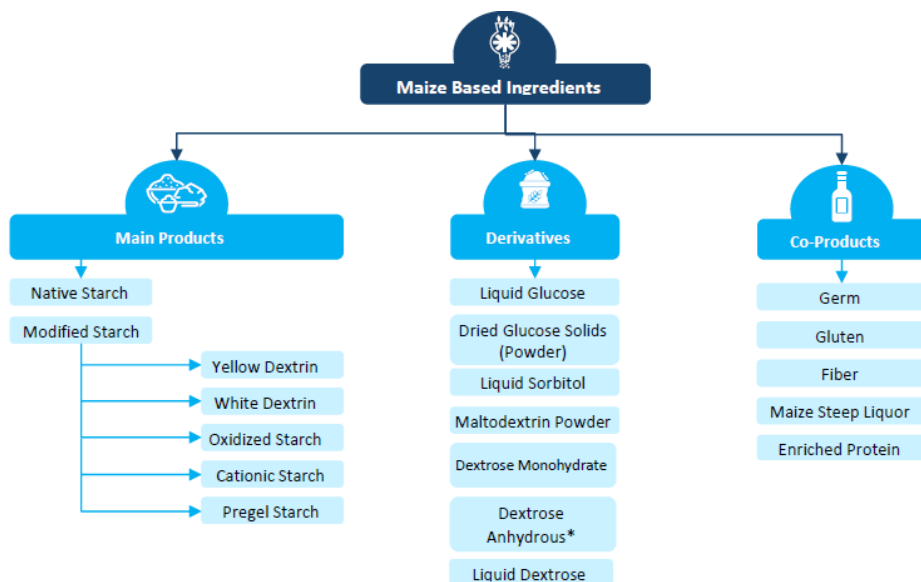


Business Overview

- Incorporated on February 26, 1982, 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.
- With an installed capacity of 3,63,000 tons per annum (1,100 tons per day), the Company is the fifth largest manufacturer of maize based speciality products and ingredient solutions in India.
- The principal raw material required for manufacturing the Company's products is 'maize'. The Company is dependent for its raw material requirement on a few number of raw material suppliers who are local farmers located near their Manufacturing Facilities and suppliers in mandis which are unorganized marketplaces.
- The Company has an in-house Research and Development (R&D) team comprising of ten personnel as on March 31, 2024 and the employees of their in-house R&D team having an overall collective experience of at least 40 years.
- The Company's two manufacturing facilities spread across cumulative area of 10.68 million square feet (approximate 245 Acres) are located at Dhule in the state of Maharashtra and Kutch in the state of Gujarat.
- The Company 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 pursuant to NCLT, Ahmedabad order dated November 23, 2023, is a recognised Three Star Export House.
- During Fiscal 2024, the Company's revenue from exports was ₹3,944.38 million respectively, representing 35.53 % of their Gross Revenue from Operations, on the basis of their Restated Consolidated Financial Statements. They exported their products to 49 countries across Asia, Africa, Middle East, Americas, Europe and Oceania, during Fiscal 2024, on the basis of their Restated Consolidated Financial Statements.

Description of Products



- 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.
- The Company's 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.

Issue Details

Fresh Issue of up to 41,800,000 Equity Shares aggregating up to ₹[●] million and Offer for Sale of up to 11,900,000 Equity Shares aggregating up to ₹[●] million.

Issue size: ₹483 - 510 Cr
 No of Shares: 53,700,000
 Face value: ₹2/-

Price band: ₹90 - 95
 Bid Lot: 150 shares and in multiples thereon

Post Issue Implied Market Cap: ₹1,640 - 1,731 Cr

BRLMs: Pantomath Capital Advisors Private Limited
 Registrar: Link Intime India Private Limited

Indicative Timetable

Activity	On or about
Anchor Investor Issue Opens	18-07-2024
Issue Opens	19-07-2024
Issue Closes	23-07-2024
Finalization of Basis of Allotment	24-07-2024
Refunds/ Unblocking ASBA Fund	25-07-2024
Credit of equity shares to DP A/c	25-07-2024
Trading commences	26-07-2024

Listing: BSE & NSE

Issue Break Up

Retail	QIB	NII
35%	50%	15%

Shareholding *

	Pre Issue	Post Issue
Promoter & Promoter Group	99.78%	70.37%
Public - Other	0.22%	29.63%
Total	100.00%	100.00%

*Calculated using data in RHP on pages - 1, 25-26 & 99.

