

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

INFORMATION MEMORANDUM



Business Finance Limited

FIVE-STAR BUSINESS FINANCE LIMITED

A public limited company incorporated under the Companies Act, 1956

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

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

Telephone No.: 044-4610 6200

Website: www.fivestargroup.in

Information Memorandum for issue of Debentures on a private placement basis Dated: August 26, 2019

Issue of 1,250 (One Thousand Two Hundred and Fifty) Secured, Rated, Listed, Redeemable, Transferable, Non-convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakh only) each, aggregating up to Rs. 125,00,00,000/- (Rupees One Hundred and Twenty Five Crores only) on a private placement basis (the "Issue").

Background

This Information Memorandum is related to the Debentures to be issued by Five Star Business Finance Limited (the "**Issuer**" or "**Company**") on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures comprised in the Issue and described under this Information Memorandum has been authorised by the Issuer through resolutions passed by the shareholders of the Issuer on March 26, 2018, September 22, 2018 and the Board of Directors of the Issuer on February 28, 2018 read with the resolution passed by the Business and Resource Committee of the Board of Directors dated August 16, 2019 and the Memorandum and Articles of Association of the Company. The present issue of Debentures in terms of this Information Memorandum is within the overall powers of the Board as per the above shareholder resolution(s).

General Risks

Investment in debt and debt related securities involve a degree of risk and Investors should not invest any funds in the debt instruments, unless they can afford to take the risks attached to such investments and only after reading the information carefully. For taking an investment decision, the Investors must rely on their own examination of the Company and the Issue including the risks involved. The Debentures have not been recommended or approved by Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of Investors is invited to the statement of Risk Factors at SECTION 3: of this memorandum of private placement for issue of Debentures on a private placement basis ("**Information Memorandum**" or "**Disclosure Document**"). This Information Memorandum has not been submitted, cleared or approved by SEBI.

Issuer's Absolute Responsibility

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

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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 August 14, 2019 assigned a rating of “CARE A” (pronounced as “CARE A”) with ‘stable’ outlook in respect of the Debentures. The above rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the Rating Agency and should be evaluated independently of any other ratings. Please refer to **Annexure II** of this Information Memorandum for the letter dated August 14, 2019 from the Rating Agency assigning the credit rating abovementioned.

Issue Schedule

Issue Opens on: August 26, 2019
Issue Closing on: August 26, 2019
Deemed Date of Allotment: August 28, 2019

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

The Debentures are proposed to be listed on the wholesale debt market of the Bombay Stock Exchange (“**BSE**”).

Debenture Trustee	Registrar and Transfer Agent
<p>Catalyst Trusteeship Limited Windsor, 6th floor, Office No.604, C.S.T Road, Kalina, Santacruz (East) Mumbai 400098 Contact Person: Mr. Umesh Salvi Tel.: +91-22-49220503 Fax: +91-22-49220505 Email: umesh.salvi@ctltrustee.com Website: http://www.catalysttrustee.com/</p>	<p>NSDL Database Management Limited Trade World, A – Wing, 4th & 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai – 4000013 Contact Person: Mr. Nilesh Bhandare Tel.: 91-22-24994200 Fax: 022 49142503 Email: info_ndml@nsdl.co.in Website: www.ndml-nsdl.co.in</p>

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SECTION 1: DEFINITIONS AND ABBREVIATIONS

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

Allot/Allotment/Allotted	Unless the context otherwise requires or implies, the allotment of the Debentures pursuant to this Issue.
Application Form	The form used by the recipient of this Disclosure Document and/or the Private Placement Offer cum Application Letter, to apply for subscription to the Debentures, which is annexed to this Information Memorandum and marked as Annexure IV .
Board/Board of Directors	The Board of Directors of the Issuer.
Business Day	Any day of the week (excluding Saturdays, Sundays and any other day which is a ‘public holiday’ for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881)) on which banks are normally open for business in Mumbai, India and New York, United States of America and “ Business Days ” shall be construed accordingly.
CDSL	Central Depository Services Limited.
Client Loan	Each loan made by the Issuer as a lender, and “ Client Loans ” shall refer to the aggregate of such loans.
Debentures / NCDs	1,250 (One Thousand Two Hundred and Fifty) Secured Rated Listed Redeemable Transferable Non-Convertible Debentures bearing a face value of Rs. 10,00,000/- (Rupees Ten Lakh only) each, aggregating to Rs. 125,00,00,000/- (Rupees One Hundred and Twenty Five Crores only).
Debenture Holders / Investors	The holders of the Debentures issued by the Issuer and shall include the registered transferees of the Debentures from time to time.
Deemed Date of Allotment	August 28, 2019.
Debenture Trustee	Catalyst Trusteeship Limited
Debenture Trustee Agreement	Agreement executed by and between the Debenture Trustee and the Company for the purposes of appointment of the Debenture Trustee to act as debenture trustee in connection with the issuance of the Debentures.
Debenture Trust Deed	Shall mean the debenture trust cum mortgage deed executed/to be executed by and between the Debenture Trustee and the Company <i>inter alia</i> recording the terms and conditions for the creation of a first ranking <i>pari passu</i> mortgage over certain identified immovable property of the Company situated in Tamil Nadu and setting out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer.
Deed of Hypothecation	The deed of hypothecation entered/to be entered into between the Issuer and the Debenture Trustee, pursuant to which hypothecation over Secured Property shall be created by the Issuer in favour of the Debenture Trustee (acting for and on behalf of the Debenture Holders).
Demat	Refers to dematerialized securities which are securities that are in electronic form, and not in physical form, with the entries noted by the Depository.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.

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Depository Participant / DP	A depository participant as defined under the Depositories Act
Director(s)	Board of Director(s) of the Issuer.
Disclosure Document / Information Memorandum	This document which sets out the information regarding the Debentures being issued on a private placement basis.
DP ID	Depository Participant Identification Number.
Due Date	Any date on which the holders of the Debentures are entitled to any payments, whether on maturity or earlier (upon any event of default or upon the exercise of the put option or call option), prior to the scheduled Maturity Date or acceleration.
EBP Guidelines	The guidelines issued by SEBI with respect to electronic book mechanism under the terms of the SEBI Circular dated January 5, 2018 (bearing reference number SEBI/HO/DDHS/CIR/P/2018/05) read with the SEBI Circular dated August 16, 2018 (bearing reference number SEBI/HO/DDHS/CIR/P/2018/122) and the operational guidelines issued by the relevant Electronic Book Provider, as may be amended, clarified or updated from time to time.
Electronic Book Provider / EBP	shall have the meaning assigned to such term under the EBP Guidelines.
EFT	Electronic Fund Transfer.
Fee Letter	Shall mean the letter dated August __, 2019 issued by the Company to the Debenture Holder(s) in respect of certain one-time upfront fees payable by the Company to the Debenture Holder(s).
Financial Year/ FY	Twelve months period commencing from April 1 of a particular calendar year and ending on March 31 of the subsequent calendar year.
Final Settlement Date	shall mean the date on which the payments to be made by the Company in relation to the Issue have been irrevocably discharged in full and/or the Debentures have been redeemed by the Company in full in accordance with the terms of the Transaction Documents;
GAAP	Generally Accepted Accounting Principles prescribed by the Institute of Chartered Accountants of India from time to time and consistently applied by the Issuer.
IBC	shall mean the Insolvency and Bankruptcy Code, 2016, and the rules and regulations made thereunder which are in effect from time to time and shall include any other statutory amendment or re-enactment thereof;
ICCL	Indian Clearing Corporation Limited
Indian GAAP	Means the generally accepted accounting principles, standards and practices in India or any other prevailing accounting standard in India as may be applicable
Indian Accounting Standard (IND AS)	Means Accounting standard adopted by companies in India and issued under the supervision of Accounting Standards Board (ASB)
Issue	Private Placement of the Debentures.
Issue Closing Date	August 26, 2019
Issue Opening Date	August 26, 2019
Issuer/ Company	Five-Star Business Finance Limited.
Key Managerial Personnel	shall have the meaning assigned to such term in the Companies Act, 2013 (as amended from time to time);
Majority Debenture Holders	Debenture Holders whose participation or share in the principal amount(s) outstanding with respect to the Debentures aggregate to more than 51% (Fifty One Percent) of the value of the nominal amount of the Debentures for the time being outstanding.

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Material Adverse Effect	The effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, a material and adverse effect on (i) the financial condition, business or operation of the Issuer; (ii) the ability of the Issuer to perform their obligations under the Transaction Documents; or (iii) the validity or enforceability of any of the Transaction Documents (including the ability of any party to enforce any of its remedies thereunder).
Maturity Date	August 28, 2025 being 72 (Seventy Two) months from the Deemed Date of Allotment, subject to a Put Option or Call Option or, such other date on which the final payment of the principal amount of the Debentures becomes due and payable as therein or herein provided, whether at such stated maturity date, by declaration of acceleration, or otherwise.
N.A.	Not Applicable.
NSDL	National Securities Depository Limited.
PAN	Permanent Account Number.
Private Placement Offer cum Application Letter	Shall mean the private placement offer cum application letter(s) prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014.
RBI	Reserve Bank of India.
Rating Agency	CARE Ratings Limited being a credit rating agency registered with SEBI pursuant to SEBI (Credit Rating Agencies) Regulations 1999, as amended from time to time.
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 (Fifteen) calendar days prior to any Due Date.
R&T Agent	Registrar and Transfer Agent to the Issue, in this case being NSDL Database Management Limited.
ROC	Registrar of Companies.
Rs. / INR	Indian Rupee.
RTGS	Real Time Gross Settlement.
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time).
SEBI Debt Listing Regulations	The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued by SEBI, as amended from time to time.
Security	The security for the Debentures as specified in Annexure I .
Tax or Taxes	shall mean any and all present or future, direct or indirect, claims for tax, withholding tax, surcharge, levy, impost, duty, cess, statutory due or other charge of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) including on gross receipts, sales, turn-over, value addition, use, consumption, property, service, income, franchise, capital, occupation, license, excise, documents (such as stamp duties) and customs and other taxes, duties, assessments, or fees, however imposed, withheld, levied, or assessed by any Government.
TDS	Tax Deducted at Source.
The Companies Act/ the Act	The Companies Act, 2013 or where applicable, the provisions of the Companies Act, 1956, still in force.
Terms & Conditions	Shall mean the terms and conditions pertaining to the Issue as outlined in the Transaction Documents.

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Transaction Documents	Shall mean the documents executed or to be executed in relation to the issuance of the Debentures as more particularly set out in Annexure I .
WDM	Wholesale Debt Market.
Wilful Defaulter	Shall mean an Issuer who is categorized as a wilful defaulter by any Bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an issuer whose director or promoter is categorized as such in accordance with Regulation 2(n) of SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

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SECTION 2: NOTICE TO INVESTORS AND DISCLAIMERS

2.1 ISSUER'S DISCLAIMER

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

As per the applicable provisions, it is not necessary for a copy of this Information Memorandum / Disclosure Document to be filed or submitted to the SEBI for its review and/or approval.

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

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

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

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

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

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

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

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

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

2.2 DISCLAIMER CLAUSE OF STOCK EXCHANGES

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

2.3 DISCLAIMER CLAUSE OF RBI

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

2.4 DISCLAIMER CLAUSE OF SEBI

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

2.5 DISCLAIMER IN RESPECT OF JURISDICTION

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

2.6 DISCLAIMER IN RESPECT OF RATING AGENCIES

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

2.7 ISSUE OF DEBENTURES IN DEMATERIALIZED FORM

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

SECTION 3: RISK FACTORS

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

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

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

3.2 THE SECONDARY MARKET FOR DEBENTURES MAY BE ILLIQUID.

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

3.3 CREDIT RISK & RATING DOWNGRADE RISK

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

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

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

3.5 TAX CONSIDERATIONS AND LEGAL CONSIDERATIONS

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

3.6 ACCOUNTING CONSIDERATIONS

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

3.7 SECURITY MAYBE INSUFFICIENT TO REDEEM THE DEBENTURES

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

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

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

3.9 LEGALITY OF PURCHASE

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

3.10 POLITICAL AND ECONOMIC RISK IN INDIA

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

3.11 RISKS RELATED TO THE BUSINESS OF THE ISSUER

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

A majority of the Issuer's loans are to the socially motivated double bottom line enterprises and the clients of these loans are of the high risk category. There is uncertainty on the client's ability to fulfil its loan obligations it can be difficult to verify all client details and assess the risk. Such non-performing or low credit quality loans can negatively impact our results of operations.

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The Issuer has various procedures and process controls in place to mitigate the risk.

As on June 30, 2019, the gross NPA was Rs. 22.42 Crores (0.94%) on a gross portfolio of Rs. 2389.83 Crores (including managed portfolio of Rs. NIL).

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

The current loan loss reserves 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.

The clients are from different industries spread across several geographies with limited access to finance and, as a result, might be vulnerable if economic conditions worsen or growth rates decelerate in India, or if there are natural disasters such as floods and droughts in areas where the Issuer's members live. Moreover, there is no precise method for predicting loan and credit losses, and the Issuer cannot assure that its monitoring and risk management procedures will effectively predict such losses or that loan loss reserves will be sufficient to cover actual losses. If the Issuer are unable to control or reduce the level of its NPAs or poor credit quality loans, its financial condition and results of its operations could be materially and adversely affected.

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

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

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

- (c) ***The Issuer is exposed to certain political, regulatory and concentration of risks***

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

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

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If the Issuer is not able to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain the Issuer's quality and reputation, it will be difficult for the Issuer to manage its business and growth. The Issuer depends on the services of its executive officers and key employees for its continued operations and growth. In particular, the Issuer's senior management has significant experience in the microfinance, 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 also dependent on its team of personnel who directly manage its relationships with its members. 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 members 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 intense in this industry, and the Issuer if 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.

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

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

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

The Issuer maintains insurance coverage of the type and in the amounts that it believes are commensurate with its operations and other general liability insurances. The Issuer's insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage. In addition, there are various types of risks and losses for which the Issuer does not maintain insurance, such as losses due to business interruption and natural disasters, because they are either uninsurable or because insurance is not available to the Issuer on acceptable terms. A successful assertion of one or more large claims against the Issuer that exceeds 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.

(f) ***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. The Issuer requires certain approvals, licenses, registrations and permissions for operating its business, including registration with the RBI as a NBFC pursuant to Section 45-IA of the RBI Act, 1934. 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. Additionally, RBI has issued detailed directions on prudential norms *inter alia* prescribing guidelines on income recognition, asset classification and provisioning requirements applicable to NBFCs, exposure norms, disclosures in the balance sheet, requirement of capital adequacy,

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restrictions on investments in land and building and unquoted shares besides others. In particular, the Issuer is required to obtain a certificate of registration for carrying on business as a NBFC that is subject to numerous conditions. In addition, its branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishments laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If the Issuer fails to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, its business may be adversely affected. If the Issuer fails to comply, or a regulator claims that it has not complied, with any of these conditions, the Issuer's certificate of registration may be suspended or cancelled and it shall not be able to carry on such activities. If the Issuer fails to comply with the NBFC Directions and fails to maintain the status of NBFC, it may attract penal provisions under the RBI Act, 1934 for non-compliance. The penal action can also result in RBI cancelling the Certificate of Registration issued to the NBFC.

(g) ***Competition from banks and financial institutions, as well as state-sponsored programs, may adversely affect our profitability and position in the Indian NBFC lending industry***

The Issuer faces most significant competition from other NBFCs and banks in India. Many of the institutions with which Issuer competes can have greater assets and better access to, and lower cost of, funding than the issuer. In certain areas, they may also have better name recognition and larger member bases than Issuer. Issuer anticipates that it may encounter greater competition as they continue expanding the operations in India, which may result in an adverse effect on the business, results of operations and financial condition.

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SECTION 4: FINANCIAL STATEMENTS

The audited financial statements of the Issuer for the Financial Year ended 31st March 2019 are set out in **Annexure V** hereto.

SECTION 5: REGULATORY DISCLOSURES

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

5.1 Documents Submitted to the Exchanges

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

- (a) Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
- (b) Copy of last 3 (Three) years audited Annual Reports;
- (c) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- (d) Copy of the resolution passed by the shareholders of the Company at the Extra-Ordinary General Meeting held on March 26, 2018, authorizing the borrowing by the Company and the creation of security thereto;
- (e) Copy of the resolution passed by the shareholders of the Company at the Annual General Meeting held on September 22, 2018, authorizing the issue/offer of non-convertible debentures by the Company;
- (f) Copy of the resolution passed by the Board of Directors and the Business and Resource Committee of the Board of Directors authorizing the issuance of the Debentures and the list of authorized signatories;
- (g) An undertaking from the Issuer stating that the necessary documents for the creation of the charge, including the Trust Deed would be executed within the time frame prescribed in the relevant regulations/acts/rules etc. and the same would be uploaded on the website of the BSE, where the debt securities have been listed, within 5 (five) working days of execution of the same.
- (h) Where applicable, an undertaking that permission/consent from the prior creditor for a second or *pari passu* charge being created, in favor of the trustees to the proposed issue has been obtained; and
- (i) Any other particulars or documents that the recognized stock exchange may call for as it deems fit.

