

Private & Confidential – Not for Circulation

SHELF DISCLOSURE DOCUMENT



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

Telephone No.: 044- 23460963; Fax No.: 044- 23460963

Contact Person: Mr. Srikanth G

Email: info@fivestargroup.in ; Website: www.fivestargroup.in

SHELF DISCLOSURE DOCUMENT UNDER COMPANIES ACT 2013, SCHEDULE I OF SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AMENDED FROM TIME TO TIME and NBFC DIRECTIONS BY RBI.

ISSUE: Shelf Disclosure Document (SDD) for Private Placement of Secured, Rated, Listed, Redeemable Non-Convertible Debentures (NCDs) in form of Separately Transferable Redeemable Principal Parts (STRPPs) for cash at par aggregating upto Rs. 40.00 Crores

GENERAL RISKS: For taking an investment decision, investors must rely on their own examination of the Issue and the Shelf Disclosure Document including the risks involved. The Issue has not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this Shelf Disclosure Document.

ISSUER'S ABSOLUTE RESPONSIBILITY: The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Shelf Disclosure Document contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Shelf 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.

CREDIT RATING: The Debentures/STRPPs proposed to be issued by the Issuer have been rated by Credit Analysis & Research Ltd ("Rating Agency /CARE"). The Rating Agency has vide its letter dated February 02, 2017 assigned a rating of "CARE BBB+" (pronounced as CARE Triple B Plus) in respect of the Debentures/STRPPs. 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 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 Shelf Disclosure Document for the letter dated February 02, 2017 from the Rating Agency assigning the credit rating abovementioned issued by the Rating Agency disclosing the rating rationale adopted for the aforesaid rating.

LISTING: The STRPPs are proposed to be listed on the wholesale debt market of the BSE Limited ("BSE").

Registrar & Share Transfer Agent
NSDL Database Management Limited
4th Floor, Trade World, 'A' Wing
Kamala Mills Compound, Lower Parel,
Mumbai - 400 013
Tel: 91-22-24994200
Email: info_ndml@nsdl.co.in

Debenture Trustee
IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17, R Rukmani Marg, Ballard Estate,
Mumbai – 400 001,
Tel: +91 22 40807000,
Email: itsl@idbitrustee.com

This schedule prepared in conformity with SEBI (Issue & Listing of Debt Securities) regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 6, 2008, SEBI (Issue & Listing of Debt Securities)

For FIVE-STAR BUSINESS FINANCE LIMITED

Authorised Signatory

(Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012 and SEBI (Issue & Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular No. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014 (referred in this document "SEBI guidelines"), SEBI (Issue and Listing of Debt Securities)(Amendment) Regulations, 2016 issued vide circular no. LAD-NRO/GN/2014-15/25/539 Section 42 and rule 14(1) to Companies (Prospectus and Allotment of Securities) Rules, 2014), for private placement and does not constitute an offer to the public generally to subscribe for or otherwise acquire the Debentures to be issued by the Issuer.



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1. DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Shelf Disclosure Document.

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 Shelf Disclosure Document and/or the Private Placement Offer Letter, to apply for subscription to the Debentures.
Act	Shall mean the Companies Act, 1956 (" 1956 Act "), or where applicable the notified provisions of the Companies Act, 2013 (" 2013 Act "), as may be amended from time to time
Applicable Law	Shall mean all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or re-enactments thereof
Beneficial Owner	Shall mean the Debenture Holder(s)/STRPP Holder(s) of the Debentures/STRPPs in dematerialised form whose name is recorded as such with the Depository
Board/Board of Directors	The Board of Directors of the Issuer
Business Day	Any day of the week (excluding Saturdays, Sundays and any 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 Chennai and Mumbai.
BSE	Means BSE Limited
Capital Adequacy Ratio	Means the capital adequacy ratio prescribed by the RBI for non-banking financial companies from time to time, currently being the aggregate of Tier I Capital and Tier II Capital divided by Risk Weighted Assets
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Client Loan	Each loan made by the Issuer as a lender, and "Client Loans" shall refer to the aggregate of such loans.
Coupon	shall mean the coupon payable on the Debentures/STRPPs for each Series on the Coupon Payment Date(s), at the Coupon Rate
Debentures / NCDs	Secured, Rated, Listed, Redeemable Non-Convertible Debentures in form of Separately Transferable Redeemable Principal Parts (STRPPs) to be issued in one or more Series on a private placement basis up to an aggregate amount of Rs. 40,00,00,000/- (Rupees Forty Crores only)
Debt Listing Regulations	Means the Securities and Exchange Board of India (Issue and Listing of Debt Securities), 2008
Debenture Holders/ STRPPS Holders/ Investors	The holders of the Debentures/ STRPPs issued by the Issuer and shall include the registered transferees of the Debentures from time to time.
Deemed Date of Allotment	The Deemed Date of Allotment of the Debentures/ STRPPs comprised in each Series will be as specified in Term Sheet(s) issued for that Series.
Debenture Trustee	IDBI Trusteeship Services Limited
Debenture Trustee Agreement	Agreement to be executed by and between the Debenture Trustee and the Issuer for the purposes of appointment of the Debenture Trustee to act as debenture trustee in connection with the issuance of the Debentures under each of the Series.
Debenture Trust Cum Mortgage Deed	Shall mean the debenture trust cum mortgage deed executed/to be executed by and between the Debenture Trustee and the Company which will set out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer.
Deed of Hypothecation	The deed of hypothecation entered/to be entered into between the Issuer and the Debenture Trustee, pursuant to which hypothecation over Hypothecated Assets shall

	be created by the Issuer in favour of the Debenture Trustee (acting for and on behalf of the Debenture Holder(s)).
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.
Depository Participant / DP	A depository participant as defined under the Depositories Act
Director(s)	Director(s) of the Issuer.
Disclosure Document(s)	Collectively this Shelf Disclosure Document, the Term Sheet(s) and the Private Placement Offer Letter(s).
Deemed Date of Allotment(s)	Shall mean the date/s on which the Debentures/STRPPs under each Series are deemed to have been allotted to the Debenture Holder(s)/STRPP Holder(s), as further specified in the relevant Term Sheet
DP ID	Depository Participant Identification Number.
Due Date	shall mean any date on which the Debenture Holder(s)/STRPP Holder(s) are entitled to any payments in relation to the Debentures/STRPPs, whether for redemption, redemption premium, if any or towards Coupon, as provided for in the relevant Term Sheet (s)
EFT	Electronic Fund Transfer
Events of Default	Shall mean the events of default as set out in Section 5.4 hereof and shall, in relation to the Debenture Holder(s)/STRPP Holder(s) of any Series of Debentures/STRPPs, additionally mean any event or circumstances described as an event of default under the relevant Term Sheets in respect of such Series of Debentures/STRPPs
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.
Financial Indebtedness	<p>means in relation to an entity any indebtedness without double counting for or in respect of:</p> <ol style="list-style-type: none"> moneys borrowed; any amount raised by acceptance under any acceptance credit, bill acceptance or bill endorsement facility or dematerialized equivalent; any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument; the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease; receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value if payable by a borrower under each such transaction shall be taken into account); shares which are expressed to be redeemable or (B) any shares or instruments convertible into shares which are the subject of a put option or any form of buyback guarantee granted by the issuer issuing such shares or convertible instruments; any obligation under any put option including any form of guarantee, letter of comfort, short fall undertaking, keep fit letter or indemnity in respect of any shares or instruments convertible into shares issued by another entity; any counter-indemnity obligation in respect of a guarantee, indemnity, bond,

	<p>standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and</p> <p>k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above,</p> <p>l) and includes all Financial Indebtedness in respect of any of the items referred to in paragraphs (a) to (k) above which the relevant person has irrevocably committed to incur (whether by way of issue of an irrevocable drawdown notice (or equivalent), guarantee of any such Financial Indebtedness which has been similarly committed to be incurred or otherwise), notwithstanding that no actual liability or debt exists at the time of such consideration.</p>
Final Settlement Date	Shall mean the date on which the Payments have been irrevocably discharged in full and / or the Debentures/STRPPs have been redeemed by the Company in full in accordance with the terms of the Transaction Documents
Financial Year	Shall mean the financial year of the Company used for the purposes of accounting
GAAP	Generally Accepted Accounting Principles prescribed by the Institute of Chartered Accountants of India from time to time and consistently applied by the Issuer.
Governmental Authority	The President of India, the Government of India, the Governor and the Government of any State in India, any Ministry or Department of the same, any municipal or local government authority, any authority or private body exercising powers conferred by applicable law and any court, tribunal or other judicial or quasi-judicial body and shall include, without limitation, a stock exchange and any regulatory body.
Gross Loan Portfolio	Means the outstanding principal balance of all of the Company's outstanding Client Loans current, delinquent and restructured Client Loans, and includes principal balance of all Client Loans securitized, assigned, originated on behalf of other institutions or otherwise sold off in respect of which the Company has provided credit enhancements in any form or manner whatsoever, but not Client Loans that have been charged off.
Issue	Private Placement of the Debentures in one or more Series.
Issuer/ Company	Five-Star Business Finance Limited
Majority Debenture Holder(s)	Means such number of Debenture Holders collectively holding more than 75% (Seventy Five percent) of the value of the Outstanding Principal Amounts of the Debentures
Majority Resolution	Means resolution approved by such number of Debenture Holders that represent more than 75% (Seventy Five percent) of the value of the Outstanding Principal Amounts of the Debentures held by the Debenture Holders who are present and voting or if a poll is demanded, by such number of Debenture Holders that represent more than 75% (Seventy Five percent) of the value of the Outstanding Principal Amounts of the Debentures held by the Debenture Holders who are present and voting in such poll
Maturity Date	With respect to the Debentures/ STRPPs under any Series shall mean the date on which the Principal Amounts and all other amounts due in respect of the Debentures/STRPPs of that relevant Series are repaid to the Debenture Holders/ STRPPs of that relevant Series, in full, which date shall be set out in the Term Sheet (s) relevant to such Series.
Material Adverse Effect	In relation to any entity, means, the effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, or could reasonably be expected to cause, a material and adverse effect on (i) the financial condition, business or operation of the entity, which in the opinion of the Debenture Trustee, is prejudicial to the ability of the entity to perform its obligations under the Transaction Documents; (ii) the ability of the Issuer to perform its obligations under the Transaction Documents; or (iii) the legality, validity or enforceability of any of the Transaction Documents.
Minimum Security Cover	Shall mean the aggregate value of all the Receivables which is to be maintained by the Company at 1.10 (One decimal one zero) times of the principal amounts outstanding on the Debentures/STRPPs to be issued by the Company in respect of which the

	Secured Property constitutes security on an exclusive first ranking basis from the date of execution of the Deed of Hypothecation till the Final Settlement Date
NBFC	Non-Banking Financial Company
Net Assets	Net Assets shall mean the total assets on the balance sheet of the Issuer excluding any securitised assets and managed (non-owned) loan portfolio.
N.A.	Not Applicable.
Non-Performing Assets/NPA	Means the aggregate of all loans, bonds and other credit facilities provided by the Issuer where one or more repayment instalments are overdue by 90 days or more.
NSDL	National Securities Depository Limited.
PAN	Permanent Account Number.
Payments	Means all payments to be made by the Company in relation to the Debentures/STRPPs (or any Series thereof) including payment of Coupon, Redemption Amount(s), Redemption Premium, Default Interest (if any) remuneration of the Debenture Trustee, and all fees, costs, charges, expenses and other monies payable by the Company under the Transaction Documents
Principal Amount	On any particular date, the principal amount of the outstanding Debentures on such date.
Private Placement Offer Letter(s)	Shall mean the offer letter prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 which shall be issued with respect to each Series under the Issue
Portfolio At Risk Over 90 Days	Shall mean the outstanding principal amounts of all Client Loans that have one or more instalments of principal, interest, penalty interest, fees or any other expected payments past due more than 90 (Ninety) days.
Promoter Group	The Promoter group shall include the D. Lakshmipathy – Chairman and Managing Director of Five-Star Business Finance Ltd along with his immediate family members
RBI	Reserve Bank of India.
Rating Agency	Credit Analysis & Research Ltd , being a credit rating agency registered with SEBI pursuant to SEBI (Credit Rating Agencies) Regulations 1999, as amended from time to time or any other SEBI registered credit rating agency appointed by the Issuer from time to time.
Record Date	The date which will be used for determining the Debenture Holder(s)/STRPP Holder(s) who shall be entitled to receive the amounts due on any Due date, which shall be the date falling 7 (Seven) calendar days prior to any Due Date.
R&T Agent	Registrar and Transfer Agent to the Issue, in this case being NSDL Database Management Limited
Restructured Portfolio	Means with respect to the Company, the outstanding principal balance of all past due Client Loans that have been renegotiated or modified to either lengthen or postpone the originally scheduled instalments of principal, or to substantially alter the original terms, of such Client Loans
Redemption Amount	With respect to each Series, shall mean the amount to be paid by the Company to the Debenture Holder(s)/STRPP Holder(s) at the time of the redemption of the Debentures/STRPPs and shall include the outstanding Principal Amount(s), Redemption Premium, the accrued Coupon, Default Interest, (if any) and any other amounts, if any, in respect of the Debentures, payable on each of the Redemption Date(s) as shall be specified in the relevant Term Sheet
Redemption Date(s)	Shall with respect to each Series, shall mean the date(s) on which the Redemption Amount(s) for the Debentures/STRPPs shall be redeemed by the Company as shall be specified in the relevant Term Sheet;
Risk Weighted Assets	Shall be calculated as per the method prescribed in the NBFC Master Directions
ROC	Registrar of Companies.

