
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com <b>Website:</b> www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 ‘G’ Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

November 10, 2021

## Securities and Exchange Board of India

Corporation Finance Department  
Division of Issues and Listing  
SEBI Bhavan, Plot No. C4 A, G Block  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400 051, India

Dear Sir/ Madam,

### Re: Proposed initial public offering of Equity Shares by Five-Star Business Finance Limited

This is in relation to the proposed initial public offer of equity shares of face value of ₹1 each (“Equity Shares”) of Five- Star Business Finance Limited (“**Company**” or “**Issuer**”) through an offer for sale by the Selling Shareholders aggregating up to ₹ 27,519.45 million.

The Company and the Selling Shareholders are proposing to undertake the Offer through the book building process in compliance with Regulation 6 (1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**SEBI ICDR Regulations**”), at such price as may be determined in accordance with the book building process under the SEBI ICDR Regulations and pursuant to Rule 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957, as amended (“**SCRR**”) read with Regulation 31 of the SEBI ICDR Regulations, the Companies Act, 2013, as amended, and other applicable laws.





The Company and the Selling Shareholders have appointed ICICI Securities Limited, Edelweiss Financial Services Limited, Kotak Mahindra Capital Company Limited, and Nomura Financial Advisory and Securities (India) Private Limited (collectively, the “**Book Running Lead Managers**” or “**Lead Managers**”) as the lead managers to manage the Offer.

We are filing the draft red herring prospectus of the Company dated November 9, 2021 (the “**DRHP**”) in relation to the Offer, for your consideration and observations.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to such terms in the DRHP.

In connection with the filing of the DRHP with the Securities and Exchange Board of India (“**SEBI**”), we hereby submit the following:

1. The soft copy of the DRHP in “.PDF” format signed and executed by (i) the directors of the Company (“**Directors**”) and the Chief Financial Officer of the Company; (ii) the Selling Shareholders, either themselves or through their authorised signatories, accompanied by this letter and all annexures hereto, submitted by way of an e-mail to the SEBI at cfddil@sebi.gov.in, in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to “Easing of Operational Procedure - Division of Issues and Listing – CFD”. Such documents will be uploaded on the SEBI intermediary portal at <https://siportal.sebi.gov.in>, as specified in Regulation 25(8) of the SEBI ICDR Regulations and as required pursuant to the SEBI circular (bearing number SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018. All online payment will be made in accordance with the “Easing of Operational Procedure” issued by SEBI dated August 11, 2021.
2. A certificate from the Book Running Lead Managers in accordance with Regulation 25(2)(a) of the SEBI ICDR Regulations confirming that the Company, the Selling Shareholders and the Book Running Lead Managers have entered into an Offer Agreement dated November 9, 2021 (including the statement of

			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India Tel: + 91 22 6807 7100 E-mail: five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India Tel: +91 22 4009 4400 E-mail: fivestar.ipo@edelweissfin.com Website: www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India Tel: +91 22 4336 0000 E-mail: five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India Tel: + 91 22 4037 4037 E-mail: fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

inter se allocation of responsibilities of the Book Running Lead Managers), in accordance with Regulation 23(5) of the SEBI ICDR Regulations and the format specified in Schedule II of the SEBI ICDR Regulations (**Annexure I**).

- A due diligence certificate dated November 9, 2021 signed by the Book Running Lead Managers in accordance with Regulation 25(2)(b) of the SEBI ICDR Regulations (**Annexure II**), along with (i) a due diligence process note as required under Form A of Schedule V of the SEBI ICDR Regulations (**Annexure II A**); and (ii) a detailed checklist indicating compliances of the disclosures in the DRHP with the applicable provisions of the SEBI ICDR Regulations (**Annexure II B**).
- Payment of ₹27,519,450 (Rupees twenty seven million five hundred and nineteen thousand and four hundred fifty only) will be made towards filing fees under Schedule III of the SEBI ICDR Regulations through the payment gateway made available at the SEBI Intermediary Portal. Such fee paid is based on an estimated Offer size of up to ₹ 27,519.445 million, and the same should not be construed as the final Offer size for the purposes of Schedule XVI of the SEBI ICDR Regulations.

In connection with the Offer, please note the following:

**A. Exemption application under Regulation 300 of the SEBI ICDR Regulations**  
**(i) in relation to the members of the Promoter Group**

Matrix Partners India Investment Holdings II, LLC (“**Matrix**”), which has been identified and disclosed as one of the corporate Promoters of the Company in the DRHP, is a private limited company, under the laws of Mauritius. Amongst its other holdings, Matrix currently holds approximately 39.14% of the share capital of Inasra Technologies Private Limited (“**Inasra**”) on fully diluted basis (including ESOP pool), where it has been an investor since September 2013, based on which, Inasra would ordinarily be required to be identified as a member of the promoter group of Matrix in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations. However, for reasons set out in the exemption application filed with SEBI, the Company is making an application for an exemption under Regulation 300(1)(c) of the SEBI ICDR Regulations (attached herewith as **Annexure III**), from considering Inasra as part of the promoter group of the Company.





**B. Confirmation in relation to Fraudulent Borrowers**

In accordance with the terms of the SEBI directive dated June 14, 2021 issued to the AIBI, it is confirmed that the Company, Promoters and its Directors have not been declared as fraudulent borrowers by lending banks, financial institutions or consortium in terms of the RBI Master Directions on Frauds – Classification and Reporting by commercial banks and select FIs dated July 1, 2016, as amended.





**C. Confirmations and information in relation to the Company, its Promoters and members of the Promoter Group and Group Companies**

Set out below are the confirmations and information in relation to the Company, its Promoters, members of the Promoter Group and Group Companies in terms of the SEBI directive dated March 12, 2020 issued to the Association of Investment Bankers of India:

S. No.	Particulars	Response
1.	Whether the Company is registered with SEBI or any other	Yes. The Company is registered with RBI as a non-banking financial company – systemically important non deposit taking company. Set out below are the details of the registration.

