

INFORMATION MEMORANDUM



FIVE-STAR BUSINESS FINANCE LIMITED

A public limited company incorporated under the Companies Act, 1956

Date of Incorporation: May 07, 1984; CIN: U65991TN1984PLC010844

Registered Office: New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai TN 600010

Telephone No.: 044-4610 6200 **Website:** www.fivestargroup.in

Information Memorandum for issue of Debentures on a private placement basis

Dated: December 15, 2020

Issue of 2000 (Two Thousand) Series A and 2000 (Two Thousand) Series B Rated, Listed, Senior, Secured, Redeemable, Taxable, Principal Protected, Market Linked Non-Convertible Debentures ("NCDs or "Debentures") of face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating up to Rs. 40,00,00,000 (Rupees Forty Crores only) on a private placement basis (the "Issue").

Background

This Information Memorandum is related to the Debentures to be issued by Five-Star Business Finance Limited (the "Issuer" or "Company") on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures comprised in the Issue and described under this Information Memorandum has been authorised by the Issuer through resolutions passed by the shareholders of the Issuer on August 31, 2020 and the Board of Directors of the Issuer on June 10, 2020 read together with the resolution passed by Business and Resource Committee of the Board of Directors on December 04, 2020 and the Memorandum and Articles of Association of the Company. Pursuant to the resolution passed by the Company's shareholders dated August 31, 2020 in accordance with provisions of the Companies Act, 2013, the Company has been authorised to borrow and raise funds, upon such terms and conditions as the Board may think fit for aggregate amounts not exceeding INR 7000,00,00,000/- (Rupees Seven Thousand Crores only). The present issue of Debentures in terms of this Information Memorandum is within the overall powers of the Board as per the above shareholder resolution(s).

General Risks

Investment in debt and debt related securities involve a degree of risk and Investors should not invest any funds in the debt instruments, unless they can afford to take the risks attached to such investments and only after reading the information carefully. For taking an investment decision, the Investors must rely on their own examination of the Company and the Issue including the risks involved. The Debentures have not been recommended or approved by Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of Investors is invited to the statement of Risk Factors at 0 of this memorandum of private placement for issue of Debentures on a private placement basis ("Information Memorandum" or "Disclosure Document"). This Information Memorandum has not been submitted, cleared or approved by SEBI.



Issuer's Absolute Responsibility

The Issuer, having made all reasonable inquiries, confirms and represents that the information contained in this Information Memorandum/ Disclosure Document is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. The Issuer is solely responsible for the correctness, adequacy and disclosure of all relevant information herein.

Credit Rating

The Debentures proposed to be issued by the Issuer have been rated by ICRA Limited. The Rating Agency has, vide its letter dated December 10, 2020 assigned a rating of "PP-MLD[ICRA]A" (pronounced as "principal protected market linked debenture ICRA A") with "Stable" outlook in respect of the Debentures. The above rating is not a recommendation to buy, sell or hold securities and Investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the rating agency and should be evaluated independently of any other ratings. Please refer to **Annexure II** of this Information Memorandum for the letter dated December 10, 2020 from the Rating Agency assigning the credit rating above mentioned.

Issue Schedule

Issue Opening on: December 15, 2020
Issue Closing on: December 15, 2020
Deemed Date of Allotment: December 15, 2020

The Issuer reserves the right to change the Issue Schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons or prior notice. The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

The Debentures are proposed to be listed on the wholesale debt market of the Bombay Stock Exchange / BSE Limited ("BSE").

Registrar and Transfer Agent	Debenture Trustee
 <p>NSDL Database Management Limited 4th Floor, Trade World, A Wing Kamala Mills Compound Lower Parel, Mumbai - 400 013 Contact person: Mr. Nilesh Bhandare, Manager Tel: 9833515383(M) Tel: +91-22-2499 4200 Email: info_ndml@nsdl.co.in</p>	 <p>Catalyst Trusteeship Limited Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098 Tel.: 022- 49220507 Fax: 022-49220505 Email: 022-49220555 Contact Person: Mr. Umesh Salvi</p>



(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

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SECTION 1: DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Information Memorandum.

Allot/Allotment/Allotted	Unless the context otherwise requires or implies, the allotment of the Debentures pursuant to this Issue.
Application Form	The form used by the recipient of this Disclosure Document and/or the Private Placement Offer cum Application Letter, to apply for subscription to the Debentures, which is annexed to this Information Memorandum and marked as Annexure IV .
Board/Board of Directors	The Board of Directors of the Issuer.
Business Day	A day (other than a Saturday, a Sunday or a Bank Holiday) on which banks are open for general business in Chennai and Mumbai.
CDSL	Central Depository Services Limited
Client Loan	Each loan made by the Issuer as a lender, and " Client Loans " shall refer to the aggregate of such loans.
Debentures / NCDs	2000 (Two Thousand) Series A and 2000 (Two Thousand) Series B Rated, Listed, Senior, Secured, Redeemable, Taxable, Principal Protected, Market Linked, Non-Convertible Debentures bearing a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating to Rs. 40,00,00,000/- (Rupees Forty crores only).
Debenture Holders / Investors	The holders of the Debentures issued by the Issuer and shall include the registered transferees of the Debentures from time to time.
Deemed Date of Allotment	December 15, 2020
Debenture Trustee	Catalyst Trusteeship Limited
Debenture Trustee Agreement	Agreement executed by and between the Debenture Trustee and the Company <i>inter alia</i> for the purposes of appointment of the Debenture Trustee to act as debenture trustee in connection with the issuance of the Debentures.
Debenture Trust Deed	Shall mean the debenture trust deed executed/to be executed by and between the Debenture Trustee and the Company <i>inter alia</i> setting out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer.
Deed of Hypothecation	The deed of hypothecation entered/to be entered into between the Issuer and the Debenture Trustee, pursuant to which the hypothecation over the Secured Property shall be created by the Issuer in favour of the Debenture Trustee (acting for and on behalf of the Debenture Holders).
Demat	Refers to dematerialized securities which are securities that are in electronic form, and not in physical form, with the entries noted by the Depository.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 2018, as amended from time to time.
Depository Participant / DP	A depository participant as defined under the Depositories Act
Director(s)	Board of Director(s) of the Issuer.
Disclosure Document / Information Memorandum	This document which sets out the information regarding the Debentures being issued on a private placement basis.
DP ID	Depository Participant Identification Number.
Due Date	Any date on which the holders of the Debentures are entitled to any payments whether on maturity or otherwise prior to the scheduled Redemption Date or upon acceleration.



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EFT	Electronic Fund Transfer.
Financial Year/ FY	Twelve months period commencing from April 1 of a particular calendar year and ending on March 31 of the subsequent calendar year.
Final Settlement Date	shall mean the date on which the entire outstanding amounts of the Company in relation to the Debentures including the principal amounts, the Coupon accrued thereon, the Default Interest, additional interest, costs, fees, charges, etc. and all obligations of the Company under the Transaction Documents have been irrevocably and unconditionally discharged in full, to the satisfaction of the Debenture Trustee
GAAP	Generally Accepted Accounting Principles prescribed by the Institute of Chartered Accountants of India from time to time and consistently applied by the Issuer.
IBC	shall mean the Insolvency and Bankruptcy Code, 2016, and the rules and regulations made thereunder which are in effect from time to time and shall include any other statutory amendment or re-enactment thereof;
ICCL	Indian Clearing Corporation Limited
Indian GAAP	Means the generally accepted accounting principles, standards and practices in India or any other prevailing accounting standard in India as may be applicable
Indian Accounting Standard (IND AS)	Means Accounting standard adopted by companies in India and issued under the supervision of Accounting Standards Board (ASB)
Issue	Private Placement of the Debentures.
Issue Closing Date	December 15, 2020
Issue Opening Date	December 15, 2020
Issuer/ Company	Five-Star Business Finance Limited
Majority Debenture Holders	Debenture Holders whose participation or share in the principal amount(s) outstanding with respect to the Debentures aggregate to more than 51% (Fifty One Percent) of the value of the nominal amount of the Debentures for the time being outstanding.
Material Adverse Effect	The effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, a material and adverse effect on (i) the financial condition, business or operation of the Issuer; (ii) the ability of the Issuer to perform their obligations under the Transaction Documents; or (iii) the validity or enforceability of any of the Transaction Documents (including the ability of any party to enforce any of its remedies thereunder).
Maturity Date	Maturity Date for each Series, as follows: <ul style="list-style-type: none"> • Series A: March 15, 2022 • Series B: June 15, 2023
Net Assets	Net Assets shall mean the total assets on the balance sheet of the Issuer excluding any securitised assets and managed (non-owned) loan portfolio.
N.A.	Not Applicable.
NBFC Directions	RBI Master Direction on Non- Banking Financial Company- Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Master Direction DNBR. PD. 008/03.10.119/2016-17)
NSDL	National Securities Depository Limited.
PAN	Permanent Account Number.
Private Placement Offer cum Application Letter	Shall mean the private placement offer cum application letter prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014.



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RBI	Reserve Bank of India.
Rating Agency	ICRA Limited, being a credit rating agency registered with SEBI pursuant to SEBI (Credit Rating Agencies) Regulations 1999, as amended from time to time.
Record Date	Means the date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 calendar days prior to any Due Date.
R&T Agent	Registrar and Transfer Agent to the Issue, in this case being NSDL Database Management Limited.
ROC	Registrar of Companies.
Rs. / INR	Indian Rupee.
RTGS	Real Time Gross Settlement.
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time).
SEBI Debt Listing Regulations	The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008 issued by SEBI, as amended from time to time.
Security	The security for the Debentures as specified in Annexure I .
Tax or Taxes	shall mean any and all present or future, direct or indirect, claims for tax, withholding tax, surcharge, levy, impost, duty, cess, statutory due or other charge of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) including on gross receipts, sales, turn-over, value addition, use, consumption, property, service, income, franchise, capital, occupation, license, excise, documents (such as stamp duties) and customs and other taxes, duties, assessments, or fees, however imposed, withheld, levied, or assessed by any Government;
TDS	Tax Deducted at Source.
The Companies Act/ the Act	The Companies Act, 2013 or where applicable, the provisions of the Companies Act, 1956, still in force.
Terms & Conditions	Shall mean the terms and conditions pertaining to the Issue as outlined in the Transaction Documents.
Transaction Documents	Shall mean the documents executed or to be executed in relation to the issuance of the Debentures as more particularly set out in Annexure I .
WDM	Wholesale Debt Market.
Wilful Defaulter	Shall mean an Issuer who is categorized as a wilful defaulter by any Bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an issuer whose director or promoter is categorized as such in accordance with Regulation 2(n) of SEBI (Issue and Listing of Debt Securities) Regulations, 2008.



SECTION 2: NOTICE TO INVESTORS AND DISCLAIMERS

2.1 ISSUER'S DISCLAIMER

This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus and should not be construed to be a prospectus or a statement in lieu of a prospectus under the Companies Act. The issue of the Debentures to be listed on the WDM segment of the BSE is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This Information Memorandum does not constitute and shall not be deemed to constitute an offer or invitation to subscribe to the Debentures to the public in general.

As per the applicable provisions, it is not necessary for a copy of this Information Memorandum / Disclosure Document to be filed or submitted to the SEBI for its review and/or approval. This Information Memorandum has been prepared in conformity with the SEBI Debt Listing Regulations as amended from time to time and the applicable RBI Circulars governing private placements of debentures by NBFCs. This Information Memorandum has been prepared solely to provide general information about the Issuer to the eligible investors to whom it is addressed and who are willing and eligible to subscribe to the Debentures. This Information Memorandum does not purport to contain all the information that any eligible investor may require. Further, this Information Memorandum has been prepared for informational purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth herein.

Neither this Information Memorandum nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation and any recipient of this Information Memorandum should not consider such receipt as a recommendation to subscribe to any Debentures. Each potential Investor contemplating subscription to any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential Investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyze such investment and the suitability of such investment to such potential Investor's particular circumstances.

The Issuer confirms that, as of the date hereof, this Information Memorandum (including the documents incorporated by reference herein, if any) contains all the information that is material in the context of the Issue and regulatory requirements in relation to the Issue and is accurate in all such material respects. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Information Memorandum or in any material made available by the Issuer to any potential Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer. The Issuer certifies that the disclosures made in this Information Memorandum and/or the Private Placement Offer cum Application Letter are adequate and in conformity with the SEBI Debt Listing Regulations. Further, the Issuer accepts no responsibility for statements made otherwise than in the Information Memorandum or any other material issued by or at the instance of the Issuer and anyone placing reliance on any source of information other than this Information Memorandum would be doing so at its own risk.

This Information Memorandum, the Private Placement Offer cum Application Letter and the contents hereof are restricted only for the intended recipient(s) who have been addressed directly and specifically through a communication by the Issuer and only such recipients are eligible to apply for the Debentures. All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The contents of this Information Memorandum and/or the Private Placement Offer cum Application Letter are intended to be used only by those potential Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.



No invitation is being made to any person other than those to whom Application Forms along with this Information Memorandum and the Private Placement Offer cum Application Letter being issued have been sent. Any application by a person to whom the Information Memorandum and/or the Private Placement Offer cum Application Letter has not been sent by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Information Memorandum and/or the Private Placement Offer cum Application Letter shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding the contents hereof without the consent of the Issuer. The recipient agrees to keep confidential all information provided (or made available hereafter), including, without limitation, the existence and terms of the Issue, any specific pricing information related to the Issue or the amount or terms of any fees payable to us or other parties in connection with the Issue. This Information Memorandum and/or the Private Placement Offer cum Application Letter may not be photocopied, reproduced, or distributed to others at any time without the prior written consent of the Issuer. Upon request, the recipients will promptly return all material received from the Issuer (including this Information Memorandum) without retaining any copies hereof. If any recipient of this Information Memorandum and/or the Private Placement Offer cum Application Letter decides not to participate in the Issue, that recipient must promptly return this Information Memorandum and/or the Private Placement Offer cum Application Letter and all reproductions whether in whole or in part and any other information statement, notice, opinion, memorandum, expression or forecast made or supplied at any time in relation thereto or received in connection with the Issue to the Issuer.

The Issuer does not undertake to update the Information Memorandum and/or the Private Placement Offer cum Application Letter to reflect subsequent events after the date of Information Memorandum and/or the Private Placement Offer cum Application Letter and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of this Information Memorandum and/or the Private Placement Offer cum Application Letter nor any sale of Debentures made hereafter shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Information Memorandum and/or the Private Placement Offer cum Application Letter does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Information Memorandum and/or the Private Placement Offer cum Application Letter in any jurisdiction where such action is required. Persons into whose possession this Information Memorandum comes are required to inform themselves about and to observe any such restrictions. The Information Memorandum is made available to potential Investors in the Issue on the strict understanding that it is confidential.

2.2 DISCLAIMER CLAUSE OF STOCK EXCHANGES

As required, a copy of this Information Memorandum has been filed with the BSE in terms of the SEBI Debt Listing Regulations. It is to be distinctly understood that submission of this Information Memorandum to the BSE should not in any way be deemed or construed to mean that this Information Memorandum has been reviewed, cleared, or approved by the BSE; nor does the BSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum, nor does the BSE warrant that the Issuer's Debentures will be listed or will continue to be listed on the BSE; nor does the BSE take any responsibility for the soundness of the financial and other conditions of the Issuer, its promoters, its management or any scheme or project of the Issuer.



2.3 DISCLAIMER CLAUSE OF SEBI

As per the provisions of the SEBI Debt Listing Regulations, it is not stipulated that a copy of this Information Memorandum has to be filed with or submitted to the SEBI for its review / approval. It is to be distinctly understood that this Information Memorandum should not in any way be deemed or construed to have been approved or vetted by SEBI and that this Issue is not recommended or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any proposal for which the Debentures issued thereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Information Memorandum.

2.4 DISCLAIMER IN RESPECT OF RBI

The Issuer is having a valid certificate of registration issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayment of deposits/ discharge of liability by the company.

2.5 DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is made in India to Investors as specified under the clause titled "Eligible Investors" of this Information Memorandum, who shall be/have been identified upfront by the Issuer. This Information Memorandum and/or the Private Placement Offer cum Application Letter does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. Any disputes arising out of this Issue will be subject to the exclusive jurisdiction of the courts and tribunals at Chennai. This Information Memorandum and/or the Private Placement Offer cum Application Letter does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

2.6 DISCLAIMER IN RESPECT OF RATING AGENCIES

Ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. The Rating Agency has based its ratings on information obtained from sources believed by it to be accurate and reliable. The Rating Agency does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by the Rating Agency have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

2.7 ISSUE OF DEBENTURES IN DEMATERIALISED FORM

The Debentures will be issued in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the Debentures in dematerialised form. Investors will have to hold the Debentures in dematerialised form as per the provisions of Depositories Act. The Issuer shall take necessary steps to credit the Debentures allotted to the beneficiary account maintained by the Investor with its depository participant. The Issuer will make the Allotment to Investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.



SECTION 3: RISK FACTORS

A risk factor shall be prominently displayed that such securities are subject to model risk, i.e., the securities are created on the basis of complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behavior of the securities selected for hedging may significantly differ from the returns predicted by the mathematical models.

A risk factor shall be prominently displayed stating that in case of Principal/ Capital Protected Market Linked Debentures, the principal amount is subject to the credit risk of the issuer whereby the investor may or may not recover all or part of the funds in case of default by the issuer.

In addition, the following information to be provided as per the MLD regulations:

- Where indicative returns/ interest rates are mentioned in the information memorandum in percentage terms, such figures shall be shown only on annualized basis.
- It shall be disclosed therein that the latest and historical valuation for such securities shall be made available on the websites of the issuer and of the valuer appointed for the purpose.
- All commissions by whatever name called, if any, paid by issuer to distributor for selling/ distribution of such securities to end investors shall be disclosed in the offer document.
- Conditions for premature redemption of such securities, if any, shall be clearly disclosed in the offer document

The following are the risks relating to the Company, the Debentures and the market in general envisaged by the management of the Company. Potential Investors should carefully consider all the risk factors in this Information Memorandum and/or the Private Placement Offer cum Application Letter for evaluating the Company and its business and the Debentures before making any investment decision relating to the Debentures. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures but does not represent that the statements below regarding risks of holding the Debentures are exhaustive. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. Investors should also read the detailed information set out elsewhere in this Information Memorandum and/or the Private Placement Offer cum Application Letter and reach their own views prior to making any investment decision.

3.1 REPAYMENT IS SUBJECT TO THE CREDIT RISK OF THE ISSUER.

Potential Investors should be aware that receipt of the principal amount, (i.e. the redemption amount) and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the Issuer. Potential Investors assume the risk that the Issuer will not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Debentures may not be made or may be substantially reduced or delayed.

3.2 THE SECONDARY MARKET FOR DEBENTURES MAY BE ILLIQUID.

The Debentures may be very illiquid and no secondary market may develop in respect thereof. Even if there is a secondary market for the Debentures, it is not likely to provide significant liquidity. Potential Investors may have to hold the Debentures until redemption to realize any value.



3.3 CREDIT RISK & RATING DOWNGRADE RISK

The Rating Agency has assigned the credit ratings to the Debentures. In the event of deterioration in the financial health of the Issuer, there is a possibility that the rating agency may downgrade the rating of the Debentures. In such cases, potential Investors may incur losses on revaluation of their investment or make provisions towards sub-standard/ non-performing investment as per their usual norms.

3.4 CHANGES IN INTEREST RATES MAY AFFECT THE PRICE OF NCDS.

All securities where a fixed rate of interest is offered, such as this Issue, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the pricing of the Debentures.

3.5 TAX CONSIDERATIONS AND LEGAL CONSIDERATIONS

Special tax considerations and legal considerations may apply to certain types of investors. Potential Investors are urged to consult with their own financial, legal, tax and other advisors to determine any financial, legal, tax and other implications of this investment.

3.6 ACCOUNTING CONSIDERATIONS

Special accounting considerations may apply to certain types of taxpayers. Potential Investors are urged to consult with their own accounting advisors to determine implications of this investment.

3.7 SECURITY MAYBE INSUFFICIENT TO REDEEM THE DEBENTURES

In the event that the Company is unable to meet its payment and other obligations towards Investors under the terms of the Debentures, the Debenture Trustee may enforce the Security as per the terms of security documents, and other related documents. The Investor's recovery in relation to the Debentures will be subject to (i) the market value of such secured property, (ii) finding willing buyers for the Security at a price sufficient to repay the potential Investors amounts outstanding under the Debentures. The value realised from the enforcement of the Security may be insufficient to redeem the Debentures.

3.8 MATERIAL CHANGES IN REGULATIONS TO WHICH THE ISSUER IS SUBJECT COULD IMPAIR THE ISSUER'S ABILITY TO MEET PAYMENT OR OTHER OBLIGATIONS.

The Issuer is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

3.9 LEGALITY OF PURCHASE

Potential Investors of the Debentures will be responsible for the lawfulness of the acquisition of the Debentures, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates or for compliance by that potential Investor with any law, regulation or regulatory policy applicable to it.



3.10 POLITICAL AND ECONOMIC RISK IN INDIA

The Issuer operates only within India and, accordingly, all of its revenues are derived from the domestic market. As a result, it is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors where the Issuer has a relatively higher exposure could adversely impact its performance. Any such slowdown could adversely affect its business, prospects, results of operations and financial condition.

