanding amounting to ₹ 1,276.36 million, ₹ 1,117.00 million and ₹ 852.24 million as on March 31, 2024, 2023 and 2022 respectively. Our financing agreements impose certain restrictions and our failure to comply with covenants may affect our financial condition.
- Industry concentration risk:** Our Company sells its products for specific use by certain industries as under:
- Risk of meeting working capital requirements during peak harvesting season:** During the peak arrival season of maize harvesting i.e September month to December month, our Company procures and stores significant quantities of maize and for the purpose of doing the same significant amount of working capital is required. Our working capital requirement was ₹ 1890.90 million, ₹ 1,255.73 million and ₹ 449.12 million constituting 17.72%, 10.42% and 8.90% of Revenue from Operations for Fiscals 2024, 2023 & 2022 respectively. Our inability to meet the said working capital requirement during the peak harvesting season of maize may have an adverse effect on our overall business.
- Objects related risks:** We intend to utilize upto ₹ 1,815.55 million out of the Net Proceeds to fund the capital expenditure requirement for expansion of the Dhule Facility. We have not yet placed purchase orders or entered into any memorandum of understanding for the majority portion of requirement of the plant and machinery in relation to the proposed expansion of our Dhule Facility. Further, are subject to the risk of unanticipated delays in obtaining approvals, implementation and cost overruns for the proposed expansion which may adversely affect our business.
- Customer concentration risk:** Our Company in the usual course of business does not have any long term contracts with its customers. Our Top 10 customers contributed 40.53%, 45.89% and 73.87% as a % of our Gross Revenue from Operations for Fiscals 2024, 2023 & 2022 respectively. Loss of one or more of our top customers or a reduction in their demand for our products or reduction in revenue derived from them may adversely affect our business.
- Risk of underutilisation of manufacturing capacities:** During Fiscals 2024, 2023 and 2022, our capacity utilization at our Dhule Facility was 89%, 85% and 74% respectively and during Fiscals 2024, 2023 and 2022, our capacity utilization at our Kutch Facility was 81%, 94% and 88% respectively. Underutilization of our manufacturing capacities over extended periods or an inability to fully realize the benefits of our proposed capacity expansion, could adversely impact our business, and negatively impact the return on investment of the shareholders on their capital invested.

Industry / Sector	Fiscal 2024	Fiscal 2023	Fiscal 2022
	% of Gross Revenue from Operations	% of Gross Revenue from Operations	% of Gross Revenue from Operations
Food	58.12	61.25	59.11
Animal Nutrition	10.45	10.12	12.62
Other Industrial Applications	31.43	28.63	28.27
Gross Revenue from Operations	100.00	100.00	100.00

Any reduction in the demand or requirement of our products in such industries may result in loss of our business.