Rs. / INR	Indian National Rupee.
RTGS	Real Time Gross Settlement.
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time).
SEBI Debt Listing Regulations	The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008 issued by SEBI, as amended from time to time.
Security	The security for the Debentures as specified in Annexure I .
Secured Obligations	Shall mean all obligations at any time due, owing or incurred by the Company to the Debenture Trustee and the Debenture Holder(s)/STRPP Holder(s) in respect of the Debentures/STRPPs and shall include the obligation to redeem the Debentures/STRPPs in terms thereof together with the Coupon accrued thereon, Redemption Premium, Default Interest, if any, accrued thereon, any outstanding remuneration of the Debenture Trustee and all fees, costs, charges and expenses payable to the Debenture Trustee and other monies payable by the Company in respect of the Debentures/STRPPs under each Series
Secured Property	Shall mean the identified book debt receivables comprising of the specific standard asset portfolio of receivables of the Company as more particularly provided for in the Deed of Hypothecation
Security Cover	Shall mean the ratio of the value of the Secured Property to the amounts outstanding under the Debentures. The Security Cover to be maintained by the Company shall at all times be at least equal to the Minimum Security Cover, or such other security cover as may be agreed to by the Company and the Debenture Trustee/Debenture Holder(s) in relation to a particular Series and as stipulated in the relevant Term Sheet
Series	Collectively the Debentures/ issued under the relevant series pursuant to the issue of a Term Sheet (s) and/or Private Placement Offer Letter
Shelf Disclosure Document	This document which sets out the information regarding the Debentures being issued on a private placement basis and has been issued pursuant to regulation 21A of the SEBI Debt Listing Regulations.
STRPPs	Separately Transferable Redeemable Principal Parts (STRPPs) of face value of Rs. 1,00,000/- & 10 STRPPs to form 1 debenture of Rs. 10,00,000/- each.
TDS	Tax Deducted at Source.
The Companies Act/ the Act	The Companies Act, 1956, or where applicable, the notified provisions of the Companies Act, 2013.
Terms & Conditions	Shall mean the terms and conditions pertaining to the Issue as outlined in the Transaction Documents
Term Sheet	Shall mean a document issued in respect of a Series of the Debentures/STRPPs which mentions key terms of the Debentures/STRPPs issued under a particular Series, including inter alia, interest rate, allotment date, maturity date, and shall include amendments made thereto from time to time
Tax	Shall mean any and all present or future, direct or indirect, claims for tax, 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, but shall not include tax on the income of any Party
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.

2. NOTICE TO INVESTORS AND DISCLAIMERS

2.1 ISSUER'S DISCLAIMER

This Shelf Disclosure Document 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 / STRPPs 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 Shelf Disclosure Document does not constitute and shall not be deemed to constitute an offer or invitation to subscribe to the Debentures / STRPPs to the public in general.

As per the applicable provisions, it is not necessary for a copy of this Shelf Disclosure Document to be filed or submitted to the SEBI for its review and/or approval. However pursuant to the provisions of Section 42 of the Companies Act 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, the copy of this Shelf Disclosure Document/ Private Placement Offer Letter shall be filed with the ROC and SEBI within the stipulated timelines under the Companies Act, 2013.

This Shelf Disclosure Document has been prepared in conformity with the SEBI Debt Listing Regulations as amended from time to time and applicable RBI regulations governing private placements of Debentures / STRPPs by NBFCs. This Shelf Disclosure Document has been prepared solely to provide general information about the Issuer to Eligible Investors (as defined below) to whom it is addressed and who are willing and eligible to subscribe to the Debentures / STRPPs. This Shelf Disclosure Document does not purport to contain all the information that any Eligible Investor may require. Further, this Shelf Disclosure Document 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 Shelf Disclosure Document nor any other information supplied in connection with the Debentures / STRPPs is intended to provide the basis of any credit or other evaluation and any recipient of this Shelf Disclosure Document should not consider such receipt as a recommendation to subscribe to any Debentures / STRPPs. Each potential Investor contemplating subscription to any Debentures / STRPPs 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 / STRPPs 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 Shelf Disclosure Document (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 Shelf Disclosure Document 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 being authorized by the Issuer. The Issuer certifies that the disclosures made in this Shelf Disclosure Document are adequate and in conformity with the SEBI Debt Listing Regulations and the Companies (Prospectus and Allotment of Securities) Rules, 2014. Further, the Issuer accepts no responsibility for statements made otherwise than in the Shelf Disclosure Document 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 Shelf Disclosure Document would be doing so at its own risk.

This Shelf Disclosure Document and the respective contents hereof respectively, 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 / STRPPs. All Investors are required to comply with the relevant regulations / guidelines applicable to them for investing in



this Issue. The contents of this Shelf Disclosure Document are intended to be used only by those Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

No invitation is being made to any persons other than those to whom Application Forms along with this Shelf Disclosure Document being issued have been sent. Any application by a person to whom the Shelf Disclosure Document has not been sent by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Shelf Disclosure Document shall not reproduce or distribute in whole or in 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 Shelf Disclosure Document and 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 Shelf Disclosure Document) without retaining any copies hereof. If any recipient of this Shelf Disclosure Document and Letter decides not to participate in the Issue, that recipient must promptly return this Shelf Disclosure Document 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 Shelf Disclosure Document to reflect subsequent events after the date of Shelf Disclosure Document 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 Shelf Disclosure Document nor any sale of Debentures / STRPPs 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 Shelf Disclosure Document 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 / STRPPs or the distribution of this Shelf Disclosure Document in any jurisdiction where such action is required. Persons into whose possession this Shelf Disclosure Document comes are required to inform them of, and to observe, any such restrictions. The Shelf Disclosure Document 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 Shelf Disclosure Document has been filed with the BSE in terms of the SEBI Debt Listing Regulations. It is to be distinctly understood that submission of this Shelf Disclosure Document to the BSE should not in any way be deemed or construed to mean that this Shelf Disclosure Document 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 Shelf Disclosure Document, nor does the BSE warrant that the Issuer's Debentures / STRPPs will be listed or will continue to be listed on the BSE; nor does the BSE take any responsibility for the soundness of the financial and other conditions of the Issuer, its promoters, its management or any scheme or project of the Issuer.

2.3 DISCLAIMER CLAUSE OF SEBI

As per the provisions of the SEBI Debt Listing Regulations, it is not stipulated that a copy of this Shelf Disclosure Document has to be filed with or submitted to the SEBI for its review / approval. It is to be

distinctly understood that this Shelf Disclosure Document 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 / STRPPs issued thereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Shelf Disclosure Document. However the Company undertakes to file this Shelf Disclosure Document with the Registrar of Companies (through the online portal provided by the Ministry of Corporate Affairs) and SEBI within 30 days from the Deemed Date of Allotment as per the provisions of the 2013 Act and the rules thereunder.

2.4 DISCLAIMER CLAUSE OF THE SOLE ARRANGER

The Issuer hereby declares that it has exercised due-diligence to ensure complete compliance with prescribed disclosure norms in this Shelf Disclosure Document. The only role of the Sole Arranger with respect to the Debentures / STRPPs is confined to arranging placement of the Debentures / STRPPs on the basis of this Shelf Disclosure Document as prepared by the Issuer. Without limiting the foregoing, the Sole Arranger is not acting, and has not been engaged to act, as an underwriter, merchant banker or other intermediary with respect to the Debentures / STRPPs. The Issuer is solely responsible for the truth, accuracy and completeness of all the information provided in this Shelf Disclosure Document. Neither is the Sole Arranger responsible for preparing, clearing, approving, scrutinizing or vetting this Shelf Disclosure Document, nor it is responsible for doing any due-diligence for verification of the truth, correctness or completeness of the contents of this Shelf Disclosure Document. The Sole Arranger shall be entitled to rely on the truth, correctness and completeness of this Shelf Disclosure Document. It is to be distinctly understood that the aforesaid use of this Shelf Disclosure by the Sole Arranger should not in any way be deemed or construed to mean that the Shelf Disclosure Document has been prepared, cleared, approved, scrutinized or vetted by the Sole Arranger. Nor should the contents of this Shelf Disclosure Document in any manner be deemed to have been warranted, certified or endorsed by the Sole Arranger as to the truth, correctness or completeness thereof. Each recipient must satisfy itself as to the accuracy, reliability, adequacy, reasonableness or completeness of the Shelf Disclosure Document.

The Sole Arranger has not conducted any due diligence review on behalf or for the benefit of the Debenture Trustee or any of the Debenture Holders. Each of the Debenture Holders should conduct such due diligence on the Issuer and the Debentures / STRPPs as it deems appropriate and make its own independent assessment thereof.

Distribution of this Shelf Disclosure Document does not constitute a representation or warranty, express or implied by the Sole Arranger that the information and opinions herein will be updated at any time after the date of this Shelf Disclosure Document. The Sole Arranger does not undertake to notify any recipient of any information coming to the attention of the Sole Arranger after the date of this Shelf Disclosure Document. No responsibility or liability or duty of care is or will be accepted by the Sole Arranger for updating or supplementing this Shelf Disclosure Document or for providing access to any additional information as further information becomes available.

Neither the Sole Arranger nor any of their respective directors, employees, officers or agents shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in or omission from this Shelf Disclosure Document or in any other information or communications made in connection with the Debentures / STRPPs.

The Sole Arranger is acting for the Company in relation to the Issue of the Debentures / STRPPs / STRPPs and not on behalf of the recipients of this Shelf Disclosure Document. The receipt of this Shelf Disclosure Document by any recipient is not to be constituted as the giving of investment advice by the Sole Arranger to that recipient, nor to constitute such a recipient a customer of the Sole Arranger. The Sole Arranger is not responsible to any other person for providing the protection afforded to the customers of the Sole Arranger nor for providing advice in relation to the Debentures / STRPPs.



Each recipient of this Shelf Disclosure Document acknowledges that:

- i. each recipient has been afforded an opportunity to request and to review and has received all additional information considered by the recipient to be necessary to verify the accuracy of or to supplement the information contained herein; and
- ii. such recipient has not relied on the Sole Arranger in connection with its investigation of the accuracy of such information or its investment decision.

2.5 DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is made in India to investors as specified under the paragraph titled “Eligible Investors” of this Shelf Disclosure Document, who shall be/have been identified upfront by the Issuer. This Shelf Disclosure Document does not constitute an offer to sell or an invitation to subscribe to Debentures / STRPPs 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, India. This Shelf Disclosure Document does not constitute an offer to sell or an invitation to subscribe to the Debentures / STRPPs 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 /STRPPS IN DEMATERIALISED FORM

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



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 Shelf Disclosure Document and/or the Private Placement Offer Letter for evaluating the Company and its business and the Debentures before making any investment decision relating to the Debentures. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures, but does not represent that the statements below regarding risks of holding the Debentures are exhaustive. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. Investors should also read the detailed information set out elsewhere in this Shelf Disclosure Document and in the relevant Term Sheet and/or the Private Placement Offer Letter and reach their own views prior to making any investment decision.

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

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

3.2 THE SECONDARY MARKET FOR DEBENTURES MAY BE ILLIQUID.

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

3.3 CREDIT RISK & RATING DOWNGRADE RISK

The Rating Agency (ies) has/have 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 (ies) may downgrade the rating of the Debentures. In such cases, potential Investors may incur losses on revaluation of their investment or make provisions towards sub-standard/ non-performing investment as per their usual norms.

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

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

3.5 TAX CONSIDERATIONS AND LEGAL CONSIDERATIONS

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



3.6 ACCOUNTING CONSIDERATIONS

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 Investors recovery in relation to the Debentures will be subject to (i) the market value of such secured property, (ii) finding willing buyers for the Security at a price sufficient to repay the potential Investors amounts outstanding under the Debentures. The value realised from the enforcement of the Security may be insufficient to redeem the Debentures.

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

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

3.9 LEGALITY OF PURCHASE

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

3.10 POLITICAL AND ECONOMIC RISK IN INDIA

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

3.11 RISKS RELATED TO THE BUSINESS OF THE ISSUER

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

The Issuer's financial condition is directly correlated to its ability to control the level of Non-Performing Assets ("NPAs") in the future and if the Issuer's loan loss reserves are insufficient to cover future loan losses, its financial condition and results of operations may be materially and adversely affected.

As at September 30, 2016, the gross NPA was 918.96 Lakhs on a gross portfolio of Rs. 294.93 Crores (including managed / securitized portfolio of Rs. [0] Crores)



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

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

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

Due to the nature of its operations, the Issuer is exposed to political, regulatory and concentration risks.

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

The Issuer plans to expand its operations in across all the states where it is operating in which it has a presence and new states across India. The Issuer believes that this strategy is advisable from a financial perspective and that it will provide risk diversification benefits and enable it to achieve its corporate objectives. However, if the Issuer is not effectively able to manage such operations and expansion, it may lose money invested in such expansion, which could adversely affect its business and results of operations.

d. Competition from other financial institutions may adversely affect the Issuer's profitability

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

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

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

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

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

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

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

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

The Issuer's future success will depend in large part on its ability to identify, attract and retain highly skilled managerial and other personnel. Competition for individuals with such specialized knowledge and experience

is high, and the Issuer may be unable to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain its quality and reputation or to sustain or expand its operations. The loss of the services of such personnel or the inability to identify, attract and retain qualified personnel in the future would make it difficult for the Issuer to manage its business and growth and to meet key objectives.

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

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

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

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

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

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

NBFCs in India are subject to strict regulation and supervision by the RBI. Pursuant to guidelines issued by the RBI (circular dated August 3, 2012) the Issuer is required to maintain its status as a NBFC. The Issuer requires certain approvals, licenses, registrations and permissions for operating its business, including registration with the RBI as a NBFC-ND. Further, such approvals, licenses, registrations and permissions must be maintained/renewed over time, applicable requirements may change and the Issuer may not be aware of or comply with all requirements all of the time. In particular, the Issuer is required to obtain a certificate of registration for carrying on business as a NBFC-ND that is subject to numerous conditions.



4. REGULATORY DISCLOSURES

The Shelf Disclosure Document has been 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.

4.1 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 Board Resolution dated November 30, 2016 authorizing issue of Non-Convertible Debentures and list of authorized signatories;
- e. Certified true copy of the resolution passed by the Company at the Extra Ordinary General Meeting held on December 24, 2016 authorising authorizing issue of Non-Convertible Debentures up to Rs 200 Crores in one or more series.
- f. Certified true copy of the resolution passed by the Company at the Extra Ordinary General Meeting held on December 24, 2016 authorising the Company to borrow, upon such terms as the Board may think fit, upto an aggregate limit 600 Crores at any time;
- g. An undertaking from the Issuer stating that the necessary documents for the creation of the charge, including the Debenture Trust cum Mortgage 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 *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.

4.2 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 / Uniform Listing Agreement as prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015 as amended from time to time, for furnishing / publishing its half yearly/ annual result. Further, the Issuer shall within 180 (One Hundred and Eighty) calendar days from the end of the financial year, submit a copy of the latest annual report to the Debenture Trustee and the Debenture Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' and other existing debenture-holders within 2 (two) Business Days of their specific request.