3.11 RISKS RELATED TO THE BUSINESS OF THE ISSUER

- A. ***The Issuer provides secured loans to the clients and if the Issuer is unable to control the level of non-performing loans ("NPAs") in the future, or if the Issuer's loan loss reserves are insufficient to cover future loan losses, the financial condition and results of operations may be materially and adversely affected.***

As at September 30, 2020, the gross NPA was 50.28 crores on a gross portfolio of Rs.3928.11 crores (1.28% of gross portfolio).

The Issuer cannot assure that it will be able to effectively control and reduce the level of the NPAs of its Client Loans. The amount of its reported NPAs may increase in the future as a result of growth of Client Loans. If the Issuer is unable to manage NPAs or adequately recover its loans, the results of its operations will be adversely affected.

The current loan loss reserves may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of the Issuer's total loan portfolio. As a result, if the quality of the Issuer's total loan portfolio deteriorates the Issuer may be required to increase the loan loss reserves, which will adversely affect the Issuer's financial condition and results of operations. The Issuer's borrowers are from the middle and lower middleclass segments and, as a result, might be vulnerable if economic conditions worsen or growth rates decelerate in India, or if there are natural disasters such as floods and droughts in areas where the Issuer's members live. Moreover, there is no precise method for predicting loan and credit losses, and the Issuer cannot assure that the Issuer's monitoring and risk management procedures will effectively predict such losses or that loan loss reserves will be sufficient to cover actual losses. If the Issuer is unable to control or reduce the level of its NPAs or poor credit quality loans, the Issuer's financial condition and results of the Issuer's operations could be materially and adversely affected.

- B. ***Lending to small businesses poses unique risks not generally associated with other forms of lending in India, and, as a result, the Issuer may experience increased levels of NPAs and related provisions and write-off that negatively impact results of operations.***

Issuer's core business is to provide loans to Microfinance Institutions (MFI), Farmer Producer Companies (FPCs) and Micro, Small and Medium Enterprise ("MSME") segments primarily in the urban and semi-urban areas. Any downturn in the area of activity by borrowers could adversely affect the ability of borrowers to make loan repayment on time and in turn negatively impact the Issuer's operation. Due to the precarious circumstances of borrowers and non-traditional lending practices the Issuer may, in the future experience increased level of non-performing loans and related provisions and write-offs that negatively impact its business and results of operations.



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The Issuer has separated sales from credit risk department. This helps in better credit evaluation of the customer. A credit enhancement happens by the way of hypothecation of stocks/machineries and or mortgage of immovable property. The ability to repay the loan is taken care of by the internal credit evaluation and intention to repay is taken care of by the collaterals obtained.

C. *The Issuer is exposed to certain political, regulatory and concentration of risks*

Due to the nature of its operations, the Issuer is exposed to political, regulatory and concentration risks. The Issuer believes a mitigate to this is to expand its geographical reach and may consequently expand its operations other states. If it is not effectively able to manage such operations and expansion, it may lose money invested in such expansion, which could adversely affect its business and results of operations.

D. *The Issuer's business and results of operations would be adversely affected by strikes, work stoppages or increased wage demands by employees*

The employees are not currently unionized. However, there can be no assurance that they will not unionize in the future. If the employees unionize, it may become difficult to maintain flexible labour policies, and could result in high labour costs, which would adversely affect the Issuer's business and results of operations.

E. *The Issuer's insurance coverage may not adequately protect it against losses. Successful claims that exceed its insurance coverage could harm the Issuer's results of operations and diminish its financial position*

The Issuer maintains insurance coverage of the type and in the amounts that it believes are commensurate with its operations and other general liability insurances. The Issuer's insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage.

In addition, there are various types of risks and losses for which the Issuer does not maintain insurance, such as losses due to business interruption and natural disasters, because they are either uninsurable or because insurance is not available to the Issuer on acceptable terms. A successful assertion of one or more large claims against the Issuer that exceeds it's available insurance coverage or results in changes in its insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect the Issuer's business, financial condition and results of operations.

F. *Issuer requires certain statutory and regulatory approvals for conducting business and failure to obtain or retain them in a timely manner, or at all, may adversely affect operations.*

Non-Banking Financial Companies in India are subject to strict regulation and supervision by the RBI. The Issuer requires certain approvals, licenses, registrations and permissions for operating, including registration with the RBI as a NBFC. Further, such approvals, licenses, registrations and permissions must be maintained/renewed over time, applicable requirements may change and may not be aware of or comply with all requirements all of the time. Additionally, the Issuer may need additional approvals from regulators to introduce new insurance and other fee based products to its members. In particular, the Issuer is required to obtain a certificate of registration for carrying on business as a NBFC that is subject to numerous conditions. In addition, branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If the Issuer fails to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, business may be adversely affected. If the Issuer fails to comply, or a regulator claims that it has not



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complied, with any of these conditions, its certificate of registration may be suspended or cancelled and the Issuer shall not be able to carry on such activities.

G. ***The economic fallout from the spread of the COVID-19 virus may impact the Issuer's business prospects, financial condition, result of operations and credit risk***

The spread of the COVID-19 virus has affected millions across the globe and the same coupled with measures taken by the governments including lockdowns/ curfew has not only affected day to day lives of people but has also led to slowing down of the industry, trade, commerce and business activities across all sectors.

However, the extent of negative financial impact from any resurgence of Covid cases and resultant reimposition of local/national lockdowns etc cannot be reasonably estimated at this time but a sustained economic slowdown may significantly affect our business, financial condition, liquidity, cashflows and results of operations and the same will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 virus and the actions to contain the COVID-19 virus or treat its impact, among others. Consequently, there may be a negative effect on the Company's ability to service the obligations in relation to the Debentures, should such events occur in the future.



Information Memorandum
Date: December 15, 2020

Private & Confidential
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SECTION 4: FINANCIAL STATEMENTS

The audited financial statements of the Issuer for the FY ended 31st March 2020 and Limited Review Report for the Half Year Ended 30th September 2020 are set out in **Annexure V** hereto.



SECTION 5: REGULATORY DISCLOSURES

The Information Memorandum is prepared in accordance with the provisions of SEBI Debt Listing Regulations and in this section, the Issuer has set out the details required as per Schedule I of the SEBI Debt Listing Regulations.

5.1 Documents Submitted to the Exchanges

The following documents have been / shall be submitted to the BSE:

- A. Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
- B. Copy of last 3 (Three) years audited Annual Reports;
- C. Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- D. Copy of the resolution passed by the shareholders of the Company at the Annual General Meeting held on August 31, 2020, authorizing the issue/offer of non-convertible debentures by the Company;
- E. Copy of the resolution passed by the Board of Directors dated June 10, 2020 read with the resolution passed by the Business and Resource Committee of the Board of Directors dated December 04, 2020 authorizing the issuance of the Debentures and the list of authorized signatories;
- F. Copy of the resolution passed by the Company at the Annual General Meeting held on August 31, 2020 authorising the Company to borrow and create security in relation to such borrowings, upon such terms as the Board may think fit, upto an aggregate limit of INR 7000,00,00,000/- (Rupees Seven Thousand Crores only);
- G. An undertaking from the Issuer stating that the necessary documents for the creation of the charge, including the Debenture Trust Deed would be executed within the time frame prescribed in the relevant regulations/acts/rules etc. and the same would be uploaded on the website of the BSE, where the debt securities have been listed, within 5 (Five) working days of execution of the same;
- H. Where applicable, an undertaking that permission / consent from the prior creditor for a second or *pari passu* charge being created, in favour of the trustees to the proposed issue has been obtained; and
- I. Any other particulars or documents that the recognized stock exchange may call for as it deems fit.

5.2 Documents Submitted to Debenture Trustee

The following documents have been/shall be submitted to the Debenture Trustee in electronic form (soft copy) on or before the allotment of the Debentures:

- A. Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
- B. Copy of last 3 (Three) years audited Annual Reports;
- C. Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- D. Latest audited / limited review half yearly consolidated (wherever available) and standalone financial information (profit & loss statement, balance sheet and cash flow statement) and auditor qualifications, if any.
- E. An undertaking to the effect that the Issuer would, until the redemption of the debt securities, submit the details mentioned in point (D) above to the Debenture Trustee within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended from time to time, for furnishing / publishing its half yearly/ annual result. Further, the Issuer shall within 180 (One Hundred and Eighty) calendar days from the end of the financial year, submit a copy of the latest annual report to the Debenture Trustee and the Debenture Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' and other existing debenture-holders within 2 (two) Business Days of their specific request.



5.3 Name and Address of Registered Office of the Issuer:

Name of the Issuer:	Five-Star Business Finance Limited
Registered Office of Issuer:	New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai – 600010
Corporate Office of Issuer:	New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai – 600010
Compliance Officer of Issuer:	Ms. Shalini B
CFO of Issuer:	Mr. Srikanth G
Registration Number:	B-07.00286
Corporate Identification Number:	U65991TN1984PLC010844
Phone No.:	044-46106200
Contact Person:	Mr. Srikanth G
Email:	secretary@fivestargroup.in
Website of Issuer:	https://www.fivestargroup.in/
Auditors of the Issuer:	B S R & Co. LLP, KRM Tower, 1st and 2nd Floor, No. 1, Harrington Road, Chetpet, Chennai – 600031
Trustee to the Issue:	Catalyst Trusteeship Limited, Windsor, 6th floor, Office No.604, C.S.T Road, Kalina, Santacruz (East) Mumbai 400098
Registrar to the Issue:	NSDL Database Management Limited, Trade World, A – Wing, 4th & 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai – 400013
Credit Rating Agency:	ICRA Limited 3rd Floor, Electric Mansion, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025.

5.4 A brief summary of business / activities of the Issuer and its line of business:

(a) Overview:

Five-Star Business Finance Limited (formerly known as Five-Star Business Credits Limited) is a Systemically Important Non-Deposit taking Non-Banking Financial Company ("NBFC-ND-SI") registered with the Reserve Bank of India. The Company was established in 1984 and has been operating in the financial services space for about 35 years.

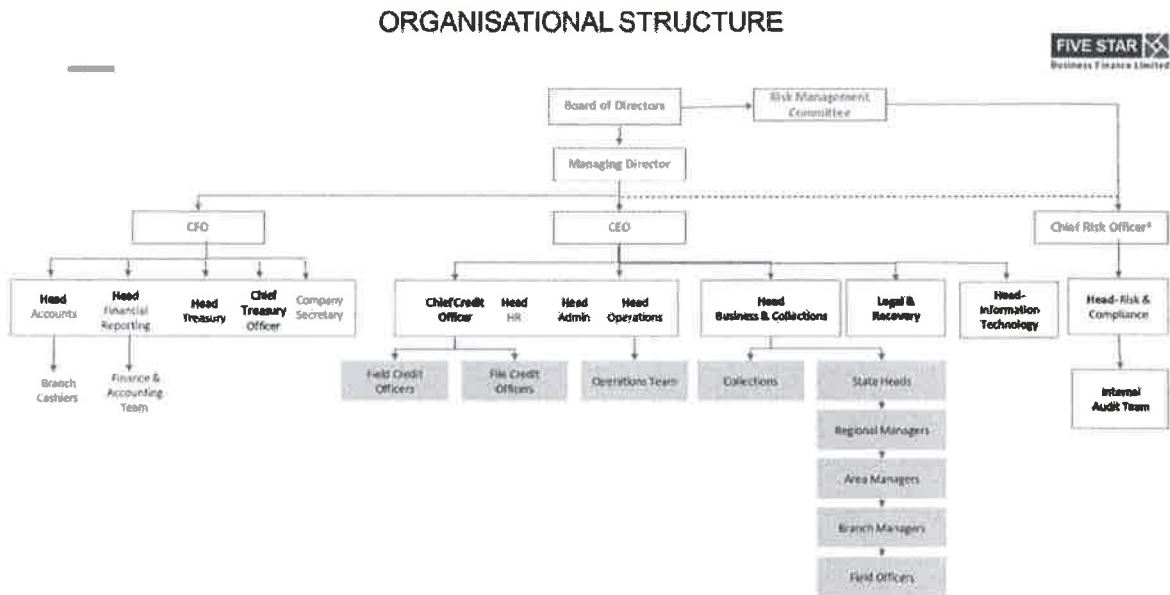
The Company was originally promoted by Mr V K Ranganathan and is currently being managed by Mr D Lakshmipathy, who joined the Board of the company in 2002, and is currently its Chairman and Managing Director. Under his leadership, over the last 9 years, the company has grown from a branch network of 6 to more than 260 today and from an AUM of Rs.18 Crores to about Rs.3900 Crores in this period. The management comprises of professionals who have longstanding experience and expertise in the financial services industry and have the necessary skills to carry out their responsibilities.



The Company is currently engaged mainly in providing Collateralized Small Business Loans to its customers in urban, semi-urban and fast-growing rural geographies. All its loans are collateralised and fully secured against property. The collaterals are usually the residential house property of the borrower(s) (self-occupied in a majority of cases) with exclusive charge resting with Five-Star. The loans disbursed by the company are to small businessmen engaged predominantly in service oriented businesses with loans typically ranging from Rs.1 Lakh to Rs.10 Lakh and Average Loan Ticket Size of about Rs. 4 Lakhs and tenor of upto 7 years.

As at September 30, 2020, Five-Star operated 261 branches in 8 states – Tamil Nadu (87 branches; including 2 in Puducherry), Andhra Pradesh (67 branches), Telangana (38 branches), Karnataka (32 branches), Maharashtra (4 branches) and Madhya Pradesh (27 branches), Chhattisgarh (3 Branches), Uttar Pradesh (1 Branch) with a borrower base of about 1,50,000 customers and a total portfolio under management more than Rs. 3900 Crores.

(b) **Corporate Structure/Organization Structure:**



*Appointed w.e.f April 2020



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i. **Brief Profile of the Board of Directors:**

Name	Work Experience
D Lakshmipathy <i>Chairman & Managing Director</i>	<p>Mr. Lakshmipathy is an Engineering graduate from Madras University. He hails from a business family. Before joining Five-Star he was Managing Director of RKV Finance Limited, a NBFC registered with RBI.</p> <p>On amalgamation of RKV with Five-Star during 2002 he joined the Board of Five-Star as Joint Managing Director. His wide exposure in lending to Small Business Customers which was successful in that company, helped him to develop similar advance portfolio at Five-Star with great success.</p> <p>Presently he is also Director, Finance Companies Association of India and Management Committee member, South India Hire Purchase Association. He is on various committees of both the Associations and takes active interest in the development of trade associations.</p>
A Ramanathan <i>Independent Director</i>	<p>Mr Ramanathan is retired Chief General Manager from NABARD. His expertise lies in Institutional Development, Organisational Development, Organisational Behaviour, Small Business Development, training need assessment, training techniques etc. He has more than 35 years of rich experience in the banking industry.</p>
Bhama Krishnamurthy <i>Independent Director</i>	<p>She was Country Head and Chief General Manager of SIDBI. She has closely dealt with Multilateral and Bilateral Agencies in close co-ordination with the Government of India. Her areas of specialization include, inter-alia, handling of Human Resources Development Division covering recruitment, training and promotion aspects. She was also associated with drafting of CSR Policy guidelines for the Bank.</p>
R Anand <i>Independent Director</i>	<p>Mr Anand is a Chartered Accountant with over 30 years of industry experience. He worked in Sundaram Finance for over 20 years occupying several positions in Finance and Audit. He also worked as a Partner in Ernst & Young LLP covering Tax and Regulatory aspects of various industries like Financial Services, Real Estate, Auto and Auto components, Media and Entertainment. His specializations include NBFC Regulations, Corporate Tax and Foreign Investment and Exchange control regulation and Corporate restructuring. He has also been appointed as a Non-official Independent Director in MMTC Limited.</p>
Vikram Vaidyanathan <i>Nominee Director - Matrix Partners</i>	<p>Vikram is an MBA graduate from IIM Bangalore, and interned at Procter & Gamble, Singapore. He joined McKinsey & Co. after his MBA and worked across a variety of sectors including mobile media, TV, retail, engineering construction and manufacturing. Currently Vikram is one the Managing Directors at Matrix Partners.</p>
B Haribabu <i>Independent Director</i>	<p>Mr.Haribabu holds a bachelors degree from Madras University. He hails from a business family and continues the family business of brick manufacturing. He is also the Founder Trustee of Sri Venkateswara College of Technology, Vadakal Village, Mathur Post, Tamil Nadu. He joined the Board of Five-Star in 1996.</p>
L R Raviprasad <i>Independent Director</i>	<p>Mr. Raviprasad holds a Bachelor's degree from Madras University. He hails from a business family and continues the family business of brick manufacturing. He joined the Board of Five-Star in 2002.</p>
Ling Wei Ong <i>Nominee Director - NHPEA Chocolate Holdings B.V.</i>	<p>Ling Wei Ong is an Executive Director of Morgan Stanley. He joined Morgan Stanley in 2005 and monitors the group's investments, including structuring and valuation, finance and compliance. Prior to joining Morgan Stanley, Ling was with Deloitte & Touche in Singapore for over seven years. Mr.Ling holds a BS in Accountancy from Nanyang Technological University and is a Chartered Accountant (Singapore).</p>



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Name	Work Experience
Arjun Saigal <i>Alternate Director</i> - NHPEA <i>Chocolate Holdings B.V.</i>	Arjun Saigal is an Executive Director of Morgan Stanley. He joined Morgan Stanley in 2012 and focuses on the Group's Private Equity transactions in India. Prior to joining Morgan Stanley, Arjun was with Baring Private Equity Partners India. He is a graduate of the London School of Economics and received his MBA from Columbia Business School.
V Thirulokchand <i>Independent Director</i>	Thirulokchand is a Hotel Management Graduate with over 17 years of experience in the Hospitality business. His areas of expertise include Team Management, Customer satisfaction and Process Optimisation.
Ganapathyagraham Venkataraman Ravishankar <i>Nominee Director</i> - SCI Investments V	Mr G V Ravishankar is a Managing Director of Sequoia Capital India. Prior to joining Sequoia, he has also worked at McKinsey in the capacity of an advisor to management teams of top Indian companies. He had also worked at Wipro prior to McKinsey, where he helped several venture-backed networking start-up clients on a wide variety of issues. He has a Masters in Business Administration from Indian Institute of Management (IIM), Ahmedabad where he was awarded the President's Gold Medal. He also holds a BE in Computer Science and Engineering from REC Trichy.
Sanjeev Mehra <i>Nominee Director</i> - TPG Asia VII SF Pte. Ltd.	Sanjeev Mehra is a Director at TPG Capital Asia where he covers the Financial Services and Consumer sectors. He is based in Mumbai and has over 10 years of investing experience. Sanjeev has an MBA from London Business School and an undergraduate degree in Economics from Delhi University.

ii. **Brief Profile of the management of the Company:**

Name	Profile and Experience
Rangarajan Krishnan <i>Chief Executive Officer</i>	Rangarajan is a well rounded finance professional with about 15 years of work experience across commercial banking, private equity investment, project finance and advisory. He started his career with HDFC Bank in the Corporate Banking division and then moved on to Standard Chartered Bank in the Mid-Market Commercial Banking division catering to a wide range of fund/ non-fund, trade and treasury requirements of these corporates. He then worked with the South Asia Infrastructure Investment team at International Finance Corporation, World Bank, and led a wide array of equity/ debt investments in projects across different economies. Over the last five years before joining Five-Star, he was with Spark Capital where he headed their advisory/ investment banking initiatives across the financial services and consumer sectors. He joined Five-Star in August 2015 as Chief Operating Officer and heads business, credit and operations. By qualification, he is a commerce graduate and has done two Masters in Business Administration (one from Sri Sathya Sai Institute of Higher Learning and one from The Indian School of Business) with specialization in Analytical Finance and Leadership.
Srikanth G <i>Chief Financial Officer</i>	Srikanth is a seasoned banking and finance professional with a combined experience of about 15 years across multiple functions. He spent the first 8 years of his career in Citibank and other Citigroup entities working across various functions like financial planning and analysis, Securitization and Structuring, Treasury, and Operations. He was the Vice President and Head of Business Planning and Analysis for the Consumer portfolio of Citibank when he moved out of the bank to take up the role of Chief Financial Officer at Asirvad Microfinance Private Limited.



Name	Profile and Experience
	He joined Five-Star in October 2015 as the Chief Financial and Information Officer and heads the finance function. By qualification, he is a commerce graduate and holds an MBA in Finance and General Management from Sri Sathya Sai Institute of Higher Learning (Deemed University) and has been a gold medalist in both the UG and PG courses.
Vishnuram Jagannathan <i>Chief Risk Officer</i>	Vishnuram is an experienced banking professional with over 15 years experience across transaction banking and operations. He had previously worked with HDFC Bank and HSBC where he was part of the Global Trade & Receivable Finance team. Prior to joining Five-Star, Vishnuram was the Vice President at Deutsche Bank heading the transaction banking division of the bank in Tamilnadu and Andhra Pradesh.
Sanjay Chaturvedi <i>Chief Treasury Officer</i>	Sanjay is a management graduate and comes with about 18 years of treasury work experience across multiple banks and NBFCs for Managing their ALM, fund raising, investor relationships, market Risks & Securitization markets. Sanjay was also instrumental in helping set up the front-end treasury desk in Mumbai for Cholamandalam Investment & Finance Co. Prior to joining Five-Star, he was the Senior Vice President and Head Treasury for Motilal Oswal Home Finance Corporation.
Prashanth S <i>Head – Treasury</i>	Prashanth is an MBA with more than 16 years' cross-functional experience across industry and advisory, of which the last 7 years have been spent working with a number of corporates across industries shepherding various fund-raise proposals from banks, FIs etc.