			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com <b>Website:</b> www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

S. No.	Particulars	Response
	financial regulatory body like RBI/IRDA/ etc., in any capacity. If yes, provide details.	<ol style="list-style-type: none"> <li>Certificate of registration dated May 29, 1998 granted by the RBI bearing registration number 07.00286, to the Company under the former name 'Five-Star Business Credits Limited', pursuant to which the Company is allowed to carry on the business of a non-banking financial institution, subject to the conditions mentioned therein.</li> <li>Certificate of registration dated December 3, 2002 granted by the RBI bearing registration number B-07.00286 to the Company under the former name 'Five-Star Business Credits Limited', pursuant to which the Company is allowed to carry on the business of non-banking financial institution without accepting public deposits, subject to the conditions mentioned therein.</li> <li>Fresh certificate of registration dated June 9, 2016 granted by the RBI bearing registration number B-07.00286, pursuant to a change of name of the Company from 'Five-Star Business Credits Limited' to 'Five-Star Business Finance Limited' under which the Company is allowed to carry on the business of non-banking financial institution without accepting public deposits, subject to the conditions mentioned therein</li> </ol>
2.	List of Promoters / Promoter Group companies / Group Companies / Subsidiaries registered with SEBI in any capacity along with registration details.	The Company does not have any subsidiary. Further, none of the Promoters, members of Promoter Group, and Group Companies are registered with SEBI in any capacity.
3.	List of Promoters / Promoter Group companies / Group Companies / Subsidiaries registered with any other financial regulatory body like RBI/IRDA/ etc., in any capacity along with registration details.	<p>The Company does not have any subsidiary. Further, other than as stated below, none of the Promoters, members of Promoter Group, and Group Companies are registered with any financial regulatory body like RBI/ IRDA/ etc., in any capacity.</p> <p>Finova Capital Private Limited (one of the members of Promoter Group), is registered with the RBI as a non-banking finance company, with registration number B.10.00236.</p> <p>Additionally, Mswipe Technologies Private Limited (one of the members of the Promoter Group) has made an application with the IRDAI for a corporate agency license. However, the application is pending with the IRDAI, as on date of this letter.</p>
4.	<p>If any debt securities of Company/ Subsidiaries/ Group Companies are listed. If yes, the following may be provided:</p> <ol style="list-style-type: none"> <li>Details of the debt securities listed along with the name of the exchange on which the same are listed.</li> <li>Whether disclosure pertaining to the same made in DRHP and</li> </ol>	<p>The Company does not have any subsidiary. Further, none of the debt securities of the Group Companies are listed.</p> <p>Certain debt securities of the Company are listed on BSE (please see <b>Annexure IV</b> for details). The disclosure pertaining to the listed debt securities of the Company have been made on page 338 under the section titled "<b>Financial Indebtedness</b>" of the DRHP.</p>

			
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S. No.	Particulars	Response
	relevant page no. and section in which disclosure made.	

#### D. Confirmations in relation to securities market violations

Pursuant to the SEBI directive dated June 29, 2021 issued to AIBI, it is confirmed that there are no securities market violations, whether outstanding or otherwise, by the Company, its Promoters, Promoter Group or Group Companies.

#### E. SCORES authentication

The Company has obtained authentication on the SCORES and shall comply with the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

#### F. Online access for material documents for inspection

Based on SEBI's guidance to the Association of Investment Bankers of India on October 22, 2021, the Company will endeavour to provide access to material documents through online means.

#### G. Unified Payments Interface ("UPI")





By way of its circulars dated November 1, 2018, April 3, 2019, June 28, 2019, July 26, 2019, November 8, 2019, and March 30, 2020, and March 16, 2021 and June 2, 2021 ("SEBI Circulars"), SEBI has introduced the UPI payment mechanism to streamline the process of public issuances of equity shares. The introduction of the UPI payment mechanism aims at reducing the time duration from issue closure to listing by up to three days (the "T+3 mechanism") in three phases, as set out in the SEBI Circulars. The DRHP has been drafted in accordance with phase II of the UPI framework, and also reflects additional measures for streamlining the process of initial public offers, as prescribed by SEBI in its abovementioned circular dated March 16, 2021, and June 2, 2021. However, if at the time of the filing of the Red Herring Prospectus, the guidelines in relation to phase III are issued by SEBI, the Company will suitably update the Red Herring Prospectus and the Prospectus.

The Company has undertaken to apply to BSE Limited and National Stock Exchange of India Limited for obtaining their respective in-principle listing approvals for listing of its Equity Shares. In compliance with and pursuant to the SEBI ICDR Regulations, the Company undertakes to appoint a 'Designated Stock Exchange' prior to filing of the Red Herring Prospectus with the RoC.

Further, please note that the disclosures in the DRHP shall be suitably updated to reflect the Company's latest restated and financial results and any other developments, as may be necessary, at the time of filing of the Red Herring Prospectus with RoC by the Company.

We request you to kindly provide your observations on the DRHP. Should you require any further information from us, we would be pleased to furnish the same.

Please feel free to contact the following persons from ICICI Securities Limited, if you require any information or clarification:

			
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Contact Person	Contact Number	Email
Prem D'Cunha	Tel: +91 22 6807 7466 Mobile: +91 99302 63663	prem.dcunha@icicisecurities.com
Rupesh Khant	Tel: +91 22 6807 7352 Mobile: +91 98330 01632	rupesh.khant@icicisecurities.com
Sumit Singh	Tel: +91 22 6807 7661 Mobile: +91 87894 19402	Sumitkumar.singh@icicisecurities.com

Thanking you,

Sincerely,

**Encl:** Annexures as above

			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com <b>Website:</b> www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

*This signature page forms an integral part of the letter submitted to SEBI for the initial public offer by Five-Star Business Finance Limited.*

**For ICICI Securities Limited**







Authorised Signatory

Name: Rupesh Khant

Designation: Vice President

Contact Number: +91 22 6807 7352

Email:rupesh.khant@icicisecurities.com

			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com <b>Website:</b> www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

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**For Edelweiss Financial Services Limited**





Authorised Signatory

Name: Neetu Ranka

Designation: Director

Contact Number: +91 98198 38110

Email: [neetu.ranka@edelweissfin.com](mailto:neetu.ranka@edelweissfin.com)

			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com Website: www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

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**For Kotak Mahindra Capital Company Limited**