Competitive Strengths

One of the largest manufacturers of maize based speciality products and ingredient solutions in India with diverse product portfolio; They have grown with Revenue and PAT CAGR of 45% and 105% over Fiscal 2022-2024: The Company is the fifth largest manufacturer of maize based speciality products and ingredient solutions in India. They have demonstrated consistent growth in terms of revenues and profitability. Their revenue from operations has increased at a CAGR of 45.46% from ₹ 5,044.02 million in Fiscal 2022 to ₹ 10,672.71 million in Fiscal 2024 while their profit after tax has grown at a CAGR of 104.79% from ₹ 159.21 million in Fiscal 2022 to ₹ 667.67 million in Fiscal 2024. They believe that their diversified product portfolio, established market position, their 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 company 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 & flattering agents, finishing agents, amongst others, across diverse end user industries. Their manufacturing facilities, their exports presence & exposure in over 49 countries and their track record of commercialising and scaling up new products, position them advantageously to capture requirements of diverse end user industrial sectors

The Company's strategically located, sustainability driven, state of the art manufacturing facilities: The Company's Dhule Facility is located in the maize production belt of Maharashtra and Madhya Pradesh which account for around 25% of the country's total maize production. This allows them to procure maize, which is their largest raw material, at competitive prices and lower freight costs. Their Kutch facility is located in close proximity to the seaports of Mundra and Kandla which are located at approximate 55 kilometers and 100 kilometers away respectively. They believe that large, state of the art manufacturing facilities alongwith availability of land for future expansion at both the facilities provide them sufficient competitive advantage for future growth and further scaling up of their business. Additionally, their 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 barriers: On the basis of the Company's Restated Consolidated Financial Statements, they have sold their products to 49 countries across Asia, Africa, Middle East, Europe, North America, South & Central America and Oceania regions during Fiscal 2024. Their top export destinations include Malaysia, Vietnam, Kenya, Indonesia, United Arab Emirates, Nigeria, Sri Lanka, Ghana, Thailand, among others. The maize based speciality products and ingredient solutions industry in which they operate 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 them, among others.

Strong financial growth alongwith robust performance metrics: The Company has a strong balance sheet with growing cash flows. They have experienced sustained growth in various financial indicators including their revenue, profitability, cash flows and returns as well as consistent improvement in their balance sheet position in the last three Fiscals, wherein they have seen an increase in their net worth. They have demonstrated consistent growth in terms of revenues and profitability. Their revenue from operations has increased at a CAGR of 45.46% from ₹5,044.02 million in Fiscal 2022 to ₹10,672.71 million in Fiscal 2024 while their profit after tax has grown at a CAGR of 104.79% from ₹159.21 million in Fiscal 2022 to ₹667.67 million in Fiscal 2024, on the basis of their Restated Consolidated Financial Statements.

Two Generations of Promoters with domain knowledge: The Company's Promoters and senior management team possess relevant exposure and acumen in the speciality products and ingredient solutions industry across maize procurement, supplier and farmer relationships management, business development, product research and development, finance, operations, administration, marketing and human resource management. The knowledge and exposure of their Promoters and their management team provide them with a competitive advantage as they seek to grow their existing markets and enter new geographical markets.

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 their vast experience, large capacities and lasting customer relationships, which enables them to tap the large potential and opportunities in their existing and future products. Below are the factors driving the growth in Indian Maize based Speciality Products and Ingredient Solutions market: Abundant availability of Raw Material; Wide range of applications; Increasing demand for ready to eat category; Global opportunities.

Large, diversified customer base with long lasting relationships: The Company has served 525, 541 and 215 customers during Fiscals 2024, 2023 and 2022 respectively. They have also established long term relationships where 96 customers had placed repeat orders with them in each of the previous three Fiscals on the basis of their Restated Consolidated Financial Statements. In addition to producing quality products, they believe that their customer loyalty has been earned by: approachable management addressing their concerns and relationships developed by their marketing team; nurturing customer centric culture that focuses on quality assurance and performance standards; offering modern, automated facilities with an emphasis on sound environmental and sustainability focused measures and practices.

For further details, refer to 'Our Competitive Strengths' page 233 onwards of RHP

Business Strategies

Expand their manufacturing capacities to capture additional market share: As of the date of the Red Herring Prospectus, 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 their products from their existing customers and to meet requirements of new customers, they intend to expand their manufacturing capacities for existing products including native starches, modified starches, liquid glucose, dextrose monohydrate. They also intend to add manufacturing capacities for their new products like dextrose anhydrous. To achieve this, they intend to expand their manufacturing capabilities at their Dhule, Maharashtra facility by installing additional factory building, machineries and equipments and utilities to increase their installed capacities by 1,000 Tons Per Day (TPD). The total area of the land at their 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 Company commissioned 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. They believe 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 their existing customers, enable them to better address the business requirements of large customers, and facilitate their growth strategy.