5.2 Documents Submitted to Debenture Trustee

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

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

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share the details submitted under this clause with all 'Qualified Institutional Buyers' and other existing debenture-holders within 2 (two) Business Days of their specific request.

5.3 Name and Address of Registered Office of the Issuer

Name:	Five Star Business Finance Limited
Registered Office of Issuer:	New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai – 600010
Corporate Office of Issuer:	New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai – 600010
Compliance Officer of Issuer:	Ms. Shalini B
CFO of Issuer:	Mr. Srikanth G
RBI Registration Number:	B-07.00286
Corporate Identification Number:	U65991TN1984PLC010844
Phone No.:	044-46106200
Contact Person:	Mr. Srikanth G
Email:	srikanth@fivestargroup.in
Website of Issuer:	https://www.fivestargroup.in/
Auditors of the Issuer:	B S R & Co. LLP KRM Tower, 1st and 2nd Floor, No. 1, Harrington Road, Chetpet, Chennai - 600031
Trustee to the Issue:	Catalyst Trusteeship Limited, Windsor, 6th floor, Office No.604, C.S.T Road, Kalina, Santacruz (East) Mumbai 400098
Registrar to the Issue:	NSDL Database Management Limited, Trade World, A – Wing, 4th & 5 th Floors, Kamala Mills Compound, Lower Parel, Mumbai – 4000013
Credit Rating Agency of the Issue:	CARE Ratings Limited, O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai – 600 002.

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

(a) Overview

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

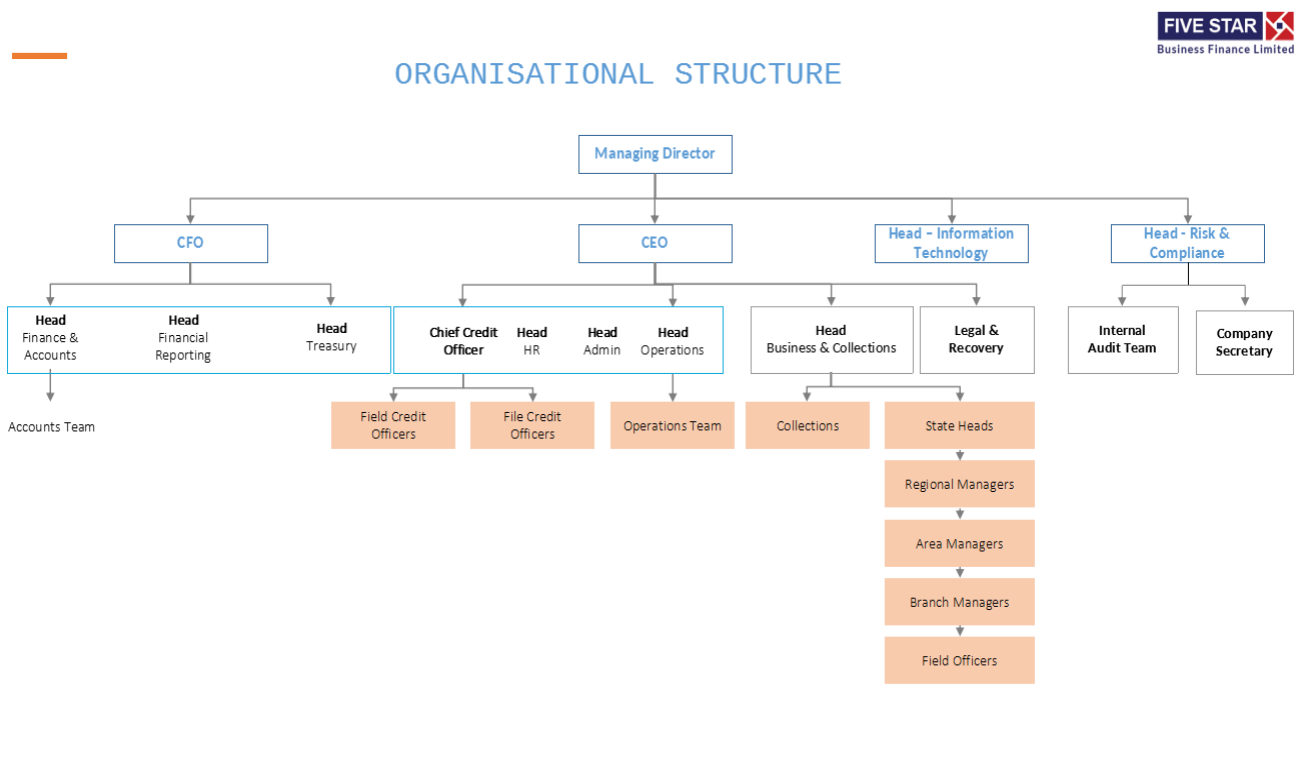
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The company was originally promoted by Mr V K Ranganathan and is currently being managed by Mr D Lakshmi pathy, who joined the Board of the company in 2002, and is currently its Chairman and Managing Director. Under his leadership, over the last 9 years, the company has grown from a branch network of 6 to more than 200 today and from an AUM of Rs.18 Crores to more than Rs.2500 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 June 30, 2019, Five-Star operated 190 branches in 6 states – Tamil Nadu (76 branches; including 2 in Puducherry), Andhra Pradesh (47 branches), Telangana (33 branches), Karnataka (15 branches), Maharashtra (3 branches) and Madhya Pradesh (16 branches), with a borrower base of more than 85,000 customers and a total portfolio under management of about Rs.2425 Crores (consolidated).

(b) **Corporate Structure**



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(i) **Brief Profile of the Board of Directors:**

Name	Work Experience
D Lakshmipathy <i>Chairman & Managing Director</i>	<ul style="list-style-type: none"> • Mr. Lakshmipathy is an Engineering graduate from Madras University. He hails from a business family. Before joining Five-Star he was Managing Director of RKV Finance Limited, a NBFC registered with RBI. • On amalgamation of RKV with Five-Star during 2002 he joined the Board of Five-Star as Joint Managing Director. His wide exposure in lending to Small Business Customers which was successful in that company, helped him to develop similar advance portfolio at Five-Star with great success. • Presently he is also Director, Finance Companies Association of India and Management Committee member, South India Hire Purchase Association. He is on various committees of both the Associations and takes active interest in the development of trade associations. • He is responsible for the wider presence of the company in a short span of 8 years from 6 branches to more than 170 currently, which has helped the company to make its presence felt in Tamil Nadu, Andhra Pradesh, Telengana and Karnataka.
A Ramanathan <i>Independent Director</i>	Mr Ramanathan is retired Chief General Manager from NABARD. His expertise lies in Institutional Development, Organisational Development, Organisational Behaviour, Small Business Development, training need assessment, training techniques etc. He has more than 35 years of rich experience in the banking industry.
Bhama Krishnamurthy <i>Independent Director</i>	She was Country Head and Chief General Manager of SIDBI. She has closely dealt with Multilateral and Bilateral Agencies in close co-ordination with the Government of India. Her areas of specialization include, inter-alia, handling of Human Resources Development Division covering recruitment, training and promotion aspects. She was also associated with drafting of CSR Policy guidelines for the Bank.
R Anand <i>Independent Director</i>	Mr Anand is a Chartered Accountant with over 30 years of industry experience. He worked in Sundaram Finance for over 20 years occupying several positions in Finance and Audit. He also worked as a Partner in Ernst & Young LLP covering Tax and Regulatory aspects of various industries like Financial Services, Real Estate, Auto and Auto components, Media and Entertainment. His specializations include NBFC Regulations, Corporate Tax and Foreign Investment and Exchange control regulation and Corporate restructuring. He has also been appointed as a Non-official Independent Director in MMTC Limited.
Vikram Vaidyanathan <i>Nominee Director - Matrix Partners</i>	Vikram is an MBA graduate from IIM Bangalore, and interned at Procter & Gamble, Singapore. He joined McKinsey & Co. after his MBA and worked across a variety of sectors including mobile media, TV, retail, engineering construction and manufacturing. Currently Vikram is one the Managing Directors at Matrix Partners.
B Haribabu <i>Independent Director</i>	Mr.Haribabu holds a bachelors degree from Madras University. He hails from a business family and continues the family business of brick manufacturing. He is also the Founder Trustee of Sri Venkateswara College of Technology, Vadakal Village, Mathur Post, Tamil Nadu. He joined the Board of Five-Star in 1996.
L R Raviprasad <i>Independent Director</i>	Mr. Raviprasad holds a Bachelor's degree from Madras University. He hails from a business family and continues the family business of brick manufacturing. He joined the Board of Five-Star in 2002.
Ling Wei Ong <i>Nominee Director - Morgan Stanley</i>	Ling Wei Ong is an Executive Director of Morgan Stanley. He joined Morgan Stanley in 2005 and monitors the group's investments, including structuring and valuation, finance and compliance. Prior to joining Morgan Stanley, Ling was with Deloitte & Touche in Singapore for over seven years. Mr.Ling holds a BS in Accountancy from Nanyang Technological University and is a Chartered Accountant (Singapore).

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Name	Work Experience
Arjun Saigal <i>Alternate Director - Morgan Stanley</i>	Arjun Saigal is an Executive Director of Morgan Stanley. He joined Morgan Stanley in 2012 and focuses on the Group's Private Equity transactions in India. Prior to joining Morgan Stanley, Arjun was with Baring Private Equity Partners India. He is a graduate of the London School of Economics and received his MBA from Columbia Business School.
V Thirulokchand <i>Independent Director</i>	Thirulokchand is a Hotel Management Graduate with over 17 years of experience in the Hospitality business. His areas of expertise include Team Management, Customer satisfaction and Process Optimisation.
Ganapathyagraham Venkataraman Ravishankar <i>Nominee Director - Sequoia Capital</i>	<ul style="list-style-type: none"> Mr G V Ravishankar is a Managing Director of Sequoia Capital India. Prior to joining Sequoia, he has also worked at McKinsey in the capacity of an advisor to management teams of top Indian companies. He had also worked at Wipro prior to McKinsey, where he helped several venture-backed networking start-up clients on a wide variety of issues. He has a Masters in Business Administration from Indian Institute of Management (IIM), Ahmedabad where he was awarded the President's Gold Medal. He also holds a BE in Computer Science and Engineering from REC Trichy.
Gaurav Trehan <i>Nominee Director - TPG Capital</i>	Gaurav Trehan is a Partner at TPG Capital Asia, based in Mumbai. Since joining TPG in 2004, Gaurav has spent time at TPG's Hong Kong and Mumbai offices and has evaluated and executed private equity transactions in India and Southeast Asia. Prior to joining TPG, he has worked in the Mergers, Acquisitions and Restructurings Department of Morgan Stanley at Menlo Park with a focus on the technology sector. Gaurav received a BS in Mathematics, Applied Science and Economics from UCLA.

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

Name & Designation	Profile and Experience
Rangarajan Krishnan <i>Chief Executive Officer</i>	<ul style="list-style-type: none"> Rangarajan is a well rounded finance professional with about 15 years of work experience across commercial banking, private equity investment, project finance and advisory. He started his career with HDFC Bank in the Corporate Banking division and then moved on to Standard Chartered Bank in the Mid-Market Commercial Banking division catering to a wide range of fund/ non-fund, trade and treasury requirements of these corporates. He then worked with the South Asia Infrastructure Investment team at International Finance Corporation, World Bank, and led a wide array of equity/ debt investments in projects across different economies. Over the last five years before joining Five-Star, he was with Spark Capital where he headed their advisory/ investment banking initiatives across the financial services and consumer sectors. He joined Five-Star in August 2015 as Chief Operating Officer and heads business, credit and operations. By qualification, he is a commerce graduate and has done two Masters in Business Administration (one from Sri Sathya Sai Institute of Higher Learning and one from The Indian School of Business) with specialization in Analytical Finance and Leadership.

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Name & Designation	Profile and Experience
Srikanth G <i>Chief Financial Officer</i>	<ul style="list-style-type: none"> Srikanth is a seasoned banking and finance professional with a combined experience of about 15 years across multiple functions. He spent the first 8 years of his career in Citibank and other Citigroup entities working across various functions like financial planning and analysis, Securitization and Structuring, Treasury, and Operations. He was the Vice President and Head of Business Planning and Analysis for the Consumer portfolio of Citibank when he moved out of the bank to take up the role of Chief Financial Officer at Asirvad Microfinance Private Limited. For over the last 5 years prior to joining Five-Star, he had been managing the finance, treasury and technology at Asirvad and had been an integral part of the senior management team. He was instrumental in shepherding the organization when the entire Microfinance industry was hit by the crisis in 2010 and was also instrumental in Manappuram Finance Limited taking a majority stake in Asirvad. He joined Five-Star in October 2015 as the Chief Financial and Information Officer and heads the finance function. Srikanth is a commerce graduate and holds an MBA in Finance and General Management from Sri Sathya Sai Institute of Higher Learning (Deemed University) and has been a gold medalist in both the UG and PG courses.
Vishnuram Jagannathan <i>Head – Operations</i>	<p>Vishnuram is an experienced banking professional with over 15 years experience across transaction banking and operations. He had previously worked with HDFC Bank and HSBC where he was part of the Global Trade & Receivable Finance team. Prior to joining Five-Star, Vishnuram was the Vice President at Deutsche Bank heading the transaction banking division of the bank in Tamilnadu and Andhra Pradesh.</p>
Parthasarathy S <i>Chief Credit Officer</i>	<p>Parthasarathy is a Chartered Accountant with 14+ years of banking experience. He started his career with ICICI Bank and then moved to Standard Chartered Bank as a Credit Analyst. His last assignment was with DBS Bank (Development Bank of Singapore) as a Vice President, where he worked close to 9 years in the Risk Analytical Unit of Large Corporates managing the portfolio of clients based in Tamilnadu and Kerala.</p>
Parthasarathi Asuri <i>Head – Risk & Compliance</i>	<p>Sarathi has multiple qualifications to his credit viz., M.Com, ACA, ACMA, ACS, CAIIB. He has diversified professional work experience of over 16 years, including a decade long stint in the Banking Industry, followed by his experience in the fields of Finance, Accounts, Taxation and Secretarial Functions. His last employment was with FL Smidth Private Limited. At Five Star, he oversees the Risk and Compliance (including Secretarial compliances) and Internal Audit functions.</p>
Sathya Ganesh T <i>Head - Business & Collections</i>	<p>Sathya comes with 18+ years of experience with Banks & NBFCs and had worked with various organisations including ICICI Bank, Cholamandalam and Equitas. Prior to joining Five Star, Sathya headed Shriram Housing in Tamilnadu. At Five Star, Sathya heads the Business and Collections vertical of Tamilnadu, Andhra Pradesh and Telangana. He is a Post Graduate in Commerce from Madras University and holds an MBA in Banking & Finance from Symbiosis, Pune.</p>
Vishnu Prasad C <i>Head – Technology</i>	<p>Vishnu is a Software Professional with 12 years of experience in Program Management and Product Development. He began his career with Polaris Financial Technologies, moved to HCL Technologies subsequent to which he had worked with Microsoft in the US for a period of about 9 years. Prior to joining Five Star, he was with SKS Microfinance working on architecting and designing online technology solutions for their products.</p>
Mahesh Gourishetty <i>Head – Human Resources</i>	<p>Mahesh has over 15 years of experience in various organizations in the field of HR and in leading the entire lifecycle of human capital management. In his last assignment he was the HR Business Partner at Sterlite Power. Prior to that he has worked in organizations such as Infosys and L&T in their HR teams.</p>
Prashanth S <i>Head – Treasury</i>	<p>Prashanth is an MBA with more than 16 years' cross-functional experience across industry and advisory, of which the last 7 years have been spent working with a number of corporates across industries shepherding various fund-raise proposals from banks, FIs etc.</p>

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Name & Designation	Profile and Experience
Seshathri S M <i>Head - Credit</i>	Seshadri has more than two decades experience in Business development, understanding customer requirements and offering tailor made products. He has led the company in the areas of Credit Management, operations, Risk Management, Fraud control, property valuation. His experience and interest on Small Business Loans has helped the company to get a stronghold in MSME segment. He has started his career with Five-Star. Seshadri is a Post graduate in Commerce from Madras University. He also holds B.L. Degree from Yogi Vemanna University.
K Arun Kumar <i>Head - Finance and Accounts</i>	Arun has more than 2 decades of experience in the areas of treasury operations, finance and accounting. He possesses a demonstrated record of success in strategic planning and execution, business finance and monitoring, financial risk management, audit and control. He has started his career with Five-Star. Arun is a Post Graduate in Commerce from Annamalai University. He also holds Post Graduate Diploma in Computer Applications.
Venkatesh B <i>Head – Financial Reporting</i>	Venkatesh is a qualified Chartered Accountant & Company Secretary with industry experience of about a decade having previously worked with PWC and Equitas Small Finance Bank. He has worked across audit, accounts, finance, fund-raise, treasury, diligence and related areas.
Veerappan R M <i>Head – Credit</i>	He is a graduate and a professional banker since 1977. He has held various positions in Canara Bank and Can Fin Homes Ltd. He was associated with formulation of policies relating to housing sector, and was also a member of various committees like Risk Management, Liability Management, etc.
Shylasree Padmanabhan <i>Head - Admin</i>	Shylashree has over 20 years of experience in human resources, secretarial and office administration. She had worked with Sutherland Global Services and Asirvad Microfinance before moving to Five-Star.