- (c) **Key Operational and Financial Parameters for the last 3 audited years on a consolidated basis (wherever available) else on a standalone basis.**

Parameters (Amount in Rs. Crores) (Rs. In Crores)	Audited 31-Mar-18	Audited 31-Mar-19	Audited 31-Mar-20	Unaudited 30-Sept-20
Net Worth	599.94	1365.08	1944.58	2134.25
Total Debt	530.7	921.7	2363.69	3062.00
Cash and Cash equivalents	126.51	219.73	451.13	1300.91
Assets Under Management	979.94	2112.8	3892.23	3928.11
Off balance sheet assets	-	-	-	-
Interest Income	169.63	389.74	746.82	497.11
Interest Expense	55.55	75.92	216.94	159.03
Provisioning & Write Offs	9.18	7.55	49.34	5.34
Total comprehensive income	56.18	156.28	260.83	188.85
Gross NPA (%)	1.46%	0.87%	1.37%	1.28%
Net NPA (%)	0.96%	0.67%	1.13%	1.01%
Capital Adequacy Ratio (%)	58.05%	64.24%	52.94%	58.43%

*FY 2019, FY 2020 and FY 2021 Q2 figures are as per IND-AS. Figures for 2018 are as per IGAAP and hence may not be directly comparable.

Gross NPA for FY2019, FY2020 and Q2FY21 is Stage 3 Assets while Net NPA for FY2019, FY2020 and Q2FY21 is calculated as Stage 3 Assets less ECL for Stage 3 Assets.

**AUM & Debt for FY19, FY20, Q2FY21 are net of unamortized processing fee as per Ind AS; AUM is gross of provisions.



(Rs. Crores)

B. Gross Debt: Equity Ratio of the Company (As on September 30, 2020):

Before the issue of debt securities	1.44
After the issue of debt securities	1.46

Calculations

As on September 30, 2020, debt-to-equity ratio is calculated as follows:

(Rs. Crores)

Debt	3062.00
Equity	2134.25
Debt/Equity	1.44

Subsequent to the issue, debt-to-equity ratio shall be calculated as follows:

(Rs. Crores)

Debt	3127.95
Equity	2134.25
Debt/Equity	1.46

C. Project cost and means of financing, in case of funding new projects:

Not applicable

5.5 A Brief history of Issuer since its incorporation giving details of its following activities:

A. Details of Share Capital as on last quarter end i.e. September 30, 2020:

Share Capital	Rs. In Lakhs
Authorised	
Equity Share Capital	5500.00
Issued and Subscribed	
Equity Shares	2718.13
Paid- up	
Equity Shares	2563.54

* 17,17,597 Partly paid shares have been issued with paid-up value of INR 1 per share

B. Changes in its capital structure as on last quarter end i.e. September 30, 2020, for the last five years:

S. No	Date of Change	Change / Remarks
1	21-Feb-2014 (EGM)	Increase in Authorized Capital from Rs. 7,00,00,000 to Rs. 12,00,00,000
2	12-April-2016 (EGM)	Increase in Authorized Capital from Rs. 12,00,00,000 to Rs. 20,00,00,000
3	28-Jul-2018 (EGM)	Increase in Authorized Capital from Rs. 20,00,00,000 to Rs. 30,00,00,000
4	17-Mar-20 (Amalgamation)	Increase in Authorized Capital from Rs. 30,00,00,000 to Rs. 55,00,00,000



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C. Equity Share Capital History of the Company as on last quarter end i.e. September 30, 2020, for the last five years:

Date of Allotment	No. of Shares allotted (lakhs)	Face value (Rs.)	Issue Price (Rs.)	Consideration (Rs. In Crores)	Nature of Allotment	Cumulative		
						No of Equity Shares Issued / Paid-up	Equity Share Capital (Rs. In lakhs)	Equity Share Premium (Rs. In lakhs)
21-Feb-14	20	10	85	1,700.00	Private Placement	90,00,000	900	1500
03-Feb-15	12	10	130	1,560.00	Private Placement	1,02,00,000	1,020	1440
29-Sep-15	3.5	10	130	455	Private Placement	1,05,50,000	1,055	420
30-Nov-15	1.5	10	130	195	Private Placement	1,07,00,000	1,070	180
30-Jun-16	35.65	10	319.63	11,394.98	Private Placement	1,42,65,052	1,427	11038
09-Jun-17	1.88	10	10	18.8	ESOP	1,44,53,052	1,445	0
18-Aug-17	47.15	10	674.4	31,800.00	Private Placement	1,91,68,354	1,917	31328
25-Sep-17	0.01	10	85	0.43	ASOP	1,91,68,854	1,917	0.3
24-Jul-18	0.08	10	130	10.4	ASOP	1,91,76,854	1,918	10
03-Aug-18	46.87	10	1320.72	61,899.87	Private Placement	2,38,63,682	2,386	61431
12-Sep-18	0.01	10	85	0.43	ESOP	2,38,64,182	2,386	0.3
12-Dec-18	0.01	10	130	1.3	ESOP	2,38,65,182	2,387	1.2
27-Dec-18	0.25	10	10	3	ESOP	2,38,90,182	2,389	0
08-Feb-19	0.02	10	130	2.08	ESOP	2,38,91,782	2,389	1.92
28-Feb-19	0.07	10	130	9	ESOP	2,38,98,782	2,390	8.4
29-Mar-19	0.01	10	130	1	ESOP	2,38,99,582	2,390	0.96
16-May-19	0.01	10	130	2	ESOP	2,39,00,982	2,390	10.02
28-Jun-19	0	10	130	0	ESOP	2,39,01,182	2,390	1.43
11-Jul-19	0	10	130	0	ESOP	2,39,01,232	2,390	0.34
22-Jul-19	13.32	10	2364.4	31,500	Private Placement	2,52,33,494	2,523	31366.78
08-Aug-19	0.01	10	130	1.56	ESOP	2,52,34,694	2,523	4.86
24-Sep-19	0	10	130	0.13	ESOP	2,52,35,294	2,524	2.03
24-Sep-19	0.01	10	85	0.43	ESOP	2,52,35,294	2,524	2.03
06-Dec-19	1.19	10	10	11.92	ESOP	2,53,54,532	2,535	146.52
12-Dec-19	0.56	10	10	5.58	ESOP	2,54,10,294	2,541	68.70
25-Feb-20	7.50**	10	2,364.40	75	Private Placement	2,61,60,294	2,616	67.5
21-Mar-20	9.68**	10	1037.94	96.76	Rights Issue	2,71,27,891	2,713	87.08
17-Aug-20	0.52	10	10	5.20	ESOP	2,71,79,891	2,718	87.08
30-Sep-20	0.01	10	130	1.82	ESOP	2,71,81,291	2,718	88.76

**17,17,597 Partly paid shares have been issued with paid-up value of INR 1 per share



D. Details of any Acquisition or Amalgamation in the last 1 (one) year:

Yes. During the year ended March 31, 2020, the Company vide its board meeting dated August 29, 2019 had approved the Scheme of Amalgamation ("the Scheme") of its wholly owned subsidiary - Five-Star Housing Finance Private Limited with the Company and their respective shareholders under sections 233 of the Act and other applicable provisions of the Act. The appointed date under the aforesaid Scheme is April 1, 2019. This scheme has been approved by the regulatory authorities. As required by the IND AS 103 - Business Combinations, pooling of interest method has been considered for common control business combination and accordingly, the assets and liabilities are reflected in the books of the Company at their respective carrying amounts.

E. Details of any Reorganization or Reconstruction in the last 1 (one) year:

There has been no reorganization or reconstruction in the last 1 (one) year.

5.6 Details of the shareholding of the Company as on September 30, 2020:

A. Shareholding pattern of the Company as on September 30, 2020:

S. No.	Category	Paid-up Capital		Number of shares held in demat form
		No. of shares Held	% of shareholding	
A	Promoters Holding			
1	Indian:			
	Individual – D Lakshmipathy and Immediate Relatives	60,27,801	22.18	60,27,801
	Bodies Corporate	-	-	
	Sub Total	60,27,801	22.18	60,27,801
2	Foreign Promoters	-	-	
	Sub Total (A)	60,27,801	22.18	60,27,801
B	Non Promoters' Holding			
	Matrix Partners India Investment Holdings II, LLC	41,00,999	15.09	41,00,999
	Matrix Partners India Investments II Extension, LLC	68,897	0.25	68,897
	NHPEA Chocolate Holding B.V.	35,98,051	13.24	35,98,051
	Norwest Venture Partners X – Mauritius	25,69,650	9.45	25,69,650
	SCI Investments V	25,69,650	9.45	25,69,650
	TPG Asia VII SF Pte. Ltd.	61,10,673	22.48	61,10,673
	Indian Public	20,02,270	7.37	16,23,030
	Directors and relatives	1,33,300	0.49	1,33,300
	Sub Total (B)	2,11,53,490	77.82	2,07,74,250
	GRAND TOTAL	2,71,81,291	100.00	2,68,02,051

Notes: Details of shares pledged or encumbered by the promoters (if any): Nil

B. List of top 10 holders of equity shares of the Company as on September 30, 2020:

S. no	Name of Shareholder	No. of Shares	% of Holding
1	TPG Asia VII SF Pte. Ltd.	61,10,673	22.48
2	Matrix Partners India Investment Holdings II, LLC	41,00,999	15.09
3	Lakshmipathy D	37,10,771	13.65



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4	NHPEA Chocolate Holding B.V	35,98,051	13.24
5	Norwest Venture Partners X-Mauritius	25,69,650	9.45
6	SCI Investments V	25,69,650	9.45
7	Hema.L	20,89,060	7.69
8	Atma Ram Builders (p) Ltd.	5,45,510	2.01
9	Rangarajan K	2,75,793	1.01
10	Jayachandran R	2,12,368	0.78

5.7 Following details regarding the directors of the Company:

A. Details of current directors of the Company:

This table sets out the details regarding the Company's Board of Directors:

S. No.	Name	Designation	Address	DIN	Other Directorship
1	D Lakshmipathy	Chairman & Managing Director	Old No.22, New No.39, Outer Circular Road, Kilpauk Garden, Kilpauk, Chennai - 600 010.	01723269	-
2	A Ramanathan	Independent Director	Plot No.28, 18th Street, TANSI Nagar, Velachery, Chennai - 600 042.	02645247	1. Samasta Microfinance Limited 2. Svasti Microfinance Private Limited 3. Unnati Microfin Private Limited 4. Hindusthan Microfinance Private Ltd 5. United Overseas Facilities Management Private Limited 6. Mangal Credit And Fincorp Limited 7. South India Finvest Private Limited 8. Asirvad Micro Finance Limited 9. Magalir Micro Capital Private Limited
3	Bhama Krishnamurthy	Independent Director	No. B1/23, Tecnocrat, Cooperative Housing Society, Twin Tower Lane, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025.	02196839	1. Reliance Industrial Infrastructure Limited 2. Chola mandalam Investment And Finance Company Limited 3. Network18 Media & Investments Limited 4. Muthoot Microfin Limited 5. Thirumalai Chemicals Limited 6. CSB Bank Limited



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4	R Anand	Independent Director	No. 22, Warren Road, Mylapore, Chennai – 600 004.	00243485	1. Sterling Holiday Resorts Limited 2. Ess Kay Fincorp Limited 3. Nani Palkhivala Arbitration Centre 4. Chennai International Centre 5. Jasmine Concrete Exports Private Limited 6. Kickstartup Credit Private Limited 7. SPI Finance And Investments Private Limited
5	Vikram Vaidyanathan	Nominee Director - Matrix Partners	B-602, Zen Garden, No.6, Artillery Road, Ulsoor, Behind Cambridge Hospital, Bangalore - 560 008.	06764019	1. Blue Jay Finlease Limited 2. Ver Se Innovation Private Limited 3. Mswipe Technologies Private Limited 4. Sarvaloka Services-On-Call Private Limited 5. OFB Tech Private Limited 6. Goddard Technical Solutions Private Limited 7. Mswipe Capital Private Limited 8. Amica Financial Technologies Private Limited 9. AF Capital Private Limited 10. OLA Financial Services Private Limited
6	B Haribabu	Independent Director	No.39/28, Gajapathy Street, Shenoy Nagar, Chennai - 600 030.	01509249	-
7	L R Raviprasad	Non-Executive Director	Old No.59, New No.11, Gajapathy Street, Shenoy Nagar, Chennai - 600 030.	01522796	1.Vasumathi Properties Private Limited
8	Ling Wei Ong	Nominee Director - Morgan Stanley	Flat B, 33 Floor, One Pacific Heights, No.1, Wo Fung Street, Hong Kong.	02405458	ZCL chemicals limited
9	Arjun Saigal	Alternate Director to Ling Wei Ong- Morgan Stanley	536, Sainik Farms, New Delhi - 110 062.	07556188	1. Southern Health Foods Private Limited 2. Sahajanand Medical Technologies Private Limited 3. Kogta Financial (India) Ltd 4. Centrum Housing Finance Limited



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10	V Thirulokchand	Non-Executive Director	Door No.1, 11th Block, MMDA Colony, Mogappair East, Chennai - 600 037.	07679930	-
11	G V Ravishankar	Nominee Director - Sequoia Capital	17A, ETA Binny Crescent Apts., Benson Cross Road, Benson Town, Bangalore - 560046.	02604007	1. Prataap Snacks Limited 2. Pure N Sure Food Bites Private Limited 3. Go Fashion (India) Private Limited 4. Indigo Paints Private Limited 5. Faces Cosmetics India Private Limited 6. Manappuram Finance Tamil Nadu Limited 7. India Shelter Finance Corporation Limited 8. Capfloat Financial Services Private Limited 9. Vini Cosmetics Private Limited 10. Finova Capital Private Limited 11. Sequoia Capital India Advisors Private Limited 12. Rupeek Fintech Private Limited 13. Home vista Decor And Furnishings Private Limited 14. Fintech Blue Solutions Private Limited 15. K12 Techno Services Private Limited 16. Think & Learn Private Limited 17. Suburban Diagnostics (India) Private Limited 18. Rebel Foods Private Limited
12	Sanjeev Mehra	Nominee Director – TPG Asia VII SF Pte. Ltd.	2A Nibbana Annexe 95-A, Pali Hill Road, Pali Hill, Bandra (W), Mumbai 400 050	07491208	1. Shriram General Insurance Company Limited 2. Shriram Life Insurance Company Limited

*Company to disclose name of the current directors who are appearing in the RBI defaulter list and/or ECGC default list, if any: None



B. Details of change in directors since last three years as on September 30, 2020:

Name	Designation	DIN	Date of Appointment/ Resignation	Director of the Company since (in case of resignation)
M K Ganeshram	Director	01385144	30-01-2015	24-04-1985
Rishi Navani	Nominee Director	01758427	05-08-2015	12-03-2014
M Anandan	Chairman	00033633	21-08-2015	21-04-2010
Vikram Vaidyanathan	Nominee Director	06764019	21-08-2015	-
M K Mohan	Independent Director	00481064	09-06-2016	20-09-1984
Ramanathan Annamalai	Independent Director	02645247	26-02-2016	-
Kalpana Iyer	Independent Director	01874130	12-04-2016	-
Bhama Krishnamurthy	Independent Director	02196839	12-04-2016	-
Ling Wei Ong	Nominee Director	02405458	30-06-2016	-
Arjun Saigal	Alternate director to Mr. Ling Wei Ong	07556188	28-07-2016	-
Anand Raghavan	Independent Director	00243485	28-07-2016	-
Vasan Thirulokchand	Non Executive Director	07679930	15-12-2016	-
Ganapathyagraharam Venkataraman Ravishankar	Nominee Director	01522796	18-08-2017	-
Kalpana Iyer	Independent Director	01874130	30-04-2018	12-04-2016
Gaurav Trehan	Nominee Director	03467781	03-08-2018	22-05-2020
Sanjeev Mehra	Nominee Director	07491208	10-06-2020	-

5.8 Following details regarding the auditors of the Company:

A. Details of the auditor of the Company:

Name	Address	Auditor Since	Remarks
M/s B S R & Co. LLP	KRM Tower, 1st and 2nd Floor, No. 1, Harrington Road, Chetpet, Chennai - 600031	September 2018	NIL

B. Details of change in auditors since last three years:

Name	Address	Date of Appointment / Resignation	Remarks
M/s Brahmayya & Co.	No.48, Masilamani Road, Balaji Nagar, Royapettah, Chennai - 600 014.	September 22, 2018	NIL
M/s B S R & Co. LLP	KRM Tower, 1st and 2nd Floor, No. 1, Harrington Road, Chetpet, Chennai - 600031	September 22, 2018	NIL



5.9 Details of borrowings of the Company, as on latest quarter end i.e. September 30, 2020:

A. Details of Secured Loan Facilities as on September 30, 2020:

Institution (Rs. In Crores)	Category	Availed	Sept '20 O/S Rs. in Crores	Security Cover	Maturity
HDFC Bank	Car Loan	-	0	100%	5-Nov-20
Federal Bank	TL - Banks	10	1	125%	30-Mar-21
Federal Bank	TL - Banks	10	4	125%	23-Mar-22
State Bank of India	TL - Banks	40	11	125%	31-Jan-22
South Indian Bank	TL - Banks	5	1	111%	2-Mar-21
South Indian Bank	TL - Banks	5	2	133%	28-Mar-22
Karnataka Bank	TL - Banks	5	1	133%	28-Feb-21
RBL	TL - Banks	20	2.94	120%	21-Feb-21
RBL	TL - Banks	50	18.75	120%	31-Dec-21
RBL	TL - Banks	50	25.00	120%	18-Feb-22
AU Small Finance Bank	TL - Banks	20	2.47	110%	15-Mar-21
Equitas Small Finance Bank	TL - Banks	15	2.81	110%	5-Apr-21
Equitas Small Finance Bank	TL - Banks	10	2.17	110%	5-Apr-21
Kotak Mahindra Bank	TL - Banks	20	3.33	115%	28-Feb-21
YES Bank	TL - Banks	25	4.86	115%	5-Apr-21
Equitas Small Finance Bank	TL - Banks	25	11.11	110%	5-Jan-22
AU Small Finance Bank	TL - Banks	38	25.97	110%	3-Feb-24
Bandhan Bank	TL - Banks	30	15.83	115%	28-Mar-22
Bank of India	TL - Banks	20	40	115%	27-Mar-30
Bank of Baroda	TL - Banks	50	35.00	120%	30-Mar-24
Woori Bank	TL - Banks	45	23.75	105%	30-Apr-22
YES Bank	TL - Banks	30	16.67	115%	31-May-22
KVB	TL - Banks	10	7.72	115%	31-May-24
Federal Bank	TL - Banks	15	10.31	125%	29-Jun-23
Ujjivan SFB	TL - Banks	25	17.42	110%	30-Aug-22
Utkarsh SFB	TL - Banks	20	12.78	110%	31-Aug-22
State Bank of India	TL - Banks	200	172.94	125%	31-Dec-24
State Bank of India	TL - Banks	50	50	120%	31-May-23
OBC	TL - Banks	30	26	120%	31-Dec-24
IndusInd Bank	TL - Banks	30	23	120%	31-Jan-23
Equitas Small Finance Bank	TL - Banks	21	17	115%	5-Feb-23
SBM	TL - Banks	19	16	110%	26-Feb-23
Andhra Bank	TL - Banks	38	35	115%	25-Feb-25
Andhra Bank	TL - Banks	8	7	115%	25-Feb-25
Andhra Bank	TL - Banks	5	5	115%	25-Feb-25
Bandhan Bank	TL - Banks	40	34	115%	1-Apr-23
Union Bank	TL - Banks	40	36	115%	31-Mar-25
AU Small Finance Bank	TL - Banks	10	6	110%	5-Nov-23
Capital SFB	TL - Banks	15	15	110%	1-Sep-24
Utkarsh SFB	TL - Banks	25	25	110%	31-08-2024

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RBL	TL - Banks	35	72	120%	16-May-23
Federal Bank	Cash Credit	5	1.56	125%	-
Sundaram Finance	TL - NBFC	15	5	118%	22-Mar-22
Nabkisan	TL - NBFC	13	2	115%	31-Jan-21
Bajaj Finance Ltd	TL - NBFC	20	4	110%	19-Feb-21
HLF	TL - NBFC	20	12	110%	28-Dec-22
Bajaj Finance Ltd	TL - NBFC	25	15	120%	31-Jan-23
Tata Capital	TL - NBFC	10	5	110%	20-Feb-22
Nabkisan	TL - NBFC	13	10	110%	1-Jun-24
Cholamandalam Finance	TL - NBFC	10	8	110%	1-Apr-24
Vivriti	TL - NBFC	5	4	110%	30-Mar-24
Nabsamruddhi Finance	TL - NBFC	15	13	110%	30-Nov-24
Sundaram Finance	TL - NBFC	10	8	118%	22-Dec-22
Sundaram Finance	TL - NBFC	30	24	118%	22-Jan-23
Tata Capital	TL - NBFC	8	7	110%	5-Feb-24
ABFL	TL - NBFC	25	25	115%	1-Feb-23
Bajaj Finance Ltd	TL - NBFC	10	6	110%	29-Sep-22
SIDBI	TL - NBFC	40	35	110%	10-Apr-21
Vivriti	TL - NBFC	25	22	110%	27-Apr-23
DCB	Securitization	98	42	Cash Collateral	17-Apr-22
DCB	Securitization	90	81	Cash Collateral	13-05-25
Poonawalla Finance	Securitization	99	63	Cash Collateral	17-Jul-24
Navi Technologies	Securitization	131	111	Cash Collateral	17-May-25
Poonawalla Finance	Securitization	70	49	Cash Collateral	22-Jun-23
BOB-PCG	Securitization	95.89	88	Cash Collateral	01-Jul-26
Central Bank of India	Securitization	100	85	Cash Collateral	14-May-25