Leverage their industry-leading capabilities by continuing to diversify their customer base and increase wallet share with existing customers: The Company intends to continue to expand their customer base by leveraging their relationships with their existing customers in India and globally, while simultaneously pursuing opportunities to develop new relationships. They aim to continue to maintain their track-record of repeat orders from their existing customers as well as expand and strengthen their relationships as part of their organic growth efforts. They intend to focus on leveraging their relationships with their customers to improve their existing products and also increase the number of products that they currently manufacture for each customer. By leveraging their experience of manufacturing native starches, modified starches, liquid glucose, dextrose monohydrate, maltodextrin powder, they intend to manufacture new products like dextrose anhydrous, liquid dextrose, sorbitol powder, food grade modified starches, among others. They are continuing to explore several additional applications of their existing and planned products in existing and new industries including pharmaceuticals, food, biotech, biopolymers, bioethanol, among others. They believe that this will result in adding new customers and in an increase in the wallet share of each customer, their revenues, margins, and profitability which is expected to ensure longevity of relationships with their customers. They intend to capitalize on the current set of customers consolidating their supplier bases to capture greater total value content. In order to achieve this, they intend to actively manage their key customer accounts to increase customer interaction and collaborate with their customers in their product development efforts. They intend to create a large portfolio of plant based speciality products and ingredient solutions, covering the entire value chain to become a comprehensive supplier for their customers. Exports have been the significant stay of their growth and they intend to continue to focus on sales in international markets. They intend to grow their sales within the existing geographies where their customers are present.

Increase their global footprint and augment growth in current geographies: Currently the Company exports their products to over 49 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. Their revenue from exports as a % of Gross Revenue from Operations has increased to 35.53% during Fiscal 2024 from 3.65% during Fiscal 2022 on the basis of their Restated Consolidated Financial Statements. With a view to further diversify their customer base and increase their market share, they intend to augment their sales in the geographic markets where they sell their 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: On the basis of the Company's Restated Consolidated Financial Statements, their revenue contribution from derivatives for the Fiscal 2024 and Fiscal 2023 has been 4.26%, and 4.62% respectively. They intend to further grow the contribution from sale of derivatives to increase their margins and returns going forward. In this direction, they propose to expand manufacturing capacity of Liquid Glucose and Dextrose Monohydrate at their 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 their proposed expansion plan. The Indian market is expected to gain traction toward organic starch uses and exports to markets including USA & Australia. This is expected to put the Company at a favourable position to cater to the Indian & Exports markets when the consumer focus shifts and demand increases. They intend to scale up their manufacturing and sales efforts in the segment to tap the growing demand being foreseen in the segment in both domestic and international markets, as mentioned above.

Foray into manufacturing of Ethanol through leveraging their maize sourcing capabilities: 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. They believe that these capabilities alongwith their 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.

For further details, refer to 'Our Strategies' page 245 onwards of RHP

Profile of Directors

Gouthamchand Sohanlal Chowdhary is the Chairman and Managing Director of the Company. He is one of the Promoters of the Company and has been associated with the Company since February 22, 2012. He has completed his schooling from Monfort School Yercaud, Tamil Nadu. He has served on the board of Sanstar Biopolymers Limited (merged with the Company vide order dated November 23, 2023 passed by NCLT, Ahmedabad) for a period of 38 years since September 27, 1985. He supervises the overall functions of the Company and is responsible for overseeing the strategic growth initiatives and expansion plans.

Sambhav Gautam Chowdhary is the Joint Managing Director and one of the Promoters of the Company. He has been associated with the Company since February 22, 2012. He holds a bachelor's degree in engineering from the Gujarat University. He has served on the board of Sanstar Biopolymers Limited (merged with the Company vide order dated November 23, 2023 passed by NCLT, Ahmedabad) for a period of 13 years since March 30, 2011. During the year 2005-06, he was employed with Infosys Technologies Limited. He is responsible for day to day operations and expansion plans of the Company.