Authorised Signatory

Name: Sumit Agarwal

Designation: Director - ECF

Contact Number: +91-9167554074

Email: Sumit.A@kotak.com



			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com <b>Website:</b> www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

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**For Nomura Financial Advisory and Securities (India) Private Limited**

*Kanjani*







Authorised Signatory

Name: Vishal Kanjani

Designation: Executive Director

Contact Number: +91 22 4037 4037

Email: vishal.kanjani@nomura.com

			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com <b>Website:</b> www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 ‘G’ Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

## ANNEXURE I

November 9, 2021

**Securities and Exchange Board of India**  
Corporation Finance Department  
Division of Issues and Listing  
SEBI Bhavan, Plot No. C4 A, G Block  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400 051, India

Dear Sir/ Madam,

**Re: Proposed initial public offering of Equity Shares by Five-Star Business Finance Limited**

Pursuant to Regulation 25(2)(a) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”), we hereby confirm that we have entered into an Offer Agreement dated November 9, 2021 (which includes, amongst others, the statement of *inter se* allocation of responsibilities of the Book Running Lead Managers) with the Company and the Selling Shareholders in connection with the Offer, in accordance with Regulation 23(5) and the format prescribed under Schedule II of the SEBI ICDR Regulations.

All capitalised terms used herein and not specifically defined shall have the same meanings ascribed to such terms in the DRHP.

Thanking you,

Sincerely,

			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com <b>Website:</b> www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

*This signature page forms an integral part of the letter submitted to SEBI for the initial public offer by Five-Star Business Finance Limited.*

**For ICICI Securities Limited**






Authorised Signatory

Name: Rupesh Khant

Designation: Vice President

Contact Number: +91 22 6807 7352

Email:rupesh.khant@icicisecurities.com

			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com Website: www.edelweissfin.com <b>SEBI Registration Number:</b> INM000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

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**For Edelweiss Financial Services Limited**





Authorised Signatory

Name: Neetu Ranka

Designation: Director

Contact Number: +91 98198 38110

Email: [neetu.ranka@edelweissfin.com](mailto:neetu.ranka@edelweissfin.com)

			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com Website: www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

This signature page forms an integral part of the letter submitted to SEBI for the initial public offer by Five-Star Business Finance Limited.

**For Kotak Mahindra Capital Company Limited**




Authorised Signatory

Name: Sumit Agarwal

Designation: Director - ECF

Contact Number: +91-9167554074

Email: Sumit.A@kotak.com

			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com Website: www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

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**For Nomura Financial Advisory and Securities (India) Private Limited**









Authorised Signatory

Name: Vishal Kanjani

Designation: Executive Director

Contact Number: +91 22 4037 4037

Email: vishal.kanjani@nomura.com

			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com <b>Website:</b> www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

## ANNEXURE II

November 9, 2021

### Securities and Exchange Board of India

Corporation Finance Department  
Division of Issues and Listing  
SEBI Bhavan, Plot No. C4 A, G Block  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400 051, India




**Place:** Mumbai

Dear Sir/ Madam,

**Re: Proposed initial public offering of Equity Shares by Five-Star Business Finance Limited**

We, ICICI Securities Limited, Edelweiss Financial Services Limited, Kotak Mahindra Capital Company Limited, and Nomura Financial Advisory and Securities (India) Private Limited (collectively, the “**Book Running Lead Managers**”), who have been appointed by the Company and the Selling Shareholders as Book Running Lead Managers to manage the Offer, confirm that:

- (1) We have examined various documents including those relating to litigation, including commercial disputes, patent disputes and disputes with collaborators, etc. and other documents in connection with the finalisation of the draft red herring prospectus dated November 9, 2021 (“**DRHP**”) pertaining to the Offer;
- (2) On the basis of such examination and the discussions with the Company, its Directors and other officers, other agencies and independent verification of the statements concerning the objects of the Offer, price justification and the contents of the documents and other papers furnished by the Company and Selling Shareholders, we confirm that:
  - (a) the DRHP filed with the Securities and Exchange Board of India (“**SEBI**”) is in conformity with the documents, materials and papers which are material to the Offer;
  - (b) all material legal requirements relating to the Offer as specified by the SEBI, the Central Government and any other competent authority in this behalf have been duly complied with; and
  - (c) the material disclosures made in the DRHP are true and adequate to enable the investors to make a well-informed decision as to the investment in the proposed Offer and such disclosures are in accordance with the requirements of the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”) and other applicable legal requirements.
- (3) Besides ourselves, all the intermediaries named in the DRHP are registered with the SEBI and that until date such registrations are valid. **Complied with and noted for compliance.**
- (4) We have satisfied ourselves about the capability of the underwriters to fulfil their underwriting commitments. **Noted for compliance.**
- (5) Written consent from the promoters have been obtained for inclusion of its Equity Shares as part of the





			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com <b>Website:</b> www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 ‘G’ Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

promoter’s contribution subject to lock-in and the Equity Shares proposed to form part of the promoter’s contribution subject to lock-in, shall not be disposed or sold or transferred by the promoters during the period starting from the date of filing the DRHP with the SEBI until the date of commencement of lock-in period as stated in the DRHP. **Complied with and noted for compliance.**

