

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: May 28, 2020

Issue of 100 (One Hundred Only) Rated, Listed Senior, Secured, Redeemable, Taxable, Transferable, Non-Convertible Debentures (“NCDs” or “Debentures”) of face value of Rs. 10,00,000/- (Rupees Ten Lakh only) each, aggregating up to Rs. 10,00,00,000/- (Rupees Ten 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 September 25, 2019 and the Board of Directors of the Issuer on August 02, 2019 read with the resolution passed by the Business and Resource Committee of the Board of Directors dated May 28, 2020 and the Memorandum and Articles of Association of the Company. 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 SECTION 3: 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.

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

Credit Rating

The Debentures proposed to be issued by the Issuer have been rated by ICRA Limited (“**Rating Agency**” / “**ICRA**”) The Rating Agency has vide its letter dated May 25, 2020 assigned a rating of “**ICRA A**” (pronounced as “**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 May 25, 2020 from the Rating Agency assigning the credit rating abovementioned.

Issue Schedule

Issue Opens on: May 28, 2020
 Issue Closing on: May 28, 2020
 Deemed Date of Allotment: May 28, 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**”).

Debenture Trustee	Registrar and Transfer Agent
<p>Catalyst Trusteeship Limited Office No. 604, 6th floor, Windsor, C.S.T. Road, Kalina, Santacruz (East), Mumbai 400098 Contact Person: Mr. Umesh Salvi Tel.: +91-22-49220503 Fax: +91-22-49220505 Email: umesh.salvi@ctltrustee.com Website: http://www.catalysttrustee.com/</p>	<p>NSDL Database Management Limited Trade World, A – Wing, 4th & 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai – 400013 Contact Person: Mr. Nilesh Bhandare Tel.: 91-22-24994200 Fax: 022 49142503 Email: info_ndml@nsdl.co.in Website: www.ndml-nsdl.co.in</p>

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

TABLE OF CONTENTS

SECTION 1:	DEFINITIONS AND ABBREVIATIONS	4
SECTION 2:	NOTICE TO INVESTORS AND DISCLAIMERS	7
SECTION 3:	RISK FACTORS	10
SECTION 4:	FINANCIAL STATEMENTS	15
SECTION 5:	REGULATORY DISCLOSURES	16
SECTION 6:	DISCLOSURES PERTAINING TO WILFUL DEFAULT	53
SECTION 7:	TRANSACTION DOCUMENTS AND KEY TERMS	54
SECTION 8:	OTHER INFORMATION AND APPLICATION PROCESS	57
SECTION 9:	DECLARATION	65
ANNEXURE I:	TERM SHEET	66
ANNEXURE II:	RATING LETTER FROM THE RATING AGENCY	67
ANNEXURE III:	CONSENT LETTER FROM THE DEBENTURE TRUSTEE	68
ANNEXURE IV:	APPLICATION FORM	70
ANNEXURE V:	LAST AUDITED FINANCIAL STATEMENTS	73
ANNEXURE VI:	ILLUSTRATION OF BOND CASH FLOWS	78

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.
Applicable Law	Includes all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or re-enactments thereof.
Applicant	Means a person who has submitted a completed Application Form to the Company.
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 .
Application Money	Means the subscription monies paid by the Debenture Holder at the time of submitting the Application Form.
Board/Board of Directors	The Board of Directors of the Issuer.
BSE	Means Bombay Stock Exchange Limited
Business Day	Means a day (other than a Saturday and Sunday or a bank/National holiday) on which banks are open for general business in Chennai, India
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	100 (One Hundred Only) Rated, Listed Senior, Secured, Redeemable, Taxable, Transferable, Non-Convertible Debentures (“NCDs” or “Debentures”) of face value of Rs 10,00,000/- (Rupees Ten Lakh only) each, aggregating up to Rs 10,00,00,000/- (Rupees Ten 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	May 28, 2020
Debenture Trustee	Catalyst Trusteeship Limited
Debenture Trustee Agreement	Agreement executed or to be executed by and between the Debenture Trustee and the Company 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	The debenture trust deed executed or to be executed by and between the Issuer and Catalyst Trusteeship Limited which sets out the terms upon which the Debentures are being issued and includes the representations, warranties and covenants being provided by the Issuer.
Debenture Trustee Regulations	Means the Securities Exchange Board of India (Debenture Trustees) Regulations, 1993 (as amended or restated from time to time).
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.

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

Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, 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	Means the date on which any interest or liquidated damages, any Redemption Payment or premature redemption amount and/or any other monies payable, are due and payable
Early Redemption Date	Means the date on which the Debentures are redeemed prior to the Final Redemption Date in terms of the Transaction Documents
EFT	Electronic Fund Transfer.
Event of Default	Shall mean each of the events specified in the Debenture Trust deed
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.
Governmental Authority	Shall mean any government (central, state or otherwise) or any governmental agency, semi-governmental or judicial or quasi-judicial or administrative entity, department or authority, agency or authority including any stock exchange or any self-regulatory organization, established under any Law.
Gross NPA	Means, the entire outstanding principal value of the relevant portfolio of the Issuer that has one or more instalments of payments (including principal or interest) overdue for 90 days or more and any restructured loans.
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)
Information Memorandum	Means the debt disclosure document in relation to the Debentures to be prepared and issued in accordance with the Offer Schedule
Issue	Private Placement of the Debentures.
Issue Closing Date	May 28, 2020
Issue Opening Date	May 28, 2020
Issuer/ Company	Five-Star Business Finance Limited.
Key Managerial Personnel	shall have the meaning assigned to such term in the Companies Act, 2013 (as amended from time to time);
Majority Debenture Holders	Means such number of Debenture Holders collectively holding more than 51% (Fifty One Percent) of the value of the Outstanding Principal Amounts of the Debentures
Material Adverse Effect	Means the effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, or could reasonably be expected to cause a material and adverse effect on (a) the financial condition, business or operation of the Company, environmental, social or otherwise or prospects of the Company; (b) the ability of the Company to perform its obligations under the Transaction Documents; or (c) 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	May 28, 2023

N.A.	Not Applicable.
NSDL	National Securities Depository Limited.
PAN	Permanent Account Number.
Private Placement Offer cum Application Letter	Shall mean the private placement offer cum application letter(s) prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014.
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	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 7 (Seven) calendar days prior to each coupon payment date and redemption 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) Regulations, 2008 issued by SEBI, as amended from time to time.
Tax	Means any present or future tax, levy, duty, charge, fees, deductions, withholdings, turnover tax, transaction tax, stamp tax or other charge of a similar nature (including any penalty or interest payable on account of any failure to pay or delay in paying the same), now or hereafter imposed by Law by any Governmental Authority and as maybe applicable in relation to the payment obligations of the company under this Deed.
Tax Deduction	Means a deduction or withholding for or on account of Tax from a payment under a Transaction Document pursuant to Applicable Law.
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	Means the documents executed or to be executed in relation to the issuance of the Debentures as more particularly set out hereinafter.
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 RBI

The Company 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.

2.4 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.

2.5 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 DEMATERIALIZED 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

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. Potential 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 ("**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 (as defined below) 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 DEBENTURES.

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 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.

3.8 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 they operate or for compliance by that potential Investor with any law, regulation or regulatory policy applicable to it.

3.9 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.

3.10 RISKS RELATED TO THE BUSINESS OF THE ISSUER

- (a) *All the loans provided by the Issuer are secured. However, if the Issuer is unable to control the level of non-performing loans ("NPAs") in the future, or if the loan loss reserves are insufficient to cover future loan losses, the financial condition of the Issuer and results of operations may be materially and adversely affected. Non-performing or low credit quality loans can negatively impact its results of operations.*

As at December 31, 2019, the gross NPA was 23.82 crores on a gross portfolio of Rs.3228.05 crores (0.74% 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 Issuer's 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

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

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) ***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.

(c) ***The Issuer intends to expand into new cities, with no guarantee that these operations will be successful***

The Issuer plans to expand its operations in all the eight (8) states in which it has a presence currently and new states across India. The Issuer believes that this strategy is advisable from a financial perspective and that it will provide risk diversification benefits and enable it to achieve its corporate objectives. However, if the Issuer 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) ***Competition from other financial institutions may adversely affect the Issuer's profitability***

The Issuers considers that commercial banks and other NBFCs have generally not targeted its client base effectively. However, banks and NBFCs do offer loans to individual proprietors either on an unsecured basis or against the value of their personal property. There are also housing finance companies that provide loans to this customer group. It is possible that their activities in this sector could increase, resulting in competition that adversely affects its profitability and financial position.

The Issuer believes that its sector expertise, credit analysis and portfolio management capabilities are all sources of competitive strength and are a mitigant to this risk.

(e) ***Changes in interest rates of the loans that the Issuer can borrow could reduce profit margins***

If the cost of the loans that the Issuer receives increases, due to either market or credit movements, the net interest margin might reduce and adversely affect the Issuer's financial condition.

(f) ***Large scale attrition, especially at the senior management level, can make it difficult for the Issuer to manage its business.***

If the Issuer is not able to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain the Issuer's quality and reputation, it will be difficult for the Issuer to manage its business and growth. The Issuer depends on the services of its executive officers and key employees for its continued operations and growth. In particular, the Issuer's senior management has significant experience in the banking and financial services industries.

The loss of any of the Issuer's executive officers, key employees or senior managers could negatively affect its ability to execute its business strategy, including its ability to manage its rapid growth.

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

The Issuer's business is dependent on its team of personnel who directly manage its relationships with its borrowers. The Issuer's business and profits would suffer adversely if a substantial number of such personnel left the Issuer or became ineffective in servicing its borrowers over a period of time.

The Issuer's future success will depend in large part on its ability to identify, attract and retain highly skilled managerial and other personnel. Competition for individuals with such specialized knowledge and experience is high, and the Issuer may be unable to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain its quality and reputation or to sustain or expand its operations. The loss of the services of such personnel or the inability to identify, attract and retain qualified personnel in the future would make it difficult for the Issuer to manage its business and growth and to meet key objectives.

(g) ***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.

(h) ***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 its 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.

(i) ***The Issuer requires certain statutory and regulatory approvals for conducting its business and the 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

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

be adversely affected. If the Issuer fails to comply, or a regulator claims that it has not 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.

- (j) ***Issuer may be required to increase capital ratio or amount of loan loss reserves, which may result in changes to business and accounting practices that would harm business and results of operations.***

The Issuer is subject to the RBI minimum capital to risk weighted assets ratio regulations. Pursuant to Section 45-IC of the RBI Act, 1934, every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20.0% (Twenty Percent) of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. The Issuer is also required to maintain a minimum capital adequacy ratio of 15.0% (Fifteen Percent) in relation to aggregate risk-weighted assets and risk adjusted assigned loans. The RBI may also in the future require compliance with other financial ratios and standards. Compliance with such regulatory requirements in the future may require alteration of its business and accounting practices or take other actions that could materially harm its business and operating results.

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

SECTION 4: FINANCIAL STATEMENTS

The audited financial statements of the Issuer for the 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 shareholders Meeting held on September 25, 2019, authorizing the borrowing by the Company and the creation of security thereto;
- (e) Copy of the resolution passed by the shareholders of the Company at the shareholders held on September 25, 2019, authorizing the issue/offer of non-convertible debentures by the Company;
- (f) Copy of the resolution passed by the Board of Directors and the Business and Resource Committee of the Board of Directors authorizing the issuance of the Debentures and the list of authorized signatories;
- (g) 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:	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
RBI Registration Number:	B-07.00286
Corporate Identification Number:	U65991TN1984PLC010844
Phone No.:	044-46106200
Contact Person:	Mr. Srikanth G
Email:	srikanth@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 & 5 th Floors, Kamala Mills Compound, Lower Parel, Mumbai – 400013
Credit Rating Agency of the Issue:	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 over the last 30 years.