B. Details of Unsecured Loan Facilities as on September 30, 2020: NIL

C. Details of Non-Convertible Debentures as on September 30, 2020:

ISIN Number	Maturity Date	Coupon Rate	Amount Outstanding (Rs. In Crores)	Secured/ Unsecured	Primary Security Exclusive charge on receivables of the company	Credit Rating
INE128S07010	2020-12-06	13.60%	4.29	Secured	1.05 times	CRISIL BBB+
INE128S07275	2020-12-28	11.50%	11.25	Secured	1.00 times	CARE A; Stable
INE128S07259	2020-12-28	11.50%	7.50	Secured	1.10 times	CARE A; Stable
INE128S07135 & INE128S07143	2021-02-07	11.45%	7.50	Secured	1.1 times	CARE A; Stable
INE128S07234 & INE128S07242	2021-03-15	11.45%	4.50	Secured	1.1 times	CARE A; Stable
INE128S07267	2021-02-26	11.25%	24.00	Secured	1.1 times	ICRA A Stable
INE128S07317	2023-03-28	10.21%	5.00	Secured	1.1 times	CARE A; Stable



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INE128S07325	2023-03-28	10.21%	65.00	Secured	1.1 times	CARE A; Stable
INE128S07333	2023-03-28	10.21%	65.00	Secured	1.1 times	CARE A; Stable
INE128S07341	2023-03-28	10.21%	65.00	Secured	1.1 times	CARE A; Stable
INE128S07358	2022-03-29	12.64%	55.00	Secured	1.1 times	ICRA A Stable
INE128S07366	2024-04-11	11.40%	30.00	Secured	1.1 times	ICRA A Stable
INE128S07374	2022-04-16	12.64%	180.00	Secured	1.1 times	ICRA A Stable
INE128S07390	2022-05-28	12.64%	180.00	Secured	1.1 times	ICRA A Stable
INE128S07408	2022-06-28	12.64%	185.00	Secured	1.1 times	ICRA A Stable
INE128S07416	2025-08-28	11.88%	125.00	Secured	1.1 times	CARE A; Stable
INE128S07424	2026-05-13	12.75%	15.00	Secured	1.1 times	ICRA A Stable
INE128S07432	2023-05-28	10.50%	15.00	Secured	1.1 times	ICRA A Stable
INE128S07440	2023-06-12	11.00%	25.00	Secured	1.25 times	ICRA A Stable
INE128S07457	2023-04-21	11.00%	115.00	Secured	1.25 times	ICRA A Stable
INE128S07465	2022-01-03	9.75%	50.00	Secured	1.1 times	ICRA A Stable
INE128S07473	2022-01-31	9.75%	100.00	Secured	1.1 times	ICRA A Stable
INE128S07481	2022-02-20	9.50%	50.00	Secured	1.1 times	ICRA A Stable
INE128S07499	2023-02-22	Market Linked	25.00	Secured	1.25 times	PP-MLD[ICRA]A Stable
INE128S07507	2029-09-30	10.91%	70.00	Secured	1.1 times	ICRA A Stable

D. List of Top 10 Debenture Holders (as on September 30, 2020):

S. No.	Name of the Lender	Amount Outstanding Rs. in Crores
1	Franklin India Short Term Income Plan	284.00
2	Franklin India Credit Risk Fund	245.00
3	UTI International Wealth Creator 4	195.00
4	Bank of India	100.00
5	Franklin India Dynamic Accrual Fund	81.00
6	Bank of Maharashtra	75.00
7	A K Capital Finance Limited	57.73
8	Franklin India Income Opportunities Fund	50.00
9	Punjab and Sind Bank	50.00
10	State Bank of India	50.00

E. The amount of corporate guarantee issued by the Issuer along with name of the counterparty (like name of the subsidiary, JV entity, group-company, etc) on behalf of whom it has been issued. (if any):

Nil

F. Details of Commercial Paper:

Nil

G. Details of rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on September 30, 2020:

Nil



H. Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Company, in the past 5 years:

Nil

I. Details of any outstanding borrowings taken / debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option:

Nil

5.10 Details of Promoters of the Company:

A. Details of Promoter Holding in Company as on latest quarter end, i.e. September 30, 2020:

S. No.	Name of Shareholders	Total No. of Equity shares	No. of shares held in dematerialised form	Total shareholding as percentage (%) of total no. of equity shares	No. of shares Pledged	Percentage (%) of shares pledged with respect to shares owned
1	D. Lakshmipathy	3710771	3710771	13.65%	Nil	Nil
2	L. Hema	2089060	2089060	7.69%	Nil	Nil
3	R. Deenadayalan	163200	163200	0.60%	Nil	Nil
4	D. Varalakshmi	44770	44770	0.16%	Nil	Nil
5	L. Sritha	20000	20000	0.07%	Nil	Nil

5.11. Abridged version of the Audited Consolidated and Standalone Financial Information (like Profit and Loss statement, Balance Sheet and Cash Flow statement) for at least last three years and auditor qualifications, if any.

[Note: Financial information submitted must be in line with the timelines specified in the Simplified Listing Agreement, issued vide Circular no. SEBI/IMD/BOND/1/2009/11/05, dated May 11, 2009]

PROFIT & LOSS STATEMENT (Rs. In lakhs)	FY 2018 Audited
Revenue	
Revenue from Operations	18,854.36
Other Income	1,561.70
Total Revenue	20,416.06
Expenses	
Finance Costs	5,554.57
Employee Benefits Expense	4,293.18
Other Expenses	1,487.50
Provisions, Loan Losses & Other Charges	918.55
Depreciation	259.31
Total Expenses	12,513.12



Profit Before Tax	7,902.94
Tax Expenses	
- Current Tax	2,404.37
- Deferred Tax	-119.55
Total Tax Expenses	2,284.82
Profit for the Year	5,618.12

Balance sheet (Rs. in lakhs)	FY 2018 Audited
EQUITY AND LIABILITIES	
Shareholders' Funds	
Share Capital	1,916.89
Reserves and Surplus	58,077.76
	59,994.65
Non-current liabilities	
Long Term Borrowings	37,346.98
Other Long Term Liabilities	0.84
Long Term Provisions	718.58
	38,066.40
Current liabilities	
Short Term Borrowings	4,979.68
Trade Payables	
i) Dues to Micro and Small Enterprises	-
ii) Other Trade Payables	475.18
Other Current Liabilities	11,357.37
Short-term Provisions	419.42
	17,231.65
TOTAL	1,15,292.70
ASSETS	
Non Current Assets	
Fixed Assets	
-Tangible Assets	454.24
-Intangible Assets	181.09
-Capital Work in Progress	14.13
-Software Under Development	-
Non Current Investments	1,500.00
Deferred Tax Assets	364.03
Long Term Receivables Under Financing Activities	80,344.28
Long Term Loans and Advances	417.95
Other Non Current Assets	23.04
	83,298.76
Current Assets	
Current Investments	-
Cash and Bank Balances	12,651.08



Balance sheet (Rs. in lakhs)	FY 2018 Audited
Short Term Receivables Under Financing Activities	17,649.41
Short Term Loans and Advances	64.98
Other Current Assets	1,628.47
	31,993.94
TOTAL	1,15,292.70

Particulars (Rs. In lakhs)	Year ended March 31, 2018
Cash Flow from Operating Activities	
Profit After Tax	5,618.12
Provision for Taxation	2,284.82
Net Profit Before Tax	7,902.94
Adjustments for:	
Finance Costs	5,554.58
Depreciation	259.31
General Provision on Standard Assets	294.36
Provision against Non - Performing Assets	286.52
(Profit)/Loss on sale of fixed assets	8.42
Profit on sale of current investments (Net)	(675.21)
Interest income on deposits with banks / others	(797.59)
ESOP Expenses	322.05
	5,252.44
Operating Profit Before Changes in Working Capital	13,155.38
Changes in Working Capital:	
Adjustments for (Increase) / Decrease in Operating Assets:	
Long-term receivables under financing activity	(41,860.73)
Long-term Loans and Advances	(260.13)
Other Non Current Assets	(1.17)
Short-term receivables under financing activity	(8,236.85)
Short-term Loans and Advances	(12.70)
Other Current Assets	(1,161.14)
Adjustments for Increase / (Decrease) in Operating Liabilities:	
Long-term provisions	69.94
Short-term provisions	25.78
Trade Payables	146.59
Other Current Liabilities	118.92
	(51,171.49)
Cash Used in Operations	(38,016.11)
Financial Expenses	(5,495.84)
Direct Taxes Paid	(2,574.49)



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Particulars (Rs. In lakhs)	Year ended March 31, 2018
Net Cash Used in Operating Activities (A)	(46,086.44)
Cash Flow from Investing Activities	
Purchase of fixed assets	(277.22)
Proceeds from sale of fixed assets	4.05
Profit on sale of current investments	675.21
Interest income on deposits with banks / others	797.59
Net Cash from Investing Activities (B)	1,199.63
Cash Flow from Financing Activities	
Proceeds from issue of equity shares (including securities premium)	32,046.00
Utilisation of Securities Premium	(440.62)
Proceeds from long term borrowings (repaid) / availed (Net)	7,597.25
Short-term Borrowings (repaid) / availed (Net)	291.93
Net Cash from Financing Activities (C)	39,494.56
Net Increase in Cash and Cash Equivalents [(A) + (B) + (C)]	(5,392.25)
Cash and Cash Equivalents at the beginning of the year	18,043.33
Cash and Cash Equivalents at the end of the year	12,651.08

Particulars	Year ended	Year ended
	March 31, 2020	March 31, 2019
Revenue from operations		
Interest income	74,682.42	38,286.54
Dividend income	-	0
Fee income	2,970.84	1,317.08
Net gain on fair value changes	1,018.22	559.86
Total revenue from operations	78,671.48	40,163.48
Other income	63.25	120.03
Total Income	78,734.73	40,283.51
Expenses		
Finance costs	21,693.51	7,285.60
Fees expenses	42.52	94.77
Impairment / write off on financial instruments	4,934.19	700.54
Employee benefits expenses	12,710.78	7,478.89
Depreciation and amortization	1,006.85	419.42
Other expenses	3,416.83	2,505.58
Total Expenses	43,804.68	18,484.80
Profit before tax	34,930.05	21,798.71
Tax expense		
Current tax	10,056.07	6,954.97



Particulars	Year ended	Year ended
	March 31, 2020	March 31, 2019
Deferred tax (net)	-1,321.06	-785.94
	8,735.01	6,169.03
Profit for the period	26,195.04	15,629.68
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Re-measurements of the defined benefit plan	-148.8	50.09
Income tax relating to items that will not be reclassified to profit or loss	37.45	-14.58
Net other comprehensive income not to be reclassified subsequently to profit or loss	-111.35	35.50
Other comprehensive income / (deficit) for the year, net of income tax	-111.35	35.50
Total comprehensive income	26,083.69	15,594.18

Particulars	As at March 31, 2020	As at March 31, 2019
ASSETS		
Financial Assets		
Cash and cash equivalents	28,977.95	20,992.65
Bank balances other than cash and cash equivalents	16,134.94	6.88
Loans	3,83,080.44	2,05,743.73
Investments	-	1,500.00
Other financial assets	524.57	283.68
	4,28,717.90	2,28,526.94
Non-financial Assets		
Current tax assets (net)	435.46	348.17
Deferred tax assets (net)	2,822.96	1,422.06
Investment property	3.56	3.56
Property, plant and equipment	1,106.09	744.41
Right of use asset	1,488.00	
Other intangible assets	192.80	201.80
Other non-financial assets	548.62	357.39
	6,597.49	3,077.39
Total assets	4,35,315.39	2,31,604.33
LIABILITIES AND EQUITY		
Financial Liabilities		
Payables		
Trade payables		
total outstanding dues of micro and small enterprises	-	-
total outstanding dues of creditors other than micro and small enterprises	662.40	281.39
Debt securities	1,07,886.42	42,972.28



Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings (other than debt securities)	1,28,482.89	49,198.22
Other financial liabilities	1,568.10	510.91
	2,38,599.81	92,962.80
Non-financial Liabilities		
Current tax liabilities (net)	74.80	159.89
Provisions	577.61	365.19
Other non-financial liabilities	1,605.12	1,608.12
	2,257.53	2,133.20
Equity		
Equity share capital	2,558.21	2,389.96
Other equity	1,91,899.84	1,34,118.37
	1,94,458.05	1,36,508.33
Total Liabilities and Equity	4,35,315.39	2,31,604.33

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash Flow from Operating Activities		
Net profit before tax	34,930.05	21,798.71
Adjustments for:		
Depreciation and amortization	1,006.85	419.42
Provision for gratuity		58.51
Provision for compensated absences		86.33
Provision for impairment on financial instruments and write-offs	4,934.19	700.54
Loss on sale/retirement of property, plant and equipment (net)	0.75	0.93
Profit on sale of current investments (net)	(1,018.22)	(559.86)
Interest income on deposits with banks / others	(2,886.62)	(1,335.21)
Interest on loans	(71,795.80)	
Finance costs	21,693.51	7,285.60
Gain recognised on derecognition of leases	(6.60)	
Employee stock option expenses	168.03	267.83
Operating cash flow before working capital changes	(12,973.86)	28,722.80
Changes in Working Capital:		
Adjustments for (Increase) / Decrease in Operating Assets:		
Loans	(1,76,889.78)	(1,09,584.36)
Other non- financial assets	(182.64)	(94.34)
Other financial assets	(238.68)	(59.35)
Adjustments for Increase / (Decrease) in Operating Liabilities:		
Trade payables	369.71	60.31
Provisions	52.56	
Other financial liabilities	5.89	(1.09)
Other non financial liabilities	33.68	1,156.74
Net cash (used in) operations	(1,19,565.79)	(79,799.29)



Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Finance cost paid	(22,543.27)	(7,409.26)
Interest income received	70,257.31	
Direct taxes paid (net)	(10,218.89)	(6,798.84)
Net Cash Used in Operating Activities (A)	(1,52,327.96)	(94,007.40)
Cash Flow from Investing Activities		
Purchase of fixed assets	(970.97)	(585.14)
Proceeds from sale of fixed assets	0.78	15.30
Profit on sale of current investments	1,018.22	559.86
Interest income on deposits with banks / others	2,662.85	1,380.07
Movement in bank balances other than cash and cash equivalents	(15,904.28)	1.09
Net Cash from Investing Activities (B)	(13,193.40)	1,371.18
Cash Flow from Financing Activities		
Proceeds from issue of equity shares	168.25	473.07
Proceeds from securities premium (net off utilisation)	31,525.28	61,453.65
Expenses towards issue of shares	-	(501.53)
Fresh borrowings during the year	1,78,166.33	60,140.00
Repayments of borrowings (including process fee)	(36,950.21)	(20,579.43)
Payment towards leases (excluding interest)	(376.06)	
Net Cash from Financing Activities (C)	1,72,533.59	1,00,985.76
Net Increase / (Decrease) in Cash and Cash Equivalents [(A) + (B) + (C)]	7,012.22	8,349.54
Cash and Cash Equivalents at the beginning of the year	21,965.73	12,643.11
Cash and Cash Equivalents at the end of the year	28,977.95	20,992.65

*FY 2019 & FY 2020 figures are as per IND-AS. Figures for FY 2018 are as per IGAAP and hence may not be directly comparable.

5.12 Abridged version of Latest Audited/ Limited Review Half Yearly Consolidated and Standalone Financial Information and auditors' qualifications, if any:

[Note: Financial information submitted must be in line with the timelines specified in the Simplified Listing Agreement, issued vide Circular no. SEBI/IMD/BOND/1/2009/11/05, dated May 11, 2009]

Particulars	September 30, 2020	March 31, 2020
ASSETS		
Financial Assets		
Cash and cash equivalents	76063.88	28,977.95
Bank balances other than cash and cash equivalents	54027.60	16,134.94
Loans	386358.74	3,83,080.44
Investments	2505.98	-
Other financial assets	497.82	524.57
	519454.02	4,28,717.90
Non-financial Assets		
Current tax assets (net)	450.03	435.46



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Deferred tax assets (net)	2849.14	2,822.96
Investment property	3.56	3.56
Property, plant and equipment	952.32	1,106.09
Capital work-in-progress		
Intangibles under development	1469.73	1,488.00
Other intangible assets	203.71	192.80
Other non-financial assets	355.47	548.62
	6283.96	6,597.49
Total	525737.98	4,35,315.39
LIABILITIES AND EQUITY		
Financial Liabilities		
Payables		
Trade payables		
total outstanding dues of micro and small enterprises	-	
total outstanding dues of creditors other than micro and small enterprises	635.94	662.40
Debt securities	150421.63	1,07,886.42
Borrowings (other than debt securities)	156113.07	1,28,482.89
Other financial liabilities	1624.73	1,568.10
	308795.37	2,38,599.81
Non-financial Liabilities		
Current tax liabilities (net)	722.81	74.80
Provisions	853.55	577.61
Other non-financial liabilities	1941.16	1,605.12
	3517.52	2,257.53
Equity		
Equity share capital	2563.55	2,558.21
Other equity	210861.54	1,91,899.84
	213425.09	1,94,458.05
Total	525737.98	4,35,315.39

5.13 Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc.) at the time of Issue which may affect the issue or the Investor's decision to invest / continue to invest in the debt securities.

The Issuer hereby declares that there has been no material event, development or change at the time of issue from the position as on the date of the last audited financial statements of the Issuer, which may affect the Issue or the Investor's decision to invest/ continue to invest in the debt securities of the Issuer. The Issuer is in the process of capital raise which could result in change in the capital structure.

5.14 Names of the Debentures Trustees and Consents thereof

The Debenture Trustee of the proposed Debentures is Catalyst Trusteeship Limited. Catalyst Trusteeship Limited has given its written consent for its appointment as debenture trustee to the Issue and inclusion of its name in the form and context in which it appears in this Information Memorandum and in all the subsequent periodical



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communications sent to the Debenture Holders. The consent letter from Debenture Trustee is provided in **Annexure III** of this Information Memorandum.

5.15 Rating Rationale(s) adopted (not older than one year on the date of opening of the Issue)/ credit rating letter issued (not older than one month on the date of opening of the Issue).

The Rating Agency has assigned ratings of PP-MLD[ICRA]A(Stable) outlook to the Debentures. Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.

5.16 If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document.

Not Applicable.

5.17 Names of all the recognized stock exchanges where the debt securities are proposed to be listed:

The Debentures are proposed to be listed on the WDM segment of the BSE. The Issuer shall comply with the requirements of the listing agreement for debt securities to the extent applicable to it on a continuous basis.

5.18 Other details:

5.18.1 Debenture Redemption Reserve Creation:

As per Section 71 of the Act, any company that intends to issue debentures must create a debenture redemption reserve to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. However, at present under the Companies (Issuance of Share Capital and Debentures) Rules, 2014, non-banking financial companies are exempt from this requirement in respect of privately placed debentures. Pursuant to this exemption, the Company does not presently intend to create any reserve funds for the redemption of the Debentures.

5.18.2 Issue / instrument specific regulations:

The Issue of Debentures shall be in conformity with the applicable provisions of the Companies Act including the notified rules thereunder, the SEBI Debt Listing Regulations, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and the applicable RBI guidelines.

5.18.3 Application process:

The application process for the Issue is as provided in 0 of this Information Memorandum.

5.19 A statement containing particulars of the dates of, and parties to all material contracts, agreements:

The contracts and documents referred to hereunder are material to the Issue, may be inspected at the Registered Office of the Company between 10.00 am to 4.00 pm on working days.

S. No.	Nature of Contract
1	Certified true copy of the Memorandum & Articles of Association of the Issuer.



2	Board Resolution dated June 10, 2020 read together with the resolution passed by Business and Resource Committee of the Board of Directors on December 04, 2020 authorizing the issue of Debentures offered under terms of this Disclosure Document
3	Shareholder Resolution dated August 31, 2020 authorizing the issue of non-convertible debentures by the Company.
4	Shareholder Resolution dated August 31, 2020 authorizing the borrowing limits of the Company and the creation of security in respect of such borrowings.
5	Copies of Annual Reports of the Company for the last three financial years.
6	Credit rating letter from the Rating Agency dated December 10, 2020.
7	Letter from Catalyst Trusteeship Limited dated December 10, 2020 giving its consent to act as Debenture Trustee.
8	Letter for Register and Transfer Agent.
9	Certified true copy of the certificate of incorporation of the Company.
10	Certified true copy of the tripartite agreement between the Company, the Registrar & Transfer Agent and NSDL.

5.20 Details of Debt Securities Sought to be Issued

Under the purview of the current document, the Issuer intends to raise an amount of up to Rs. 40,00,00,000 (Rupees Forty Crores only) by issue of (a) 2,000 (Two Thousand) Rated, Listed, Senior, Secured, Redeemable, Taxable, Principal Protected, Market Linked Non-Convertible Debentures ("NCDs or "Debentures") of face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) for cash, at par, in dematerialised form ("Series A Debentures") and (b) 2,000 (Two Thousand) Rated, Listed, Senior, Secured, Redeemable, Taxable, Principal Protected, Market Linked Non-Convertible Debentures ("NCDs or "Debentures") of face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) for cash, at par, in dematerialised form ("Series B Debentures"), on a private placement basis. For further details of the Debentures, please refer to the terms and conditions of the debentures set out in Section 5.23 of this Information Memorandum.

