

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

INFORMATION MEMORANDUM



FIVE-STAR BUSINESS FINANCE LIMITED

A public limited company incorporated under the Companies Act, 1956

Date of Incorporation: May 07, 1984

Registered Office: 39, Outer Circular Road, Kilpauk Garden Colony,
Chennai, Tamil Nadu – 600 010

Corporate Office: New No.27, Old No.4, Taylors Road, Kilpauk,
Chennai, Tamil Nadu – 600 010

Telephone No.: 044- 4610 6200

Website: www.fivestargroup.in

Information Memorandum for issue of Debentures on a private placement basis on

May 28, 2018

Issue of 650 (Six Hundred and Fifty) Secured, Rated, Senior, Redeemable, Taxable, Transferable, Listed, Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs Only) each, aggregating up to Rs. 65,00,00,000/- (Rupees Sixty Five Crores Only) issued on a fully paid basis and on a private placement basis (the "Issue") as part of the third series ("Series C Debentures") of the proposed issue of 2,000 (Two Thousand) Secured, Rated, Redeemable, Listed Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs Only) each, aggregating up to Rs. 200,00,00,000/- (Rupees Two Hundred Crores Only).

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 authorized by the Issuer through resolutions passed by the shareholders of the Issuer on March 26, 2018 and the Board of Directors of the Issuer on February 28, 2018 and the Memorandum and Articles of Association of the Company. Pursuant to the resolution passed by the Company's shareholders dated March 26, 2018 in accordance with provisions of the Companies Act, 2013, the Company has been authorized to borrow, upon such terms and conditions as the Board may think fit, for amounts up to INR 1,500,00,00,000/- (Rupees Fifteen Hundred Crores only). The present issue of NCDs 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 of this memorandum of private placement for issue of Debentures on a private



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placement basis (“**Information Memorandum**” or “**Disclosure Document**”). This Information Memorandum has not been submitted, cleared or approved by SEBI.

Issuer’s Absolute Responsibility

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

Credit Rating

The Debentures proposed to be issued by the Issuer have been rated by CARE Ratings Limited (“**Rating Agency / CARE**”). The Rating Agency has, vide its letter dated March 17, 2018 assigned a rating of “**CARE A- (Positive)**” 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 III** of this Information Memorandum for the letter dated March 17, 2018 from the Rating Agency assigning the credit rating abovementioned and the letter dated March 17, 2018 issued by the Rating Agency disclosing the rating rationale adopted for the aforesaid rating.

Issue Schedule

Issue Opens on: May 28, 2018
Issue Closing on: May 28, 2018
Deemed Date of Allotment: May 28, 2018

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**”).

Sole Arranger



Vivriti Capital Private Limited
12th Floor, Prestige Polygon, Anna
Salai, Rathna Nagar, Teynampet,
Chennai, Tamil Nadu – 600035
Website: www.vivriticapital.com
Email: contact@vivriticapital.com

Debenture Trustee



Catalyst Trusteeship Limited
83-87, 8th Floor, B wing, Mittal
Tower, Nariman Point, Mumbai,
Maharashtra -400021
Tel.: +91-22-49220503
Fax: +91-22-49220505
Email: umesh.salvi@ctltrustee.com

Registrar and Transfer Agent



**NSDL Database
Management Limited**
Trade World, A – Wing, 4th & 5th
Floors, Kamala Mills Compound,
Lower Parel, Mumbai – 400013
Tel: 91-22-24994200
Email: info_ndml@nsdl.co.in

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I. DISCLAIMER CLAUSE:

THIS INFORMATION MEMORANDUM OF PRIVATE PLACEMENT (HEREINAFTER REFERRED TO AS THE “**INFORMATION MEMORANDUM**”) IS NEITHER A PROSPECTUS NOR A STATEMENT IN LIEU OF PROSPECTUS. THE ISSUE OF RATED, SECURED, LISTED, REDEEMABLE NON-CONVERTIBLE DEBENTURES (HEREINAFTER REFERRED TO AS “**DEBENTURES**”) TO BE ISSUED IS BEING MADE STRICTLY ON A PRIVATE PLACEMENT BASIS. IT IS NOT INTENDED TO BE CIRCULATED TO MORE THAN 49 (FORTY-NINE) PERSONS. MULTIPLE COPIES HEREOF GIVEN TO THE SAME ENTITY SHALL BE DEEMED TO BE GIVEN TO THE SAME PERSON AND SHALL BE TREATED AS SUCH. IT DOES NOT CONSTITUTE AND SHALL NOT BE DEEMED TO CONSTITUTE AN OFFER OR AN INVITATION TO SUBSCRIBE TO THE DEBENTURES ISSUED TO THE PUBLIC IN GENERAL. APART FROM THIS INFORMATION MEMORANDUM, NO OFFER DOCUMENT OR PROSPECTUS HAS BEEN PREPARED IN CONNECTION WITH THE OFFERING OF THIS ISSUE OR IN RELATION TO THE COMPANY NOR IS SUCH A PROSPECTUS REQUIRED TO BE REGISTERED UNDER THE APPLICABLE LAWS. ACCORDINGLY, THIS INFORMATION MEMORANDUM HAS NEITHER BEEN DELIVERED FOR REGISTRATION NOR IS IT INTENDED TO BE REGISTERED.

THIS INFORMATION MEMORANDUM HAS BEEN PREPARED TO PROVIDE GENERAL INFORMATION ABOUT THE COMPANY TO POTENTIAL 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 POTENTIAL INVESTOR MAY REQUIRE. 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 NOR SHOULD ANY RECIPIENT OF THIS INFORMATION MEMORANDUM CONSIDER SUCH RECEIPT A RECOMMENDATION TO PURCHASE ANY DEBENTURES. EACH INVESTOR CONTEMPLATING THE PURCHASE OF ANY DEBENTURES SHOULD MAKE HIS OWN INDEPENDENT INVESTIGATION OF THE FINANCIAL CONDITION AND AFFAIRS OF THE COMPANY, AND HIS OWN APPRAISAL OF THE CREDITWORTHINESS OF THE COMPANY. 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 ANALYSE SUCH INVESTMENT AND THE SUITABILITY OF SUCH INVESTMENT TO SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES. IT IS THE RESPONSIBILITY OF INVESTORS TO ALSO ENSURE THAT THEY WILL SELL THESE DEBENTURES IN STRICT ACCORDANCE WITH THIS INFORMATION MEMORANDUM AND OTHER APPLICABLE LAWS, SO THAT THE SALE DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES ACT, 1956 OR THE COMPANIES ACT, 2013, AS APPLICABLE. NONE OF THE INTERMEDIARIES OR THEIR AGENTS OR ADVISORS ASSOCIATED WITH THIS ISSUE UNDERTAKE TO REVIEW THE FINANCIAL CONDITION OR AFFAIRS OF THE COMPANY DURING THE LIFE OF THE ARRANGEMENTS CONTEMPLATED BY THIS INFORMATION MEMORANDUM OR HAVE ANY RESPONSIBILITY TO ADVISE ANY INVESTOR OR POTENTIAL INVESTOR IN THE DEBENTURES OF ANY INFORMATION AVAILABLE WITH OR

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SUBSEQUENTLY COMING TO THE ATTENTION OF THE INTERMEDIARIES, AGENTS OR ADVISORS.

THE COMPANY CONFIRMS THAT, AS OF THE DATE HEREOF, THIS INFORMATION MEMORANDUM CONTAINS INFORMATION THAT IS ACCURATE IN ALL MATERIAL RESPECTS AND DOES NOT CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT, OR OMITTS TO STATE ANY MATERIAL FACT, NECESSARY TO MAKE THE STATEMENTS HEREIN, THAT WOULD BE, IN THE LIGHT OF CIRCUMSTANCES UNDER WHICH THEY ARE MADE, NOT MISLEADING. 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 COMPANY 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 COMPANY. THE INTERMEDIARIES AND THEIR AGENTS OR ADVISORS ASSOCIATED WITH THIS ISSUE HAVE NOT SEPARATELY VERIFIED THE INFORMATION CONTAINED HEREIN. ACCORDINGLY, NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY IS ACCEPTED BY ANY SUCH INTERMEDIARY AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS INFORMATION MEMORANDUM OR ANY OTHER INFORMATION PROVIDED BY THE COMPANY. ACCORDINGLY, ALL SUCH INTERMEDIARIES ASSOCIATED WITH THIS ISSUE SHALL HAVE NO LIABILITY IN RELATION TO THE INFORMATION CONTAINED IN THIS INFORMATION MEMORANDUM OR ANY OTHER INFORMATION PROVIDED BY THE COMPANY IN CONNECTION WITH THE ISSUE.

THE CONTENTS OF THIS INFORMATION MEMORANDUM ARE INTENDED TO BE USED ONLY BY THOSE INVESTORS TO WHOM IT IS ISSUED. IT IS NOT INTENDED FOR DISTRIBUTION TO ANY OTHER PERSON AND SHOULD NOT BE REPRODUCED BY THE RECIPIENT.

EACH COPY OF THIS INFORMATION MEMORANDUM IS SERIALLY NUMBERED AND THE PERSON, TO WHOM A COPY OF THE INFORMATION MEMORANDUM IS SENT, IS ALONE ENTITLED TO APPLY FOR THE DEBENTURES. NO INVITATION IS BEING MADE TO ANY PERSONS OTHER THAN THOSE TO WHOM APPLICATION FORMS ALONG WITH THIS INFORMATION MEMORANDUM HAVE BEEN SENT. ANY APPLICATION BY A PERSON TO WHOM THE INFORMATION MEMORANDUM AND/OR THE APPLICATION FORM HAS NOT BEEN SENT BY THE COMPANY SHALL BE REJECTED WITHOUT ASSIGNING ANY REASON.

THE PERSON WHO IS IN RECEIPT OF THIS INFORMATION MEMORANDUM SHALL MAINTAIN UTMOST CONFIDENTIALITY REGARDING THE CONTENTS OF THIS INFORMATION MEMORANDUM AND SHALL NOT REPRODUCE OR DISTRIBUTE IN WHOLE OR PART OR MAKE ANY ANNOUNCEMENT IN PUBLIC OR TO A THIRD PARTY REGARDING ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY.

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EACH PERSON RECEIVING THIS INFORMATION MEMORANDUM ACKNOWLEDGES THAT:

- SUCH PERSON HAS BEEN AFFORDED AN OPPORTUNITY TO REQUEST AND TO REVIEW AND HAS RECEIVED ALL ADDITIONAL INFORMATION CONSIDERED BY AN INDIVIDUAL TO BE NECESSARY TO VERIFY THE ACCURACY OF OR TO SUPPLEMENT THE INFORMATION HEREIN; AND
- SUCH PERSON HAS NOT RELIED ON ANY INTERMEDIARY THAT MAY BE ASSOCIATED WITH ISSUANCE OF THE DEBENTURES IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION.

THE COMPANY DOES NOT UNDERTAKE TO UPDATE THE INFORMATION MEMORANDUM TO REFLECT SUBSEQUENT EVENTS AFTER THE DATE OF THE INFORMATION MEMORANDUM AND THUS IT SHOULD NOT BE RELIED UPON WITH RESPECT TO SUCH SUBSEQUENT EVENTS WITHOUT FIRST CONFIRMING ITS ACCURACY WITH THE COMPANY. NEITHER THE DELIVERY OF THIS INFORMATION MEMORANDUM NOR ANY SALE OF DEBENTURES MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CONSTITUTE A REPRESENTATION OR CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

THIS INFORMATION MEMORANDUM 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 IN ANY JURISDICTION WHERE SUCH ACTION IS REQUIRED. THE DISTRIBUTION OF THIS INFORMATION MEMORANDUM AND THE OFFERING AND SALE OF THE DEBENTURES MAY BE RESTRICTED BY LAW IN CERTAIN JURISDICTIONS. 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

Disclaimer of the Arranger: Five Star Business Finance Limited (the “**Issuer**”/”**Company**”) has authorized the Arranger to distribute this Information Memorandum in connection with the proposed issue of the Debentures (the “**Transaction**”).

Nothing in this Information Memorandum constitutes an offer of securities for sale in the United States or any other jurisdiction where such offer or placement would be in violation of any law, rule or regulation.

The Issuer has prepared this Information Memorandum and the Issuer is solely responsible for its contents. The Issuer will comply with all laws, rules and regulations and has obtained all regulatory, governmental and corporate approval for the issuance of the Debentures. All the information contained in this Information Memorandum has been provided by the Issuer or is

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publicly available information, and such information has not been independently verified by the Arranger. No representation or warranty, expressed or implied, is or will be made, and no responsibility or liability is or will be accepted, by the Arranger or its affiliates for the accuracy, completeness, reliability, correctness or fairness of this Information Memorandum or any of the information or opinions contained therein, and the Arranger hereby expressly disclaims, to the fullest extent permitted by law, any responsibility for the contents of this Information memorandum and any liability, whether arising in tort or contract or otherwise, relating to or resulting from this Information Memorandum or any information or errors contained therein or any omissions therefrom. By accepting this Information Memorandum, you agree that the Arranger will not have any such liability.

You should carefully read and retain this Information Memorandum. However, you are not to construe the contents of this Information Memorandum as investment, legal, accounting, regulatory or tax advice, and You should consult with your own advisors as to all legal, accounting, regulatory, tax, financial and related matters concerning an investment in the Debentures.

Stock Exchange Disclaimer Clause: It is to be distinctly understood that filing of this Information Memorandum with the Stock Exchange should not, in any way, be deemed or construed that the same has been cleared or approved by the Stock Exchange. The Stock Exchange does not take any responsibility either for the financial soundness of any scheme or the project for which the issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this Information Memorandum.

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II. DEFINITIONS AND ABBREVIATIONS

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| Act | Means Companies Act, 2013, and for any matters or affairs prior to the notification of the relevant provisions of the Companies Act, 2013, the Companies Act, 1956 and shall include any re-enactment, amendment or modification of the Companies Act, 2013, as in effect from time to time |
| Agreement of Hypothecation | Means the unattested agreement of hypothecation, dated on or about the Deemed Date of Allotment, to be executed and delivered by the Company in a form acceptable to the Debenture Trustee securing the due repayment of the Secured Obligations in respect of the Debentures |
| Applicant | Means a person who has submitted a completed Application Form to the Company |
| Applicable Laws | 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 |
| Application Form | Means the application form in the Debt Disclosure Document |
| Application Money | Means the subscription monies paid by the Applicants at the time of submitting the Application Form |
| Arranger | Such Person(s)/entities as have been authorized by the Issuer for the marketing of the Issue in this case Vivriti Capital Private Limited. |
| Assets | Means, for any date of determination, the assets of the Company on such date as the same would be determined in accordance with Indian GAAP at such date |
| Beneficial Owners | means the holder(s) of the Debentures in dematerialized form whose name is recorded as such with the Depository in the Register of Beneficial Owners |
| BSE | Means the BSE Limited |
| Business Day | Means any day, other than a public holiday under Section 25 of the Negotiable Instruments Act, 1881 or a Sunday, on which banks are open for general business in Chennai |
| Call Option | has the meaning given to it in Section XXI |
| Call Option Interest Rate | means, if the Call Option is exercised, 10.40% per annum payable monthly, gross of withholding taxes |
| Capital Adequacy Ratio | Means the capital adequacy ratio prescribed by the RBI for non-banking financial companies from time to time, currently being the aggregate of Tier I Capital and Tier II Capital divided by Risk Weighted Assets |
| CERSAI | means Central Registry of Securitisation Asset Reconstruction and Security Interest of India |
| CDSL | Means Central Depository Services Limited |
| CITES | Means the Convention on International Trade in Endangered Species or Wild Fauna and Flora, including the protected flora and faunae as demonstrated on the website: www.cites.org |

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| Charged Receivables | means the book debts / loan receivables of the Company over which a first ranking exclusive and continuing charge has to be created pursuant to an unattested Deed of Hypothecation, dated on or about the Deemed Date of Allotment, executed or to be executed and delivered by the Company in a form acceptable to the Debenture Trustee. |
| Client Loan | Means each loan made by the Company as a lender |
| Companies Act or Act | means the Companies Act, 2013 ("2013 Act"), and for any matters or affairs prior to the notification of the relevant provisions of the Companies Act, 2013, the Companies Act, 1956 ("1956 Act"), and shall include any re-enactment, amendment or modification of the Companies Act, 2013, as in effect from time to time |
| Credit Rating Agency/ Credit Rating Agencies | Any SEBI registered Rating Agency appointed from time to time |
| Control | Means and includes the right to appoint a majority of directors, or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner |
| Constitutional Documents | Means the memorandum of association and the articles of association of the Company |
| Debentures/NCDs/Debt Securities/Securities | Means collectively, The Series A Debentures, Series B Debentures, Series C Debentures and Series D Debentures, comprising: a) 50 rated, secured, senior, redeemable, taxable, transferable, listed, non-convertible debentures denominated in Indian Rupees ('INR') each having a face value of INR 10,00,000/- (Indian Rupees Ten Lakh Only) aggregating to a face value of INR 5,00,00,000/- (Indian Rupees Five Crore Only) (the "Series A Debentures"); b) 650 rated, secured, senior, redeemable, taxable, transferable, listed, non-convertible debentures denominated in INR each having a face value of INR 10,00,000/- (Indian Rupees Ten Lakh Only) aggregating to a face value of INR 65,00,00,000/- (Indian Rupees Sixty Five Crore Only) (the "Series B Debentures"), c) 650 rated, secured, senior, redeemable, taxable, transferable, listed, non-convertible debentures denominated in INR each having a face value of INR 10,00,000/- (Indian Rupees Ten Lakh Only) aggregating to a face value of INR 65,00,00,000/- (Indian Rupees Sixty Five Crore Only) (the "Series C Debentures"); and d) 650 rated, secured, senior, redeemable, taxable, transferable, listed, non-convertible debentures denominated in INR each having a face value of INR 10,00,000/- (Indian Rupees Ten Lakh Only) aggregating to |

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| | a face value of INR 65,00,00,000/- (Indian Rupees Sixty Five Crore Only) (the "Series D Debentures"). |
| Debenture Holders | Mean collectively, the Series A Debenture Holders, the Series B Debenture Holders, the Series C Debenture Holders and the Series D Debenture Holders |
| Debenture Trustee | Trustee for the Debenture holders, in this case being Catalyst Trusteeship Limited |
| Debenture Trustee Agreement | The Debenture Trustee and the Company have entered into a debenture trustee agreement executed by and between the Debenture Trustee and the Company ("Debenture Trustee Agreement"), whereby the Company has appointed the Debenture Trustee and the Debenture Trustee has agreed to be appointed as a debenture trustee on behalf of and for the benefit of the Debenture Holder(s) and for purposes related thereto, including for holding the security to be created by the Company in favour of the Debenture Trustee to secure the payment and other obligations of the Company in respect of the issuance of the Debentures, for the benefit of the Debenture Holder(s) |
| Debenture Trust Deed or DTD | Shall mean the debenture trust cum mortgage deed executed/to be executed by and between the Debenture Trustee and the Company 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 Trustees Regulations | Means the Securities Exchange Board of India (Debenture Trustees) Regulations, 1993 (as amended or restated from time to time) |
| Debt | Means the aggregate of: <ul style="list-style-type: none"> a) all long-term outstanding, whether secured or unsecured; b) all contingent liabilities pertaining to corporate or financial guarantees given on behalf of any company, special purpose vehicle, subsidiary, or affiliate of the Company (to the extent of outstanding of such guaranteed debt); c) any short term debt outstanding whether secured or unsecured, availed of in lieu of long term debt or by way of bridge financing for long term debt; d) any amount raised by acceptance under any acceptance credit facility; e) receivables sold or discounted (other than receivables to the extent they are sold on a non-recourse basis); f) any put option, shortfall/liquidity support undertaking, debt service reserve account undertaking, keep fit letter(s) which give or may give rise to any financial obligation(s); and g) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing. |
| Debt Disclosure Document | Means the information memorandum dated May 28, 2018 issued by the Company for the issue of the Debentures on a private placement basis |
| Debt Listing Regulations | Means the Securities Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (as amended or restated from |

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| | time to time) |
| Deed of Hypothecation | The deed of hypothecation entered into/to be entered into between the Issuer and the Debenture Trustee, pursuant to which hypothecation over Hypothecated Assets shall be created by the Issuer in favour of the Debenture Trustee (acting for and on behalf of the Debenture Holder(s)). |
| Depository | Means the depository with whom the Company has made arrangements for dematerializing the Debentures, being CDSL and NSDL |
| Designated Proceeds Account | Means the account number 409000464102 maintained with RBL Bank Limited in the name of Company, being the separate bank account opened by the Company for receipt of and utilization of the proceeds of the Issue |
| DRR | Debenture Redemption Reserve |
| Due Date | Means the date on which any interest or liquidated damages, any Redemption Instalment and all other monies payable, are due and payable. If the due date in respect of any interest or liquidated damages and all other monies payable under this Deed falls on a day which is not a Business Day, then the immediately succeeding Business Day shall be the due date for such payment. Further, if the due date in respect of any Redemption Installment falls on a day which is not a Business Day, then the immediately preceding Business Day shall be the due date for such payment |
| Equity | Means (A) the aggregate of the issued and paid up equity shares of the Company, all compulsorily convertible instruments and preference share capital of the Company, and all reserves (excluding revaluation reserves) of the Company, less (B) the aggregated of any dividend declared, any deferred tax liability, deferred tax assets, intangibles (including but not restricted to brand valuation, goodwill etc) as per the latest audited financials of the Company |
| Event of Default | Means each of the events specified in the Mortgage cum Debenture Trust Deed |
| Exclusion List | Means any activity including (a) production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCBs, wildlife or products regulated under CITES, (b) production or trade in weapons and munitions, (c) production or trade in alcoholic beverages (excluding beer and wine), (d) production or trade in tobacco, (e) gambling, casinos and equivalent enterprises, (f) production or trade in radioactive materials (this does not apply to the purchase of medical equipment, quality control (measurement) equipment), (g) production or trade in unbonded asbestos fibers (this does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%), (h) drift net fishing in the marine environment using nets in excess of 2.5 km. in length, (i) production or activities involving harmful or exploitative forms of forced labor, or harmful child labour, (j) production, trade, storage, |