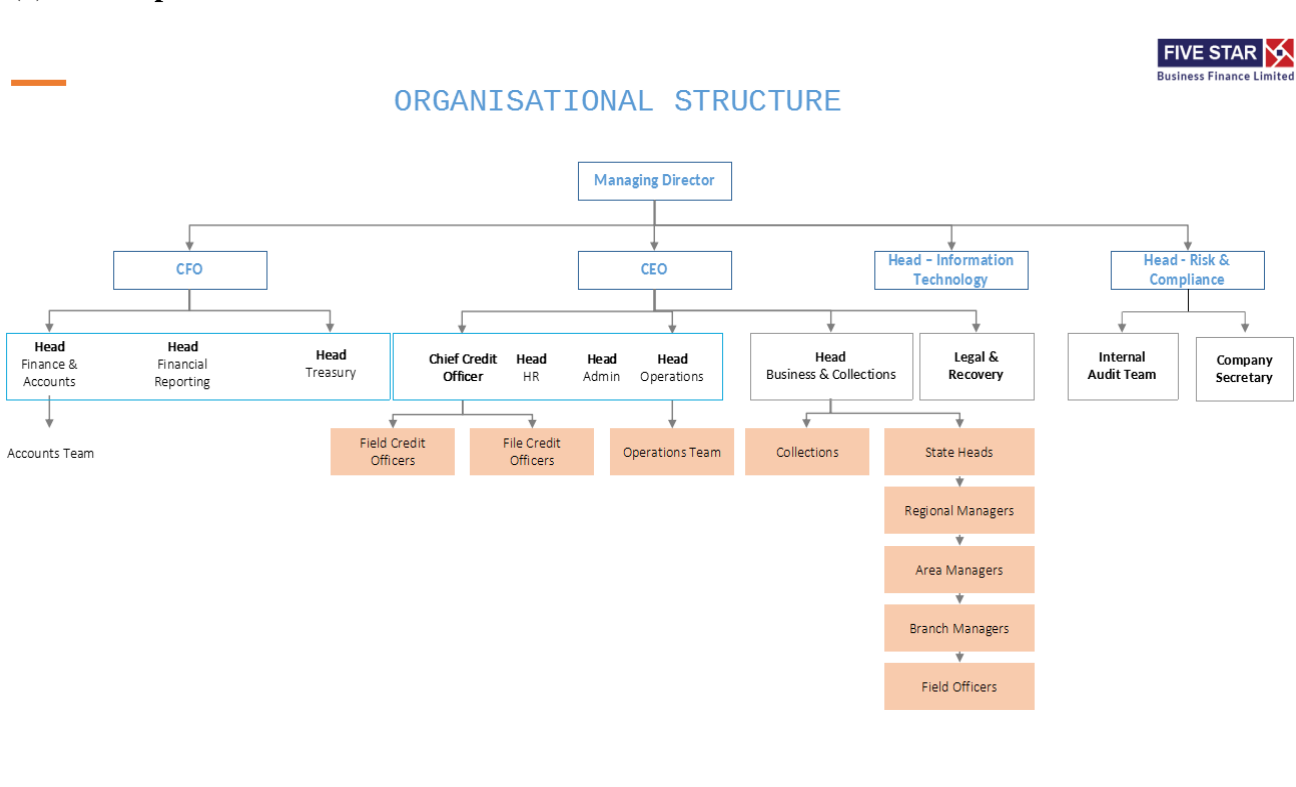
The company was originally promoted by Mr V K Ranganathan and is currently being managed by Mr D Lakshmipathy, who joined the Board of the company in 2002, and is currently its Chairman and Managing Director. Under his leadership, over the last 9 years,

the company has grown from a branch network of 6 to more than 235 today and from an AUM of Rs.18 Crores to about Rs. 3,260 Crores (consolidated) 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 on December 31, 2019, Five-Star operated 237 branches in 8 states – Tamil Nadu (82 branches; including 2 in Puducherry), Andhra Pradesh (61 branches), Telangana (36 branches), Karnataka (27 branches), Maharashtra (4 branches), Madhya Pradesh (24 branches), Chhattisgarh (2 branches) and Uttar Pradesh (1 branch) - with a borrower base of more than 1,18,000 customers and a total portfolio under management of about Rs.3260 Crores (consolidated).

(b) **Corporate Structure**



(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. 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 MMTTC 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>Non-Executive 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 - Morgan Stanley</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>

Name	Work Experience
Arjun Saigal <i>Alternate Director - Morgan Stanley</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>Non-Executive 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.
Ganapathyagraharam Venkataraman Ravishankar <i>Nominee Director - Sequoia Capital</i>	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.

(ii) **Brief Profile of the management of the Company:**

Name & Designation	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 was promoted as the Chief Executive Officer in May 2018. He 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 & Designation	Profile and Experience
	<p>He joined Five-Star in October 2015 as the Chief Financial and Information Officer and heads the finance function.</p> <p>Srikanth 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.</p>
<p>Vishnuram Jagannathan <i>Chief Risk Officer</i></p>	<p>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.</p>
<p>Parthasarathy S <i>Chief Credit Officer</i></p>	<p>Parthasarathy is a Chartered Accountant with 14+ years of banking experience. He started his career with ICICI Bank and then moved to Standard Chartered Bank as a Credit Analyst. His last assignment was with DBS Bank (Development Bank of Singapore) as a Vice President, where he worked close to 9 years in the Risk Analytical Unit of Large Corporates managing the portfolio of clients based in Tamilnadu and Kerala.</p>
<p>Sanjay Chaturvedi <i>Chief Treasury Officer</i></p>	<p>Sanjay is a management graduate and comes with about 18 years of treasury work experience across multiple banks and NBFCs. 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 Aspire Home Finance Corporation.</p>
<p>Parthasarathi Asuri <i>Head – Risk & Compliance</i></p>	<p>Sarathi has multiple qualifications to his credit viz., M.Com, ACA, ACMA, ACS, CAIIB. He has diversified professional work experience of over 16 years, including a decade long stint in the Banking Industry, followed by his experience in the fields of Finance, Accounts, Taxation and Secretarial Functions. His last employment was with FL Smidith Private Limited. At Five Star, he oversees the Risk and Compliance (including Secretarial compliances) and Internal Audit functions.</p>
<p>Sathya Ganesh T <i>Head - Business & Collections</i></p>	<p>Sathya comes with 18+ years of experience with Banks & NBFCs and had worked with various organisations including ICICI Bank, Cholamandalam and Equitas. Prior to joining Five Star, Sathya headed Shriram Housing in Tamilnadu. At Five Star, Sathya heads the Business and Collections vertical of Tamilnadu, Andhra Pradesh and Telangana. He is a Post Graduate in Commerce from Madras University and holds an MBA in Banking & Finance from Symbiosis, Pune.</p>
<p>Vishnu Prasad C <i>Head – Technology</i></p>	<p>Vishnu is a Software Professional with 12 years of experience in Program Management and Product Development. He began his career with Polaris Financial Technologies, moved to HCL Technologies subsequent to which he had worked with Microsoft in the US for a period of about 9 years. Prior to joining Five Star, he was with SKS Microfinance working on architecting and designing online technology solutions for their products.</p>
<p>Mahesh Gourishetty <i>Head – Human Resources</i></p>	<p>Mahesh has over 15 years of experience in various organizations in the field of HR and in leading the entire lifecycle of human capital management. In his last assignment he was the HR Business Partner at Sterlite Power. Prior to that he has worked in organizations such as Infosys and L&T in their HR teams.</p>

Name & Designation	Profile and Experience
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.
Seshathri S M <i>Head - Credit</i>	Seshadri has more than two decades experience in Business development, understanding customer requirements and offering tailor made products. He has led the company in the areas of Credit Management, operations, Risk Management, Fraud control, property valuation. His experience and interest on Small Business Loans has helped the company to get a stronghold in MSME segment. He has started his career with Five-Star. Seshadri is a Post graduate in Commerce from Madras University. He also holds B.L. Degree from Yogi Vemanna University.
K Arun Kumar <i>Head - Finance and Accounts</i>	Arun has more than 2 decades of experience in the areas of treasury operations, finance and accounting. He possesses a demonstrated record of success in strategic planning and execution, business finance and monitoring, financial risk management, audit and control. He has started his career with Five-Star. Arun is a Post Graduate in Commerce from Annamalai University. He also holds Post Graduate Diploma in Computer Applications.
Venkatesh B <i>Head – Financial Reporting</i>	Venkatesh is a qualified Chartered Accountant & Company Secretary with industry experience of about a decade having previously worked with PWC and Equitas Small Finance Bank. He has worked across audit, accounts, finance, fund-raise, treasury, diligence and related areas.
P Srikanth <i>Head - Operations</i>	Srikanth comes with a wide and varied experience in insurance, microfinance, micro enterprise and agri financing for the past 18 years across banks / NBFCs. He has performed various functions within these verticals and in most of these areas he was instrumental in growing the business and taking them to the next level. In his last profile, he was the Founder and CEO of Samasta Samruddi Farmers Ltd; wherein he has implemented linkage programs benefitting more than 6000 farmers.
Shylasree Padmanabhan <i>Head - Admin</i>	Shylashree has over 20 years of experience in human resources, secretarial and office administration. She had worked with Sutherland Global Services and Asirvad Microfinance before moving to Five-Star.

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

Rs. In lakhs

Parameters	Audited	Audited	Audited
	31-Mar-19	31-Mar-18	31-Mar-17
Net Worth	136508.33	59,994.64	22,449.10
Total Debt	92170.32	53,070.39	45,185.97
- Non current maturities of long term Borrowings	69970.37	37,346.98	33,871.55
- Short term borrowings	861.95	4,979.68	4,687.75
- Current maturities of long term Borrowings	21338	10,743.73	6,626.67
Net Fixed Assets	929.06	649.46	640.47
Non-Current Assets	180384.26	83,298.76	41,047.45
Cash and Cash equivalents	20999.53	12,651.08	18,002.71

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

Parameters	Audited	Audited	Audited
	31-Mar-19	31-Mar-18	31-Mar-17
Current Investments		-	-
Current Assets	52825.228	31,993.94	27,979.78
Current Liabilities	26730.79	17,231.65	12,448.93
Assets Under Management	207348.89	97,993.69	48,341.53
Off balance sheet assets		-	-
Interest Income	35668.83	16,962.63	7,389.88
Interest Expense	7380.37	5,554.58	2,373.25
Provisioning & Write Offs	700.54	918.55	279.54
PAT	15594.17	5,618.12	1,937.48
Gross NPA (%)	0.87%	1.45%	2.52%
Net NPA (%)	0.67%	0.96%	2.11%
Tier I Capital Adequacy Ratio (%)	64.24%	58.05%	43.78%
Tier II Capital Adequacy Ratio	0.57%	0.95%	-

Key Operational and Financial Parameters for December 31, 2019:

Rs. In lakhs

Parameters	*Provisional	*Unaudited
	31-Dec-19	30-Sep-19
Net Worth	187107.08	179795.23
Total Debt	194986.80	184586.41
Debt Securities	111740.07	112396.21
Borrowings (Other than Debt Securities)	83246.73	72190.20
Assets Under Management	322805.17	275189.77
Off balance sheet assets	-	-
Interest Income	47328.33	29334.78
Interest Expense	14538.01	8838.24
Provisioning & Write Offs	1791.12	1380.32
PAT	18950.69	11707.33
Gross NPA (%)	0.74%	0.81%
Net NPA (%)	0.57%	0.62%
Tier I Capital Adequacy Ratio (%)	56.12%	63.23%
Tier II Capital Adequacy Ratio (%)	0.87%	0.89%

*FY 2019 & FY 2020 figures are as per IND-AS. Figures for FY2016, 2017 & 2018 are as per IGAAP and hence may not be directly comparable.

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

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

Gross Debt: Equity Ratio of the Company (As on Mar 31, 2020):

Before the issue of debt securities	1.21
After the issue of debt securities	1.22

Calculations

Before the issue, debt-to-equity ratio is calculated as follows: - (Rs. Lakhs)

Debt	2,35,020.11
Equity	1,94,423.40
Debt/Equity	1.21

Subsequent to the issue, debt-to-equity ratio shall be calculated as follows: - (Rs. Lakhs)

Debt	2,36,520.11
Equity	1,94,423.40
Debt/Equity	1.22

*Not including any interim debt availed and considering only the current issuance.

- (d) Project cost and means of financing, in case of funding new projects: N.A.