5.21 Issue Size

The aggregate issue size for the Debentures is upto Rs. 40,00,00,000/- (Rupees Forty Crores only).

5.22 Utilization of the Issue Proceeds

The Issue proceeds will be utilized for ongoing business operations of the Company including refinancing of existing debt.

5.23 Issue Details

Security Name	Series A: FSBFL_MLD_Series A_FY 2022 Series B: FSBFL_MLD_Series B_FY 2022
Issuer	Five-Star Business Finance Limited
Type of Instrument	Non-Convertible Debentures
Nature of Instrument	Rated, Listed, Senior, Secured, Redeemable, Taxable, Principal Protected, Market Linked, Non-Convertible Debentures
Seniority	Senior
Mode of Issue	Private placement
Eligible/Identified Investors	As provided in Clause 7.14 below
Listing	The Debentures are proposed to be listed on the WDM segment of the



	<p>BSE within a maximum period of 4 (Four) trading days from the Issue closing date.</p> <p>In case of delay in listing of the debt securities beyond 4 (Four) trading days from the Issue closing date, the Issuer will pay penal interest of at least 1% (One Percent) per annum over the Coupon Rate from the expiry of 4 (Four) trading days from the Deemed Date of Allotment till the listing of such Debentures.</p> <p>In the event that the debentures are delisted for a continuous period of 1 month, the Company shall pay default interest calculated at the rate of 1% (One Percent) per annum on the outstanding principal amount of the Debentures over and above the Coupon Rate for the period commencing from the Deemed Date of Allotment and expiring on the date the Debentures are listed on the WDM of the BSE.</p>
Rating Agency	ICRA Limited
Rating of Instrument	PP-MLD[ICRA]A(Stable)
Valuation Agency	ICRA Analytics
Valuation Agency Fees	Fees paid to valuation agency by issuer shall not be more than 0.0375% p.a. on the face value of outstanding debentures.
Distribution Fee	The Issuer shall pay to the distributor, fees (if any) as per mutual agreement between the Issuer and Distributor.
Issue Size	<p>INR 40,00,00,000 (Indian Rupees Thirty Crores Only), split into following 2 (Two) Series:</p> <ul style="list-style-type: none"> • Series A: Rs 20,00,00,000 (Rupees Twenty Crores Only) • Series B: Rs 20,00,00,000 (Rupees Twenty Crores Only)
Option to retain oversubscription	N.A.
Objects of the Issue	To raise senior secured debt to the extent up to Rs 40,00,00,000
Details of the utilization of the Proceeds	The Issue proceeds will be utilized for ongoing business operations of the Company including refinancing of existing debt.
Coupon Rate	As set out in Annexure VI
Step Up Coupon Rate / Step Down Coupon Rate	N.A.
Coupon Payment Frequency	As set out in Annexure VI
Coupon Payment Dates	As set out in Annexure VI
Coupon Type	Fixed Coupon rate subject to reset as per Coupon Reset Process.
Coupon Reset Date	Not Applicable
Coupon Reset Process	Not Applicable
Day Count Basis	Actual/Actual
Interest on Application Money	Interest at the rate of 15.00% p.a. (subject to deduction of tax at source at the rate prevailing from time to time under the provisions of the Income Tax Act, 1961) will be paid on Application Money to the Applicants from the date of realization of the cheques / drafts or credit through RTGS / NEFT / direct credit upto one day prior to the Deemed Date of Allotment. This is applicable for all valid applications within 5 (five) Business Days from the Deemed Date of Allotment. Where the entire subscription amount has been refunded, the interest on Application Money will be paid along with the



	refund orders or through RTGS / NEFT / direct credit to the bank account of the Applicant as described in the Application Form.
Default Interest Rate	In the event of a payment default of the amounts due under this Issue or any other Event of Default (whether by way of acceleration, at maturity or otherwise), the Issuer shall pay an additional 4% (Four Percent) per annum over and above the applicable Coupon Rate on the outstanding principal amount of the Debentures, calculated from the date of the occurrence of the default until such default is cured or the Debentures are redeemed pursuant to such default, as applicable.
Delay Penalty	In the case of a delay in the execution of Debenture Trust Deed and the Security documents, the Issuer shall refund the subscription with the agreed rate of interest or shall pay penal interest of 2% (Two Percent) per annum over the and above the applicable Coupon Rate until such time the conditions have been complied with at the option of the Investor.
Prepayment and Prepayment Penalty	Any full or part of Prepayment shall be subject to the consent of all Debenture Holders. In case of early redemption of the Debentures, at the instance of the Issuer and post consent of majority debenture holders, on any date other than the Maturity Date and not arising due to an Event of Default, the issuer shall pay a penalty of 2% (Two Percent) on the principal amount repaid. The issuer shall give the Debenture Trustee and the Debenture Holders at least 15 (Fifteen) Calendar Days written notice prior to the date of such meeting where Debenture Holders consent for prepayment shall be sought.
Tenor	Tenor for each Series, as follows: <ul style="list-style-type: none"> • Series A: 15 months from the Deemed Date of Allotment • Series B: 30 months from the Deemed Date of Allotment
Maturity Date	Maturity Date for each Series, as follows: <ul style="list-style-type: none"> • Series A: March 15, 2022 • Series B: June 15, 2023
Principal payment	The principal amount of the Debentures shall be payable by the Company on the Maturity Date (or earlier upon the exercise of the Put Option or Call Option), subject to adjustments on account of business day convention, in the manner set out in Annexure VI (Illustration of Bond Cashflows) of this Information Memorandum.
Redemption Amount	Redemption Amount for each Series, as follows: <ul style="list-style-type: none"> • Series A: INR 20,00,00,000 • Series B: INR 20,00,00,000
Redemption Premium/ Discount	N.A.
Issue Price	Rs. 1,00,000/- (Rs. One Lakh only) per Debenture
Discount at which security is issued and the effective yield as a result of such discount	N.A.
Put Option Date	Not Applicable
Put Option	Not Applicable
Put Option Price	Not Applicable
Call Option Date	Not Applicable



Call Option	Not Applicable
Call Option Price	Not Applicable
Face Value	Rs. 1,00,000/- (Rs. One Lakh only) per Debenture
Minimum Application size and in multiples of 1 thereafter	100 Debentures and in multiples of 1 Debenture thereafter
Issue Timing	Issue Opening Date: December 15, 2020 Issue Closing Date: December 15, 2020 Pay-in Dates: December 15, 2020 Deemed Date of Allotment: December 15, 2020
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Depositories	NSDL
Business Days	Means a day (other than a Saturday and Sunday or a bank/National holiday) on which banks are open for general business in Mumbai and Chennai, India
Business Day Convention	If any coupon payment date falls on a day that is not a working day, the payment shall be made on the immediately succeeding working day. If the redemption date of the Debentures falls on a day that is not a working day, the redemption proceeds (principal and coupon) shall be paid on the immediately preceding working day. If the Maturity Date (also the last coupon payment date) of the Debentures falls on a day that is not a working day, the redemption proceeds and coupon payment shall be paid on the immediately preceding working day.
Record Date	Means the date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due to any Due Date, which shall be the date falling 15 calendar days prior to any due date.
All covenants of the issue (including side letters, accelerated payment clause, etc.)]	As set out in paragraph 6.25 below
Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document/	The Debentures shall be secured by way of a first ranking, exclusive and continuing charge on identified receivables (" Hypothecated Receivables ") created pursuant to the deed of hypothecation to be executed between the Company and the Debenture Trustee as described herein. The Hypothecated Receivables shall at all times be equal to the value of the outstanding principal amount of the Debentures. The issuer undertakes: <ul style="list-style-type: none"> to maintain the value of security at all times equal to 1.01 times or 101.0% of the aggregate amount of principal outstanding of the NCDs where at least 1.01 times or 101.0% of the security cover is from principal receivables ("Security Cover"); to create and register the Hypothecated Assets as contemplated above within 30 (Thirty) Calendar days and perfect the security over the Hypothecated Assets within 60 (Sixty) calendar days from the Deemed Date of Allotment by executing a duly stamped deed of hypothecation ("Deed of Hypothecation") and filing CHG-9 within the time period applicable;

Information Memorandum.]	<ul style="list-style-type: none"> • to pay a penal interest of 2.0% (Two Percent) p.a. over the coupon date in case there is any delay in the creation, registration and perfection of the security over the Hypothecated Assets; • to provide a list on a monthly basis, of specific loan receivables/identified book debts to the Debenture Trustee over which the charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) ("Monthly Hypothecated Asset Report") • to add fresh loan assets to the Security Cover to ensure that the value of the Hypothecated Assets is equal to 1.01 times or 101.0% the aggregate amount of principal outstanding of the NCDs where at least 1.01 times or 101.0% of the security cover is from principal receivables. • to replace any Hypothecated Receivables that become Stage 3 Assets with current receivables. Such replacement shall be effected within 30 (Thirty) Business Days of the receivables becoming NPA <p><u>Eligibility Criteria for the Hypothecated Receivables:</u></p> <ul style="list-style-type: none"> • the receivables are existing at the time of selection and have not been terminated or pre-paid; • the receivables have not been restructured or rescheduled • all "Know Your Customer" norms have been complied with as prescribed by the Reserve Bank of India;s
Transaction Documents	Shall be as set out in Clause 6.23 below
Conditions Precedent to Disbursement	<p>The Company will fulfil the following conditions precedent, to the satisfaction of the Debenture Trustee, prior to the Deemed Date of Allotment:</p> <ol style="list-style-type: none"> a. submit to the Debenture Trustee, a copy of resolution of the Company's board of directors authorizing the execution, delivery and performance of the Transaction Documents b. submit to the Debenture Trustee, copies of the relevant resolutions of the shareholders of the Company in relation to the borrowing limits of the company c. submit to the Debenture Trustee, a copy of the Company's constitutional documents d. provide such other information, documents, certificates, opinions and instruments as the Debenture Holder may reasonably request; e. execution, delivery and stamping of the Transaction Documents in a form and manner satisfactory to the Debenture Trustee; f. receipt and submission of the rating letter issued by the Rating Agency in relation to the Debentures; g. receipt of consent from the Debenture Trustee to act as the debenture trustee for the issue of Debentures; h. submission of all 'know your customer' requirements to the satisfaction of the Debenture Trustee; i. Submit to the Debenture Trustee, the audited financial statements of the Company for the Financial Year ended March 31, 2020 and provisional quarterly financial statements for the period ended September 30, 2020.
Conditions Subsequent to Disbursement	The Company shall fulfill the following conditions subsequent, to the satisfaction of the Debenture Trustee, pursuant to the Deemed Date of



	<p>Allotment:</p> <ol style="list-style-type: none"> The Issuer shall ensure that the Debentures are credited into the demat accounts of the Debenture Holders of each series of Debentures within 2 Business Days from the Deemed Date of Allotment; The Issuer shall file a return of allotment of securities under Form PAS-3 under Section 42 of the Companies Act read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the ROC within 15 (fifteen) calendar days of the Deemed Date of Allotment along with a list of the Debenture Holders and with the prescribed fee; To create and register the Hypothecated Assets as contemplated above within 30 (Thirty) Calendar days and perfect the security over the Hypothecated Assets within 60 (Sixty) calendar days from the Deemed Date of Allotment by executing a duly stamped deed of hypothecation ("Deed of Hypothecation") and filing CHG-9 within the time period applicable. Receive final listing approval from the BSE within 4 trading days from the Deemed Date of Allotment The Issuer shall ensure compliance with SEBI / Companies Act 2013 (as applicable) for issuance of NCDs.
Event of Default (including manner of voting /conditions of joining Inter Creditor Agreement)	As mentioned in Clause 5.26.5 below
Creation of recovery expense fund	Details and purpose of the recovery expense fund.
Conditions for breach of covenants (as specified in Debenture Trust Deed	As set out in paragraph 6.25 below
Provisions related to Cross Default Clause	The Issuer defaults under any other contract evidencing its financial indebtedness and binding on its capacity as a company, borrower or guarantor and such default or event of default permits or causes (or with the giving of notice or the passage of time or both would permit or cause) the acceleration of any such indebtedness (whether or not such right shall have been waived) or the termination of any commitment to lend.
Role and Responsibilities of Debenture Trustee	To oversee and monitor the overall transaction for and on behalf of the Debenture Holders
Risk factors pertaining to the issue	As mentioned in Section 3 above
Covenants	As mentioned in Clause 5.26 below
Rating Covenant	If any time during the tenor of the debentures, the rating of the instrument is downgraded to below BBB-, the debenture trustee, shall have the right, but not an obligation, to require the issuer to redeem the debentures within a period of 30 days.
Change of Taxation clause	If the taxation of market linked debentures undergoes any increase from current levels, the debenture trustee shall have the right but not an obligation to require the issuer to prepay the debentures within 60 days on occurrence of such an event without any prepayment charges. Correspondingly the issuer shall have the right but not an obligation to increase the effective annual coupon rate by 2% instead of prepaying the debentures without any prepayment charges. It is clarified that the

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	increased rate would be effective only from the date of such change in taxation/law.
Representation and warranties	As mentioned in Clause 5.25 below
Illustration of Bond Cashflows	Kindly refer to Annexure VI of this Information Memorandum
Governing Law	The Debentures and documentation will be governed by and construed in accordance with the laws of India and the parties submit to the exclusive jurisdiction of the courts in Chennai. Provided that the Debenture Trustee, may, however, in its absolute discretion commence any Proceedings arising out of the Debenture Trust Deed in any other court and tribunal in India, and the Issuer irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of such court or tribunal, and the Issuer irrevocably waives any objection it may have now or in the future to the laying of the venue of any proceedings and any claim that any such proceedings have been brought in an inconvenient forum.

Note:

1. The list of documents which has been executed or will be executed in connection with the issue and subscription of debt securities shall be annexed.
2. The penal interest rates mentioned above as payable by the Issuer are independent of each other.



Scenario analysis table.

Series A

Scenario/ Market Condition	Price of Benchmark at Initial Fixing Level	Current YTM (Initial Fixing Level)	Assumed Price of Benchmark at Final Fixing Level	Estimated YTM (Final Fixing Level)	Return	Investment	Maturity Amount at Expected Maturity Date
Extremely rising	98.71	5.77%	≥ 172.7425	$\geq 75\%$	10.35%	1,00,000	1,13,063
Substantially rising	98.71	5.77%	< 172.7425 Final Observation ≥ 98.71	$< 75\%$ Final Observation $\geq 0\%$	10.30%	1,00,000	1,12,999
Substantially falling	98.71	5.77%	< 98.71 Final Observation ≥ 24.6775	$< 0\%$ Final Observation $> -75\%$	10.30%	1,00,000	1,12,999
Extremely falling	98.71	5.77%	< 24.6775	$< -75\%$	0.00%	1,00,000	1,00,000

Series B

Scenario/ Market Condition	Price of Benchmark at Initial Fixing Level	Current YTM (Initial Fixing Level)	Assumed Price of Benchmark at Final Fixing Level	Estimated YTM (Final Fixing Level)	Return	Investment	Maturity Amount at Expected Maturity Date
Extremely rising	98.71	5.77%	≥ 172.7425	$\geq 75\%$	10.65%	1,00,000	1,28,771
Substantially rising	98.71	5.77%	< 172.7425 Final Observation ≥ 98.71	$< 75\%$ Final Observation $\geq 0\%$	10.60%	1,00,000	1,28,626
Substantially falling	98.71	5.77%	< 98.71 Final Observation ≥ 24.6775	$< 0\%$ Final Observation $> -75\%$	10.30%	1,00,000	1,28,626
Extremely falling	98.71	5.77%	< 24.6775	$< -75\%$	0.00%	1,00,000	1,00,000



SECTION 6: DISCLOSURES PERTAINING TO WILFUL DEFAULT

In case of listing of debt securities made on private placement, the following disclosures are required to be made vide *SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2016 w.e.f. 25-05-16*:

- A. **Name of the Bank declaring the entity as a Wilful Defaulter:** NIL
- B. **The year in which the entity is declared as a Wilful Defaulter:** NIL
- C. **Outstanding amount when the entity is declared as a Wilful Defaulter:** NIL
- D. **Name of the entity declared as a Wilful Defaulter:** NIL
- E. **Steps taken, if any, for the removal from the list of wilful defaulters:** NIL
- F. **Other disclosures, as deemed fit by the Issuer in order to enable investors to take informed decisions:**
NIL
- G. **Any other disclosure as specified by the Board:** NIL



SECTION 7 TRANSACTION DOCUMENTS AND KEY TERMS

5.24 Transaction Documents

The following documents shall be executed in relation to the Issue ("**Transaction Documents**"):

- 5.24.1 Debenture Trustee Agreement, which will confirm the appointment of Catalyst Trusteeship Limited as the Debenture Trustee ("**Debenture Trustee Agreement**");
- 5.24.2 Debenture Trust Deed, which will set out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer ("**Debenture Trust Deed**");
- 5.24.3 Deed of Hypothecation whereby the Issuer will create an exclusive charge by way of hypothecation over the Secured Property in favour of the Debenture Trustee to secure its obligations in respect of the Debentures ("**Deed of Hypothecation**"); and
- 5.24.4 Such other documents as agreed between the Issuer and the Debenture Trustee and/or the Debenture Holder(s).

The Debenture Trustee Agreement, the Debenture Trust Deed and the Deed of Hypothecation shall be executed on or prior to the Issue Closing Date.

5.25 Representations and Warranties of the Issuer

The Issuer hereby makes the following representations and warranties and the same shall also be set out in the Transaction Documents.

5.25.1 Authority and Capacity

- 5.25.1.1 The Issuer has been duly incorporated, organized and is validly existing, under applicable law.
- 5.25.1.2 The Issuer has the corporate power, authority and all material permits, approvals, authorizations, licenses, registrations, and consents including registrations, to own and operate its assets and to carry on its business in substantially the same manner as it is currently conducted.
- 5.25.1.3 The Issuer is in compliance with all laws for the performance of its obligations with respect to this Issue.
- 5.25.1.4 The Issuer represents that all consents, and actions of, filings with and notices to any governmental authority as may be required to be obtained by the Issuer in connection with the Issue have been obtained or made and are in effect.

5.25.2 Corporate Matters

- 5.25.2.1 All the legal and procedural requirements specified in the constitutional documents have been duly complied with in all respects in relation to the Issue.
- 5.25.2.2 The registers, and minute books (including the minutes of board and shareholders meeting) required to be maintained by the Issuer under applicable law:
 - 5.25.2.2.1 are up-to-date and have been maintained in accordance with applicable law;



5.25.2.2.2 comprise complete and accurate records of all information required to be recorded in such books and records; and

5.25.2.2.3 no notice or allegation that any of them are incorrect and/ or should be rectified has been received.

5.25.3 Organization and Authority

The Issuer is an NBFC duly incorporated and validly existing under the laws of India and has the power to own its assets, conduct and operate its business as presently conducted, and to enter into, and comply with its obligations under the Debenture Trust Deed and the Transaction Documents to which it is a party or will be a party.

5.25.4 Non-conflict with other obligations

The Issue (or any of the obligations undertaken by the Issuer in relation thereto) does not and will not conflict with any law or regulation to which the Issuer is subject, including but not limited to any laws and regulations regarding anti-money laundering/ terrorism financing and similar financial sanctions as well as any agreement or instrument binding upon it or any of its assets, including but not limited to any terms and conditions of the existing financial indebtedness of the Issuer.

5.25.5 Validity and admissibility in evidence:

All approvals, authorizations, consents, permits (third party, statutory or otherwise) required or desirable:

- (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party;
- (ii) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and
- (iii) for it to carry on its business

have been obtained or effected and are in full force and effect.

5.25.6 Accounts and Records

The books of accounts of the Issuer have been fairly and properly maintained, the accounts of the Issuer have been prepared in accordance with law and in accordance with applicable GAAP, so as to give a true and fair view of the business (including the assets, liabilities and state of affairs) of the Issuer.

5.25.7 Taxation Matters

5.25.7.1 The Issuer has complied with all the requirements as specified under the respective Tax laws as applicable to it in relation to returns, computations, notices and information which are or are required to be made or given by the Issuer to any Tax authority for taxation and for any other Tax or duty purposes, have been made and are correct.

5.25.7.2 As on date, the Issuer has not received any written notice of any Tax disputes or other liabilities of Taxes in respect of which a claim has been made or notice has been issued against the Issuer.



5.25.8 Legal / Litigation Matters

- 5.25.8.1 There are no claims, investigations or proceedings before any court, tribunal or governmental authority in progress or pending against or relating to the Issuer, other than in the normal course of business, which would have a Material Adverse Effect on the Debentures (or the holders thereof) or on the ability of the Company to make the scheduled payments in relation to the Debentures.
- 5.25.8.2 There are no unfulfilled or unsatisfied judgments or court orders of which the Company has notice and which is outstanding against the Issuer, which would have a Material Adverse Effect on the Debentures (or the holders thereof) or on the ability of the Company to make the scheduled payments in relation to the Debentures.
- 5.25.8.3 The Issuer has not taken any action nor has any order been passed for its winding-up, dissolution or re-organisation or for the enforcement of any security over its assets or for the appointment of a liquidator, supervisor, receiver, administrator, administrative receiver, compulsory manager, trustee or other similar officer for it or in respect of its assets.