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| | or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals (hazardous chemicals include gasoline, kerosene, and other petroleum products), (k) production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples, (l) which may result in funding or supporting any individual or organization designated as: (i) terrorists or terrorist organizations by the United Nations, the European Union and any other applicable country; (ii) persons, groups or entities which are subject to United Nations, European Union and the US Office of Foreign Asset Control (OFAC) sanctions' |
| Exercise Date | Means the Series A Exercise Date, the Series B Exercise Date, the Series C Exercise Date and the Series D Exercise Date and "Exercise Date" shall mean any one of them |
| Final Redemption Date | Mean the Series A Final Redemption Date, the Series B Final Redemption Date, the Series C Final Redemption Date and the Series D Final Redemption Date and "Final Redemption Date" shall mean any one of them |
| Final Settlement Date | Means the date on which all obligations of the Company have been irrevocably and unconditionally paid and discharged in full to the satisfaction of the Debenture Holders |
| Financial Year | Means each period of 12 (twelve) months commencing on April 1 of any 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 Loan Portfolio | Means the outstanding principal balance of all of the Company's outstanding Client Loans including current, delinquent and restructured Client Loans, and includes principal balance of all Client Loans securitized, assigned, originated on behalf of other institutions or otherwise sold off in respect of which the Company has provided credit enhancements in any form or manner whatsoever, but not Client Loans that have been charged off. It does not include interest receivables and accrued interest |
| Gross NPA | Shall mean 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; |
| Hypothecated Property | Shall have the meaning given to it in the Agreement of Hypothecation |
| Immovable Property | Means the identified immovable property of the Company more particularly described in Schedule VIII of the Mortgage cum Debenture Trust Deed |
| Indebtedness | Means any obligation of the Company (whether incurred as principal, independent guarantor or as surety) for the payment or repayment of borrowed money, whether present or future, actual or |

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| | contingent |
| 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 |
| Initial Debenture Holders | Means any one or more of the funds whose asset management company is Franklin Templeton Asset Management (India) Private Limited, including without limitation, the Franklin India Short Term Income Plan and the Franklin India Income Opportunities Fund. |
| Interest Expense | Means all interest payable by the Company on all borrowings of the Company and all financial assistance availed by the Company from any bank, financial institution or any other person |
| Interest Payment Date | Mean collectively, the Series A Interest Payment Dates, the Series B Interest Payment Dates, the Series C Interest Payment Dates and the Series D Interest Payment Dates and "Interest Payment Date" shall be construed accordingly |
| Interest Rate | Means 10.21% per annum, compounded monthly, payable quarterly |
| Issue | The Company has proposed to issue 650 (Six Hundred and Fifty) Secured, Rated, Senior, Redeemable, Taxable, Transferable, Listed Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs Only) each, aggregating up to Rs. 65,00,00,000/- (Rupees Sixty Five Crores Only) issued on a fully paid basis and on a private placement basis (the "Issue") as part of the third series ("Series C Debentures") of the proposed issue of 2,000 (Two Thousand) Secured, Rated, Redeemable, Listed Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs Only) each, aggregating up to Rs. 200,00,00,000/- (Rupees Two Hundred Crores Only) |
| Law | Means any applicable law, code, ordinance, interpretation, guideline, directive, judgment, injunction, decree, treaty, regulation, rule or order of any court, tribunal or Governmental Authority, in force in India |
| Liability | Means, for any date of determination, the liabilities of the Company on such date as the same would be determined in accordance with the Indian GAAP at such date |
| Local Currency | Means Indian Rupees (denoted as "INR" or "Rs."), the lawful currency of India |
| LODR Regulations | Means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be amended from time to time |
| Majority Debenture Holders | Means such number of Debenture Holders collectively holding more than 50% (Fifty percent) of the value of the Outstanding Principal Amounts of the Debentures |
| Majority Resolution | Means resolution approved by such number of Debenture Holders that represent more than 50% (Fifty percent) of the value of the Outstanding Principal Amounts of the Debentures held by the Debenture Holders who are present and voting or if a poll is demanded, by such number of Debenture Holders that represent more than 50% (Fifty percent) of the value of the Outstanding Principal Amounts of the Debentures held by the Debenture |

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| | Holders who are present and voting in such poll |
| 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) |
| Mortgage-cum-debenture Trust Deed or Debenture Trust Deed | Agreement between the Issuer and the Debenture Trustee will be executed on or before March 28, 2018 |
| Net Income | Shall mean, for any particular period and with respect to the Company, all revenue (including Donations and grants) less all expenses (including taxes, if any for such period) |
| Net Owned Funds | Has the meaning ascribed to it under Section 45IA of the RBI Act, 1934 |
| Nominee Director | As defined in the Securities and Exchange Board of India (Debenture Trustee) Regulations |
| NBFC Master Directions | Means the master directions issued by the RBI on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 or Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 as may be applicable for the Company (as amended or modified or restated from time to time) |
| NSDL | Means National Securities Depository Limited |
| Off Balance Sheet Portfolio | Shall mean principal balance of loans securitized, assigned to, originated on behalf of other institutions in respect of which the Issuer has provided credit enhancements in any form or manner whatsoever |
| Outstanding Principal Amounts | Means, at any date, the Local Currency principal amount outstanding under the Debentures |
| Outstanding Amounts | Means the Outstanding Principal Amounts, together with all interest, fees, costs, commissions, charges, Trustee fees and other amounts due and payable by the Company under or in respect of this Deed or any Transaction Document |
| Payment Default | Shall mean any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default |
| Person | Shall mean any individual, partnership, joint venture, firm, corporation, association, limited liability company, trust or other enterprise or any government or political subdivision or any agency, department or instrumentality thereof |
| Portfolio At Risk Over 90 Days | Shall mean the outstanding principal amounts of all Client Loans that have one or more installments of principal, interest, penalty interest, fees or any other expected payments past due more than 90 (Ninety)days |
| Private Placement Offer | Document as per Section 42 of the Companies Act, 2013 read with |

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|--------------------------------------|---|
| Letter | the Companies(Prospectus and Allotment of Securities) Rules, 2014 |
| Promoter | Means collectively Lakshmipathy. D, Hema. L, Deenathayalan. R, Varalakshmi. D and Sritha. L |
| Purpose | To raise debt to augment long term resources of the Company towards general corporate purposes in its ordinary course of business including repayment/re-financing of the existing debt |
| Put Option | has the meaning given to it in Section XXI |
| Put Option Interest Rate | Means, if the Put Option is exercised, 10.00% per annum payable monthly, gross of withholding taxes |
| Quarterly Date | Means each of January 31, April 30, July 31 and October 31 and Quarterly Dates shall be construed accordingly |
| Rating Agency | Means CARE Limited or any rating agency approved by SEBI for carrying out debt ratings in India |
| Rating Downgrade | Means the rating of the Company is downgraded to "BBB+" or below (or its equivalent rating) |
| RBI | Means the Reserve Bank of India |
| Receivables | Has the meaning ascribed to it in the Agreement of Hypothecation |
| Redemption Payment | Means the payment of the Outstanding Principal Amounts of the Debentures on the Exercise Date or the respective Final Redemption Dates |
| Register of Beneficial Owners | Means the register of beneficial owners of the Debentures maintained in the records of the Depository, as the case may be |
| Register of Debenture Holders | Means the register maintained by the Company at its registered office and containing the names of the Debenture Holders |
| Registrar | Shall mean the registrar and transfer agent appointed for the issue of Debentures, being NSDL Database Management Limited |
| Restructured Portfolio | Means with respect to the Company, the outstanding principal balance of all past due Client Loans that have been renegotiated or modified to either lengthen or postpone the originally scheduled installments of principal, or to substantially alter the original terms, of such Client Loans |
| Revised Interest Rate | Means the Put Option Interest Rate or the Call Option Interest Rate. |
| Risk Weighted Assets | Shall be calculated as per the method prescribed in the NBFC Master Directions |
| ROC | Means the jurisdictional Registrar of Companies |
| SEBI | Means the Securities and Exchange Board of India |
| Secured Obligations | Means all present and future obligations (whether actual or contingent and whether owed jointly or severally or in any capacity whatsoever) obligations of the Company to the Debenture Holders or the Debenture Trustee under this Deed and shall include the obligation to redeem the Debentures in terms thereof, any outstanding remuneration of the Debenture Trustee, default interest payable, if any, and all fees, costs, charges and expenses and other monies payable by the Company under the Transaction Documents |
| Security Cover | Means the ratio of Receivables comprising the Hypothecated Property to the Outstanding Principal Amounts to be maintained in accordance with the provisions of the Agreement of Hypothecation |
| Series A Debenture | Means the Applicants whose names and addresses are set out in the |

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| Holders | <p>Application Form and who have agreed to subscribe to the Series A Debentures, and for any subsequent Series A Debenture Holders, each person that fulfils the following requirements:</p> <p>(a) Persons who are registered as Beneficial Owners; and</p> <p>(b) Persons who are registered as a debenture holder in the Register of Debenture Holders.</p> <p>Sub-paragraphs (a) and (b) shall be deemed to include transferees of the Series A Debentures registered with the Company and the Depository from time to time, and in the event of any inconsistency between sub-paragraph (a) and (b) above, sub paragraph (a) shall prevail</p> |
| Series A Deemed Date of Allotment | Means March 28, 2018 |
| Series A Interest Payment Dates | Means the dates as specified in Annexure VI on which payment of Interest shall be made in respect of the Series A Debentures |
| Series A Offer Schedule | Means the schedule of offer and allotment of Series A Debentures as specified in Annexure VII |
| Series A Outstanding Principal Amounts | Means, at any date, the principal amounts outstanding under the Series A Debentures |
| Series A Private Placement Offer Letter | Means the private placement offer letter dated March 28, 2018 |
| Series A Redemption Date | Means the dates occurring on the expiry of 51, 54, 57 and 60 months from the Series A Deemed Date of Allotment unless the Put Option or Call Option in respect of the Series A Debentures in which case the Series A Redemption Dates shall be Series A Exercise Date and as more particularly specified in Annexure VI |
| Series A Exercise Date | Means the date occurring on the expiry of 34 months from the Series A Deemed Date of Allotment |
| Series B Debenture Holders | <p>Means the Applicants whose names and addresses are set out in the Application Form and who have agreed to subscribe to the Series B Debentures, and for any subsequent Series B Debenture Holders, each person that fulfils the following requirements:</p> <p>(c) Persons who are registered as Beneficial Owners; and</p> <p>(d) Persons who are registered as a debenture holder in the Register of Debenture Holders.</p> <p>Sub-paragraphs (a) and (b) shall be deemed to include transferees of the Series B Debentures registered with the Company and the Depository from time to time, and in the event of any inconsistency between sub-paragraph (a) and (b) above, sub paragraph (a) shall prevail</p> |
| Series B Deemed Date of Allotment | Means April 27, 2018 |
| Series B Interest Payment Dates | Means the dates as specified in Annexure VI on which payment of Interest shall be made in respect of the Series B Debentures |

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| Series B Information Memorandum | Means the debt disclosure document in relation to the Series B Debentures to be prepared and issued in accordance with the Series B Offer Schedule |
| Series B Offer Schedule | Means the schedule of offer and allotment of Series B Debentures as specified in Annexure VII |
| Series B Outstanding Principal Amounts | Means, at any date, the principal amounts outstanding under the Series B Debentures |
| Series B Private Placement Offer Letter | Means the private placement offer letter in relation to the Series B Debentures to be prepared as per Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and to be issued in accordance with the Series B Offer Schedule |
| Series B Redemption Date | Means the dates occurring on the expiry of 51, 54, 57 and 60 months from the Series A Deemed Date of Allotment , unless the Put Option or Call Option in respect of the Series B Debentures are exercised, in which case the Series B Redemption Dates shall be Series B Exercise Date and as more as more particularly specified in Annexure VI |
| Series B Exercise Date | Means the date occurring on the expiry of 34 months from the Series A Deemed Date of Allotment |
| Series C Debenture Holders | <p>Means the Applicants whose names and addresses are set out in the Application Form and who have agreed to subscribe to the Series C Debentures, and for any subsequent Series C Debenture Holders, each person that fulfils the following requirements:</p> <p style="padding-left: 40px;">(e) Persons who are registered as Beneficial Owners; and</p> <p style="padding-left: 40px;">(f) Persons who are registered as a debenture holder in the Register of Debenture Holders.</p> <p>Sub-paragraphs (a) and (b) shall be deemed to include transferees of the Series C Debentures registered with the Company and the Depository from time to time, and in the event of any inconsistency between sub-paragraph (a) and (b) above, sub paragraph (a) shall prevail</p> |
| Series C Deemed Date of Allotment | Means May 28, 2018 |
| Series C Interest Payment Dates | Means the dates as specified in Annexure VI on which payment of Interest shall be made in respect of the Series C Debentures |
| Series C Information Memorandum | Means the debt disclosure document in relation to the Series C Debentures to be prepared and issued in accordance with the Series C Offer Schedule |
| Series C Offer Schedule | Means the schedule of offer and allotment of Series C Debentures as specified in Annexure VII |
| Series C Outstanding Principal Amounts | Means, at any date, the principal amounts outstanding under the Series C Debentures |
| Series C Private Placement Offer Letter | Means the private placement offer letter in relation to the Series C Debentures to be prepared as per Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and to be issued in accordance with the |

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| | |
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| | Series C Offer Schedule |
| Series C Redemption Date | means the dates occurring on the expiry of 51, 54, 57 and 60 months from the Series A Deemed Date of Allotment , unless the Put Option or Call Option in respect of the Series C Debentures are exercised, in which case the Series C Redemption Dates shall be Series C Exercise Date and as more particularly specified in Annexure VI |
| Series C Exercise Date | Means the date occurring on the expiry of 36 months from the Series A Deemed Date of Allotment |
| Series D Debenture Holders | Means the Applicants whose names and addresses are set out in the Application Form and who have agreed to subscribe to the Series D Debentures, and for any subsequent Series D Debenture Holders, each person that fulfils the following requirements: (g) Persons who are registered as Beneficial Owners; and (h) Persons who are registered as a debenture holder in the Register of Debenture Holders. Sub-paragraphs (a) and (b) shall be deemed to include transferees of the Series D Debentures registered with the Company and the Depository from time to time, and in the event of any inconsistency between sub-paragraph (a) and (b) above, sub paragraph (a) shall prevail |
| Series D Deemed Date of Allotment | Means June 28, 2018 |
| Series D Interest Payment Dates | Means the dates as specified in Annexure VI on which payment of Interest shall be made in respect of the Series D Debentures |
| Series D Information Memorandum | Means the debt disclosure document in relation to the Series D Debentures to be prepared and issued in accordance with the Series D Offer Schedule |
| Series D Offer Schedule | Means the schedule of offer and allotment of Series D Debentures as specified in Annexure VII |
| Series D Outstanding Principal Amounts | Means, at any date, the principal amounts outstanding under the Series D Debentures |
| Series D Private Placement Offer Letter | Means the private placement offer letter in relation to the Series D Debentures to be prepared as per Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and to be issued in accordance with the Series D Offer Schedule |
| Series D Final Redemption Date | Means the dates occurring on the expiry of 51, 54, 57 and 60 months from the Series A Deemed Date of Allotment, unless the Put Option or Call Option in respect of the Series D Debentures are exercised, in which case the Series D Redemption Dates shall be Series D Exercise Date as more particularly specified in Annexure VI |
| Series D Exercise Date | Means the date occurring on the expiry of 38 months from the Series A Deemed Date of Allotment |
| Special Majority Debenture Holders | Means such number of Debenture Holders collectively holding more than 75% (seventy five percent) of the value of the |

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| | |
|------------------------------|--|
| | Outstanding Principal Amounts of the Debentures |
| Special Resolution | Means resolution approved by such number of Debenture Holders that represent more than 75% (seventy five percent) of the value of the Outstanding Principal Amounts of the Debentures held by the Debenture Holders who are present and voting or if a poll is demanded, by such number of Debenture Holders that represent more than 75% (seventy five percent) of the value of the Outstanding Principal Amounts of the Debentures held by the Debenture Holders who are present and voting in such poll |
| Subordinated Debt | Means any financial obligation of the Company, which is unsecured and subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder/provider of the subordinated debt, or without the consent of the supervisory authority of the non-banking financial company |
| Tangible Net Worth | Means the net worth (as defined in the Act) of the Company according to the latest available audited balance sheet, net of redeemable capital, intangible assets and deferred tax assets |
| 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 |
| Testing Date | Means each of March 31 and September 30 and "Testing Dates" shall be construed accordingly |
| Tier I Capital | Has the meaning ascribed to it in the NBFC Master Directions |
| Tier II Capital | Has the meaning ascribed to it in the NBFC Master Directions |
| Top-up Date | Shall have the meaning given to it in the Agreement of Hypothecation |
| Total Assets | Means, for any date of determination, the total Assets of the Company on such date, including owned, securitised and managed (non-owned) portfolio |
| Transaction Documents | Mortgage cum Debenture Trust Deed, the Debt Disclosure Document, the Agreement of Hypothecation, Debenture Trustee Agreement, the letters issued by the Rating Agency and the Registrar, resolutions passed by the board of directors and members of the Company and all other documents in relation to the issuance of the Debentures shall be collectively referred to as the "Transaction Documents" |

III. LIST OF DOCUMENTS TO BE FILED WITH THE STOCK EXCHANGE

List of disclosures to be filed along with the listing application to the stock exchange:

- A. Memorandum and Articles of Association and necessary resolution(s) for the allotment of the debt securities;
- B. Copy of last three years audited Annual Reports;

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- C. Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- D. Copy of the Board / Committee Resolution authorizing the borrowing and list of authorized signatories.
- E. An undertaking from the issuer stating that the necessary documents for the creation of the charge, where applicable, including the Trust Deed would be executed within the time frame prescribed in the relevant regulations/act/rules etc and the same would be uploaded on the website of the Designated Stock exchange, where the debt securities have been listed, within five working days of execution of the same.
- F. Any other particulars or documents that the recognized stock exchange may call for as it deems fit.
- G. An undertaking that permission / consent from the prior creditor for a second or *pari passu* charge being created, where applicable, in favor of the trustees to the proposed issue has been obtained.

IV. LIST OF DOCUMENTS TO BE DISCLOSED TO THE DEBENTURE TRUSTEE

List of disclosures to be submitted to the Debenture Trustee in electronic form (soft copy) at the time of allotment of the debt securities:

- A. Memorandum and Articles of Association and necessary resolution(s) for the allotment of the debt securities;
- B. Copy of last 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, till the redemption of the debt securities, submit the details mentioned in point (D) above to the Trustee within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No.SEBI/IMD/BOND/1/2009/11/05 dated May11, 2009 as amended from time to time, for furnishing / publishing its half yearly/ annual result. Further, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustee and the Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' (QIBs) and other existing debenture-holders within two working days of their specific request.

V. NAME AND ADDRESS OF THE FOLLOWING:

- (i) **Registered office of the Issuer**
39, Outer Circular Road, Kilpauk Garden Colony,
Chennai, Tamil Nadu – 600 010
Phone No.: 044- 23460963
Fax No.: 044- 23460963
- (ii) **Corporate office of the Issuer**
New No.27, Old No.4, Taylors Road,
Kilpauk,
Chennai – 600 010.

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Phone No. : 044-46106200

- (iii) Compliance officer of the Issuer**
Ms. Shalini B
Phone No.: 044-46106200
Fax No.: 044-46106200
- (iv) CFO of the Issuer**
Mr. Srikanth G
Phone No.: 044-46106200
Fax No.: 044-46106200
- (v) Arrangers of the issue**
Vivriti Capital Private Limited
12th floor, Prestige Polygon,
Anna Salai, Rathna Nagar,
Teynampet, Chennai, Tamil Nadu – 600035
Website: <http://vivriticapital.com/>
- (vi) Trustee of the issue**
Catalyst Trusteeship Limited
Office No. 83 – 87, 8th Floor,
'Mittal Tower', B' Wing, Nariman Point
Mumbai – 400021
T: (91) (20) 2528 0081
Mail ID: dt@ctltrustee.com
- (vii) Registrar of the issue**
NSDL Database Management Limited (NDML)
4th Floor, Trade World, 'A' Wing
Kamala Mills Compound
Lower Parel, Mumbai - 400 013
Tel: 91-22-24994200
Mail ID: info_ndml@nsdl.co.in
- (viii) Credit Rating Agency of the issue**
CARE Ratings Limited
4th Floor, Godrej Coliseum,
Somaiya Hospital Road,
Off Eastern Express Highway, Sion (E),
Mumbai – 400 022.
[Tel:91-22-67543456](tel:91-22-67543456)
Mail ID: care@careratings.com
- (ix) Auditors of the Issuer**
BRAHMAYYA & CO
48, Masilamani Road, Balaji Nagar,
Royapettah,

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Chennai – 600 014

VI. A brief summary of the business/ activities of the Issuer and its line of business containing atleast following information:-

i. 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 8 years, the company has grown from a branch network of 6 to more than 120 today and from an AUM of Rs.18 Crores to about Rs.835 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.

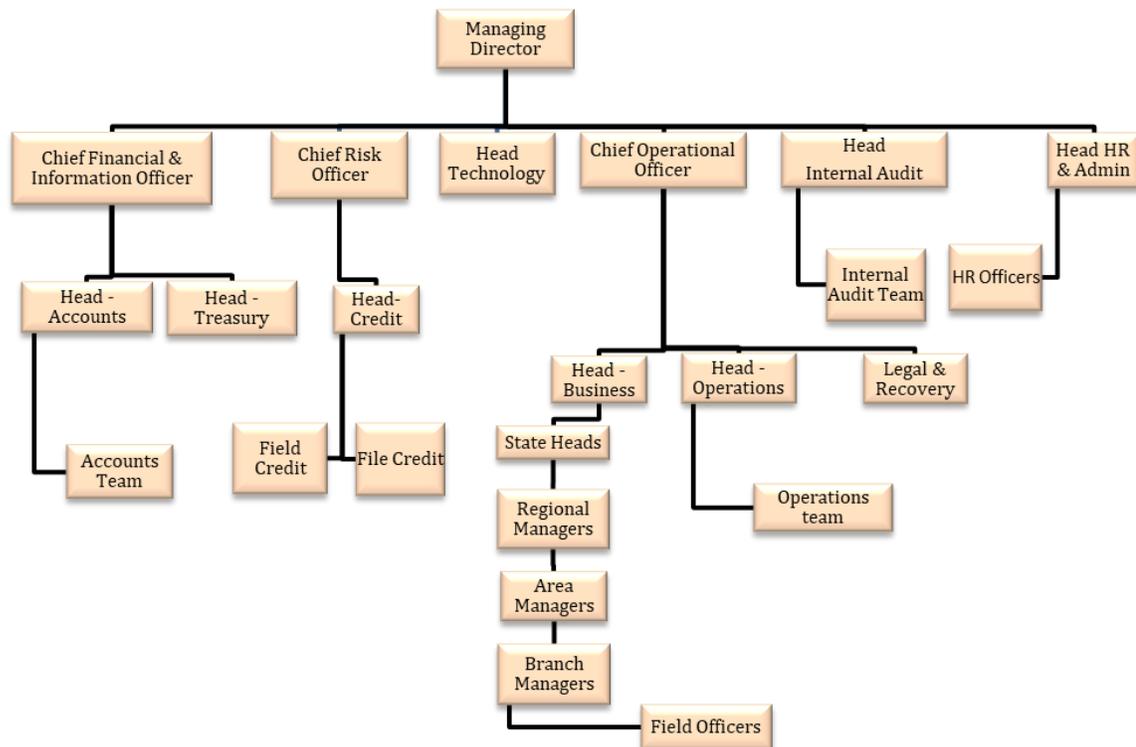
The company is currently engaged mainly in providing Collateralized Small Business Loans to its customers in urban, semi-urban and fast-growing rural geographies. All its loans are collateralised and fully secured against property. The collaterals are usually the residential house property of the borrower(s) (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 at end-December 2017, Five-Star operates 121 branches in 4 states – Tamil Nadu (51 branches), Andhra Pradesh (39 branches), Telangana (19 branches) and Karnataka (12 branches) with a borrower base of about 27,000 customers and a total portfolio under management of about Rs.835 Crores (consolidated).