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

- (a) **Details of Share Capital as on March 31, 2020:**

Share Capital (Amount in Lakhs)	As on December 31, 2019	As on March 31, 2020
Authorised		
30,000,000 shares (March 31, 2018 - 20,000,000, April 1, 2017 - 20,000,000) of INR 10 each	3000.00	3000.00
Issued and Subscribed	2541.03	2712.79
Fully Paid- up	2541.03	2558.21

* 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 March 31, 2020, for the last five years:**

Date (AGM / EGM)	Existing	Revised	Remark
21-Feb-2014 (EGM)	Rs. 7,00,00,000	Rs. 12,00,00,000	Increase in Authorized Capital from Rs. 7,00,00,000 to Rs. 12,00,00,000
12-April-2016 (EGM)	Rs. 12,00,00,000	Rs. 20,00,00,000	Increase in Authorized Capital from Rs. 12,00,00,000 to Rs. 20,00,00,000
28-Jul-2018 (EGM)	Rs. 20,00,00,000	Rs. 30,00,00,000	Increase in Authorized Capital from Rs. 20,00,00,000 to Rs. 30,00,00,000

(c) **Equity Share Capital History of the Company as on March 31, 2020 for the last five years:**

Date of Allotment	No. of Shares allotted	Face value (Rs.)	Issue Price (Rs.)	Consideration	Nature of Allotment	Cumulative No of Equity Shares Issued / Paid-up
21-Feb-14	20,00,000	10	85	17,00,00,000.00	Private Placement	90,00,000
03-Feb-15	12,00,000	10	130	15,60,00,000.00	Private Placement	1,02,00,000
29-Sep-15	3,50,000	10	130	4,55,00,000.00	Private Placement	1,05,50,000
30-Nov-15	1,50,000	10	130	1,95,00,000.00	Private Placement	1,07,00,000
30-June-16	35,65,052	10	319.63	1,13,94,97,571.00	Private Placement	1,42,65,052
9-June-17	1,88,000	10	10	18,80,000.00	ESOP	1,44,53,052
18-Aug-17	47,15,302	10	674.4	3,17,99,99,668.80	Private Placement	1,91,68,354
25-Sep-17	500	10	85	42,500.00	ASOP	1,91,68,854
24-Jul-18	8,000	10	130	10,40,000.00	ASOP	1,91,76,854
03-Aug-18	46,86,828	10	1320.72	6,18,99,87,476.16	Private Placement	2,38,63,682
12-Sep-18	500	10	85	42,500.00	ESOP	2,38,64,182
12-Dec-18	1,000	10	130	1,30,000.00	ESOP	2,38,65,182
27-Dec-18	25,000	10	10	2,50,000	ESOP	2,38,90,182
08-Feb-19	1,600	10	130	2,08,000.00	ESOP	2,38,91,782
28-Feb-19	7,000	10	130	9,10,000	ESOP	2,38,98,782
29-Mar-19	800	10	130	1,04,000	ESOP	2,38,99,582
16-May-19	1,400	10	130	1,82,000	ESOP	2,39,00,982
28-Jun-19	200	10	130	26,000	ESOP	2,39,01,182
11-Jul-19	50	10	130	6,500	ESOP	2,39,01,232
22-Jul-19	13,32,262	10	2364.40	3,15,00,00,273	Private Placement	2,52,33,494
08-Aug-19	1,200	10	130	1,56,000.00	ESOP	2,52,34,694
24-Sep-19	100	10	130	13,000.00	ESOP	2,52,35,294
24-Sep-19	500	10	85	42,500.00	ESOP	
06-Dec-19	1,19,238	10	10	11,92,380.00	ESOP	2,53,54,532
12-Dec-19	55,762	10	10	5,57,620.00	ESOP	2,54,10,294
25-Feb-20	7,50,000**	10	2,364.40	75,00,000.00	Private Placement	2,61,60,294
21-Mar-20	9,67,597**	10	1037.94	96,75,970.00	Rights Issue	2,71,27,891

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

(d) **Paid-up Preference Share Capital History of the Company as on March 31, 2020 for the last five years:**

N.A.

(e) **Details of any Acquisition or Amalgamation in the last 1 (one) year:**

N.A.

(f) **Details of any Reorganization or Reconstruction in the last 1 (one) year:**

N.A.

5.6 Details of the shareholding of the Company as on March 31, 2020,(a) **Shareholding pattern of the Company as on March 31, 2020:**

S No	Category	Paid-up Capital	
		No. of shares Held	% of shareholding
A	Promoters Holding		
1	Indian:		
	Individual – D Lakshmipathy and Immediate Relatives	60,27,801	22.22
	Bodies Corporate	-	-
	Sub Total	60,27,801	22.22
2	Foreign Promoters	-	-
	Sub Total (A)	60,27,801	22.22
B	Non Promoters' Holding		
	Matrix Partners India Investment Holdings II, LLC	41,00,999	15.12
	Matrix Partners India Investments II Extension, LLC	68,897	0.25
	NHPEA Chocolate Holding B.V.	35,98,051	13.26
	Norwest Venture Partners X – Mauritius	25,69,650	9.47
	SCI Investments V	25,69,650	9.47
	TPG Asia VII SF Pte. Ltd.	61,10,673	22.53
	Indian Public	19,48,870	7.18
	Directors and relatives	1,33,300	0.49
	Sub Total (B)	2,11,00,190	77.78
	GRAND TOTAL	2,71,27,891	100.00

(b) **List of top 10 holders of equity shares of the Company as on March 31, 2020:**

Sl.	Name of shareholder	Total no of equity shares	Percentage (%) of holding	Number of shares held in demat form
1	TPG ASIA VII SF PTE LTD	6110673	22.53%	6110673
2	MATRIX PARTNERS INDIA INVESTMENT HOLDINGS II, LLC	4100999	15.12%	4100999
3	D LAKSHMIPATHY	3710771	13.68%	3710771
4	NHPEA CHOCOLATE HOLDING B.V.	3598051	13.26%	3598051
5	SCI INVESTMENTS V	2569650	9.47%	2569650

6	NORWEST VENTURE PARTNERS X - MAURITIUS	2569650	9.47%	2569650
7	HEMA	2089060	7.70%	2089060
8	ATMA RAM BUILDERS (P) LTD.	545510	2.01%	545510
9	KRISHNAN RANGARAJAN	233793	0.86%	233793
10	RAMASAMY JAYACHANDRAN	212368	0.78%	212368

5.7 Following details regarding the directors of the Company*:

(a) Details of the current directors of the Company:

This table sets out the details regarding the Company's Board of Directors as on date of the Information Memorandum:

S.N o.	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 Limited 5. United Overseas Facilities Management Private Limited 6. Mangal Credit And Fincorp Limited 7. South India Finvest Private Limited 8. Asirvad Micro Finance 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. Cholamandalam Investment And Finance Company Limited 3. Network18 Media & Investments Limited 4. Muthoot Microfin Limited 5. Reliance Payment Solutions Limited 6. CSB Bank Limited

S.No.	Name	Designation	Address	DIN	Other Directorship
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
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. Atv Ventures Llp 11. Matrix Partners India Advisors Llp 12. 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

S.No.	Name	Designation	Address	DIN	Other Directorship
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

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

(b) **Details of change in directors since last three years:**

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	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

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

5.8 Following details regarding the auditors of the Company:

(a) Details of the auditor of the Company:

Name	Address	Auditor since	Remark
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	Auditor of the Company since (in case of resignation)	Remarks
M/s Brahmayya & Co.	No.48, Masilamani Road, Balaji Nagar, Royapettah, Chennai - 600 014.	September 22, 2018	August 20, 2014	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 December 31, 2019:

(a) Details of Secured Loan Facilities (as on December 31, 2019):

Lender's Name	Facility	Availed Rs. Crores	O/s 31.12.2019 Rs. Crores	Repayment Date	Secured / Unsecured	Primary Security Exclusive charge on receivables of the Company
Athena	SECURITIZATION	98.35	75.66	17-05-2022	Secured	0 times
AU Small Finance Bank TL1	Term Loan – Banks	20.00	6.25	Mar-2021	Secured	1.1 times
AU Small Finance Bank TL3	Term Loan – Banks	38.00	31.67	Feb-2024	Secured	1.1 times
Bajaj Finance Ltd TL1	Term Loan – NBFC	20.00	10.00	Feb-2021	Secured	1.1 times
Bajaj Finance Ltd TL2	Term Loan – NBFC	25.00	19.27	Jan-2023	Secured	1.2 times
Bandhan Bank TL1	Term Loan – Banks	30.00	23.33	Mar-2022	Secured	1.15 times
Bank of Baroda TL2	Term Loan – Banks	50.00	42.50	Mar-2024	Secured	1.2 times
Cholamandalam Finance TL3	Term Loan – NBFC	10.00	8.97	Apr-2024	Secured	1.1 times

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

Lender's Name	Facility	Availed Rs. Crores	O/s 31.12.2019 Rs. Crores	Repayment Date	Secured / Unsecured	Primary Security Exclusive charge on receivables of the Company
CITY UNION BANK - CC	Cash Credit	5.00	2.57	00-01-1900	Secured	1.1 times
EQUITAS SMALL FINANCE BANK TL 3	Term Loan – Banks	25.00	17.36	Jan-2022	Secured	1.1 times
Equitas Small Finance Bank TL1-Tranche 1	Term Loan – Banks	15.00	6.80	Apr-2021	Secured	1.1 times
Equitas Small Finance Bank TL1-Tranche 2	Term Loan – Banks	10.00	4.82	Apr-2021	Secured	1.25 times
FEDERAL BANK - CC	Cash Credit	5.00	1.09	00-01-1900	Secured	1.25 times
Federal Bank TL1	Term Loan – Banks	10.00	3.13	Mar-2021	Secured	1.25 times
Federal Bank TL2	Term Loan – Banks	10.00	5.54	Mar-2022	Secured	1.25 times
Federal Bank TL-4	Term Loan – Banks	15.00	13.13	Jun-2023	Secured	0 times
HDFC Bank TL2	Term Loan – Banks	10.00	1.30	May-2020	Secured	1.1 times
HDFC Bank Car Loan	Term Loan – Banks	0.53	0.12	Nov-2020	Secured	1.33 times
HLF TL3	Term Loan – NBFC	20.00	15.82	Dec-2022	Secured	1.15 times
Karnataka Bank TL1	Term Loan – Banks	5.00	1.49	Feb-2021	Secured	1.15 times
Karur Vysya Bank TL-2	Term Loan – Banks	10.00	9.30	May-2024	Secured	0 times
Kotak Mahindra Bank TL1	Term Loan – Banks	20.00	8.33	Feb-2021	Secured	1.15 times
Medici	SECURITIZATION	99.05	89.13	17-07-2024	Secured	1.1 times
Nabkisan TL1	Term Loan – NBFC	13.00	4.06	Jan-2021	Secured	1.1 times
Nabkisan TL2	Term Loan – NBFC	13.40	12.06	Jun-2024	Secured	1.2 times
Nabsamruddhi Finance TL1	Term Loan – NBFC	15.00	15.00	Nov-2024	Secured	1.2 times
Oriental Bank of Commerce TL 1	Term Loan – Banks	10.00	10.00	Dec-2024	Secured	1.1 times
RBL BANK - CC	Cash Credit	5.00	-	00-01-1900	Secured	1.05 times
RBL Bank TL4	Term Loan – Banks	30.00	5.29	Jun-2020	Secured	1.15 times
RBL Bank TL5	Term Loan – Banks	20.00	8.24	Feb-2021	Secured	1.15 times

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

Lender's Name	Facility	Availed Rs. Crores	O/s 31.12.2019 Rs. Crores	Repayment Date	Secured / Unsecured	Primary Security Exclusive charge on receivables of the Company
RBL Bank TL6	Term Loan – Banks	50.00	30.00	Dec-2021	Secured	1.2
RBL Bank TL7	Term Loan – Banks	50.00	38.24	Feb-2022	Secured	1.2
SBM Bank TL1	Term Loan – Banks	5.00	0.83	Jun-2020	Secured	1.1
South Indian Bank TL1	Term Loan – Banks	5.00	1.51	Mar-2021	Secured	1.33
South Indian Bank TL2	Term Loan – Banks	5.00	2.78	Mar-2022	Secured	1.11
SOUTH INDIAN BANK-CC	Cash Credit	5.00	1.87	00-01-1900	Secured	0
State Bank of India TL1	Term Loan – Banks	40.00	17.50	Jan-2022	Secured	1.25
State Bank of India TL2	Term Loan – Banks	150.00	150.00	Dec-2024	Secured	1.25
Sundaram Finance TL3	Term Loan – NBFC	5.00	0.96	Sep-2020	Secured	1.1
Sundaram Finance TL4	Term Loan – NBFC	15.00	7.77	Mar-2022	Secured	1.1
Sundaram Finance TL5	Term Loan – NBFC	10.00	10.00	Dec-2022	Secured	1.1
Tata Capital TL-1	Term Loan – NBFC	10.00	7.33	Feb-2022	Secured	1.1
Ujjivan SFB TL1	Term Loan – Banks	25.00	24.24	Aug-2022	Secured	1.1
Utkarsh SFB TL1	Term Loan – Banks	20.00	17.78	Aug-2022	Secured	1.1
Vivriti Capital-TL1	Term Loan – NBFC	5.00	4.42	Mar-2024	Secured	1.1
Woori Bank	Term Loan – Banks	45.00	35.00	Apr-2022	Secured	1.05
YES Bank TL1	Term Loan – Banks	25.00	11.11	Apr-2021	Secured	1.15
YES Bank TL2	Term Loan – Banks	30.00	24.17	May-2022	Secured	1.15
YES BANK-CC	Cash Credit	3.00	-		Secured	0