4.3 Name And Address Of Registered Office Of The Issuer

Name: Five Star Business Finance Limited

Registered Office of Issuer: 39, Outer Circular Road, Kilpauk Garden Colony,
Chennai, Tamil Nadu – 600 010
Phone No.: 044- 23460963
Fax No.: 044- 23460963

Corporate Office of Issuer: 39, Outer Circular Road, Kilpauk Garden Colony,
Chennai, Tamil Nadu – 600 010
Phone No.: 044- 23460963
Fax No.: 044- 23460963

Compliance Officer of Issuer: Mr. Srikanth G
Phone No.: 044- 23460963
Fax No.: 044- 23460963

CFO of Issuer: Mr. Srikanth G
Phone No.: 044- 23460963
Fax No.: 044- 23460963

Registration Number: B-07.00286

Corporate Identification Number: U65991TN1984PLC010844

Contact Person: Mr. Srikanth G

Email: info@fivestargroup.in

Website of Issuer: www.fivestargroup.in

Auditors of the Issuer: Brahmayya & Co
48, Masilamani Road, Balaji Nagar,
Royapettah, Chennai – 600 014

Trustee to the Issue: IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17, R. Rukmani Marg, Ballard Estate,
Mumbai – 400 001.
Tel: +91 22 40807000
Email: -itsl@idbitrustee.com

Registrar to the Issue: NSDL Database Management Limited (NDML)
4th Floor, Trade World, 'A' Wing
Kamala Mills Compound
Lower Parel, Mumbai - 400 013
Tel: 91-22-24994200
Email: info_ndml@nsdl.co.in



Credit Rating Agency of the Issue: Credit Analysis & Research Ltd
4th Floor, Godrej Coliseum,
Somaiya Hospital Road,
Off Eastern Express Highway,
Sion (East),
Mumbai - 400 022.
Tel: +91-022- 6754 3456
Fax: +91-022- 6754 3457
E-mail: care@careratings.com

As per the Resolution passed by the Board of Directors Five-Star Business Finance Limited at their meeting dated November 30, 2016; each member of Business & Resource Committee are authorized to issue the Shelf Disclosure Document:

Below mention members of Business & Resource Committee:-

Sr. No.	Name	Designation
1.	D. Lakshmipathy	Chairman & Managing Director
2.	A. Ramanathan	Independent Director
3.	B. Haribabu	Independent Director
4.	L.R. Raviprasad	Non-Executive Director



4.4 A Brief Summary Of Business / Activities Of The Issuer And Its Line Of Business

a. Overview

Five-Star Business Finance Limited (formerly Five-Star Business Credits Limited) is a Non-Deposit taking NonBanking Financial Company ("NBFC-ND") registered with Reserve Bank of India. The company was established in 1984 and has been operating in the financial services space for over the last 30 years. The Company is currently engaged in providing collateralized small business loans to its customers in urban, semi-urban and fast-growing rural geographies. The Company has also established a fully owned subsidiary Five-Star Housing Finance Private Limited, which is registered with National Housing Bank as a Housing Finance Company, and is expected to start HFC operations from Q3 of the current financial year.

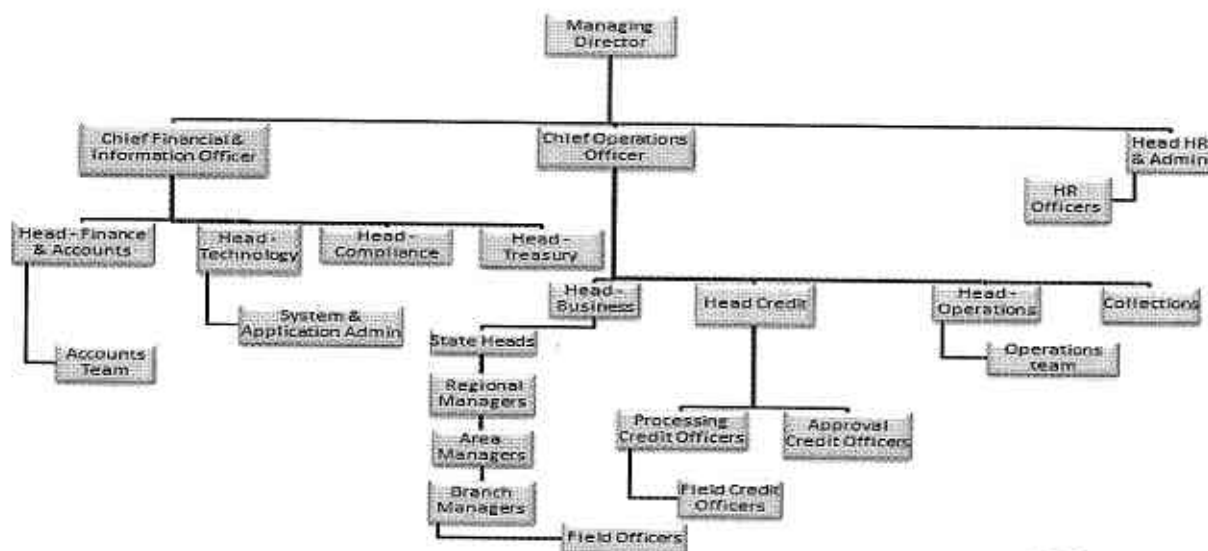
The organisation was originally promoted by Mr V K Ranganathan and is currently being managed by his son-in-law Mr. D Lakshmiopathy, in his capacity as the Chairman and Managing Director of the Company. Mr. D Lakshmiopathy is an Engineering graduate in Information Technology from the Madras University and joined the Board of Five-Star in 2002. Mr. Lakshmiopathy is also the Director, Finance Companies Association of India and Chairman, South India Hire Purchase Association. The Company moved away from the Hire purchase and other financing models into the collateralized lending space during his tenure.

Under his leadership, over the last 7 years, the company grew from a branch network of 6 to 80 and from an AUM of ~Rs. 18 Cr to ~Rs 300 Cr during this period. The Management comprises of Professionals who have longstanding experience and expertise in the Financial Services industry and has the necessary skills to carry out its responsibilities.

As at September '16, Five-Star operates in 4 states – Tamil Nadu (48 branches), Andhra (27 branches), Telengana (3 branches) and Karnataka (2 branches) – with a borrower base of ~10,500 customers, active accounts of ~11,300 and a total portfolio (under management) of ~Rs 295 Crores. As at June '16, the company had a portfolio of about ~228 Cr across 73 branches in 4 states.

For the first half of the current financial year, the portfolio has grown by ~ 50%. Five-Star has private equity from 2 PE funds – a) Matrix partners, a private equity fund with over Rs. 3,000 Cr under management currently hold ~ 28% stake in the Company and b) Morgan Stanley, one of the largest PE investors across the globe recently invested into the company and hold a stake of ~ 25%.

b. Corporate Structure



c. Key Operational and Financial Parameters for the last 3 audited years

Parameters	Audited As on Sept 2016	Audited 31-Mar-16	Audited 31-Mar-15	Audited 31-Mar-14
Net worth	2,119,219,856	914,722,895	712,515,444	477,233,533
Total Debt	1,568,662,021	1,306,358,129	886,514,489	641,499,421
- Non current maturities of long term Borrowings	979,428,863	800,228,098	347,201,603	238,334,903
- short term borrowings	210,642,446	138,215,578	157,454,001	111,665,542
- Current maturities of long term Borrowings	378,590,712	367,914,453	381,858,885	291,498,976
Net Fixed Assets	20,743,950	18,430,760	7,305,184	7,259,030
Non-Current Assets	2,468,775,499	1,653,078,057	907,080,475	649,080,617
Cash and Cash equivalents	407,231,741	30,657,625	287,185,083	108,907,051
Current investments	-	40,000,000	1,875,000	7,608,257
Current Assets	1,264,927,333	595,176,860	739,602,580	516,294,156
Current liabilities	617,338,108	527,398,946	578,565,858	442,265,923
Assets Under Management	2,948,861,031	1,981,253,628	1,315,145,125	1,008,009,879
Off balance sheet assets	-	-	-	-
Interest Income	284,430,966	410,783,452	309,167,391	235,664,797
Interest Expense	96,729,388	140,728,963	103,711,509	94,924,924
Provisioning & write Offs	11,182,950	7,276,578	4,445,844	3,865,639
PAT	68,058,061	134,148,780	99,219,623	72,712,611
Gross NPA (%)	3.12%	1.82%	1.82%	1.88%
Net NPA (%)	2.71%	1.53%	1.49%	1.33%
Tier I Capital Adequacy Ratio (%)	63.35%	39.14%	52.17%	44.83%
Tier II Capital Adequacy Ratio (%)	NIL	NIL	NIL	NIL

d. Gross Debt: Equity Ratio of the Company:

Before the issue of debt securities (as on September, 2016)	0.74
After the issue of debt securities.	0.93

Calculations

Before the issue, debt-to-equity ratio is calculated as follows:-

Debt (INR crores)	1,568,662,021
Equity (INR crores)	2,119,219,856
Debt/Equity	0.74

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

Debt (INR crores)	1,968,662,021
Equity (INR crores)	2,119,219,856
Debt/Equity	0.93

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

f. Related Party Transactions - Please refer Annexure IV

g. Change in accounting policies:

Any change in accounting policies during the last three years and their effect on the profits and the reserves of the Company

There has been no significant change in accounting policies



4.5 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. December 31, 2016:

Share Capital		Figures in Rupees
Authorised		
Equity shares of Rs 10 each		200,000,000
TOTAL		200,000,000
Issued, Subscribed and Fully Paid- up		
14,265,052 equity shares of Rs 10 each		142,650,520
TOTAL		142,650,520

b. Changes in its capital structure as on the last quarter end i.e. December 31, 2016, for the last five years:

Date of Change (AGM/EGM)	Particulars	Authorised Capital in Rs.
21.02.2014	Increased from Rs.7 Crores	Rs.12 Crores
24.01.2015	Increased from Rs.12 Crores	Rs.20 Crores

c. Equity Share Capital History of the Company as on last quarter end i.e. December 31, 2016, for the last five years:

Date of Allotment	Name of Investor	No. of Equity Shares	Face Value (Rs)	Issue Price (Rs)	Consideration other than Cash	Nature of Allotment	No of equity shares	Cumulative Equity Share Capital (Rs in Cr)	Equity Share Premium (Rs in Cr)
18-06-2010	Murugappan.N	40	10	12.50	Nil	Rights Issue	3503840	3.50	0.00
18-06-2010	Tiruvadanam.B.S	50	10	12.50	Nil	Rights Issue	3503890	3.50	0.00
18-06-2010	Gajapathy.V	60	10	12.50	Nil	Rights Issue	3503950	3.50	0.00
18-06-2010	Shermistah.G	40	10	12.50	Nil	Rights Issue	3503990	3.50	0.00
18-06-2010	Vasanth.A	20	10	12.50	Nil	Rights Issue	3504010	3.50	0.00
18-06-2010	Raajaram.V	200	10	12.50	Nil	Rights Issue	3504210	3.50	0.00
18-06-2010	Ashoka Pathy.G	120	10	12.50	Nil	Rights Issue	3504330	3.50	0.00
18-06-2010	Kanakaraj.C	20	10	12.50	Nil	Rights Issue	3504350	3.50	0.00
18-06-2010	Ranji Prakash	20	10	12.50	Nil	Rights Issue	3504370	3.50	0.00
18-06-2010	Padma Haran	100	10	12.50	Nil	Rights Issue	3504470	3.50	0.00
18-06-2010	Venkatramani.S	40	10	12.50	Nil	Rights Issue	3504510	3.50	0.00
18-06-2010	Vatchala.A	240	10	12.50	Nil	Rights Issue	3504750	3.50	0.00
18-06-2010	Mohan.A	200	10	12.50	Nil	Rights Issue	3504950	3.50	0.00
18-06-2010	Lakshmi.A	200	10	12.50	Nil	Rights Issue	3505150	3.51	0.00
18-06-2010	Nagarajan.D	20	10	12.50	Nil	Rights Issue	3505170	3.51	0.00
18-06-2010	Alwar.A.K	50	10	12.50	Nil	Rights Issue	3505220	3.51	0.00
18-06-2010	Prabhakar.A.K	50	10	12.50	Nil	Rights Issue	3505270	3.51	0.00
18-06-2010	Pitchandi.H	20	10	12.50	Nil	Rights Issue	3505290	3.51	0.00

Date of Allotment	Name of Investor	No. of Equity Shares	Face Value (Rs)	Issue Price (Rs)	Consideration other than Cash	Nature of Allotment	No of equity shares	Cumulative Equity Share Capital (Rs in Cr)	Equity Share Premium (Rs in Cr)
18-06-2010	Jayashree Sridharan	20	10	12.50	Nil	Rights Issue	3505310	3.51	0.00
18-06-2010	Sridharan.R	20	10	12.50	Nil	Rights Issue	3505330	3.51	0.00
18-06-2010	Jayachandran.R	26630	10	12.50	Nil	Rights Issue	3531960	3.53	0.01
18-06-2010	Vasanthi Amma P.R	60	10	12.50	Nil	Rights Issue	3532020	3.53	0.01
18-06-2010	Sujaya C.K.	40	10	12.50	Nil	Rights Issue	3532060	3.53	0.01
18-06-2010	Pavithran.P.N	60	10	12.50	Nil	Rights Issue	3532120	3.53	0.01
18-06-2010	Krishnamoorthy.M	100	10	12.50	Nil	Rights Issue	3532220	3.53	0.01
18-06-2010	Dinakar.S.D.V	860	10	12.50	Nil	Rights Issue	3533080	3.53	0.01
18-06-2010	Goutam.D	200	10	12.50	Nil	Rights Issue	3533280	3.53	0.01
18-06-2010	Padmavathy.D	500	10	12.50	Nil	Rights Issue	3533780	3.53	0.01
18-06-2010	Saraswathi.V	40	10	12.50	Nil	Rights Issue	3533820	3.53	0.01
18-06-2010	Venkattachalam.V	60	10	12.50	Nil	Rights Issue	3533880	3.53	0.01
18-06-2010	Ashokan.P	20	10	12.50	Nil	Rights Issue	3533900	3.53	0.01
18-06-2010	Gnanamoorthy.S	40	10	12.50	Nil	Rights Issue	3533940	3.53	0.01
18-06-2010	Dandapani.S	20	10	12.50	Nil	Rights Issue	3533960	3.53	0.01
18-06-2010	Subha Sankaran	1080	10	12.50	Nil	Rights Issue	3535040	3.54	0.01
18-06-2010	Premakumari.S	660	10	12.50	Nil	Rights Issue	3535700	3.54	0.01
18-06-2010	Deenadayalan.B.C	710	10	12.50	Nil	Rights Issue	3536410	3.54	0.01
18-06-2010	Meera.D	260	10	12.50	Nil	Rights Issue	3536670	3.54	0.01
18-06-2010	Jayarajan.K	20	10	12.50	Nil	Rights Issue	3536690	3.54	0.01
18-06-2010	Prabha.R	100	10	12.50	Nil	Rights Issue	3536790	3.54	0.01
18-06-2010	Anu Anand	250000	10	12.50	Nil	Rights Issue	3786790	3.79	0.07
18-06-2010	Appadurai.T	20	10	12.50	Nil	Rights Issue	3786810	3.79	0.07
18-06-2010	Suriyanarayan.B	60	10	12.50	Nil	Rights Issue	3786870	3.79	0.07
18-06-2010	Dandapani.S	20	10	12.50	Nil	Rights Issue	3786890	3.79	0.07
18-06-2010	Ramassamy.S	40	10	12.50	Nil	Rights Issue	3786930	3.79	0.07
18-06-2010	Nandagopal.M.N	80	10	12.50	Nil	Rights Issue	3787010	3.79	0.07
18-06-2010	Vijayalakshmi Chandran	60	10	12.50	Nil	Rights Issue	3787070	3.79	0.07
18-06-2010	Arunkumar.K	20	10	12.50	Nil	Rights Issue	3787090	3.79	0.07
18-06-2010	Thenaruvi.V	40	10	12.50	Nil	Rights Issue	3787130	3.79	0.07
18-06-2010	Kuppusamy.A	40	10	12.50	Nil	Rights Issue	3787170	3.79	0.07
18-06-2010	Nedumaran.K	80	10	12.50	Nil	Rights Issue	3787250	3.79	0.07
18-06-2010	Nedunchezian.R.C	1400	10	12.50	Nil	Rights Issue	3788650	3.79	0.07
18-06-2010	Chandra Nedunchezian	1000	10	12.50	Nil	Rights Issue	3789650	3.79	0.07
18-06-2010	Radhakrishnan .R	20	10	12.50	Nil	Rights Issue	3789670	3.79	0.07
18-06-2010	Anandan.M	4790	10	12.50	Nil	Rights Issue	3794460	3.79	0.07
18-06-2010	Viswanathan.S	100	10	12.50	Nil	Rights Issue	3794560	3.79	0.07