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

Particulars (in INR Lakh)	Audited 31-Mar-17	Audited 31-Mar-18	Audited 31-Mar-19
Net worth	22,449.10	59,994.64	1365.08
Total Debt	45,185.97	53,070.39	926.36
- Non current maturities of long term Borrowings	33,871.55	37,346.98	233.57
- short term borrowings	4,687.75	4,979.68	8.63
- Current maturities of long term Borrowings	6,626.67	10,743.73	135.78
Net Fixed Assets	640.47	649.46	9.50
Other Non-Current Assets (excluding Net Fixed Assets)	41,047.45	83,298.76	1794.34
Cash and Cash equivalents	18,002.71	12,651.08	209.99
Current investments	-	-	-
Other Current Assets (excluding Cash & Cash equivalents & Current Investments)	27,979.78	31,993.94	318.26
Other Current liabilities (excluding current maturities of long term borrowings)	12,448.93	17,231.65	42.26
Assets Under Management	48,341.53	97,993.69	2073.49
Off -balance sheet assets	-	-	-
Interest Income (Operation + Investment)	7,389.88	16,962.63	356.69
Interest Expense (excluding other financial cost)	2,373.25	5,554.58	73.80
Provisioning & write Offs	279.54	918.55	7.01

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PAT	1,937.48	5,618.12	155.94
Gross NPA (%)	2.52%	1.45%	0.87%
Net NPA (%)	0.022.11%	0.96%	0.67%
Tier I Capital Adequacy Ratio (%)	43.78%	58.34%	64.24%
Tier II Capital Adequacy Ratio (%)	-	0.48%	0.57%

***FY2017 & 2018 are Audited as per IGAAP, while FY2019 is Audited as per Ind AS.**

(d) **Gross Debt: Equity Ratio of the Company (As on June 30, 2019):**

Before the issue of debt securities	1.17
After the issue of debt securities	1.26

Calculations

As on June 30, 2019, debt-to-equity ratio is calculated as follows:

(Rs. Crores)

Debt	1660.50
Equity	1421.87
Debt/Equity	1.17

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

(Rs. Crores)

Debt	1785.50
Equity	1421.87
Debt/Equity	1.26

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

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

(a) **Details of Share Capital as on last quarter end, i.e., June 30, 2019:**

Share Capital	Rs.
Authorised	
Equity Share Capital	30,00,00,000
Issued, Subscribed and Fully Paid- up	
Equity Shares	23,90,11,820

(b) **Changes in its capital structure as on last quarter end i.e., June 30, 2019 for the last five years:**

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

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(c) **Equity Share Capital History of the Company as on last quarter end i.e. June 30, 2019 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 Issued / Paid-up Capital		
							No of Equity Shares	Equity Share Capital (Rs. in Cr.)	Equity Share Premium (Rs. in Cr)
28-June-19	Mr. B Venkatesh	200	10	130	26,000	ESOP	2,39,01,182	23.90	
16-May-19	Mr. G Mahesh	1400	10	130	1,82,000	ESOP	2,39,00,982	23.90	
28-Feb-19	Mr. B Venkatesh	800	10	130	1,04,000	ESOP	2,38,99,582	23.90	
28-Feb-19	Mr. S Parthasarathy	7,000	10	130	9,10,000	ESOP	2,38,98,782	23.90	
08-Feb-19	Mr. S M Seshathri	1,000	10	130	1,30,000	ESOP	2,38,91,782	23.89	
08-Feb-19	Mr K Arunkumar	600	10	130	78,000	ESOP			
27-Dec-18	Mr. G Srikanth	25,000	10	10	2,50,000	ESOP	2,38,90,182	23.89	0.00
12-Dec-18	Mr. S Prashanth	1000	10	130	1,30,000.00	ESOP	2,38,65,182	23.86	0.012
12-Sep-18	Mr. R M Veerappan	500	10	85	42,500.00	ESOP	2,38,64,182	23.86	0.003
03-Aug-18	TPG Asia VII SF Pte. Ltd.	28,84,784	10	132.072	3,80,99,91,924.48	Private Placement	2,38,63,682	23.86	614.31
03-Aug-18	Norwest Venture Partners X – Mauritius	5,67,871	10	132.072	74,99,98,587.12	Private Placement			
03-Aug-18	SCI Investment S V	5,67,871	10	132.072	74,99,98,587.12	Private Placement			
03-Aug-18	NHPEA Chocolate Holding B.V.	6,66,302	10	132.072	87,99,98,377.44	Private Placement			
24-Jul-18	Mr. J Vishnuram	8,000	10	130	10,40,000.00	ASOP	1,91,76,854	19.17	0.10
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	18,90,569	10	674.4	1,27,49,99,733.60	Private Placement			

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	- Mauritius								
18-Aug-17	SCI Investment s V	18,90,5 69	10	674. 4	1,27,49,9 9,733.60	Private Placemen t	1,91,68 ,354	19.17	313.28
18-Aug-17	NHPEA Chocolate Holding B.V.	9,04,50 8	10	674. 4	61,00,00, 195.20	Private Placemen t			
18-Aug-17	Matrix Partners India Investment Holdings II LLC	20,759	10	674. 4	1,39,99,8 69.60	Private Placemen t			
18-Aug-17	Matrix Partners India Investment s II Extension, LLC	8,897	10	674. 4	60,00,13 6.80	Private Placemen t			
09-Jun-17	Mr. Rangarajan Krishnan	1,28,00 0	10	10	12,80,00 0.00	ASOP	1,44,53 ,052	14.45	0.00
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			
30-Jun-16	NHPEA Chocolate Holding B.V.	35,65,0 52	10	319. 63	1,13,94,9 7,571.00	Private Placemen t	1,42,65 ,052	14.27	110.38
30-Nov-15	Mr. D Lakshmipa thy	1,50,00 0	10	130	1,95,00,0 00.00	Private Placemen t	1,07,00 ,000	10.70	1.80
29-Sep-15	Mr. D Lakshmipa thy	3,50,00 0	10	130	4,55,00,0 00.00	Private Placemen t	1,05,50 ,000	10.55	4.20
03-Feb-15	Matrix Partners India Investment Holdings II LLC	12,00,0 00	10	130	15,60,00, 000.00	Private Placemen t	1,02,00 ,000	10.20	14.40
21-Feb-14	Matrix Partners India Investment Holdings II LLC	20,00,0 00	10	85	17,00,00, 000.00	Private Placemen t	90,00,0 00	9.00	15.00

(d) **Paid-up Preference Share Capital History of the Company as on last quarter end i.e. June 30, 2019 for the last five years:**

N.A.

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

N.A.

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

N.A.

5.6 Details of the shareholding of the Company as on the latest quarter end, i.e., 30.06.2019,

(a) **Shareholding pattern of the Company as on last quarter end, i.e. 30.06.2019:**

S.no	Particulars / Category of the Shareholder	Total No. of Shares	No. of shares in demat form	% of Holding
1	Promoter Group			
	D. Lakshmipathy	23,01,451	23,01,451	9.63%
	L. Hema	20,83,060	20,83,060	8.72%
	R. Deenadayalan	1,63,200	1,63,200	0.68%
	D. Varalakshmi	44,770	44,770	0.19%
	L. Sritha	20,000	20,000	0.08%
2	Other Shareholders	17,31,710	88,94,90	7.25%
3	Foreign Investors			
	Matrix Partners India Investment Holdings II, LLC	41,00,999	41,00,999	17.16%
	Matrix Partners India Investments II Extension, LLC	68,897	68,897	0.29%
	NHPEA Chocolate Holding B.V (Morgan Stanley)	51,35,862	51,35,862	21.49%
	Norwest Venture Partners X - Mauritius	25,69,650	0	10.75%
	SCI Investments V	25,69,650	20,01,779	10.75%
	TPG Asia VII SF Pte. Ltd.	31,11,933	31,11,933	13.02%
	TOTAL	2,39,01,182	1,99,21,391	100%

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

(b) **List of top 10 holders of equity shares of the Company as on the latest quarter end, i.e. 30.06.2019:**

S. No	Name of Shareholder	No. of Shares	% of Holding
1	NHPEA Chocolate Holding B.V	51,35,862	21.49%
2	Matrix Partners India Investment	41,00,999	17.16%
3	TPG Asia Vii Sf Pte. Ltd.	31,11,933	13.02%
4	Norwest Venture Partners X-Mauritius	25,69,650	10.75%
5	SCI Investments V	25,69,650	10.75%

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S. No	Name of Shareholder	No. of Shares	% of Holding
6	D. Lakshmipathy	23,01,451	9.63%
7	L. Hema	20,83,060	8.72%
8	Atma Ram Builders (P) Ltd.	4,25,510	1.78%
9	Jayachandran. R	1,83,780	0.76%
10	Deenathayalan. R	1,63,200	0.68%
	TOTAL	2,26,30,995	94.74

5.7 Following details regarding the directors of the Company*:

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

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

S. No.	Full Name	Designation	Address	DIN	Date of Appointment	Details of other directorship
1.	Anand Raghavan	Independent Director	22/1, Warren Road, Mylapore Chennai - 600004	00243485	28/07/2016	<ul style="list-style-type: none"> Mmtc Limited Sterling Holiday Resorts Limited Ess Kay Fincorp Limited Five-Star Housing Finance Private Limited Chennai International Centre Nani Palkhivala Arbitration Centre
2.	Balaram Haribabu	Independent Director	Old No. 39, New No. 28, Gajapathy Street Shenoy Nagar Chennai -600030	01509249	16/09/1996	Five-Star Housing Finance Private Limited
3.	Lankupalli Raviprasad Raghavan	Non Executive Director	E34, New No. 40, 2nd Main Road Anna Nagar East Chennai - 600102	01522796	21/06/2002	Vasumathi Properties Private Limited
4.	Deenadayalan Lakshmiopathy	Chairman & Managing Director	No. 39, Outer Circular Road, Kilpauk Garden Colony, Kilpauk Chennai - 600010	01723269	21/06/2002	Five-Star Housing Finance Private Limited
5.	Bhama Krishnamurthy	Independent Director	401, Fourth Floor, Avarsekars Srushti, Old Prabhadevi Road, Prabhadevi, Mumbai 400025	02196839	12/04/2016	<ul style="list-style-type: none"> Reliance Industrial Infrastructure Limited Paisalo Digital Limited Muthoot Microfin Limited The Catholic Syrian Bank Ltd Jain Sons Finlease Limited Reliance Payment Solutions Limited

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S. N o.	Full Name	Designation	Address	DIN	Date of Appointment	Details of other directorship
						<ul style="list-style-type: none"> • Tab Capital Limited • Kogta Financial (India) Ltd India Sme Asset Reconstruction Company Limited
6.	Ling Wei Ong	Nominee Director	Flat B 33/F One Pacific Heights I Wo Fung St Hongkong 00000 Hk	024054 58	30/06/20 16	ZCL Chemicals Limited
7.	Ravi Shankar Venkataraman Ganapathy Agraharam	Nominee Director	Villa Gw09, 77 East, 77 Town Centre Yemlur Main Road, Marathahalli Colony Bangalore Karnataka India 5600 Bangalore 560037 Ka In	026040 07	18/08/20 17	<ul style="list-style-type: none"> • Prataap Snacks Limited • Pure N Sure Food Bites Private Limited • Go Fashion (India) Private Limited • Indigo Paints Private Limited • Faces Cosmetics India Private Limited • Wildcraft India Private Limited • Manappuram Finance Tamil Nadu Limited • India Shelter Finance Corporation Limited • Suburban Diagnostics (India) Private limited • Indigo Paints Private Limited • Capfloat Financial Services Private limited • Finova Capital Private Limited • Homevista Decor And Furnishings Private limited • K12 Techno Services Private Limited • Think & Learn Private Limited • Kids Clinic India Private Limited • Glocal Healthcare Systems Private limited • Rebel Foods Private Limited • Sequoia Capital India Advisors Private limited Sequoia Capital India L
8.	Ramanathan Annamalai	Independent Director	Plot No. 28, 18th Street, Tansi Nagar, Velachery Chennai 600042 TN IN	026452 47	26/02/20 16	<ul style="list-style-type: none"> • Gilada Finance And Investments Limited • Mangal Credit And Fincorp Limited • Village Financial Services Limited • United Overseas Facilities Management Private Limited • Samasta Microfinance Limited

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S. No.	Full Name	Designation	Address	DIN	Date of Appointment	Details of other directorship
						<ul style="list-style-type: none"> • South India Finvest Private Limited • Unnati Microfin Private Limited • Asirvad Micro finance Limited • Five-Star housing Finance private limited • Hindusthan microfinance private limited •
9.	Gaurav Trehan	Nominee Director	101-A, Embassy Apartments 46 Napeansea Road, Mumbai Mumbai 400026 Mh In	03467781	03/08/2018	<ul style="list-style-type: none"> • Ess Kay Fincorp Limited • Shriram General Insurance Company Limited • Shriram Life Insurance Company Limited • Jana Capital Limited • Manipal Health Enterprises Private Limited
10.	Vikram Vaidyanathan	Nominee Director	Gw 45, Divyasree 77 , East Yemalur Main Road Yemalur , Bangaluru Bangaluru 560037 Ka In	06764019	21/08/2015	<ul style="list-style-type: none"> • Sarvaloka Services-On-Call Private Limited • Ver Se Innovation Private Limited • Mswipe Technologies Private Limited • OFB Tech Private Limited
11.	Arjun Saigal	Alternate director to Mr. Ling Wei Ong	House No - 536, Lane W-8-C/12, Western Avenue, Sainik Farms , Deoli, South Delhi 110062 DI In	07556188	26/09/2016	<ul style="list-style-type: none"> • Southern Health Foods Private Limited • Sahajanand Medical Technologies Private Limited • Kogta Financial (India) Ltd
12.	Thirulokch and Vasanth	Non Executive Director	1/143/1c, Thilak Street, Paneer Nagar, Mogappair East Tiruvallur 600037 Tn In	07679930	15/12/2016	• -

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

(b) **Details of change in directors since last three years (as on 30.06.2019):**

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

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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	-

5.8 Following details regarding the auditors of the Company:

(a) **Details of the auditor of the Company:**

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

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

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

5.9 Details of borrowings of the Company, as on latest quarter end 30.06.2019:

(a) **Details of Secured Loan Facilities (as on June 30, 2019):**

S. No	Name of Lender	Amount Issued	Amount O/s	Repayment Date	Security
1	HDFC Bank TL2	1000.00	312.21	7-May-20	Exclusive Charges on receivables of the Company
2	HDFC Bank Car Loan	53.00	17.60	5-Nov-20	Exclusive Charges on Receivables of the Company