(b) **Details of Unsecured Loan Facilities (as on December 31, 2019): Nil**

(c) **Details of Non-Convertible Debentures: (as on December 31, 2019):**

ISIN Number	Maturity Date	Coupon Rate	Amount in Crores	Secured / Unsecured	Rating	Primary Security Exclusive charge on receivables of the company	Tenure
INE128S07010	06-12-2020	13.60%	30	Secured	CRISIL BBB+	1.05 times	60
INE128S07275	28-12-2020	11.50%	45	Secured	CARE A; Stable	1.10 times	48
INE128S07259	28-12-2020	11.50%	30	Secured	CARE A; Stable	1.1 times	48
INE128S07309	30-03-2023	11.00%	25	Secured	ICRA A; Stable	1.1 times	72
INE128S07093, INE128S07101, INE128S07119, INE128S07127, INE128S07135 & INE128S07143	07-02-2021	11.45%	25	Secured	CARE A; Stable	1.1 times	48
INE128S07192, INE128S07200, INE128S07218, INE128S07226, INE128S07234 & INE128S07242	15-03-2021	11.45%	15	Secured	CARE A; Stable	1.1 times	48
INE128S07267	26-02-2021	11.25%	24	Secured	ICRA A; Stable	1.1 times	48
INE128S07317	28-03-2023	10.21%	5	Secured	CARE A; Stable	1.1 times	60
INE128S07325	28-03-2023	10.21%	65	Secured	CARE A; Stable	1.1 times	60
INE128S07333	28-03-2023	10.21%	65	Secured	CARE A; Stable	1.1 times	60
INE128S07341	28-03-2023	10.21%	65	Secured	CARE A; Stable	1.1 times	60
INE128S07358	29-03-2022	12.64%	55	Secured	ICRA A; Stable	1.1 times	36
INE128S07366	11-04-2024	11.40%	30	Secured	ICRA A; Stable	1.1 times	60
INE128S07374	16-04-2022	12.64%	180	Secured	ICRA A; Stable	1.1 times	36
INE128S07382	03-07-2022	Linked with movement of Nifty 50 Index	20	Secured	CARE PP-MLD A; Stable	1.1 times	38
INE128S07390	28-05-2022	12.64%	180	Secured	ICRA A; Stable	1.1 times	36

ISIN Number	Maturity Date	Coupon Rate	Amount in Crores	Secured / Unsecured	Rating	Primary Security Exclusive charge on receivables of the company	Tenure
INE128S07408	28-06-2022	12.64%	185	Secured	ICRA A; Stable	1.1 times	36
INE128S07416	28-08-2025	11.88%	125	Secured	CARE A; Stable	1.1 times	72

(d) **List of Top 10 Debenture Holder(s) (as on December 31, 2019):***(Rs. in Lakhs)*

Sl.	Name of the Transaction	Amount o/s
1	FRANKLIN INDIA CREDIT RISK FUND	50000
2	FRANKLIN INDIA CREDIT RISK FUND	20000
3	Responsibility	12500
4	A. K CAPITAL FINANCE PVT. LTD.	10000
5	IFMR FIMPACT LONG TERM MULTI ASSET CLASS FUND	4500
6	HINDUJA LEYLAND FINANCE LIMITED	3000
7	KARVY CAPITAL	3000
8	IFMR FIMPACT LONG TERM MULTI ASSET CLASS FUND	2500
9	AU SMALL FINANCE BANK LIMITED	2400
10	A K CAPITAL FINANCE PVT LTD	1500

Note: Top 10 holders' (in value terms, on cumulative basis for all outstanding debentures issues) details should be provided

(e) **The amount of corporate guarantee issued by the Issuer along with the 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 December 31, 2019:**

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 Issuer, 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:

Details of Promoter Holding in Company as on, i.e. March 31, 2020:

Sr No	Name of the shareholders	Total No of Equity shares	No. of shares in Demat form	Total shareholding as % of total no of equity shares	No of shares Pledged	% of shares pledged with respect to shares owned
1	D LAKSHMIPATHY	3710771	3710771	13.68%	67100	0.25%
2	HEMA	2089060	2089060	7.70%	-	-
3	R DEENADAYALAN	163200	163200	0.60%	-	-
4	VARALAKSHMI D	44770	44770	0.17%	-	-
5	SHRITHA L	20000	20000	0.07%	-	-

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 2017 Audited	FY 2018 Audited	FY 2019 Audited
Revenue			
Revenue from Operations	8,307.69	18,854.36	38,214.69
Other Income	283.21	1,561.70	2,068.82
Total Revenue	8,590.89	20,416.06	40,283.51
Expenses			
Finance Costs	2,373.25	5,554.57	7,380.37
Employee Benefits Expense	1,858.21	4,293.18	7,528.98
Other Expenses	909.11	1,487.50	2,505.58
Provisions, Loan Losses & Other Charges	279.54	918.55	700.54
Depreciation	92.30	259.31	419.42
Total Expenses	5,512.41	12,513.12	18,534.89
Profit Before Tax	3,078.48	7,902.94	21,748.62
Tax Expenses			
- Current Tax	1,284.59	2,404.37	6,954.97
- Deferred Tax	-143.60	-119.55	-800.52
Total Tax Expenses	1,141.00	2,284.82	6,154.45
Profit for the Year	1,937.48	5,618.12	15,594.17

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
ASSETS			
Financial Assets			
Cash and cash equivalents	20,992.65	12,643.11	17,986.69
Bank balances other than cash and cash equivalents	6.88	7.98	56.64
Loans	2,05,743.73	96,859.91	47,380.65
Investments	1,500.00	1,500.00	1,500.00
Other financial assets	283.68	269.19	190.30
	2,28,526.94	1,11,280.19	67,114.28
Non-financial Assets			
Current tax assets (net)	348.17	344.41	-
Deferred tax assets (net)	1,422.06	621.54	346.62
Investment property	3.56	3.56	3.56
Property, plant and equipment	744.41	450.69	446.38
Capital work-in-progress	-	14.13	-
Intangibles under development	-	-	158.11
Other intangible assets	201.80	181.09	35.98
Other non-financial assets	357.39	413.86	60.39
	3,077.39	2,029.28	1,051.04
Total assets	2,31,604.33	1,13,309.47	68,165.32
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	281.39	221.10	109.26
Debt securities	42,972.28	19,322.09	19,078.05
Borrowings (other than debt securities)	49,198.22	33,483.42	25,836.73
Other financial liabilities	510.91	440.09	380.01
	92,962.80	53,466.70	45,404.05
Non-financial Liabilities			
Current tax liabilities (net)	159.89	-	170.12
Provisions	365.19	170.26	74.55
Other non-financial liabilities	1,608.12	451.38	284.24
	2,133.20	621.64	528.91
Equity			
Equity share capital	2,389.96	1,916.89	1,426.51
Other equity	1,34,118.37	57,304.24	20,805.85

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
	1,36,508.33	59,221.13	22,232.36
	2,31,604.33	1,13,309.47	68,165.32

Particulars	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2017
Cash Flow from Operating Activities			
Net profit before tax	21,798.71	7,565.46	3,078.48
Adjustments for:			
Finance costs	-	-	2,373.25
Depreciation and amortization	419.42	259.30	92.30
Provision for gratuity	58.51	33.73	
Provision for compensated absences	86.33	21.19	
General Provision on Standard Assets			139.87
Provision for impairment on financial instruments and write-offs	700.54	903.00	139.67
Loss on sale/retirement of property, plant and equipment (net)	0.93	8.42	-2.42
Profit on sale of current investments (net)	(559.86)	(675.21)	(110.22)
Interest income on deposits with banks / others	(1,335.21)	-797.59	-135.94
Finance costs	7,285.60	5,471.27	
Employee stock option expenses	267.83	214.94	-
Operating cash flow before working capital changes	28,722.80	13,004.51	5,574.99
<u>Changes in Working Capital:</u>			
<i>Adjustments for (Increase) / Decrease in Operating Assets:</i>			
Loans	(1,09,584.36)	(50,382.26)	(52.91)
Other non- financial assets	(94.34)	(182.47)	(28,548.26)
Other financial assets	(59.35)	(52.00)	(15.69)
<i>Adjustments for Increase / (Decrease) in Operating Liabilities:</i>			
Trade payables	60.31	111.87	271.41
Long term liabilities			
Other financial liabilities	(1.09)	1.34	-
Other non financial liabilities	1,156.74	167.14	152.57
Net cash (used in) operations	(79,799.29)	(37,331.87)	(22,617.89)
Finance cost paid	(7,409.26)	(5,410.96)	(2,181.16)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2017
Direct taxes paid (net)	(6,798.84)	(2,918.89)	(1,284.59)
Net Cash Used in Operating Activities (A)	(94,007.40)	(45,661.72)	(26,083.64)
Cash Flow from Investing Activities			
Purchase of fixed assets	(585.14)	(448.23)	(546.51)
Proceeds from sale of fixed assets	15.30	4.04	7.04
Bank Balances not considered as Cash and Cash equivalents			
Profit on sale of current investments	559.86	675.21	110.22
(Purchase)/sale of current investments (Net)	-	-	400.00
Interest income on deposits with banks / others	1,380.07	770.69	135.94
(Purchase) / Sale of Non Current Investments			-
Movement in bank balances other than cash and cash equivalents	1.09	48.66	
Net Cash from Investing Activities (B)	1,371.18	1,050.37	106.69
Cash Flow from Financing Activities			
Proceeds from issue of equity shares	473.07	490.38	11,394.98
Proceeds from securities premium (net off utilisation)	61,453.65	31,328.84	-
Expenses towards issue of shares	(501.53)	(440.62)	
Interest paid	-	-	
Movement in ESOP reserve	-	-	
Proceeds from long term borrowings (repaid) / availed (Net)	39,560.57	7,889.17	29,011.02
Short-term Borrowings (repaid) / availed (Net)			3306
Net Cash from Financing Activities (C)	1,00,985.76	39,267.77	43,711.59
Net Increase / (Decrease) in Cash and Cash Equivalents [(A) + (B) + (C)]	8,349.54	(5,343.58)	17,734.63
Cash and Cash Equivalents at the beginning of the year	12,643.11	17,986.69	308.69
Cash and Cash Equivalents at the end of the year	20,992.65	12,643.11	18,043.32

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]

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

Particulars	As at December 31, 2019	As at September 30, 2019
ASSETS		
Financial Assets		
Cash and cash equivalents	19,417.51	47,039.71
Bank balances other than cash and cash equivalents	41,755.76	42,427.33
Loans	3,19,409.18	2,72,204.28
Investments	1,500.00	1,500.00
Other Financial assets	358.52	349.20
	3,82,440.97	3,63,520.52
Non - Financial Assets		
Current tax assets (net)	1,656.28	1,753.60
Deferred tax assets (net)	1,833.13	1,469.09
Investment property	3.56	3.56
Property, plant and equipment	1,020.69	870.05
Right of Use asset	1,521.30	1,421.73
Capital work in progress	-	-
Intangibles under development	-	-
Other intangible assets	206.37	224.22
Other non-financial assets	559.25	311.95
	6,800.58	6,054.20
Total assets	3,89,241.54	3,69,574.72
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	421.99	391.31
Other payables		
-total outstanding dues of micro and small enterprises	-	-
-total outstanding dues of creditors other than micro and small enterprises	-	-
Debt securities	1,11,740.07	1,12,396.21
Borrowings (Other than debt securities)	83,246.73	72,190.20
Other financial liabilities	2,837.22	2,399.69
	1,98,246.01	1,87,377.41
Non-Financial Liabilities		
Current tax liabilities (Net)	-	159.89

Particulars	As at December 31, 2019	As at September 30, 2019
Provisions	526.37	407.94
Other Non-financial liabilities	3,362.08	1,834.25
	3,888.45	2,402.08
Equity		
Equity share capital	2,541.03	2,523.53
Other equity	1,84,566.05	1,77,271.70
	1,87,107.08	1,79,795.23
	3,89,241.54	3,69,574.72

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.

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 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 a rating of "ICRA A" (pronounced as "ICRA Single A") with '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. The rating letter from the Rating Agency is provided in **Annexure II** of this Information Memorandum.

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:**(a) Debenture Redemption Reserve (“DRR”) Creation:**

As per Section 71 of the 2013 Act, any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. However, 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 intend to create any reserve funds for the redemption of the Debentures.