The company has a wholly owned subsidiary Five-Star Housing Finance Private Limited that is registered as a Housing Finance Company (HFC) with the National Housing Bank (NHB), which commenced lending operations in Q3FY2017.

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ii. Corporate Structure



iii. Key Operational and Financial Parameters for the last 3 Audited years

| Parameters | Audited | Audited | Audited |
|--|---------------|---------------|----------------|
| | 31-Mar-15 | 31-Mar-16 | 31-Mar-17 |
| Net Worth | 712,515,444 | 911,664,224 | 2,244,910,246 |
| Total Debt | 876,986,354 | 1,287,561,229 | 4,518,596,749 |
| - Non current maturities of long term Borrowings | 347,201,603 | 800,228,098 | 3,387,155,261 |
| - Short term borrowings | 157,454,001 | 138,215,578 | 468,774,796 |
| - Current maturities of long term Borrowings | 372,330,750 | 349,117,553 | 662,666,692 |
| Net Fixed Assets | 7,774,575 | 19,087,887 | 64,046,555 |
| Non-Current Assets | 907,080,475 | 1,653,078,057 | 4,104,744,644 |
| Cash and Cash equivalents | 27,74,35,082 | 2,46,57,625 | 1,80,02,70,840 |
| Current Investments | 1,875,000 | 40,000,000 | - |
| Current Assets | 739,602,580 | 595,176,860 | 2,797,977,873 |
| Current Liabilities | 578,565,858 | 527,398,946 | 1,244,893,178 |
| Assets Under Management | 1,315,145,125 | | |

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| | | | |
|------------------------------------|-------------|---------------|---------------|
| | | 1,981,253,629 | 4,834,153,067 |
| Off balance sheet assets | - | - | - |
| Interest Income | 309,167,391 | 410,783,452 | 738,987,530 |
| Interest Expense | 103,711,509 | 140,728,963 | 237,324,652 |
| Provisioning & Write Offs | 4,445,844 | 7,276,578 | 27,953,775 |
| PAT | 99,219,623 | 134,148,780 | 193,748,451 |
| Gross NPA (%) | 1.81% | 1.82% | 2.52% |
| Net NPA (%) | 1.47% | 1.53% | 2.11% |
| Tier I Capital Adequacy Ratio (%) | 52.17% | 39.14% | 43.78% |
| Tier II Capital Adequacy Ratio (%) | 0.00% | 0.00% | 0.00% |

Gross Debt: Equity Ratio of the Company as on December 31, 2017:-

| | |
|-------------------------------------|------|
| Before the issue of debt securities | 0.82 |
| After the issue of debt securities | 1.16 |

Calculations:

As on December 31, 2017 debt-to-equity ratio is calculated as follows:-

| | |
|---------------------|--------|
| Debt (Rs. Crores) | 469.22 |
| Equity (Rs. Crores) | 575.10 |
| Debt/Equity | 0.82 |

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

| | |
|---------------------|--------|
| Debt (Rs. Crores) | 669.22 |
| Equity (Rs. Crores) | 575.10 |
| Debt/Equity | 1.16 |

- iv. Project cost and means of financing, in case of funding of new projects
Not Applicable.

VII. BRIEF HISTORY OF THE COMPANY SINCE ITS INCORPORATION GIVING DETAILS OF THE FOLLOWING ACTIVITIES

- i. Details of Share Capital as on last quarter end (being December 31, 2017):-

| | |
|--|---------------------|
| Share Capital | Rs. |
| Authorised | |
| 2,00,00,000 shares of Rs.10 each | 20,00,00,000 |
| TOTAL | 20,00,00,000 |
| Issued, Subscribed and Fully Paid- up | |
| 1,91,68,854 shares of Rs.10 each | 19,16,88,540 |
| Preference Shares | NIL |
| TOTAL | 19,16,88,540 |

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- ii. Changes in its capital structure as on last quarter end (being December 31, 2017), for the last five years:-

| Date of Change (AGM/EGM) | Authorised Capital in Rs. | Particulars |
|--------------------------|---------------------------|--|
| 12-April-2016 (EGM) | 20,00,00,000 | Increase in Authorised Capital from Rs. 12,00,00,000 to Rs. 20,00,00,000 |
| 21-February-2014 (EGM) | 12,00,00,000 | Increase in Authorised Capital from Rs. 7,00,00,000 to Rs. 12,00,00,000 |

- iii. Equity Share Capital History of the Company as on last quarter end (being December 31, 2017), for the last five years:-

| Date of Allotment | Name of Investor | No of Equity Shares | Face Value (in Rs) | Issue Price (in Rs) | Consideration | Nature of Allotment | Cumulative Paid Up Capital | | |
|-------------------|---|---------------------|--------------------|---------------------|-------------------|---------------------|----------------------------|------------------------------------|------------------------------------|
| | | | | | | | No of Equity Shares | Equity Share Capital (Rs in Crore) | Equity Share Premium (Rs in Crore) |
| 23-Aug-17 | Mr. R M Veerappan | 500 | 10 | 85 | 42,500.00 | ASOP | 1,91,68,854 | 19.17 | 0.003 |
| 18-Aug-17 | Norwest Venture Partners X – Mauritius | 18,90,569 | 10 | 674.4 | 1,27,49,99,733.60 | Private Placement | 1,91,68,354 | 19.17 | 313.28 |
| 18-Aug-17 | SCI Investments V | 18,90,569 | 10 | 674.4 | 1,27,49,99,733.60 | Private Placement | | | |
| 18-Aug-17 | NHPEA Chocolate Holding B.V. | 9,04,508 | 10 | 674.4 | 61,00,00,195.20 | Private Placement | | | |
| 18-Aug-17 | Matrix Partners India Investment Holdings II LLC | 20,759 | 10 | 674.4 | 1,39,99,869.60 | Private Placement | | | |
| 18-Aug-17 | Matrix Partners India Investments II Extension, LLC | 8,897 | 10 | 674.4 | 60,00,136.80 | Private Placement | 1,44,53,052 | 14.45 | - |
| 09-Jun-17 | Mr. Rangarajan Krishnan | 1,28,000 | 10 | 10 | 12,80,000.00 | ASOP | | | |
| 09-Jun-17 | Mr. G Srikanth | 40,000 | 10 | 10 | 4,00,000.00 | ASOP | | | |
| 09-Jun-17 | Mr. Seshadri | 10,000 | 10 | 10 | 1,00,000.00 | ASOP | | | |
| 09-Jun-17 | Mr. K Arun kumar | 10,000 | 10 | 10 | 1,00,000.00 | ASOP | 1,42,65,052 | 14.27 | 110.38 |
| 30-Jun-16 | NHPEA Chocolate Holding B.V. | 35,65,052 | 10 | 319.63 | 1,13,94,97,571.00 | Private Placement | | | |
| 30-Nov-15 | Mr. D Lakshmipathy | 1,50,000 | 10 | 130 | 1,95,00,000.00 | Private Placement | 1,07,00,000 | 10.70 | 1.80 |
| 29-Sep-15 | Mr. D Lakshmipathy | 3,50,000 | 10 | 130 | 4,55,00,000.00 | Private Placement | 1,05,50,000 | 10.55 | 4.20 |

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| | | | | | | | | | |
|-----------|--|-----------|----|-----|-----------------|-------------------|-------------|-------|-------|
| | | | | | 000.00 | nt | 0 | | |
| 03-Feb-15 | Matrix Partners India Investment Holdings II LLC | 12,00,000 | 10 | 130 | 15,60,00,000.00 | Private Placement | 1,02,00,000 | 10.20 | 14.40 |
| 21-Feb-14 | Matrix Partners India Investment Holdings II LLC | 20,00,000 | 10 | 85 | 17,00,00,000.00 | Private Placement | 90,00,000 | 9.00 | 15.00 |

- iv. Details of any Acquisition or Amalgamation in the last 1 year. - NIL
v. Details of any Reorganization or Reconstruction in the last 1 year – NIL

VIII. DETAILS OF THE SHAREHOLDING OF THE COMPANY AS ON THE LATEST QUARTER END (BEING DECEMBER 31, 2017):-

- i. Shareholding pattern of the Company as on last quarter end:-

| Sr. No. | Name of the Shareholder / Particulars | Total Number of equity shares | Total percentage (%) of Shareholding | Number of shares held in Demat Form |
|---------|---|-------------------------------|--------------------------------------|-------------------------------------|
| | Promoter Group | | | |
| 1 | D. Lakshmipathy (Chairman & MD) | 23,76,150 | 12.40% | - |
| 2 | L. Hema (Spouse) | 20,75,760 | 10.83% | - |
| 3 | R. Deenadayalan (Father) | 1,63,200 | 0.85% | - |
| 4 | D. Varalakshmi (Mother) | 44,770 | 0.23% | - |
| 5 | L. Sritha (Daughter) | 20,000 | 0.10% | - |
| | Domestic Investors | | | |
| 1 | Company Directors | 1,85,200 | 0.97% | - |
| 2 | Other Individual Shareholders | 16,60,760 | 8.66% | - |
| | Foreign Investors | | | |
| 1 | Matrix Partners India Investment Holding II, LLC | 41,00,999 | 21.39% | 41,00,999 |
| 2 | Matrix Partners India Investments II Extension, LLC | 68,897 | 0.36% | 68,897 |
| 3 | NHPEA Chocolate Holding B.V (Morgan Stanley) | 44,69,560 | 23.32% | 44,69,560 |
| 4 | Norwest Venture Partners X - Mauritius | 20,01,779 | 10.44% | - |
| 5 | SCI Investments V | 20,01,779 | 10.44% | 20,01,779 |
| | Total | 1,91,68,854 | 100.00% | |

Notes:- Shares pledged or encumbered by the promoters (if any) - NIL

- ii. List of top 10 holders of equity shares of the Company as on the latest quarter end:-

| Sr. No. | Name of the Shareholder / Particulars | Total Number of equity shares | Total percentage (%) of Shareholding | Number of shares held in Demat Form |
|---------|---------------------------------------|-------------------------------|--------------------------------------|-------------------------------------|
| 1 | NHPEA CHOCOLATE HOLDING B.V | 4469560 | 23.32% | 4469560 |
| 2 | MATRIX PARTNERS INDIA INVESTMENT | 4100999 | 21.39% | 4100999 |
| 3 | LAKSHMIPATHY.D | 2376150 | 12.40% | - |

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| | | | | |
|----|--------------------------------------|---------|--------|---------|
| 4 | HEMA.L | 2075760 | 10.83% | - |
| 5 | NORWEST VENTURE PARTNERS X-MAURITIUS | 2001779 | 10.44% | - |
| 6 | SCI INVESTMENTS V | 2001779 | 10.44% | 2001779 |
| 7 | ATMA RAM BUILDERS (P) LTD. | 425510 | 2.22% | - |
| 8 | JAYACHANDRAN.R | 174780 | 0.91% | - |
| 9 | DEENATHAYALAN.R | 163200 | 0.85% | - |
| 10 | RANGARAJAN.K | 128900 | 0.67% | 128900 |

IX. FOLLOWING DETAILS REGARDING THE DIRECTORS OF THE COMPANY:

i. Details of the current directors of the Company*

| S. No. | Name of the Directors | Designation | Age | Address | DIN | PAN | Director of the company since | Director in other company |
|--------|------------------------|------------------------------|-----|---|----------|------------|-------------------------------|---|
| 1 | D. LAKSHM IPATHY | Chairman & Managing Director | 44 | 39, Outer Circular, Road, Kilpauk Garden Colony, Kilpauk, Chennai – 600 010 | 01723269 | AATPL4799C | 2002 | FIVE-STAR HOUSING FINANCE PRIVATE LIMITED |
| 2 | B. HARI BABU | Independent Director | 59 | 39, Gajapathy St., Shenoy Nagar, Chennai – 600 030 | 01509249 | AAAPH2814F | 1996 | FIVE-STAR HOUSING FINANCE PRIVATE LIMITED |
| 3 | L.R. RAVIPR ASAD | Director | 56 | New No.40, Old No.34, II Main Road, E-Block, Anna Nagar East, Chennai – 600 102 | 01522796 | AACPR9982N | 2002 | VASUMATHI PROPERTIES PRIVATE LIMITED |
| 4 | VIKRAM VAIDYA NATHAN | Nominee Director | 37 | B-602, Zen Gardens, No.6, Artillary Road, Ulsoor, Behind Cambridge Hospital, Bengaluru Certified True | 06764019 | AFSPV0332H | 2015 | VER SE INNOVATION PRIVATE LIMITED, MSWIPE TECHNOLOGIES PRIVATE LIMITED, BIRDS EYE SYSTEMS PRIVATE LIMITED, OFB TECH PRIVATE LIMITED, & SARVALOKA SERVICES-ON-CALL PRIVATE LIMITED |
| 5 | RAMAN ATHAN ANNAM ALAI | Independent Director | 70 | "No. 28, Tansi Nagar, 18th Street Velacherry Chennai - 600 042" | 02645247 | AEHPA1356C | 2016 | SAMASTA MICROFINANCE LIMITED, GO DAIRY PRIVATE LIMITED, M POWER MICRO FINANCE PRIVATE LIMITED, HINDUSTHAN MICROFINANCE PRIVATE LIMITED, ASIRVAD MICRO FINANCE PRIVATE |

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| | | | | | | | | |
|---|----------------------|----------------------|----|---|----------|------------|------|---|
| | | | | | | | | LIMITED, VILLAGE FINANCIAL SERVICES PVT. LTD., UNNATI MICROFIN PRIVATE LIMITED, NIGHTINGALE FINVEST PRIVATE LIMITED, VEDIKA CREDIT CAPITAL LIMITED, FIVE-STAR HOUSING FINANCE PRIVATE LIMITED |
| 6 | KALPAN A IYER | Independent Director | 53 | "NO.601/701 Annabode, St Martin Road,Bandara West Mumbai - 400050" | 01874130 | AAYPK6340B | 2016 | INDIAN SCHOOL FINANCE COMPANY PRIVATE LIMITED, AAVAS FINANCIERS LIMITED, ASIRVAD MICRO FINANCE LIMITED, INCVALUE ADVISORS PRIVATE LIMITED, FULCRUM PAYMENT SOLUTIONS & SERVICES PRIVATE LIMITED & SVAKARMA FINANCE PRIVATE LIMITED |
| 7 | BHAMA KRISHN AMURTHY | Independent Director | 64 | "No. B1/23, Tecocrat, Cooperative Housing Society, Twin Tower Lane Veer Savarkar Marg, Prabhadevi, Mumbai - 400025" | 02196839 | AAPPK0269A | 2016 | SIDBI VENTURE CAPITAL LIMITED IDBI CAPITAL MARKET & SECURITIES LIMITED RELIANCE INDUSTRIAL INFRASTRUCTURE LIMITED JAINSONS FINLEASE LIMITED KOLTE-PATIL I-VEN TOWNSHIP (PUNE) LTD RELIANCE PAYMENT SOLUTIONS LIMITED INDIA SME ASSET RECONSTRUCTION COMPANY LIMITED TAB CAPITAL LIMITED PAISALO DIGITAL |

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| | | | | | | | | |
|----|---|-------------------------|----|--|----------|------------|------|---|
| 8 | ONG LING WEI | Nominee Director | 44 | "Flat B, 33 Floor, One Pacific Heights No.1, Wo Fung Street Hong Kong" | 02405458 | | 2016 | LIMITED ZCL CHEMICALS LIMITED |
| 9 | R ANAND | Independent Director | 57 | "No. 22/1, Warren Road Mylapore Chennai - 600004" | 00243485 | AACPA1877D | 2016 | MMTC LIMITED, CHENNAI INTERNATIONAL CENTRE, NANI PALKHIVALA ARBITRATION CENTRE, FIVE - STAR HOUSING FINANCE PRIVATE LIMITED & STERLING HOLIDAY RESORTS LIMITED |
| 10 | ARJUN SAIGAL | Alternate Director | 39 | "No. 536 Sainik Farms, New Delhi - 110062." | 07556188 | BMQPS5224R | 2016 | SOUTHERN HEALTH FOODS PRIVATE LIMITED & SAHAJANAND MEDICAL TECHNOLOGIES PRIVATE LIMITED |
| 11 | VASAN THIRUL OKCHA ND | Nominee Director | 42 | No.1, 11th Block, MMDA Colony, Mogappair East, Chennai - 600 037 | 07679930 | ADVPT9462H | 2016 | NONE |
| 12 | GANAPA THYAGR AHARA M VENKAT ARAMA N RAVISH ANKAR | Nominee Director | 40 | 17A, ETA Binny Crescent APTS, Benson Cross Road, Benson Town, Bangalore - 560046 | 02604007 | ADKPR1138F | 2017 | PRATAAP SNACKS LIMITED, PURE N SURE FOOD BITES PRIVATE LIMITED, GO FASHION (INDIA) PRIVATE LIMITED, WILDCRAFT INDIA PRIVATE LIMITED, MANAPPURAM FINANCE TAMIL NADU LIMITED, INDIA SHELTER FINANCE CORPORATION LIMITED, SEQUOIA CAPITAL INDIA ADVISORS PRIVATE LIMITED & HOMEVISTA DECOR AND FURNISHINGS 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

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ii. 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 Director | 07679930 | 15-12-2016 | - |
| Ganapathyagraharam Venkataraman Ravishankar | Nominee Director | 01522796 | 18-08-2017 | - |

X. FOLLOWING DETAILS REGARDING THE AUDITORS OF THE COMPANY:-

i. Details of the auditor of the Company:-

| Name | Address | Auditor since | Remark |
|---------------------|--|---------------|--------|
| M/S Brahmayya & Co. | No.48, Masilamani Road, Balaji Nagar, Royapettah, Chennai - 600 014. | August 2014 | NIL |

ii. Details of change in auditor since last three years:- NOT APPLICABLE

XI. DETAILS REGARDING THE EXTERNAL INTERNAL AUDITORS OF THE COMPANY:-

iii. Details of the external internal auditor of the Company:-

| Name | Address | Auditor since |
|---------------------------|--|---------------|
| M/S Sundaram & Srinivasan | New No:4, (23), C.P Ramaswamy Road, Alwarpet, Chennai - 600 018. | April 2017 |

XII. DETAILS OF BORROWINGS OF THE COMPANY, AS ON THE LATEST QUARTER END:-

i. Details of Secured Loan Facilities:-

| Sl. No. | Name of Bank / NBFC | Facility | Sanctioned Rs. Crores | Availed Rs. Crores | Bal. O/s As On 31.12.2017 Rs. Crores | Period (Months) | Security | |
|---------|---------------------|-----------|-----------------------|--------------------|--------------------------------------|-----------------|------------------------------------|-----------------|
| | | | | | | | Primary Security | Cash Collateral |
| 1 | HDFC Bank | Term Loan | 10.00 | 10.00 | 8.05 | 36 | Exclusive Charge on the receivable | NIL |

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| | | | | | | | |
|---|-----------------------------|-----------|-------|-------|-------|----|--|
| | | | | | | | s of the Company |
| | HDFC Bank | Car Loan | 0.53 | 0.53 | 0.34 | 60 | |
| 2 | Federal Bank | Term Loan | 10.00 | 10.00 | 8.13 | 48 | Exclusive Charge on the receivables of the Company |
| 3 | SBM Bank | Term Loan | 5.00 | 5.00 | 4.17 | 39 | Exclusive Charge on the receivables of the Company |
| 4 | State Bank of India | Term Loan | 40.00 | 40.00 | 34.35 | 60 | Exclusive Charge on the receivables of the Company |
| 5 | DCB Bank | Term Loan | 15.00 | 10.00 | 9.33 | 48 | Exclusive Charge on the receivables of the Company |
| | DCB Bank | Term Loan | 10.00 | 10.00 | 7.83 | 60 | Exclusive Charge on the receivables of the Company |
| | DCB Bank | Term Loan | 10.00 | 10.00 | 6.00 | 60 | Exclusive Charge on the receivables of the Company |
| 6 | South Indian Bank | Term Loan | 5.00 | 5.00 | 5.00 | 60 | Exclusive Charge on the receivables of the Company |
| 7 | South Indian Bank Karnataka | Term Loan | 5.00 | 5.00 | 3.64 | 60 | Exclusive Charge on the receivables of the Company |