Date of Allotment	Name of Investor	No. of Equity Shares	Face Value (Rs)	Issue Price (Rs)	Consideration other than Cash	Nature of Allotment	Cumulative		
							No of equity shares	Equity Share Capital (Rs in Cr)	Equity Share Premium (Rs in Cr)
18-06-2010	Ambujam.V	20	10	12.50	Nil	Rights Issue	3794580	3.79	0.07
18-06-2010	Viswanathan.S	20	10	12.50	Nil	Rights Issue	3794600	3.79	0.07
18-06-2010	Nandakumar.K	80	10	12.50	Nil	Rights Issue	3794680	3.79	0.07
18-06-2010	Kalyanakrishnan.V	40	10	12.50	Nil	Rights Issue	3794720	3.79	0.07
18-06-2010	Lakshminarayanan.B	20	10	12.50	Nil	Rights Issue	3794740	3.79	0.07
18-06-2010	Deenathayalan.R	7200	10	12.50	Nil	Rights Issue	3801940	3.80	0.07
18-06-2010	Varalakshmi.D	96220	10	12.50	Nil	Rights Issue	3898160	3.90	0.10
18-06-2010	Sathish Kumar.P	40	10	12.50	Nil	Rights Issue	3898200	3.90	0.10
18-06-2010	Selvaraj.C	40	10	12.50	Nil	Rights Issue	3898240	3.90	0.10
18-06-2010	Anandan.M	296500	10	12.50	Nil	Rights Issue	4194740	4.19	0.17
18-06-2010	Lakshmipathy.D	9060	10	12.50	Nil	Rights Issue	4203800	4.20	0.18
31-07-2010	Deepthi Anand	700000	10	12.50	Nil	Preferential Allotment	4903800	4.90	0.35
28-03-2011	Nandakumar.V.P	1050000	10	35.00	Nil	Preferential Allotment	5953800	5.95	2.98
28-03-2011	Varalakshmi.D	70000	10	35.00	Nil	Preferential Allotment	6023800	6.02	3.15
28-03-2011	Lakshmipathy.D	457000	10	35.00	Nil	Preferential Allotment	6480800	6.48	4.29
28-03-2011	Lakshmipathy.D	110000	10	35.00	Nil	Preferential Allotment	6590800	6.59	4.57
18-07-2011	Hema.L	20000	10	35.00	Nil	Preferential Allotment	6610800	6.61	4.62
18-07-2011	Varalakshmi.D	10000	10	35.00	Nil	Preferential Allotment	6620800	6.62	4.64
18-07-2011	Hema.L	30000	10	35.00	Nil	Preferential Allotment	6650800	6.65	4.72
18-07-2011	Anandan.M	65000	10	35.00	Nil	Preferential Allotment	6715800	6.72	4.88
14-09-2011	Hema.L	15000	10	35.00	Nil	Preferential Allotment	6730800	6.73	4.92
14-09-2011	Lakshmipathy.D	204200	10	35.00	Nil	Preferential Allotment	6935000	6.94	5.43
14-09-2011	Lakshmipathy.D	65000	10	35.00	Nil	Preferential Allotment	7000000	7.00	5.59
21-02-2014	Matrix Partners India Investment Holdings II, Llc	2000000	10	85.00	Nil	Preferential Allotment	9000000	9.00	20.59
03-02-2015	Matrix Partners India Investment	1200000	10	130.00	Nil	Preferential Allotment	10200000	10.20	34.99



Date of Allotment	Name of Investor	No. of Equity Shares	Face Value (Rs)	Issue Price (Rs)	Consideration other than Cash	Nature of Allotment	No of equity shares	Cumulative Equity Share Capital (Rs in Cr)	Equity Share Premium (Rs in Cr)
	Holdings Li, Llc								
28-09-2015	Lakshmipathy.D	350000	10	130.00	Nil	Preferential Allotment	10550000	10.55	39.19
30-11-2015	Lakshmipathy.D	150000	10	130.00	Nil	Preferential Allotment	10700000	10.70	40.99
30-06.2016	Nhpea Chocolate Holding B.V	3565052	10	319.63	Nil	Preferential Allotment	14265052	14.27	151.37

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

There has been no acquisition or amalgamation in the last 1 (one) year.

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

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



4.6 Details of the shareholding of the company as on the latest quarter end, i.e. December 31, 2016
i. Shareholding pattern of the Company as on last quarter end, i.e. December 31, 2016

Name of the Shareholder / Particulars	Class	Total Number of equity shares	Total percentage (%) of Shareholding	Number of shares held in Demat Form
(a) Promoters & their relatives.				
Lakshmipathy.d	Equity	25,95,830	18.20%	NIL
Hema.L	Equity	20,31,760	14.24%	NIL
Deenathayalan.R	Equity	1,63,200	1.14%	NIL
Varalakshmi.D	Equity	59,770	0.42%	NIL
Sritha.L	Equity	20,000	0.14%	NIL
(b) Directors & their relatives.				
B. Haribabu	Equity	1,00,000	0.70	NIL
L.R. Raviprasad	Equity	1,27,200	0.89	NIL
(c) Investor				
Matrix Partners India Investment Holdings II, LLC	Equity	41,40,240	29.02	NIL
NHPEA Chocolate Holding B.V	Equity	35,65,052	24.99	NIL
(d) Public				
	Equity	14,62,000	10.25	NIL
TOTAL		1,42,65,052	100.00	NIL

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

ii. List of top 10 holders of equity shares of the Company as on the latest quarter end, i.e. December 31, 2016

Sl.	Name of the Shareholder / Particulars	Class	Total Number of equity shares	Total percentage (%) of Shareholding	Number of shares held in Demat Form
1	Matrix Partners India Investment	Equity	41,40,240	29.02	Nil
2	NHPEA Chocolate Holding B.V	Equity	35,65,052	24.99	Nil
3	D. Lakshmipathy	Equity	25,95,830	18.20	Nil
4	Hema.L	Equity	20,31,760	14.24	Nil
5	Atma Ram Builders (P) Ltd.	Equity	4,25,510	2.98	Nil
6	Deenathayalan.R	Equity	1,63,200	1.14	Nil
7	Jayachandran.R	Equity	1,59,780	1.12	Nil
8	Raviprasad L R	Equity	1,27,200	0.89	Nil
9	Haribabu.B	Equity	99,000	0.69	Nil
10	Janarthanan.L	Equity	66,460	0.47	Nil
	TOTAL		1,33,74,032	93.74	



4.7 Following details regarding the directors of the company:

i. Details of current directors of the Company:

This table sets out the details regarding the Company's Board of Directors as on date of this Shelf Disclosure Document:

Sl.	Name of the Directors & Designation	Age	Address	DIN	PAN	Direct or of the co. since	Director in other company
1	D. Lakshmipathy Chairman & Managing Director	42	39, Outer Circular, Road, Kilpauk Garden Colony, Kilpauk, Chennai – 600 010	01723269	AATPL 4799C	2002	• Five-Star Housing Finance Private Limited
2	B. Hari Babu Independent Director	57	39, Gajapathy St., Shenoy Nagar, Chennai – 600 030	01509249	AAAPH 2814F	1996	• Five-Star Housing Finance Private Limited
3	L.R. Raviprasad Non-Executive Director	54	New No.40, Old No.34, II Main Road, E-Block, Anna Nagar East, Chennai – 600 102	01522796	AACPR 9982N	2002	• Vasumathi Properties Private Limited
4	Vikram Vaidyanathan Nominee Director	35	B-602, Zen Gardens, No.6, Artillary Road, Ulsoor, Behind Cambridge Hospital, Bengaluru Certified True	06764019	AFSPV0 332H	2015	<ul style="list-style-type: none"> • Ver Se Innovation Pvt Ltd • Mswipe Technologies Pvt Ltd • Birds Eye Systems Pvt Ltd • Ofb Tech Pvt Ltd • Sarvaloka Services-On-Call Pvt Ltd
5	Ramanathan Annamalai Independent Director	68	"No. 28, Tansi Nagar, 18th Street Velacherry Chennai - 600 042"	02645247	AEHPA 1356C	2016	<ul style="list-style-type: none"> • Go dairy Pvt Ltd • Village financial services Pvt. Ltd. • Samasta Microfinance Ltd • Unnati Microfin Pvt Ltd • Asirvad Micro Finance Limited • Nightingale Finvest Pvt Ltd • M Power Micro Finance Pvt Ltd • Hindusthan Microfinance Pvt Ltd
6	Kalpana Iyer Independent Director	51	"NO.601/701 Annabode, St Martin Road,Bandara	01874130	AAYPK 6340B	2016	<ul style="list-style-type: none"> • Sharekhan Financial Services Pvt Ltd • Indian School Finance Co. Pvt Ltd



Sl.	Name of the Directors & Designation	Age	Address	DIN	PAN	Direct or of the co. since	Director in other company
			West Mumbai - 400050"				<ul style="list-style-type: none"> • Au Housing Finance Limited • Asirvad Micro Finance Limited • Incvalue Advisors Pvt Ltd • Fulcrum Payment Solutions & Services Pvt Ltd • Sharekhan Ltd
7	Bhama Krishnamurthy Independent Director	62	"No. B1/23, Tecnocrat, Cooperative Housing Society, Twin Tower Lane Veer Savarkar Marg, Prabhadevi, Mumbai - 400025"	02196839	AAPPK 0269A	2016	<ul style="list-style-type: none"> • Reliance Industrial Infrastructure Ltd, • Jain sons finlease ltd, • Reliance Payment Solutions Ltd • IDBI Capital Markets & Securities Ltd, • SIDBI Venture Capital Ltd • India SME Asset Reconstruction company Ltd • Kolte-Patil I-Ven Townships (Pune) Ltd
8	Ong Ling Wei Nominee Director	42	"Flat B, 33 Floor, One Pacific Heights No.1, Wo Fung Street Hong Kong"	02405458	-	2016	<ul style="list-style-type: none"> • Janalakshmi Financial Services Limited • Jana Capital Limited
9	R Anand Independent Director	55	"No. 22/1, Warren Road Mylapore Chennai - 600004"	00243485	AACPA 1877D	2016	<ul style="list-style-type: none"> • MMTC Limited, Chennai International Centre • Nani Palkhivala Arbitration Centre
10	Arjun Saigal Alternate Director	37	"No. 536 Sainik Farms, New Delhi - 110062."	07556188	BMQPS 5224R	2016	-
11	Vasan Tirulokchand Additional Director	41	No.1, 11th Block, MMDA Colony, Mogappair East, Chennai - 600 037	07679930	ADVPT 9462h	2016	-

*Company to disclose name of the current directors who are appearing in the RBI defaulter list and/or ECGC default list, if any: Nil



ii. Details of change in directors since last three years:

Name	Designation	DIN	Date of Appointment/Resignation	Director of the Company since (in case of resignation)	Remarks
Rishi Navani	Director	01758427	05.08.2015	12.03.2014	Resignation
M K Ganeshram	Director	01385144	30.01.2015	24.04.1985	Resignation
M Anandan	Chairman	00033633	21.08.2015	21.04.2010	Resignation
M.k. Mohan	Independent Director	00481064	20/09/1984	09/06/2016	Resignation
Vikram Vaidyanathan	Nominee Director	06764019	21.08.2015	-	Appointment
Ramanathan Annamalai	Independent Director	02645247	26.02.2016	-	Appointment
Kalpana Iyer	Independent Director	01874130	12.04.2016	-	Appointment
Bhama Krishnamurthy	Independent Director	02196839	12.04.2016	-	Appointment
Ong Ling Wei	Nominee Director	02405458	30.06.2016	-	Appointment
R Anand	Independent Director	00243485	28.07.2016	-	Appointment
Arjun Saigal	Alternate Director	07556188	28.07.2016	-	Appointment
Vasan Tirulokchand	Additional Director	07679930	15.12.2016	-	Appointment

4.8 Details of Management of the Company
a. Brief profile of Directors of the Company
• D Lakshmipathy – Chairman & Managing Director

D. 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 (SBL) helped him to develop similar advance portfolio at Five-Star with great success. He is young & dynamic and quick in taking decisions. His hard work with active interest in developing the business transformed the company to the present status of ~Rs.200 Crores assets. He is an Executive Committee member in Finance Companies' Association (FCA) and is a member of various committees of multiple 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 5 years from 6 branches in the year 2009 to 65 currently and has helped the company make its presence in Tamil Nadu, Andhra Pradesh, and Karnataka

• Vikram Vaidyanathan - Nominee Director

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.



- **Ling Wei Ong - Nominee Director**
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.
- **Bhama Krishnamurthy - Independent Director**
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 specialisation 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.
- **Kalpana Iyer – Independent Director**
Veteran banker with over 21 years of work experience at Citibank across various functions like business, credit, operations. Presently she is a management consultant based in Mumbai
- **A Ramanathan - Independent Director**
Retired Chief General Manager from NABARD. He is expert 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.
- **R Anand - Independent Director**
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.
- **B Haribabu – Independent Director**
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 – Non Executive Director**
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.
- **Arjun Saigal – Alternate Director**
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.
- **Vasan Tirulokchand – Additional Director**
Mr.V. Tirulokchand is a young and dynamic personality. He 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 optimization.

b. Brief profile of Senior Management

- **Mr K Rangarajan – Chief Operating Officer**



Rangarajan is a well-rounded finance professional with about 14 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 projects across different economies. Over the last five years, he was with Spark Capital where he spearheaded their advisory/ investment banking initiatives across the financial services and consumer sectors. He has joined Five Star Business Credits in August 2015 as their Chief Operating Officer and would head their 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.