(b) Issue / instrument specific regulations:

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

(c) Application process:

The application process for the Issue is as provided in SECTION 8: of this Information Memorandum.

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

The following contracts, not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than 2 (Two) years before the date of this Information Memorandum, which are or may be deemed material, have been entered into by the Company.

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 August 02, 2019 read with the resolution passed by the Business and Resource Committee dated May 28, 2020 authorizing the issue of Debentures offered under the terms of this Disclosure Document.
3	Shareholder Resolution dated September 25, 2019 authorizing the borrowing and the creation of security by the Company.
4	Shareholder Resolution dated September 25, 2019 authorizing the issue of non-convertible debentures by the Company.
5	Copies of Annual Reports of the Company for the last three financial years.
6	Credit rating letter from the Rating Agency dated May 25, 2020.

7	Letter from Catalyst Trusteeship Limited dated May 27, 2020 giving its consent to act as Debenture Trustee.
8	Certified true copy of the certificate of incorporation of the Company.
9	Certified true copy of the tripartite agreement between the Company, the Registrar & Transfer Agent and the NSDL/CDSL.
10	Copy of application made to BSE for grant of in-principle approval for listing of Debentures.

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 Rs. 10,00,00,000/- (Rupees Ten Crores only) by issue of Rated, Listed Senior, Secured, Redeemable, Taxable, Transferable, Non-Convertible 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 Clause 5.23 of this Information Memorandum.

5.21 Issue Size

The aggregate issue size for the Debentures is of Rs. 10,00,00,000/- (Rupees Ten Crores only).

5.22 Utilization of the Issue Proceeds

The Company shall utilise the moneys received only for disbursements of loan and business growth.

The Company undertakes that no part of the proceeds of the Debentures shall be utilized by the Company directly or indirectly towards capital markets (including equity, debt, debt linked and equity linked instruments or any other capital market land activities), any speculative purposes, land acquisition or usages that are restricted for bank financing, any activity in the Exclusion List or investment in the real estate sector.

Also, no part of the proceeds shall be utilized directly/indirectly towards repaying existing debts.

5.23 Issue Details

Issuer/Company	Five-Star Business Finance Limited
Investor(s)/Debenture Holders	DCB Bank Limited
Debenture Trustee	Catalyst Trusteeship Limited
Rating Agency	ICRA
Rating	ICRA A (Stable)
Issuance	Rated, Listed Senior, Secured, Redeemable, Taxable, Non-Convertible Debentures ("NCDs" or "Debentures")
Issuance Size	INR 10,00,00,000 (Indian Rupees Ten Crore Only)
Interest Rate	10.50% per annum payable annually
Interest Type	Fixed
Redemption Value	At Par
Tenor	36 months from the Deemed Date of Allotment
Put Option	Not Applicable
Call Option	Not Applicable
Ranking	Each Debenture issued by the Issuer will constitute direct, senior and secured obligations of the Issuer. The claims of the Debenture Holders shall be akin to the claims of senior, secured investors / lenders and shall rank pari passu to all senior, secured indebtedness of the Issuer.

	Each of the Debenture Holders shall inter-se rank pari passu in relation to their rights and benefits in relation to the Debentures, without any preference or privilege.								
Registrar & Transfer Agent	NSDL Database Management Limited								
Depository	CDSL/NSDL								
Issuance mode	Dematerialized, Private Placement								
Trading mode	Dematerialized								
Settlement mode	RTGS / NEFT								
Issue Schedule	<table border="1"> <tr> <td>Issue Open Date</td> <td>May 28, 2020</td> </tr> <tr> <td>Issue Close Date</td> <td>May 28, 2020</td> </tr> <tr> <td>Pay-in Date</td> <td>May 28, 2020</td> </tr> <tr> <td>Deemed Date of Allotment</td> <td>May 28, 2020</td> </tr> </table>	Issue Open Date	May 28, 2020	Issue Close Date	May 28, 2020	Pay-in Date	May 28, 2020	Deemed Date of Allotment	May 28, 2020
Issue Open Date	May 28, 2020								
Issue Close Date	May 28, 2020								
Pay-in Date	May 28, 2020								
Deemed Date of Allotment	May 28, 2020								
Listing	The NCDs are proposed to be listed on the Bombay Stock Exchange ("BSE") within 20 calendar days of the Deemed Date of Allotment. Provided always that the application for listing is required to be made within 15 calendar days of the Deemed Date of Allotment								
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 Chennai, India								
Business Day Convention	<ul style="list-style-type: none"> • 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	7 (Seven) Calendar Days prior to each coupon payment date and redemption date.								
End Use	<p>The proceeds of the Issuance will be utilized for the following purposes:</p> <ul style="list-style-type: none"> • General corporate purposes • for the ordinary course of business of the Issuer including repayment/re-financing of existing debt <p>No part of the proceeds shall be utilized directly/indirectly towards capital markets (debt and equity), land acquisition or usages that are restricted for bank financing.</p>								
Issue price	At Par								
Security	<p>The Issue shall be secured by way of a first ranking exclusive and continuing charge to be created pursuant to the deed of hypothecation to be executed between the Issuer and the Trustee ("Deed of Hypothecation") over certain identified receivables of the Issuer (the "Hypothecated Assets"). A security cover of 110% of the value of the aggregate principal amount outstanding on the Debentures including accrued Coupon thereon, Default Interest accrued thereon (if any) shall be maintained at all times until the redemption of the Debentures ("Security Cover").</p> <p>The security will be created and perfected within 30 days from the Deemed Date of Allotment. Issuer's failure to create and perfect security shall attract 2% additional interest and give an option to the NCD holders for early redemption.</p>								

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

	<p>The Issuer undertakes to provide a list and details on a quarterly basis, of Hypothecated Receivables client loan (“Hypothecated Asset Report”)</p> <p><u>Eligibility Criteria for the Hypothecated Receivables:</u></p> <p>Each asset provided as security must comply with the portfolio origination criteria below:</p> <ul style="list-style-type: none"> • All applicable "know your customer" requirements prescribed by the RBI have be complied with; • 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 and are ‘standard’. It is clarified that the assets would be ‘current’ on inclusion and replacement of receivables (to be carried out within 30 calendar days) would be upon becoming NPA (i.e. on crossing 90DPD). • Each client loans must satisfy the Issuer's credit and underwriting policies, including credit referencing agency checks where commonly used; • Each client loan must be directly originated by the Issuer and not loans purchased from a third party; • Mix of Hypothecated Assets (Secured, Unsecured, Sub-debt and Second Loss Credit Enhancement) shall mirror the on-balance sheet portfolio or be more favourable to investors as compared to on balance sheet portfolio.
Face value per Debenture	INR 10,00,000 (Indian Rupees Ten Lakh Only)
Issue Price	INR 10,00,000 (Indian Rupees Ten Lakh Only)
Minimum subscription amount	INR 1,00,00,000 (Indian Rupees One Crore Only)
Maturity Date	May 28, 2023
Day count basis	Actual/Actual
Interest Payment Frequency	Annually
Principal Repayment	Bullet, on maturity date
Default Interest Rate	<ol style="list-style-type: none"> 1. In case of default in payment of interest and / or principal redemption on the due dates, additional interest @ 2% p.a. over the Coupon Rate, on the outstanding principal amount, will be payable by the Issuer for the defaulting period. 2. Delay in Listing: In case of delay in listing of the debt securities beyond 20 calendar days from the deemed date of allotment, the Company shall pay penal interest of atleast @ 1 % p.a. over the coupon rate from the expiry of 30 calendar days from the deemed date of allotment till the listing of such debt securities to the investor. 3. Where an issuer fails to execute the Debenture Trust Deed within the period specified in the sub-regulation (1)of Regulation 15 of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 including amendment thereto, without prejudice to any liability arising on account of violation of the provisions of the Act and these Regulations, the issuer shall also pay interest of at least 2% p.a. to the debenture holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed.
Prepayment	No prepayment is permitted

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

Redemption Amount	The sum of the principal outstanding on the Debentures, accrued Coupon, Default Interest payable (if any) and other charges and fees payable.
Interest on application money	The Issuer shall be liable to pay the Debenture Holder(s) interest on application money at the Coupon rate per annum for the period commencing from the credit of subscription monies in respect of the Debentures in the account of the Issuer until the Deemed Date of Allotment Where Pay-in Date and Deemed Date of Allotment are the same, no Interest on Application money is to be paid.
Transaction documents	<ul style="list-style-type: none"> ● Letter appointing Trustees to the Debenture Holders ● Private Placement Offer Letter ● Information Memorandum ● Debenture Trust Deed ● Deed of Hypothecation ● Debenture Trustee Agreement ● Board Resolution authorizing this Issuance ● Applicable Shareholder Resolutions under the Companies Act 2013 ● Rating letter with the aforesaid Rating Agency(ies) with respect to this Issuance ● Any other document as may be agreed between the parties. <p>All transaction documents will comply with the requirements prescribed by the RBI (if applicable), SEBI (if applicable) and under the Companies Act, 2013 for the issuance of non-convertible debentures.</p> <p>For the purpose of Transaction Documents, the term “related party” shall, in addition to the meaning ascribed to the term under the Companies Act, 2013, also include entities where the promoter, director, senior management (CXOs), key managerial personnel or any of their blood relative (including but not limited to mother, father, mother in law, father in law, spouse, children, siblings, son-in law, daughter -in-law) hold more than 5% stake or share in profits cumulative.</p>
Conditions Precedent	<p>To be prescribed in the transaction documents. These will include, but not limited to:</p> <ol style="list-style-type: none"> 1. All corporate approvals from the Board of Directors and shareholders of the Issuer, if applicable, shall have been received for the issuance of the NCDs in accordance with Companies Act, 2013 and submit the same to Debenture Trustee and Debenture Holders; 2. Submitting to the Debenture Trustee and Debenture Holders, the rating letter issued by the Rating Agency; 3. The Issuer shall have submitted to the Debenture Holders and Debenture Trustee, all required documents for the purpose of satisfying its respective KYC requirements; 4. The Issuer shall have submitted to the Debenture Trustee and Debenture Holders a certified true copy of the constitutional documents of the Issuer (the Memorandum and Articles of Association and the Certificate of Incorporation); 5. The Issuer shall have submitted to the Debenture Trustee and Debenture Holders its audited account statements for the most recent financial year or audited financial half-year; 6. Execution of Debenture Trustee Agreement, issuance of Letter appointing Trustees to the Debenture Holders and submitting to the Debenture Holder a copy of the consent letter received from the Debenture Trustee agreeing to act as Debenture Trustee for the Debenture Holders; 7. Execution of the Debenture Trust Deed and Deed of Hypothecation in form and manner satisfactory to the Debenture Trustee;

	8. The Issuer shall issue the Information Memorandum.
Conditions Subsequent	To be prescribed in the Transaction Documents. These will include: <ol style="list-style-type: none"> 1. On or prior to the utilisation of the subscription monies by the Company in respect of the Debentures and in any case, within 15 (Fifteen) days from the Deemed Date of Allotment, the Company shall file of a return of allotment on the issue of the Debentures in Form PAS-3 specified pursuant to Rule 12 and 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, along with the requisite fee with the Registrar of Companies; 2. Dematerialised credit of the Debentures in the demat account of Debenture Holder within 5 (Five) Business Days from the Deemed Date of Allotment. 3. The Debentures to be listed on the Bombay Stock Exchange (“BSE”) within 20 calendar days of the Deemed Date of Allotment 4. Creation and perfection of the Security within 30 (Thirty) days from the Deemed Date of Allotment; 5. Filing of the relevant forms with the Registrar of Companies for the perfection of charge over the Hypothecated Assets within and no later 30 (Thirty) calendar days from the Deemed Date of Allotment; 6. The Company shall ensure compliance with RBI Act including Master circulars and guidelines issued by RBI, SEBI Act, circular and Regulations, Companies Act, 2013 and other applicable laws for issuance of Debentures.
Rating Covenant	Downgrade of external rating by ICRA or CARE Ratings from existing rating of “A” upto and including 2 notches, i.e upto and including BBB+ (Triple B Plus), will attract additional interest as per discretion of the investor. In case the new interest rate is not acceptable, the company will have the right to prepay without any prepayment penalty.
Events of Default	To be prescribed in the Transaction Documents. Including but not limited to: <ol style="list-style-type: none"> (a) If external rating by ICRA or CARE Ratings is downgraded by 4 notches or more, i.e to BBB- (Triple B Minus) or below or any fresh rating of BBB- (Triple B Minus) or below is assigned by any rating agency, the investor will have the right to accelerate the redemption of the Debentures and require the Issuer to mandatorily redeem the Debenture and repay the principal amount on the Debentures, along with accrued but unpaid Coupon, and all other costs, charges and expenses incurred under or in connection with the Transaction Documents and the company has to pay the amount due within 30 days of receipt of such notice. If such a payment is not made within 30 days, this will constitute an event of default. (b) Non-payment of any of the dues under this Issuance on the payment day, (c) Default or trigger of event of default on any other indebtedness (cross default), (d) Misrepresentation or misleading information in any of the Transaction Documents (e) 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 Issuer; (f) Insolvency, winding up, liquidation