- (6) All applicable provisions of the SEBI ICDR Regulations, which relates to Equity Shares ineligible for computation of promoter’s contribution, have been and shall be duly complied with and appropriate disclosures as to compliance with the said regulation(s) have been made in the DRHP. **Complied with and noted for compliance.**
- (7) All applicable provisions of the SEBI ICDR Regulations which relate to receipt of promoter’s contribution prior to opening of the Offer, shall be complied with. We confirm that arrangements have been made to ensure that promoter’s contribution shall be received at least one day before the opening of the Offer. We undertake that auditor’s certificate to this effect shall be duly submitted to the SEBI. We further confirm that arrangements have been made to ensure that the promoter’s contribution will be kept in an escrow account with a scheduled commercial bank and shall be released to the Company along with the proceeds of the Offer. **Not applicable.**
- (8) Necessary arrangements have been made to ensure that the monies received pursuant to the Offer are credited or transferred in a separate bank account as per the provisions of sub-section (3) of Section 40 of the Companies Act, 2013 and that such moneys shall be released by the said bank only after permission is obtained from all the stock exchanges and that the agreement entered into between the Bankers to the Offer and the Company specifically contains this condition. **Noted for compliance.**
- (9) The existing business as well as any new business of the Company for which funds are being raised fall within the ‘main objects’ in the object clause of the Memorandum of Association of the Company or the charter of the Company and that the activities which have been carried in the last ten years are valid in terms of the object clause of the Memorandum of Association. **Complied with to the extent applicable and noted for compliance.**
- (10) Following disclosures have been made in the DRHP:
  - (a) An undertaking from the Company that at any given time, there shall be only one denomination for the Equity Shares of the Company, excluding SR equity shares, where an issuer has outstanding SR equity shares; **Complied with to the extent applicable. There are no SR equity shares issued by the Company** and
  - (b) An undertaking from the Company that it shall comply with all disclosure and accounting norms specified by the SEBI. **Complied with to the extent applicable and noted for compliance.**
- (11) We shall comply with the regulations pertaining to advertisements in terms of the SEBI ICDR Regulations. **Noted for compliance.**
- (12) We certify that the entity is eligible to list on the innovators growth platform in terms of the provisions of Chapter X of SEBI ICDR Regulations. **Not applicable.**

We enclose a note explaining how the process of due diligence has been exercised by us including in relation to the business of the Company, the risks in relation to the business, experience of the Promoters and that the related party transactions entered into for the period disclosed in the DRHP have been entered into by the Company in accordance with applicable laws. **Complied with to the extent applicable. Please refer to the due diligence process note enclosed as Annexure II A to this certificate.**



			
<p><b>ICICI Securities Limited</b>  ICICI Venture House,  Appasaheb Marathe Marg,  Prabhadevi, Mumbai 400 025  Maharashtra, India  <b>Tel:</b> + 91 22 6807 7100  <b>E-mail:</b> five-star.ipo@icicisecurities.com</p> <p><b>SEBI Registration No.:</b>  INM000011179  <b>CIN:</b> U51900MH2005PLC157853</p>	<p><b>Edelweiss Financial Services Limited</b>  Edelweiss House  Off C.S.T. Road, Kalina  Mumbai 400 098  Maharashtra, India  <b>Tel:</b> +91 22 4009 4400  <b>E-mail:</b> fivestar.ipo@edelweissfin.com  <b>Website:</b> www.edelweissfin.com</p> <p><b>SEBI Registration Number:</b>  INM0000010650  <b>CIN:</b> L99999MH1995PLC094641</p>	<p><b>Kotak Mahindra Capital Company Limited</b>  1<sup>st</sup> Floor, 27 BKC, Plot No. C-27  'G' Block, Bandra Kurla Complex  Bandra (East)  Mumbai 400 051  Maharashtra, India  <b>Tel:</b> +91 22 4336 0000  <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com</p> <p><b>SEBI Registration No.:</b> INM000008704  <b>CIN:</b> U67120MH1995PLC134050</p>	<p><b>Nomura Financial Advisory and Securities (India) Private Limited</b>  Ceejay House, Level 11 Plot F  Shivsagar Estate, Dr. Annie Besant Road  Worli, Mumbai 400018  Maharashtra, India  <b>Tel:</b> + 91 22 4037 4037  <b>E-mail:</b> fivestaripo@nomura.com</p> <p><b>SEBI Registration No.:</b> INM000011419  <b>CIN:</b> U74140MH2007PTC169116</p>

We enclose a checklist confirming regulation-wise compliance with the applicable provisions of the SEBI ICDR Regulations, containing details such as the regulation number, its text, the status of compliance, page number of the DRHP where the regulation has been complied with and our comments, if any. **Complied with. Please refer to Annexure II B to this certificate.**

All capitalized terms used herein and not specifically defined shall have the same meaning ascribed to such terms in the DRHP.

Thanking you,

Sincerely,

			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com <b>Website:</b> www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

*This signature page forms an integral part of the letter submitted to SEBI for the initial public offer by Five-Star Business Finance Limited.*

**For ICICI Securities Limited**







Authorised Signatory

Name: Rupesh Khant

Designation: Vice President

Contact Number: +91 22 6807 7352

Email:rupesh.khant@icicisecurities.com

			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com Website: www.edelweissfin.com <b>SEBI Registration Number:</b> INM000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

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**For Edelweiss Financial Services Limited**




Authorised Signatory  
Name: Neetu Ranka  
Designation: Director  
Contact Number: +91 98198 38110  
Email: [neetu.ranka@edelweissfin.com](mailto:neetu.ranka@edelweissfin.com)

			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com Website: www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

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**For Kotak Mahindra Capital Company Limited**








Authorised Signatory

Name: Sumit Agarwal

Designation: Director - ECF

Contact Number: +91-9167554074

Email: Sumit.A@kotak.com

			
<p><b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853</p>	<p><b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com <b>Website:</b> www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641</p>	<p><b>Kotak Mahindra Capital Company Limited</b> 1<sup>st</sup> Floor, 27 BKC, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050</p>	<p><b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116</p>

*This signature page forms an integral part of the letter submitted to SEBI for the initial public offer by Five-Star Business Finance Limited.*

**For Nomura Financial Advisory and Securities (India) Private Limited**

*Kanjani*







Authorised Signatory

Name: Vishal Kanjani

Designation: Executive Director

Contact Number: +91 22 4037 4037

Email: vishal.kanjani@nomura.com

			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com <b>Website:</b> www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 ‘G’ Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

## ANNEXURE II A

### Note explaining how the process of due diligence has been exercised

We have carried out a due diligence exercise on the Company for the purposes of complying with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”) and other applicable laws, and to the extent customary for initial public offerings in India. The due diligence process carried out by us commenced with interactions with the senior management of the Company to gain an understanding of the business of the Company, key risks involved and financial overview, among other matters. In this regard, we provided the Company with a due diligence questionnaire and information request list prepared in consultation with Legal Counsels (as defined hereinafter). In response to the questionnaire and the information requisition list, the Company provided us with supporting documents for our review and gave us explanations for our queries. In order to facilitate such review, the Company set up an online data room where copies of such relevant documents were made available for undertaking the due diligence.