Shreyans Gautam Chowdhary is the Joint Managing Director and one of the Promoters of the Company. He has been associated with the Company since February 22, 2012. He holds a bachelor's degree in engineering from the Gujarat University and master's degree of Science in Management with a Specialism in Marketing from The City University London Sir John Cass Business School. He has served on the board of Sanstar Biopolymers Limited (merged with the Company vide order dated November 23, 2023 passed by NCLT, Ahmedabad) for a period of 13 years since March 30, 2011. He is responsible for management of commercial and sales related aspects.

Sejal Ronak Agrawal is an Independent Director of the Company. She has been associated with the Company since November 1, 2023. She holds a bachelors and master's degree in commerce from Veer Narmada South Gujarat University. Further she is a fellow member of the Institute of Chartered Accountants of India and is a practicing chartered accountant since the year 2011.

Atul Agrawal is an Independent Director of the Company. He has been associated with the Company since November 1, 2023. He holds a bachelor's degree in commerce from National Degree College, Lucknow. He is a certified associate of the Indian Institute of Bankers. He was appointed as assistant general manager at Central Bank of India in the year 2007. He was associated as the Executive Director with the Indian Overseas Bank, Chennai from the year 2013 to 2016.

Aniket Sunil Talati is an Independent Director of the Company. He has been associated with the Company since November 1, 2023. He is also a fellow member of the Institute of Chartered Accountants of India ("ICAI"). He is a partner at M/s. Talati & Talati LLP and Former President of the ICAI and held directorships on the board of few of ICAI's organisations, i.e., Institute of Social Auditors of India, ICAI Registered Valuers Organisation, ICAI Accounting Research Foundation, Indian Institute of Insolvency Professionals of ICAI.

Given above is the abstract of data on directors seen on page 274 - 275 of the RHP

Objects of the Offer

Offer for Sale: Since the Offer is an offer for sale, the Company will not receive any proceeds from the Offer.

Fresh Issue: The Net Proceeds are proposed to be utilized and deployed in accordance with the details provided below:

Particulars	Amount (₹ in Million)
Funding the capital expenditure requirement for expansion of their Dhule Facility	1,815.55
Repayment and/or pre-payment, in part or full, of certain borrowings availed by the Company	1,000.00
General corporate purposes ⁽¹⁾	[•]
Total⁽¹⁾	[•]

⁽¹⁾ To be finalized on determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. In compliance with Regulation 7(2) of the SEBI ICDR Regulations, the amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Offer.

Above data is obtained from page 112 of RHP

Comparison with peers

Following is the comparison with their peer group companies listed in India and in the same line of business as the Company:

Company	FV/Share (₹)	EPS (Basic)	RONW (%)	NAV (₹ per share)	P/E (times)
Sanstar Limited	2	4.75	30.92	15.37	[•]
Peer Group					
Gujarat Ambuja Exports Limited	1	7.54	12.49	60.37	18.65
Gulshan Polyols Limited	1	2.85	2.30	123.63	73.31
Sukhjit Starch and Chemicals Limited	10	31.98	9.94	321.75	15.01

Above data is obtained from page 131 of RHP

Notes:

- For the Company, the information above is based on the Restated Consolidated Financial Statements for the year ended March 31, 2024.
- All the financial information for listed industry peers mentioned above is on a consolidated basis and has been sourced from the annual reports/annual results as available of the respective company for the year ended March 31, 2024 submitted to stock exchanges.
- RoNW is computed as net profit attributable to owners of the company divided by net worth at the end of the year. For calculation of RoNW for the Company on Restated Consolidated basis, revaluation reserve and amalgamation reserve has been excluded in the calculation of net worth.
- NAV is computed as the net worth at the end of the year divided by the closing outstanding number of equity shares. For calculation of NAV for the Company on Restated Consolidated basis, revaluation reserve and amalgamation reserve has been excluded in the calculation of net worth.
- P/E Ratio has been computed based on the CMP divided by EPS.

Financials (Restated Consolidated):

(₹ in Million unless otherwise stated)

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Equity Share Capital	280.89	280.89	295.00
Other Equity	2,256.73	1,590.42	557.14
Net Worth (as stated)	2,159.12	1,492.81	489.67
Total Borrowings	1,276.36	1,117.00	852.24
Revenue from Operations	10,672.71	12,050.67	5,044.02
EBITDA	981.41	724.47	397.20
EBITDA Margin	9.20%	6.01%	7.87%
Profit before Tax	897.24	553.88	219.83
Profit after Tax	667.67	418.05	159.21
PAT Margin	6.17	3.46	3.15
Return on Equity	30.92%	28.00%	32.51%
Return on Capital Employed	25.43%	23.82%	23.19%
Basic EPS	4.75	2.98	1.08