	<ul style="list-style-type: none"> (g) Creditors' processes including expropriation, attachment, sequestration, distress or execution initiated against the Issuer (h) Repudiation of Transaction Documents (i) Cessation of business or any substantial part thereof or gives notice of its intention to do so (j) Bankruptcy, CDR proceedings filed with respect to the Issuer; (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 re-organisation of its capital or any rearrangement, merger or amalgamation without the prior written approval of the Debenture Holders; (m) Promoters or key management personnel of the Company being declared wilful defaulter (n) The promoter/s and/or the directors of the Company are accused of, charged with, arrested or convicted a 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) All or a material part of the undertaking, assets, rights or revenues of the Company are condemned, seized, nationalised, 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; (p) Occurrence of a Material Adverse Effect as determined by the Debenture Trustee, acting solely on the instructions of the Majority Debenture Holders. (q) Change in management control without prior written consent from the Debenture Holders. (r) Any Transaction Document once executed and delivered, ceases to be in full force or becomes unlawful, invalid and unenforceable; (s) 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 30 (Thirty) days (t) Application of insolvency petition under bankruptcy code/NCLT by the Issuer (u) Breach of any covenants (including financial / management / affirmative / negative / information / reporting) and breach of any terms or conditions of Transaction Documents. (v) Security Cover is not maintained at all times until the redemption of the Debentures (w) Failure of the Company to register and perfect the charge created over the Hypothecated Assets within 30 (Thirty) days from the Deemed Date of Allotment.
--	---

	<p>(x) Failure by the Company to utilise by the proceeds of the Debentures towards the End Use.</p> <p>(y) If there are any material audit qualification (in the sole opinion of the Debenture Trustee) by the statutory auditors of the Issuer.</p> <p>Consequences of events of default are provided below:</p> <p>Upon occurrence of any of the aforesaid Event of Default, the Debenture Trustee may by a notice in writing to the Issuer initiate actions as may be contemplated in the Transaction Documents including the following:</p> <ol style="list-style-type: none"> i. declare that all of the Debentures, together with accrued but unpaid Coupon, and all other costs, charges and expenses accrued or outstanding under the Transaction Documents to be immediately (or such other date as the Debenture Trustee may specify) due and payable, whereupon they shall become so due and payable; ii. accelerate the redemption of the Debentures and require the Issuer to mandatorily redeem the Debenture and repay the principal amount on the Debentures, along with accrued but unpaid Coupon, and all other costs, charges and expenses incurred under or in connection with the Transaction Documents; iii. enforce the charge over the Hypothecated Assets in accordance with the terms of the Deed of Hypothecation; iv. appoint any independent agency to examine and inspect the working of the Issuer and provide a report to the Debenture Trustee; and v. exercise such other remedies, including legal and equitable rights, as permitted or available under Applicable Law (including initiating insolvency proceedings under IBC (if applicable)) or the Transaction Documents.
Reporting Covenants	<p>Quarterly Reports – within 45 (Forty-Five) calendar days from the end of each financial quarter</p> <ol style="list-style-type: none"> 1. Information on financials 2. Financial and other covenant compliance certificate signed by the CFO/ authorised signatory of the company. 3. Audited Annual Reports & list comprising all material financial liabilities – within 120 (One Hundred and Twenty) calendar days from the end of each financial year 4. Quarterly MIS data pack- To be submitted within 45 days of each quarter end. It shall cover the following: quarterly financials with schedules, product-wise portfolio cuts, latest operational information, collection efficiency, quarterly DPD, quarterly write-off, shareholding pattern, borrowing profile, ALM, book debt assigned to the Debenture Holder with its delinquency status, etc. <p>Event Based Reports – In case of changes initiated by the company requiring approval of the board, the reporting would be 5 days post approval of the board, all others will be 15 days.</p> <ol style="list-style-type: none"> 1. Change in list of Board of Directors 2. Change in Shareholding structure 3. Change in senior management officials (any CXO or equivalent) 4. Any fraud amounting to more than 1% of Gross Loan Portfolio

	<ol style="list-style-type: none"> 5. Material changes in accounting policy 6. Material change in the constitutional documents of the Company that are prejudicial to the interests of the Debenture Holders 7. New segment of business other than the business carried out by the Issuer presently 8. Material Adverse Effect 9. Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect. 10. Winding up proceedings 11. Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same. 12. Application of insolvency petition under bankruptcy code/NCLT by the Issuer needs to be notified within 1 calendar day 13. If the Issuer reports losses during the last financial year or last 6 months (both at standalone and consolidated level), following needs to be submitted monthly: <ol style="list-style-type: none"> i. Financials (BS, PL, CFs along with schedules) - standalone and consolidated, where applicable ii. Portfolio cuts iii. Collection efficiency 14. Monthly statement of Book debts hypothecated within 15 (fifteen) calendar days from the end of each month 15. The Company shall, while submitting half yearly/ annual financial results to the stock exchange disclose the following line items along with the financial results accompanied by a certificate from the Debenture Trustee confirming that it has taken note of the said content and the same shall be communicated to the Debenture Holder(s) on a half-yearly basis: <ol style="list-style-type: none"> i. Credit rating of the Issue; ii. Debt- Equity Ratio of the Company; iii. Previous due date for the payment of Coupon / principal and whether the same has been paid or not; iv. Next due date of payment along with the amount of interest/redemption amount payable; v. Debenture Redemption Reserve, if applicable; vi. Net Worth; vii. Net profit after tax; and viii. Earnings per share <p>And as set out in greater detail in the Debenture Trust Deed and continuing in nature.</p>
Financial Covenants	<p>To be prescribed in the Transaction Documents. Including but not limited to:</p> <ul style="list-style-type: none"> • The ratio of Financial Indebtedness to Tangible Net Worth shall not exceed 4 times till the remaining tenor of the instrument; • No cumulative liquidity mismatch in any of the standard buckets up to 12 months on all standard liquidity buckets, as prescribed by RBI. For the purpose of this calculation, undrawn term loans are to be excluded; • Issuer to be profitable in any financial year beginning FY21; • Minimum Tier I Capital shall be maintained at a 15%; • Gross NPA not to exceed 5% during the tenor of the instrument

	<ul style="list-style-type: none"> The Company shall ensure that ‘Promoter Group’ at all times until the Final Settlement Date, continues to own at least 18% (Eighteen Percent) or above of the equity shareholding of the Company, on a fully diluted basis <p>The above are in addition to financial covenants prescribed in the Transaction Documents.</p> <p>Above covenants shall be tested on a quarterly basis. Within 45 days from the end of each quarter, the Issuer shall submit covenant compliance certificate issued by CFO/authorised signatory in favour of the Debenture Trustee and Debenture Holders.]</p>
Early Redemption	<p>Any Debenture Holder may require early redemption of the Debentures held by them upon the occurrence of any of the following events:</p> <ol style="list-style-type: none"> Mr. D. Lakshmipathy cease to be on the Board of Directors of the Issuer Shareholding structure of the Issuer is changed by way of a primary issuance of shares or the shareholding of the Promoter Group reduces to below 18% on a fully diluted basis, without prior consent of the Debenture Holders. Security is not created and perfected within 30 days from the Deemed Date of Allotment Breach of any of the Financial Covenants If external rating by ICRA or CARE Ratings is downgraded by 4 notches or more, i.e to BBB- (Triple B Minus) or below or any fresh rating of BBB- (Triple B Minus) or below Is assigned by any rating agency <p>Upon the receipt of early redemption notice, the Issuer shall be required to redeem the relevant Debentures within 30 (Thirty) calendar days of the notice.</p>
Affirmative Covenants	<ol style="list-style-type: none"> To utilise the proceeds of this issue in accordance with applicable laws and regulations; To comply with corporate governance, fair practices code prescribed by the RBI; Notification of any potential Event of Default or Event of Default; Obtain, comply with and maintain all licenses / authorizations; Provide details of any material litigation, arbitration or administrative proceedings (materiality threshold to be finalized during documentation); 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; Permit visits and inspection of books of records, documents and accounts to Debenture Trustee as and when required by them; Comply with any monitoring and/or servicing requests from Debenture Trustee; and As provided in the Transaction Documents
Negative Covenants	<p>The Company hereby covenants that until the Final Settlement Date, the Company shall not for so long as any amount remains outstanding under the Transaction Documents, except as may otherwise be previously agreed to in writing by the Debenture Trustee (acting upon the receipt of the prior written approval of the Majority Debenture Holder(s), take any action in relation to:</p> <ol style="list-style-type: none"> Change in management control

	<p>(b) Change in Managing Director (c) Change in ownership (d) Merger, restructuring, etc. (e) Arrangement with creditors/shareholders (f) Purchase or redemption of share capital (g) Amendment of constitutional documents (h) Amendment of Transaction Documents (i) Change in financial year (j) Disposal of assets (k) Dividend and buyback of shares (l) Change of business (m) Loans to and investment in group companies (n) Related Party Transaction (o) Dispose of, acquire or incorporate any associates, subsidiary or joint ventures (p) Acquisition, joint venture (q) Claim any immunity (r) No profit-sharing arrangement</p> <p>In addition, the Issuer shall not permit to use of the Debenture proceeds for any anti-money laundering activities and illegal activities.</p>
Representations & Warranties	<ol style="list-style-type: none"> The Company is registered with the RBI as an NBFC. No Event of Default has occurred and is continuing on the date of this transaction The Debentures under this Issuance shall rank pari passu amongst themselves and with all other senior, secured creditors/lenders/investors Binding obligation of Transaction Documents No conflict with other obligations / constitutional documents No Material Adverse Change in business, condition or operations of the Issuer Company has the power and authority to issue Debentures and such Transactions Documents are valid and admissible in evidence Absence of any pending or threatened litigation, investigation or proceedings that may have a material adverse effect on the business condition (financial or otherwise), operations, performance or prospects of the Issuer or that purports to affect the Facility Illegality <p>And as set out in greater detail in the Debenture Trust Deed and continuing in nature.</p>
Indemnification	<p>The Issuer will indemnify, and hold harmless the Debenture Holder, Investment Manager of Debenture Holders, and their respective shareholders, officers, directors, employees, representatives and attorneys from and against any claim, liability, demand, loss, damage, judgment or other obligation or right of action which may arise as a result of breach of this Term Sheet by the Issuer.</p>
Confidentiality	<p>The terms and conditions described in this Term Sheet, including its existence, shall be confidential information and shall not be disclosed to any third party except to each Party's advisors and counsel. Provided however that if any of the Parties is required by law to disclose information regarding this Term Sheet or to file this Term Sheet with any regulatory body, it shall, at a reasonable time after making any such disclosure or filing, inform the other Parties.</p>
Governing Law	<p>This Term Sheet shall be governed and construed exclusively in accordance with the laws of India.</p>

Arbitration	In the event of any dispute or difference between the Parties to this agreement in respect of or concerning or connected with the interpretation or implementation of this Agreement or arising out of this Agreement, such dispute or difference shall be referred to arbitration by a sole arbitrator, appointed by the Investor in its sole discretion, in accordance with the (Indian) Arbitration and Conciliation Act, 1996, or any modification or amendment thereof. The arbitration shall be held in Chennai, India. The language of the arbitration proceedings shall be English. The expenses of the arbitration shall be borne by the Issuer. The decision of such arbitration shall be binding and conclusive upon the Parties and may be enforced in any court of competent jurisdiction.
Jurisdiction	Subject to Arbitration clause, the Parties agree that this Term Sheet and other Transaction Documents and all matters arising from this Term Sheet and other Transaction Documents shall be subject to the exclusive jurisdiction of the courts/tribunal of Chennai, India.
Transaction Costs	The Issuer shall bear all transaction related costs incurred by the Debenture Holder with respect to legal counsel, valuers and auditors/consultants. Such costs include: <ul style="list-style-type: none"> • Trustee fees • Rating fees • Listing fees • Stamping and registration costs in relation to all Transaction Documents • Any other reasonable transaction related expense incurred by the Debenture Holders
Taxes, Duties, Costs and Expenses	<ul style="list-style-type: none"> • Relevant taxes, duties and levies are to be borne by the Issuer. • The charges / fees and any amounts payable under this Debentures by the Issuer as mentioned herein do not include any applicable taxes, levies including service tax etc. and all such impositions shall be borne by the Issuer additionally.
Role and Responsibilities of Debenture Trustee	As defined in the Transaction Documents

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

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**

SECTION 7: TRANSACTION DOCUMENTS AND KEY TERMS

7.1 Transaction Documents

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

- (a) Debenture Trustee Agreement, which will confirm the appointment of Catalyst Trusteeship Limited as the Debenture Trustee (“**Debenture Trustee Agreement**”);
- (b) 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**” or “**DTD**”);
- (c) Such other documents as agreed between the Issuer and the Debenture Trustee.