All capitalized terms used herein and not specifically defined shall have the same meanings ascribed to such terms in the draft red herring prospectus dated November 9, 2021 (“**DRHP**”).

In the due diligence process, the Company was assisted by the Legal Counsels (defined below) and the Auditors (defined below). Cyril Amarchand Mangaldas has been appointed as the legal counsel to the Company as to Indian Law, Shardul Amarchand Mangaldas & Co has been appointed as legal counsel to the Book Running Lead Managers as to Indian law, Sidley Austin LLP has been appointed as the international legal counsel to the Book Running Lead Managers. Khaitan & Co. has been appointed as the legal counsel to the Corporate Promoters and Matrix Partners India Investments II Extension, LLC as to Indian law and AZB & Partners has been appointed as the legal counsel to TPG Asia VII SF Pte. Ltd., and Norwest Venture Partners X - Mauritius as to Indian Law, in relation to the Offer. Pawan Jhabakh has been appointed as the legal counsel to the Individual Selling Shareholders (collectively the “**Legal Counsels**”). The Legal Counsels have assisted us in carrying out legal due diligence, drafting of the DRHP in compliance with the SEBI ICDR Regulations and other applicable laws, and advised the Company and us on other legal matters, in connection with the Offer, including for the purpose of issuing legal opinions in relation to the Offer to the BRLMs, as applicable. We were also assisted by the current statutory auditors of the Company, B S R & Co. LLP (the “**Statutory Auditors**”) and R P S V & Co., Chartered Accountants (“**Independent CA**”), in the financial due diligence in relation to the Offer. In addition, (i) the Statutory Auditors have provided statements of special direct and indirect tax benefits to the Company and its shareholders and have reviewed certain matters relating to *inter alia* the computation of Company’s net worth, operating profit/loss and net tangible assets, and compliance with corporate governance requirements by the Company. The Statutory Auditors have also provided examination reports in relation to the restated financial information of the Company; and (ii) the Independent CA has verified and provided certifications with respect to average cost of acquisition of equity shares by the Promoters and Selling Shareholders and certain key financial data of the Company as disclosed in the DRHP along with certain other certificates.

Both the Statutory Auditors and Independent CA, have consented to be named as an expert, in terms of the Companies Act, 2013, as amended, in the DRHP and such consent has not been withdrawn as at the date of filing of this DRHP with the SEBI.

The Company has also placed reliance on the report titled “*Industry Report on Small Business Loans in India*” issued in November 2021 by CRISIL Limited (“**CRISIL**”) and such report, the “**CRISIL Report**”) for disclosures in the industry overview in the DRHP. The CRISIL Report has been commissioned and paid for by the Company for the purposes of confirming the Company’s understanding of the industry in connection with the Offer.

Certain of the corporate records in relation to certain allotments of Equity Shares, namely the Form-2 filed with the Registrar of Companies in relation to each such allotments made by the Company since incorporation until July 31, 2009, along with the relevant attachments including approvals obtained from the statutory authorities,





			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com <b>Website:</b> www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 ‘G’ Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

where applicable, are not traceable in the historical records maintained by the Company, or at the MCA Portal maintained by the Ministry of Corporate Affairs and the Registrar of Companies, despite conducting internal searches and engaging an independent practicing company secretary to conduct the search. Accordingly, reliance has been placed on confirmations provided by the Company in respect of the missing corporate records and appropriate disclosures have been made in the Draft Red Herring Prospectus pursuant to the due diligence of the other relevant corporate records available with the Company including the minutes of meetings of the Board and Shareholders, register of members and register of transfer of equity shares to ascertain the information sought from the missing corporate records. For details, see “*Risk Factors – Some of our corporate records, including those relating to allotments of our Equity Shares in the past, are not traceable.*” on page 38 of the DRHP. Reliance has also been placed by a certificate dated November 9, 2021 issued by M/s S Sandeep & Associates in relation to the search conducted.

## 1. Business and Commercial Diligence

The due diligence process in relation to general business and commercial matters included:

- (a) Organizing and attending virtual meetings with the Company to develop an understanding of the business, history and other matters of the Company and the industry overview and the regulatory environment, which were attended by the Chairman and Managing Director and Chief Financial Officer, other Key Managerial Personnel and members of the secretarial, legal and financial departments of the Company, the Book Running Lead Managers, the Legal Counsels, and the Statutory Auditors. An overview of the business of the Company, the industry in which it operates, the regulatory framework with respect to the business, the corporate structure, the capital structure, financials of the Company were presented, followed by interactive discussions. Virtual site visit of a material branch of the Company was carried out by the Book Running Lead Managers. Further, we have also reviewed lease agreements, material approvals in relation to the branches operated by the Company on a sample basis, where the sampling of the branches have been done to cover all regions where the Company operates and the types of branches operated by the Company.
- (b) Regularly interacting with the Company’s senior management as well as personnel from the Company’s secretarial, operations, legal and finance departments and the Statutory Auditors for the purpose of gaining an understanding about the business, the risks involved and the financial overview of the Company, among other matters. These interactions included (i) virtual due diligence meetings, drafting sessions and conference calls to discuss and draft disclosures in the DRHP; (ii) due diligence calls with the Statutory Auditors; (iii) bring down due diligence calls to receive updated information from the Company before filing the DRHP; (iv) seeking certifications from the Company, Promoters, its Directors, Group Companies, members of the Promoter Group and Key Managerial Personnel; These interactions were conducted with an objective to assist the Bank to prepare disclosures in the DRHP as required under the SEBI ICDR Regulations, the Companies Act, and other applicable laws with regard to the Offer. We shall continue to undertake these interactions and due diligence calls until completion of the Offer. Further, we also interacted with the representatives of the Selling Shareholders to prepare the disclosures in the DRHP in relation to such Selling Shareholders and sought certifications from Selling Shareholders in relation to the Offer.
- (c) Requesting the Company to provide documents based on the requirements under the SEBI ICDR Regulations and other applicable laws in a virtual data room and reviewing those documents along with the Legal Counsels, to comply with the diligence requirements as stipulated under the SEBI ICDR Regulations, and the other applicable laws, as is customary in such transactions.