Above data obtained from pages 26, 80-83 & 132 of RHP

Notes:

- Revenue from operations is calculated as revenue from sale of products as per the Restated Consolidated Financial Statements;
- EBITDA means Earnings before interest, taxes, depreciation and amortisation expense, which has been arrived at by obtaining the profit before tax/ (loss) for the year and adding back finance costs, depreciation and amortisation and impairment expense and reducing other income;
- EBITDA Margin is calculated as EBITDA as a percentage of revenue from operations;
- PAT represents total profit after tax for the year / period;
- PAT Margin is calculated as PAT divided by total income;
- Basic and Diluted EPS = PAT divided by weighted average no. of equity shares outstanding during the year/ period, as adjusted for changes in capital due to sub-division of equity shares; For Diluted EPS, the weighted no. of shares shall include the impact of potential convertible securities.
- Total Borrowings are calculated as total of current and non-current borrowings;
- "Net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as per SEBI ICDR Regulations.
- ROE is calculated as PAT divided by net worth
- ROCE is calculated as EBIT divided by capital employed where (i) EBIT means EBITDA minus depreciation and amortisation expense and (ii) Capital employed means Net worth as defined in (8) above + total current & non-current borrowings- cash and cash equivalents and other bank balances;

Key Risk Factors

- Any fluctuations in the prices of the raw material may adversely affect the pricing of the Company's products and may have an impact on their business, results of operation, financial condition and cash flows.
- The Company has not entered into any long term contracts with suppliers for their raw materials and an increase in the cost of, or a shortfall in the availability of such raw materials or their inability to leverage existing or new relationships with their suppliers could have an adverse effect on their business and results of operations.
- 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 the Company's products and for the purpose of doing the same significant amount of working capital is required. Their inability to meet the said working capital requirement during the peak harvesting season of maize may have an adverse effect on their 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 their products in such industries may result in loss of business and may affect their financial performance and condition.
- The Company's proposed plans with respect to funding the capital expenditure requirement for expansion of the Dhule Facility are subject to the risk of unanticipated delays in obtaining approvals, implementation and cost overruns which may adversely affect their business and results of operations.
- The Company in the usual course of business does not have any long term contracts with its customers and they rely on purchase orders for delivery of their products and their customers may cancel or modify their orders, change quantities, delay or change their sourcing strategy. Loss of one or more of their top customers or a reduction in their demand for their products or reduction in revenue derived from them may adversely affect their business, results of operations and financial condition.
- The Company exports its products to various geographies across the globe. Their 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 or their inability to comply with related requirements may have an adverse effect on their business and results of operations.
- The Company has 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 their Dhule Facility. In the event of any delay in placing the balance purchase orders, or in the event the sellers are not able to provide the equipment/machineries or execute the civil building and construction work in a timely manner, or at all, the same may result in time and cost overruns.
- The manufacturing of 'maize based speciality products and ingredient solutions' requires controlled conditions such as certain levels of temperature, a certain standard of cleanliness and accuracy and any disruptions and/or shortage of power supply may have an adverse effect on the Company's business and results of operations.
- The Company's inability to accurately forecast demand for their products and manage their inventory may have an adverse effect on their business, financial condition, cash flows and results of operations.
- The Company may not be able to derive the desired benefits from their product development efforts and if they are unable to develop new products in a cost effective and timely manner, their business and financial condition may be adversely affected.
- The Company is dependent for its raw material requirement on a few number of raw material suppliers who are local farmers located near their Manufacturing Units and suppliers in 'mandis' which are unorganized marketplaces.
- The primary raw material required by the Company i.e., 'maize' has an increased demand in different sectors such as feed manufacturers, ethanol manufacturers and Food and Beverage industry which may put a strain on supply of maize to adequately cater the demand of the industry in which they operate.
- The Company operates only in the industry of maize based speciality products and ingredient solutions industry and there is a lack of diversification in other business areas.
- Due to shortage and/or lack of adequate farm level infrastructure, the capacity to dry up maize up to the level of 14% may lead to wastage and loss to maize cultivating farmers and the same may have an adverse impact on the Company's business and profitability.
- Maize cultivation is a water intensive process and hence can be a cause of concern for the Company's raw material procurement operations during the dry months of the year and their inability to procure quality raw material during the dry months of the year may have an adverse impact on their product quality.

Please read carefully the Risk Factors given in detail in section II (page 34 onwards) of RHP

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