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3	Federal Bank TL1	1000.00	437.50	30-Mar-21	Exclusive Charges on Receivables of the Company
4	Federal Bank TL2	1000.00	677.54	23-Mar-22	Exclusive Charges on Receivables of the Company
5	SBM Bank TL1	500.00	166.67	9-Jun-20	Exclusive Charges on Receivables of the Company
6	State Bank of India TL1	4000.00	2170.87	31-Jan-22	Exclusive Charges on Receivables of the Company
7	South Indian Bank TL1	500.00	209.45	2-Mar-21	Exclusive Charges on Receivables of the Company
8	South Indian Bank TL2	500.00	333.33	28-Mar-22	Exclusive Charges on Receivables of the Company
9	Karnataka Bank TL1	500.00	209.46	28-Feb-21	Exclusive Charges on Receivables of the Company
11	RBL Bank TL4	3000.00	1058.82	30-Jun-20	Exclusive Charges on Receivables of the Company
12	RBL Bank TL5	2000.00	1176.47	21-Feb-21	Exclusive Charges on Receivables of the Company
13	RBL Bank TL6	5000.00	3750.00	31-Dec-21	Exclusive Charges on Receivables of the Company
14	RBL Bank TL7	5000.00	4705.88	18-Feb-22	Exclusive Charges on Receivables of the Company
15	AU Small Finance Bank TL1	2000.00	875.00	15-Mar-21	Exclusive Charges on Receivables of the Company
16	Equitas Small Finance Bank TL1	2500.00	1574.06	5-Apr-21	Exclusive Charges on Receivables of the Company
17	Kotak Mahindra Bank TL1	2000.00	1166.67	28-Feb-21	Exclusive Charges on Receivables of the Company
18	YES Bank TL1	2500.00	1527.78	5-Apr-21	Exclusive Charges on Receivables of the Company
19	Equitas Small Finance Bank TL2	2500.00	2152.80	5-Jan-22	Exclusive Charges on Receivables of the Company
20	AU Small Finance Bank TL2	3800.00	3546.67	3-Feb-24	Exclusive Charges on Receivables of the Company
21	Bandhan Bank TL1	3000.00	2833.33	28-Mar-22	Exclusive Charges on Receivables of the Company
22	Bank of Baroda TL2	5000.00	4750.00	30-Mar-24	Exclusive Charges on Receivables of the Company
23	Woori Bank TL1	4500.00	4250.00	30-Apr-22	Exclusive Charges on Receivables of the Company
24	YES Bank TL2	3000.00	2916.67	31-May-22	Exclusive Charges on Receivables of the Company
25	KVB TL2	1000.00	1000.00	31-May-24	Exclusive Charges on Receivables of the Company
26	Federal Bank TL3	1500.00	1500.00	29-Jun-23	Exclusive Charges on Receivables of the Company
27	Sundaram Finance TL3	500.00	154.89	22-Sep-20	Exclusive Charges on Receivables of the Company
28	Sundaram Finance TL4	1500.00	924.99	22-Apr-19	Exclusive Charges on Receivables of the Company

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29	Nabkisan TL1	1300.00	568.20	31-Jan-21	Exclusive Charges on Receivables of the Company
30	Bajaj Finance Ltd TL1	2000.00	1400.00	19-Feb-21	Exclusive Charges on Receivables of the Company
31	HLF TL3	2000.00	1797.13	28-Dec-22	Exclusive Charges on Receivables of the Company
32	Bajaj Finance Ltd TL2	2500.00	2239.58	31-Jan-23	Exclusive Charges on Receivables of the Company
33	Tata Capital TL1	1000.00	901.59	20-Feb-22	Exclusive Charges on Receivables of the Company
34	Nabkisan TL2	1340.00	1339.99	1-Jun-24	Exclusive Charges on Receivables of the Company
35	Cholamandalam Finance TL3	1000.00	975.09	1-Apr-24	Exclusive Charges on Receivables of the Company
36	Vivriti Capital-TL1	500.00	480.84	30-Mar-24	Exclusive Charges on Receivables of the Company
37	Vivriti Athena 06 2019 (DCB)	9834.83	9834.83	17-May-22	Exclusive Charges on Receivables Securitized by the Company
38	Federal Bank - CC A/C	500.00	0.00	Annual Renewal	Exclusive Charges on Receivables of the Company
39	City Union Bank - CC A/C	500.00	0.00	Annual Renewal	Exclusive Charges on Receivables of the Company
40	RBL Bank -CC A/C	500.00	14602.40	Annual Renewal	Exclusive Charges on Receivables of the Company
41	SBM Bank-CC A/c	500.00	6.27	Annual Renewal	Exclusive Charges on Receivables of the Company
42	South Indian Bank-CC A/C	500.00	0.00	Annual Renewal	Exclusive Charges on Receivables of the Company

(b) **Details of Unsecured Loan Facilities (as on 30.06.2019): Nil**

(c) **Details of Non-Convertible Debentures: (as on 30.06.2019):**

(Rs. in Lakhs.)

S.No	Name of Lender	Amount Issued	Amount O/s	Repayment Date	Security
1	Retail	0	4.45		Exclusive charge on the receivables of the company
2	FMO	3000	1285.713	6-Dec-20	Exclusive charge on the receivables of the company
3	IFMR CAPITAL	4500	4500	28-Dec-20	Exclusive charge on the receivables of the company
4	HLF	3000	3000	28-Dec-20	Exclusive charge on the receivables of the company
5	AK Capital	2500	2000	7-Feb-21	Exclusive charge on the receivables of the company
6	AK Capital	1500	1200	3/15/2021	Exclusive charge on the receivables of the company
7	IFMR (AU SFB)	2400	2400	26-Feb-21	Exclusive charge on the receivables of the company
8	IFMR INVESTMENTS	2500	2500	30-Mar-23	Exclusive charge on the receivables of the company
9	Franklin Templeton	20000	20000	28-Mar-23	Exclusive charge on the receivables of the company

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10	Franklin Templeton	50000	50000	29-Mar-22	Exclusive charge on the receivables of the company
11	AK Capital	10000	10000	29-Mar-22	Exclusive charge on the receivables of the company
12	Karvy Capital	3000	3000	11-Apr-24	Exclusive charge on the receivables of the company
13	MLD	2000	2000	3-Jul-22	Exclusive charge on the receivables of the company
	Total	104400	101890.16		

(d) **List of Top 10 Debenture Holder(s) (as on 30.06.2019):**

(Rs. in Lakhs)

S. No.	Name of the Lender	Amount Outstanding
1	Franklin India Short Term Income Plan	28400.00
2	Franklin India Credit Risk Fund	24500.00
3	Franklin India Dynamic Accrual Fund	8100.00
4	A K Capital Finance Limited	7978.00
5	Franklin India Income Opportunities Fund	5000.00
6	Franklin India Low Duration Fund	4000.00
7	A K Capital Services Ltd	3000.00
8	Hinduja Leyland Finance Limited	3000.00
9	Unifi Aif	2980.00
10	Ifmr Fimpact Long Term Multi Asset Class Fund	2790.00

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

(e) **The amount of corporate guarantee issued by the Issuer along with the name of the counterparty (like name of the subsidiary, JV entity, Group Company, etc) on behalf of whom it has been issued. (if any):**

Nil

(f) **Details of Commercial Paper:**

Nil

(g) **Details of rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on 30.06.2019:**

Nil

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

Nil

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

Nil

5.10 Details of Promoters of the Company:

Details of Promoter Holding in Company as on latest quarter end, i.e. 30.06.2019:

S. No.	Name of Shareholders	Total No. of Equity shares	No. of shares held in dematerialised form	Total Shareholding as percentage (%) of total no. of equity shares	No. of shares Pledged	Percentage (%) of shares pledged with respect to shares owned
1	D. Lakshmipathy	23,01,451	23,01,451	9.63%	Nil	Nil
2	L. Hema	20,83,060	20,83,060	8.72%	Nil	Nil
3	R. Deenadayalan	1,63,200	1,63,200	0.68%	Nil	Nil
4	D. Varalakshmi	44,770	44,770	0.19%	Nil	Nil
5	L. Sritha	20,000	20,000	0.08%	Nil	Nil

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

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

Profit and Loss Statement (INR Lakhs)	31.03.2017	31.03.2018	31.03.2019
	Audited	Audited	Audited
Interest Income	7,389.88	18,513.27	38,286.54
Less: Interest Expenses	2,373.25	5,556.15	7,380.37
Net Interest Income	5,016.63	12,957.12	30,906.17
Other Income	1,201.02	1,192.36	1,996.96
Total Income	6,217.65	14,149.49	32,903.14
Operating Expenses	2,767.32	5,421.72	9,984.47
Provisions & Write Offs	279.54	903.00	700.54
Operating Profit	3,170.79	7,824.77	22,218.12
Depreciation	92.30	259.31	419.42
Profit Before Tax	3,078.48	7,565.46	21,798.69
Provisions for tax	1,141.00	2,141.31	6,169.03
Profit After Tax	1,937.48	5,424.15	15,629.67

Balance sheet	01.04.2017	31.03.2018	31.03.2019
Assets			
Cash and cash equivalents	17,986.69	12,643.11	20,992.65
Bank balances other than cash and cash equivalents	56.64	7.98	6.88
Loans	47,380.65	96,859.91	205,743.73

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Investments	1,500.00	1,500.00	1,500.00
Other financial assets	190.30	269.19	283.68
Current tax assets (net)	-	344.41	348.17
Deferred tax assets (net)	346.62	621.54	1,422.06
Investment property	3.56	3.56	3.56
Property, plant and equipment	446.38	450.69	744.41
Capital work-in-progress	-	14.13	-
Intangibles under development	158.11	-	-
Other intangible assets	35.98	181.09	201.80
Other non-financial assets	60.39	413.86	357.39
Total	68,165.31	1,13,309.48	2,31,604.35
<u>LIABILITIES AND EQUITY</u>			
Trade payables	109.26	221.10	281.39
Debt securities	19,078.05	19,322.09	42,972.28
Borrowings (other than debt securities)	25,836.73	33,483.42	49,198.22
Current tax liabilities (net)	170.12	-	159.89
Provisions	74.55	170.26	365.19
Other non-financial liabilities	284.24	451.38	1,608.12
Equity share capital	1,426.51	1,916.89	2,389.96
Other equity	20,805.85	57,304.24	134,118.37
	22,232.36	59,221.13	136,508.33
Total	68,165.32	113,309.47	231,604.33

Cash flow statements	31.03.2019	31.03.2018
Cash Flow from Operating Activities		
Net profit before tax	21,798.71	7,565.46
Adjustments for:		
Finance costs	-	-
Depreciation and amortization	419.42	259.30
Provision for gratuity	58.51	33.73
Provision for compensated absences	86.33	21.19
General Provision on Standard Assets		
Provision for impairment on financial instruments and write-offs	700.54	903.00
Loss on sale/retirement of property, plant and equipment (net)	0.93	8.42
Profit on sale of current investments (net)	(559.86)	(675.21)
Interest income on deposits with banks / others	(1,335.21)	797.59
Finance costs	7,285.60	5,471.27
Employee stock option expenses	267.83	214.94
Operating cash flow before working capital changes	28,722.80	13,004.51
<u>Changes in Working Capital:</u>		

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<i>Adjustments for (Increase) / Decrease in Operating Assets:</i>		
Loans	(1,09,584.36)	(50,382.26)
Other non- financial assets	(94.34)	(182.47)
Other financial assets	(59.35)	(52.00)
<i>Adjustments for Increase / (Decrease) in Operating Liabilities:</i>		
Trade payables	60.31	111.87
Long term liabilities		
Other financial liabilities	1.09	1.34
Other non financial liabilities	1,156.74	167.14
Net cash (used in) operations	(79,799.29)	(37,331.87)
Finance cost paid	(7,409.26)	(5,410.96)
Direct taxes paid (net)	(6,798.84)	(2,918.89)
Net Cash Used in Operating Activities (A)	(94,007.40)	(45,661.72)
Cash Flow from Investing Activities		
Purchase of fixed assets	(585.14)	(448.23)
Proceeds from sale of fixed assets	15.30	4.04
Bank Balances not considered as Cash and Cash equivalents		
Profit on sale of current investments	559.86	675.21
(Purchase)/sale of current investments (Net)	-	-
Interest income on deposits with banks / others	1,380.07	770.69
(Purchase) / Sale of Non Current Investments		
Movement in bank balances other than cash and cash equivalents	1.09	48.66
Net Cash from Investing Activities (B)	1,371.18	1,050.37
Cash Flow from Financing Activities		
Proceeds from issue of equity shares	473.07	490.38
Proceeds from securities premium (net off utilisation)	61,453.65	31,328.84
Expenses towards issue of shares	501.53	440.62
Interest paid	-	-
Movement in ESOP reserve	-	-
Fresh borrowings during the year	60,140.00	19,500.00
Repayments of borrowings (including process fee)	20,579.43	11,610.83
Short-term Borrowings (repaid) / availed (Net)		
Net Cash from Financing Activities (C)	1,00,985.76	39,267.77
Net Increase / (Decrease) in Cash and Cash Equivalents [(A) + (B) + (C)]	8,349.54	(5,343.58)
Cash and Cash Equivalents at the beginning of the year	12,643.11	17,986.69
Cash and Cash Equivalents at the end of the year	20,992.65	12,643.11

5.12 Abridged version of Latest Audited/ Limited Review Half-yearly Consolidated and Standalone Financial Information and auditors qualifications, if any.

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

Particulars	March 31, 2019
ASSETS	
Financial Assets	
Cash and cash equivalents	20,992.65
Bank balances other than cash and cash equivalents	6.88
Loans	2,05,743.73
Investments	1,500.00
Other financial assets	283.68
	2,28,526.94
Non-financial Assets	
Current tax assets (net)	348.17
Deferred tax assets (net)	1,422.06
Investment property	3.56
Property, plant and equipment	744.41
Capital work-in-progress	-
Intangibles under development	-
Other intangible assets	201.80
Other non-financial assets	357.39
	3,077.39
Total	2,31,604.33
LIABILITIES AND EQUITY	
Financial Liabilities	
Payables	
Trade payables	
total outstanding dues of micro and small enterprises	-
total outstanding dues of creditors other than micro and small enterprise	281.39
Debt securities	42,972.28
Borrowings (other than debt securities)	49,198.22
Other financial liabilities	510.91
	92,962.80
Non-financial Liabilities	
Current tax liabilities (net)	159.89
Provisions	365.19
Other non-financial liabilities	1,608.12
	2,133.20
Equity	
Equity share capital	2,389.96
Other equity	1,34,118.37
	1,36,508.33
Total	2,31,604.33

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

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

5.14 Names of the Debentures Trustees and Consents thereof.

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

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

The Rating Agency has assigned a rating of "ICRA A" (pronounced as "ICRA Single A") with 'stable' outlook to the Debentures. Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. The rating letter from the Rating Agency is provided in **Annexure II** of this Information Memorandum.

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

Not Applicable

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

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

5.18 Other details:

(a) Debenture Redemption Reserve ("DRR") Creation:

As per Section 71 of the 2013 Act, any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. However, under the Companies (Issuance of Share Capital and Debentures) Rules, 2014, non-banking financial companies are exempt from this requirement in respect of privately placed debentures. Pursuant to this exemption, the Company does not intend to create any reserve funds for the redemption of the Debentures.

(b) **Issue / instrument specific regulations:**

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

(c) **Application process:**

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

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

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

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

S. No.	Nature of Contract
1	Certified true copy of the Memorandum & Articles of Association of the Issuer.
2	Board Resolution dated February 28, 2018 read with the resolution passed by the Business and Resource Committee dated July 16, 2019 authorizing the issue of Debentures offered under the terms of this Disclosure Document.
3	Shareholder Resolution dated March 26, 2018 authorizing the borrowing and the creation of security by the Company.
4	Shareholder Resolution dated September 22, 2018 authorizing the issue of non-convertible debentures by the Company.
5	Copies of Annual Reports of the Company for the last three financial years.
6	Credit rating letter from the Rating Agency dated August 14, 2019.
7	Letter from Catalyst Trusteeship Limited dated August 12, 2019 giving its consent to act as Debenture Trustee.
8	Letter for Register and Transfer Agent.
9	Certified true copy of the certificate of incorporation of the Company.
10	Certified true copy of the tripartite agreement between the Company, the Registrar & Transfer Agent and the NSDL/CDSL.
11	Copy of application made to BSE for grant of in-principle approval for listing of Debentures.

5.20 Details of Debt Securities Sought to be Issued

Under the purview of the current document, the Issuer intends to raise an amount of Rs. 125,00,00,000/- (Rupees One Hundred and Twenty Five Crores only) by issue of Secured Rated Listed Redeemable Non-Convertible Debentures, on a private placement basis.

For further details of the Debentures, please refer to the terms and conditions of the debentures set out in Clause 5.23 of this Information Memorandum.

5.21 Issue Size

The aggregate issue size for the Debentures is of Rs. 125,00,00,000/- (Rupees One Hundred and Twenty Five Crores only).

5.22 Utilization of the Issue Proceeds

The proceeds shall be used for meeting its funding requirements in the ordinary course of business including for expanding the loan portfolio of the Company and/or repayment/refinancing of existing debt and/or for general corporate purposes and shall not be utilized for the purposes mentioned below.

The Issuer undertakes that the proceeds of this Issue shall be utilized for the deployment of funds on its own balance sheet and not to facilitate resource requests of its group entities/parent company /associates.

The Issue shall not be utilised towards acquisition financing; viz buyback of shares/securities, purchase of shares of other companies and/or promoter contribution towards the equity capital of a company or as a bridge loan.