- **Mr G Srikanth – Chief Financial and Information Officer**

Srikanth is a seasoned banking and finance professional with a combined experience of about 14 years across multiple functions. He spent the first decade of his career with 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, he has been managing the finance, treasury and technology at Asirvad and has 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 he was also instrumental in Manappuram Finance Limited taking a majority stake in Asirvad. He has joined Five-Star Business Credits in Oct 2015 as the Chief Financial and Information Officer and would head their finance, treasury and technology functions. 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.

- **Mr S M Seshadri – Head, Credit & Risk Management**

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.

- **Mr K Arun Kumar – Head, Finance & Accounts**

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.

- **Mr R M Veerappan – Head, Credit, Risk & Compliance, Five Star Housing Finance**

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.

- **Mr Manjunath Daler – Head, Technology**

He is an Engineering graduate (specialization in computer science) and a post graduate in Business Administration. He has served in various positions in UTI, Tulip Telecom and Canara Bank. Before joining Five Star, he was VP Information and Technology at Vistaar Finance, an NBFC based out of Bangalore.



- **Ms Shylasree Padmanabhan – Head, HR & Admin**

She has worked in the HR department of Sutherland Global Services Pvt Ltd. She has over 19 years of experience in Human Resource, Secretarial & Office Administration. Most recently she was the Head of HR at Asirvad Microfinance Private Limited, a subsidiary of Manappuram Finance Limited.

4.9 Remuneration of directors (during the current year and last three financial years)

Rs in Lakhs

Particulars	2013-2014	2014-2015	2015-2016	As on Sept 2016
D. Lakshmipathy	72.00	84.00	60.00	64.00

4.10 Disclosures With Regard To Interest Of Directors

Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons. Nil

4.11 Following details regarding the auditors of the company:
i. Details of the auditor of the Company:

Name	Address	Auditor since
Brahmayya & Co	48, Masilamani Road, Balaji Nagar, Royapettah, Chennai – 600 014	August 2014

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

Name	Address	Date of Appointment/ Resignation	Auditor of the Company since (in case of resignation)	Remarks
S Chandran	Sri Ram Nivas, New No 11, Old No 7, 3 rd Floor, 17 th East Street, Kamaraj Nagar, Thiruvanniyur, Chennai – 600041	20/08/2014	2009	

iii. Auditors Qualifications:

Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of Shelf Disclosure Document and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark.

For the year 2011-12

Auditors' reservations or qualifications or adverse remarks: - Nil

For the year 2012-13

Auditors' reservations or qualifications or adverse remarks: - Nil

For the year 2013-14

Auditors' reservations or qualifications or adverse remarks: - Nil



For the year 2014-15

Auditors' reservations or qualifications or adverse remarks: - Nil

For the year 2015-16

Auditors' reservations or qualifications or adverse remarks: - Nil



4.12 Details Of Borrowings Of The Company, As On Latest Quarter End:
i. Details of Secured Loan Facilities as on December 31, 2016:

Lender's Name	Type of Facility	Cumulative Amount Sanctioned (Rs/ Lakhs)	Principal Amount Outstanding (Rs/Lakhs/)	Repayment Date/Schedule	Security	
					Primary Security (book debt hypothecation)	Percentage of Cash Collateral
HDFC Bank	Term Loan/ Car Loan	53	43.36	60 Months	Hypothecation of Book Debts	NIL
Bank of Baroda	Term Loan	750.00	571.43	48 Months	Hypothecation of Book Debts	NIL
Karnataka Bank	Term Loan	500.00	460.24	60 Months	Hypothecation of Book Debts	NIL
Bank of Maharashtra	Term Loan	500.00	211.96	36 Months	Hypothecation of Book Debts	5%
DCB Bank	Term Loan	1,500.00	1949.94	36 Months/ 60 Months	Hypothecation of Book Debts	NIL
Lakshmi Vilas Bank	Term Loan	500.00	312.49	48 Months	Hypothecation of Book Debts	NIL
RBL Bank	Term Loan	2,200.00	1446.97	36 Months	Hypothecation of Book Debts	NIL
RBL Bank	Term Loan	500.00	291.67	36 Months	Hypothecation of Book Debts	5%
Tamilnad Mercantile Bank	Term Loan	1,000.00	62.50	48 Months	Hypothecation of Book Debts	NIL
South Indian Bank	Term Loan	500.00	449.70	60 Months	Hypothecation of Book Debts	NIL
IDBI Bank	Term Loan	1,000.00	600.00	48 Months	Hypothecation of Book Debts	NIL
KarurVysya Bank	Term Loan	500.00	449.90	48 Months	Hypothecation of Book Debts	NIL
MAS Financial Services	Term Loan	1,250.00	916.67	36 Months/ 53 Months	Hypothecation of Book Debts	NIL
Cholamandalam Finance	Term Loan	1,000.00	840.55	60 Months	Hypothecation of Book Debts	NIL
Sundaram Finance	Term Loan	1,500.00	688.14	36 Months/ 60 Months	Hypothecation of Book Debts	NIL
Hinduja Leyland Finance	Term Loan	600.00	351.05	48 Months	Hypothecation of Book Debts	NIL
IFMR Capital	Term Loan	750.00	531.72	24 Months/ 60 Months	Hypothecation of Book Debts	NIL



ii. *Details of Unsecured Loan Facilities as on December 31, 2016*

(Rs in lakhs)

Lender's Name	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/Schedule
City Union Bank	CC	750.00	611.77	12 Months
SBM Bank (Mauritius)	CC	500.00	453.00	12 Months
Federal Bank	CC	500.00	253.69	12 Months
RBL Bank	CC	500.00	336.78	12 Months
Tamilnad Mercantile Bank	CC	200.00	-	13 Months

iii. *Details of Non-Convertible Debentures as on December 31, 2016*

Debenture Series	Tenor/Period of Maturity	Coupon (Rate of Interest)	Amount (Rs in Lacs)	Date of allotment	Redemption Date/Schedule	Credit Rating	Secured/Unsecured	Security
NCD - Retail	36 Months	11.50%	35.51	Various dates	Various dates	NA	Secured	Floating charges on receivables of the Company
NCD - FMO	60 Months	13.22%	3000.00	17-12-2015	Principal repayments start after 24 months. Repayments are semi-annual.	BBB-	Secured	1.05% of Specific receivables of the Company
NCD - IFMR	48 Months	11.50%	3573.33	26-12-2016	Principal repayments start after 36 months. Repayments are semi-annual.	BBB+	Secured	1.00% of Specific receivables of the Company
NCD - HLF	48 Months	11.50%	426.67	26-12-2016	Principal repayments start after 36 months. Repayments are semi-annual.	BBB+	Secured	1.10% of Specific receivables of the Company

iv. *List of Top 10 Debenture Holder(s) as on December 31, 2016*

Sl.	Name of Debenture Holders	Amount (Rs. Crs.)
1	IFMR Capital Finance Pvt Ltd	35.73
2	FMO	30.00
3	Hinduja Leyland Finance Private Limited	4.27
4	Alwar.A.K	0.25
5	South Indian Surgicalclinics	0.04



6	Anirudhan.G	0.03
7	Vasantha.A	0.03
8	Anand.D	0.01
9	Balan.S	0.01
	TOTAL	70.37

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

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

The Company has not issued any corporate guarantee to any third party as on December 31, 2016.

- vi. **Details of Commercial Paper:**

The total face value of commercial papers outstanding as on the latest quarter ended December 31, 2016 - NIL

- vii. **Details of rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on December 31, 2016:**

NIL

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

NIL

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

NIL

- x. **Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of –**

a)statutory dues: There is no material litigation which will impact the business of the Company. (Material – Amount involving more than 10 lakhs)

b)debentures and interest thereon; NA

c)deposits and interest thereon; NA

d)loan from any bank or financial institution and interest thereon. NA



4.13 Disclosures With Regard To Litigation

- A. Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the Shelf Disclosure Document and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed

Nil

- B. Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of Shelf Disclosure Document in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the Shelf Disclosure Document and if so, section-wise details thereof for the company and all of its subsidiaries

NIL

- C. Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company

NIL

4.14 Details Of Promoters Of The Company:

- i. *Details of Promoter Holding in Company as on latest quarter end, i.e. December 31, 2016*

Sl.	Name of shareholders	Total No of Equity shares	No /of shares in Demat form	Total shareholding as % of total no of equity shares	No of shares Pledged	% of shares pledged with respect to shares owned
1	Lakshmipathy.d	25,95,830	-	18.20%	-	-
2	Hema.L	20,31,760	-	14.24%	-	-
3	Deenathayalan.R	1,63,200	-	1.14%	-	-
4	Varalakshmi.D	59,770	-	0.42%	-	-
5	Sritha.L	20,000	-	0.14%	-	-
	TOTAL	48,70,560		34.14%		



4.15 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/ uniform Listing Agreement dated October 13, 2015 (as amended from time to time)]

]

Standalone Financials

Profit and Loss Statement (INR)	31.03.2016 Audited	31.03.2015 Audited	31.03.2014 Audited
Interest Income	462,818,141	329,887,387	251,898,246
Less: Interest Expenses	140,728,963	103,711,509	94,924,924
Net Interest Income	322,089,178	226,175,878	156,973,322
Other Income	10,262,272	6,149,138	2,994,573
Total Income	332,351,450	232,325,016	159,967,895
Operating Expenses	116,774,045	72,286,359	43,943,411
Provisions & Write Offs	7,276,578	4,445,844	3,865,639
Operating Profit	208,300,827	155,592,813	112,158,845
Depreciation	5,113,527	3,618,843	1,737,268
Profit Before Tax	203,187,300	151,973,970	110,421,577
Provisions for tax	69,038,520	52,754,347	37,708,966
Profit After Tax	134,148,780	99,219,623	72,712,611

Balance Sheet (INR)	31.03.2016	31.03.2015	31.03.2014
Equity capital	107,000,000	102,000,000	90,000,000
Reserve & Surplus	804,664,224	610,515,444	387,233,533
TNW (A)	911,664,224	712,515,444	477,233,533
Total Debt	809,191,747	355,601,753	245,875,317
Current Liabilities+ Provisions	527,398,946	578,565,858	442,265,923
Total Outside Liabilities (B)	1,336,590,693	934,167,611	688,141,240
Total Liabilities (A + B)	2,248,254,917	1,646,683,055	1,165,374,773
Fixed assets (Net)	18,430,760	7,305,184	7,259,030
Investments	40,000,000	1,875,000	7,608,257
Gross Advances	1,981,253,628	1,315,145,125	1,008,009,879
Cash / Liquid Investments	30,657,625	287,185,083	108,907,051
Non-Current assets	9,754,578	10,771,232	20,802,321
Other current assets	156,795,529	18,039,517	8,423,169
Deferred Tax Assets	10,087,770	5,578,059	3,616,709
Intangible Assets	657,127	469,391	73,037
Other Long Term Assets	617,900	314,464	675,320
Total Assets	2,248,254,917	1,646,683,055	1,165,374,773

Cash Flow Statement (INR)	31.03.2016	31.03.2015	31.03.2014
A) CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit	134,148,780	99,219,623	72,712,611
Provision for Taxation	69,038,520	52,754,347	37,708,966
Total	203,187,300	151,973,970	110,421,577



Add: Financial Expenses	140,728,963	103,711,510	94,924,924
Depreciation	5,113,527	3,618,843	1,737,268
Provision against Non - Performing assets	1,485,008	1,347,390	1,461,882
General Provision on Standard Assets	1,635,373	771,067	557,415
Provision for Gratuity	1,354,604	1,301,151	27,804
(Profit)/loss on sale of Fixed Assets	0	-59,371	-143,641
Interest/Dividend Income			-96,051
Operating Profit Before Working Capital Changes	353,504,775	262,664,560	208,891,178
Add:			
(Increase) Decrease in Loans and Advances	-666,108,504	-307,135,246	-235,210,233
(Increase) Decrease in Other Receivables	9,337,758	2,550,426	-16,009,528
(Increase) Decrease in Other Current Assets	3,278,499	-2,135,686	-1,619,009
(Increase) Decrease in Other Non Current Assets	-303,436	360,856	-
Increase (Decrease) in Current Liabilities	184,968	4,062,706	1,010,235
Increase (Decrease) in Other Current Liabilities	-61,437	-1,418,681	2,486,011
Financial Expenses	-133,692,818	-106,988,787	-95,959,899
Direct Taxes Paid	-73,524,496	-50,330,536	-38,483,488
Net Cash from Operating Activities (A)	-507,384,691	-198,370,388	-174,894,733
B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	-16,426,838	-4,214,869	-4,697,673
Sale of Fixed Assets	0	151,500	209,100
Investments in Fixed Deposit	3,750,000	-5,000,000	-4,750,000
Sale of Investments	-188,480,615	5,733,257	32,514,410
Net Cash from Investing Activities (B)	-201,157,453	-3,330,112	23,275,837
C) CASH FLOW FROM FINANCING ACTIVITIES			
<u>Long Term & Medium Term</u>			
Increase in Share Capital	5,000,000	12,000,000	20,000,000
Increase in Share Premium	60,000,000	144,000,000	150,000,000
Proceeds from Issue of Debentures	300,000,000	17,500,000	12,583,156
Debentures Redeemed	-64,970,000	-68,179,000	-76,118,156
Increase (Decrease) in Term Loans from Banks & Others	194,495,495	156,646,700	134,794,745
Increase (Decrease) in Loan from Directors	-4,811,000	1,066,000	16,322,000
Increase (Decrease) in Other Borrowings	-67,123,218	67,123,218	
<u>Short Term</u>			
Increase (Decrease) in Bank Borrowings	53,070,599	60,013,015	-9,869,768
Dividend paid (Including Corporate Dividend Tax)	-19,897,189	-15,191,401	-14,741,370
Net Cash from Financing Activities (C)	455,764,687	374,978,532	232,970,607



Net Increase in Cash and Cash Equivalents (A) + (B) + (C)	-252,777,457	173,278,032	81,351,712
Cash and Cash Equivalents at the Beginning of the Year	277,435,082	104,157,050	22,805,338
Cash and Cash Equivalents at the End of the Year	24,657,625	277,435,082	104,157,050
Components of Cash and Cash Equivalents at the end of the Year			
Cash on Hand	3,108,914	5,276,939	3,182,882
Cash with Scheduled Banks	21,548,711	272,158,143	100,974,168
Cash and Cash Equivalents	24,657,625	277,435,082	104,157,050

