



(Please scan the QR code to view the Prospectus)



# Sanstar<sup>TM</sup> Limited 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 was 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 Prospectus dated July 24, 2024 filed with the RoC ("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

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

Our Company has filed the Prospectus with the RoC, and the Equity Shares are proposed to be listed on the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") and trading will commence on July 26, 2024.

### BASIS OF ALLOTMENT

INITIAL PUBLIC OFFER OF 53,700,000 EQUITY SHARES OF FACE VALUE ₹2/- EACH ("EQUITY SHARES") OF SANSTAR LIMITED FOR CASH AT A PRICE OF ₹ 95/- PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 93/- PER EQUITY SHARE) (THE "OFFER PRICE"), AGGREGATING TO ₹ 5,105.50 MILLION COMPRISING OF A FRESH ISSUE OF 41,800,000 EQUITY SHARES AGGREGATING TO ₹ 3,971.00 MILLION BY OUR COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF 11,900,000 EQUITY SHARES AGGREGATING TO ₹ 1,130.50 MILLION COMPRISING OF 500,000 EQUITY SHARES BY GOUTHAMCHAND SOHANLAL CHOWDHARY AGGREGATING TO ₹ 47.50 MILLION, 3,800,000 EQUITY SHARES BY RANI GOUTHAMCHAND CHOWDHARY AGGREGATING TO ₹ 361.00 MILLION, 500,000 EQUITY SHARES BY SAMBHAV GAUTAM CHOWDHARY AGGREGATING TO ₹ 47.50 MILLION, 500,000 EQUITY SHARES BY SHREYANS GAUTAM CHOWDHARY AGGREGATING TO ₹ 47.50 MILLION, 3,300,000 EQUITY SHARES BY RICHA SAMBHAV CHOWDHARY AGGREGATING TO ₹ 313.50 MILLION AND 3,300,000 EQUITY SHARES BY SAMIKSHA SHREYANS CHOWDHARY AGGREGATING TO ₹ 313.50 MILLION ("THE OFFER FOR SALE").

ANCHOR INVESTOR OFFER PRICE: ₹ 95 PER EQUITY SHARE OF FACE VALUE OF ₹ 2 EACH  
OFFER PRICE: ₹ 95 PER EQUITY SHARE OF FACE VALUE OF ₹ 2 EACH  
THE OFFER PRICE IS 47.50 TIMES OF THE FACE VALUE OF THE EQUITY SHARES

### 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:

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.

- 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, our proposed plans, 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.

- Risk in relation to Export Sales:** Our Company exported its products to 49 countries across Asia, Africa, Middle East, Europe & Oceania and Americas, during Fiscal 2024. Our export sales for Fiscal 2024, 2023 and 2022 were ₹ 3,944.38 million, ₹ 3,776.73 million and ₹ 187.77 million constituting 35.53%, 29.96% and 3.65% respectively of our Gross Revenue from Operations. Our products 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 may have an adverse effect on our business.
- Competition risk:** We operate in a highly competitive industry where we face competition from other players. Competitive factors in our industry includes product quality, price, advertising and promotion, innovation of products. Accordingly, our inability to compete effectively with our competitors may have an adverse impact on our business.
- Offer for sale portion:** The Offer consists of a Fresh Issue and an Offer for Sale. The Selling Shareholders shall be entitled to the Net proceeds from the Offer for Sale, and our Company will not receive any proceeds from the Offer for Sale.
- The average cost of acquisition of Equity Shares held by the Selling Shareholders ranges from ₹ 0.34 to ₹ 2.17 per Equity Share, and the Offer Price at upper end of the Price Band is ₹ 95.00.
- Weighted average return on net worth for Fiscals 2024, 2023 and 2022 is 30.22%.
- Weighted average cost of acquisition of all Equity Shares transacted by the shareholders in the three years, eighteen months and one year preceding the date of the Prospectus is set forth below:

Particulars	Weighted average Cost of Acquisition (WACA) (in ₹) <sup>(1)</sup>	Cap Price is "X" times the Weighted average Cost of Acquisition	Range of acquisition price Lowest Price-Highest Price (in ₹)
Last 3 years	2.45	38.78	1.72 - 20.50
Last 18 months	2.45	38.78	1.72 - 20.50
Last 1 year	2.45	38.78	1.72 - 20.50

As certified by M/s Nahta Jain & Associates, independent chartered accountants pursuant to their certificate dated July 23, 2024.

<sup>(1)</sup> For Notes to the above table, please refer Page 32 of the Prospectus.

- Weighted average cost of acquisition, Floor Price and Cap Price**

Type of transactions	Weighted average Cost of Acquisition (₹ per Equity Share)	Floor Price (in ₹)	Cap Price (in ₹)
WACA for primary and secondary transaction during 3 years preceding the date of Prospectus	N.A	N.A	N.A

- The BRLM associated with the Offer has handled 8 public issues (Main Board-5, SME Issue-3) during current financial year and two financial years preceding the current financial year, none of issues were closed below the Offer price on the listing date.

Particulars	Total Issues	Issues closed below IPO Price on listing date
Main Board	5	-
SME Issue	3	-
Total	8	-

- The Price/Earnings Ratio based on diluted EPS for the Financial Year 2024 for the Company at the higher end of the Price Band is as high as 20.00 times and at the lower end of the Price Band is 18.95 times as compared to the average industry peer group PE ratio of 35.66 times.

### BID/OFFER PROGRAMME

ANCHOR INVESTOR BIDDING DATE OPENED AND CLOSED ON THURSDAY, JULY 18, 2024  
BID/ OFFER OPENED ON FRIDAY, JULY 19, 2024 | BID/ OFFER CLOSED ON TUESDAY, JULY 23, 2024

Continued on next page...