7.2 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.

- (a) **Authority and Capacity**
 - (i) The Issuer has been duly incorporated, organized and is validly existing, under applicable law.
 - (ii) 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.
 - (iii) The Issuer is in compliance with all laws for the performance of its obligations with respect to this Issue.
 - (iv) 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.
- (b) **Corporate Matters**
 - (i) All the legal and procedural requirements specified in the constitutional documents have been duly complied with in all respects in relation to the Issue.
 - (ii) The registers, and minute books (including the minutes of board and shareholders meeting) required to be maintained by the Issuer under applicable law:
 - A. are up-to-date and have been maintained in accordance with applicable law;
 - B. comprise complete and accurate records of all information required to be recorded in such books and records; and
 - C. no notice or allegation that any of them are incorrect and/ or should be rectified has been received.

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

(c) **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 this Deed and the Transaction Documents to which it is a party or will be a party.

(d) **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.

(e) **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.

(f) **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.

(g) **Taxation Matters**

- (i) 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.
- (ii) Other than as already disclosed by the Issuer in its financial statements, 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.

(h) **Legal / Litigation Matters**

- (i) 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.

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

- (ii) 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.
- (iii) 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.

(i) **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.

(j) **Employees**

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

(k) ***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.

7.3 **Covenants of the Issuer**

The covenants of the Issuer shall be as per the Term Sheet and as provided for in greater detail in the Debenture Trust Deed.

7.4 **Events of Default**

The Events of Default shall be as per the Term Sheet and as provided for in greater detail in the Debenture Trust Deed.

7.5 **Notice on the Occurrence of an Event of Default**

If any Event of Default or any event which, after the notice, or lapse of time, or both, would constitute an Event of Default, has occurred, the Company shall, forthwith give notice thereof to the Debenture Holders and the Debenture Trustee in writing specifying the nature of such event or Event of Default (as applicable).

7.6 **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.

8.1 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/CDSL 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.

8.2 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/EFT/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 debit corporate action.

The list of beneficiaries as of the relevant 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.

8.3 Debenture 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 have entered/intend 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.

8.4 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.

8.5 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 the Act. 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.

8.6 Modification of Debentures

The rights, privileges, terms and conditions attached to the Debentures may be varied, modified or abrogated with 100% (One Hundred percent) of Debenture Holder approving such modification by way of a unanimous resolution. PROVIDED THAT nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions governing the Debentures and the same are not acceptable to the Company.

The provisions of the DTD shall not be modified or amended without the written consent of the Debenture Trustee provided that the Debenture Trustee shall consent to a modification or an amendment only if such modification or amendment is approved by a consent in writing of the Majority Debenture Holder(s) for the time being outstanding, or by a Majority Resolution duly passed at a meeting of the Debenture Holder(s) convened in accordance with the provisions set out in Schedule II of the DTD. The Debenture Trustee shall give effect to such modification or amendment by executing necessary deed(s) supplemental to the DTD.

8.7 Force Majeure

The Issuer reserves the right to withdraw the issue prior to the Issue Closing Date in the event of any unforeseen development adversely affecting the economic and regulatory environment.

8.8 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.

8.9 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 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 or 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, 3 (three) Business Days after posting; (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 or (d) in the case of personal delivery, at the time of delivery or (e) or 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).

8.10 Issue Procedure

Only Eligible Investors as given hereunder 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.

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.

8.11 Application Procedure

Eligible 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 or prior notice. The Issue will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

8.12 Fictitious Applications

All fictitious applications will be rejected.

8.13 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, priority will be given to Investors on a first come first serve basis. The investor 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.

8.14 Payment Instructions

The Application Form should be submitted directly. The entire amount of Rs. 10,00,000/- (Rupees Ten Lakh Only) per Debenture is payable along with the making of an application. Applicants can remit the application amount through RTGS/NEFT on Pay-in Date. The RTGS/NEFT details of the Issuer are as under:

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

8.15 Eligible Investors

The following categories of investors, when specifically approached, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form (“**Eligible Investors**”):

- (a) Mutual Funds
- (b) Alternative Investment Funds
- (c) Non-banking financial companies
- (d) Provident Funds and Pension Funds
- (e) Body Corporates/companies
- (f) Banks
- (g) Foreign Institutional Investors (FIIs)
- (h) Foreign Portfolio Investors (FPIs)
- (i) Qualified Foreign Investors (QFIs)
- (j) Insurance Companies
- (k) Investment holding companies of high net worth individuals
- (l) Any other person (not being an individual or a group of individuals) eligible to invest in the Debentures

All 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.

8.16 Procedure for Applying for Dematerialised Facility

- (a) The applicant must have at least one beneficiary account with any of the DP’s of NSDL/CDSL prior to making the application.
- (b) 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”.
- (c) Debentures allotted to an applicant will be credited to the applicant’s respective beneficiary account(s) with the DP.
- (d) 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.
- (e) Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrar and Transfer Agent to the Issue.

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

- (f) 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.
- (g) 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.
- (h) 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.

8.17 Depository Arrangements

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

8.18 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.

8.19 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.

8.20 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.

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

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:

- (a) SEBI registration certificate
- (b) Resolution authorizing investment and containing operating instructions
- (c) Specimen signature of authorized signatories.

8.21 Documents to be provided by Investors

Investors need to submit the following documents, as applicable:

- (a) Memorandum and Articles of Association or other constitutional documents
- (b) Resolution authorising investment
- (c) Certified true copy of the Power of Attorney to custodian
- (d) Specimen signatures of the authorised signatories
- (e) SEBI registration certificate (for Mutual Funds)
- (f) Copy of PAN card
- (g) Application Form (including EFT/RTGS details)

8.22 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 cheque/EFT/RTGS.

8.23 Succession

In the event of winding up of a Debenture Holder (being a company), the Issuer will recognise the legal representative as having title to the Debenture(s). The Issuer shall not be bound to recognize such legal representative as having title to the Debenture(s), unless they obtain legal representation, from a court in India having jurisdiction over the matter.

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

8.24 Mode of Payment

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

8.25 Effect of Holidays

If any Due Date falls on a day which is not a Business Day, the payment to be made on such Due Date shall be made on the immediately succeeding Business Day, except if such Due Date is for the Redemption Amount, in which case the payment to be made on such Due Date shall be made on the immediately preceding Business Day.

8.26 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. For seeking TDS exemption/lower rate of TDS, relevant certificate/document must be lodged by the debenture holders at the office of the Registrar & Transfer

Agents of the Company at least 15 (Fifteen) 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. Interest will be paid to the Debenture Holder subject to deduction of tax deducted at source at the rate prescribed from time to time under the Income Tax Act, 1961 or any statutory modification or re-enactment thereof for the time-being in force.

If the applicable rate of tax deducted at source is modified and results in a reduction of the net interest received by the Debenture Holder, the Company must give written notice to the Debenture Holder (with a copy to the Debenture Trustee) as soon as it becomes aware of such change.

8.27 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 a maximum of 5 (Five) Business Days from the Deemed Date of Allotment or such period as is permissible under Applicable Law.

8.28 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 May 28, 2020 by which date the Investors would be intimated of allotment.

8.29 Record Date

The Record Date will be 7 (Seven) calendar days prior to due date for payment of interest /principal.

8.30 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.

8.31 Interest on Application Money

This issue does not contemplate any interest on application money till allotment of Debentures.

8.32 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.

8.33 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 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/CDSL and accordingly the account of the Debenture Holder(s) with NSDL/CDSL will be adjusted.

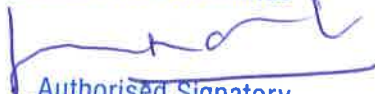
On the Issuer dispatching the amount as specified above in respect of the Debentures, the liability of the Issuer shall stand extinguished.

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. Provisions in respect of 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 the 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.

For FIVE STAR BUSINESS FINANCE LIMITED



Authorised Signatory

Authorised Signatory

Name: Srikanth G

Title: Chief Financial Officer

Date: May 28, 2020

Place: Chennai

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

ANNEXURE I: TERM SHEET

As provided in Clause 5.23 above.

ANNEXURE II: RATING LETTER FROM THE RATING AGENCY



ICRA Limited

Ref: MUM/20-21/0623

Date: May 25, 2020

Mr. D Lakshminpathy
Managing Director
Five-Star Business Finance Limited
39, Outer Circular Road
Kilpauk Garden Colony
Kilpauk
Chennai - 600010.

Dear Sir

Re: ICRA rating for Rs. 500.00 crore Non-Convertible Debenture Programme of Five-Star Business Finance Limited (instrument details in Annexure)

Please refer to your request dated May 22, 2020 for revalidating the rating letter issued for the captioned programme.

We confirm that the [ICRA]A (pronounced as ICRA A) rating with a Stable outlook assigned to your captioned programme and last communicated to you vide our letter dated March 10, 2020 stands. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. The amount utilized against this is Rs. 485.00 crore.

The other terms and conditions for the rating of the aforementioned instrument shall remain the same as communicated vide our letter Ref No. RTG/Chen/144/19-20 dated March 10, 2020.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold long term debt/non-convertible debenture to be issued by you.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,

For ICRA Limited

Digitally signed by KARTHIK SRINIVASAN
Date: 2020.05.25 17:06:18 +05'30'

Karthik Srinivasan
Senior Vice President
karthiks@icraindia.com

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



LIST OF ALL INSTRUMENT RATED

ISIN	Instrument Name	Rated Amount (In Crores)	Rating outstanding
INE128507424	NCD	13.00	[ICRA]A(Stable)
Unallocated	NCD	485.00	[ICRA]A(Stable)

ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE



CL/MUM/20-21/DEB/47

May 27, 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 10 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/IMD/DOF-1/Bond/2009/11/05 dated 11/05/2009 on Simplified Listing Agreement for Debt Securities read with the SEBI Circular No. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated the 26th 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 Trustee) 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**

[Signature]
Authorized Signatory

**We accept the above terms
For Five-Star Business Finance Limited
For FIVE-STAR BUSINESS FINANCE LIMITED**

[Signature]
Authorized Signatory



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.** | 1 | | | | | | | |

ISSUE OF 100 (ONE HUNDRED) RATED, LISTED SENIOR, SECURED, REDEEMABLE, TAXABLE, TRANSFERABLE, NON-CONVERTIBLE DEBENTURES (“NCDS” OR “DEBENTURES”) OF FACE VALUE OF RS. 10,00,000/- (RUPEES TEN LAKH ONLY) EACH, AGGREGATING UP TO RS. 10,00,00,000/- (RUPEES TEN CRORES ONLY) FULLY PAID UP FOR CASH AT PAR TO THE FACE VALUE

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	

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

APPLICANT'S PAN/GIR NO. _____ 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)	

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

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 Company 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 (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 and each of such person 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 -

<i>(To be filled in by Applicant)</i> SERIAL NO.	1								
--	---	--	--	--	--	--	--	--	--

Received from _____

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

ANNEXURE V: LAST AUDITED FINANCIAL STATEMENTS**Standalone Balance Sheet as at March 31, 2019**