Consolidated Financials

Profit and Loss Statement (INR)	31.03.2016 Audited	31.03.2015 Audited	31.03.2014 Audited
Interest Income	462,818,141	329,887,387	251,898,246
Less: Interest Expenses	140,728,963	103,711,509	94,924,924
Net Interest Income	322,089,178	226,175,878	156,973,322
Other Income	15,188,621	6,149,138	2,994,573
Total Income	337,277,799	232,325,016	159,967,895
Operating Expenses	1,29,186,607	72,286,359	43,943,411
Provisions & Write Offs	4,09,359	4,445,844	3,865,639
Operating Profit	212,795,360	155,592,813	112,158,845
Depreciation	5,113,527	3,618,843	1,737,268
Profit Before Tax	207,681,833	151,973,970	110,421,577
Provisions for tax	70,474,382	52,754,347	37,708,966
Profit After Tax	137,207,451	99,219,623	72,712,611
Balance Sheet (INR)	31.03.2016	31.03.2015	31.03.2014
Equity capital	107,000,000	102,000,000	90,000,000
Reserve & Surplus	807,722,695	610,515,444	387,233,533
TNW (A)	914,722,895	712,515,444	477,233,533
Total Debt	809,191,747	355,601,753	245,875,317
Current Liabilities+ Provisions	528,353,623	578,565,858	442,265,923
Total Outside Liabilities (B)	1,337,545,370	934,167,611	688,141,240
Total Liabilities (A + B)	2,252,268,265	1,646,683,055	1,165,374,773
Fixed assets (Net)	18,430,760	7,305,184	7,259,030
Current Investments	40,000,000	1,875,000	7,608,257
Gross Advances (Long term & Short term)	1,981,253,628	1,315,145,125	1,008,009,879
Cash & Bank	178,599,823	287,185,083	108,907,051
Non-Current assets & Investments	10,110,193	10,771,232	20,802,321
Other current assets	10,873,628	18,039,517	8,423,169
Deferred Tax Assets	10,087,770	5,578,059	3,616,709
Intangible Assets	657,127	469,391	73,037
Other Long Term Assets	2,255,336	314,464	675,320
Total Assets	2,252,268,265	1,646,683,055	1,165,374,773
Cash Flow Statement (INR)	31.03.2016	31.03.2015	31.03.2014



A) CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit	137,207,451	99,219,623	72,712,611
Provision for Taxation	70,474,382	52,754,347	37,708,966
Preliminary Expense written off	409,359	-	-
Total	208,091,192	151,973,970	110,421,577
Add: Financial Expenses	140,728,963	103,711,510	94,924,924
Depreciation	5,113,527	3,618,843	1,737,268
Provision against Non - Performing assets	1,485,008	1,347,390	1,461,882
General Provision on Standard Assets	1,635,373	771,067	557,415
Provision for Gratuity	1,354,604	1,301,151	27,804
(Profit)/loss on sale of Fixed Assets	0	-59,371	-143,641
Interest/Dividend Income			-96,051
Operating Profit Before Working Capital Changes	358,408,667	262,664,560	208,891,178
Add:			
(Increase) Decrease in Loans and Advances	-666,108,504	-307,135,246	-235,210,233
(Increase) Decrease in Other Receivables	9,337,758	2,550,426	-16,009,528
(Increase) Decrease in Other Current Assets	-1,155,215	-2,135,686	-1,619,009
(Increase) Decrease in Other Non Current Assets	-303,436	360,856	-
Increase (Decrease) in Current Liabilities	196,418	4,062,706	1,010,235
Preliminary Expenses Paid off	2,046,795	-	-
Increase (Decrease) in Other Current Liabilities	-61,437	-1,418,681	2,486,011
Financial Expenses	-133,692,818	-106,988,787	-95,959,899
Direct Taxes Paid	-74,017,131	-50,330,536	-38,483,488
Net Cash from Operating Activities (A)	-509,442,493	-198,370,388	-174,894,733
B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	-16,426,838	-4,214,869	-4,697,673
Sale of Fixed Assets	0	151,500	209,100
Investments in Fixed Deposit	3,750,000	-5,000,000	-4,750,000
Sale of Current Investments	-38,215,000	5,733,257	32,514,410
Sale of Non-current Investments	-355,615	-	-
Net Cash from Investing Activities (B)	-51,157,453	-3,330,112	23,275,837
C) CASH FLOW FROM FINANCING ACTIVITIES			
Long Term & Medium Term			
Increase in Share Capital	5,000,000	12,000,000	20,000,000
Increase in Share Premium	60,000,000	144,000,000	150,000,000
Proceeds from Issue of Debentures	300,000,000	17,500,000	12,583,156
Debentures Redeemed	-64,970,000	-68,179,000	-76,118,156
Increase (Decrease) in Term Loans from Banks & Others	194,495,495	156,646,700	134,794,745



Increase (Decrease) in Loan from Directors	-4,811,000	1,066,000	16,322,000
Increase (Decrease) in Other Borrowings	-67,123,218	67,123,218	
Short Term			
Increase (Decrease) in Bank Borrowings	53,070,599	60,013,015	-9,869,768
Dividend paid (Including Corporate Dividend Tax)	-19,897,189	-15,191,401	-14,741,370
Net Cash from Financing Activities (C)	455,764,687	374,978,532	232,970,607
Net Increase in Cash and Cash Equivalents (A) + (B) + (C)	-104,835,259	173,278,032	81,351,712
Cash and Cash Equivalents at the Beginning of the Year	277,435,082	104,157,050	22,805,338
Cash and Cash Equivalents at the End of the Year	172,599,823	277,435,082	104,157,050
Components of Cash and Cash Equivalents at the end of the Year			
Cash on Hand	3,108,914	5,276,939	3,182,882
Cash with Scheduled Banks	21,548,711	272,158,143	100,974,168
Cash and Cash Equivalents	24,657,625	277,435,082	104,157,050

4.16 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/ Uniform Listing Agreement as prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015 as amended from time to time]

Standalone

		(In Rs)	
Particulars	As at 30th September 2016	As at 30th September 2015	
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	142,650,520	105,500,000	
(b) Reserves and surplus	1,976,569,336	720,479,438	
	2,119,219,856	825,979,438	
2 Non-current liabilities			
(a) Long term borrowings	979,428,863	466,173,481	
(b) Other Long term Liabilities	1,103,744	4,169,899	
(c) Long term provisions	16,612,261	7,639,240	
	997,144,868	477,982,620	
3 Current liabilities			



Particulars	As at 30th September 2016	As at 30th September 2015
(a) Short Term borrowings	210,642,446	181,952,755
(b) Trade payables		
(A) total outstanding dues of micro enterprises and small enterprises	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	14,485,573	2,950,740
(c) Other current liabilities	380,979,246	381,667,448
(d) Short term provisions	11,230,843	29,469,912
	617,338,108	596,040,855
TOTAL	3,733,702,832	1,900,002,913
B ASSETS		
1 Non- current assets		
(a) Fixed assets		
(i) Tangible assets	20,171,942	11,004,700
(ii) Intangible assets	572,007	517,433
(b) Non-Current Investments	150,355,615	-
(c) Deferred tax assets(net)	18,720,312	8,938,995
(d) Long term receivables under financing activity	2,254,709,343	1,134,226,191
(e) Long term loans and advances	15,217,380	9,439,697
(f) Other Non-Current Assets	9,028,900	47,800
	2,468,775,499	1,164,174,816
2 Current assets		
(a) Cash and Bank Balances	407,231,741	258,153,791
(b) Short term receivables under financing activity	694,151,688	457,226,382
(c) Short term loans and advances	4,990,659	16,800,775
(d) Other Current Assets	158,553,245	3,647,149
	1,264,927,333	735,828,097
TOTAL	3,733,702,832	1,900,002,913

Particulars	2016-17	2015-16
REVENUE		
Revenue from Operations	320,545,453	208,747,031
Other Income	15,474,303	6,865,053
Total Revenue	336,019,756	215,612,084
EXPENSES		



Particulars	2016-17	2015-16
Finance costs	96,729,388	59,119,991
Employee benefit expenses	80,009,340	33,539,441
Other expenses	39,978,151	14,348,671
Provision, loan loss and other charges	11,182,950	4,561,446
Depreciation	3,615,820	1,378,322
Total Expenses	231,515,648	112,947,871
Profit Before Tax	104,504,108	102,664,213
Tax expenses		
Current tax expenses	45,078,588	38,061,157
Deferred tax	(8,632,542)	(3,360,937)
	36,446,047	34,700,220
Profit for the Year	68,058,061	67,963,993

Consolidated

Particulars	As at 30th September 2016	As at 30th September 2015
A EQUITY AND LIABILITIES		
1 Shareholders' funds		
(a) Share capital	142,650,520	105,500,000
(b) Reserves and surplus	1,984,471,374	720,479,439
	2,127,121,894	825,979,439
2 Non-current liabilities		
(a) Long term borrowings	979,428,863	466,173,481
(b) Other Long term Liabilities	907,118	4,169,899
(c) Long term provisions	16,612,261	7,639,240
	996,948,242	477,982,620
3 Current liabilities		
(a) Short Term borrowings	210,642,446	181,952,753
(b) Trade payables		
(A) total outstanding dues of micro enterprises and small enterprises	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	14,749,823	2,950,740
(c) Other current liabilities	380,979,246	381,667,448
(d) Short term provisions	11,230,843	29,469,912
	617,602,358	596,040,853



Particulars		As at 30th September 2016	As at 30th September 2015
	TOTAL	3,741,672,494	1,900,002,912
B	ASSETS		
1	Non- current assets		
	(a) Fixed assets		
	(i) Tangible assets	20,171,942	11,004,700
	(ii) Intangible assets	572,007	517,432
	(b) Non-Current Investments	355,615	-
	(c) Deferred tax assets(net)	18,720,312	8,938,995
	(d) Long term receivables under financing activity	2,266,129,921	1,134,226,191
	(e) Long term loans and advances	15,217,380	9,439,697
	(f) Other Non-Current Assets	10,461,656	47,800
		2,331,628,833	1,164,174,815
2	Current assets		
	(a) Cash and Bank Balances	559,030,769	258,153,791
	(b) Short term receivables under financing activity	683,054,688	457,226,382
	(c) Short term loans and advances	4,667,081	16,800,775
	(d) Other Current Assets	163,291,123	3,647,149
		1,410,043,661	735,828,097
	TOTAL	3,741,672,494	1,900,002,912

4.17 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 have been no other material events or developments or changes at the time of this Issue or subsequent to the Issue which may affect the Issue or the investors' decision to invest/ continue to invest in the Issue.

4.18 Names of the Debentures Trustees and Consents thereof

The Debenture Trustee of the proposed Debentures is **IDBI Trusteeship Services Limited** which 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 Shelf Disclosure Document and in all the subsequent periodical communications sent to the Debenture Holder(s). The consent letter from Debenture Trustee is provided in **Annexure III** of this Shelf Disclosure Document.



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

The Rating Agency has assigned ratings of “CARE BBB+” (pronounced as CARE Triple B plus) 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 Shelf Disclosure Document.

The Issuer /Investor reserves the right to obtain an additional credit rating at any time during the tenure of the Debentures from any SEBI registered Credit Rating Agency for full or part of the issue size, as it may deem fit, which shall be at least equivalent to the prevailing credit rating to the Issue.

Also the Issuer reserves the right to substitute the prevailing Credit Rating to the Issue, with a credit Rating which shall be at least equivalent to the prevailing credit rating to the issue, by an alternative SEBI registered Credit Rating Agency, for full or part of the issue size, subject to the prevailing relevant regulation/rules, etc.

4.20 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.

NA

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

The STRPPs 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.

The Company shall forward the listing application to the designated exchange within the 15 days from the deemed date of allotment(s).

In case of delay in listing of the debt securities beyond 20 days from the deemed date of allotment(s), the Company will pay penal interest of 1% p.a. over the coupon rate from the expiry of 30 days from the deemed date of allotment till the listing of such debt securities to the investor.

4.22 Other details:

a. Debenture Redemption Reserve Creation:

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



b. Issue / instrument specific regulations:

The Issue of Debentures shall be in conformity with the applicable provisions of the Companies Act, 2013 including the notified rules thereunder, the SEBI Debt Listing Regulations, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the applicable RBI guidelines.

c. Application process:

The application process for the Issue is as provided in Section 7 of this Shelf Disclosure Document.

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

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

Sr. No.	Nature of Contract
1	Certified true copy of the Memorandum & Articles of Association of the Issuer
2	Board Resolution dated November 30, 2016 authorizing issue of Debentures offered under terms of this Disclosure Document.
4	Shareholder Resolution dated December 24, 2016 authorizing the issue of non-convertible debentures by the Company.
5	Shareholder Resolution dated December 24, 2016 authorizing the borrowing by the Company and the creation of security.
6	Copies of Annual Reports of the Company for the last three financial years
7	Credit rating letter from the Rating Agency
8	Letter from IDBI Trusteeship Services Limited giving its consent to act as Debenture Trustee
9	Letter for Register and Transfer Agent
10	Certified true copy of the certificate of incorporation of the Company
11	Certified true copy of the tripartite agreement between the Company, the Registrar & Transfer Agent and NSDL/CDSL

4.24 Details of Debt Securities Sought to be Issued

Under the purview of the current document, the Issuer intends to raise an amount of Rs. 40,00,00,000/- (Rupees Forty Crores only) by issue of Secured Rated Listed Redeemable Non-Convertible Debentures in form of Separately Transferable Redeemable Principal Parts (STRPPs), on a private placement basis.

Please refer to **Annexure I** to this Shelf Disclosure Document for further details on the Issue.

4.25 Issue Size

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

4.26 Underwriting

The present Issue of Debentures is on private placement basis and has not been underwritten.

4.27 Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects

Nil.



4.28 Utilization of the Issue Proceeds

The issue proceeds will be to meet funding requirements of the Issuer for on-lending to the micro, small and medium enterprises sector subject to such restrictions as the parties may have agreed upon and shall not be utilised 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.5/21.04.172/2015-16 dated July 1, 2015 including inter alia:

- 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.

4.29 Security

The outstanding debentures amount together with interest, default interest, remuneration of the Trustee, charges, fees, expenses and all other monies dues from the Company shall be secured by (i) first ranking & exclusive charge via deed of hypothecation over specific standard asset portfolio of receivables ("Secured Property") to be executed between the Company and the Debenture Trustee as described herein and (ii) a pari passu mortgage over the Immovable Properties in favour of Debenture Trustee for the benefit of Debenture holders. The ((i) and (ii) are hereinafter collectively referred to as the "Security".

The issuer undertakes:

1. Receivables comprising secured property must be standard in the books of Company determined on the basis of criteria prescribed by the RBI
2. Company's Receivables are existing at the time of selection, and have not been terminated or prepaid
3. Company's Receivables should not have been restructured or rescheduled
4. All loans hypothecated under the deed of hypothecation should comply with RBI norms and guidelines
5. The Company shall provide a list on a monthly basis, of specific loan receivables/identified book debts to the Debenture Trustee over which the charge is created and subsisting by way of hypothecation in favor of the Debenture Trustee (for the benefit of the Debenture holders) ("Monthly Hypothecated Asset Report").