The Company undertakes that proceeds of this Issue shall not be utilized for the following purposes as specified in the RBI Master Circular No. DBOD.BP.BC.No.6/21.04.172/2015-16 dated July 1, 2015:

- 1) Bills discounted / rediscounted by NBFCs, except for rediscounting of bills discounted by NBFCs arising out of: commercial vehicles (including light commercial vehicles) and two wheeler and three wheeler vehicles, subject to the following conditions: The bills should have been drawn by the manufacturer on dealers only; The bills should represent genuine sale transactions as may be ascertained from the chassis / engine number and; Before rediscounting the bills, the bona fides and track record of NBFCs which have discounted the bills would be verified.
- 2) Investments of NBFCs both of current and long-term nature, in any company / entity by way of shares, debentures, etc. However, Stock Broking Companies may be provided need-based credit against shares and debentures held by them as stock-in-trade.
- 3) Unsecured loans / inter-corporate deposits by NBFCs to / in any company.
- 4) All types of loans and advances by NBFCs to their subsidiaries, group companies / entities.
- 5) Finance to NBFCs for further lending to individuals for subscribing to Initial Public Offerings (IPO) and for purchase of shares from secondary market.

5.23 Issue Details

Security Name	11.88%FSBFL2025
Issuer	Five-Star Business Finance Limited
Type of Instrument	Non-Convertible Debentures
Nature of Instrument	Secured Rated Listed Redeemable Transferable Non-Convertible Debentures
Seniority	Senior
Mode of Issue	Private placement
Eligible / Identified Investors	As provided in Clause 8.14 below
Listing	The Debentures are proposed to be listed on the WDM segment of the BSE within a maximum period of 15 (Fifteen) calendar days from the Deemed Date of Allotment.

	<p>In the event of the Issuer's failure to do so, to the extent that any Debenture Holders are Foreign Institutional Investors/Qualified Foreign Investors/Foreign Portfolio Investors, the Issuer shall immediately redeem any and all Debentures which are held by such Foreign Institutional Investors/Qualified Foreign Investors/Foreign Portfolio Investor(s).</p> <p>In case of delay in listing of the debt securities beyond 20 (Twenty) calendar days from the Deemed Date of Allotment, the Issuer will pay penal interest of at least 1% (One Percent) over the Coupon Rate from the expiry of 30 (Thirty) days from the Deemed Date of Allotment till the listing of such Debentures</p>
Rating of Instrument	"CARE A" (pronounced as "CARE A") with "Stable" outlook
Issue Size	Rs. 125,00,00,000/- (Rupees One Hundred and Twenty Five Crores only).
Option to retain oversubscription	N.A.
Objects of the Issue	To raise senior secured debt to the extent upto Rs. 125,00,00,000/- (Rupees One Hundred and Twenty Five Crores only).
Details of the utilization of the Proceeds	The issue proceeds will be to meet funding requirements of the Issuer to in the ordinary course of business including for expanding the loan portfolio of the Company and/or repayment/refinancing of existing debt and/or for general corporate purposes.
Coupon Rate	<p>11.88% (Eleven Decimal Point Eight Eight Percent) per annum, net of Taxes, payable semi-annually from the Deemed Date of Allotment until the Coupon Reset Date and subject to the obligation of the Issuer as provided for in Section 8.25 below of this Information Memorandum.</p> <p>For the period between the Coupon Reset Date and the Maturity Date, the Coupon Rate, shall, in the absence of any communication on the revised Coupon Rate between the Majority Debenture Holders and the Company, be the existing Coupon Rate until the Maturity Date.</p>
Step Up Coupon Rate / Step Down Coupon Rate	N.A.
Coupon Payment Frequency	Semi-annually
Coupon Payment Dates	Semi-annually on February 28 and August 28 of every calendar year until Maturity Date (subject to adjustments on account of Business Day Convention).
Coupon Type	Fixed Coupon rate subject to reset as per Coupon Reset Process.
Coupon Reset Date	Shall mean the date falling at the end of 36 (Thirty Six) months and 1 (one) calendar day from the Deemed Date of Allotment, being August 29, 2022
Coupon Reset Process	<p>(a) The Coupon Rate may be reset on the Coupon Reset Date.</p> <p>(b) The Majority Debenture Holders shall decide the revised Coupon Rate which shall be applicable on and from the Coupon Reset Rate. The revised Coupon Rate so approved by the Majority Debenture Holders, shall be communicated to the Debenture Trustee, with a copy marked to the Company, no later than 12</p>

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	<p>(Twelve) Business Days prior to the Coupon Reset Date.</p> <p>(c) The Debenture Trustee shall communicate the revised Coupon Rate to the Company, by way of a written notice, no later than 11 (Eleven) Business Days prior to the Coupon Reset Date (“Coupon Reset Notice”).</p> <p>(d) Upon receiving the Coupon Reset Notice, the Company shall communicate their written acceptance or rejection of the revised Coupon Rate to the Debenture Holders and the Debenture Trustee, no later than 9 (Nine) Business Days prior to the Coupon Reset Date.</p> <p>(e) Without prejudice to the foregoing, the Majority Debenture Holders reserve the right to further amend the Coupon Rate and communicate the same via a written notice to the Company, with a copy marked to the Debenture Trustee, at any time on or before 5 (Five) Business Days prior to the Coupon Reset Date, the written acceptance or rejection of which revised Coupon Rate, in such event, shall have to be communicated by the Company directly to the Majority Debenture Holders on the same Business Day, on which it is communicated by the Majority Debenture Holders to the Company.</p> <p>(f) If the Company accepts the revised Coupon Rate pursuant to the written acceptance notice, as provided for herein above, the revised Coupon Rate shall be applicable on and from the Coupon Reset Date until the Maturity date.</p> <p>(g) If the Company rejects the revised Coupon Rate by way of the written rejection notice, then (a) the Company shall have the option to buy back all or any of the Debentures on the Call Option Date (“Call Option”), by issuing a written notice to the Debenture Holders with a copy marked to the Debenture Trustee (“Call Notice”), which shall be no later than 4 (Four) Business Days prior to the Coupon Reset Date as mentioned above; and/or (b) all the Debenture Holders and/or any Debenture Holder shall have the option to require the Company to purchase any and/or all of the Debentures as may be held by such Debenture Holders (“Put Option”), on the relevant Put Option Date, by issuing a written notice to the Company with a copy marked to the Debenture Trustee (“Put Notice”), which shall be no later than 4 (Four) Business Days prior to the Coupon Reset Date as mentioned above.</p> <p>(h) Upon issuance of the Call Notice / Put Notice, the Company shall compulsorily redeem the Debentures, as set out in the Call Notice / Put Notice, by making payment to the relevant Debenture Holders, the outstanding face value of the said Debentures and accrued Coupon in relation thereto, on the Put Option Date or the Call Option Date, as the case may be.</p> <p>(i) It is hereby clarified that in the event the Company fails in communicating their acceptance or rejection of the revised Coupon Rate in the manner stated herein above, then the revised</p>
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	Coupon Rate as communicated by the Debenture Trustee and/or the Debenture Holder to the Company, in the Coupon Reset Notice, shall be applicable on and from the Coupon Reset Date until the Maturity Date.
Day Count Basis	Actual/Actual
Interest on Application Money	At the Coupon Rate from the credit of subscription monies in respect of the Debentures in the account of the ICCL, in accordance with the EBP Guidelines, until the Deemed Date of Allotment and the same shall be paid to the relevant Investors within 7 (Seven) Business Days from the Deemed Date of Allotment.
Default Interest Rate	In the event of a payment default of the amounts due under this Issue or any other Event of Default (whether by way of acceleration, at maturity or otherwise), the Issuer shall pay an additional 2% (Two Percent) per annum over and above the applicable Coupon Rate on the outstanding principal amount of the Debentures, calculated from the date of the occurrence of the default until such default is cured or the Debentures are redeemed pursuant to such default, as applicable.
Delay Penalty	In the case of a delay in the execution of Debenture Trust Deed and the Security documents, the Issuer shall refund the subscription with the agreed rate of interest or shall pay penal interest of 2% (Two Percent) per annum over the and above the applicable Coupon Rate until such time the conditions have been complied with at the option of the Investor.
No Early Payments	Any early redemption of the Debentures can only be pursuant to the applicable SEBI, RBI Regulations and subject to the prior written consent of the Majority Debenture Holder(s). The Majority Debenture Holder(s) at its sole discretion may permit an early redemption, under the condition that the Company shall hold the Debenture Holder(s) harmless from all costs, expenses, losses or liability incurred due to the prepayment in accordance with Clause 32 (<i>Indemnity</i>) of the Debenture Trust Deed.
Tenor	72 (Seventy Two) months from the Deemed Date of Allotment
Maturity Date	August 28, 2025 being 72 (Seventy Two) months from the Deemed Date of Allotment
Redemption Amount	Rs. 10,00,000/- (Rupees Ten Lakh only) per Debenture on the Maturity Date plus accrued Coupon. Further, the aforesaid amount would be payable with the Default Interest (if any), and other such costs, charges and expenses if any, payable on the Due Date(s) under the Transaction Documents.
Redemption Premium/Discount	N.A.
Issue Price	Rs. 10,00,000/- (Rupees Ten Lakh only) per Debenture
Discount at which security is issued and the effective yield as a result of such discount	N.A.
Put Option Date	Shall be the date falling on the completion of 36 (Thirty Six) months and 1 (one) calendar day from the Deemed Date of Allotment being August 29, 2022.
Put Option Price	Amount equivalent to the face value of all the Debentures and

	accrued Coupon, due and payable as on the date of the Put Notice.										
Put Option Notification Time	Any Debenture Holder and/or all Debenture Holder(s) desirous of exercising the Put Option shall send a notice to the Issuer in writing (with a copy marked to the Debenture Trustee), to be received at least 4 (Four) Business Days prior to the relevant Put Option Date, communicating the intent of such Debenture Holder(s) to exercise the Put Option. Upon issuance of such notice, the Issuer shall, on or before the relevant Put Option Date, redeem the Debentures by paying the Debenture Holder(s), the Put Option Price.										
Call Option Date	Shall be the date falling on the completion of 36 (Thirty Six) months and 1 (one) calendar day from the Deemed Date of Allotment being August 29, 2022.										
Call Option Price	Amount equivalent to the face value of all the Debentures and accrued Coupon, due and payable as on the date of the Call Notice.										
Call Option Notification Time	To exercise the Call Option on the Call Option Date, the Issuer shall send a notice to the relevant Debenture Holder(s) for whom the Issuer intends to exercise the Call Option, in writing (with a copy marked to the Debenture Trustee) at least 4 (Four) Business Days prior to the Call Option Date, communicating the intent of the Issuer to exercise the Call Option on the Call Option Date. Upon issuance of such notice, the Issuer shall, on or before the relevant Call Option Date, redeem the Debentures by paying the Debenture Holder(s), the Call Option Price.										
Face Value	Rs 10,00,000/- (Rupees Ten Lakh only) per Debenture										
Minimum Application size and in multiples of 1 thereafter	10 Debentures and in multiples of 1 Debenture thereafter										
Issue Timing	Issue Opening Date: August 26, 2019 Issue Closing Date: August 26, 2019 Pay-in Date: August 28, 2019 Deemed Date of Allotment: August 28, 2019 All documentation including, but not limited to, the Information Memorandum, Board Resolution, Rating Letter, Appointment of Trustees to be completed 1 (One) business day prior to Issue Opening Date.										
Issuance mode of the Instrument	Demat only										
Trading mode of the Instrument	Demat only										
Settlement mode of the Instrument	The pay-in of subscription monies for the Debentures shall be made by way of transfer of funds from the bank account(s) of the Eligible Investors (whose bids have been accepted) as registered with the Electronic Book Provider into the account of the ICCL, as specified in this regard below: <table border="1" data-bbox="651 1794 1461 2042"> <tr> <td>Name of Bank</td> <td>HDFC BANK</td> </tr> <tr> <td>IFSC Code</td> <td>HDFC0000060</td> </tr> <tr> <td>Account number</td> <td>ICCLEB</td> </tr> <tr> <td>Name of beneficiary</td> <td>INDIAN CLEARING CORPORATION LIMITED</td> </tr> <tr> <td>Name of Bank</td> <td>ICICI Bank Ltd.</td> </tr> </table>	Name of Bank	HDFC BANK	IFSC Code	HDFC0000060	Account number	ICCLEB	Name of beneficiary	INDIAN CLEARING CORPORATION LIMITED	Name of Bank	ICICI Bank Ltd.
Name of Bank	HDFC BANK										
IFSC Code	HDFC0000060										
Account number	ICCLEB										
Name of beneficiary	INDIAN CLEARING CORPORATION LIMITED										
Name of Bank	ICICI Bank Ltd.										

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	IFSC Code	ICIC0000106
	Account number	ICCLEB
	Name of beneficiary	INDIAN CLEARING CORPORATION LTD
	Name of Bank	YES BANK
	IFSC Code	YESB0CMSNOC
	Account number	ICCLEB
	Name of beneficiary	INDIAN CLEARING CORPORATION LTD
	Cheque(s)/ electronic clearing services (ECS)/credit through RTGS system/funds transfer to the specified bank account of the Debenture Holder.	
	Depositories	NSDL, CDSL
	Business Days	Means a day (other than a Saturday, Sunday or a ‘public holiday’ for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881)) on which banks are open for business in Mumbai, India and New York, United States of America.
Business Day Convention	<p>If any Coupon Payment Date or the due date for the performance of any event falls on a day that is not a Business Day, the payment shall be made on the immediately succeeding Business Day.</p> <p>If the Maturity Date (also being the last Coupon Payment Date) of the Debentures falls on a day that is not a Business Day, all payments to be made on the Maturity Date (including accrued Coupon) shall be paid on the immediately preceding Business Day.</p>	
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 (Fifteen) calendar days prior to any Due Date.	
Security (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security)	<p>The Issue shall be secured by a charge created by the Issuer in favour of the Debenture Trustee (for the benefit of the Debenture Holders) being: (i) a first ranking <i>pari passu</i> mortgage over certain identified immovable property of the Company situated in Tamil Nadu (“Immovable Property”) as per the terms of the Debenture Trust Deed; and (ii) an exclusive first ranking charge by way of hypothecation over specific loan receivables / book debts, present and future, representing amounts due from the various borrowers of the Company at all times to the extent equal to an amount aggregating to the total outstanding in relation to the Issue (“Secured Property”) such that the value of security shall be equal to 1.10 (One Decimal Point One Zero) times the aggregate amount of principal amount outstanding of the Debentures (“Asset Cover”). The Issuer undertakes:</p> <p>(a) to maintain the value of the Asset Cover at all times till the obligations under the Issue are discharged;</p> <p>(b) to create the security over the Secured Property by executing a duly stamped deed of hypothecation (“Deed of Hypothecation”) on or before the Deemed Date of Allotment.</p>	

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	<ul style="list-style-type: none"> (c) to create a first ranking <i>pari passu</i> mortgage over the Immovable Property by executing a duly stamped Debenture Trust Deed on or before the Deemed Date of Allotment. (d) To perfect the security created over the Secured Property by and the Immovable Property by filing the relevant form with the Registrar of Companies immediately and no later than 30 (Thirty) calendar days from the Deemed Date of Allotment. (e) To register the security created over the Immovable Property by registering the first ranking <i>pari passu</i> mortgage created over the Immovable Property with the relevant Sub-Registrar of Assurances, immediately and no later than 15 (Fifteen) calendar days from the Deemed Date of Allotment. (f) In the event of any fall in the Asset Cover, additional Secured Property shall be taken in the manner as provided for in the Deed of Hypothecation. (g) To provide a list, on a monthly basis, of specific loan receivables / identified book debt to the Debenture Trustee and over Debenture Holders 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 Asset Cover (“Monthly Secured Property Report”).
Transaction Documents	Shall be as set out in Clause 7.1 below
Conditions Precedent to Disbursement	<ol style="list-style-type: none"> 1. Execution of Debenture Trustee Agreement, Deed of Hypothecation and the Debenture Trust Deed. 2. Such other undertaking as may be required from the Company.
Conditions Subsequent to Disbursement	<ol style="list-style-type: none"> 1. Filing of the relevant documents <i>inter alia</i> Form PAS-3 for return of allotment etc. with the Registrar of Companies within the timelines specified under the rules under the Companies Act, 2013. 2. Completion of listing of Debentures on BSE within 15 (Fifteen) calendar days from the Deemed Date of Allotment. 3. Filing of the form CHG-9 with the Registrar of Companies for the perfection of charge over the Secured Property within and no later 30 (Thirty) calendar days from the Deemed date of Allotment. 4. Evidence that the Issuer has, within 30 (Thirty) days of the Deemed Date of Allotment, paid all applicable stamp duty in relation to the Debentures. 5. Execution of any other documents as customary for transaction of a similar nature and size. 6. The Issuer shall also obtain a legal opinion on the enforceability of the Transaction documents.
Events of Default	As mentioned in Clause 7.4 below
Provisions related to Cross Default Clause	The Issuer defaults under any other contract evidencing its financial indebtedness and binding on its capacity as a company, borrower or guarantor and such default or event of default permits or causes (or with the giving of notice or the passage of time or both would permit or cause) the acceleration of any such indebtedness (whether or not such right shall have been waived) or the termination of any commitment to lend.
Role and Responsibilities of Debenture Trustee	To oversee and monitor the overall transaction for and on behalf of the Debenture Holders

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Covenants	As mentioned in Clause 7.3 below
Representation and warranties	As mentioned in Clause 7.2 below
Illustration of Bond Cashflows	Kindly refer to Annexure VI of this Information Memorandum
Governing Law	The Debentures and documentation will be governed by and construed in accordance with the laws of India and the parties submit to the exclusive jurisdiction of the courts in Chennai. Provided that the Debenture Trustee, may, however, in its absolute discretion commence any Proceedings arising out of this Deed in any other court and tribunal in India, and the issuer irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of such court or tribunal, and the issuer irrevocably waives any objection it may have now or in the future to the laying of the venue of any proceedings and any claim that any such proceedings have been brought in an inconvenient forum.