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| | | | | | | | | |
|----|-----------------------|-------------|-------|-------|-------|----|--|-----|
| | Bank | | | 5.00 | 3.73 | 60 | Exclusive Charge on the receivables of the Company | |
| 8 | Bank of Baroda | Term Loan | 7.50 | 7.50 | 3.57 | 48 | Exclusive Charge on the receivables of the Company | |
| 9 | Lakshmi Vilas Bank | Term Loan | 5.00 | 5.00 | 1.98 | 48 | Exclusive Charge on the receivables of the Company | |
| 10 | RBL Bank | Term Loan | 50.00 | 30.00 | 26.47 | 36 | Exclusive Charge on the receivables of the Company | |
| | RBL Bank | Term Loan | 7.00 | 7.00 | 0.58 | 36 | Exclusive Charge on the receivables of the Company | |
| | RBL Bank | Term Loan | 15.00 | 15.00 | 8.18 | 36 | Exclusive Charge on the receivables of the Company | |
| 11 | AU Small Finance Bank | Term Loan | 30.00 | 30.00 | 30.00 | 48 | Exclusive Charge on the receivables of the Company | |
| | AU Small Finance Bank | Term Loan | 20.00 | 20.00 | 16.25 | 48 | Exclusive Charge on the receivables of the Company | |
| 1 | Federal Bank | Cash Credit | 5.00 | 5.00 | 3.61 | 12 | Exclusive Charge on the receivable | NIL |

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| | | | | | | | | |
|---|---|-------------|-------|-------|-------|----|--|-----|
| 2 | South Indian Bank | Cash Credit | 5.00 | 5.00 | 2.89 | 13 | Exclusive Charge on the receivables of the Company | |
| 3 | SBM Bank (Mauritius) | Cash Credit | 5.00 | 5.00 | 2.03 | 12 | Exclusive Charge on the receivables of the Company | |
| 4 | RBL Bank | Cash Credit | 5.00 | 5.00 | 0.24 | 12 | Exclusive Charge on the receivables of the Company | |
| 5 | City Union Bank | Cash Credit | 7.50 | 7.50 | 6.89 | 12 | Exclusive Charge on the receivables of the Company | |
| 1 | MAS Financial Services | Term Loan | 10.00 | 10.00 | 6.67 | 53 | Exclusive Charge on the receivables of the Company | NIL |
| | MAS Financial Services | Term Loan | 25.00 | 25.00 | 12.19 | 48 | Exclusive Charge on the receivables of the Company | |
| | MAS Financial Services | Term Loan | | | | 48 | Exclusive Charge on the receivables of the Company | |
| 2 | Cholamandalam Investment & Finance Co. Cholamandalam Investment | Term Loan | 5.00 | 5.00 | 2.92 | 60 | Exclusive Charge on the receivables of the Company | |
| | | Term Loan | 5.00 | 5.00 | 3.74 | 60 | Exclusive | |

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| | | | | | | | |
|---|------------------|-----------|-------|-------|-------|----|--|
| | & Finance Co. | | | | | | Charge on the receivables of the Company |
| 3 | Sundaram Finance | Term Loan | 5.00 | 5.00 | 3.12 | 60 | Exclusive Charge on the receivables of the Company |
| | Sundaram Finance | Term Loan | 15.00 | 15.00 | 13.22 | 60 | Exclusive Charge on the receivables of the Company |
| 4 | Nabkisan Finance | Term Loan | 13.00 | 13.00 | 10.56 | 48 | Exclusive Charge on the receivables of the Company |

ii. Details of Unsecured Loan Facilities:-

| Lender's Name | Type of Facility | Amount Sanctioned | Principal Amount Outstanding | Repayment Date/Schedule |
|---------------------|------------------|-------------------|------------------------------|-------------------------|
| Loan from Directors | Unsecured Loan | - | 0.94 | |

iii. Details of NCDs-

| Debenture Holders | Tenor/Period of Maturity | Coupon (Rate of Interest) | Amount (Rs in Lacs) | Date of allotment | Maturity Date | Credit Rating | Secured/Unsecured | Security |
|--|--------------------------|---------------------------|---------------------|-------------------|---------------|---------------|-------------------|--|
| INE128S07010 | 60 months | 13.60% | 3000 | 17-12-2015 | 06-12-2020 | CRISIL BBB | Secured | Exclusive Charge on the receivables of the Company |
| INE128S07275 | 48 months | 11.50% | 4500 | 28-12-2016 | 28-12-2020 | CARE A- | Secured | Exclusive Charge on the receivables of the Company |
| INE128S07259 | 48 months | 11.50% | 3000 | 28-12-2016 | 28-12-2020 | CARE A- | Secured | Exclusive Charge on the receivables of the Company |
| INE128S07069, INE128S07077, INE128S07085, INE128S07093, INE128S07101, INE128S07119, | 48 months | 11.45% | 2500 | 07-02-2017 | 07-02-2021 | CARE A- | Secured | Exclusive Charge on the receivables of the Company |

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| | | | | | | | | |
|---|-----------|--------|------|------------|------------|-------------------|---------|---|
| INE128S07127, INE128S07135 & INE128S07143 | | | | | | | | |
| INE128S07168, INE128S07176, INE128S07184, INE128S07192, INE128S07200, INE128S07218, INE128S07226, INE128S07234 & INE128S07242 | 48 months | 11.45% | 1500 | 15-03-2017 | 15-03-2021 | CARE A- | Secured | Exclusive Charge on the receivables of the Company |
| INE128S07267 | 48 months | 11.25% | 2400 | 28-02-2017 | 26-02-2021 | ICRA BBB+ * | Secured | Exclusive Charge on the receivables of the Company |
| INE128S07309 | 72 months | 11.50% | 2500 | 12-04-2017 | 30-03-2023 | ICRA BBB+ * | Secured | Exclusive Charge on the receivables of the Company |

*Upgraded to ICRA A- (Single A Minus) in January 2018.

iv. List of Top 10 Debenture Holders (as on December 31, 2017)

| S. No. | Name of Debenture Holders | Amount (Rs. in Crores) |
|--------|--|------------------------|
| 1 | IFMR CAPITAL FINANCE PRIVATE LIMITED | 45.00 |
| 2 | HINDUJA LEYLAND FINANCE LIMITED | 30.00 |
| 3 | NEDERLANDSE FINANCIERINGS-MAATSCHAPPIJ VOOR ONTWIKKELINGSLANDEN N.V. (FMO) | 25.71 |
| 4 | IFMR FIMPACT LONG TERM CREDIT FUND | 25.00 |
| 5 | AK CAPITAL FINANCIAL SERVICES LIMITED | 25.00 |
| 6 | AU SMALL FINANCE BANK LIMITED | 24.00 |
| 7 | AK CAPITAL FINANCIAL SERVICES LIMITED | 15.00 |
| 8 | Other Individual Holders | 0.29 |
| | Total | 190.00 |

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

vi. Details of Commercial Paper:- The total Face Value of Commercial Papers Outstanding as on the latest quarter end to be provided and its breakup in following table:-

| S No. | Name of the Subscriber | Amount (Rs. in Crores) |
|-------|--|------------------------|
| 1 | Mahindra & Mahindra Financial Services Ltd | 24.47 |
| | Total | 24.47 |

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- vii. Details of Rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on December 31, 2017

| Party Name (in case of Facility) / Instrument Name | Type of Facility / Instrument | Amt Sanctioned / Issued | Principal Amt outstanding | Repayment Date / Schedule | Credit Rating | Secured / Unsecured | Security |
|--|-------------------------------|-------------------------|---------------------------|---------------------------|---------------|---------------------|----------|
| NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |

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

NIL

- ix. 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

XIII. DETAILS OF PROMOTERS OF THE COMPANY:-

- i. Details of Promoter Holding in the Company as on the latest quarter end:-

| 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 | LAKSHMIPATHY.D | 23,76,150 | - | 12.40% | | |
| 2 | HEMA.L | 20,75,760 | - | 10.83% | | |
| 3 | DEENATHAYALAN.R | 1,63,200 | - | 0.85% | | |
| 4 | VARALAKSHMI.D | 44,770 | - | 0.23% | | |
| 5 | SRITHA.L | 20,000 | - | 0.10% | | |

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

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

| Profit and Loss Statement (INR) | 31.03.2015 | 31.03.2016 | 31.03.2017 |
|---------------------------------|--------------------|---------------------|---------------------|
| | Audited | Audited | Audited |
| Interest Income | 32,98,87,387 | 46,28,18,141 | 83,07,68,598 |
| Less: Interest Expenses | 10,37,11,509 | 14,07,28,963 | 23,73,24,652 |
| Net Interest Income | 22,61,75,878 | 32,20,89,178 | 59,34,43,946 |
| Other Income | 61,49,138 | 1,02,62,272 | 2,83,20,561 |
| Total Income | 23,23,25,016 | 33,23,51,450 | 62,17,64,507 |
| Operating Expenses | 7,22,86,359 | 11,67,74,045 | 27,67,32,146 |
| Provisions & Write Offs | 44,45,844 | 72,76,578 | 2,79,53,775 |
| Operating Profit | 15,55,92,813 | 20,83,00,827 | 31,70,78,586 |
| Depreciation | 36,18,843 | 51,13,527 | 92,30,453 |
| Profit Before Tax | 15,19,73,970 | 20,31,87,300 | 30,78,48,133 |
| Provisions for tax | 5,27,54,347 | 6,90,38,520 | 11,40,99,682 |
| Profit After Tax | 9,92,19,623 | 13,41,48,780 | 19,37,48,451 |

| Balance Sheet (INR) | 31.03.2015 | 31.03.2016 | 31.03.2017 |
|--|-----------------------|-----------------------|-----------------------|
| Equity capital | 10,20,00,000 | 10,70,00,000 | 14,26,50,520 |
| Reserve & Surplus | 61,05,15,444 | 80,46,64,224 | 2,10,22,59,726 |
| TNW (A) | 71,25,15,444 | 91,16,64,224 | 2,24,49,10,246 |
| Total Debt | 35,56,01,753 | 80,91,91,747 | 3,41,29,19,093 |
| Current Liabilities+ Provisions | 57,85,65,858 | 52,73,98,946 | 1,24,48,93,178 |
| Total Outside Liabilities (B) | 93,41,67,611 | 1,33,65,90,693 | 4,65,78,12,271 |
| Total Liabilities (A + B) | 1,64,66,83,055 | 2,24,82,54,917 | 6,90,27,22,517 |
| Fixed assets (Net) | 73,05,184 | 1,84,30,760 | 4,46,38,056 |
| Investments | 18,75,000 | 4,00,00,000 | 0 |
| Gross Advances | 1,31,51,45,125 | 1,98,12,53,628 | 4,83,41,53,067 |
| Cash / Liquid Investments | 28,71,85,083 | 3,06,57,625 | 1,80,96,71,195 |
| Non-Current assets | 1,07,71,232 | 97,54,578 | 16,78,95,366 |
| Other current assets | 1,80,39,517 | 15,67,95,529 | 25,08,860 |
| Deferred Tax Assets | 55,78,059 | 1,00,87,770 | 2,44,47,474 |
| Intangible Assets | 4,69,391 | 6,57,127 | 1,94,08,499 |
| Other Long Term Assets | 3,14,464 | 6,17,900 | 0 |
| Total Assets | 1,64,66,83,055 | 2,24,82,54,917 | 6,90,27,22,517 |

| Cash Flow Statement (INR) | 31.03.2015 | 31.03.2016 | 31.03.2017 |
|--|---------------------|---------------------|---------------------|
| A)CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net Profit | 9,92,19,623 | 13,41,48,780 | 19,37,48,451 |
| Provision for Taxation | 5,27,54,347 | 6,90,38,520 | 11,40,99,682 |
| Total | 15,19,73,970 | 20,31,87,300 | 30,78,48,133 |
| | | | |
| Add: Financial Expenses | 10,37,11,510 | 14,07,28,963 | 23,73,24,652 |
| Depreciation | 36,18,843 | 51,13,527 | 92,30,453 |
| Provision against Non - Performing assets | 13,47,390 | 14,85,008 | 1,39,67,084 |
| General Provision on Standard Assets | 7,71,067 | 16,35,373 | 1,39,86,691 |
| Provision for Gratuity | 13,01,151 | 13,54,604 | 19,92,658 |
| (Profit)/loss on sale of Fixed Assets | -59,371 | 0 | -2,41,767 |
| Interest/Dividend Income | | | |
| Operating Profit Before Working Capital | 26,26,64,560 | 35,35,04,775 | 58,41,07,904 |

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| Changes | | | |
|---|----------------------|----------------------|------------------------|
| Add: | | | |
| (Increase) Decrease in Loans and Advances | -307,135,246 | -666,108,504 | -2,85,28,99,439 |
| (Increase) Decrease in Other Receivables | 25,50,426 | 93,37,758 | -50,90,736 |
| (Increase) Decrease in Other Current Assets | -21,35,686 | 32,78,499 | -22,44,162 |
| (Increase) Decrease in Other Non Current Assets | 3,60,856 | -3,03,436 | 6,17,900 |
| Increase (Decrease) in Current Liabilities | 40,62,706 | 1,84,968 | 82,94,968 |
| Increase (Decrease) in Other Current Liabilities | -14,18,681 | -61,437 | 2,08,49,571 |
| Financial Expences | -10,69,88,787 | -13,36,92,818 | -21,80,21,416 |
| Direct Taxes Paid | -5,03,30,536 | -7,35,24,496 | -11,73,43,534 |
| Net Cash from Operating Activities (A) | -19,83,70,388 | -50,73,84,691 | -2,58,17,28,944 |
| B) CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets | -42,14,869 | -1,64,26,838 | 5,46,51,357 |
| Sale of Fixed Assets | 1,51,500 | 0 | 7,04,000 |
| Investments in Fixed Deposit | -50,00,000 | 37,50,000 | 80,424 |
| Sale of Investments | 57,33,257 | -18,84,80,615 | 4,00,00,000 |
| Net Cash from Investing Activities (B) | -33,30,112 | -20,11,57,453 | -1,38,66,933 |
| C) CASH FLOW FROM FINANCING ACTIVITIES | | | |
| <u>Long Term & Medium Term</u> | | | |
| Increase in Share Capital | 1,20,00,000 | 50,00,000 | 3,56,50,520 |
| Increase in Share Premium | 14,40,00,000 | 6,00,00,000 | 1,10,38,47,051 |
| Proceeds from Issue of Debentures | 1,75,00,000 | 30,00,00,000 | 1,37,27,25,000 |
| Debentures Redeemed | -6,81,79,000 | -6,49,70,000 | 0 |
| Increase (Decrease) in Term Loans from Banks & Others | 15,66,46,700 | 19,44,95,495 | 1,19,45,87,163 |
| Increase (Decrease) in Loan from Directors | 10,66,000 | -48,11,000 | -1,38,93,000 |
| Increase (Decrease) in Other Borrowings | 6,71,23,218 | -6,71,23,218 | 22,66,24,544 |
| <u>Short Term</u> | | | |
| Increase (Decrease) in Bank Borrowings | 6,00,13,015 | 5,30,70,599 | 45,16,67,814 |
| Dividend paid (Including Corporate Dividend Tax) | -1,51,91,401 | -1,98,97,189 | 0 |
| Net Cash from Financing Activities (C) | 37,49,78,532 | 45,57,64,687 | 4,37,12,09,092 |
| Net Increase in Cash and Cash Equivalents (A) + (B) + (C) | 17,32,78,032 | -25,27,77,457 | 1,77,56,13,215 |
| Cash and Cash Equivalents at the Beginning of the Year | 10,41,57,050 | 27,74,35,082 | 2,46,57,625 |
| Cash and Cash Equivalents at the End of the Year | 27,74,35,082 | 2,46,57,625 | 1,80,02,70,840 |
| Components of Cash and Cash Equivalents at the end of the Year | | | |
| Cash on Hand | 52,76,939 | 31,08,914 | 1,01,85,935 |
| Cash with Scheduled Banks | 27,21,58,143 | 2,15,48,711 | 1,79,00,84,905 |
| Cash and Cash Equivalents | 27,74,35,082 | 2,46,57,625 | 1,80,02,70,840 |

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Abridged version of Latest Audited / Limited Review Half Yearly Consolidated (wherever available) and Standalone Financial Information (like Profit & Loss statement, and Balance Sheet) and auditors qualifications, if any*.

| Profit and Loss Statement (in INR) | For the period ended |
|---|----------------------|
| | 31-Mar-17 |
| Revenue from Operations | 830,768,598 |
| Other Income | 28,320,561 |
| Total Revenue | 859,089,159 |
| Expenses: | |
| Finance Costs | 237,324,652 |
| Employee Benefit Expense | 185,820,781 |
| Other Expenses | 90,911,365 |
| Provision, Loan loss and other charges | 27,953,775 |
| Depreciation | 9,230,453 |
| Total expenses | 551,241,026 |
| Profit / (Loss) for the period before Tax | 307,848,133 |
| - Current tax | 128,459,386 |
| - Deferred tax expense/(benefit) | (14,359,704) |
| Profit after tax | 193,748,451 |
| Balance Sheet (in INR Cr) | 31-Mar-17 |
| EQUITY AND LIABILITIES | |
| Shareholder's funds | |
| Share capital | 142,650,520 |
| Reserves and surplus | 2,102,259,726 |
| Non-current Liabilities | |
| Long-term borrowings | 3,387,155,261 |
| Other long-term liabilities | 66,622 |
| Long-term provisions | 25,697,210 |
| Current liabilities | |
| Short-term borrowings | 468,774,796 |
| Trade Payable | 12,271,680 |
| Other current liabilities | 727,425,596 |
| Short-term provisions | 36,421,106 |
| Total | 6,902,722,517 |
| ASSETS | |

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| | |
|-------------------------------|----------------------|
| | |
| Non-current assets | |
| Fixed assets | |
| (i) Tangible Assets | 44,638,056 |
| (ii) Intangible Assets | 19,408,499 |
| Deferred tax assets, net | 24,447,474 |
| Non-Current Investments | 150,355,615 |
| Loan portfolio | 3,848,355,249 |
| Long-term loans and advances | 17,539,751 |
| Other non-current assets | - |
| | |
| Current assets | |
| Current Investments | - |
| Cash and bank balances | 1,806,401,914 |
| Loan portfolio | 985,797,818 |
| Short-term loans and advances | 3,269,281 |
| Other current assets | 2,508,860 |
| | |
| Total | 6,902,722,517 |

* The Issuer undertakes that it shall provide latest Audited or Limited Review Financials in line with 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 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' (QIBs) and other existing debenture-holders within two working days of their specific request.

XIV. 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.

NIL

XV. 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 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

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the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. Investors should also read the detailed information set out elsewhere in this Information Memorandum and/or the Private Placement Offer Letter and reach their own views prior to making any investment decision.

REPAYMENT IS SUBJECT TO THE CREDIT RISK OF THE ISSUER.

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

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.

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.

CHANGES IN INTEREST RATES MAY AFFECT THE PRICE OF NCDs.

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

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.

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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.

ENFORCEMENT OF SECURITY

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

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.

LEGALITY OF PURCHASE

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

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.

RISKS RELATED TO THE BUSINESS OF THE ISSUER

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

The Issuer's financial condition is directly correlated to its ability to control the level of Non-Performing Assets ("NPAs") in the future and if the Issuer's loan loss reserves are insufficient to

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cover future loan losses, its financial condition and results of operations may be materially and adversely affected.

As at December 31, 2017, the gross NPA was Rs. 18.11 Crores on a gross portfolio of Rs. 808.31 Crores (including managed / securitized portfolio of Rs. [0] Crores).

The Issuer cannot assure that it will be able to effectively control 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, and due to other factors beyond its control. If the Issuer is unable to manage its NPAs or adequately recover its loans, the results of its operations will be adversely affected.

The current loan loss reserves of the Issuer may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of Client Loans. As a result, if the quality of its total loan portfolio deteriorates the Issuer may be required to increase its loan loss reserves, which will adversely affect its financial condition and results of operations.

(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 four (4) 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

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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.

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***

NBFCs in India are subject to strict regulation and supervision by the RBI. Pursuant to guidelines issued by the RBI (circular dated August 3, 2012) the Issuer is required to maintain its status as a NBFC. The Issuer requires certain approvals, licenses, registrations and permissions for operating its business, 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 the Issuer may not be aware of or comply with all requirements all of the time. In

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particular, the Issuer is required to obtain a certificate of registration for carrying on business as a NBFC that is subject to numerous conditions.

XVI. TRUSTEES

Catalyst Trusteeship Limited has agreed to act as the trustees for and on behalf of the Debenture holder vide their letter dated March 14, 2018 and have given their consent to the Company for their appointment as the trustee under regulation 4 (4) of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 dated June 6, 2008, as amended from time to time and in all the subsequent periodical communications sent to the holders of debt securities.

The consent letter of the trustee has been provided in Annexure II.

XVII. RATING RATIONALE ADOPTED BY THE RATING AGENCIES

The Company proposes to issue 650 (Six Hundred and Fifty) Secured, Rated, Senior, Redeemable, Taxable, Transferable, Listed Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs Only) each, aggregating up to Rs. 65,00,00,000/- (Rupees Sixty Five Crores Only) issued on a fully paid basis and on a private placement basis (the "Issue") as part of the third series ("Series C Debentures") of the proposed issue of 2,000 (Two Thousand) Secured, Rated, Redeemable, Listed Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs Only) each, aggregating up to Rs. 200,00,00,000/- (Rupees Two Hundred Crores Only) .

Rating: The NCDs are rated '**A-/Positive**' by **CARE** vide their letter dated March 17, 2018. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

Please note that the rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating obtained is subject to revision at any point of time in the future. The rating agencies have a right to suspend, withdraw the rating at any time on the basis of new information etc.

The rating rationale has been provided in Annexure III.

XVIII. SECURITY

The Debentures issued by the Company shall be secured by

- (i) a first ranking charge created by way of hypothecation over the Hypothecated Property in terms of the Security Documents, and
- (ii) a first ranking pari passu charge created over each of the Company Mortgaged Properties in terms of this Deed, in favour of the Trustee (acting for the benefit of the Debenture Holders).

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XIX. LISTING

The Issuer shall list the Debentures at the WDM segment of BSE Limited within 20 (twenty) calendar days from the Deemed Date of Allotment failing which the Company shall be required to redeem or buy back the Debentures issued along with all interest accrued till such redemption or buy back and the Issuer shall also maintain continuous listing till the term of the Debentures. The Issuer shall comply with all the listing requirements including payment of listing fee to ensure continued listing of the Debentures during the tenor of the Debentures.

XX. DRR

The Company undertakes that, if required to do so, it would create a Debenture Redemption Reserve (“DRR”) as per the provisions of the Act and the guidelines issued by SEBI, and if during the currency of the Debentures, any guidelines are formulated (or modified or revised) by any government agency having authority under Law in respect of creation of DRR, the Company shall abide by such guidelines and execute all such supplemental letters, agreements and deeds of modifications as may be required by the Trustee. Where applicable, the Company shall submit to the Trustee, within 45 (forty five) days from the end of each Financial Year, a certificate issued by its auditors certifying that the Company has created and maintained the DRR in accordance with the provisions of the Act.