6. Revaluation and replacement of security: The Company's Receivables provided as Security shall be current. If a Company's Receivables becomes delinquent over 90 days such receivable shall be replaced within 30 days.
7. All loans hypothecated under the deed of hypothecation shall comply with RBI norms and guidelines.

The Issuer undertakes to maintain Minimum Security Cover of 1.10 times to be maintained on the outstanding NCD amounts (including interest and Coupon) of the Debentures at all times during the tenure of the NCDs.

The Company shall promptly and within 30 days and in no event later than 60 (Sixty) calendar days from the date on which the value of the assets falls below the Minimum Security Cover, create additional Security Interests over such additional assets and properties of the Company (which are acceptable to the Debenture Trustee (acting on the instructions of the Debenture Holders) as may be required to maintain the Minimum Security Cover and shall execute such deeds, documents and writings and do such acts and things in this regard as may be required by the Debenture Trustee.

In case security cover fall below the required cover, the issuer to pay 2% per annum additional interest over coupon for the period till the security cover is restored back to the requisite levels. However, in no case reinstatement of such security cover shall exceed 60 days from the day such cover falls below the required cover

Security is to be created within 30 calendar days from respective Issue closure Date. If the Company fails to execute the Debenture Trust Deed & Deed of Hypothecation on or before the expiry of 30 days from the respective Issue Closure Date, then the Company shall, at the option of the Debenture Holders, either (i) return the subscription amount with the agreed rate of interest or (ii) pay additional interest at the rate of 2% (Two Percent) per annum above the applicable Coupon Rate on all amounts outstanding under the STRPPs (including the Outstanding Principal Amounts and any accrued interest) from the Deemed Date of Allotment until such time the deed is executed and the conditions prescribed by Debenture Holders (if any) have been complied with.

4.30 Minimum Subscription

As the current Issue of STRPPs is being made on private placement basis, the requirement of minimum subscription as described in the SEBI Guidelines shall not be applicable and therefore the Company shall not be liable to refund the Issue subscription(s)/proceed(s) in the event of the total Issue collection falling short of Issue size or certain percentage of Issue size.

4.31 Put option - As per term sheet

4.32 Call Option - As per term sheet

4.33 Minimum Credit Rating

Issuer to maintain the below mentioned criteria/s during the tenor of the NCDs:

1. Credit Rating of the Issuer from any credit rating agency to remain at minimum of "BBB+".
2. No Withdrawal / Suspension of long term rating of the instrument.

In case of the breach of the above mentioned criteria, the Debenture Holders shall have the option to require the Company to redeem the Debentures along with accrued interest ("Optional Accelerated Redemption") within 30 days from the date of such an occurrence.

The occurrence of events above will be determined by the Debenture Holders solely and at its discretion. Upon the exercise of the 'Optional Accelerated Redemption' option by the Debenture Holders, the Debenture Trustee shall issue a notice to the Company for redemption of all amounts outstanding in relation to the



Debentures (including any unpaid principal, accrued but unpaid Coupon, Default Interest (if applicable)) as on the date of exercise of the 'Optional Accelerated Redemption' Option ("Optional Accelerated Redemption Date").

The Company shall be required to make payment of the aggregate amounts outstanding in relation to the Debentures, including any -unpaid Principal Amount, accrued but unpaid Coupon, Default Interest (if applicable) and liquidated damages (if applicable) within 30 business days of the Optional Accelerated Redemption Notice.

4.34 Holding Covenant

During the currency of the Debentures, the Issuer to seek prior-written consent of the debenture holders/debenture trustee, of any change on the following:

- Mr D. Lakshmipathy to remain the Company's Chairman and Managing Director of the Issuer Company
- Existing Promoter to maintain minimum 26% shareholding in the Company
- In the event, the Debenture Holders do not provide the requisite consent, absence of the availability of such written consent, the issuer the Company shall have the right to pre-pay the outstanding Debentures without any prepayment and penalty.

4.35 Debenture holder's consent

The Issuer shall not, without the prior approval of Investors/ debenture holders

- enter into any transaction of merger & acquisition, restructuring, amalgamation, de-merger, scheme of arrangement,
- compromise with its creditors or shareholders

4.36 Right to Re-purchase and Re-issue the Debenture

The Company will have power, exercisable at its sole and absolute discretion from time to time to repurchase a part or its entire Debenture from the secondary markets or otherwise on mutual consent at any time prior to the date of maturity at par as per the prevailing guidelines, rules/regulations of Reserve Bank of India and other Authorities.

In the event of a part or all of its Debentures being repurchased as aforesaid or redeemed under any circumstances whatsoever, the Company shall have, and shall be deemed to have had, the power to reissue the Debenture either by reissuing the same Debentures or by issuing other Debenture in their place.

Further the Company, in respect of such repurchased/redeemed Debenture shall have the power exercisable either for a part or all of those Debenture, to cancel, keep alive, appoint nominee(s) to hold or reissue at such price and on such terms and conditions as it may deem fit and as permitted by law.

4.37 Disclosure Clause

In the event of default in the repayment of the principal and/or interest on the NCDs on the due dates, the Debenture Trustee and /or the Stock Exchanges and/or the Reserve Bank of India and/or SEBI will have an unqualified right to disclose or publish the name of the borrower and its directors as defaulter in such manner and through such medium as the Investors and/or the Reserve Bank of India in their absolute discretion may think fit. Over and above the aforesaid Terms and Conditions, the said Debentures shall be subject to the Terms and Conditions to be incorporated in the Debenture Trust Deed/Trustee Agreement



4.38 Modification of Rights

The rights, privileges, terms and conditions attached to the Debentures may be varied, modified or abrogated with the consent, in writing, of those holders of the Debentures who hold at least three fourth of the outstanding amount of the Debentures / STRPPs of the relevant Series or a Special Resolution passed by such holders or with the sanction accorded pursuant to a resolution passed at a meeting of the Debenture holders, provided that nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions of the Debentures, if the same are not acceptable to the Company.

4.39 Conflict

In case of any repugnancy, inconsistency or where there is a conflict between the conditions/covenants as are stipulated in this document and any transaction document/s to be executed by the Company, the provisions mentioned in the Debenture Trust Deed shall prevail and override the provisions mentioned elsewhere.

4.40 Conjunction

The terms and conditions mentioned in this shelf disclosure document are to be read and understood in conjunction with the terms contained in the other transaction documents to be executed by the Company of this Issue.

4.41 Issue Details

As per the Term Sheet



5. TRANSACTION DOCUMENTS AND KEY TERMS

5.1 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 IDBI Trusteeship Services Limited as the Debenture Trustee (“**Debenture Trustee Agreement**”);
- b. Debenture Trust Deed, will set out the terms upon which the Debentures are being issued and (iii) 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 charge by way of hypothecation over Hypothecated Assets in favour of the Debenture Trustee to secure its obligations in respect of the Debentures (“**Deed of Hypothecation**”);
- d. Term sheets containing the details of each Series of Debentures under this Issue read with this Shelf Disclosure Document
- e. Such other documents as agreed between the Issuer and the Debenture Trustee.

5.2 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 and are in full force and effect.

b. Corporate Matters

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



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

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

c. 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 applicable law 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.

d. Accounts and Records

The books of accounts of the Issuer and its subsidiaries have been fairly and properly maintained, the accounts of the Issuer and its subsidiaries 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 and its subsidiaries.

e. Taxation Matters

- i. The Issuer has complied with all the requirements as specified under the respective tax laws as applicable to it in relation to returns, computations, notices and information which are or are required to be made or given by the Issuer to any tax authority for taxation and for any other tax or duty purposes, have been made and are correct.
- ii. There are no material statutory dues which would have a Material Adverse Effect on the Debentures/STRPPs (or the holders thereof) or on the ability of the Issuer to make the scheduled payments in relation to the Debentures/STRPPs. (Material – Amount involving more than 10 lakhs)

f. 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, which would have a Material Adverse Effect on the Debentures/STRPPs (or the holders thereof) or on the ability of the Issuer to make the scheduled payments in relation to the Debentures/STRPPs.
- ii. There are no unfulfilled or unsatisfied judgments or court orders of which the Issuer has notice and which is outstanding against the Issuer, which would have a Material Adverse Effect on the Debentures/STRPPs (or the holders thereof) or on the ability of the Issuer to make the scheduled payments in relation to the Debentures/STRPPs.
- 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.

g. 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/MCA21/index.html> under the heading Index of Charges), the Issuer has, free from any security interest or encumbrance, 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.

h. Employees

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

i. Pari Passu Ranking

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

j. No Default

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

k. Material Adverse Effect

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

l. 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.

m. Security

- i. Save and except the charge created to secure the Debentures/STRPPs (and any other charges disclosed to the Debenture Trustee), the Security 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 *lis pendens*, attachment, or other order or process issued by any Governmental Authority and that the Issuer has a clear and marketable title to the Security. It is however, clarified that the Mortgaged Property will also be mortgaged by the Issuer in favour of various lenders/debenture trustees as security for the borrowings made by the Issuer.
- ii. It shall be lawful for the Debenture Trustee upon entering into or taking possession under the provisions herein contained of the Immovable Property, thenceforth to hold and enjoy the same and to receive the rents and profits thereof without any interruption or disturbance by the Issuer or any other person or persons claiming by, through, under or in trust of the Issuer and that freed and discharged from or otherwise by the Issuer sufficiently indemnified against all encumbrances and demands whatsoever.
- iii. The Transaction Documents executed or to be executed constitute, and will constitute legal, valid and enforceable security interests in favour of inter alios the Debenture Trustee and for the benefit of the Debenture Holder(s)/STRPP Holder(s) on all the assets thereby secured, prior and superior to all other security interest (unless otherwise specified) and all necessary and appropriate consents for the creation, effectiveness, priority and enforcement of such Security have been obtained.



n. 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.

o. Nature of Representations and Warranties

Each of the representations and warranties set out above shall be repeated on each date commencing from the date of the execution of the Debenture Trust Deed until the Maturity Date.

5.3 Covenants of the Issuer

AFFIRMATIVE COVENANTS

The Company hereby covenants with the Debenture Trustee that the Issuer shall (except as may otherwise be previously agreed in writing by the Debenture Trustee):

a. Validity of Transaction Documents

Ensure that the Transaction Documents shall be validly executed and delivered and will continue in full force and effect and will constitute valid, enforceable and binding obligations of the Issuer.

b. Further documents and acts

Execute all such deeds, documents, instruments and assurances and do all such acts and things as the Debenture Trustee may reasonably require for exercising the rights under this Debenture Trust Deed for perfecting the Security or for effectuating and completing the Security intended to be hereby created and shall from time to time and at all times after the Security hereby 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 Mortgaged Property and the Secured Property and in particular the Issuer shall execute all transfers, conveyances, assignments and assurance of the Mortgaged Property and 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.

c. Make the Relevant filings with the Registrar of Companies/SEBI

Pursuant to the Act and the relevant rules thereunder, the Issuer undertakes to make the necessary filings of the documents mandated therein including the Private Placement Offer Letter for the relevant Series with the Registrar of Companies and/or SEBI within the timelines stipulated under the Act and the relevant rules thereunder.

d. Compliance with laws

The Issuer shall comply with:

- i. all laws, rules, regulations and guidelines (including the Act) as applicable in respect to the Issue, 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; (ii) the provisions of the listing agreement entered into by the Company with the stock exchange in relation to the Debentures/STRPPs including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), and (iii) the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the other notified rules under the Act;



- ii. comply with all the provisions as mentioned in the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Act, Issuance of Non-convertible Debentures/STRPPs (Reserve Bank) Directions, 2010, and/or any other notification, circular, press release issued by the SEBI/RBI, from time to time.

e. Financial Statements

The Issuer shall:

- i. Submit to the Debenture Trustee (and to the Debenture Holder(s)/STRPP Holder(s), if so requested), its duly audited annual accounts, within 120 (One Hundred and Twenty) days from the close of its accounting year.
- ii. Submit to the Debenture Trustee (and to the Debenture Holder(s)/STRPP Holder(s), if so requested), its provisional quarterly financials, within 45 (Forty Five) calendar days from the close of each of its accounting quarters.

f. Notify the Debenture Trustee

- i. The Issuer shall provide / cause to be provided information in respect of the following promptly and no later than 2 (Two) Business Days from the occurrence of such event (unless otherwise specifically provided):
- ii. Forthwith notify the Debenture Trustee in writing, of any notice of an application for winding up having been made or receipt of any statutory notice of winding up under the provisions of the Act or any other notice under any other law or otherwise of any suit or legal process intended to be filed affecting the title to the property of the Issuer.
- iii. 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.
- iv. Forthwith 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.
- v. provide to the Debenture Trustee such further information regarding the financial condition, business and operations of the Issuer as the Debenture Trustee may reasonably request in relation to the payments due to be made on the Debentures;
- vi. forward the details on utilisation of funds raised through the issue of Debentures/STRPPs duly certified by the Company's chartered accountants/ statutory auditors, to the Debenture Trustee within 30 (thirty) Business Days from the Deemed Date of Allotment and if required as per the applicable regulations, at the end of each financial year.
- vii. notify the Debenture Trustee promptly of any revision in the rating /assignment of a fresh rating provided by the Rating Agency to this Issue.
- viii. inform 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.
- ix. inform the Debenture Trustee promptly about any failure to create and Security and about all orders, directions, notices of court/tribunal affecting the Secured Property.
- x. Inform the Debenture Trustee before declaring or distributing any dividend.
- xi. The Issuer agrees that it shall forward to the Debenture Trustee promptly, which information can be forwarded in electronic form or fax:
 - (a) 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;
 - (b) 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;



- (c) 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;

g. Preserve Corporate Status

Diligently preserve its corporate existence and status and its license to conduct business as a non-banking financial company and any other rights, licenses and franchises necessary for its obligations under the Debentures/STRPPs and the Transaction Documents and continue to be a validly existing organization in good standing and at all times act and proceed in relation to its affairs and business in compliance with Applicable Law.

h. Furnish Information to Debenture Trustee

- i. Give to the Debenture Trustee or their nominee(s) (and to the Debenture Holder(s), if so requested), information in respect of the following within a maximum of 15 (Fifteen) calendar days from the occurrence of such event:
- ii. Submit to the Debenture Holder (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 Company.
- iii. Submit to the Debenture Trustee, if so requested, a statement that the assets of the Company which are available by way of security is/are sufficient to discharge the claims of the Debenture Holders as and when they become due.
- iv. 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 all the Mortgaged Property/ Secured Property, together with all records, registers relating to the Secured Property as required by the Debenture Trustee.
- v. Furnish quarterly report to the Debenture Trustee containing the following particulars:-
 - (a) Updated list of the names and addresses of the Debenture Holder(s).
 - (b) Details of the Coupon and principal payments to be made, but unpaid and reasons for the non-payment thereof;
 - (c) The number and nature of grievances received from the Debenture Holder(s) and resolved by the Issuer, and those grievances not yet solved to the satisfaction of the Debenture Holder(s);
 - (d) A statement that those assets of the Issuer which are available by way of security are sufficient to discharge the claims of the Debenture Holder(s) as and when they become due;
 - (e) A statement signed by an authorized signatory of the Issuer (supported by the Auditor's/Chartered Accountant's certificate) confirming that the Security Cover is being maintained as per the provisions of the Deed of Hypothecation;
 - (f) Promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holder(s). 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.