Note:

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

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SECTION 6: DISCLOSURES PERTAINING TO WILFUL DEFAULT

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

- (A) **Name of the bank declaring the entity as a Wilful Defaulter: NIL**

- (B) **The year in which the entity is declared as a Wilful Defaulter: NIL**

- (C) **Outstanding amount when the entity is declared as a Wilful Defaulter: NIL**

- (D) **Name of the entity declared as a Wilful Defaulter: NIL**

- (E) **Steps taken, if any, for the removal from the list of wilful defaulters: NIL**

- (F) **Other disclosures, as deemed fit by the Issuer in order to enable investors to take informed decisions: NIL**

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SECTION 7: TRANSACTION DOCUMENTS AND KEY TERMS

7.1 Transaction Documents

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

- (a) Debenture Trustee Agreement, which will confirm the appointment of Catalyst Trusteeship Limited as the Debenture Trustee (“**Debenture Trustee Agreement**”);
- (b) Debenture Trust cum Mortgage Deed, which (i) creates a first ranking *pari passu* mortgage over certain identified Immovable Property of the Company situated in Tamil Nadu; and (ii) will set out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer (“**Debenture Trust Deed**”);
- (c) Deed of Hypothecation whereby the Issuer will create an exclusive first charge by way of hypothecation over the Secured Property in favour of the Debenture Trustee to secure its obligations in respect of the Debentures (“**Deed of Hypothecation**”); and
- (d) Such other documents as agreed between the Issuer and the Debenture Trustee.

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

7.2 Representations and Warranties of the Issuer

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

- (a) **Authority and Capacity**
 - (i) The Issuer has been duly incorporated, organized and is validly existing, under applicable law.
 - (ii) The Issuer has the corporate power, authority and all material permits, approvals, authorizations, licenses, registrations, and consents including registrations, to own and operate its assets and to carry on its business in substantially the same manner as it is currently conducted.
 - (iii) The Issuer is in compliance with all laws for the performance of its obligations with respect to this Issue.
 - (iv) The Issuer represents that all consents, and actions of, filings with and notices to any governmental authority as may be required to be obtained by the Issuer in connection with the Issue have been obtained or made and are in effect.
- (b) **Corporate Matters**
 - (i) All the legal and procedural requirements specified in the constitutional documents have been duly complied with in all respects in relation to the Issue.
 - (ii) The registers, and minute books (including the minutes of board and shareholders meeting) required to be maintained by the Issuer under applicable law:

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- A. are up-to-date and have been maintained in accordance with applicable law;
- B. comprise complete and accurate records of all information required to be recorded in such books and records; and
- C. no notice or allegation that any of them are incorrect and/ or should be rectified has been received.

(c) **Organization and Authority**

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

(d) **Non-conflict with other obligations**

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

(e) **Validity and admissibility in evidence:**

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

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

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

(f) **Accounts and Records**

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

(g) **Taxation Matters**

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

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- (ii) Other than as already disclosed by the Issuer in its financial statements, as on date, the Issuer has not received any written notice of any Tax disputes or other liabilities of Taxes in respect of which a claim has been made or notice has been issued against the Issuer.

(h) **Legal / Litigation Matters**

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

(i) **Assets**

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

(j) **Employees**

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

(k) ***Pari Passu* Ranking**

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

(l) **Event of Default**

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

(m) **Material Adverse Effect**

The Company hereby represents that there is no Material Adverse Effect existing and that there are no circumstances existing which could give rise, with the passage of time or

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otherwise, to a Material Adverse Effect on the Debentures (or the holders thereof) or on the ability of the Company to make the scheduled payments in relation to the Debentures.

(n) **Audit**

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

(o) **Good Business Standard**

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

(p) **No Immunity**

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

(q) **Security**

Save and except the charge created to secure the Debentures (and any other charges disclosed to the Debenture Trustee), the Secured Property and the Immovable Property hereinbefore expressed to be granted, conveyed, assigned, transferred and assured unto the Debenture Trustee is the sole and absolute property of the Company and is free from any other mortgage, charge or encumbrance and is not subject to any attachment, or other order or process issued by any governmental authority and that the Company has a clear and marketable title to the Secured Property and the Immovable Property. It is however, clarified that the Immovable Property had previously been and may also be, in the future, mortgaged by the Company in favour of various lenders / debenture trustees as security for the borrowings made by the Company.

(r) **Information**

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

(s) **Nature of Representations and Warranties**

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

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

7.3 **Covenants of the Issuer**

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

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A. Information Covenants

The Issuer shall provide / cause to be provided information in respect of the following within a maximum of 15 (Fifteen) calendar days from the occurrence of such event (unless otherwise specifically provided):

- (a) The Issuer undertakes that it shall forward to the Debenture Trustee any such information sought and provide access to relevant books of accounts in relation to this Issue as required by Debenture Trustee.
- (b) The Issuer undertakes to submit to the Debenture Trustee (and to the Debenture Holder, if so requested), its duly audited annual accounts, within 120 (one hundred and twenty) days from the close of its accounting year.
- (c) The Issuer shall utilise the monies received upon subscription of the Debentures solely towards the Purpose and procure and furnish to the Debenture Trustee, a certificate from an independent chartered accountant in respect of the utilisation of funds raised by the issue of Debentures, within 60 (Sixty) calendar days from the Deemed Date of Allotment and from the statutory auditors of the Company, at the end of each financial year.
- (d) Submit to the Debenture Trustee (and to the Debenture Holder(s), if so requested) its provisional quarterly financials, within 45 (Forty Five) calendar days from the close of each of its accounting quarters.
- (e) Submit to the Debenture Holders (in a format which shall be provided by the Debenture Holder from time to time) such other information relevant to the Issue that the Debenture Holder may reasonably request on a monthly, quarterly and annual basis or pursuant to an annual diligence by the Debenture Holder, subject to such information being available with the Issuer.
- (f) As soon as practicable, and in any event within 1 (One) Business Day, upon the Issuer having knowledge of any winding up proceeding including filing of any application under the IBC or initiation of any insolvency resolution process against the Issuer under the IBC.
- (g) The Issuer shall provide / cause to be provided information in respect of the following promptly and no later than 5 (Five) Business Days from the occurrence of such event (unless otherwise specifically provided):
 - (i) change in the shareholding structure of the Company;
 - (ii) change in the Key Managerial Personnel of the Company;
 - (iii) approval by the Board of Directors of the annual business plan including a detailed investment budget and forecast accounts for the following Financial Year and financial projections for at least the next 5 (five) years;
 - (iv) after the Issuer obtains knowledge thereof or reasonably should have obtained actual knowledge thereof, notice of the occurrence of any event or circumstance that could be expected to result in a Material Adverse Effect;

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- (v) after the Issuer obtains or reasonably should have obtained actual knowledge thereof, notice of any dispute, litigation, investigation or other proceeding affecting the Company or its property or operations, which, if adversely determined, could result in a Material Adverse Effect;
- (vi) after the Issuer obtains knowledge thereof, notice of the occurrence of any event which constitutes in the opinion of the Issuer, a potential Event of Default or an Event of Default specifying the nature of such event and any steps the Company is taking and proposes to take to remedy the same;
- (vii) any prepayment or notice of any prepayment of any Financial Indebtedness exceeding Rs 50,00,00,000/- (Rupees Fifty Crores only) of the Company;
- (viii) any alteration of constitutional documents of the Issuer;
- (ix) if there is any fraud, amounting to more than 1% (One Percent) of Gross Loan Portfolio; and
- (x) such other information, as may be required by the Debenture Trustee.
- (xi) Notify the Debenture Trustee in writing of any notice of any application for winding up having been made or receipt of any statutory notice of winding up under the provisions of the Companies Act or any other notice under any other law or otherwise of any suit or legal process intended to be filed and affecting the title to the property of the Issuer.
- (xii) Notify the Debenture Trustee in writing if it becomes aware of any fact, matter or circumstance which would cause any of the representations and warranties under any of the Transaction Documents to become untrue or inaccurate or misleading in any material respect.
- (xiii) Notify the Debenture Trustee promptly in writing of any event which constitutes an event of default, specifying the nature of such event and any steps the Issuer is taking and proposes to take to remedy the same.
- (xiv) Notify the Debenture Trustee in writing of any proposed change in the nature or scope or the business or operations of the Issuer or the entering into any agreement or arrangement by any person that may affect the assets and liabilities of the Issuer, at least 3 (Three) Business Days prior to the date on which such action is proposed to be given effect.
- (xv) Such information as the Debenture Holders may require as to all matters relating to the business, property and affairs of the Company that materially impacts the interests of the Debenture Holders and provide access to relevant books of accounts and records in relation to this Issue and to enter into or upon and to view and inspect the state and condition of the Secured Property, together with all records, registers relating to the Secured Property as required by the Debenture Trustee.
- (xvi) Notify the Debenture Trustee of any major change in the composition of its Board of Directors, which may amount to change in 'Control' as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (xvii) Provide to the Debenture Trustee such further information regarding the financial condition, business and operations of the Company as the Debenture

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Trustee may reasonably request in relation to the payments due to be made on the Debentures;

- (xviii) Forward the details on utilisation of funds raised through the issue of Debentures duly certified by the Company's statutory auditors, to the Debenture Trustee within 60 (Sixty) calendar days from the Deemed Date of Allotment and at the end of each financial year, and as and when required by the Debenture Trustee and/or the Debenture Holders.
 - (xix) Notify the Debenture Trustee promptly of any revision in the rating provided by the Rating Agency in the Issue.
 - (xx) Inform the Debenture Trustee promptly about any failure to create Security and about all orders, directions, notices of court/tribunal affecting the Security.
 - (xxi) Inform the Debenture Trustee before declaring or distributing any dividend.
 - (xxii) inform the Debenture Trustee of one or more of the other creditors of the Issuer accelerating its payment obligations on the grounds of (a) a material adverse effect in the financial, operational or regulatory conditions governing the Issuer or (b) on account of a breach of representation or breach of an information covenant) under the terms of any other agreement involving borrowed money or the extension of credit or any other indebtedness under which the Issuer may be obligated as a borrower or guarantor.
- (h) Forward to the Debenture Trustee promptly, which information can be forwarded in electronic form or fax:
- (i) a copy of the Statutory Auditors' and Directors' Annual Report, Balance Sheet and Profit & Loss Account and of all periodical and special reports at the same time as they are issued;
 - (ii) a copy of all notices, resolutions and circulars relating to new issue of debt securities at the same time as they are sent to shareholders/ holders of debt securities;
 - (iii) a copy of all the notices, call letters, circulars, etc. of the meetings of debt security holders at the same time as they are sent to the holders of debt securities or advertised in the media;
- (i) As soon as available, and in any event within 120 (One Hundred and Twenty) calendar days after the end of each Financial Year of the Company, the annual reporting required and in form and substance satisfactory to the Debenture Trustee and the Debenture Holders. Such reporting will include information detailing:
- (i) certified copies of its audited consolidated and non-consolidated (if any) financial statements for its most recently completed Financial Year, prepared in accordance with Indian GAAP / Ind AS (as applicable) including its balance sheet, income statement and statement of cash flow. All such information shall be complete and correct in all material respects and fairly represents the financial condition, results of operation and changes in cash flow of the Issuer as of the date thereof;

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- (ii) a certificate of the Chief Financial Officer of the Issuer confirming that his or her review has not disclosed the existence of any potential Event of Default or any Event of Default;
 - (iii) all annual information submitted to the RBI; and
 - (iv) the corporate social responsibility report confirming adherence by the Issuer to its corporate social responsibility policy.
- (j) Furnish a report to the Debenture Trustee on a quarterly basis (unless specified otherwise, in which case, reports shall be submitted according to the specified timeline), containing the following particulars:
- (i) Periodical status/performance reports from the Issuer within 7 (Seven) days of the relevant board meeting or within 45 (Forty Five) days of the respective quarter, whichever is earlier;
 - (ii) Financials, operations, portfolio growth and asset quality, funding in formats acceptable to the Debenture Holder(s)
 - (iii) the shareholding structure and composition of the board of directors in the Issuer;
 - (iv) If applicable, the financial and other returns filed by the Issuer with the RBI (including without limitation, the form NBS-7 filed by the Company with the RBI);
 - (v) Updated list of names and addresses of the Debenture Holders;
 - (vi) Details of unpaid due payments, to be made, but unpaid and reasons for non-payment thereof;
 - (vii) The number and nature of grievances received from the Debenture Holders and (a) grievances resolved by the Issuer and (b) those grievances not yet solved to the satisfaction of the Debenture Holders and the reasons for the same;
 - (viii) Certificate from the Director/ Managing Director of the Company, certifying the value of the book debts/receivables underlying the Secured Property and stating that those assets of the Issuer which are available by way of security are sufficient to discharge the claims of the Debenture Holders as and when they become due;
 - (ix) Certificate from an independent Chartered Accountant, certifying the value of book debts/receivables underlying the Secured Property;
 - (x) A statement, signed by an authorized signatory of the Company, on a quarterly basis:
 - a. the value of the book debts/receivables under the Secured Property. Provided that the statement under this sub-clause (a) above shall also be supported by the independent chartered accountant (on a quarterly basis) and shall be supported by the statutory auditor of the Company (on a yearly basis);

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- b. that the Receivables constituting the Secured Property have not been charged or hypothecated in favour of any other party except the Debenture Trustee and that they are free from any encumbrances; and
 - c. that the Receivables comprising the Secured Property are 'standard assets' as defined under the applicable Reserve Bank of India regulations in the books of the Company.
(hereinafter referred to as the "**Secured Property Certificate**").
- (xi) Promptly and expeditiously attend to and redress the grievances, if any, of the Debenture-holders. The Issuer 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 its compliance.

B. Positive Covenants

- (a) The Issuer shall perform all of their respective obligations under the terms of the applicable Transaction Documents and maintain in full force and effect each of the Transaction Documents to which they are a party.
- (b) The Issuer shall promptly obtain all consents, as maybe necessary for performing its obligations in relation to this Issue.
- (c) The Issuer shall promptly pay and discharge all its financial obligations and regularly make all payments due and payable by the Issuer, including but not limited to Taxes and also such payment due and payable under or in respect of the Issue or any documents executed in connection therewith.
- (d) The Issuer shall give to the Debenture Trustee any information, relating to the business, property and affairs of the Company, that materially impacts the interests of the Debenture Holders.
- (e) The Issuer shall at all times act and proceed in relation to its affairs and business in compliance with applicable law.
- (f) The Issuer shall ensure that the Asset Cover is maintained at all times until the Final Settlement Date.
- (g) The Issuer shall comply with the applicable provisions of the Companies 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.
- (h) Listing
 - (i) The Issuer shall take all steps necessary to get the Debentures listed within 15 (Fifteen) calendar days from the Deemed Date of Allotment.
 - (ii) In any other case, where there is a delay by the Company in listing the Debentures beyond 20 (Twenty) calendar days from the Deemed Date of Allotment, the Company shall make payment the Debenture Holders of penal interest calculated on the face value of the Debentures at the rate of 1% per

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annum over the Coupon Rate from the expiry of 30 (Thirty) calendar days from the Deemed Date of Allotment until the listing of the Debentures.

- (iii) In the event of the Issuer's failure to do so, to the extent that any Debenture Holders are foreign institutional investors/qualified foreign investors/foreign portfolio investors, the Issuer shall immediately redeem and/buyback any and all Debentures which are held by such foreign institutional investors/foreign portfolio investors.