5.25.9 Assets

Except for the security interests and encumbrances created and recorded with the Ministry of Corporate Affairs (available using CIN U65991TN1984PLC010844 on the website <http://www.mca.gov.in/mcafoportal/showIndexOfCharges.do> under the heading Index of Charges), the Issuer has, free from any security interest or encumbrance, the absolute legal and beneficial title to, or valid leases or licenses of, or is otherwise entitled to use (in each case, where relevant, on arm's length terms), all material assets necessary for the conduct of its business as it is being, and is proposed to be, conducted.

5.25.10 Employees

The Company is in compliance with all obligations under the applicable labour laws and other laws in relation to its employees.

5.25.11 *Pari Passu* Ranking

Its payment obligations under the Transaction Documents rank at least *pari passu* with the claims of all of its other unsecured creditors, except for obligations mandatorily preferred by law applying to companies generally.

5.25.12 Event of Default

The Issuer hereby represents that there is no event of default that has currently occurred or is continuing as on the date hereof.

5.25.13 Material Adverse Effect

The Company hereby represents that there is no Material Adverse Effect existing and that there are no circumstances existing which could give rise, with the passage of time or otherwise, to a Material Adverse Effect on the Debentures (or the holders thereof) or on the ability of the Company to make the scheduled payments in relation to the Debentures.



5.25.14 Audit

The annual accounts of the Company are audited by an auditor from a reputable firm of independent chartered accountants.

5.25.15 Good Business Standard

The Company in its business transactions with its shareholders, partners, managers, staff, affiliates or affiliates of such entities or persons keeps within normal, good and acceptable business standards, including transactions being on arm's length.

5.25.16 No Immunity

Neither, the Issuer nor any of its assets is entitled to immunity from suit, execution, attachment or other legal process in its jurisdiction of incorporation. This Issue (and the documents to be executed in relation thereto) constitutes, and the exercise of its rights and performance of and compliance with its obligations in relation thereto, will constitute, private and commercial acts done and performed for private and commercial purposes.

5.25.17 Security

Save and except the charge created to secure the Debentures (and any other charges disclosed to the Debenture Trustee), the Secured Property hereinbefore expressed to be granted, conveyed, assigned, transferred and assured unto the Debenture Trustee is the sole and absolute property of the Company and is free from any other mortgage, charge or encumbrance and is not subject to any attachment, or other order or process issued by any governmental authority and that the Company has a clear and marketable title to the Secured Property.

5.25.18 Information

All information provided by the Issuer is true and accurate in all material respects as at the date it was provided or as at the date at which it was stated.

5.25.19 Nature of Representations and Warranties

Each of the representations and warranties set out above shall be true and accurate on the date as on the date of the execution of the Debenture Trust Deed, the Deemed Date of Allotment and on each Coupon Payment Date and the Maturity Date.

Provided that the representations and warranties as stated under Clause 7.2 above, sub-clause(s) (A), (B), (C), (D), (E), (G), (I), (J), (M) and (N) shall be repeated on each date commencing from the date of the execution of the Debenture Trust Deed until the Maturity Date.

5.26 Covenants of the Issuer

The Issuer hereby agrees and undertakes as under and the same along with additional covenants shall also be set out in the Transaction Documents:

5.26.1 Reporting Covenants

The Company shall provide or cause to be provided to the Debenture Trustee and Debenture Holder(s), in form and substance reasonably satisfactory to the Debenture Trustee (and to the Debenture Holders if so requested), each of the following items:

- a. Quarterly Reports – within 45 (Forty Five) calendar days from the end of each financial quarter



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- i. Unaudited Financial Statements
 - ii. Financial covenant compliance certificate signed by a Director or the Chief Financial Officer
 - iii. Latest ALM details
 - iv. Change in Shareholding structure
 - v. Change in Board composition
 - vi. Changes in accounting policy
 - vii. Change in senior management officials (any CXO or equivalent)
 - viii. List of Lenders and Loan / NCD profile
 - ix. Portfolio cuts including PAR data in the agreed format
- b. Annual Reports – within 90 (ninety) calendar days from the end of each financial year
- i. Audited financial statements
- c. Event Based Reports – within 10 (Ten) Business Days of the event occurring
- i. Any fraud amounting to more than 2.0% of Gross Loan Portfolio
 - ii. Change in the constitutional documents of the Company
 - iii. Material Adverse Effect
 - iv. Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect.
 - v. Winding up proceedings
Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same.

5.26.2 Affirmative Covenants

The Company shall comply with each of the following covenants at all times until the redemption of all outstanding Debentures:

- a. To utilise the proceeds of this issue in accordance with applicable laws and regulations
- b. To comply with corporate governance, fair practices code prescribed by the RBI
- c. Notification of any potential Event of Default or Event of Default;
- d. Obtain, comply with and maintain all licenses / authorizations
- e. Provide details of any material litigation, arbitration or administrative proceedings (materiality threshold to be finalized during documentation)
- f. Maintain internal control for the purpose of (i) preventing fraud on monies lent by the Company; and (ii) preventing money being used for money laundering or illegal purposes
- g. Permit visits and inspection of books of records, documents and accounts to debenture Trustees as and when required by them
- h. Comply with any monitoring and/or servicing requests from Debenture Trustees

5.26.3 Negative Covenants

The Issuer hereby covenants with the Debenture Trustee that the Issuer shall not (except as may otherwise be previously agreed in writing by the Debenture Trustee, acting on behalf of the Majority Debenture Holders):

i. **Merger, Consolidation, etc.**

Enter into any agreement to effectuate any change of control, consolidate or amalgamate with or merge with or into, or receive all or substantially all the assets or obligations of, another entity.

ii. **Constitutional Documents**

The Issuer shall not make any amendments to its constitutional documents in a manner which would prejudicially affect the interests of the Debenture Holder(s).



iii. **Arrangement with creditors**

Enter into any material compromise or arrangement or settlement with any of its secured creditors that would prejudicially affect the interests of the Debenture Holder(s).

iv. **Payment of dividend**

Declare or pay any dividend to its shareholders during any financial year unless it has paid the amounts then due and payable on the Debentures or has made provisions satisfactory to the Debenture Trustee for making such payment.

v. **Disposal of Assets**

Sell, transfer, or otherwise dispose of in any manner whatsoever any material assets of the Issuer, other than in ordinary course of business including any securitization / portfolio sale of assets undertaken by the Issuer in its ordinary course of business.

vi. **No Encumbrance Over Secured Property**

The Issuer shall not, until the Final Settlement Date, create any further charge or encumbrance over the Secured Property, except as created in favour of the Debenture Trustee for the benefit of the Debenture Holders, under the terms of the Debenture Trust Deed and the Deed of Hypothecation.

vii. **Change of business**

Change the general nature of its business from that which is permitted as a non-deposit accepting or holding non-banking financial company-microfinance institution registered with the RBI.

5.26.4 Financial Covenants

The Company shall comply with each of the following financial covenants at all times until the redemption of all outstanding Debentures:

- a. The capital adequacy ratio (as defined in RBI NBFC Regulations) shall be equal to 17% or above at all points in time.
- b. Cumulative Asset Liability mismatch should always be positive in all the buckets upto 1 year. If the said covenant is breached then the company will have a curing period of 2 months for the same.
- c. Asset Quality: Ratio of PAR-90 to Gross Loan Portfolio shall be 6% or lower.

"Gross Loan Portfolio" shall include on balance sheet and off balance sheet portfolio

"Off Balance Sheet Portfolio" shall mean principal balance of loans securitized, assigned, originated on behalf of other institutions in respect of which the Issuer has provided credit enhancements in any form or manner whatsoever

"PAR-90" shall mean the outstanding principal amount of all client loans that have one or more instalments of principal past due for more than ninety days.

"Client Loan" means each loan made by the Company as a lender.

"Loan Loss Reserves" means the portion of the Company's portfolio of client loans that has been expensed (provisioned for) in anticipation of losses due to default.

"Gross NPA" shall have the meaning in accordance with the guidelines issued by the Reserve Bank of India.



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All covenants would be tested on quarterly basis for the Company, i.e. as on 31st March, 30th June, 30th September and 31st December every year, starting from 31st March 2021 on consolidated and standalone balance sheet till the redemption of the Debentures.

Within 60 (Sixty) calendar days from the end of each quarter, the Issuer shall submit a certificate signed by the chief financial officer or an authorised signatory of the Issuer confirming the Issuer's compliance with the Financial Covenants set out hereinafter. The Issuer shall ensure that as on the last day of each calendar quarter, (unless specified otherwise), until the redemption of Debentures:

5.26.5 Events of Default

Following Events would be construed as Events of Default -

- a. Non-payment of any of the dues under this Issuance, with a grace period of 3 (Three) calendar days in case of delays due to technical reasons;
- b. Default or trigger of event of default on any other indebtedness (cross default)
- c. Misrepresentation or misleading information in any of the Transaction Documents
- d. Issuer is unable or admits in writing its inability to pay its debts as they mature or suspends making payment of any of its debts, by reason of actual or anticipated financial difficulties or proceedings for taking it into liquidation have been admitted by any competent court or a moratorium or other protection from its creditors is declared or imposed in respect of any indebtedness of the Company;
- e. Event of Insolvency, winding up, liquidation
- f. A receiver or liquidator, provisional liquidator, supervisor, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of the Company or any of its assets is appointed or allowed to be appointed of all or any part of the undertaking of the Company;
- g. If an attachment or expropriation or restraint of act of sequestration is levied on the Hypothecated Assets or any part thereof;
- h. Creditors' processes initiated against the company
- i. Repudiation of Transaction Documents
- j. Cessation of business
- k. Any material act of fraud, embezzlement, misstatement, misappropriation or siphoning off of the Issuer / Promoter funds or revenues or any other act having a similar effect being committed by the management or an officer of the Issuer
- l. The Company has taken or suffered to be taken any action for reduction of its capital or any rearrangement, merger or amalgamation without the prior written approval of the Debenture Holders;
- m. Promoters of the Company being declared willful defaulter.
- n. The promoter/s and/or the directors of the Company are convicted of criminal offence involving moral turpitude, dishonesty or which otherwise impinges on the integrity of the promoter/s and/or director, including any accusations, charges and/or convictions of any offence relating to bribery;
- o. Erosion of 50% or more of the Company's net worth starting March 31, 2021
- p. All or a material part of the undertaking, assets, rights or revenues of the Company are condemned, seized, nationalized, expropriated or compulsorily acquired, or shall have assumed custody or control of the business or operations of the Company, or shall have taken any action for the dissolution of the Company, or any action that would prevent the Company, their member, or their officers from carrying on their business or operations or a substantial part thereof, by or under the authority of any Government or Government authority;
- q. Occurrence of a Material Adverse Effect (defined below) as determined by the Debenture Trustee, acting solely on the instructions of the Majority Debenture Holders.
- r. Change in management control without prior written consent from the majority Debenture Trustee. Any new equity raising which results in change in the existing shareholding pattern and related



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change in board composition would be communicated to Debenture Holders and consent would be sought. If there is no response within 7 calendar days, it will be deemed as consent given by Debenture Holders.

- s. Any Transaction Document once executed and delivered, ceases to be in full force or becomes unlawful, invalid and unenforceable;
- t. A petition for the reorganization, arrangement, adjustment, winding up or composition of debts of the Company is filed on the Company (voluntary or otherwise) or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding is not contested by the company for staying, quashing or dismissed within 15 (Fifteen) days
- u. Breach of the following covenants:
 - i. Affirmative Covenants – (i) Preserve corporate status; authorizations, (ii) Payment of Stamp Duty, (iii) Handling Investor grievances, (iv) Compliance with Investor Education and Protection Fund requirements, (v) Regulatory Filings, (vi) Regulatory requirements in case of a Foreign Investor, (vii) Maintenance of Books of Account and (viii) Corporate Governance;
Where such breach is not cured within 30 (thirty) calendar days.
 - ii. Negative Covenants - (i) Change of business, (ii) Change of Managing Director and (iii) Dividend distribution in case of default
 - iii. Financial Covenants where such breach is not cured within 60 (Sixty) calendar days.
 - iv. Reporting Covenants

Upon occurrence of any of the aforesaid event of default, the Debenture Trustee may by a notice in writing to the Company initiate actions as may be contemplated in the Transaction Documents including the following:

- i. require the Company to mandatorily redeem the Debentures and repay the principal amount on the Debentures, along with accrued but unpaid interest, and other costs, charges and expenses incurred under or in connection with this Deed and other Transaction Documents,
- ii. Declare all or any part of the Debentures to be immediately (or on such dates as the Debenture Trustee may specify) due and payable, whereupon it shall become so due and payable immediately

'Material Adverse Effect' shall mean the effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, a material and adverse effect on (i) the financial condition, business or operation of the Issuer where net worth erodes by more than 10%; (ii) the ability of the Issuer to perform their obligations under the Transaction Documents; or (iii) the validity or enforceability of any of the Transaction Documents (including the ability of any party to enforce any of its remedies thereunder); (iv) the financial condition, business or operation of the Issuer where net worth erodes by more than 10% or (v) the Security and/or the Secured Property.

5.27 Consequences of Events of Default

Upon the happening of an Event of Default, the Debenture Trustee shall be entitled to exercise any and all remedies in accordance with the terms contained in the Transaction Documents.



SECTION 8 OTHER INFORMATION AND APPLICATION PROCESS

The Debentures being offered as part of the Issue are subject to the provisions of the Act, the Memorandum and Articles of Association of the Issuer, the terms of this Information Memorandum, Application Form and other terms and conditions as may be incorporated in the Transaction Documents.

7.1 Mode of Transfer/Transmission of Debentures

The Debentures shall be transferable freely; however, it is clarified that no Investor shall be entitled to transfer the Debentures to a person who is not entitled to subscribe to the Debentures. The Debenture(s) shall be transferred and/or transmitted in accordance with the applicable provisions of the Act and other applicable laws. The Debentures held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, amounts due will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the R&T Agent as on the Record Date, under all circumstances. In cases where the transfer formalities have not been completed by the transferor, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in dematerialised form. The seller should give delivery instructions containing details of the buyer's DP account to his DP.

7.2 Debentures held in Dematerialised Form

The Debentures shall be held in dematerialised form and no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque/fund transfer/RTGS to those Debenture Holder(s) whose names appear on the list of beneficiaries maintained by the R&T Agent. The names would be as per the R&T Agent's records on the Record Date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate corporate action.

The list of beneficiaries as of the Record Date setting out the relevant beneficiaries' name and account number, address, bank details and DP's identification number will be given by the R&T Agent to the Issuer. If permitted, the Issuer may transfer payments required to be made in any relation by EFT/RTGS to the bank account of the Debenture Holder(s) for redemption payments.

7.3 Trustee for the Debenture Holder(s)

The Issuer has appointed Catalyst Trusteeship Limited to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee intends to enter into the Debenture Trustee Agreement and the Debenture Trust Deed *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer *pro tanto* to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in regard to the repayment of principal and coupon thereon and they will take necessary action, subject to and in accordance with the Debenture Trustee Agreement and the Debenture Trust Deed, at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trustee Agreement and the Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.



7.4 Sharing of Information

The Issuer may, at its option, but subject to applicable laws, use on its own, as well as exchange, share or part with any financial or other information about the Debenture Holder(s) available with the Issuer, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

7.5 Debenture Holder not a Shareholder

The Debenture Holder(s) shall not be entitled to any right and privileges of shareholders other than those available to them under applicable laws. The Debentures shall not confer upon the Debenture Holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Issuer.

7.6 Modification of Debentures

The Debenture Trustee and the Issuer will agree to make any modifications in the Information Memorandum which in the opinion of the Debenture Trustee is of a formal, minor or technical nature or is to correct a manifest error.

Any other change or modification to the terms of the Debentures shall require approval by the Majority Debenture Holders in the manner as provided for in the Debenture Trust Deed.

For the avoidance of doubt, the following matters require the consent of Majority Debenture Holders, either by providing their express consent in writing or by way of a resolution at a duly convened meeting of the Debenture Holders:

Creating of any additional security; and

Amendment to the terms and conditions of the Debentures or the Transaction Documents.

7.7 Right to accept or reject Applications

The Board of Directors/Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application for subscription to the Debentures, in part or in full, without assigning any reason thereof.

7.8 Notices

Any notice may be served by the Issuer/ Debenture Trustee upon the Debenture Holders through registered post, recognized overnight courier service, hand delivery or by facsimile transmission addressed to such Debenture Holder at its/his registered address, e-mail or facsimile number.

All notice(s) to be given by the Debenture Holder(s) to the Issuer/ Debenture Trustee shall be sent by registered post, recognized overnight courier service, hand delivery, email or by facsimile transmission to the Issuer or to such persons at such address/ facsimile number as may be notified by the Issuer from time to time through suitable communication. All correspondence regarding the Debentures should be marked "Private Placement of Debentures". Notice(s) shall be deemed to be effective (a) in the case of registered mail, 5 (Five) Business Days after posting via certified or registered mail, return receipt requested; (b) 1 (One) Business Day after delivery by recognized overnight courier service, if sent for next Business day delivery (c) in the case of facsimile at the time when dispatched with a report confirming proper transmission; (d) in the case of personal delivery, at the time of delivery or (e) in case of e-mail at the time of the sending thereof (provided no delivery failure notification is received by the sender within 24 hours of sending such email).



7.9 Issue Procedure

Only Eligible Investors as given hereunder and identified upfront by the Issuer may apply for the Debentures by completing the Application Form in the prescribed format in block letters in English as per the instructions contained therein. The minimum number of Debentures that can be applied for and the multiples thereof shall be set out in the Application Form. No application can be made for a fraction of a Debenture. Application Forms should be duly completed in all respects and applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be duly completed by the applicant. This is required for the applicant's own safety and these details will be printed on the refund orders and /or redemptions warrants. All payments in respect of the Debentures shall be made by the Issuer into the bank account so specified by the applicant.

The applicant should transfer payments in respect of the Debentures shall be made by the Issuer into the bank account so specified by the applicant. Issuer's bank account details of which are as set out below:

Beneficiary Name:	FIVE-STAR BUSINESS FINANCE LIMITED
Bank Account No.	409000464102
IFSC CODE:	RATN0000113
Bank Name	RBL BANK LIMITED
Branch Address:	G.N. CHETTY ROAD, T. NAGAR, CHENNAI – 600 017

It must be noted that all funds pay-in obligations need to be fulfilled in totality.

7.10 Application Procedure

Potential Investors will be invited to subscribe by way of the Application Form prescribed in the Information Memorandum during the period between the Issue Opening Date and the Issue Closing Date (both dates inclusive). The Issuer reserves the right to change the issue schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons. The Issue will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

7.11 Fictitious Application

All fictitious applications will be rejected.

7.12 Basis of Allotment

Notwithstanding anything stated elsewhere, Issuer reserves the right to accept or reject any application, in part or in full, without assigning any reason. Subject to the aforesaid, in case of over subscription, allotment shall be made on a "yield-time" priority basis. The investors will be required to remit the funds as well as submit the duly completed Application Form along with other necessary documents to Issuer by the Deemed Date of Allotment.

7.13 Payment Instructions

The pay-in of subscription monies in respect of the Debentures by the Successful Bidder shall be made in accordance with the procedure set out in Clause 8.9 above.

7.14 Eligible Investors

The following categories of Investors, who have been specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules



(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form:

- 7.14.1 Resident Individuals,
- 7.14.2 Hindu Undivided Family,
- 7.14.3 Trust,
- 7.14.4 Limited Liability Partnerships, Partnership Firm(s),
- 7.14.5 Foreign Institutional Investors (FII) registered with SEBI,
- 7.14.6 Foreign Portfolio Investors (FPIs)
- 7.14.7 Qualified Foreign Investors (QFIs)
- 7.14.8 Association of Persons,
- 7.14.9 Companies and Bodies Corporate including Public Sector Undertakings.
- 7.14.10 Commercial Banks, Regional Rural Banks, Financial Institutions,
- 7.14.11 Insurance Companies,
- 7.14.12 Mutual Funds/ Alternative Investment Fund (AIF), and any other investor eligible to invest in these Debentures.
- 7.14.13 Investment holding companies of high net worth individuals
- 7.14.14 Any other person eligible to invest in the Debentures

All potential Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.

Note: Participation by potential Investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.

7.15 Procedure for Applying for Dematerialised Facility

- 7.15.1 The applicant must have at least one beneficiary account with any of the DPs of NSDL prior to making the application.
- 7.15.2 The applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form".
- 7.15.3 Debentures allotted to an applicant will be credited to the applicant's respective beneficiary account(s) with the DP.
- 7.15.4 For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.
- 7.15.5 Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrar and Transfer Agent to the Issue.
- 7.15.6 If incomplete/incorrect details are given under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form" in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.



- 7.15.7 For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-a-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.
- 7.15.8 The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

7.16 Depository Arrangements

The Issuer shall make necessary arrangement with NSDL for issue and holding of Debenture in dematerialised form.

7.17 List of Beneficiaries

The Issuer shall request the R&T Agent to provide a list of beneficiaries as at the end of each Record Date. This shall be the list, which will be used for payment or repayment of redemption monies.

7.18 Application under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories of the Investor and the tax exemption certificate/document of the Investor, if any, must be lodged along with the submission of the completed Application Form. Further modifications/additions in the power of attorney or authority should be notified to the Issuer or to its agents or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/or bye-laws along with other constitutional documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed Application Form.

7.19 Procedure for application by Mutual Funds and Multiple Applications

In case of applications by mutual funds and venture capital funds, a separate application must be made in respect of each scheme of an Indian mutual fund/venture capital fund registered with the SEBI and such applications will not be treated as multiple application, provided that the application made by the asset management company/trustee/custodian clearly indicated their intention as to the scheme for which the application has been made.