XXI. ISSUE/INSTRUMENT SPECIFIC REGULATIONS – RELEVANT DETAILS

The issue of Debentures is in compliance with/governed by the relevant provisions of applicable law including the following:

- a) Companies Act, 1956, to the extent applicable;
- b) Companies Act, 2013, to the extent applicable;
- c) Companies (Share Capital and Debentures) Rules, 2014;
- d) Companies (Prospectus and Allotment of Securities) Rules, 2014;
- e) RBI circular on *Raising Money through Private Placement of Non-Convertible Debentures (NCDs) by NBFCs*, dated February 20, 2015
- f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time; and
- g) The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as amended from time to time.
- h) Securities and Exchange Board of India (Listing Obligations and Disclosure) Requirements Regulations, 2015, as applicable

XXII. DETAILS OF THE ISSUE

| | |
|----------------------|--|
| Security Name | 10.21% Five Star Business Finance Limited 2023 |
| Issuer | Five Star Business Finance Limited |
| Type of Instrument | Non-Convertible Debentures |
| Nature of Instrument | Secured, Rated, Senior, Redeemable, Taxable, Transferable, Listed Non-Convertible Debentures |
| Seniority | Senior Secured |
| Mode of Issue | Private placement |
| Eligible Investors | As per Clause XXV below |

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| | |
|--|--|
| Security Name | 10.21% Five Star Business Finance Limited 2023 |
| Listing (including name of stock Exchange(s) where it will be listed and timeline for listing) | <p>To be listed on the wholesale debt market segment of the BSE Limited</p> <p>(a) Within 15 calendar days of the relevant Deemed Date of Allotment, the Company shall submit all duly completed documents to the BSE, SEBI, ROC or any other Governmental Authority, as are required under Applicable Law and obtain the listing of the Debentures within 20 (Twenty) calendar days from the Deemed Date of Allotment ("Listing Period"). PROVIDED THAT, if any of the Debenture Holders are foreign portfolio investors then the Listing Period shall be deemed to be 15 (Fifteen) calendar days from the Deemed Date of Allotment and if the Debentures are not listed within the Listing Period for any reason whatsoever, then the Company will immediately redeem and/or buyback the Debentures from the Debenture Holders that are foreign portfolio investors.</p> <p>(b) If the Company fails to redeem or buyback the Debentures in accordance with (a) above, then any Debenture Holder that is a foreign portfolio investor, may, at its option, sell the Debentures to a third party. The Company shall (i) indemnify such Debenture Holders for any loss, damage, costs, charges, expenses and liability that the Debenture Holder(s) may incur in relation to such sale to a third party, and (ii) co-operate in such sale by taking all necessary corporate actions, and other actions required by Applicable Law.</p> <p>(c) The Company shall ensure that the Debentures continue to be listed on the wholesale debt market segment of the BSE.</p> <p>(d) The Company shall ensure that the Debentures at all times are rated in accordance with the provisions of the Transaction Documents and that the rating of the Debentures is not downgraded or withdrawn throughout the tenor of the Debentures.</p> <p>In the event there is any delay in listing of the Debentures beyond 20 (twenty) calendar days from the relevant Deemed Date of Allotment, the Company will pay to the Debenture Holders, penal interest of 1% per annum over the Interest Rate, from the expiry of 30 (thirty) calendar days from the Deemed Date of Allotment till the listing of the Debentures is completed.</p> |
| Rating of the Instrument | A- (Positive) by CARE Limited |
| Issue Size | Rs 650,000,000/- (Rupees Sixty Five Crores only) |
| Number of debentures | 650 |
| Option to retain oversubscription (Amount) | N.A. |
| Objects of the Issue | To raise senior secured debt to the extent up to Rs 650,000,000/- (Rupees Sixty Five Crores only) |
| Details of the utilization of | The proceeds of the Issuance will be utilized for the following purposes: |

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| | |
|-------------------------------|--|
| Security Name | 10.21% Five Star Business Finance Limited 2023 |
| the Proceeds | <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> |
| Coupon Rate | 10.21% Coupon, monthly compounding, payable quarterly |
| Step Up/Step Down Coupon Rate | <p>(a) Step Up</p> <p>(i) If the Company fails to issue any of the Series B Debentures, Series C Debentures, and/or the Series D Debentures in accordance with the respective Offer Schedule to the Initial Debenture Holders, the Interest Rate shall be increased by 5% per annum ("Step Up Rate") and such increased Interest Rate (i.e. 15.21% per annum) shall be applicable on the Outstanding Principal Amounts from the date on which any of the Series B Debentures, Series C Debentures, and/or the Series D Debentures were proposed to be issued as set out in the respective Offer Schedule to the Initial Debenture Holders. Step Up shall not require any notice, intimation or action on behalf of the Debenture Trustee or the Debenture Holders.</p> <p>(ii) The Company and the Debenture Holders agrees that the Step Up shall occur automatically in case of default by the Company to issue any of the Series B Debentures, Series C Debentures, and/or the Series D Debentures in accordance with the Offer Schedule and the Debenture Trustee shall not be required to give any notice thereof to the Company.</p> <p>(b) Step Down</p> <p>(i) If the Company issues any of the Series B Debentures, Series C Debentures, and/or the Series D Debentures in accordance with the respective Offer Schedule, and the Initial Debenture Holders fails to subscribe to the relevant series of Debentures in accordance with the respective Offer Schedule, the Interest Rate shall be decreased by 5% per annum ("Step Down Rate") and such decreased Interest Rate (i.e. 5.21% per annum) shall be applicable on the Outstanding Principal Amounts from the date on which any of the Series B Debentures, Series C Debentures, and/or the Series D Debentures were proposed to be subscribed by the Initial Debenture Holders as set out in the respective Offer Schedule. Step Down shall not require any notice, intimation or action on behalf of the Company.</p> |

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| Security Name | 10.21% Five Star Business Finance Limited 2023 |
| | <p>(ii) The Company and the Debenture Holders agrees that the Step Down shall occur automatically in case of default by the Initial Debenture Holders to subscribe to any of the Series B Debentures, Series C Debentures, and/or the Series D Debentures in accordance with the Offer Schedule and the Company shall not be required to give any notice thereof to the Debenture Trustee or the Initial Debenture Holders.</p> |
| Coupon Payment Frequency | Quarterly |
| Coupon payment dates | As mentioned in Schedule XXVIII below |
| Coupon Type | Fixed Coupon Rate |
| Coupon Reset Process | <p>(i) <i>Put Option Interest Rate</i></p> <p>In the event the Put Option with respect to any of the Series A Debentures, the Series B Debentures, Series C Debentures, and/or the Series D Debentures is exercised on the Exercise Date, in accordance with Clause 2.10(a) of Debenture Trust Deed:</p> <p>(A) Interest payable on the relevant Debentures shall be determined on the basis of the Put Option Interest Rate for the entire tenure of the Series A Debentures, the Series B Debentures, Series C Debentures, and/or the Series D Debentures (as the case may be); and</p> <p>(B) the difference of the amounts of Interest payable on the relevant Debentures being the difference between the Interest determined on the basis of the Interest Rate and the Interest determined on the basis of the Put Option Interest Rate for the entire tenure of the Series A Debentures, the Series B Debentures, Series C Debentures, and/or the Series D Debentures (as the case may be), shall be paid by the Debenture Holders to the Company by way of a one-time payment on exercise of the option by the Debenture Holders on the relevant Final Redemption Date as more particularly set out in Schedule IV.</p> <p>(C) For the avoidance of doubt, Put Option Interest Rate will not be applicable in the scenario where Put Option is exercised in the event of a Rating Downgrade</p> <p>(ii) <i>Call Option Interest Rate</i></p> <p>In the event the Call Option with respect to any of the Series A Debentures, the Series B Debentures, Series C Debentures, and/or the Series D Debentures is exercised on the Exercise Date, in accordance with Clause</p> |

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| Security Name | 10.21% Five Star Business Finance Limited 2023 |
| | <p>2.10(b) of the Debenture Trust Deed:</p> <p>(A) Interest payable on the relevant Debentures shall be determined on the basis of the Call Option Interest Rate for the entire tenure of the Series A Debentures, the Series B Debentures, Series C Debentures, and/or the Series D Debentures (as the case may be); and</p> <p>(B) the difference of the amounts of Interest payable on the relevant Debentures being the difference between the Interest determined on the basis of the Call Option Interest Rate and the Interest determined on the basis of the Interest Rate for the entire tenure of the Series A Debentures, the Series B Debentures, Series C Debentures, and/or the Series D Debentures (as the case may be), shall be paid by the Company to the Debenture Holders by way of a one-time payment on the relevant Final Redemption Date as more particularly set out in Schedule IV.</p> |
| Day Count Basis | Actual/ Actual |
| Interest on Application Money | 10.21% Coupon, monthly compounding, payable quarterly |
| Default Interest Rate | <p>(a) The Company agrees to pay a default interest rate of 2% (Two per cent) per annum above the applicable Interest Rate on the Outstanding Principal Amounts from the date of the occurrence of a Payment Default or any other Event of Default until such Payment Default or Event of Default is cured.</p> <p>(b) The Company agrees to pay an additional interest rate of 2% (Two per cent) per annum above the applicable Interest Rate on the Outstanding Principal Amounts from the date of the occurrence of any breach of its obligations set out under the Transaction Documents until such breach is cured.</p> <p>(c) If the Company fails to create and perfect security on the Hypothecated Receivables within 30 (Thirty) days from the Series A Deemed Date of Allotment, the Company will either refund the subscription amounts with interest at the Interest Rate, or the Company will pay default interest at the rate of 2% (Two Percent) per annum above the Interest Rate on the Outstanding Principal Amounts until the security is created in accordance with the DTD and the security is perfected in accordance with Applicable Law.</p> |
| Tenor | 60 Months from the Deemed Date of Allotment for the Series A Debentures |
| Redemption Dates | If neither the Put Option nor the Call Option are exercised on the Exercise Date, (a) the Series A Debentures shall be redeemed on a pari passu basis by the Company by way of four equal installments of INR 1,25,00,000 |

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| | (Indian Rupees One Crore Twenty Five Lakh) each on the Series A Redemption Dates, (b) the Series B Debentures shall be fully redeemed on a pari passu basis by the Company by way of four equal installments of INR 16,25,00,000 (Indian Rupees Sixteen Crore Twenty Five Lakh) each on the Series B Redemption Dates, (c) the Series C Debentures shall be fully redeemed on a pari passu basis by the Company by way of four equal installments of INR 16,25,00,000 (Indian Rupees Sixteen Crore Twenty Five Lakh) each on the Series C Redemption Dates, (d) the Series D Debentures shall be fully redeemed on a pari passu basis by the Company by way of four equal installments of INR 16,25,00,000 (Indian Rupees Sixteen Crore Twenty Five Lakh) each on the Series D Redemption Dates |
| Redemption Amount | The sum of the principal outstanding on the Debentures, accrued Coupon, Default Interest payable (if any) and other charges and fees payable. |
| Redemption Premium /Discount | Not Applicable |
| Issue Price | At par |
| Discount at which security is issued and the effective yield as a result of such discount. | Not Applicable |
| Put option Date | <p>i. The Debenture Trustee (acting on the instruction of the Special Majority Debenture Holders) shall (a) on the Exercise Date or (b) in the event of a Rating Downgrade, have the right to seek redemption of any of the Series A Debentures, the Series B Debentures, Series C Debentures, and/or the Series D Debentures by exercising the "Put Option" on behalf of the Debenture Holders.</p> <p>ii. To exercise the Put Option on the Exercise Date, the Debenture Trustee (acting on the instructions of the Special Majority Debenture Holders) or the Special Majority Debenture Holders shall send a notice to the Company (with a copy to the Debenture Trustee) in writing at least 60 (Sixty) calendar days prior to the Exercise Date informing the Company of the exercise of the Put Option. If the Put Option is exercised, the relevant series of Debentures will be redeemed on the Exercise Date.</p> <p>iii. To exercise the Put Option in the event of a Rating Downgrade, the Debenture Trustee (acting on the instructions of the Special Majority Debenture Holders) or the Special Majority Debenture Holders shall send a notice to the Company (with a copy to the Debenture Trustee) in writing at least 30 (Thirty) calendar days prior to the date on which the Debentures are to be redeemed ("Early Redemption Date"), and informing the Company of the exercise of the Put Option. If the Put Option is exercised under this sub-Clause (iii), the relevant series of Debentures will be redeemed on the Early Redemption Date.</p> |
| Put option Price | INR 10,00,000 (Rupees Ten Lakh only) per Debenture |

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| Security Name | 10.21% Five Star Business Finance Limited 2023 | |
| Call Option Date | <p>i. The Company shall on the Exercise Date have the right to redeem any of the Series A Debentures, the Series B Debentures, Series C Debentures, and/or the Series D Debentures, by exercising the "Call Option".</p> <p>ii. To exercise the Call Option on the Exercise Date, the Company shall send a notice to the Debenture Trustee and all Debenture Holders in writing at least 60 (Sixty) calendar days prior to the Exercise Date informing them of the exercise of the Call Option. If the Call Option is exercised under this sub-Clause (ii), the relevant series of Debentures will be redeemed on the Exercise Date.</p> | |
| Call Option Price | INR 10,00,000 (Rupees Ten Lakh only) per Debenture | |
| Put Notification Time | At the end of 32 months from the Series A Deemed Date of Allotment | Series A Debentures and Series B Debentures |
| | At the end of 34 months from the Series A Deemed Date of Allotment | Series C Debentures |
| | At the end of 36 months from the Series A Deemed Date of Allotment | Series D Debentures |
| Call Notification Time | At the end of 32 months from the Series A Deemed Date of Allotment | Series A Debentures and Series B Debentures |
| | At the end of 34 months from the Series A Deemed Date of Allotment | Series C Debentures |
| | At the end of 36 months from the Series A Deemed Date of Allotment | Series D Debentures |
| Face Value | Rs. 10,00,000/- (Rupees Ten Lakhs Only) per Debenture | |
| Minimum Application and in multiples of 1 Debt securities thereafter | 1 Debentures and in multiple of 1 Debentures thereafter. | |
| Issue Timing | <p>1. Issue Opening Date May 28, 2018</p> <p>2. Issue Closing Date May 28, 2018</p> <p>3. Pay-in Date May 28, 2018</p> <p>4. Deemed Date of Allotment May 28, 2018</p> | |
| Issuance mode of the Instrument | Demat only | |
| Trading mode of the Instrument | Demat only | |
| Settlement mode of the | RTGS | |

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| Security Name | 10.21% Five Star Business Finance Limited 2023 |
| Instrument | |
| Depository | NSDL/CDSL |
| Business Day Convention | If any coupon payment date falls on a day that is not a working day, the payment shall be made on the immediately succeeding working day. If the redemption date/exercise date/maturity date (also being the last coupon payment date) of the Debentures falls on a day that is not a working day, the redemption proceeds shall be paid on the immediately preceding working day. |
| Record Date | 3 (Three) days prior to each Coupon Payment / Redemption date. |
| Security (where applicable) (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security). | <p>(a) The Debentures shall be secured (i) by way of a first ranking exclusive and continuing charge to be created pursuant to an unattested deed of hypothecation, dated on or about the Series A Deemed Date of Allotment, executed or to be executed and delivered by the Company in a form acceptable to the Debenture Trustee over the book debts / loan receivables of the Company as described therein and (ii) a first ranking <i>pari passu</i> mortgage created over the Immovable Property by and under the DTD and such other security interest as may be agreed between the Company and the Debenture Holders ((i) and (ii) above are hereinafter collectively referred to as the "Security").</p> <p>(b) The charge over the Hypothecated Receivables at all times be (i) at least 1.10 (One Decimal One Zero) times the value of the Outstanding Amounts; and (ii) the principal receivables of the Client Loans comprising the Hypothecated Receivables shall be at least 1.10 (One Decimal One Zero) times the value of the Outstanding Amounts (collectively, the "Security Cover") and shall be maintained at all times until all the Obligations are satisfied by the Company. The value of the Hypothecated Receivables for this purpose (for both initial and subsequent valuations) shall be the amount reflected as the value thereof in the books of accounts of the Company.</p> <p>(c) The Company is hereunder creating the mortgage over the Immovable Property in terms of the DTD and shall register the DTD with the jurisdictional sub-registrar of assurances and shall file Form CHG-9 with the ROC and Form I with CERSAI in respect of the mortgage over the Immovable Property within 30 (Thirty) days of the Deemed Date of Allotment.</p> <p>(d) The Company shall create the charge over the Hypothecated Receivables and perfect such security by filing Form CHG-9 with the ROC and Form I with CERSAI in respect thereof within 30 (Thirty) calendar days from the Deemed Date of Allotment.</p> |

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| Security Name | 10.21% Five Star Business Finance Limited 2023 |
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| | <p>The Company hereby agrees, declares and covenants with the Debenture Trustee as follows:</p> <ul style="list-style-type: none"><li data-bbox="537 359 1429 625">(i) the Debentures shall be secured by (A) a first ranking exclusive continuing security by way of a first ranking exclusive charge on the Hypothecated Receivables in favour of the Debenture Trustee for the benefit of the Debenture Holders, and (B) a first ranking <i>pari passu</i> charge over the Immovable Property created by way of a mortgage (without possession) under the DTD in favour of the debenture Trustee in favour of the Debenture Holders;<li data-bbox="537 657 1429 1073">(ii) all the Hypothecated Receivables that will be charged to the Debenture Trustee shall always be kept distinguishable and held as the exclusive property of the Company specifically appropriated to this Security and be dealt with only under the directions of the Debenture Trustee. The Company shall not create any charge, lien or other encumbrance upon or over the Hypothecated Receivables or any part thereof except in favour of the Debenture Trustee nor will it do or allow anything that may prejudice this Security. The Debenture Trustee shall be at liberty to incur all costs and expenses as may be necessary to preserve this Security and to maintain the same undiminished and claim reimbursement thereof;<li data-bbox="537 1104 1429 1371">(iii) to create the security over the Hypothecated Receivables as contemplated in the Transaction Documents by executing the required duly stamped documents/instruments and to register and perfect the security interest created thereunder by filing Form CHG-9 with the concerned ROC and Form I with CERSAI in relation thereto as soon as practicable and no later than 30 (Thirty) calendar days after the date of execution thereof;<li data-bbox="537 1402 1429 1629">(iv) to create the security over the Immovable Property as contemplated in the DTD by duly stamping, executing and registering the DTD and to perfect the security interest created under the DTD by filing Form CHG-9 with the concerned ROC and Form I with CERSAI in relation thereto as soon as practicable and no later than 30 (Thirty) calendar days after the date of execution of the DTD;<li data-bbox="537 1661 1429 1885">(v) until the Final Settlement Date, the Company shall, within 10 (ten) calendar days of the end of each month, provide a list of specific loan receivables / identified book debt to the Debenture Trustee over which charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) and sufficient to maintain the Security |

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| Security Name | 10.21% Five Star Business Finance Limited 2023 |
| | <p>Cover ("Monthly Hypothecated Assets Report");</p> <p>(vi) to keep the Application Money in a designated bank account in the event the Transaction Documents are not executed on or before the relevant Deemed Date of Allotment or in the event the value of the Security Cover is not maintained/provided;</p> <p>(vii) the Company shall, on each Top-up Date (as defined in the Deed of Hypothecation), add fresh receivables to the Hypothecated Receivables so as to ensure that the Security Cover is maintained or to replace such Hypothecated Receivables that do not satisfy the eligibility criteria prescribed in the Transaction Documents;</p> <p>(viii) the Company shall, on a half yearly basis, as also whenever required by the Debenture Trustee, give full particulars to the Debenture Trustee of all the Hypothecated Receivables from time to time and shall furnish and verify all statements, reports, returns, certificates and information from time to time and as required by the Debenture Trustee and furnish and execute all necessary documents to give effect to the Hypothecated Receivables;</p> <p>(ix) the security interest created on the Hypothecated Receivables shall be a continuing security; and</p> <ul style="list-style-type: none"> • the Hypothecated Receivables shall satisfy the eligibility criteria set out in the Transaction Documents. |
| Financial Covenants | <p>a) Until the Final Settlement Date, the Company shall maintain such Capital Adequacy Ratio as may be prescribed by the Reserve Bank of India from time to time.</p> <p>b) Until the Final Settlement Date, the Company shall maintain a Debt to Equity Ratio of less than 4 (Four) times.</p> <p>c) Until the Final Settlement Date, ensure and procure that the Gross NPA of the Company shall be less than 5% (Five percent) of the Gross Loan Portfolio.</p> <p>Commencing from March 31, 2018 until the Final Settlement Date, the covenants prescribed in sub-Clauses (a) to (c) above shall be tested for each Testing Date on the basis of consolidated and standalone balance sheets of the Company.</p> <p>The Company shall provide a certificate confirming compliance of the Company with the financial covenants within 45 (Forty Five days) from each Testing Date.</p> |
| Transaction Documents | Shall mean collectively the Mortgage-cum-Debenture Trust Deed, the Offer |

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| | Documents, the Debenture Trustee Agreement, the Security Documents, the letters issued by the credit rating agency and the registrar and transfer agent, in principle approval of the Stock Exchange, listing agreement with the Stock Exchange, fee letter, all other letters, arrangements and documents in relation to the issuance of the Debentures and any other document designated as a Transaction Document by the Trustee or the Debenture Holders. |
| Conditions Precedent to Disbursement | <p>The Company shall fulfil the following conditions precedent, to the satisfaction of the Debenture Trustee/the Applicants, prior to the Series A Deemed Date of Allotment, and to the extent required/applicable, prior to each of the Series B Deemed Date of Allotment, the Series C Deemed Date of Allotment, and the Series D Deemed Date of Allotment:</p> <ul style="list-style-type: none">(a) submit to the Debenture Trustee and the Applicants, a copy of resolution of the Company's board of directors and any resolution of any committee of directors authorizing the execution, delivery and performance of the Transaction Documents certified as correct, complete and in full force and effect by an appropriate officer of the Company;(b) submit to the Debenture Trustee and the Applicants, copies of the resolution of the shareholders of the Company under 180(1)(c) and 180(1)(a) of the Act, certified as correct, complete and in full force and effect by an appropriate officer of the Company;(c) submit to the Debenture Trustee and the Applicants, copies of the resolution of the shareholders of the Company under Section 42 of the Act, certified as correct, complete and in full force and effect by an appropriate officer of the Company;(d) submit to the Debenture Trustee and the Applicants, a copy of the Company's Constitutional Documents certified as correct, complete and in full force and effect by the appropriate officer;(e) provide such other information, documents, certificates, opinions and instruments as the Debenture Trustee and the Applicants may reasonably request;(f) execution, delivery and stamping of the Transaction Documents in a form and manner satisfactory to the Debenture Trustee and the Applicants;(g) receipt and submission of the rating letter and the rating rationale issued by the Rating Agency in relation to the Debentures;(h) receipt of consent from the Debenture Trustee to act as the |