C. **Financial Covenants**

Within 45 (Forty Five) calendar days from the end of each quarter, the Issuer shall submit a certificate signed by the chief financial officer or an authorised signatory of the Issuer confirming the Issuer's compliance with the Financial Covenants set out hereinafter. The Issuer shall ensure that on the last day of each calendar quarter, (unless specified otherwise) until the redemption of Debentures:

- (a) The Issuer shall at all times, until the Final Settlement Date, maintain a ratio of Foreign-Currency Assets minus Foreign-Currency Liabilities divided by Regulatory Capital comprised between 150% (One Hundred and Fifty Percent) and -50% (Minus Fifty Percent);
- (b) The Issuer shall at all times, until the Final Settlement Date, maintain a Portfolio Quality 90 Days Ratio of less than or equal to 5% (Five Percent);
- (c) The Issuer shall at all times, until the Final Settlement Date, maintain a ratio of Open Loan Position 90 Days to the Issuer's Regulatory Capital of less than or equal to 20% (Twenty Percent);
- (d) The Issuer shall at all times until the Final Settlement Date, maintain Capital Adequacy Ratio of greater than or equal to 17% (Seventeen Percent) of the Company's Risk Weighted Assets.

For the purpose of this Clause 7.3C (*Financial Covenants*), the following terms shall have the meaning ascribed to them as provided below:

“*Capital Adequacy Ratio*” means the ratio as defined by the applicable regulations of the Reserve Bank of India from time to time;

“*Foreign-Currency Assets*” shall mean the aggregate of all assets of the Issuer consisting of loans, deposits, claims or other assets that by their terms are payable in any currency other than the domestic currency. However, assets of the Issuer that are payable in domestic currency of the Issuer but whose value is indexed to a foreign currency shall be considered as Foreign-Currency Assets.

“*Foreign-Currency Liabilities*” shall mean the aggregate of all liabilities of the Issuer consisting of loans, deposits, claims or other liabilities that by their terms are payable in any currency other than the domestic currency. However, foreign currency liabilities that are indexed to the domestic currency of the Issuer or that are hedged against exchange rate fluctuations with the domestic currency of the Issuer shall not be considered as part of its Foreign-Currency Liabilities.

“*Gross Loan Portfolio*” shall mean the aggregate outstanding balance of all the Client Loans disbursed by the Issuer in the normal course of its activity.

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“*Loan Loss Reserves*” shall mean the total reserve established to cover potential losses in the Issuer’s outstanding loans or other credit facilities.

“*Local Requirements*” shall mean all national and local laws, regulations, and specific decisions by any competent authority applicable to the Issuer.

“*Open Loan Position 90 Days*” shall mean Gross Loan Portfolio with clients that are overdue with interest or principal payments for more than 90 (Ninety) days, plus all Restructured Portfolio, rescheduled or refinanced loans less than 90 (Ninety) days overdue minus Loan Loss Reserves.

“*Portfolio Quality 90 Days Ratio*” shall mean the sum of the Issuer’s outstanding balance of loans and other credit facilities overdue for more than 90 (Ninety) days, plus the outstanding balance of loans and other credit facilities rescheduled, restructured or refinanced but not overdue for more than 90 (Ninety) days, ending on a day on which the Debentures are outstanding, divided by the Issuer’s Gross Loan Portfolio.

“*Restructured Portfolio*” shall mean, with respect to the Issuer, the outstanding principal balance of all past due Client Loans that have been renegotiated or modified to either lengthen or postpone the originally scheduled instalments of principal, or to substantially alter the original terms, of such Client Loans.

“*Regulatory Capital*” shall mean the capital applicable to the Issuer, according to the Applicable Law.

“*Risk Weighted Assets*” shall mean risk weighted assets according to the Local Requirements.

D. **Further Assurances**

The Issuer shall:

- (a) 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 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;
- (b) 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 lawfully to enter into and perform its obligations under this Issue or to ensure the legality, validity, enforceability or admissibility in evidence in India of this Issue;
- (c) The Issuer shall, while submitting half yearly/ annual financial results to the BSE/NSE disclose the following line items along with the financial results accompanied by a certificate from the Debenture Trustee confirming that it has taken note of the said content and the same shall be communicated to the Debenture Holder(s) on a half-yearly basis:
 - (i) credit rating and change in credit rating (if any);
 - (ii) debt-equity ratio;
 - (iii) previous due date for the payment of interest/principal and whether the same has been paid or not; and
 - (iv) next due date for the payment of interest/principal along with the amount of interest/redemption amount payable
 - (v) net worth;
 - (vi) net profit after tax;

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- (vii) earnings per share.
- (d) comply with:
 - (i) all laws, rules, regulations and guidelines as applicable in respect of the raising of Debentures, and obtain such regulatory approvals as may be required from time to time, including but not limited, in relation to the following (i) the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as may be in force from time to time during the currency of the Debentures; and (ii) the provisions of the listing agreement entered into by the Issuer with the BSE in relation to the Debentures including the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as may be in force;
 - (ii) The provisions of the Companies Act, 2013 relation to the issue of the Debentures.
- (e) Execute all such deeds, documents and assurances and do all such acts and things as the Debenture Trustee (acting on behalf of and/or on the instructions of the Majority Debenture Holders) may require for exercising the rights under the Transaction Documents and the Debentures and for perfecting the Transaction Documents or for effectuating and completing the security intended to be created and shall from time to time and at all times after the security constituted shall become enforceable, execute and do all such deeds, documents, assurance, acts, and things as the Debenture Trustee may require for facilitating realisation of the Secured Property and in particular the Issuer shall execute all transfers, conveyances, assignments and assurance of the Secured Property whether to the Debenture Trustee or to their nominees and shall give all notices and directions which the Debenture Trustee may think expedient.

E. Negative Covenants

- (a) The Issuer shall not, without the prior written approval of Debenture Trustee:
 - (i) Declare or pay any dividend to its shareholders during any financial year unless it has paid all the dues to the Debenture-Holder(s)/Trustee upto the date on which the dividend is proposed to be declared or paid or has made satisfactory provisions therefor.
 - (ii) Enter into any agreement to effectuate any change of control,
 - (iii) Sell, transfer or otherwise dispose of all or substantially all of its assets other than in the normal course of business of the Issuer, including any securitization / portfolio sale of assets undertaken by the Issuer in its ordinary course of business;
 - (iv) Wind up, liquidate or dissolve its affairs;
 - (v) Consolidate or amalgamate with or merge with or into or receive all or substantially all the assets or obligations of, another entity.
 - (vi) The Issuer shall not, until the Final Settlement Date, create any further charge or encumbrance over the Secured Property, except as created in favour of the Debenture Trustee for the benefit of the Debenture Holders, under the terms of the Deed of Hypothecation.

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- (b) The Issuer shall not make any amendments in the constitutional documents in a manner which would prejudicially affect the interests of the Debenture Holders.
- (c) The Issuer shall not enter into any material compromise or arrangement or settlement with any of its secured creditors that would prejudicially affect the interests of the Debenture Holder(s).

7.4 Events of Default

Each of the following shall constitute an Event of Default with respect to the Debentures and shall be set out in the Transaction Documents.

If any of the events listed below (each, an “**Event of Default**”) has occurred and pursuant thereto, if so required in writing by the Majority Debenture Holder(s), the Debenture Trustee shall, give notice to the Issuer that the Debentures are due and repayable.

- A. The failure to pay any outstanding sum due and payable under the Debentures, including Coupon/Redemption Amounts, on the Due Date(s) in full or in part, unless such failure to pay is caused by administrative or technical error and payment is made within 3 (Three) calendar days from the Due Date;
- B. The failure to comply with any reasonably monitoring and/or servicing requests from the Debenture Holder(s), including its monthly, quarterly and annual reporting requirements as required under Clause 7.3, including such requests arising from the due diligence visits and documentation review of the Debenture Holder(s);
- C. Failure of the Issuer to register and perfect the charge created over the Secured Property within the timelines stipulated under the Debenture Trust Deed.
- D. Failure of the Issuer to inform the Debenture Trustee of 1 (one) or more of the other creditors of the Issuer accelerating the payment obligations of the Issuer on the grounds of a material adverse change (howsoever defined under the respective transaction documents) or a material adverse effect (howsoever defined under the respective transaction documents) in the financial, operational or regulatory conditions governing the Issuer.
- E. Any representation or warranty made by the Issuer in any Transaction Document or in any certificate, financial statement or other document delivered to the Debenture Trustee/Debenture-Holder(s) by the Issuer shall prove to have been incorrect, false or misleading in any material respect when made or deemed made and such misrepresentation adversely affects the interest of the Debenture Holders in the reasonable opinion of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders);
- F. Failure of the Issuer to maintain the Asset Cover or top up the loan receivables within the timelines stipulated under the Deed of Hypothecation;
- G. Failure of the Issuer to perfect and register the charge created over the Secured Property, within the timelines stipulated in the relevant Transaction Documents.
- H. The Issuer is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or stops or suspends

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payment of all its debts, by reason of actual or anticipated financial difficulties or proceedings for taking it into liquidation have been admitted by any competent court or any application has been filed or proceedings have been initiated against the Issuer under IBC or a moratorium is agreed or declared in respect of or affecting all the debts of the Issuer;

- I. A distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, undertaking, assets, rights or revenues of the Issuer;
- J. An order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer, or the Issuer ceases to carry on all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, re-organisation, merger or consolidation on terms approved by a Special Resolution of the Debenture Holder(s);
- K. The Issuer commences a voluntary proceeding under any applicable bankruptcy, insolvency, winding up or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary proceeding under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee (or similar official) for any or a substantial part of its property or take any action towards its reorganization, liquidation or dissolution;
- L. In the opinion of the Debenture Trustee, any of the Transaction Documents failing to provide the security interests, rights, title, remedies, powers or privileges intended to be created thereby (including the priority intended to be created thereby), or such security interests failing to have the priority contemplated under the Transaction Documents, or the security interests becoming unlawful, invalid or unenforceable;
- M. If the Issuer, in regards to any financial indebtedness: (A) defaults in any payment of any financial indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such financial indebtedness was created or (B) defaults in the observance or performance of any agreement or condition relating to any financial indebtedness, the effect of which default or other event or condition is to cause or to permit the holder or holders of such financial indebtedness to cause (with the giving of notice or the passage of time or both would permit or cause) any such financial indebtedness to become due prior to its stated maturity; or (C) due to any default or an event of default, any financial indebtedness of the Issuer shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, (whether or not such right shall have been waived) prior to the stated maturity thereof;
- N. One or more judgments or decrees shall be entered against the Issuer involving a liability (not paid or not covered by a reputable and solvent insurance company), individually or in the aggregate, exceeding 5% (Five Percent) of the total assets of the Issuer and such judgments or decrees either shall be final and non-appealable or shall not be vacated, discharged or stayed pending appeal for any period of 90 (Ninety) calendar days;
- O. There shall have occurred a change in the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Issuer since the date hereof that has resulted in, or would result in, a Material Adverse Effect and such Material Adverse Effect has not been remedied or rectified for a period of 10 (Ten) Business Days;
- P. The Issuer finances clients listed on:

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- i. any list of terrorists or terrorist organizations of the United Nations, the European Union and any other applicable country; or
 - ii. any Financial Sanctions list, being defined as lists of persons, groups or entities which are subject to United Nations, European Union and the US Office of Foreign Asset Control (OFAC) sanctions;
- Q. Any other Event of Default(s) as set out in the Debenture Trust Deed;
- R. Other than as specifically provided above, breach of any other covenant, obligation, representation or warranty of the Issuer and any other obligations of the Issuer under the Transaction Documents.

7.5 Consequences of Events of Default

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

SECTION 8: OTHER INFORMATION AND APPLICATION PROCESS

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

8.1 Mode of Transfer/Transmission of Debentures

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

8.2 Debentures held in Dematerialised Form

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

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

8.3 Debenture Trustee for the Debenture Holder(s)

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

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Agreement and the Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

8.4 Sharing of Information

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

8.5 Debenture Holder not a Shareholder

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

8.6 Modification of Debentures

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

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

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

- (a) Creating of any additional security; and
- (b) Amendment to the terms and conditions of the Debentures or the Transaction Documents.

8.7 Right to accept or reject Applications

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

8.8 Notices

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

All notice(s) to be given by the Debenture Holder(s) to the Issuer/ Debenture Trustee shall be sent by registered post, recognized overnight courier service, hand delivery or email or by facsimile transmission to the Issuer or to such persons at such address/ facsimile number as may be notified by the Issuer from time to time through suitable communication. All correspondence regarding the Debentures should be marked "Private Placement of Debentures".

Notice(s) shall be deemed to be effective (a) in the case of registered mail, 3 (three) Business Days after posting; (b) 1 (One) Business Day after delivery by recognized overnight courier service, if sent for next Business Day delivery (c) in the case of facsimile at the time when dispatched with a report

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confirming proper transmission or (d) in the case of personal delivery, at the time of delivery or (e) or in case of e-mail at the time of the sending thereof (provided no delivery failure notification is received by the sender within 24 hours of sending such email).

8.9 Issue Procedure

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

The subscription to the Debentures shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI under the EBP Guidelines by placing bids on the EBP Platform during the Issue period. In case the Eligible Investors are not registered on the EBP Platform, they will have to register themselves as investor on the said platform (as a one time exercise) and also complete the mandatory KYC verification process. The Eligible Investors should also refer to the operational guidelines of the EBP in this respect. The disclosures required pursuant to the EBP Guidelines are set out hereinbelow:

Details of size of the Issue including green shoe option, if any	Rs. 125,00,00,000/- (Rupees One Hundred and Twenty Crores only)
Bid opening and closing date	Bid opening date: August 26, 2019; and Bid closing date: August 26, 2019
Minimum Bid lot	10 (Ten) Debentures i.e. Rs. 1,00,00,000/- (Rupees One Crore only) and in the multiples of 1 (One) Debenture thereafter i.e. Rs. 10,00,000/- (Rupees Ten Lakh only).
Manner of bidding in the Issue	Closed Bidding
Manner of allotment in the Issue	Uniform Yield
Manner of settlement in the Issue	Pay-in of funds through ICCL.
Settlement cycle	T+2, where T refers to the date of bid opening date / issue opening date

Process flow of settlement:

Eligible Investors whose bids have been accepted by the Issuer and to whom a signed copy of this Information Memorandum along with the Private Placement Offer Letter have been issued by the Issuer and who have submitted/shall submit the application form ("**Successful Bidders**"), shall make pay-in of subscription monies in respect of the Debentures towards the allocation made to them, into the bank account of the ICCL, the details of which are as set out below, on the Deemed Date of Allotment:

Name of Bank	HDFC BANK
IFSC Code	HDFC0000060
Account number	ICCLEB
Name of beneficiary	INDIAN CLEARING CORPORATION LIMITED

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Name of Bank	ICICI Bank Ltd.
IFSC Code	ICIC0000106
Account number	ICCLEB
Name of beneficiary	INDIAN CLEARING CORPORATION LTD

Name of Bank	YES BANK
IFSC Code	YESBOCMSNOC
Account number	ICCLEB
Name of beneficiary	INDIAN CLEARING CORPORATION LTD

The pay-in by the Successful Bidders will be made only from the bank account(s), which have been provided / updated by them in the EBP system. Any amount received from third party accounts or from accounts not specified in the EBP system will be refunded and no allotment will be made against such payments. Upon the transfer of funds into the aforesaid account of ICCL and the Issuer confirming its decision to proceed with the allotment of the Debentures in favour of the Successful Bidders to the ICCL, the R&T Agent and the EBP and initiating the requisite corporate action for allotment of Debentures and credit of the demat letter of allotment into the relevant demat account of the Successful Bidders through the R&T Agent, the R&T Agent shall provide corporate action file along with all requisite documents to the Depositories by 12:00 hours and also intimate the EBP of the aforesaid actions. Upon the Depositories confirming the allotment of the Debentures and the credit of the Debentures into the demat account of the Successful Bidders to EBP, the subscription monies in respect of the Debentures from the aforesaid account of ICCL shall be released into the Issuer's bank account, the details of which are as set out below:

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

It must be noted that all funds pay-in obligations need to be fulfilled in totality. Partial fund receipt against any given obligation will be treated as a default and debarment penalties will be applicable as specified by the EBP Guidelines.

8.10 Application Procedure

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

8.11 Fictitious Applications

All fictitious applications will be rejected.

8.12 Basis of Allotment

Notwithstanding anything stated elsewhere, Issuer reserves the right to accept or reject any application, in part or in full, without assigning any reason. Subject to the aforesaid, in case of over subscription, allotment shall be made on a "yield-time" priority basis in accordance with the EBP

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Guidelines. The investors will be required to remit the funds as well as submit the duly completed Application Form along with other necessary documents to Issuer by the Deemed Date of Allotment.