			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com <b>Website:</b> www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 ‘G’ Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

- (d) Obtaining certificates and confirmations from the Company, its Directors, Key Managerial Personnel, the Promoters, members of Promoter Group, Group Companies, the Statutory Auditors, Independent CA and other documents, in support of certain disclosures made in the DRHP.
- (e) Reviewing, together with the Legal Counsels, certain business related agreements entered into by the Company including the shareholders’ agreement. Where such agreements were large in number and standard in form, we have carried out our review on a sample basis to verify the disclosures made in this regard in the DRHP.
- (f) Obtaining circle-ups from the Statutory Auditors on financial information and certification/ circle-ups from the Independent CA for the operational data and certain financial related information included in the DRHP.
- (g) Interacting with the Selling Shareholders and their representatives and legal counsels, as applicable, to prepare disclosures in the DRHP in relation to such Selling Shareholders and the Equity Shares offered by them as part of Offer for Sale in the Offer, and obtained certifications in this regard.
- (h) Interacting with the industry consultant, namely, CRISIL, including through a customary due diligence call conducted along with the Legal Counsels, and obtaining a consent from them for including extracts of the CRISIL Report (as defined below) in support of certain disclosures included in the DRHP.

## 2. Industry Information





We have relied on industry and market data derived from the CRISIL Report, which has been prepared by CRISIL, commissioned and paid for by the Company for the purposes of confirming Company’s understanding of the industry in connection with the Offer. The industry related information contained in the DRHP, including sections titled “Offer Document Summary”, “Industry Overview”, “Our Business”, “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, has been included from the CRISIL Report.

## 3. Outstanding Litigation Proceedings

The Company has disclosed outstanding litigation involving the Company, its Directors and Promoters, as applicable, in accordance with the requirements under SEBI ICDR Regulations. Disclosures on outstanding litigation and material creditors have been made as per the materiality policy adopted by the Company’s board of directors pursuant to a resolution dated October 21, 2021 in the section titled “Outstanding Litigation and Material Developments” of the DRHP. The Company has provided a list of outstanding litigations involving the Company and supporting documents for proceedings involving the Company. For disclosures relating to outstanding litigation involving the Directors and Promoters, the Company has provided certification received from Directors and Promoters. The Company has provided certificates from relevant Group Companies stating that there is no pending litigation involving Group Companies which may have a material impact on the Company. Further, we have, from time to time, interacted with the relevant representatives of the Company to understand the status of material pending proceedings involving the Company.

Pursuant to the SEBI ICDR Regulations and the materiality policy adopted by the Company’s board of directors on November 8, 2021, for the purposes of disclosure, all pending litigation involving the Company, Promoters and Directors (“**Relevant Parties**”) (other than criminal proceedings, actions by



			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com <b>Website:</b> www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 ‘G’ Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

statutory or regulatory authorities, disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years including any outstanding action and taxation matters) in which the monetary amount of claim by or against the Relevant Party in any such outstanding litigation is in excess of 1% of the profit after tax as per the audited annual Restated Financial Statements of the Company would be considered material for the Company. Accordingly if: (i) the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of 1% of the profit after tax as per the audited annual Restated Financial Statements of the Company; and (iii) where monetary liability is not quantifiable or any other outstanding litigations,, the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects or reputation of our Company, have been considered material by the Company.

Outstanding legal proceedings in relation to direct and indirect taxes have been disclosed in a consolidated manner giving details of number of cases and total amount involved in such proceedings. With respect to such proceedings, we have relied on a list provided by the Company.

Based on the SEBI ICDR Regulations and the policy on materiality adopted by the Company’s board of directors, disclosures on dues to material creditors have been provided in summary format (indicating the total number of, and aggregate outstanding amounts due to such creditors). Pursuant to the materiality policy adopted by the Company’s board of directors on November 8, 2021, for the purposes of disclosures in the DRHP, outstanding dues to any creditor of the Company having monetary value that exceeds 5% of the total trade payables of the Company as at September 30, 2021, as per the Restated Financial Statements has been considered material. Accordingly, in the DRHP, creditors of the Company to whom an amount exceeding 5% (being ₹ 4.10 million) of the total trade payables as on September 30, 2021 was outstanding, were considered as ‘material’ creditors.





#### **4. *Directors, Key Managerial Personnel, Promoters, Promoter Group, Group Companies and Selling Shareholders of the Company***

For the purposes of making certain disclosures with respect to the Directors, Key Managerial Personnel, Promoters, Group Companies, Promoter Group and Selling Shareholders, we have obtained certifications from the relevant entities/ persons.

For the purposes of disclosure of the educational qualifications and professional experience of Directors and Key Managerial Personnel of the Company, we have relied on relevant transcripts, degree certificates, experience certificates, form filings and salary slips issued by previous and current employers and other back-up documents.

The Group Companies have been identified in accordance with the definition provided under the SEBI ICDR Regulations, as companies (other than promoter and subsidiaries) with which there were related party transactions during the last three financial years, which is the period for which financial information is disclosed in the DRHP, as covered under the applicable accounting standards, which have been identified pursuant to a resolution of the Board of Directors dated November 8, 2021.

We have received confirmation from the Company, its Directors, Promoters, members of Promoter Group and Selling Shareholders, stating that they have not been debarred or prohibited from accessing the capital markets or from buying, selling or dealing in securities under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any other authority/court. In addition, we have received confirmation from the Company, its Directors and Promoters stating that they have not been categorized as wilful defaulters as per the definition mentioned in SEBI ICDR Regulations.

			
<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> + 91 22 6807 7100 <b>E-mail:</b> five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 <b>CIN:</b> U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India <b>Tel:</b> +91 22 4009 4400 <b>E-mail:</b> fivestar.ipo@edelweissfin.com <b>Website:</b> www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 <b>CIN:</b> L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 <b>CIN:</b> U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India <b>Tel:</b> + 91 22 4037 4037 <b>E-mail:</b> fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 <b>CIN:</b> U74140MH2007PTC169116

As required under the SEBI ICDR Regulations, brief financial details of the Group Companies as of and for the three immediately preceding years will be uploaded on the websites of the Group Companies or the Company.