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| | <p>debenture trustee for the issue of Debentures;</p> <p>(i) submission of all 'know your customer' requirements to the satisfaction of the Debenture Trustee and the Applicants;</p> <p>(j) submit to the Debenture Trustee and the Applicants, the audited financial statements of the Company for the Financial Year ended March 31, 2017;</p> |
| Condition Subsequent to Disbursement | <p>The Company shall fulfil the following conditions subsequent, to the satisfaction of the Debenture Trustee, following the Series A Deemed Date of Allotment, and to the extent applicable, following each of the Series B Deemed Date of Allotment, Series C Deemed Date of Allotment, and the Series D Deemed Date of Allotment:</p> <p>(a) the Company shall ensure that the Debentures are credited into the demat accounts of the respective Debenture Holders (of each series of Debentures) within 2 (Two) Business Days from the relevant Deemed Date of Allotment;</p> <p>(b) the Company shall, inter alia, file a copy of Form PAS-4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 in respect of the issue of each of the series of Debentures with the ROC and SEBI with the prescribed fee within 30 (thirty) days from the date of the relevant Private Placement Offer Letters and file a return of allotment of securities under Form PAS-3 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the ROC within 30 (thirty) days of the allotment of Debentures along with a list of the Debenture Holders and with the prescribed fee;</p> <p>(c) the Company shall file a copy of Form PAS-5 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 in respect of the issue of the Debentures along with a copy of the relevant Private Placement Offer Letters with ROC and SEBI within 30 (thirty) days from the date of the relevant Private Placement Offer Letters;</p> <p>(d) the Company shall file Form CHG 9 with the ROC and Form I with CERSAI within 30 (Thirty) days of Deemed Date of Allotment; and</p> <p>(e) the Company shall obtain listing of each series of the Debentures within 20 (twenty) days of Deemed Date of Allotment.</p> |
| Events of Default | As mentioned in the Transaction Documents |

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| Affirmative covenants | <p>The Company shall:</p> <ul style="list-style-type: none">(a) <i>Use of Proceeds</i> Use the proceeds of the Issue only for the Purpose and in accordance with Transaction documents;(b) <i>Notice of winding up or other legal process</i> Promptly, and in any case not later than 10 (Ten) Business Days, inform the Debenture Trustee if it has notice of any application for winding up having been made or any statutory notice of winding up under the provisions of the Act or any other notice under any other statute relating to winding up or otherwise of any suit or other legal process intended to be filed or initiated against the Company;(c) <i>Loss or damage by uncovered risks</i> promptly inform the Debenture Trustee of any material loss or significant damage which the Company may suffer due to any force majeure circumstances or act of God, such as earthquake, flood, tempest or typhoon, etc. against which the Company may not have insured its properties;(d) <i>Costs and expenses</i> pay all costs, charges and expenses in any way incurred by the Debenture Trustee towards protection of Debenture Holders' interests, including traveling and other allowances and such taxes, duties, costs, charges and expenses in connection with or relating to the Debentures subject to such expenses, costs or charges being approved in writing by the Company before they are incurred and shall not include any foreign travel costs;(e) <i>Payment of Rents, etc.</i> punctually pay all rents, royalties, taxes, rates, levies, cesses, assessments, impositions and outgoings, governmental, municipal or otherwise imposed upon or payable by the Company as and when the same shall become payable and when required by the Debenture Trustee produce the receipts of such payment and also punctually pay and discharge all debts and obligations and liabilities which may have priority over the Debentures and observe, perform and comply with all covenants and obligations which ought to be observed and performed by the Company under the DTD;(f) <i>Preserve corporate status</i> diligently preserve and maintain its corporate existence and status and all rights, contracts, privileges, franchises and concessions now held or hereafter acquired by it in the conduct of its business and comply with each and every term of the said franchises and concessions and all acts, authorizations, consents, permissions, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to its Assets or any part thereof provided that the Company may contest in good faith the validity of any such acts, rules, regulations, orders and directions and pending the determination of such contest may postpone compliance therewith if the rights enforceable under the Debentures are not thereby materially endangered or impaired. The Company will not do or voluntarily suffer or permit to be done any act or thing |

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| | <p>whereby its right to transact its business might or could be terminated or whereby payment of the principal of or interest on the Debentures might or would be hindered or delayed;</p> <p>(g) Pay stamp duty pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties, if and when the Company may be required to pay according to the applicable state laws and in the event of the Company failing to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Debenture Trustee will be at liberty (but shall not be bound) to pay the same and the Company shall reimburse the same to the Debenture Trustee on demand;</p> <p>(h) Furnish information to trustee</p> <p>(i) provide to the Debenture Trustee or its nominee(s)/ agent(s) such information/copies of relevant extracts as they may require on any matters relating to the business of the Company or to investigate the affairs of the Company. The Company shall allow the Debenture Trustee to make such examination and investigation as and when deemed necessary and shall furnish the Debenture Trustee with all such information as they may require and shall pay all reasonable costs, charges and expenses incidental to such examination and investigation. Without prejudice to the foregoing, the Company undertakes that it will permit the Debenture Trustee to examine the books and records of the Company and to discuss the affairs, finances and accounts of the Company with, and be advised as to the same by, officers and independent accountants of the Company, all upon reasonable prior notice and at such reasonable times and intervals as the Debenture Trustee may reasonably request;</p> <p>(ii) shall furnish quarterly report to the Debenture Trustee (as may be required in accordance with SEBI/BSE guidelines or regulations) containing the following particulars:</p> <p>(A) updated list of the names and addresses of the Debenture Holders;</p> <p>(B) details of the interest due, but unpaid and reasons thereof;</p> <p>(C) the number and nature of grievances received from the Debenture Holders and (a) resolved by the Company (b) unresolved by the Company and the reasons for the same; and</p> <p>(D) a statement that the Charged Receivables are sufficient to discharge the claims of the Debenture Holders as and when they become due;</p> <p>(iii) inform and provide the Debenture Trustee with applicable documents in respect of the following:</p> <p>(A) notice of any Event of Default or potential Event of Default; and</p> <p>(B) any and all information required to be provided to the Debenture Holders under the listing agreement to be entered into between the Company and the BSE;</p> <p>(iv) Redressal of grievances promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holders. The Company further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Debenture Trustee and shall advise the Debenture Trustee periodically of the</p> |

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| | <p>compliance.</p> <p>(v) <i>Comply with Investor Education and Protection Fund requirements</i> comply with the provisions of the Act relating to transfer of unclaimed/ unpaid amounts of interest on Debentures and redemption of Debentures to Investor Education and Protection Fund ("IEPF"), if applicable to it. The Company hereby further agrees and undertakes that during the currency of this DTD it shall abide by the guidelines/listing requirements if any, issued from time to time by the SEBI/RBI.</p> <p>(vi) <i>Corporate Governance</i> comply with any corporate governance requirements applicable to the Company (as may be prescribed by the RBI, SEBI, or any stock exchange) and the fair practices code prescribed by the Supervisory Authorities.</p> <p>(vii) <i>Further assurances</i> (A) The Company shall ensure and cause to be ensure that at all times during the tenor of the Debentures, Mr. Lakshmi pathy D will continue to hold his position as the Managing Director of the Company. (B) provide details of any litigation, arbitration or administrative proceedings that if determined adversely could have a Material Adverse Effect on the Company; (C) comply with any monitoring and/or servicing requests from Debenture Holders; (D) comply and execute and/or do, at their own expense, all such deeds, assurances, documents, instruments, acts, matters and things, in such form and otherwise as the Debenture Trustee may reasonably or by law require or consider necessary in relation to enforcing or exercising any of the rights and authorities of the Debenture Trustee; (E) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations necessary to enable it to lawfully enter into and perform its obligations under this DTD or to ensure the legality, validity, enforceability or admissibility in evidence in India of this DTD; (F) comply with: (1) all laws, rules, regulations and guidelines (including but not limited to environmental, social and taxation related laws), as applicable in respect of the Debentures and obtain such regulatory approvals as may be required from time to time; (2) the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 as in force from time to time, in so far as they are applicable to the Debentures and furnish to the Debenture Trustee such data, information, statements and reports as may be deemed necessary by the Debenture Trustee in order to enable them to comply with the provisions of Regulation 15 thereof in performance of their duties in accordance therewith to the extent applicable to the Debentures; (3) the provisions of the Act in relation to the issue of the Debentures;</p> |

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| | <p>(4) procure that the Debentures are rated and a rating is continued until redemption of the Debentures; and</p> <p>(5) ensure that, at time of making any payment of interest or repayment of the principal amount of the Debentures in full or in part, the Company shall do so in the manner that is most tax efficient for the Debenture Holders but without, in any way requiring the Company to incur any additional costs, expenses or taxes and the Company shall avail of all the benefits available under any treaty applicable to the Company and/or the Debenture Holders.</p> <p>(i) Security The Company hereby further agrees, declares and covenants with the Debenture Trustee as follows:</p> <p>(x) the Debentures shall be secured by (A) a first ranking exclusive continuing security by way of a first ranking exclusive charge on the Charged Receivables in favour of the Debenture Trustee for the benefit of the Debenture Holders, and (B) a first ranking <i>pari passu</i> charge over the Immovable Property created by way of a mortgage (without possession) under this DTD in favour of the debenture Trustee in favour of the Debenture Holders;</p> <p>(xi) that all the Charged Receivables that will be charged to the Debenture Trustee shall always be kept distinguishable and held as the exclusive property of the Company specifically appropriated to this Security and be dealt with only under the directions of the Debenture Trustee. The Company shall not create any charge, lien or other encumbrance upon or over the Charged Receivables or any part thereof except in favour of the Debenture Trustee nor will it do or allow anything that may prejudice this Security. The Debenture Trustee shall be at liberty to incur all costs and expenses as may be necessary to preserve this Security and to maintain the same undiminished and claim reimbursement thereof;</p> <p>(xii) to create the security over the Charged Receivables as contemplated in the Transaction Documents on or before the Deemed Date of Allotment by executing the required duly stamped documents/instruments and to register and perfect the security interest created thereunder by filing Form CHG-9 with the concerned ROC and Form I with CERSAI in relation thereto as soon as practicable and no later than 30 (Thirty) calendar days after the date of execution thereof;</p> <p>(xiii) to create the security over the Immovable Property as contemplated in this DTD on or before the Deemed Date of Allotment by duly stamping, executing and registering this DTD and to perfect the security interest created under this DTD by filing Form CHG-9 with the concerned ROC and Form I with CERSAI in relation thereto as soon as practicable and no later than 30 (Thirty) calendar days after the date of execution of this DTD;</p> <p>(xiv) until the Final Settlement Date, the Company shall, within 10 (ten) calendar days of the end of each month, provide a list of specific loan receivables / identified book debt to the Debenture Trustee over which charge is created and subsisting by way of hypothecation in</p> |

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| | <p>favour of the Debenture Trustee (for the benefit of the Debenture Holders) and sufficient to maintain the Security Cover ("Monthly Hypothecated Assets Report");</p> <p>(xv) to keep the Application Money in a designated bank account in the event this DTD and the other Transaction Documents are not executed on or before the Deemed Date of Allotment or in the event the value of the Security Cover is not maintained/provided;</p> <p>(xvi) the Company shall, on each Top-up Date (as defined in the Deed of Hypothecation), add fresh receivables to the Charged Receivables so as to ensure that the Security Cover is maintained or to replace such Charged Receivables that do not satisfy the eligibility criteria prescribed in the Transaction Documents;</p> <p>(xvii) the Company shall, on a half yearly basis, as also whenever required by the Debenture Trustee, give full particulars to the Debenture Trustee of all the Charged Receivables from time to time and shall furnish and verify all statements, reports, returns, certificates and information from time to time and as required by the Debenture Trustee and furnish and execute all necessary documents to give effect to the Charged Receivables;</p> <p>(xviii) the security interest created on the Charged Receivables shall be a continuing security;</p> <p>(xix) the Charged Receivables shall satisfy the eligibility criteria set out in the Transaction Documents;</p> <p>(xx) nothing contained herein shall prejudice the rights or remedies of the Debenture Trustee and/ or the Debenture Holders in respect of any present or future security, guarantee obligation or decree for any indebtedness or liability of the Company to the Debenture Trustee and/ or the Debenture Holders;</p> <p>(xxi) the Debenture Holders shall have a beneficial interest in the moveable Assets of the Company which have been charged to the Debenture Trustee to the extent of the Outstanding Amounts of the Debentures under this DTD; and</p> <p>(xxii) forthwith upon demand by the Debenture Trustee, reimburse to the Debenture Trustee all amounts paid by the Debenture Trustee to reasonably protect the Charged Receivables and such amounts shall be deemed to be secured by the Charged Receivables;</p> <p>(xxiii) The Company shall provide on a yearly basis a certificate from a practising Chartered Accountant giving the value of Charged Receivables.</p> <p>(j) Filings; Compliance with BSE requirements The Company hereby further agrees, declares and covenants with the Debenture Trustee as follows:</p> <p>(i) while submitting half yearly / annual financial results in accordance with Regulation 52 of the LODR Regulations, the Company shall file with the BSE for dissemination, along with a noting certificate of the Debenture Trustee, containing <i>inter alia</i> the following information:</p> <p>(A) credit rating (and any change thereto);</p> |

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| | <ul style="list-style-type: none">(B) asset cover, if required, accompanied with a half yearly certificate regarding maintenance of 100% asset cover in respect of the Debentures, by either a practicing company secretary or a practicing chartered accountant, within one month from the end of the half year;(C) debt to equity ratio accompanied with a certificate of a practicing chartered accountant confirming such debt to equity ratio;(D) previous Due Date for the payment of interest/principal and whether the same has been paid or not; and(E) next Due Date for the payment of interest/principal;(F) net worth;(G) net profit after tax;(H) earnings per share;(ii) in accordance with Regulation 52 of the LODR Regulations, the Company shall file with the BSE the prescribed statements, financial statements and noting certificate of the Debenture Trustee within the timelines prescribed therein;(iii) in accordance with Regulation 56 of the LODR Regulations, the Company shall submit the following to the Debenture Trustee:<ul style="list-style-type: none">(A) a copy of the annual report at the same time as it is issued and a copy of the certificate from the Company's auditors in respect of utilisation of funds raised by the issue of the Debentures, at the same time or at the end of each Financial Year until such funds have been fully utilized or the purpose for which such funds were intended has been achieved;(B) a copy of all notices, resolutions and circulars relating to any new issue of non-convertible debt securities (at the same time as they are sent to shareholders/holders of non-convertible debt securities), the meetings of holders of non-convertible debt securities (at the same time as they are sent to the holders of non-convertible debt securities or advertised in the media including those relating to proceedings of the meetings);(C) intimations regarding any revision in the rating or any default in timely payment of interest or redemption or both in respect of the non-convertible debt securities issued by the Company or any failure to create charge on the assets; and(D) a copy of the statement, if any filed with the BSE in compliance of Regulation 52(7) of the LODR Regulations indicating material deviations, if any, in the use of funds raised by the issue of the Debentures from the object stated in the Information Memorandums.(iv) in accordance with Regulation 58 of the LODR Regulations, the Company shall furnish the following to the Debenture Holders in the manner prescribed therein:<ul style="list-style-type: none">(A) physical copies of full annual reports to those Debenture Holders who request the same;(B) notice of all meetings of the Debenture Holders specifically stating that the provisions for appointment of proxy in accordance with Section 105 of the Companies Act, 2013 shall be applicable for such meeting; and |

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| | <p>(C) proxy forms for the Debenture Holders clearly providing the Debenture Holders to vote for each resolution in such a manner that they may vote either for or against each resolution; The Company shall, forthwith upon demand by the Debenture Trustee, reimburse to the Debenture Trustee all amounts paid by the Debenture Trustee to reasonably protect the Charged Receivables and such amounts shall be deemed to be secured by the Charged Receivables.</p> <p>(k) Execution of Security Documents In the event of any delay in the execution of the documentation in respect of the Charged Receivables, the Company will, at the option of the Debenture Holders, either:</p> <p>(i) refund the Application Money as set out in this DTD, to the Debenture Holders; or</p> <p>(ii) pay to the Debenture Holders penal interest at the rate of 2% p.a. (two percent) charged on the Outstanding Principal Amount in addition to the Interest Rate till the aforementioned documentation is duly executed.</p> <p>(l) Internal Control The Company shall maintain internal control for the purpose of:</p> <p>(i) preventing fraud on monies lent by the Company; and</p> <p>(ii) preventing money being used for money laundering or illegal purposes.</p> <p>(m) Audit and Inspection The Company shall permit visits and inspection of books of records, documents and accounts to the Debenture Trustee and representatives of Debenture Holders as and when required by them. The Company hereby authorizes the Debenture Holder to institute an audit on the Company at the Company's cost, provided such audit and request for information does not interfere with the operations of the Company. The Company agrees to render reasonable assistance at its own cost to any enquiry, evaluation and/or audit performed by persons or institutes indicated by the Debenture Holder. The Debenture Holder shall notify the Company in writing if and when such an audit will take place. The findings of the audit will be discussed with the Company before finally being recorded in a report.</p> <p>(n) Books and Records The Company shall maintain its accounts and records in accordance with Applicable Law.</p> |
| Negative covenants | The Company shall not take any action in relation to the items set out in this clause without the prior written permission of the Debenture Trustee. The Debenture Trustee shall give its prior written approval/dissent within 15 (fifteen) Business Days after receiving a request to provide its approval PROVIDED such request is accompanied by the relevant information substantiating the request for the Debenture Holders to make a conscious discussion. The Debenture Trustee reserves the right to take the consent of the Majority Debenture Holders prior to any such approval/dissent, if it |

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| | <p>deems necessary.</p> <ul style="list-style-type: none">(a) Change of business<ul style="list-style-type: none">(i) Undertake any major new business outside of financial services or diversify or change the general nature and conduct of its business outside of financial services.(ii) Any changes to its Constitutional Documents where such changes will lead to or are likely to lead to a Material Adverse Effect.(b) Dividend<p>Declare or pay any dividend to its shareholders during any Financial Year unless it has paid or made arrangements to pay (to the satisfaction of the Debenture Trustee) all the dues to the Debenture Holders/ Debenture Trustee upto the date on which the dividend is proposed to be declared or paid or has made satisfactory provisions thereof.</p>(c) Merger, consolidation, etc.<ul style="list-style-type: none">(i) In any Financial Year, undertake or permit any merger, acquisition, re-structuring or amalgamation in excess of 10% of the Net Worth of the Company; and(ii) enter into any merger, de-merger, consolidation, re-organization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction. PROVIDED HOWEVER THAT, this shall not apply in case where due to the Company not entering into any such any merger, de-merger, consolidation, re-organization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction, shall lead to an Event of Default or potential Event of Default.(d) Shareholding<p>Issue any additional shares or equity interests or permit any of its existing shares or equity interests to be transferred, sold, pledged or otherwise encumbered which would lead to:</p><ul style="list-style-type: none">(i) the shareholding of the Promoters reducing below 15% of the aggregate shareholding of the Company.(e) Role of Promoter<p>The Promoters ceasing to be involved in the management of the Company or the Promoters ceasing to direct the management or policy decisions of the Company.</p>(f) Disposal of Assets<p>Sell, transfer, or otherwise dispose of in any manner whatsoever any material Assets of the Company (whether in a single transaction or in a series of transactions (whether related or not) or any other transactions which cumulatively have the same effect) other than any securitization/portfolio sale of assets undertaken by the Company in its ordinary course of business that has the effect of exiting the current business of the Company or re-structuring of the existing business.</p> |

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| | <p>(g) Anti-money laundering and exclusion list Permit any of the Debenture proceeds to be used to fund any form of violent political activity, terrorists or terrorist organizations, nor any money laundering process or scheme to disguise illegally obtained funds, nor any other criminal activity including arms sales, drug trafficking, robbery, fraud or racketeering.</p> <p>(h) Change in Capital Structure</p> <p>(i) Permit or undertake any change in capital structure that would lead to a reduction in the paid-up capital or authorized capital of the Company.</p> <p>(ii) Purchase or redeem any of its issued shares or reduce its share capital without the prior written consent of the Debenture Trustee (acting on the instructions of the Debenture Holders).</p> <p>(i) Change in Financial Year Except if otherwise required by Applicable Law, change its Financial Year end from March 31 of each year to any other date.</p> <p>(j) Business Undertake any new major new businesses except in relation to financial services or diversify its business outside the financial services sector.</p> |
| Provisions related to Cross Default Clause | <p>The Company</p> <p>(i) defaults in any payment of any Indebtedness beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Indebtedness was created;</p> <p>(ii) defaults in the observance or performance of any agreement or condition relating to any Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause or to permit the holder or holders of such Indebtedness to cause (determined without regard to whether any notice is required) any such Indebtedness to become due prior to its stated maturity; or</p> <p>(iii) any Indebtedness of the Company shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof.</p> |
| Role and Responsibilities of Debenture Trustee | To oversee and monitor the overall transaction for and on behalf of the Debenture Holders. As provided in the Debenture Trust Deed. |
| Governing Law and Jurisdiction | The Debentures and Transaction Documents will be governed by and construed in accordance with the laws of India and the parties submit to the exclusive jurisdiction of the courts in Chennai, India. |

XXIII. DISCLOSURES PERTAINING TO WILFUL DEFAULT

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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*:

1. **Name of the Bank declaring the entity as a Wilful Defaulter:** Not Applicable
2. **The year in which the entity is declared as a Wilful Defaulter:** Not Applicable
3. **Outstanding amount when the entity is declared as a Wilful Defaulter:** Not Applicable
4. **Name of the entity declared as a Wilful Defaulter:** Not Applicable
5. **Steps taken, if any, for the removal from the list of wilful defaulters:** Not Applicable
6. **Other disclosures, as deemed fit by the Issuer in order to enable investors to take informed decisions:** Not Applicable
7. **Any other disclosure as specified by the Board:** Not Applicable

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XXIV. MATERIAL CONTRACTS AND AGREEMENTS

Set out below is the statement containing particulars of, dates of, and parties to all material contracts and agreements of the Company

- Memorandum & Articles of Association
- Certificate of incorporation and certificate of registration as NBFC with the RBI
- Credit Rating Letter dated March 17, 2018 from CARE.
- Consent from Catalyst Trusteeship Limited to act as trustee vide their Letter dated March 14, 2018.
- Audited Annual reports for the last 3 years starting from the Financial Year 2013
- Certified true copy of the resolution dated March 26, 2018, of the shareholders of the company u/s 42 of the Companies Act, 2013.
- Certified true copy of resolution dated February 28, 2018, of the Board of Directors u/s 179 of the Companies Act, 2013.
- List of authorized signatories under the resolutions along with their specimen signatures
- Executed Drafts of the Mortgage cum Debenture Trust Deed and the Deed of Hypothecation

The above material documents and contracts are available for inspection between 10.00 AM and 5.00 PM on all working days at the registered office of the Company as mentioned below:

Registered Office: 39, Outer Circular Road, Kilpauk Garden Colony,
Chennai, Tamil Nadu – 600 010

XXV. UNDERTAKING TO USE A COMMON TRANSFER FORM

The Debentures will be issued in dematerialized form only. However, in case of rematerialization of Debentures and transfer thereof, the Company would use a common transfer form.