8.13 Payment Instructions

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

8.14 Eligible Investors

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

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

All potential Investors are required to comply with the relevant regulations/guidelines applicable to them Without prejudice to the aforesaid, where the selection of the eligible investors is required to be done pursuant to bidding mechanism on the Electronic Platform called the “EBP Platform” under the EBP Guidelines or any other successive arrangement/platform mandated by SEBI, only those Persons Out of the aforesaid categories of investors, who are registered on the EBP Platform and are eligible to make bids for Debentures of the Company and to whom allocation is to be made by the Company pursuant to selection under the electronic book mechanism for issuance of securities on private placement basis in terms of the EBP Guidelines and the Electronic Book Providers shall be considered as “identified persons” for the purposes of Section 42(2) of the Companies Act, 2013 (as amended from time to time), to whom the Company shall make private placement of the Debentures and only such “identified persons” shall receive a direct communication from the Company with offer to subscribe to the Debentures and only such “identified persons” shall be entitled to subscribe to the Debentures.

Additionally, those arrangers/brokers/intermediaries etc. (as per the defined limits under the EBP Guidelines) specifically mapped by the Company on the EBP Platform are also eligible to bid/apply/invest for this Issue.

All Eligible Investors are required to check and comply with Applicable Law(s) including the relevant rules / regulations / guidelines applicable to them for investing in this Issue of Debentures 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.

Hosting of the Information Memorandum on the website of the BSE should not be construed as an offer or an invitation to offer to subscribe to the Debentures and the same has been hosted only as it is stipulated under the SEBI Debt Listing Regulations read with the EBP Guidelines. Eligible Investors should check their eligibility before making any investment.

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

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

8.15 Procedure for Applying for Dematerialised Facility

- (a) The applicant must have at least one beneficiary account with any of the DP's of NSDL/CDSL prior to making the application.
- (b) The applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form".
- (c) Debentures allotted to an applicant will be credited to the applicant's respective beneficiary account(s) with the DP.
- (d) For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.
- (e) Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrar and Transfer Agent to the Issue.
- (f) If incomplete/incorrect details are given under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form" in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.
- (g) For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-a-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.
- (h) The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

8.16 Depository Arrangements

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

8.17 List of Beneficiaries

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

8.18 Application under Power of Attorney

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

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

8.19 Procedure for application by Mutual Funds and Multiple Applications

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

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

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

8.20 Documents to be provided by Investors

Investors need to submit the following documents, as applicable:

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

8.21 Applications to be accompanied with Bank Account Details

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

8.22 Succession

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

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

8.23 Mode of Payment

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

8.24 Effect of Holidays

In case any Coupon Payment Date or the due date for the performance of any event, falls on a day which is not a Business Day, the payment to be made shall be made on the next Business Day. When the Maturity Date (also being the last Coupon Payment Date) of the Debentures falls on a day which is not a Business Day, all payments to be made on the Maturity Date (including accrued Coupon) shall be made on the immediately preceding Business Day.

8.25 Tax Deduction at Source

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

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

8.26 Letters of Allotment

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

8.27 Deemed Date of Allotment

All the benefits under the Debentures will accrue to the Investor from the specified Deemed Date of Allotment. The Deemed Date of Allotment for the Issue is August 28, 2019 by which date the Investors would be intimated of allotment.

8.28 Record Date

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

8.29 Refunds

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

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

8.30 Interest on Application Money

Interest shall be payable on all application monies received at the Coupon Rate. Such interest shall be payable from the credit of subscription monies in respect of the Debentures in the account of the ICCL, in accordance with the EBP Guidelines until the Deemed Date of Allotment and the same shall be paid to the relevant Investors within 7 (Seven) Business Days from the Deemed Date of Allotment.

8.31 PAN Number

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

8.32 Payment on Redemption

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

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

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

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

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

SECTION 9: DECLARATION

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

For Five-Star Business Finance Limited

Authorised Signatory

Name: Srikanth G
Title: Chief Financial Officer
Date: August 26, 2019
Place: Chennai

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

ANNEXURE I: TERM SHEET

As provided in Clause 5.23 above.

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

ANNEXURE II: RATING LETTER FROM THE RATING AGENCY



CARE/CRO/RL/2019-20/1211

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

August 14, 2019

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.125 crore of your company. The proposed NCDs would have tenure of up to 72 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	125 (Rupees One hundred and Twenty Five crore only)	CARE A; Stable (Single A; Outlook: Stable)	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 August 14, 2019).
4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

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

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CARE Ratings Limited

(Formerly known as Credit Analysis & Research Limited)

CORPORATE OFFICE: 4th Floor, Godrej Coliseum, Smt. Jyoti 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. D-509YC, Spencer Plaza, 5th Floor,
No. 76R, Anna Salai, Chennai - 600 002.
Tel: +91-44-2849 8011 / 13 / 14
Tel/Fax: +91-44-2849 7812

CIN:L67190MH1993PLC07 1691

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5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size [Rs or]	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 August 16, 2019, 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. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating

B

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downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

11. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
12. CARE ratings are **not** recommendations to buy, sell or hold any securities.

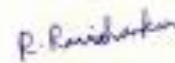
If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,



Balachandran V
Deputy Manager
balachandran.v@careratings.com



Ravi Shankar R
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.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

CATALYST
Believe in yourself... Trust us!



CL/MUM/19-20/DEB/763

August 12, 2019

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

Dear Sir,

Consent to act as Trustee for Secured, Listed, Rated, Redeemable, Non- Convertible Debentures aggregating upto Rs. 125 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 TRUSTESHIP LIMITED (INCORPORATED IN INDIA)

AN ISO 9001 COMPANY

Mumbai Office: Windsor, 6th Floor, Office No. 804, C.S.T. Road, Kalina, Santacruz (East), Mumbai 400 088 Tel: +91 (022) 4022 0888 Fax: +91 (022) 4022 0900
Regd. Office: COA House, Plot No. 85, Bhamburda Colony (Right), Paud Road, Pune 411 008 Tel: +91 (020) 25200081 Fax: +91 (020) 25200275
Delhi Office: Office No. 810, 9th Floor, Kalash Building, 26, Kirti Karam, New Delhi - 110001 Tel: +91 430 29105/62
CIN No. U74999MH2007PLC020202 Email: info@catlystrustee.com Website: www.catlystrustee.com
Pune | Mumbai | Bengaluru | Delhi | Chennai



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

ANNEXURE IV: APPLICATION FORM

FIVE-STAR BUSINESS FINANCE LIMITED

A public limited company incorporated under the Companies Act, 1956

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

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

Telephone No.: 044-4610 6200

Website: www.fivestargroup.in

DEBENTURE SERIES APPLICATION FORM SERIAL NO.	1								
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ISSUE OF UPTO 1,250 (ONE THOUSAND TWO HUNDRED AND FIFTY) SECURED RATED LISTED REDEEMABLE TRANSFERABLE NON-CONVERTIBLE DEBENTURES OF FIVE STAR BUSINESS FINANCE LIMITED OF RS. 10,00,000/- (RUPEES TEN LAKH ONLY) EACH AGGREGATING UPTO RS. 125,00,00,000/- (RUPEES ONE HUNDRED AND TWENTY FIVE CRORES ONLY), FULLY PAID UP FOR CASH AT PAR TO THE FACE VALUE

DEBENTURE SERIES APPLIED FOR:

Number of Debentures __ In words ____

Amount Rs. / in words Rupees _____ Crores only

DETAILS OF PAYMENT:

RTGS

No. _____ Drawn on _____

Funds transferred to Five-Star Business Finance Limited

Dated _____

Total Amount Enclosed

(In Figures) _____ (In words) _____

APPLICANT'S NAME IN FULL (CAPITALS)

SPECIMEN SIGNATURE

--	--

APPLICANT'S ADDRESS

ADDRESS	
STREET	
CITY	

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

PIN		PHONE		FAX	
------------	--	--------------	--	------------	--

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

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

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

Name of the Authorised Signatory(ies)	Designation	Signature

Applicant's
Signature

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

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

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

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

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

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

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

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

Applicant’s
Signature

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

(Note : Cheque and Drafts are subject to realisation)

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

- ACKNOWLEDGMENT SLIP -

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

Received from _____

Address _____	

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

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

ANNEXURE V: LAST AUDITED FINANCIAL STATEMENTS

Standalone Balance Sheet as at March 31, 2019

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

₹ in Lakhs

Particulars	Note No.	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
ASSETS				
Financial Assets				
Cash and cash equivalents	04	20,992.65	12,643.11	17,986.69
Bank balances other than cash and cash equivalents	05	6.88	7.98	56.64
Loans	06	2,05,743.73	96,859.91	47,380.65
Investments	07	1,500.00	1,500.00	1,500.00
Other financial assets	08	783.68	269.19	190.30
Total		2,28,526.94	1,11,280.19	67,114.28
Non-financial Assets				
Current tax assets (net)	09	348.17	344.41	-
Deferred tax assets (net)	37	1,422.06	621.54	346.62
Investment property	10	3.56	3.56	3.56
Property, plant and equipment	11	744.41	450.69	446.38
Capital work-in-progress	11	-	14.13	-
Intangibles under development	12	-	-	158.11
Other intangible assets	12	201.80	181.09	35.98
Other non-financial assets	13	357.39	413.86	60.39
Total		3,077.39	2,029.28	1,051.04
Total Assets		2,31,604.33	1,13,309.47	68,165.32
LIABILITIES AND EQUITY				
Financial Liabilities				
Payables				
Trade payables				
Total outstanding dues of micro and small enterprises		-	-	-
Total outstanding dues of creditors other than micro and small enterprises		281.39	221.10	109.26
Debt securities	15	42,972.28	19,322.09	19,078.05
Borrowings (other than debt securities)	16	49,198.22	33,483.42	25,836.73
Other financial liabilities	17	510.91	440.09	380.01
Total		92,962.80	53,466.70	45,404.05
Non-financial Liabilities				
Current tax liabilities (net)	18	159.89	-	170.12
Provisions	19	365.19	170.26	74.55
Other non-financial liabilities	20	1,608.12	451.38	284.24
Total		2,133.20	621.64	528.91
Equity				
Equity share capital	21	2,389.96	1,916.89	1,426.51
Other equity	22	1,34,118.37	57,304.24	20,805.85
Total		1,36,508.33	59,221.13	22,232.36
Total Liabilities and Equity		2,31,604.33	1,13,309.47	68,165.32

See accompanying notes to the financial statements

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

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

K Raghuram
Partner
Membership No: 211171

D Lakshminpathy
Chairman & Managing Director
DIN No : 01723269

R. Anand
Director
DIN No : 00243485

G Srikanth
Chief Financial Officer

Rangarajan K
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : May 14, 2019

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

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

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

₹ in Lakhs

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

See accompanying notes to the financial statements

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

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

K Raghuram
Partner
Membership No: 211171

D Lakshminpathy
Chairman & Managing Director
DIN No : 01723269

R. Anand
Director
DIN No : 00243485

G Srikanth
Chief Financial Officer

Rangarajan K
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : May 14, 2019

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

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

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

Particulars	₹ in Lakhs	
	Year ended 31.03.2019	Year ended 31.03.2018
A. Cash Flow from Operating Activities		
Net Profit Before Tax	21,798.71	7,565.46
Adjustments for:		
Depreciation and amortization	419.42	259.30
Provision for gratuity	58.51	33.73
Provision for compensated absences	86.33	21.19
Provision for impairment on financial instruments and write-offs	700.54	903.00
Loss on sale/retirement of property, plant and equipment (net)	0.93	8.42
Profit on sale of current investments (net)	(559.86)	(675.21)
Interest income on deposits with banks / others	(1,335.21)	(797.59)
Finance costs	7,285.60	5,471.27
Employee stock option expenses	267.83	214.94
Operating cash flow before working capital changes	28,722.80	13,004.51
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Loans	(1,09,584.36)	(50,382.26)
Other non-financial assets	(94.34)	(182.47)
Other financial assets	(59.35)	(52.00)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	60.31	111.87
Other financial liabilities	(1.09)	1.34
Other non-financial liabilities	1,156.74	167.14
Net cash (used in) operations	(79,799.29)	(37,331.87)
Finance cost paid	(7,408.26)	(5,410.96)
Direct access paid(Net) not access	(6,798.84)	(2,918.89)
Net Cash Used in Operating Activities (A)	(94,007.40)	(45,661.72)
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(585.14)	(448.23)
Proceeds from sale of fixed assets	15.30	4.04
Profit on sale of current investments	559.86	675.21
Interest income on deposits with banks / others	1,380.07	770.69
Movement in bank balances other than cash and cash equivalent	1.09	48.66
Net Cash from Investing Activities (B)	1,371.18	1,050.37
C. Cash Flow from Financing Activities		
Proceeds from issue of equity shares	473.07	490.38
Proceeds from securities premium (net off utilisation)	61,453.65	31,328.84
Expenses towards issue of shares	(501.53)	(440.62)
Fresh borrowings during the year	60,140.00	19,500.00
Repayments of borrowings (including process fee)	(20,579.43)	(11,610.83)
Net Cash from Financing Activities (C)	1,00,985.76	39,267.77
Net Increase in Cash and Cash Equivalents (A) + (B) + (C)	8,349.54	(5,343.58)
Cash and Cash Equivalents at the beginning of the Year	12,643.11	17,986.69
Cash and Cash Equivalents at the end of the year	20,992.65	12,643.11
Notes to cash flow statement		
1. Cash and cash equivalents		
Cash on hand	343.31	166.92
Balances with banks		
(i) In current accounts	19,930.86	1,269.22
(ii) In other deposit accounts (original maturity less than 3 months)	718.48	11,206.97
2. Change in liabilities arising from financing activities		
Particulars	Debt securities	Borrowings (other than debt securities)
As at April 1, 2017	19,078.05	25,836.73
Cash flows (net)	207.90	7,684.38
Others*	36.14	(37.69)
As at March 31, 2018	19,322.09	33,483.42
Cash flows (net)	23,742.84	15,817.73
Others*	(92.65)	(102.93)
As at March 31, 2019	42,972.28	49,198.22

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

See accompanying notes to the financial statements

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

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

K Raghuram
Partner
Membership No: 211171

D Lakshmiopathy
Chairman & Managing Director
DIN No : 01723269

R. Anand
Director
DIN No : 00243485

G Srikanth
Chief Financial Officer

Rangarajan K
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : May 14, 2019

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

ANNEXURE VI: ILLUSTRATION OF BOND CASH FLOWS

Illustration of Bond Cash Flows	
Company	Five-Star Business Finance Limited
Face Value (per security)	Rs. 10,00,000/- (Rupees Ten Lakhs only)
Issue Date / Date of Allotment	Issue Opening Date: August 26, 2019 Deemed Date of Allotment: August 28, 2019
Maturity Date	August 28, 2025
Coupon Rate	11.88% (Eleven Decimal Point Eight Eight Percent) net of Taxes, per annum.
Frequency of the Coupon Payment with specified dates	Coupon payable semi-annually Payable on February 28 and August 28 of every calendar year until the Maturity Date (subject to adjustments for Business Day Convention).
Day Count Convention	Actual/Actual

Scenario 1: In case Put Option / Call Option is exercised on the Put Option Date / Call Option Date:

Cash Flows	Coupon Accrual Date	No. of days in Coupon Period	Coupon Amount (in Rupees)	Principal Amount (in Rupees)
1 st Coupon	February 28, 2020	184	74,795,800.58	
2 nd Coupon	August 28, 2020	182	73,844,262.30	
3 rd Coupon	February 28, 2021	184	74,720,211.09	
4 th Coupon	August 28, 2021	181	73,639,726.03	
5 th Coupon	February 28, 2022	184	74,860,273.97	
6 th Coupon	August 28, 2022	182	74,046,575.34	
Principal	August 28, 2022			125,00,00,000
TOTAL				125,00,00,000

Scenario 2: In case Put Option / Call Option is not exercised on the Put Option Date / Call Option Date:

Cash Flows	Coupon Accrual Date	No. of days in Coupon Period	Coupon Amount (in Rupees)	Principal Amount (in Rupees)
1 st Coupon	February 28, 2020	184	74,795,800.58	
2 nd Coupon	August 28, 2020	182	73,844,262.30	
3 rd Coupon	February 28, 2021	184	74,720,211.09	
4 th Coupon	August 28, 2021	181	73,639,726.03	
5 th Coupon	February 28, 2022	184	74,860,273.97	
6 th Coupon	August 28, 2022	181	73,639,726.03	
7 th Coupon	February 28, 2023	184	74,860,273.97	
8 th Coupon	August 28, 2023	181	73,639,726.03	
9 th Coupon	February 28, 2024	184	74,795,800.58	
10 th Coupon	August 28, 2024	182	73,844,262.30	
11 th Coupon	February 28, 2025	184	74,720,211.09	
12 th Coupon	August 28, 2025	181	73,639,726.03	
Principal	August 28, 2025			125,00,00,000
TOTAL				125,00,00,000