We have also received confirmation from the Company that none of its Directors or Individual Promoters are 'fugitive economic offenders' as per the definition in SEBI ICDR Regulations.

## 5. *Financial Information and financial indebtedness of the Company*





We conducted due diligence on financial matters, which included virtual meetings and a due diligence call with the Statutory Auditors and the finance team of the Company, review of the auditors' reports and other related documents. The Statutory Auditor has provided the Restated Financial Statements of the Company, as at and for the six months ended September 30, 2021, and September 30, 2020 and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 that comprise the restated summary statement of assets and liabilities as at September 30, 2021, September 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019, the restated summary statements of profit and loss and the restated summary statement of cash flows for the six months ended September 30, 2021 and September 30, 2020 and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019, together with the summary statement of significant accounting policies, and other explanatory information thereon derived from audited financial statements as at and for the six months ended September 30, 2021 and September 30, 2020 and as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 prepared in accordance with Ind AS and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time (and provided an examination report thereon).

Further, the Statutory Auditors were required to review the financial information relating to the Company in the DRHP and have delivered customary comfort letters along with circle-up to the Book Running Lead Managers for the accuracy of the financial information in the DRHP. As the Offer progresses, such comfort letters will be re-issued or brought down by the Statutory Auditors at certain future dates, including prior to the filing of the Red Herring Prospectus and the Prospectus and the Allotment of Equity Shares in the Offer.

In addition, as per the requirements of the SEBI ICDR Regulations, the Company has uploaded the standalone audited financial statements of the Company for the past three fiscals on its website (<https://fivestargroup.in/investors/>).

We have reviewed the certificate provided by the Statutory Auditors on computation of the Company's net worth, operating profit/loss and net tangible assets, each on a restated and consolidated basis, to assess eligibility of the Company to undertake the Offer under Regulation 6(1) of the SEBI ICDR Regulations. We have relied on the statement of possible special tax benefits to the Company, and its Shareholders issued by the Statutory Auditors.

For the purposes of the DRHP, we, along with the Legal Counsels, have conducted a due diligence exercise of all outstanding financial indebtedness of the Company and such information has been disclosed in a summarised form in the DRHP. In this connection, we have reviewed the relevant sanction letters issued by the lenders as well as other financing related documents. We have also sought consents from lenders, wherever applicable, regarding the Offer including corporate actions required in relation to the Issue. Consents from some of these lenders in connection with the Offer have not been received, as on the date the DRHP. The Company shall endeavour to obtain these consents prior to the filing of the red herring prospectus with the RoC. We have also relied on a certification from the Independent CA in connection with the Company's financial indebtedness, ascertaining the amount of outstanding

			
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borrowings of the Company as of September 30, 2021, which is disclosed in the section “*Financial Indebtedness*” of the DRHP.

## 6. *Statutory and/or Regulatory and Other Diligence*





In connection with due diligence of statutory and/or regulatory matters, we have along with the Legal Counsels, interacted with the officials of the Company to understand the various approvals that are necessary by the to carry out their respective business, followed by a review of the relevant statutory and/or regulatory records of the Company, including relevant corporate records, approvals, filings made by the Company with various key statutory and/or regulatory authorities, material licenses, approvals and registrations applied for and/or received by the Company and such other documents as we have deemed necessary and as have been provided to us by the Company from time to time. We have also relied on representations and certifications provided by the Company in connection with such statutory and/or regulatory matters.

In addition to disclosure of approvals related to the Company’s incorporation, key business-related approvals obtained by the Company and taxation related registrations, we have, in the DRHP, summarized the type of material approvals required by the Company for carrying on its business operations. The description of the material approvals required for the business operations of the Company has been disclosed in the DRHP.

Further, certain of the corporate records in relation to certain allotments of Equity Shares, namely the Form-2 filed with the Registrar of Companies in relation to each such allotments made by the Company since incorporation until July 31, 2009, along with the relevant attachments including approvals obtained from the statutory authorities, where applicable, are not traceable in the historical records maintained by our Company, or at the MCA Portal maintained by the Ministry of Corporate Affairs and the Registrar of Companies, despite conducting internal searches and engaging an independent practicing company secretary to conduct the search. Accordingly, reliance has been placed on confirmations provided by the Company in respect of the missing corporate records and appropriate disclosures have been made in the Draft Red Herring Prospectus pursuant to the due diligence of the other relevant corporate records available with the Company including the minutes of meetings of the Board and Shareholders, register of members and register of transfer of equity shares to ascertain the information sought from the missing corporate records. For details, see “*Risk Factors – Some of our corporate records, including those relating to allotments of our Equity Shares in the past, are not traceable.*” on page 38 of the DRHP.





## 7. *Objects of the Offer*

The Company will not receive any proceeds from the Offer. The Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale after deducting their proportion of Offer expenses and relevant taxes thereon.

			
<p><b>ICICI Securities Limited</b>  ICICI Venture House,  Appasaheb Marathe Marg,  Prabhadevi, Mumbai 400 025  Maharashtra, India  <b>Tel:</b> + 91 22 6807 7100  <b>E-mail:</b> five-star.ipo@icicisecurities.com  <b>SEBI Registration No.:</b>  INM000011179  <b>CIN:</b> U51900MH2005PLC157853</p>	<p><b>Edelweiss Financial Services Limited</b>  Edelweiss House  Off C.S.T. Road, Kalina  Mumbai 400 098  Maharashtra, India  <b>Tel:</b> +91 22 4009 4400  <b>E-mail:</b> fivestar.ipo@edelweissfin.com  <b>Website:</b> www.edelweissfin.com  <b>SEBI Registration Number:</b>  INM0000010650  <b>CIN:</b> L99999MH1995PLC094641</p>	<p><b>Kotak Mahindra Capital Company Limited</b>  1<sup>st</sup> Floor, 27 BKC, Plot No. C-27  'G' Block, Bandra Kurla Complex  Bandra (East)  Mumbai 400 051  Maharashtra, India  <b>Tel:</b> +91 22 4336 0000  <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com  <b>SEBI Registration No.:</b> INM000008704  <b>CIN:</b> U67120MH1995PLC134050</p>	<p><b>Nomura Financial Advisory and Securities (India) Private Limited</b>  Ceejay House, Level 11 Plot F  Shivsagar Estate, Dr. Annie Besant Road  Worli, Mumbai 400018  Maharashtra, India  <b>Tel:</b> + 91 22 4037 4037  <b>E-mail:</b> fivestaripo@nomura.com  <b>SEBI Registration No.:</b> INM000011419  <b>CIN:</b> U74140MH2007PTC169116</p>