The application forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of

7.19.1 SEBI registration certificate

7.19.2 Resolution authorizing investment and containing operating instructions



7.19.3 Specimen signature of authorized signatories

7.20 Documents to be provided by Investors

Investors need to submit the following documents, as applicable

- 7.20.1 Memorandum and Articles of Association or other constitutional documents
- 7.20.2 Resolution authorising investment
- 7.20.3 Certified true copy of the Power of Attorney to custodian
- 7.20.4 SEBI registration certificate (for Mutual Funds)
- 7.20.5 Copy of PAN card and registration certificate
- 7.20.6 Copy of Address Proof and Photo Identity Card (for Individuals)
- 7.20.7 Application Form (including EFT/RTGS details)
- 7.20.8 Specimen signatures of the authorized signatories duly certified by an appropriate authority
- 7.20.9 Form 15 AA for investors seeking exemption from Tax Deduction at Source from interest on the application money

7.21 Applications to be accompanied with Bank Account Details

Every application shall be required to be accompanied by the bank account details of the applicant and the magnetic ink character reader code of the bank for the purpose of availing direct credit of redemption amount and all other amounts payable to the Debenture Holder(s) through NEFT/RTGS.

7.22 Succession

In the event of winding-up of the holder of the Debenture(s), the Issuer will recognize the liquidator or such other legal representative of the Debenture Holder(s) as having title to the Debenture(s).

The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of such other legal representation, in order to recognize such holder as being entitled to the Debenture(s) standing in the name of the concerned Debenture Holder on production of sufficient documentary proof and/or an indemnity.

7.23 Mode of Payment

All payments must be made through EFT/RTGS as set out in the Application Form.

7.24 Effect of Holidays

In case any Coupon Payment Date falls on a day which is not a Business Day, the payment to be made on such Coupon Payment Date, as the case may be, shall be made on the immediately succeeding Business Day. When the Maturity Date (including the last Coupon Payment Date) and/or the Put Option Date and/or the Call Option Date, falls on a day which is not a Business Day, all payments to be made on such date (including accrued Coupon and outstanding principal amount), shall be made on the immediately preceding Business Day.

7.24.1 Interest on NCDs

The Debentures shall carry interest at the rate specified in the Term Sheet (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof for which a certificate will be issued by the Company) payable to the holders of Debentures (the "Holders" and each, a "Holder") as of the relevant Record Date. The interest payable on any Interest Payment Date will be paid to the Debenture holder(s) whose names appear in the List of Beneficial Owners given by the Depository to the Company as on the Record Date.



The first interest period is defined as the actual number of days falling between the Date of Allotment to 12 months from the date of allotment. The second and subsequent interest period (except the last interest period) is defined as the actual number of days in a year between previous interest payment date and 12 months from the previous interest payment date. The last interest payment would be made on the redemption date along with the redemption of principal amount. If any interest payment date falls on a day which is not a Business Day, then payment of interest will be made on the next day that is a business day with interest up to the one day prior to the interest due date. For Semi-Annual Interest payment if the interest payment date falls in leap year then the denominator for both interest payment for the financial year will be 366.

7.24.2 Computation of Interest

Interest for each of the interest periods shall be calculated, on 'actual/ actual' basis, on the face

7.24.3 Scenario Analysis for Principal Protected Secured Redeemable Non-Convertible Market Linked Debentures

As per clause 5.23.

7.25 Tax Deduction at Source

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source by the Company. For seeking TDS exemption/lower rate of TDS, relevant certificate/document must be lodged by the Debenture Holder(s) at the office of the R&T Agents of the Issuer at least 15 (Fifteen) calendar days before the relevant payment becoming due. Tax exemption certificate / declaration of non-deduction of tax at source on interest on application money, should be submitted along with the Application Form.

If any payments under this issuance is subject to any tax deduction other than such amounts as are required as per current regulations existing as on the date of the Debenture Trust Deed), including if the Company shall be required legally to make any payment for tax from the interest/coupon payable under the Issue, ("Tax Deduction"), the Company shall make such Tax Deduction, and shall simultaneously pay to the Debenture Holders, such additional amounts as may be necessary in order that the net amounts received by the Debenture Holders after the Tax Deduction shall equal the respective amounts which would have been receivable by the Debenture Holders in the absence of such Tax Deduction.

7.26 Letters of Allotment

The letter of allotment, indicating allotment of the Debentures, will be credited in dematerialised form within 2 (Two) Business Days from the Deemed Date of Allotment. The aforesaid letter of allotment shall be replaced with the actual credit of Debentures, in dematerialised form, within 5 (Five) Business Days from the Deemed Date of Allotment or within such timelines as permissible under applicable law.

7.27 Deemed Date of Allotment

All the benefits under the Debentures will accrue to the Investor from the specified Deemed Date of Allotment. The Deemed Date of Allotment for the Issue is September 30, 2020 by which date the Investors would be intimated of allotment.

7.28 Record Date

The Record Date will be 15 (Fifteen) calendar days prior to any Due Date.



7.29 Refunds

For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 7 (seven) days from the Deemed Date of Allotment of the Debentures.

In case the Issuer has received money from applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the R&T Agent shall upon receiving instructions in relation to the same from the Issuer repay the moneys to the extent of such excess, if any.

7.30 Interest on Application Money

The Issuer shall be liable to pay to each Debenture Holder, interest on the Application Monies (subject to any tax deductible at source under Applicable Law) paid by the said Debenture Holder in the event that the Debenture Holder has remitted the Application Monies prior to the relevant Deemed Date of Allotment, for which interest shall be calculated at such rate of 15.00% (Fifteen Point Zero Zero Percent), applicable for the Tranche 2 Debentures issued on the Application Monies, for the period commencing from the date on which the said Debenture Holder has made payment of the Application Monies in respect of the Tranche 2 Debentures and ending on the day prior to the relevant Deemed Date of Allotment. The interest on the Application Monies shall be paid by the Issuer to the Debenture Holders within 5 (Five) Business Days from the relevant Deemed Date of Allotment.

7.31 PAN Number

Every applicant should mention its Permanent Account Number ("PAN") allotted under Income Tax Act, 1961, on the Application Form and attach a self-attested copy as evidence. Application forms without PAN will be considered incomplete and are liable to be rejected.

7.32 Payment on Redemption

Payment on redemption will be made by way of cheque(s)/redemption warrant(s)/demand draft(s)/credit through RTGS system/funds transfer in the name of the Debenture Holder(s) whose names appear on the list of beneficial owners given by the Depository to the Issuer as on the Record Date.

The Debentures shall be taken as discharged on payment of the redemption amount by the Issuer on maturity to the registered Debenture Holder(s) whose name appears in the Register of Debenture Holder(s) on the Record Date. On such payment being made, the Issuer will inform NSDL and accordingly the account of the Debenture Holder(s) with NSDL will be adjusted.

On the Issuer dispatching the amount as specified above in respect of the Debentures, the liability of the Issuer shall stand extinguished.

7.33 Governing Law

The Debentures are governed by and will be construed in accordance with the Indian Law. The Company and Company's obligations under the Debentures shall, at all times, be subject to the directions of Department of Company Affairs, RBI, SEBI and Stock Exchanges and other applicable regulations from time to time. Applicants, by purchasing the Debentures, agree that the High Court of Judicature at India shall have exclusive jurisdiction with respect to matters relating to the Debentures.

7.34 Key Regulations & Policies

The following description is a summary of certain laws applicable in India to the business of our Company. The summary of laws, regulations and policies set forth below is not exhaustive and is only intended to provide general overview.



Our Company is engaged in the business of providing loans against collaterals. We are governed by the laws governing service sector enterprises and commercial establishments. We are a non-deposit taking (which does not accept public deposits), systemically important, NBFC. As such, our business activities are regulated by RBI regulations applicable to systemically important non-public deposit accepting NBFCs ("NBFC-ND-SI").

Taxation statutes such as the Income Tax Act, 1961, the Finance Act, 1994, the Shops and Establishments Act, 1958, labour regulations such as the Employees' State Insurance Act, 1948 and the Employees' Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations and statutes apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Regulations governing NBFCs

As per the RBI Act, a financial institution has been defined as a company which includes a non-banking institution carrying on as its business or part of its business the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own and it is engaged in the activities of loans and advances, acquisition of shares / stock / bonds / debentures / securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale / purchase / construction of immovable property.

As per prescribed law any company that carries on the business of a non-banking financial institution as its 'principal business' is to be treated as an NBFC. The term 'principal business' has not been defined in any statute, however, RBI has clarified through a press release (Ref. No. 1998-99/ 1269) issued in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide a company's principal business. The company will be treated as an NBFC if its financial assets are more than 50 per cent of its total assets (netted off by intangible assets) and income from financial assets should be more than 50 per cent of the gross income. Both these tests are required to be satisfied in order to determine the principal business of a company.

Every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalization of the balance sheet and in any case not later than December 30 of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a certificate of registration.

NBFCs are primarily governed by the RBI Act, the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("Prudential Norms – D"), the Non- Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("Prudential Norms – ND"), the provisions of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 and the revised regulatory framework for NBFCs issued by RBI vide its circular RBI/DNBR/2016-17/45 dated September 01, 2016 as amended from time to time. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

7.35 Right to further issue the Debentures

The Company reserves right to make multiple issuances under the same ISIN with reference to SEBI Circular CIR/IMD/DF-1/ 67 /2017 dated June 30, 2017 and SEBI Circular CIR/DDHS/P/59/2018 dated March 28, 2018. Issue can be made either by way of creation of fresh ISIN or by way of issuance under the existing ISIN at premium /par/discount as the case may be in line with SEBI Circular.



7.36 Right to Re Purchase / prepay/buy back/ Reissue Debenture(s):

The company may partially or fully pre-pay/ buy back any specific ISIN subject to internal policy and regulatory permissions and subject to the provisions of the transaction documents executed by the Company.

Where the Company has redeemed or bought back any Debenture(s), the Company shall have and shall be deemed always to have had the right to keep such issuance alive without extinguishment for the purpose of resale or reissue and in exercising such right, the Company shall have and be deemed always to have had the power to resell or reissue such Debentures either by reselling or reissuing the same Debentures or by issuing other Debentures in their place. This includes the right to reissue original Debentures.

7.37 Addition/extension/consolidation of securities under existing ISIN:

The Company shall have the right to reissue or cancel or extension or addition of debt securities in future under the same ISIN from time to time in accordance with the provisions of the Companies Act 2013 or any such applicable regulations permitting to do so. Upon such reissue or extension or addition of debt securities the person entitled to the debentures shall have and shall be deemed always to have had, the same rights and priorities as if the debentures had never been redeemed.

Where the Company has repurchased / redeemed any such NCD's subject to the provisions of the Companies act, 2013 and other applicable regulations, the Company shall have and shall be deemed always to have the right to keep such ISINs alive for the purpose of reissue or addition of debt securities and in exercising such right, the Company shall have and shall be deemed always to have had the power to consolidate/regrouped such NCDs either by reissuing or extending or adding of debt securities under the same ISIN or by issuing other debentures in their place in either case, at such price and on such terms and conditions (including any variations, dropping of or additions to any terms and conditions originally stipulated) as the Company deem fit within the applicable regulations.

Disclaimer: Please note that only those persons to whom this Information Memorandum has been specifically addressed are eligible to apply. However, an application, even if complete in all respects, is liable to be rejected without assigning any reason for the same. The list of documents provided above is only indicative, and an investor is required to provide all those documents / authorizations / information, which are likely to be required by the Issuer. The Issuer may, but is not bound to revert to any investor for any additional documents / information, and can accept or reject an application as it deems fit. Investment by investors falling in the categories mentioned above are merely indicative and the Issuer does not warrant that they are permitted to invest as per extant laws, regulations, etc. Each of the above categories of investors is required to check and comply with extant rules/regulations/ guidelines, etc. governing or regulating their investments as applicable to them and the Issuer is not, in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Issuer required to check or confirm the same.



SECTION 9 DECLARATION

The Issuer declares that all the relevant provisions in the regulations/guideline issued by SEBI and other applicable laws have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the regulations/guidelines issued by SEBI and other applicable laws, as the case may be. The information contained in this Information Memorandum is as applicable to privately placed debt securities and subject to information available with the Issuer. The extent of disclosures made in the Information Memorandum is consistent with disclosures permitted by regulatory authorities to the issue of securities made by the companies in the past.

The Issuer and the directors of the Company, hereby further declare that:

- A. The Company has complied with the provisions of the Companies Act, 2013 and the rules made hereunder;
- B. The compliance with the Companies Act, 2013 and the rules made thereunder do not imply that payment of dividend or interest or repayment of the Debentures, if applicable, is guaranteed by the Central Government;
- C. the monies received under the offer shall be used only for the purposes and objects indicated in this Offer Letter;

For **Five-Star Business Finance Limited**



Authorised Signatory
Name: Srikanth G
Title: Chief Financial Officer
Date: December 15, 2020

Information Memorandum
Date: December 15, 2020

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(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE I: TERM SHEET

AS PER CLAUSE 5.23 ISSUE DETAILS



ANNEXURE II: RATING LETTER FROM THE RATING AGENCY



ICRA Limited

CONFIDENTIAL

Ref. No.: RTG/Chem/069/20-21

December 10, 2020

Mr. D Lalchmipathy
Managing Director
Five-Star Business Finance Limited
New No. 27, Old No. 4,
Taylors Road,
Kilpauk,
Chennai – 600 010

Dear Sir,

Re: ICRA Credit Rating for the Rs. 40.00 crore Principal Protected-Market Linked Debenture (PP-MLD) Programme of Five-Star Business Finance Limited

Please refer to the Rating Agreement dated December 08, 2020 and RRF No. CHN/2020-21/095 dated December 08, 2020 executed between ICRA Limited ("ICRA") and your company for carrying out the rating of the aforesaid Debenture Programme. The Rating Committee of ICRA, after due consideration, has assigned the rating "PP-MLD[ICRA]A" (pronounced as principal protected market linked debenture ICRA A) rating to the captioned Programme. Instruments with [ICRA]A rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. The outlook on the long-term rating is Stable.

In any of your publicity material or other document wherever you are using the above assigned rating, it should be stated as PP-MLD[ICRA]A(Stable). We would request if you can sign the attached acknowledgement and send it to us latest by December 16, 2020 as acceptance on the assigned rating. In case you do not communicate your acceptance of the assigned credit rating, or do not appeal against the assigned rating by the aforesaid date, the rating will be treated by us as non-accepted and shall be disclosed on ICRA's website accordingly. This is in accordance with requirements prescribed by the Securities and Exchange Board of India (SEBI) vide SEBI circular dated June 30, 2017.

Any intimation by you about the above rating to any banker/lending agency/government authorities/stock exchange would constitute use of this rating by you and shall be deemed acceptance of the rating.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned. ICRA reserves the right to review and/or, revise the above at any time on the basis of new information or

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Website : www.icra.in
Email : info@icraonline.com
Helpline : +91 11 26257445-48

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RATING • RESEARCH • INFORMATION





ICRA

ICRA Limited

unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds, debentures and/ or other instruments of like nature to be issued by you.

As mentioned above and in accordance with the aforesaid circular you are requested to furnish a monthly 'No Default Statement (NDS)' (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

We look forward to your communication and assure you of our best services.

With kind regards,

Yours sincerely,
For ICRA Limited

SRINIVASAN Digitally signed by
SRINIVASAN RANGASWAMY
DN: cn=SRINIVASAN RANGASWAMY,
o=ICRA

RANGASWAMY
(E. Srinivasan)
Vice President
r.srinivasan@icraindia.com



ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

CATALYST
Believe in yourself. Trust us



CL/MUM/20-21/DEB/019

December 10, 2020

Five-Star Business Finance Limited
New No. 27, Old No. 4,
Taylor's Road, Kilpauk
Chennai - 600010

Dear Sir,

Consent to act as Trustee for Rated, Secured, Listed, Non-Convertible Debentures aggregating to 40 Crores to be issued by your Company.

The Company and the Trustee shall enter into relevant trustee agreements and other necessary documents for the aforesaid issue of NCDs and term loans and also agrees & undertakes to comply with the provisions of the SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI Circular No. SEBI/MD/DOF-1/BOND/2009/11/05 dated 11/05/2009 on Simplified Listing Agreement for Debt Securities read with the SEBI Circular No. SEBI/MD/DOF-1/BOND/Cir-3/2009 dated 28th November, 2009, the RBI Circular No. RBI/2012-13/560 dated June 27, 2013, the Companies Act, 2013 and any other applicable statutes, regulations and provisions as amended from time to time.

The Company shall enter into Agreement with Trustee as required by Regulation 13 of SEBI (Debenture Trustees) Regulations, 1993 thereby agreeing to create the security within three months from the date of closure of issue or in accordance with the Companies Act, 2013 or as per the provisions as prescribed by any regulatory authority as applicable and comply with the provisions of applicable laws.

We are also agreeable for inclusion of our name as trustees in the Company's offer document/disclosure document/ listing application/any other document to be filed with the Stock Exchange(s) or any other authority as required.

Yours faithfully,
Catalyst Trusteeship Limited

We accept the above terms
For Five-Star Business Finance Limited

Authorized Signatory

For FIVE-STAR BUSINESS FINANCE LIMITED

Authorized Signatory

CATALYST TRUSTEESHIP LIMITED PRIVATE LIMITED

IN 0509071 Company

Mumbai Office: 4th Floor, Office No. 094, C-17, Wood Kilns, Sarvodaya Road, Mumbai 400 068. Tel: +91 (022) 6622 0545. Fax: +91 (022) 6622 0646
Pregal Office: 2nd Floor, 11th Cross, 83, Marudri Colony Street 41, Pandal Road, Chennai-600 018. Tel: +91 (044) 232 8080. Fax: +91 (044) 232 8075
Bangalore Office: 20th Floor, 8th Cross, 8th Building, 20, Sarvodaya Centre, Madag, Bangalore - 560 002. Tel: +91 (080) 2611 1162
CIN No. U74899PN0979123282. Email: info@cscl.com. Website: www.catalysttrusteeship.com

Phone | Mumbai | Bangalore | Delhi | Chennai





CL/MUSO20-21/DEB/19

December 10, 2020

Five-Star Business Finance Limited
 New No. 27, Old No. 4,
 Taylor's Road, Kispauk
 Chennai - 600010

Dear Sir,

Consent to act as Trustee for Rated, Secured Listed, Redeemable Non-Convertible Debentures aggregating upto Rs. 40 Crores to be issued by your Company.

This is with reference to the discussions in respect of appointment of Catalyst Trusteeship Limited (CTL) [Formerly GDA Trusteeship Limited] to act as Debenture Trustee for the Rated, Secured, Listed, Non-Convertible Debentures aggregating upto Rs. 40 Crores to be issued. In this connection, we are agreeable to act as Trustee on the following trusteeship remuneration:

- Acceptance fees** : NIL
- Service Charges** : Rs. 1,25,000/- plus applicable taxes (One Time; Non Refundable & payable on appointment as trustee).

All out of pocket expenses incurred towards legal fees, travelling, inspection charges, etc shall be levied and re-imbursed on actual basis.

Yours faithfully,

We Accept the above terms
 For Five-Star Business Finance Limited

For Catalyst Trusteeship Limited

(SIGNED BY AUTHORIZED SIGNATORY)

Authorized Signatory

Authorized Signatory

NOTE: As per GST guidelines, CTL would be required to pay the applicable Tax on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made

CATALYST TRUSTEESHIP LIMITED (FORMERLY GDA TRUSTEESHIP LIMITED)
 Mumbai Office: Windsor 4th Floor, Office No. 204, C-51, Wood Avenue, Sakinaka (E) and Shivajinagar, 800 060 Tel: (91) 022) 4832 8533 Fax: (91) 022) 4002 4400
 Regd. Office: 204A, Muzee, Plot No. 84, Bhamburda Colony, Sakinaka, Plot Road, Sakinaka (E) 524, Col-20, 400 060, (91) 22) 4832 8533 Fax: (91) 22) 4002 4400
 Delhi Office: Office No. 812, 2nd Floor, Modern Building, 2A, Market, Connaught Place, New Delhi - 110001 Tel: (91) 11) 420 2814 (02)
 (E) M: 91) 9980200423 (S) M: 9980200423 (W) www.catalysttr.com
 Pune | Mumbai | Bangalore | Delhi | Chennai



(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE IV: APPLICATION FORM

FIVE-STAR BUSINESS FINANCE LIMITED

A public limited company incorporated under the Companies Act, 1956

Date of Incorporation: May 07, 1984; CIN: U65991TN1984PLC010844

Registered Office: New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai TN 600010

Telephone No.: 044-4610 6200

Website: www.fivestargroup.in

DEBENTURE SERIES APPLICATION FORM SERIAL NO.

ISSUE OF 2000 (TWO THOUSAND) SERIES A AND 2000 (TWO THOUSAND) SERIES B RATED, LISTED, SENIOR, SECURED, REDEEMABLE, TAXABLE, PRINCIPAL PROTECTED, MARKET LINKED NON-CONVERTIBLE DEBENTURES ("NCDS OR "DEBENTURES") OF FACE VALUE OF RS. 1,00,000/- (RUPEES ONE LAKH ONLY) EACH, AGGREGATING UP TO RS. 40,00,00,000 (RUPEES FORTY CRORES ONLY) ON A PRIVATE PLACEMENT BASIS (THE "ISSUE").