XXVI. TERMS OF OFFER OR PURCHASE/ APPLICATION PROCESS

Terms of offer are set out in Section XXI above. Below are the general terms and conditions.

Issue:

Issue of 650 (Six Hundred and Fifty) Secured, Rated, Senior, Redeemable, Taxable, Transferable, Listed Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs Only) each, aggregating up to Rs. 65,00,00,000/- (Rupees Sixty Five Crores Only) issued on a fully paid basis and on a private placement basis (the "Issue") as part of the third series ("Series C Debentures") of the proposed issue of 2,000 (Two Thousand) Secured, Rated, Redeemable, Listed Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs Only) each, aggregating up to Rs. 200,00,00,000/- (Rupees Two Hundred Crores Only).

Who Can Apply

Only the persons who are specifically addressed through a communication by or on behalf of the Company directly are eligible to apply for the Debentures. An application made by any other person will be deemed as an invalid application and rejected. In order to subscribe to the Debentures a person must be either

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- a. Commercial Banks, Eligible Financial Institutions* and Insurance Companies;
- b. Companies;
- c. Non Banking Finance Companies (NBFCs) and Residuary NBFCs and
- d. Mutual Funds
- e. Foreign Institutional Investors
- f. Provident Funds, Gratuity, Superannuation & Pension Funds, subject to their Investment guidelines

**Eligible Financial Institution means such financial institutions from whom monies borrowed even under an unsecured debenture would not constitute a 'deposit' within the meaning of the term as defined under Section 2(b) of the Companies (Acceptance Of Deposits) Rules, 1975.*

a. Application by Scheduled Commercial Banks/ Eligible Financial Institutions

The application must be accompanied by certified true copies of (i) Board Resolution authorising investments or letter of authorization or Power of Attorney and (ii) specimen signatures of authorized signatories.

b. Application by Insurance Companies

The applications must be accompanied by certified true copies of (i) Memorandum and Articles of Association/Constitution/Bye-laws, (ii) Resolution authorising investment and containing operating instructions, (iii) Specimen signatures of authorised signatories and (iv) Form 15 AA for claiming exemption from deduction of Tax on the interest income (including interest on application money), if applicable.

c. Applications by Corporate Bodies/ Companies/ Statutory Corporations/ NBFCs and RNBCs

The applications must be accompanied by certified true copies of (i) Memorandum and Articles of Association (ii) resolution authorizing investment and containing operating instructions, and (iii) specimen signatures of authorized signatories.

d. Application by Mutual Funds

- (i) a separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and that such applications shall not be treated as multiple applications.
- (ii) the applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

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- (iii) The applications must be accompanied by certified true copies of (i) SEBI registration certificate and trust deed (ii) resolution authorizing investment and containing operating instructions and (iii) specimen signatures of authorized signatories.

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 COMPANY. THE COMPANY MAY, BUT IS NOT BOUND TO REVERT TO ANY INVESTOR FOR ANY ADDITIONAL DOCUMENTS / INFORMATION, AND CAN ACCEPT OR REJECT AN APPLICATION AS IT DEEMS FIT. INVESTMENT BY INVESTORS FALLING IN THE CATEGORIES MENTIONED ABOVE ARE MERELY INDICATIVE AND THE COMPANY 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 COMPANY IS NOT, IN ANY WAY, DIRECTLY OR INDIRECTLY, RESPONSIBLE FOR ANY STATUTORY OR REGULATORY BREACHES BY ANY INVESTOR, NEITHER IS THE COMPANY REQUIRED TO CHECK OR CONFIRM THE SAME.

How to Apply

Application(s) for the Debentures must be made submitting the applications forms (the “**Application Form**”) which must be completed in block letters in English.

Application Form(s) must be accompanied by either a demand draft or cheque, drawn or made payable in favour of “Five Star Business Finance Limited”, payable at Chennai and crossed Account Payee only. The payment can also be made by Real Time Gross Settlement (RTGS) by crediting the funds to the account given below:

| | |
|------------------|---|
| Beneficiary Name | FIVE STAR BUSINESS FINANCE LIMITED |
| Bank Name | RBL BANK LIMITED |
| A/c No | 409000464102 |
| Branch Address | G.N CHETTY ROAD, T.NAGAR, CHENNAI – 600 017 |
| IFSC Code | RATN0000113 |

The applications must be accompanied by certified true copies of (i) a letter of authorization, and (ii) specimen signatures of authorised signatories.

Instructions For Application

- 1) Application must be completed in BLOCK LETTERS IN ENGLISH. A blank must be left between two or more parts of the name.
- 2) Signatures should be made in English.

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- 3) Minimum application shall be for 1 (One) Debenture[s] and in multiples of 1 (One) Debenture[s] thereafter.
- 4) The Debentures are being issued at par to the face value. Full amount has to be paid on application per Debenture applied for. Applications for incorrect amounts are liable to be rejected. Face Value: Rs. 10,00,000 (Rupees Ten Lakhs only)
- 5) Cheques/drafts must be made in the favour of “Five Star Business Finance Limited” and crossed “Account Payee only” payable at Chennai. Money orders or postal orders will not be accepted. The payments can be made by RTGS, the details of which are given above.
- 6) No cash will be accepted.
- 7) The Applicant should mention its permanent account number or the GIR number allotted to it under the Income Tax Act, 1961 and also the relevant Income-tax circle/ward/District.
- 8) Applications under Power of Attorney/Relevant Authority

In case of an application made under a power of attorney or resolution or authority to make the application a certified true copy of such power of attorney or resolution or authority to make the application and the Memorandum and Articles of Association and/or bye-laws of the Investor must be attached to the Application Form at the time of making the application, failing which, the Company 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 therefore. Further any modifications / additions in the power of attorney or authority should be notified to the Company at its registered office. Names and specimen signatures of all the authorised signatories must also be lodged along with the submission of the completed application.
- 9) An application once submitted cannot be withdrawn. The applications should be submitted during normal banking hours at the office mentioned below:

Five Star Business Finance Limited
39, Outer Circular Road, Kilpauk Garden Colony,
Chennai, Tamil Nadu – 600 010
- 10) The applications would be scrutinised and accepted as per the terms and conditions specified in this Information Memorandum.
- 11) The Company is entitled at its sole and absolute discretion to accept or reject any application, in part or in full without assigning any reason whatsoever. Any application, which is not complete in any respect, is liable to be rejected.
- 12) Applicants residing or situate at places other than in Chennai, may send their application along with cheques or demand drafts to the centre mentioned above. The demand drafts must be payable at par at Chennai. The demand draft charges will have to be borne by the Applicant.

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- 13) The Investor/Applicant shall apply for the Debentures in electronic, i.e., dematerialised form only. Applicants should mention their Depository Participant's name, DP-ID and Beneficiary Account Number in the Application Form. In case of any discrepancy in the information of Depository/Beneficiary Account, the Company shall be entitled to not credit the beneficiary's demat account pending resolution of the discrepancy.

The Applicant is requested to contact the office of the Company as mentioned above for any clarifications.

Succession

In case the investor is an individual, in the event of the demise of a registered Debenture holder or the first holder in the case of joint holders, the Company will recognize the executor or administrator of the deceased Debenture holder or the holder of succession certificate or other legal representative of the deceased Debenture holder as having title to the Debenture. The Company shall not be bound to recognize such executor, administrator or holder of the succession certificate unless such a person obtains probate or letter of administration or is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter and delivers a copy of the same to the Company. The Company may at its absolute discretion, where it thinks fit, dispense with the production of the probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Debenture standing in the name of the deceased Debenture holder on production of sufficient documentary proof or indemnity. In case the Debentures are held by a person other than an individual, the rights in the Debenture shall vest with the successor acquiring interest therein, including a liquidator or such any person appointed as per the applicable laws.

Over and above the aforesaid terms and conditions, the Debentures, if any issued under this Information Memorandum, shall be subject to this Information Memorandum, the relevant mortgage cum debenture trust deed and also be subject to the provisions of the Memorandum and Articles of Association of the Company.

Option to Subscribe

The Company has made arrangements for issue and holding of the Debentures in dematerialized form.

Nomination Facility

The Company does not offer any nomination facility to the investors of the Debentures issued under this Information Memorandum.

Minimum Subscription

1 Debentures and in multiples of 1 Debentures thereafter.

Right to accept or reject applications

The Company is entitled at its sole and absolute discretion, to accept or reject any application in part or in full, without assigning any reason. Incomplete Application Forms are liable to be

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rejected. The full amount of Debenture has to be submitted along with the Application Form. Also, in case of over subscription, the Company reserves the right to increase the size of the placement subject to necessary approvals/certifications, and the basis of allotment shall be decided by the Company.

Interest on Application Money

At the Interest Rate (subject to deduction of tax at source, as applicable) from the date of realization of cheque(s)/ demand draft(s)/ RTGS up to one day prior to 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.

Allotment Intimation

The Debentures in dematerialized form, will be credited within 2 (Two) Business Days from the Deemed Date of Allotment.

Register of Debenturesholder(s)

A register of all Debenture holder(s) containing necessary particulars will be maintained by the Company at its Registered Office. A copy of the register of all Debenture holder(s) will also be maintained by the Company at its Corporate Office.

Transfer / Transmission

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.

Payment of Interest on Allotted Debenture

The interest on allotted Debentures will be at a fixed rate of 10.21% Coupon, monthly compounding, payable quarterly. The Company shall until the final Redemption Date, pay to the Debenture holders interest on the principal amounts of the Debentures outstanding from time to time at the Coupon Rate (subject to deduction of tax where applicable 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) on each Interest Payment Date.

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

Authority for the Placement

This private placement of Debentures is being made pursuant to the resolution of the Board Committee passed at its meeting held on February 28, 2018 which has approved the placement of Debentures upto Rs 1500,00,00,000 (Rupees Fifteen Hundred Crores only) and shareholders resolution dated March 26, 2018 pursuant to section 42 of the Companies Act, 2013. The present issue of Rs. 5,00,00,000 is within the general borrowing limits in terms of the resolution passed under Section 180(1)(c) of the Companies Act, 2013, at the Annual General Meeting of the shareholders of the Company held on March 26, 2018 and under Section 180 (1)(a) of the Companies Act, 2013, at the Annual General Meeting of the shareholders of the Company held on March 26, 2018 giving their consent to the borrowing by the Directors of the Company from time to time not exceeding Rs 1500,00,00,000 (Rupees Fifteen Hundred Crores only) subject to any restrictions imposed by the terms of the agreement entered into from time to time for grant of loans to the Company of all monies deemed by them to be requisite or proper for the purpose of carrying on the business of the Company. The borrowings under these Debentures will be within the prescribed limits as aforesaid.

The Company can carry on its existing activities and future activities planned by it in view of the existing Approvals, and no further approvals from any Government authority are required by the Company to carry on its said activities.

Record Date

This will be the date falling 3 (Three) Business Days prior to any Due Date. The list of beneficial owner(s) provided by the Depository as at the end of day of Record Date shall be used to determine the name(s) of person(s) to whom the interest and/or principal installment is to be paid.

Effect of Holidays

If any interest payment date falls on a day which is not a Business Day, then such interest payment date shall be automatically changed to the next Business Day.

If a day on which any payment (other than interest) is required to be made is not a Business Day, then such payment will be made on the immediately preceding Business Day. It is clarified that if the payment of amount payable is required to be made on a preceding Business Day as mentioned aforesaid, then the amounts payable shall be calculated as if the amounts payable have been paid on the actual day on which such payment is due and not on the preceding Business Day.

Tax Deduction at Source

Tax as applicable under the Income Tax Act, 1961 will be deducted at source. Tax exemption certificate/document, under Section 195(3) or Section 197(1) of the Income Tax Act, 1961, if any, must be lodged at the office of the Company before the Record date. Tax exemption certificate for interest on application money, if any, should be lodged along with the Application Form.

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

Redemption on Maturity of Debenture

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

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

Compliance Officer

The Investor may contact the Company in case of any pre -issue / post-issue related problems such as non-receipt of letters of allotment / Debenture certificates / refund orders / interest cheques.

Notices

All notices to the Debenture holder(s) required to be given by the Company shall be sent to the Debenture holder(s) at the address stated in the Application Form, or at the address as notified by the Debenture holder(s) from time to time. In case of Debentures held in electronic (dematerialised) form, notices will be sent to those whose names appear on the last list of Beneficial Owner(s), provided to the Company by Depository (ies)

All notices to the Company by the Debenture holder(s) must be sent by registered post or by hand delivery to the Company at its Corporate Office or to such person(s) at such address as may be notified by the Company from time to time.

Debentures to Rank Pari-Passu

The Debentures of this Issue shall rank pari-passu inter-se without preference or priority of one other or others.

Payments at Par

Payment of the principal, all interest and other monies will be made to the registered Debenture holder(s)/ beneficial owner(s) and in case of joint holders to the one whose name stands first in the register of Debenture holder(s) / in the list of beneficial owner(s) provided to the Company by the Depository (NSDL). Such payments shall be made by cheque or warrant drawn by the Company on its bankers. Interest and the principal amount shall be paid through instruments payable at par at Ahmadabad, Bangalore, Calcutta, Chennai, Delhi, Hyderabad, Baroda, Mumbai,

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

and Pune only subject to applicable RBI regulations. Investors not residing in any of the above locations are advised to indicate their preference of any one location from the above list to receive the redemption / interests warrant payable at that location otherwise their application is liable to be rejected.

The Company upon request from the investor, as stated above, may make the interest and principal payment through RTGS.

Future Borrowing

The Company shall be entitled to make further issue of secured non convertible debentures and/or raise term loans or raise further funds, in any manner as deemed fit by the Company, from time to time from any persons/banks/financial institutions/body corporate or any other agency as per the prevailing guidelines/regulations of Reserve Bank of India and other authorities.

Tax Benefits

There are no specific tax benefits attached to the Debentures. Investors are advised to consider the tax implications of their respective investment in the Debentures.

Trustees

Catalyst Trusteeship Limited vide their consent letter dated March 14, 2018 has agreed to act as the trustees for and on behalf of the Debenture holder(s). All the rights and remedies of the Debenture holder(s) shall vest in and shall be exercised by the said trustees without having it referred to the Debentures holder(s).

Loss of Letter(s) of Allotment / Principal and Interest Payment Instruments

Loss of Letter(s) of Allotment and/ or principal payment instrument / interest payment instrument should be intimated to the Company along with the request for issue of a duplicate Letter(s) of Allotment/ payment instrument(s). If any Letter(s) of Allotment/ payment instrument(s) is lost, stolen, or destroyed, then upon production of proof thereof, to the satisfaction of the Company and upon furnishing such indemnity, as the Company may deem adequate and upon payment of any expenses incurred by the Company in connection thereof, new Letter(s) of Allotment / payment instrument(s) shall be issued. A fee will be charged by the Company, not exceeding such sum as may be prescribed by law.

Debentures subject to the Term Sheet, Mortgage cum Debenture Trust Deed, etc.

Over and above the aforesaid terms and conditions, the Debentures, issued under this Information Memorandum, shall be subject to prevailing guidelines/regulations of Reserve Bank of India and other authorities and also be subject to the provisions of the Memorandum and Articles of Association of the Company and all Transaction Documents to be entered into by the Company in relation to the issue of Debentures.

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

Governing Law

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

XXVII. PERMISSION / CONSENT FROM THE PRIOR CREDITORS AND UNDERTAKING ON CREATION OF CHARGE

N/A

XXVIII. CONFLICT

In case of any repugnancy, inconsistency or where there is a conflict between the conditions as are stipulated in this Information Memorandum and any of the Transaction Documents to be executed by the Company, the provisions as contained in the Mortgage cum Debenture Trust Deed shall override the provisions contained hereunder.

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

XXIX. AN ILLUSTRATION FOR CASH FLOW STATEMENT AS PER SEBI CIRCULAR CIR/IMD/DF/18/2013 DATED OCTOBER 29, 2013

DEBENTURES CASHFLOWS

| Illustration of Bond Cash Flows to be shown in the Information Memorandum | |
|--|---|
| Company | Five-Star Business Finance Limited |
| Face Value (per Security) | Rs. 10,00,000/- |
| Issue Date/Deemed Date of Allotment | May 28, 2018 |
| Coupon Rate | 10.21% per annum, compounded monthly, payable quarterly gross of withholding taxes. |
| Frequency of the Interest Payment with specified dates | Quarterly, as per the below schedule |
| Day Count Convention | Actual/ Actual |

Scenario 1: If Put Option and Call Option is not exercised.

| Coupon Payment Dates | Interval between Coupon Payment Dates (No. of Days) | Principal Amount (in Rupees) | Coupon Amount (in Rupees) | Total |
|-----------------------------|--|-------------------------------------|----------------------------------|--------------|
| 28-Jun-18 | 92 | - | 1,83,56,575 | 1,83,56,575 |
| 28-Sep-18 | 92 | - | 5,19,23,288 | 5,19,23,288 |
| 28-Dec-18 | 91 | - | 5,13,58,904 | 5,13,58,904 |
| 28-Mar-19 | 90 | - | 5,07,94,521 | 5,07,94,521 |
| 28-Jun-19 | 92 | - | 5,19,23,288 | 5,19,23,288 |
| 28-Sep-19 | 92 | - | 5,19,23,288 | 5,19,23,288 |
| 28-Dec-19 | 91 | - | 5,13,58,904 | 5,13,58,904 |
| 28-Mar-20 | 91 | - | 5,12,18,579 | 5,12,18,579 |
| 28-Jun-20 | 92 | - | 5,17,81,421 | 5,17,81,421 |
| 28-Sep-20 | 92 | - | 5,17,81,421 | 5,17,81,421 |
| 28-Dec-20 | 91 | - | 5,12,18,579 | 5,12,18,579 |
| 28-Mar-21 | 90 | - | 5,07,94,521 | 5,07,94,521 |
| 28-Jun-21 | 92 | - | 5,19,23,288 | 5,19,23,288 |
| 28-Sep-21 | 92 | - | 5,19,23,288 | 5,19,23,288 |
| 28-Dec-21 | 91 | - | 5,13,58,904 | 5,13,58,904 |
| 28-Mar-22 | 90 | - | 5,07,94,521 | 5,07,94,521 |
| 28-Jun-22 | 92 | 50,00,00,000 | 5,19,23,288 | 55,19,23,288 |
| 28-Sep-22 | 92 | 50,00,00,000 | 3,89,42,466 | 53,89,42,466 |
| 28-Dec-22 | 91 | 50,00,00,000 | 2,56,79,452 | 52,56,79,452 |
| 28-Mar-23 | 90 | 50,00,00,000 | 1,26,98,630 | 51,26,98,630 |

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

Scenario 2: If Put Option is exercised:

| Coupon Payment Dates | Interval between Coupon Payment Dates (No. of Days) | Principal Amount (in Rupees) | Coupon Amount (in Rupees) | Redemption Premium | Total |
|----------------------|---|------------------------------|---------------------------|--------------------|--------------|
| 28-Jun-18 | 92 | - | 1,83,56,575 | - | 1,83,56,575 |
| 28-Sep-18 | 92 | - | 5,19,23,288 | - | 5,19,23,288 |
| 28-Dec-18 | 91 | - | 5,13,58,904 | - | 5,13,58,904 |
| 28-Mar-19 | 90 | - | 5,07,94,521 | - | 5,07,94,521 |
| 28-Jun-19 | 92 | - | 5,19,23,288 | - | 5,19,23,288 |
| 28-Sep-19 | 92 | - | 5,19,23,288 | - | 5,19,23,288 |
| 28-Dec-19 | 91 | - | 5,13,58,904 | - | 5,13,58,904 |
| 28-Mar-20 | 91 | - | 5,12,18,579 | - | 5,12,18,579 |
| 28-Jun-20 | 92 | - | 5,17,81,421 | - | 5,17,81,421 |
| 28-Sep-20 | 92 | - | 5,17,81,421 | - | 5,17,81,421 |
| 28-Dec-20 | 91 | - | 5,12,18,579 | - | 5,12,18,579 |
| 28-Jan-21 | 31 | 70,00,00,000 | 61,23,562 | (46,60,295) | 70,14,63,267 |
| 28-Mar-21 | 59 | 65,00,00,000 | 3,30,16,438 | (44,17,350) | 67,85,99,088 |
| 28-May-21 | 61 | 65,00,00,000 | 1,11,88,904 | (45,51,000) | 65,66,37,904 |

Scenario 3: If Call Option is exercised:

| Coupon Payment Dates | Interval between Coupon Payment Dates (No. of Days) | Principal Amount (in Rupees) | Coupon Amount (in Rupees) | Redemption Premium | Total |
|----------------------|---|------------------------------|---------------------------|--------------------|--------------|
| 28-Jun-18 | 92 | - | 1,83,56,575 | - | 1,83,56,575 |
| 28-Sep-18 | 92 | - | 5,19,23,288 | - | 5,19,23,288 |
| 28-Dec-18 | 91 | - | 5,13,58,904 | - | 5,13,58,904 |
| 28-Mar-19 | 90 | - | 5,07,94,521 | - | 5,07,94,521 |
| 28-Jun-19 | 92 | - | 5,19,23,288 | - | 5,19,23,288 |
| 28-Sep-19 | 92 | - | 5,19,23,288 | - | 5,19,23,288 |
| 28-Dec-19 | 91 | - | 5,13,58,904 | - | 5,13,58,904 |
| 28-Mar-20 | 91 | - | 5,12,18,579 | - | 5,12,18,579 |
| 28-Jun-20 | 92 | - | 5,17,81,421 | - | 5,17,81,421 |
| 28-Sep-20 | 92 | - | 5,17,81,421 | - | 5,17,81,421 |
| 28-Dec-20 | 91 | - | 5,12,18,579 | - | 5,12,18,579 |
| 28-Jan-21 | 31 | 70,00,00,000 | 61,23,562 | 43,09,270 | 71,04,32,832 |
| 28-Mar-21 | 59 | 65,00,00,000 | 3,30,16,438 | 41,58,650 | 68,71,75,088 |
| 28-May-21 | 61 | 65,00,00,000 | 1,11,88,904 | 43,13,750 | 66,55,02,654 |

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

Declaration

It is hereby declared that this Information Memorandum contains full disclosures in accordance with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular No. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended from time to time.