## ANNEXURE II B

Checklist confirming regulation-wise compliance with the applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

			
<p><b>ICICI Securities Limited</b>  ICICI Venture House,  Appasaheb Marathe Marg,  Prabhadevi, Mumbai 400 025  Maharashtra, India  <b>Tel:</b> + 91 22 6807 7100  <b>E-mail:</b> five-star.ipo@icicisecurities.com</p> <p><b>SEBI Registration No.:</b>  INM000011179  <b>CIN:</b> U51900MH2005PLC157853</p>	<p><b>Edelweiss Financial Services Limited</b>  Edelweiss House  Off C.S.T. Road, Kalina  Mumbai 400 098  Maharashtra, India  <b>Tel:</b> +91 22 4009 4400  <b>E-mail:</b> fivestar.ipo@edelweissfin.com  <b>Website:</b> www.edelweissfin.com</p> <p><b>SEBI Registration Number:</b>  INM0000010650  <b>CIN:</b> L99999MH1995PLC094641</p>	<p><b>Kotak Mahindra Capital Company Limited</b>  1<sup>st</sup> Floor, 27 BKC, Plot No. C-27  'G' Block, Bandra Kurla Complex  Bandra (East)  Mumbai 400 051  Maharashtra, India  <b>Tel:</b> +91 22 4336 0000  <b>E-mail:</b> five-starbusinessfinance.ipo@kotak.com</p> <p><b>SEBI Registration No.:</b> INM000008704  <b>CIN:</b> U67120MH1995PLC134050</p>	<p><b>Nomura Financial Advisory and Securities (India) Private Limited</b>  Ceejay House, Level 11 Plot F  Shivsagar Estate, Dr. Annie Besant Road  Worli, Mumbai 400018  Maharashtra, India  <b>Tel:</b> + 91 22 4037 4037  <b>E-mail:</b> fivestaripo@nomura.com</p> <p><b>SEBI Registration No.:</b> INM000011419  <b>CIN:</b> U74140MH2007PTC169116</p>

### Annexure III





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<b>ICICI Securities Limited</b> ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India Tel: +91 22 6807 7100 E-mail: five-star.ipo@icicisecurities.com <b>SEBI Registration No.:</b> INM000011179 CIN: U51900MH2005PLC157853	<b>Edelweiss Financial Services Limited</b> Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India Tel: +91 22 4009 4400 E-mail: fivestar.ipo@edelweissfin.com Website: www.edelweissfin.com <b>SEBI Registration Number:</b> INM0000010650 CIN: L99999MH1995PLC094641	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. C-27 'G' Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India Tel: +91 22 4336 0000 E-mail: five-starbusinessfinance.ipo@kotak.com <b>SEBI Registration No.:</b> INM000008704 CIN: U67120MH1995PLC134050	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Road Worli, Mumbai 400018 Maharashtra, India Tel: +91 22 4037 4037 E-mail: fivestaripo@nomura.com <b>SEBI Registration No.:</b> INM000011419 CIN: U74140MH2007PTC169116

#### Annexure IV

Set out below are the details of the listed debt securities of the Company.

ISIN	Scrip Code	Status	Number of Debenture Holders	Name of Debenture Trustee	Outstanding Amount as on September 30, 2021 (in ₹ million)	Maturity
INE128S07317	957795	Listed	1	Catalyst Trusteeship Limited	50	March 28, 2023
INE128S07325	957917	Listed	3	Catalyst Trusteeship Limited	650	March 28, 2023
INE128S07333	957958	Listed	21	Catalyst Trusteeship Limited	650	March 28, 2023
INE128S07341	958034	Listed	23	Catalyst Trusteeship Limited	650	March 28, 2023
INE128S07366	958754	Listed	203	Catalyst Trusteeship Limited	300	April 11, 2024
INE128S07416	958957	Listed	1	Catalyst Trusteeship Limited	1,250	August 28, 2025
INE128S07424	959493	Listed	1	Catalyst Trusteeship Limited	150	May 13, 2026
INE128S07432	959536	Listed	1	Catalyst Trusteeship Limited	150	May 28, 2023
INE128S07440	959602	Listed	1	Catalyst Trusteeship Limited	250	June 12, 2023
INE128S07457	959695	Listed	3	Catalyst Trusteeship Limited	1,150	April 21, 2023
INE128S07465	959708	Listed	1	Catalyst Trusteeship Limited	500	January 03, 2022
INE128S07473	959833	Listed	2	Catalyst Trusteeship Limited	1,000	January 31, 2022
INE128S07481	959953	Listed	2	Catalyst Trusteeship Limited	500	February 20, 2022
INE128S07499	960002	Listed	20	Catalyst Trusteeship Limited	250	February 22, 2023
INE128S07507	960080	Listed	1	Catalyst Trusteeship Limited	700	September 30, 2029
INE128S07515	960231	Listed	1	Catalyst Trusteeship Limited	250	May 19, 2022
INE128S07523	960329	Listed	1	Catalyst Trusteeship Limited	200	June 15, 2023
INE128S07531	960328	Listed	1	Catalyst Trusteeship Limited	200	March 15, 2022
INE128S07549	960340	Listed	149	Catalyst Trusteeship Limited	750	December 16, 2027
INE128S07556	960342	Listed	106	Catalyst Trusteeship Limited	500	December 16, 2027

			
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ISIN	Scrip Code	Status	Number of Debenture Holders	Name of Debenture Trustee	Outstanding Amount as on September 30, 2021  (in ₹ million)	Maturity
INE128S07564	960446	Listed	155	Catalyst Trusteeship Limited	1,500	April 30, 2023