DEBENTURE SERIES APPLIED FOR:

Number of Debentures _____ In words _____

Amount Rs. _____ /- in words Rupees _____
Crores only

DETAILS OF PAYMENT:

RTGS

No. _____ Drawn on _____

Funds transferred to Five-Star Business Finance Limited

Dated _____

Total Amount Enclosed

(In Figures) _____ (In words) _____

APPLICANT'S NAME IN FULL (CAPITALS)

SPECIMEN SIGNATURE

--	--



APPLICANT'S ADDRESS

ADDRESS					
STREET					
CITY					
PIN		PHONE		FAX	

APPLICANT'S PAN/GIR NO. AAICM0721B IT CIRCLE/WARD/DISTRICT _____

WE ARE () COMPANY () OTHERS () SPECIFY _____

We have read and understood the Terms and Conditions of the issue of Debentures including the Risk Factors described in the Memorandum and have considered these in making our decision to apply. We bind ourselves to these Terms and Conditions and wish to apply for allotment of these Debentures. We request you to please place our name(s) on the Register of Holders.

Name of the Authorised Signatory(ies)	Designation	Signature

Applicant's
Signature

We the undersigned, are agreeable to holding the Debentures of the Company in dematerialised form. Details of my/our Beneficial Owner Account are given below:

DEPOSITORY	NSDL () CDSL ()
DEPOSITORY PARTICIPANT NAME	
DP-ID	
BENEFICIARY ACCOUNT NUMBER	
NAME OF THE APPLICANT(S)	

Applicant Bank Account: (Settlement by way of Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT/RTGS/other permitted mechanisms)	
---	--



(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

FOR OFFICE USE ONLY	
DATE OF RECEIPT _____	DATE OF CLEARANCE _____

(Note: Cheque and Drafts are subject to realisation)

We understand and confirm that the information provided in the Information Memorandum is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer and other intermediaries and their agents and advisors associated with this Issue. We confirm that we have for the purpose of investing in these Debentures carried out our own due diligence and made our own decisions with respect to investment in these Debentures and have not relied on any representations made by anyone other than the Issuer, if any.

The Issuer understands and accepts that the Applicants' intention to subscribe to the Issue is subject to (i) the absence of material adverse changes in the availability of currency hedging accessible to it between the Issue Opening Date and the Pay-in Date and/or (ii) the hedging price being acceptable to the Applicants.

We understand that: i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, ii) the Applicant must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary Account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

We understand that we are assuming on our own account, all risk of loss that may occur or be suffered by us including as to the returns on and/or the sale value of the Debentures. We undertake that upon sale or transfer to subsequent investor or transferee ("**Transferee**"), we shall convey all the terms and conditions contained herein and in this Information Memorandum to such Transferee. In the event of any Transferee (including any intermediate or final holder of the Debentures) suing the Issuer (or any person acting on its or their behalf) we shall indemnify the Issuer and also hold the Issuer harmless in respect of any claim by any Transferee.

Applicant's
Signature

FOR OFFICE USE ONLY	
DATE OF RECEIPT _____	DATE OF CLEARANCE _____

(Note : Cheque and Drafts are subject to realisation)

------(TEAR HERE)-----

- ACKNOWLEDGMENT SLIP -

(To be filled in by Applicant) SERIAL NO.	1								
---	---	--	--	--	--	--	--	--	--

Received from _____

Address _____
Cheque/Draft/UTR # _____ Drawn on _____ for Rs. _____ on account of application of _____ Debenture



(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE V: LAST AUDITED FINANCIAL STATEMENTS

Five-Star Business Finance Limited
Statement of Profit and loss for the year ended March 31, 2020
(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations			
Interest income	22	74,682.42	38,973.81
Fee income	23	2,970.84	1,327.05
Net gain on fair value changes	24	1,018.22	589.94
Total revenue from operations		78,671.48	40,890.80
Other income	25	63.25	1.86
Total Income		78,734.73	40,892.66
Expenses			
Finance costs	26	21,693.51	7,592.20
Fees expenses	27	42.52	94.77
Impairment on financial instruments	28	4,934.19	755.18
Employee benefits expenses	29	12,710.78	7,653.44
Depreciation and amortization	30	1,006.85	419.46
Other expenses	31	3,416.83	2,533.27
Total Expenses		43,804.68	19,048.32
Profit before tax		34,930.05	21,844.34
Tax expense			
Current tax	32 A	10,056.07	6,977.77
Deferred tax (net)	36	(1,321.06)	(799.16)
		8,735.01	6,178.61
Profit for the year		26,195.04	15,665.73
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit plan		(148.80)	(53.55)
Income tax relating to items that will not be reclassified to profit or loss		37.45	15.49
Net other comprehensive income not to be reclassified subsequently to profit or loss		(111.35)	(38.06)
Other comprehensive income / (deficit) for the year, net of income tax		(111.35)	(38.06)
Total comprehensive income		26,083.69	15,627.67
Earnings per equity share (face value Rs.10 each)			
Basic (in rupees)		103.24	68.92
Diluted (in rupees)		100.70	67.39

Significant accounting policies
See accompanying notes to the financial statements

2 and 3

As per our report of even date
for BSR & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022

R Raghuram
Partner
Membership No: 211171

For and on behalf of the Board of Directors of
Five Star Business Finance Limited
CIN : U65991TN1984PLC010814

D Lakshmiopathy
Chairman and Managing Director
DIN No : 01723269

R Anand
Director
DIN No : 00243485

G Srikanth
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B. Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : June 10, 2020

Place : Chennai
Date : June 10, 2020




(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Five-Star Business Finance Limited
Balance Sheet as at March 31, 2020
(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial assets			
Cash and cash equivalents	4	28,977.95	21,965.73
Bank balances other than cash and cash equivalents	5	16,134.94	6.88
Loans	6	3,83,080.44	2,09,586.40
Other financial assets	7	524.57	285.89
		4,28,717.90	2,31,844.90
Non-financial assets			
Current tax assets (net)	8	435.46	360.01
Deferred tax assets (net)	36	2,822.96	1,464.46
Investment property	9	3.56	3.56
Property, plant and equipment	11	1,106.09	744.41
Right of use asset	37	1,488.00	-
Other intangible assets	12	192.80	201.80
Other non-financial assets	10	548.62	363.81
		6,597.49	3,138.05
Total assets		4,35,315.39	2,34,982.95
LIABILITIES AND EQUITY			
Financial liabilities			
Payables			
13			
Trade payables			
total outstanding dues of micro and small enterprises		-	-
total outstanding dues of creditors other than micro and small enterprises		662.40	292.69
Debt securities	14	1,07,886.42	43,350.77
Borrowings (other than debt securities)	15	1,28,482.89	52,652.18
Other financial liabilities	16	1,568.10	6.88
		2,38,599.81	96,302.52
Non-financial liabilities			
Current tax liabilities (net)	17	74.80	162.17
Provisions	18	577.61	376.26
Other non-financial liabilities	19	1,605.12	1,629.19
		2,257.53	2,167.62
Equity			
Equity share capital	20	2,558.21	2,389.96
Other equity	21	1,91,899.84	1,34,122.85
		1,94,458.05	1,36,512.81
Total liabilities and equity		4,35,315.39	2,34,982.95

Significant accounting policies
See accompanying notes to the financial statements

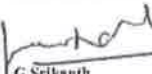
As per our report of even date
for B S R & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022



K Raghuram
Partner
Membership No: 211171

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : U65991TN1984PLC010844


D Lakshminath
Chairman and Managing Director
DIN No : 01723209


R Anand
Director
DIN No : 00243485


G Srikanth
Chief Financial Officer


K Rangarajan
Chief Executive Officer


B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : June 10, 2020

Place : Chennai
Date : June 10, 2020



(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Five-Star Business Finance Limited
Statement of Cash Flow for the year ended March 31, 2020
(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash Flow from Operating Activities		
Net profit before tax	34,930.05	21,844.34
Adjustments for:		
Depreciation and amortization	1,006.85	419.46
Provision for impairment on financial instruments and write-offs	4,934.19	755.18
Loss on sale/retirement of property, plant and equipment (net)	0.75	0.93
Profit on sale of current investments (net)	(1,018.22)	(589.94)
Interest income on deposits with banks / others	(2,886.62)	(1,352.38)
Interest on loans	(71,795.80)	(37,621.43)
Finance costs	21,693.51	7,592.73
Gain recognised on derecognition of leases	(6.60)	-
Employee stock option expenses	168.03	267.83
Operating cash flow before working capital changes	(12,973.86)	(8,683.28)
Changes in Working Capital:		
<i>Adjustments for (Increase) / Decrease in Operating Assets:</i>		
Loans	(1,76,889.78)	(1,09,063.49)
Other non-financial assets	(182.64)	(93.94)
Other financial assets	(238.68)	(82.16)
<i>Adjustments for Increase / (Decrease) in Operating Liabilities:</i>		
Trade payables	369.71	66.37
Provisions	52.56	148.15
Other financial liabilities	5.89	(1.09)
Other non financial liabilities	33.68	1,156.54
Net cash (used in) operations	(1,89,823.12)	(1,16,552.90)
Finance cost paid	(22,543.27)	(7,715.55)
Interest income received	70,257.31	35,966.16
Direct taxes paid (net)	(10,218.89)	(6,810.55)
Net Cash Used in Operating Activities (A)	(1,52,327.97)	(95,112.84)
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(970.97)	(585.13)
Proceeds from sale of fixed assets	0.78	15.30
Profit on sale of current investments	1,018.22	589.94
Interest income on deposits with banks / others	2,662.85	1,400.32
Movement in bank balances other than cash and cash equivalents	(15,904.28)	1.09
Net Cash from Investing Activities (B)	(13,193.40)	1,421.52
C. Cash Flow from Financing Activities		
Proceeds from issue of equity shares	168.25	473.07
Proceeds from securities premium (net of utilisation)	31,525.28	61,453.65
Expenses towards issue of shares	-	(501.53)
Fresh borrowings during the year	1,78,166.33	63,640.00
Repayments of borrowings (including process fee)	(36,950.21)	(22,546.08)
Payment towards leases (excluding interest)	(376.06)	-
Net Cash from Financing Activities (C)	1,72,533.59	1,02,519.11
Net Increase in Cash and Cash Equivalents [(A) + (B) + (C)]	7,012.22	8,827.79
Cash and Cash Equivalents at the beginning of the year	21,965.73	13,137.94
Cash and Cash Equivalents at the end of the year	28,977.95	21,965.73



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Five-Star Business Finance Limited
Statement of Cash Flow for the year ended March 31, 2020 (Continued)
(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

Particulars	As at March 31, 2020	As at March 31, 2019
Notes		
1 Cash and cash equivalents		
Cash on hand	57.75	345.07
Balances with banks		
(i) In current accounts	13,050.95	20,596.29
(ii) In other deposit accounts (original maturity less than 3 months)	15,869.25	1,024.37
	<u>28,977.95</u>	<u>21,965.73</u>

2 Change in liabilities arising from financing activities

Particulars	Debt securities	Borrowings (other than debt securities)
As at March 31, 2018	19,316.32	35,283.42
Cash flows (net)	24,127.10	17,471.69
Others*	(92.65)	(102.93)
As at March 31, 2019	<u>43,350.77</u>	<u>52,652.18</u>
Cash flows (net)	65,534.66	76,519.77
Others*	(999.01)	(689.06)
As at March 31, 2020	<u>1,07,886.42</u>	<u>1,28,482.89</u>


* Others column includes the effect of amortization of processing fees etc.

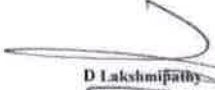
Significant accounting policies
See accompanying notes to the financial statements


2 and 3

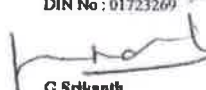
As per our report of even date
for BSR & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : U65991TN1984PLC010844


K. Raghuram
Partner
Membership No: 211171


D. Lakshmi Pathy
Chairman and Managing Director
DIN No : 01723269


R. Anand
Director
DIN No : 00243485


G. Srikanth
Chief Financial Officer
Place : Chennai
Date : June 10, 2020


K. Rangarajan
Chief Executive Officer


B. Shanini
Company Secretary
ACS: A51334

Place : Chennai
Date : June 10, 2020



(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Five Star Business Finance Limited
Regd. Office: New No. 13, Old No. 4, T. Nagar Road, Bangalore, Chennai - 600 095
CIN: U65991TN1984PL000044

Statement of assets and liabilities as at 30 September 2020
(All figures, are in lakhs, except share data as stated)

Particulars	As at	As at
	30 September 2020	31 March 2020
	Unaudited	Audited
ASSETS		
Financial assets		
Cash and cash equivalents	76,863.88	76,475.55
Bank balances other than cash and cash equivalents	54,377.50	56,134.56
Loans	186,218.74	183,088.48
Investments	2,201.90	-
Other financial assets	493.82	524.57
	<u>519,454.82</u>	<u>416,223.56</u>
Non - Financial assets		
Goodwill assets (net)	436.85	435.46
Deffered tax assets (net)	2,446.14	2,822.59
Investment property	5.50	3.96
Property, plant and equipment	662.32	1,106.05
Right of use assets	1,449.75	1,883.00
Other intangible assets	381.71	152.80
Other non-financial assets	375.47	648.63
	<u>6,288.76</u>	<u>6,597.49</u>
Total assets	<u>525,743.58</u>	<u>422,821.05</u>
LIABILITIES AND EQUITY		
Financial liabilities		
Equities		
Trade payables	-	-
Trade receivables (net) including dues of 60 to 90 days	515.94	692.40
Debt securities	133,421.40	137,816.41
Provisions (Other than debt securities)	156,113.67	126,482.89
Other financial liabilities	1,824.74	1,268.00
	<u>291,975.75</u>	<u>266,269.70</u>
Non-financial liabilities		
Goodwill (net) liabilities (net)	772.83	74.86
Provisions	413.55	371.61
Other non-financial liabilities	1,641.16	1,685.12
	<u>3,827.54</u>	<u>3,831.59</u>
Equity		
Equity share capital	2,560.52	2,118.21
Other equity	213,851.54	181,999.82
	<u>216,412.06</u>	<u>184,118.03</u>
Total equity and liabilities	<u>525,743.58</u>	<u>422,821.05</u>

All accompanying notes to the financial statements



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(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Use the Auditor's Report included
Bppd Office No. 23, 100 Ft. & Vaidyanthi Road, Chennai - 600 016
(79-540953) / 12009 L2-020000

Statement of unaudited financial results for the half year ended 30 September 2020
All amounts are in lakhs, except share data as stated

Particulars	Half year ended 30 September 2020	Half year ended 30 September 2019	Year ended 31 March 2020
	Unaudited	Unaudited	Audited
Revenue from operations			
Interest income	45,711.81	31,669.34	74,682.42
Fee income	505.68	1,251.52	2,572.54
Net gain or fair value changes	312.04	149.38	1,312.22
Total revenue from operations	50,529.53	33,070.24	78,567.18
Other income	18.37	1.35	46.34
Total Income	50,547.90	33,071.59	78,613.52
Expenses			
Finance cost	13,802.52	6,131.24	21,493.21
Staff expenses	54.42	71.43	42.52
Impairment on financial instruments	233.87	1,402.25	4,334.50
Employee benefits expenses	7,191.36	5,415.16	17,370.54
Depreciation and amortisation	344.85	304.79	1,006.83
Other expenses	1,141.87	1,159.18	1,416.82
Total Expenses	23,778.89	14,483.95	45,664.42
Profit before tax	26,769.01	18,587.64	32,949.10
Tax expense			
Current tax	8,177.18	4,094.25	18,814.01
Deferred tax (net)	(19.71)	(22.53)	(1,321.96)
Total tax expense	8,157.47	4,071.72	17,492.05
Profit after tax for the period / year	18,611.54	14,515.92	15,457.05
Other non-recurring income			
Items that will not be reclassified to profit or loss	557.50	190.27	1,148.89
Re-measurement of the defined benefit plan	9.49	22.72	37.41
Income tax relating to items that will not be reclassified to profit or loss	(18.17)	197.85	(111.35)
Other non-recurring income / (expense) for the period / year, net of income tax	548.82	410.84	1,074.95
Total non-recurring income for the period / year, net of income tax	548.82	410.84	1,074.95
Profit after tax and non-recurring income for the period / year, net of income tax	19,160.36	14,926.76	16,532.00
Dividends per equity share			
a. Final (in rupees)	73.88	47.44	203.24
b. Interim (in rupees)	77.24	46.94	100.50
Face value per share	10.00	10.00	10.00

Net amount payable to the unsecured financial institutions



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ANNEXURE VI:

PART A

ILLUSTRATION OF CASH FLOWS

Method of calculation of Effective Coupon Amount

Effective Coupon Amount	Face Value * Annualised Coupon Rate * [(Final Maturity Date - Allotment Date)/365]																
Effective Annualized Coupon Rate	<p>Based on 'Reference Index Performance', corresponding 'Effective Annualized Coupon Rate' function' will be applicable:</p> <p>For Series A:</p> <table border="1"> <thead> <tr> <th>Reference Index Movement from Initial fixing date to Final fixing date</th> <th>Effective Annualised Coupon Rate Function</th> </tr> </thead> <tbody> <tr> <td>Reference G-Sec Price Movement = - 75%</td> <td>0%</td> </tr> <tr> <td>Reference G-Sec Price Movement between - 75% to +75%</td> <td>Annualised coupon rate yielding 10.30% XIRR</td> </tr> <tr> <td>Reference G-Sec Price Movement = Above 75%</td> <td>Annualised coupon rate yielding 10.35% XIRR</td> </tr> </tbody> </table> <p>For Series B:</p> <table border="1"> <thead> <tr> <th>Reference Index Movement from Initial fixing date to Final fixing date</th> <th>Effective Annualised Coupon Rate Function</th> </tr> </thead> <tbody> <tr> <td>Reference G-Sec Price Movement = - 75%</td> <td>0%</td> </tr> <tr> <td>Reference G-Sec Price Movement between - 75% to +75%</td> <td>Annualised coupon rate yielding 10.60% XIRR</td> </tr> <tr> <td>Reference G-Sec Price Movement = Above 75%</td> <td>Annualised coupon rate yielding 10.65% XIRR</td> </tr> </tbody> </table>	Reference Index Movement from Initial fixing date to Final fixing date	Effective Annualised Coupon Rate Function	Reference G-Sec Price Movement = - 75%	0%	Reference G-Sec Price Movement between - 75% to +75%	Annualised coupon rate yielding 10.30% XIRR	Reference G-Sec Price Movement = Above 75%	Annualised coupon rate yielding 10.35% XIRR	Reference Index Movement from Initial fixing date to Final fixing date	Effective Annualised Coupon Rate Function	Reference G-Sec Price Movement = - 75%	0%	Reference G-Sec Price Movement between - 75% to +75%	Annualised coupon rate yielding 10.60% XIRR	Reference G-Sec Price Movement = Above 75%	Annualised coupon rate yielding 10.65% XIRR
Reference Index Movement from Initial fixing date to Final fixing date	Effective Annualised Coupon Rate Function																
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Reference G-Sec Price Movement = Above 75%	Annualised coupon rate yielding 10.65% XIRR																
Face Value	INR 1,00,000 (Rupees One Lakh only) per Debenture																
Tenor In Months	<p>Tenor for each Series, as follows:</p> <ul style="list-style-type: none"> Series A: 15 months from the Deemed Date of Allotment Series B: 30 months from the Deemed Date of Allotment 																
Tenor In Days	<p>Tenor for each Series, as follows:</p> <ul style="list-style-type: none"> Series A: 456 days from the Deemed Date of Allotment** Series B: 913 days from the Deemed Date of Allotment** <p>**In the case of an Early Redemption, Tenor in Days will be number of days between the Deemed Date of Allotment of Debentures and Early Redemption Date.</p>																



(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Reference Index	10 Year G-sec 5.77 GS 2030 (ISIN – IN0020200153)
Reference Index Performance	$\left(\frac{\text{Final Fixing Level}}{\text{Initial Fixing Level}}\right) - 1$
Issue Size	INR 40,00,00,000 (Indian Rupees Thirty Crores Only), split into following 2 (Two) Series: <ul style="list-style-type: none">• Series A: INR 20,00,00,000 (Indian Rupees Twenty Crores Only)• Series B: INR 20,00,00,000 (Indian Rupees Twenty Crores Only)
Initial Fixing Level	Official closing level of the Reference Index as on Initial Fixing Date
Initial Fixing Date	Deemed Date of Allotment of the Debentures
Final Fixing Level	Official closing level of Reference GSec Price as on Final Fixing Dates.
Final Fixing Date	Final fixing date for each Series, as follows: <ul style="list-style-type: none">• Series A: Simple average of closing prices of March 9, 10 and 11, 2022• Series B: Simple average of closing prices of June 7, 8 and 9, 2023



(This Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

PART B

Principal Redemption per Debenture

Series	Redemption Date	Amount to be redeemed per Debenture (in INR)
Series A	March 15, 2022	1,00,000
Series B	June 15, 2023	1,00,000

Coupon Payment per Debenture

For Series A:

Reference Index Movement from Initial fixing date to Final fixing date	Coupon Payment per Debenture (in INR)
Reference GSec Price Movement = - 75%	Nil
Reference GSec Price Movement between -75% to +75%	INR 12,999
Reference GSec Price Movement = Above 75%	INR 13,063

For Series B:

Reference Index Movement from Initial fixing date to Final fixing date	Coupon Payment per Debenture (in INR)
Reference GSec Price Movement = - 75%	Nil
Reference GSec Price Movement between -75% to +75%	INR 28,626
Reference GSec Price Movement = Above 75%	INR 28,771