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

₹ in Lakhs

Particulars	Note No.	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
ASSETS				
Financial Assets				
Cash and cash equivalents	04	20,992.65	12,643.11	17,986.69
Bank balances other than cash and cash equivalents	05	6.88	7.98	56.64
Loans	06	2,05,743.73	96,859.91	47,380.65
Investments	07	1,500.00	1,500.00	1,500.00
Other financial assets	08	283.68	269.19	190.30
Total		2,28,526.94	1,11,280.19	67,114.28
Non-financial Assets				
Current tax assets (net)	09	348.17	344.41	-
Deferred tax assets (net)	37	1,422.06	621.54	346.62
Investment property	10	3.56	3.56	3.56
Property, plant and equipment	11	744.41	450.69	446.38
Capital work-in-progress	11	-	14.13	-
Intangibles under development	12	-	-	158.11
Other intangible assets	12	201.80	181.09	35.98
Other non-financial assets	13	257.39	413.86	60.39
Total		3,077.39	2,029.28	1,051.04
Total Assets		2,31,604.33	1,13,309.47	68,165.32
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				
		281.39	221.10	109.26
Debt securities	15	42,972.28	19,322.09	19,078.05
Borrowings (other than debt securities)	16	49,198.22	33,483.42	25,836.73
Other financial liabilities	17	510.91	440.09	380.01
Total		92,962.80	53,466.70	45,404.05
Non-financial Liabilities				
Current tax liabilities (net)	18	159.89	-	170.12
Provisions	19	365.19	170.26	74.55
Other non-financial liabilities	20	1,608.12	451.38	284.24
Total		2,133.20	621.64	528.91
Equity				
Equity share capital	21	2,389.96	1,916.89	1,426.51
Other equity	22	1,34,118.37	57,304.24	20,805.85
Total		1,36,508.33	59,221.13	22,232.36
Total Liabilities and Equity		2,31,604.33	1,13,309.47	68,165.32

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: 101248/W/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 Lakshmiopathy
Chairman & Managing Director
DIN No : 01723269

R. Anand
Director
DIN No : 00243485

G Srikanth
Chief Financial Officer

Rangarajan K
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : May 14, 2019

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

Statement of Profit and Loss for the year ended March 31, 2019

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

₹ in Lakhs

Particulars	Note No.	Year ended 31.03.2019	Year ended 31.03.2018
Revenue from operations			
Interest income	23	38,286.54	18,513.27
Dividend income	24	-	12.68
Fee income	25	1,317.08	427.92
Net gain on fair value changes	26	559.86	675.21
Total revenue from operations		40,163.48	19,629.08
Other income	27	120.03	76.55
Total Income		40,283.51	19,705.63
Expenses			
Finance Costs	28	7,285.60	5,471.27
Fees expenses	29	94.77	84.87
Impairment / write off on financial instruments	30	700.54	903.00
Employee benefits expenses	31	7,478.89	3,918.51
Depreciation and amortization	11 & 12	419.42	259.31
Other expenses	32	2,505.58	1,503.21
Total Expenses		18,484.80	12,140.17
Profit Before Tax		21,798.71	7,565.46
Tax expenses			
Current Tax	33 A	6,954.97	2,404.37
Deferred tax (net)	37	(785.94)	(263.06)
Total		6,169.03	2,141.31
Profit for the period		15,629.68	5,424.15
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit plan		50.09	40.79
Income tax relating to items that will not be reclassified to profit or loss		(14.59)	(11.88)
Net other comprehensive income not to be reclassified subsequently to profit or loss		35.50	28.91
Other comprehensive income / (deficit) for the year, net of income tax		35.50	28.91
Total comprehensive income		15,594.18	5,395.24
Earnings per equity share of Rs.10/- each			
- Basic (Rs.)		70.16	31.29
- Diluted (Rs.)		68.58	30.69

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

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

K Raghuram
Partner
Membership No: 211171

D Lakshmiopathy
Chairman & Managing Director
DIN No : 01723269

R. Anand
Director
DIN No : 00243485

G Srikanth
Chief Financial Officer

Rangarajan K
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : May 14, 2019

₹ in Lakhs

Particulars	Note No.	2017 - 2018	2016 - 2017
REVENUE			
Revenue from Operations	22	18,854.36	8,307.69
Other income	23	1,561.70	283.21
Total Revenue		20,416.06	8,590.90
EXPENSES			
Finance Costs	24	5,554.58	2,373.25
Employee Benefits	25	4,293.18	1,858.21
Administrative and Other Expenses	26	1,487.50	909.12
Provisions, Loan Losses and Other Charges	27	918.55	279.54
Depreciation	12	259.31	92.30
Total Expenses		12,513.12	5,512.42
Profit Before Tax		7,902.94	3,078.48
Tax expenses			
Current Tax		2,404.37	1,284.59
Deferred Tax		(119.55)	(143.59)
		2,284.82	1,141.00
Profit for the Year		5,618.12	1,937.48
Earnings per equity share of Rs.10/- each			
- Basic (Rs.)	30.5	32.40	14.47
- Diluted (Rs.)		31.79	14.47

Significant Accounting Policies and Notes to the Accounts 2 to 35

Per our report of event date attached

For Brahmayya & Co.

Chartered Accountants, Firm Registration Number 0005115

For and on behalf of Board of Directors

P. Babu
Partner
Membership No. 203358

D Lakshmi pathy
Chairman & Managing Director

R. Anand
Director

Place : Chennai
Date: 22.05.2018

G Srikanth
Chief Financial Officer

B Shalini
Company Secretary

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

Standalone Cash Flow Statement for the Year ended March 31, 2019

(All amounts are in Indian Rupees in lakhs, except share data and stated otherwise)

₹ in Lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
A. Cash Flow from Operating Activities		
Net Profit Before Tax	21,798.71	7,565.46
Adjustments for:		
Depreciation and amortization	419.42	259.30
Provision for gratuity	58.51	33.73
Provision for compensated absences	86.33	21.19
Provision for impairment on financial instruments and write-offs	700.54	903.00
Loss on sale/retirement of property, plant and equipment (net)	0.93	8.42
Profit on sale of current investments (net)	(559.86)	(675.21)
Interest income on deposits with banks / others	(1,335.21)	(797.59)
Finance costs	7,285.60	5,471.27
Employee stock option expenses	267.83	214.94
Operating cash flow before working capital changes	28,722.80	13,004.51
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Loans	(1,09,584.36)	(50,382.26)
Other non-financial assets	(94.34)	(182.47)
Other financial assets	(59.35)	(52.00)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	60.31	111.87
Other financial liabilities	(1.09)	1.34
Other non-financial liabilities	1,156.74	167.14
Net cash (used in) operations	(79,799.29)	(37,331.87)
Finance cost paid	(7,405.26)	(5,410.96)
Direct access paid/(Net) not access	(6,798.84)	(2,918.89)
Net Cash Used in Operating Activities (A)	(94,007.40)	(45,661.72)
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(585.14)	(448.23)
Proceeds from sale of fixed assets	15.30	4.04
Profit on sale of current investments	559.86	675.21
Interest income on deposits with banks / others	1,380.07	770.69
Movement in bank balances other than cash and cash equivalent	1.09	48.66
Net Cash from Investing Activities (B)	1,371.18	1,050.37
C. Cash Flow from Financing Activities		
Proceeds from issue of equity shares	473.07	490.38
Proceeds from securities premium (net off utilisation)	61,453.65	31,328.84
Expenses towards issue of shares	(501.53)	(440.62)
Fresh borrowings during the year	60,140.00	19,500.00
Repayments of borrowings (including process fee)	(20,579.43)	(11,610.83)
Net Cash from Financing Activities (C)	1,00,985.76	39,267.77
Net Increase in Cash and Cash Equivalents (A) + (B) + (C)	8,349.54	(5,343.58)
Cash and Cash Equivalents at the beginning of the Year	12,643.11	17,986.69
Cash and Cash Equivalents at the end of the year	20,992.65	12,643.11
Notes to cash flow statement		
1. Cash and cash equivalents		
Cash on hand	343.31	166.92
Balances with banks		
(i) In current accounts	19,930.86	1,269.22
(ii) In other deposit accounts (original maturity less than 3 months)	718.48	11,206.97
2. Change in liabilities arising from financing activities		
Particulars	Debt securities	Borrowings (other than debt securities)
As at April 1, 2017	19,078.05	25,836.73
Cash flows (net)	207.90	7,684.38
Others*	36.14	(37.69)
As at March 31, 2018	19,322.09	33,483.42
Cash flows (net)	23,742.84	15,817.73
Others*	(92.65)	(102.93)
As at March 31, 2019	42,972.28	49,198.22

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

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

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

K Raghuram
Partner
Membership No: 211171

D Lakshminipathy
Chairman & Managing Director
DIN No : 01723269

R. Anand
Director
DIN No : 00243485

G Srikanth
Chief Financial Officer

Rangarajan K
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : May 14, 2019

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

₹ in Lakhs

Particulars	2017 - 2018	2016 - 2017
A. Cash Flow from Operating Activities		
Profit After Tax	5,618.12	1,937.48
Provision for Taxation	2,284.82	1,141.00
Net Profit Before Tax	7,902.94	3,078.48
Adjustments for:		
Finance costs	5,554.58	2,373.25
Depreciation	259.31	92.30
General Provision on Standard Assets	294.36	139.87
Provision against Non - Performing assets	286.52	139.67
(Profit)/loss on sale of Fixed Assets	8.42	(2.42)
Profit on sale of current investments (Net)	(675.21)	(110.22)
Interest Income on Deposits with Banks / Others	(797.59)	(135.94)
ESOP expenses	322.05	-
Operating Profit Before Changes in Working Capital	13,155.38	5,574.99
Changes in Working Capital:		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Long term receivables under financing activity	(41,860.73)	(23,851.81)
Long term Loans and Advances	(260.13)	(60.28)
Other Non Current Assets	(1.17)	(15.69)
Short term receivables under financing activity	(8,236.85)	(4,231.77)
Short term Loans and Advances	(12.70)	7.37
Other current assets	(1,161.14)	(464.68)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Long term provision	69.94	14.59
Short term provision	25.78	126.83
Trade payables	146.58	271.41
Other Current liabilities	118.92	11.15
	(51,172.49)	(28,192.88)
Cash used in operations	(38,016.11)	(22,617.89)
Financial Expenses	(5,495.84)	(2,181.16)
Direct Taxes Paid	(2,574.49)	(1,284.59)
Net Cash from Operating Activities (A)	(46,086.44)	(26,083.64)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(277.22)	(546.51)
Proceeds from sale of fixed assets	4.05	7.04
Profit on sale of current investments	675.21	110.22
(Purchase)/ sale of current Investments (Net)	-	400.00
Interest Income on deposits with banks / others	797.59	135.94
Net Cash from Investing Activities (B)	1,199.63	106.69
C. Cash Flow from Financing Activities		
Proceeds from issue of equity shares (including securities premium)	32,046.00	11,394.98
Utilisation of Securities premium	(440.62)	-
Proceeds from long term borrowings (repaid)/ availed (net)	7,597.25	29,011.02
Short-term Borrowings (repaid)/ availed (net)	291.93	3,305.59
Net Cash from Financing Activities (C)	39,494.56	43,711.59
Net Increase in Cash and Cash Equivalents (A) + (B) + (C)	(5,392.25)	17,734.64
Cash and Cash Equivalents at the beginning of the Year	18,043.33	308.69
Cash and Cash Equivalents at the end of the year	12,651.08	18,043.33
Reconciliation of Cash and Cash Equivalents with the Balance Sheet		
Cash and Cash Equivalents(Refer Note: 18)	12,651.08	18,043.33

Per our report of even date attached

For Brahmayya & Co.

Chartered Accountants, Firm Registration Number 0005115

For and on behalf of Board of Directors

P. Babu
Partner
Membership No. 203358

D Lakshmiopathy
Chairman & Managing Director

R. Anand
Director

Place : Chennai
Date: 22.05.2018

G Srikanth
Chief Financial Officer

B Shalini
Company Secretary

ANNEXURE VI: ILLUSTRATION OF DEBENTURE CASH FLOWS

ILLUSTRATION OF CASH FLOWS	
Issuer	Five-Star Business Finance Limited
Face Value (per security)	Rs. 10,00,000/- (Rupees Ten Lakh Only)
Deemed Date of Allotment	Issue Opening Date: May 28, 2020 Deemed Date of Allotment: May 28, 2020
Redemption Date	Redemption Date: May 28, 2023
Rate of Interest or Coupon:	10.50% (Ten Decimal Point Five Zero Percent)
Frequency of the Coupon Payment with specified dates	Coupon payable Annually
Day Count Convention	Actual/Actual

Coupon Payment Dates/ Principal Payment Dates	Interval between Coupon Payment Dates (No. of Days)	Principal Outstanding (in Rupees)	Principal Amount (in Rupees)	Coupon Amount (in Rupees)	Cash Flows (in Rupees)
28-05-2020	-	-	(10,00,00,000)	-	(10,00,00,000)
28-05-2021	365	10,00,00,000		1,05,00,000	1,05,00,000
28-05-2022	365	10,00,00,000		1,05,00,000	1,05,00,000
28-05-2023	365	-	10,00,00,000	1,04,42,466	11,04,42,466