The Company also confirms that this Information Memorandum does not omit disclosure of any material fact which may make the statements made therein, in the light of the circumstances under which they are made, misleading. The Information memorandum also does not contain any false or misleading statement.

The Company accepts no responsibility for the statements made otherwise than in this disclosure document or in any other material issued by or at the instance of the Company and that any one placing reliance on any other source of information would be doing so at his/her own work.

Signed by

For FIVE-STAR BUSINESS FINANCE LIMITED



Authorised Signatory

Authorised Signatory
Five-Star Business Finance Limited

Date: May 28, 2018

Place: Chennai

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

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) we 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 and shall not look directly or indirectly to the Arranger (or to any person acting on its or their behalf) to indemnify or otherwise hold us harmless in respect of any such loss and/or damage. 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 the Arranger (and all such persons acting on its or their behalf) and also holds the Issuer and the Arranger 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 |

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

ANNEXURE – II – DEBENTURE TRUSTEE CONSENT LETTER

CATALYST
Bollevo in yourself... Trust us!



CL/MUM/17-18/DEB/627

March 14, 2018

To,
Five-Star Business Finance Limited
~~39, Outer Circular Road,~~
Kilpauk Garden Colony
Chennai – 600010

Dear Sir,

Consent to act as Trustee for Secured, Listed, Rated, Senior, Redeemable, Non-Convertible Debentures aggregating upto Rs. 200 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time, SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015 and the Listing Agreement pursuant thereto to be executed with Bombay Stock Exchange(BSE)/ National Stock Exchange(NSE), 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.

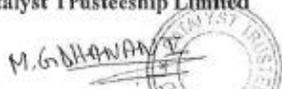
We are also agreeable for inclusion of our name as trustees in the Company's offer document/disclosure document/ listing application/any other document to be filed with the Stock Exchange(s) or any other authority as required.

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.

Yours faithfully,

For Catalyst Trusteeship Limited

Authorized Signatory




We Accept the above terms

For Five-Star Business Finance Limited

Authorized Signatory




CATALYST TRUSTEESHIP LIMITED (A COMPANY IN INDIA)
(INCORPORATED IN INDIA)

Mumbai Office Office No. 85 - 87, 8th Floor, B Wing, Mittal Tower, Nariman Point, Mumbai 400 021 Tel: +91 (022) 4922 0655 Fax: +91 (022) 4922 0605
Regd. Office CDA House, Plot No. 45, Bhuzar Colony (Right), Daud Road, Pune 411 030 Tel: +91 (020) 25260001 Fax: +91 (020) 25260275

Delhi Office Office No. 213, 2nd floor, Navrang House, 21 Kasturba Gandhi Marg, New Delhi-110 001. Tel. 011 43029101.

CIN No. U74999PN997PLC10262 Email dt@cttrustee.com Website www.catalysttrustee.com

Pune | Mumbai | Bengaluru | Delhi | Chennai

An ISO 9001 Company



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

ANNEXURE – III – RATING LETTER & RATING RATIONALE



CARE/CRO/RL/2017-18/1739

Mr. D. Lakshminpathy
Chairman & Managing Director,
Five-Star Business Finance Limited,
New No. 27, Taylor's Road,
Kilpauk,
Chennai 600 010

March 17, 2018

Confidential

Dear Sir,

Credit rating for proposed Non-Convertible Debenture issue

Please refer to your request for rating of proposed long-term non-convertible debenture (NCD) issue aggregating to Rs.200 crore of your company. The proposed NCDs would have tenure of 60 months.

2. The following ratings have been assigned by our Rating Committee:

| Instrument | Amount (Rs. crore) | Rating ¹ | Rating Action |
|--|--|--|---------------|
| Proposed Non-Convertible Debenture issue | 200 (Rupees Two Hundred crore only) | CARE A-; Positive (Single A Minus; Outlook: Positive) | Assigned |

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of six months from the date of our initial communication of rating to you (that is March 16, 2018).
4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.
5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

CORPORATE OFFICE: 4th Floor, Godrej Coliseum, Somaiya Hospital Road,
Off Eastern Express Highway, Sion (E), Mumbai - 400 022.
Tel: +91-22-6754 3456 • Fax: +91-22-6754 3457
Email: care@careratings.com • www.careratings.com

Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Tel: +91-44-2849 0811 / 13 / 76
Tel./ Fax : +91-44-2849 7812

CIN-L67190MH1993PLC071691

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

| Instrument type | ISIN | Issue Size (Rs cr) | Coupon Rate | Coupon Payment Dates | Terms of Redemption | Redemption date | Name and contact details of Debenture Trustee | Details of top 10 Investors |
|-----------------|------|--------------------|-------------|----------------------|---------------------|-----------------|---|-----------------------------|
|-----------------|------|--------------------|-------------|----------------------|---------------------|-----------------|---|-----------------------------|

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.
7. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by March 19, 2018, we will proceed on the basis that you have no any comments to offer.
8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
9. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
10. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
11. CARE ratings are **not** recommendations to buy, sell or hold any securities.

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

If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,



Balachandran V
Analyst

balachandran.v@careratings.com



Ravi Shankar R
Deputy Manager

ravi.s@careratings.com

Encl.: As above

Disclaimer

CARE's 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. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE 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 CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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

ANNEXURE – IV – AUDITED FINANCIALS

Balance Sheet as at 31st March 2017

₹

| Particulars | Note No. | As at 31.03.2017 | As at 31.03.2016 |
|--|--------------|----------------------|----------------------|
| A EQUITY AND LIABILITIES | | | |
| 1. Shareholder's funds | | | |
| (a) Share Capital | 3 | 142,650,520 | 107,000,000 |
| (b) Reserves and surplus | 4 | 2,102,259,726 | 804,664,224 |
| | | 2,244,910,246 | 911,664,224 |
| 2. Non-current liabilities | | | |
| (a) Long term borrowings | 5 | 3,387,155,261 | 800,228,098 |
| (b) Other Long term Liabilities | 6 | 66,622 | 121,694 |
| (c) Long term provisions | 7 | 25,697,210 | 8,841,955 |
| | | 3,412,919,093 | 809,191,747 |
| 3. Current liabilities | | | |
| (a) Short Term borrowings | 8 | 468,774,796 | 138,215,578 |
| (b) Trade payables: Total outstanding dues of | | | |
| (A) Micro Enterprises & Small Enterprises | | - | - |
| (B) Creditors other than Micro enterprises & Small enterprises | 9 | 12,271,680 | 5,717,853 |
| (c) Other current liabilities | 10 | 727,425,596 | 371,251,439 |
| (d) Short term provisions | 11 | 36,421,106 | 12,214,076 |
| | | 1,244,893,178 | 527,398,946 |
| | Total | 6,902,722,517 | 2,248,254,917 |
| B ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 12 | 44,638,056 | 18,430,760 |
| (ii) Intangible assets | 12 | 3,597,872 | 657,127 |
| (ii) Software under development | 12 | 15,810,627 | - |
| (b) Non-Current Investments | 13 | 150,355,615 | 150,355,615 |
| (c) Deferred tax assets(net) | 14 | 24,447,474 | 10,087,770 |
| (d) Long term receivables under financing activity | 15 | 3,848,355,249 | 1,463,174,307 |
| (e) Long term loans and advances | 16 | 17,539,751 | 9,754,578 |
| (f) Other Non Current Assets | 17 | - | 617,900 |
| | | 4,104,744,644 | 1,653,078,057 |
| 2 Current assets | | | |
| (a) Current Investments | 18 | - | 40,000,000 |
| (b) Cash and Bank Balances | 19 | 1,806,401,914 | 30,869,123 |
| (c) Short term receivables under financing activity | 20 | 985,797,818 | 518,079,321 |
| (d) Short term loans and advances | 21 | 3,269,281 | 5,963,718 |
| (e) Other Current Assets | 22 | 2,508,860 | 264,698 |
| | | 2,797,977,873 | 595,176,860 |
| | Total | 6,902,722,517 | 2,248,254,917 |

Significant Accounting Policies and Notes to the Accounts 2 to 30 As per our report of even date attached

For Brahmaya & Co.

Chartered Accountants, Firm Registration Number 000511S

L Ravi Sankar

Partner

Membership No. 025929

Place : Chennai

Date: 23.05.2017

For and on behalf of Board of Directors

D Lakshmipathy

Chairman & Managing Director

Kalpna Iyer

Director

G Srikanth

Chief Financial Officer

B Shalini

Company Secretary

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

Statement of Profit & Loss for the Year ended 31st March 2017

₹

| Particulars | Note No. | 2016 - 2017 | 2015 - 2016 |
|---|----------|--------------------|--------------------|
| Revenue | | | |
| Revenue from Operations | 23 | 830,768,598 | 462,818,141 |
| Other income | 24 | 28,320,561 | 10,262,272 |
| Total Revenue | | 859,089,159 | 473,080,413 |
| Expenses | | | |
| Finance costs | 25 | 237,324,652 | 140,728,963 |
| Employee benefit expenses | 26 | 185,820,781 | 78,410,236 |
| Other expenses | 27 | 90,911,365 | 38,363,809 |
| Provision, loan loss and other charges | 28 | 27,953,775 | 7,276,578 |
| Depreciation | 12 | 9,230,453 | 5,113,527 |
| Total Expenses | | 551,241,026 | 269,893,113 |
| Profit Before Tax | | 307,848,133 | 203,187,300 |
| Tax expenses | | | |
| Current tax expenses (Refer Note 30.3) | | 128,459,386 | 73,548,231 |
| Deferred tax | | (14,359,704) | (4,509,711) |
| | | 114,099,682 | 69,038,520 |
| Profit for the Year | | 193,748,451 | 134,148,780 |
| Earnings per share - (Refer Note 30.5) | | | |
| Weighted Average number of Shares (Face Value Rs.10/- per share) | | 13,385,998 | 10,427,322 |
| Basic (of Rs.10/- each) | | 14.47 | 12.87 |
| Diluted | | 14.47 | 12.87 |

Significant Accounting Policies and Notes to the Accounts 2 to 30 As per our report of even date attached

For Brahmaya & Co.

Chartered Accountants, Firm Registration Number 000511S

For and on behalf of Board of Directors

L Ravi Sankar

Partner

Membership No. 025929

D Lakshmi pathy

Chairman & Managing Director

Kalpana Iyer

Director

Place : Chennai

Date: 23.05.2017

G Srikanth

Chief Financial Officer

B Shalini

Company Secretary

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

Cash Flow Statement for the Year ended 31st March 2017

₹

| Particulars | As at 31.03.2017 | As at 31.03.2016 |
|--|------------------------|----------------------|
| A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit | 19,374,845 | 134,148,780 |
| Provision for Taxation | 114,099,682 | 69,038,520 |
| | 307,848,133 | 203,187,300 |
| Add: Financial Expenses | 237,324,652 | 140,728,963 |
| | 545,172,785 | 343,916,263 |
| Depreciation | 9,230,453 | 5,113,527 |
| Provision against Non - Performing assets | 13,967,084 | 1,485,008 |
| General Provision on Standard Assets | 13,986,691 | 1,635,373 |
| Provision for Gratuity | 1,992,658 | 1,354,804 |
| (Profit)/ loss on sale of Fixed Assets | (241,767) | - |
| Operating Profit Before Working Capital Changes | 584,107,904 | 353,504,775 |
| (Increase) Decrease in Loans and Advances | (2,852,899,439) | (666,108,504) |
| (Increase) Decrease in Other Receivables | (5,090,736) | 9,337,758 |
| (Increase) Decrease in Other Current Assets | (2,244,162) | 3,278,499 |
| (Increase) Decrease in Other Non Current Assets | 617,900 | (303,436) |
| Increase (Decrease) in Current Liabilities | 8,294,968 | 184,968 |
| Increase (Decrease) in Other Current Liabilities | 20,849,571 | (61,437) |
| | (2,830,471,898) | (653,672,152) |
| | (2,246,363,994) | (300,167,376) |
| Financial Expenses | (218,021,416) | (133,692,818) |
| Direct Taxes Paid | (117,343,534) | (73,524,496) |
| | (335,364,950) | (207,217,314) |
| Net Cash from Operating Activities (A) | (2,581,728,944) | (507,384,691) |
| B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (54,651,357) | (16,426,838) |
| Sale of Fixed Assets | 704,000 | - |
| Investments in Fixed Deposit | 80,424 | 3,750,000 |
| (Purchase) / Sale of Current Investments | 40,000,000 | (38,125,000) |
| (Purchase) / Sale of Non Current Investments | - | (150,355,615) |
| Net Cash from Investing Activities (B) | (13,866,933) | (201,157,453) |

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

Five Star Business Finance Limited

Balance Sheet as at 31st March 2016

₹

| Particulars | Note No. | As at 31.03.2016 | As at 31.03.2015 |
|--|--------------|----------------------|----------------------|
| A EQUITY AND LIABILITIES | | | |
| 1. Shareholder's funds | | | |
| (a) Share Capital | 3 | 107,000,000 | 102,000,000 |
| (b) Reserves and surplus | 4 | 804,664,224 | 610,515,444 |
| | | 911,664,224 | 712,515,444 |
| 2. Non-current liabilities | | | |
| (a) Long term borrowings | 5 | 800,228,098 | 347,201,603 |
| (b) Other Long term Liabilities | 6 | 121,694 | 2,370,412 |
| (c) Long term provisions | 7 | 8,841,955 | 6,029,738 |
| | | 809,191,747 | 355,601,753 |
| 3. Current liabilities | | | |
| (a) Short Term borrowings | 8 | 138,215,578 | 157,454,001 |
| (b) Trade payables: Total outstanding dues of | | | |
| (A) Micro Enterprises & Small Enterprises | | - | - |
| (B) Creditors other than Micro enterprises & small enterprises | 9 | 5,717,853 | 5,642,754 |
| (c) Other current liabilities | 10 | 371,251,439 | 385,044,341 |
| (d) Short term provisions | 11 | 12,214,076 | 30,424,762 |
| | | 527,398,946 | 578,565,858 |
| | Total | 2,248,254,917 | 1,646,683,055 |
| B ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 12 | 18,430,760 | 7,305,184 |
| (ii) Intangible assets | 12 | 657,127 | 469,391 |
| (b) Non-Current Investments | 13 | 150,355,615 | - |
| (c) Deferred tax assets(net) | 14 | 10,087,770 | 5,578,059 |
| (d) Long term receivables under financing activity | 15 | 1,463,174,307 | 882,642,145 |
| (e) Long term loans and advances | 16 | 9,754,578 | 10,771,232 |
| (f) Other Non Current Assets | 17 | 617,900 | 314,464 |
| | | 1,653,078,057 | 907,080,475 |
| 2 Current assets | | | |
| (a) Current Investments | 18 | 40,000,000 | 1,875,000 |
| (b) Cash and Bank Balances | 19 | 30,657,625 | 287,185,083 |
| (c) Short term receivables under financing activity | 20 | 518,079,321 | 432,502,980 |
| (d) Short term loans and advances | 21 | 5,963,718 | 14,284,822 |
| (e) Other Current Assets | 22 | 476,196 | 3,754,695 |
| | | 595,176,860 | 739,602,580 |
| | Total | 2,248,254,917 | 1,646,683,055 |
| Significant Accounting Policies and Notes to the Accounts | 2 to 30 | | |
| As per our report of even date attached | | | |

For Brahmayya & Co.

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

Statement of Profit & Loss for the Year ended 31st March 2016

₹

| Particulars | Note No. | 2015 - 2016 | 2014 - 2015 |
|---|----------|--------------------|--------------------|
| Revenue | | | |
| Revenue from Operations | 23 | 462,818,141 | 329,887,387 |
| Other income | 24 | 10,262,272 | 6,149,138 |
| Total Revenue | | 473,080,413 | 336,036,525 |
| Expenses | | | |
| Finance costs | 25 | 140,728,963 | 103,711,509 |
| Employee benefit expenses | 26 | 78,410,236 | 48,851,309 |
| Other expenses | 27 | 38,363,809 | 23,435,050 |
| Provision, loan loss and other charges | 28 | 7,276,578 | 4,445,944 |
| Depreciation | 12 | 5,113,527 | 3,618,943 |
| Total Expenses | | 269,893,113 | 184,062,555 |
| Profit Before Tax | | 203,187,300 | 151,973,970 |
| Tax expenses | | | |
| Current tax expenses | | 73,548,231 | 54,694,831 |
| Deferred tax | | (4,509,711) | (1,940,484) |
| | | 69,038,520 | 52,754,347 |
| Profit for the Year | | 134,148,780 | 99,219,623 |
| Earnings per share - (Refer Note 30.4) | | | |
| Weighted Average number of Shares (Face Value Rs.10/- per share) | | 10,427,322 | 9184,110 |
| Basic (of Rs.10/- each) | | 12.87 | 10.80 |
| Diluted | | 12.87 | 10.80 |

Significant Accounting Policies and Notes to the Accounts 2 to 30
As per our report of even date attached

For Brahmayya & Co.
Chartered Accountants
Firm Registration Number 000511S

For and on behalf of Board of Directors

L. Ravi Sankar
Partner

D. Lakshmipathy
Chairman & Managing Director

B. Haribabu
Director

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

Cash Flow Statement for the Year ended 31st March 2016

₹

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|--|-----------------------------|-----------------------------|
| A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit | 134,148,780 | 99,219,623 |
| Provision for Taxation | 69,038,520 | 52,754,347 |
| | <u>203,187,300</u> | <u>151,973,970</u> |
| Add: Financial Expenses | 140,728,963 | 103,711,510 |
| | 343,916,263 | 255,685,480 |
| Depreciation | 5,113,527 | 3,818,843 |
| Provision against Non - Performing assets | 1,485,008 | 1,347,390 |
| General Provision on Standard Assets | 1,835,373 | 771,067 |
| Provision for Gratuity | 1,354,604 | 1,301,151 |
| (Profit)/ loss on sale of Fixed Assets | - | (59,371) |
| Operating Profit Before Working Capital Changes | <u>353,504,775</u> | <u>262,664,560</u> |
| (Increase) Decrease in Loans and Advances | (866,108,504) | (307,135,246) |
| (Increase) Decrease in Other Receivables | 9,337,758 | 2,550,426 |
| (Increase) Decrease in Other Current Assets | 3,278,499 | (2,135,686) |
| (Increase) Decrease in Other Non Current Assets | (303,436) | 360,856 |
| Increase (Decrease) in Current Liabilities | 184,968 | 4,062,706 |
| Increase (Decrease) in Other Current Liabilities | (61,437) | (1,418,681) |
| | <u>(653,672,152)</u> | <u>(303,715,625)</u> |
| | <u>(300,167,377)</u> | <u>(41,051,065)</u> |
| Financial Expenses | (133,692,818) | (106,988,787) |
| Direct Taxes Paid | (73,524,496) | (50,330,536) |
| | <u>(207,217,314)</u> | <u>(157,319,323)</u> |
| Net Cash from Operating Activities (A) | <u>(507,384,691)</u> | <u>(198,370,388)</u> |
| B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (16,426,838) | (4,214,869) |
| Sale of Fixed Assets | - | 151,500 |
| Investments in Fixed Deposit | 3,750,000 | (5,000,000) |
| (Purchase) / Sale of Current Investments | (38,125,000) | 5,733,257 |
| (Purchase) / Sale of Non Current Investments | (150,355,615) | - |
| Net Cash from Investing Activities (B) | <u>(201,157,453)</u> | <u>3,330,112</u> |

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

| <i>Particulars</i> | <i>As at 31.03.2016</i> | <i>As at 31.03 2015</i> |
|---|-----------------------------|-----------------------------|
| C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long Term & Medium Term | | |
| Increase in Share Capital | 5,000,000 | 12,000,000 |
| Increase in Share Premium | 60,000,000 | 144,000,000 |
| Proceeds from Issue of Debentures | 300,000,000 | 17,500,000 |
| Debentures Redeemed | (64,970,000) | (68,179,000) |
| Increase (Decrease) in Term Loans from Banks & Others | 194,495,495 | 156,646,700 |
| Increase (Decrease) in Loan from Directors | (4,811,000) | 1,066,000 |
| Increase (Decrease) in Other Borrowings | (67,123,218) | 67,123,218 |
| Short Term | | |
| Increase (Decrease) in Bank Borrowings | 53,070,509 | 60,013,015 |
| Dividend paid (Including Corporate Dividend Tax) | (19,897,189) | (15,191,401) |
| Net Cash from Financing Activities (C) | 455,764,687 | 374,978,532 |
| Net Increase in Cash and Cash Equivalents (A) + (B) + (C) | (252,777,457) | 173,278,032 |
| Cash and Cash Equivalents at the Beginning of the Year | 277,435,082 | 104,157,050 |
| Cash and Cash Equivalents at the End of the Year | 24,657,625 | 277,435,082 |
| Components of Cash and Cash Equivalents at the end of the Year | | |
| Cash on Hand | 3,108,914 | 5,276,939 |
| Cash with Scheduled Banks | 21,548,711 | 272,158,143 |
| Cash and Cash Equivalents | 24,657,625 | 277,435,082 |

As per our report of even date attached

For Brahmayya & Co.
Chartered Accountants
Firm Registration Number 000511S

I Ravi Sankar

For and on behalf of Board of Directors

D Lakshminathv

R Hariharu

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

ANNEXURE – V – TERM SHEET

As mentioned in Section XXI above