- vi. The Issuer shall provide to the Debenture Trustee such information as it may require for any filings, statements, reports that the Debenture Trustee is required to provide to any Governmental Authority under Applicable Law.
- vii. The Issuer shall, while submitting half yearly/ annual financial results to the BSE disclose inter alia 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:
 - (a) Credit rating of the Issue and change in credit rating, if any;
 - (b) Security Cover available;
 - (c) Debt- equity ratio of the Company;
 - (d) Previous due date for the payment of interest/ repayment of principal and whether the same has been paid or not;
 - (e) Next due date of payment along with the amount of interest/ principal along with the amount of interest/redemption payable;
 - (f) Debenture Redemption Reserve;
 - (g) Net worth;
 - (h) Net profit after tax; and
 - (i) Earnings per share.

i. Security Cover

Shall maintain the Security Cover as required under the Deed of Hypothecation as long as any amount under the Debentures is outstanding.

j. Security

The Company hereby further agrees, declares and covenants with the Debenture Trustee as follows:

- The Debentures/STRPPs shall be secured by way of a first ranking exclusive charge on the Secured Property;
- The charge over the Secured Property shall be created within 30 (Thirty) calendar days from the Issue Closure Date;
- To maintain at all times, during the period of the Issue, the Security Cover. The value of the Secured Property for this purpose (both for initial and subsequent valuations) shall be the amount reflected as the value thereof in the books of accounts of the Company;
- It shall register and perfect the security over the Secured Property by filing Form CHG -9 with the Registrar of Companies in relation thereto within 10 (Ten) Business Days from the date of execution of the Deed of Hypothecation;
- that the Company is not aware of any document, judgment or legal process or defects affecting the title, ownership of the Security which has remained undisclosed and/or which may have Material Adverse Effect on the Debenture Holders.



k. Transfer of unclaimed Redemption Amounts.

Comply with the provisions of the Act relating to transfer of unclaimed redemption and coupon amounts of Debentures/ to Investor Education and Protection Fund ("IEPF"), if applicable to it.

l. Financial Terms and Conditions

At all times during the term of these presents comply with each of the Financial Terms and Conditions.

NEGATIVE COVENANTS

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

a. Dividend

- 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.
- Declare or pay dividend, if an Event of Default has occurred and is subsisting

b. Merger, Consolidation, etc.

Enter into any transaction of merger, consolidation, re-organisation, acquisition, restructuring, amalgamation, de-merger, scheme of arrangement, or reconstruction.

c. Arrangement with creditors/shareholders

Enter into any compromise or arrangement or settlement with any of its creditors/shareholders.

d. Winding up

Apply to the court for the winding up of the Issuer or agree to the winding up of the Company.

e. Disposal

Sell, transfer or otherwise dispose of all or substantially all of its assets other than in the normal course of business of the Issuer.

f. Constitutional Documents

Make any amendments to its Memorandum of Association and Articles of Association in a manner which would prejudicially affect the interests of the Debenture Holder(s).

FINANCIAL COVENANTS

So long as the Debentures are outstanding under this Issue (in respect of either Series), the Issuer undertakes:

- i. Capital Adequacy Ratio of atleast 15% or as per applicable RBI regulation, whichever is higher
For the purpose of the calculations of capital adequacy as mentioned above:



- The first loss credit enhancement provided by the Company on Securitization shall be reduced from capital funds and the deduction shall be capped at 15 % of the outstanding securitized portfolio.
 - Credit Enhancement provided by the company on loans originated on behalf of other institutions shall be reduced from capital funds without any ceiling.
 - The deduction shall be made at 50 per cent from Tier I capital and 50 percent from Tier II Capital.
 - It is also clarified that in computing the amount of subordinated debt eligible for inclusion in Tier II Capital, the aforesaid subordinated debt shall be subject to discounting as provided in the Master Directions for non banking financial companies as applicable to the Company and as prescribed by the RBI from time to time.
- ii. Financial Indebtedness to Equity Ratio not exceeding 5 times
 - iii. PAR 90-DPD not to exceed 7 % of the Issuer's Gross Loan Portfolio.
 - iv. There shall not be any cumulative mismatches in any of the buckets till one year of asset liability statement.
 - v. Minimum Net worth of Rs.150 Crs
 - vi. No loss on an annual basis (determined on the basis of "profits after tax")

All covenants would be tested on quarterly basis for the Company i.e. as on 31 March, 30 June, 30 Sept and 31 Dec every year, starting from 31 March, 2017 on consolidated and standalone balance sheet till the redemption of the Debentures. The covenants shall be certified by the Chartered Accountant within 45 days from end of each reporting quarter.

The Company would be given an opportunity to explain the reasons for the breach in covenants, if any during the remedy period of 30 calendar days. If the company is able to explain the breach to the satisfaction of the debenture holder/s, then it would not attract any additional interest or default interest or penalty.

5.4 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

- (i) If the Company defaults in making repayment of the Coupon and/or the Redemption Amount(s) on the respective Due Date(s) in full or in part, (whether at scheduled maturity, by acceleration, as a result of Debenture Holder(s)/STRPP Holder(s) exercising the Optional Accelerated Redemption or otherwise) unless such failure to pay is caused by technical error in the banking system and payment is made within 1 (One) Business Day of its Due Date;
- (ii) Except for point (i), the breach of any terms, covenant, obligation, representation or warranty of the Issuer and any other obligations of the Issuer under the Transaction Documents including in the maintenance of the Security Cover and such breach has continued for a period of 30 (Thirty) calendar days.
- (iii) The Issuer fails to create charge over security within 30 (Thirty) calendar days from the Issue closure Date.
- (iv) The Issuer admits in writing its inability to pay its debts as they fall due or suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with one or more creditors with a view to rescheduling its indebtedness.
- (v) 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 Holders by the Issuer shall prove to have been incorrect, false or misleading in any material respect when made or deemed made.



- (vi) There shall have occurred Material Adverse Effect and such Material Effect has not been remedied or rectified within period of 30 (Thirty) calendar days.
- (vii) Any corporate action, legal proceedings or other procedure or step is taken in relation
 - (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Company;
 - (b) composition, compromise, assignment or arrangement with any creditor of the Issuer;
 - (c) the appointment of a liquidator, receiver or similar other officer in respect of the Issuer, a composition, compromise, assignment or arrangement with any creditor of the Issuer,
 - (d) enforcement of any security over any assets of the Issuer or any analogous procedure or step is taken in any jurisdiction
 - (e) any other event occurs or proceeding is instituted that under any applicable law would have an effect analogous to any of the events listed in clauses (a), (b), (c) and (d) above.
- (viii) The Shelf Disclosure Document or any other Transaction Document in whole or in part, becomes invalid or ceases to be a legally valid, binding and enforceable obligation of the Issuer.
- (ix) It is or becomes unlawful for the Issuer to perform any of its obligations under the Transaction Documents and/or any obligation or obligations of the Issuer under any Transaction Document are not or cease to be valid, binding or enforceable.
- (x) The Issuer repudiates any of the Transaction Documents, or evidences an intention to repudiate any of the Transaction Documents.
- (xi) 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.
- (xii) Any Governmental Authority condemns, nationalizes, seizes, expropriates or otherwise assumes custody or control of all or any substantial part of the business, operations, property or other assets (including assets forming part of the Security) of the Company or of its share capital, or takes any action for the dissolution of the Issuer or any action that would prevent the Issuer or its officers from carrying on all or a substantial part of its business or operations.
- (xiii) The Issuer's organizational status or any licenses or franchise is revoked or suspended by any government agency or authority after the Issuer has exhausted all remedies and appeals relating thereof.
- (xiv) The Listing of the Debentures / STRPPs ceases or is suspended at any point of time prior to the Maturity Date, except if the Debentures / STRPPs are delisted in accordance with the consent of the Majority Debenture Holder(s)
- (xv) The Issuer ceases to carry on its business or any substantial part thereof or gives notice of its intention to do so.
- (xvi) **Cross default:**

An event of default shall arise if the Issuer:

- 1) defaults in any payment of Financial Indebtedness beyond the period of grace if any, provided in the instrument or agreement under which such Indebtedness was created; or
- 2) 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 Indebtedness to become due prior to its stated maturity; or
- 3) due to any default or an event of default, any Financial Indebtedness of the Issuer is declared to be due and payable, or would permit 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.

5.5 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.

On and at any time after the occurrence of an Event of Default, unless such Event of Default at the request of the Issuer is expressly waived by the Debenture Trustee acting on the instructions of the Debenture Holder(s), (a) upon the expiry of the cure period provided to the Issuer, or (b) if the cure period provided is mutually extended by the Parties hereto upon the expiry of such extended period or (c) where it is not practical to provide a cure period, then forthwith, or (d) where no cure period has been provided and the parties mutually agree to provide for a cure period, upon the expiry of such mutually agreed cure period, the Debenture Trustee shall if so directed by the Majority Debenture Holder(s):

- i. declare by written notice, that all or part of the Secured Obligations be immediately due and payable, whereupon they shall become immediately due and payable;
- ii. accelerate the redemption of the Debentures/STRPPs;
- iii. enforce the charge over the Secured Property in accordance with the terms of the Deed of Hypothecation;
- iv. enforce the Personal Guarantee provided by the personal guarantor in the manner and on the terms and conditions prescribed in the Personal Guarantee; and/or
- v. subject to Section 69 of the Transfer of Property Act, 1882, to sell, assign or otherwise liquidate or direct the Company to sell, assign or otherwise liquidate any or all of the Immovable Property, in such manner, at such time, at such place or places and on such terms as the Debenture Trustee may, in compliance with the requirements of law, determine in its absolute discretion and to take possession of the proceeds of any such sale or liquidation;
- vi. to receive all rents and profits thereof without any disturbance or hindrance from the Company and to retain all cash proceeds received or receivable by the Company in respect of the Immovable Property and to use such funds, in whole or part, towards repayment of the Company's obligations to the Debenture Holders and/or the Debenture Trustee under the Debenture Trust Deed;
- vii. the authority to execute documents including re-conveyance and re-transfer of Immovable Property or the conveyance in case of sale, assignment or transfer of the Immovable Property in exercise of the power of sale under the Debenture Trust Deed contained or transfer of mortgage or other assurance required to be executed by the Debenture Trustee shall if executed by any authorized officer of the Debenture Trustee be deemed as good and effectual as if the Debenture Trustee had authorized such person to execute the same; and/or
- viii. exercise any other right that the Debenture Trustee and / or Debenture Holder(s)/STRPP Holder(s) may have under the Transaction Documents or under Indian law.



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**



7. OTHER INFORMATION AND APPLICATION PROCESS

The Debentures being offered as part of the Issue are subject to the provisions of the Companies Act, 2013, the Memorandum and Articles of Association of the Issuer, the terms of this Shelf Disclosure Document read with the relevant Term Sheet (s), the Application Form and other terms and conditions as may be incorporated in the Transaction Documents.

a. *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 Debentures shall be transferred and/or transmitted in accordance with the applicable provisions of the Companies Act, 2013 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 Holder(s) 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.

b. *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 /fund transfer/RTGS to those Debenture Holder(s) whose names appear on the list of beneficiaries maintained by the R&T Agent. The names would be as per the R&T Agent's records on the Record Date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate corporate action.

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

c. *Trustee for the Debenture Holder(s)*

The Issuer has appointed IDBI Trusteeship Services Limited to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee intends to enter into the Debenture Trust Agreement and the Debenture Trust cum Mortgage 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 Trust Agreement and the Debenture Trust cum Mortgage Deed, at the cost of the Issuer. No Debenture Holder(s) shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Transaction Documents of shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.



d. 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.

e. Debenture Holder(s) 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 Companies Act, 2013. The Debentures shall not confer upon the Debenture Holder(s), the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Issuer.

f. Modification of Debentures

The Debenture Trustee and the Issuer will agree to make any modifications in this Shelf Disclosure Document or any Term sheet(s), 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 Holder(s) 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 Holder(s), either by providing their express consent in writing or by way of a resolution at a duly convened meeting of the Debenture Holder(s):

- i. Creating of any additional security; and
- ii. Amendment to the terms and conditions of the Debentures or the Transaction Documents.

g. 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.

h. Notices

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

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

Notice(s) shall be deemed to be effective (a) in the case of registered mail, 5 (Five) Business Days after posting via certified or registered mail, return receipt requested; (b) 1 (One) Business Day after delivery by recognized overnight courier service, if sent for next Business day delivery; (c) in the case of facsimile at the time when dispatched with a report confirming proper transmission; (d) in the case of personal delivery, at the time of delivery or (e) 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).



i. Issue Procedure

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

The applicant should transfer payments required to be made in any relation by EFT/RTGS, to the bank account of the Issuer as per the details mentioned in the Application Form.

7.1 Application Procedure

Eligible investors will be invited to subscribe to any Series/ of Debentures by way of the Application Form prescribed in the Shelf Disclosure Document during the period between the Issue Opening Date and the Issue Closing Date (both dates inclusive) for the relevant Series. The Issuer reserves the right to change the Issue schedule including the Deemed Date of Allotment for any Series at its sole discretion, without giving any reasons or prior notice. The Issue will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule for such Series/STRPPS.

7.2 Fictitious Application

All fictitious applications will be rejected.

7.3 Basis of Allotment

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

7.4 Payment Instructions

The Application Form should be submitted directly. The entire amount of the face value per Debenture is payable along with the making of an application. Applicants can remit the application amount through RTGS on Pay-in Date. The RTGS details of the Issuer are as under:

Beneficiary Name:	Five Star Business Finance Limited
Bank Account No.:	409000464102
IFSC CODE:	RATN0000113
Bank Name:	RBL Bank Ltd
Branch Address:	G.N Chetty Road, T.Nagar, Chennai – 600 017

7.5 Eligible Investors

The following categories of Investors, when specifically approached, and identified upfront by the Issuer, shall be 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:

- a. Mutual Funds
- b. NBFCs
- c. Provident Funds and Pension Funds
- d. Trust inclusive of public charitable trust subject to their investment guidelines
- e. Corporates
- f. Banks
- g. Insurance Companies
- h. Individual

Any other person eligible to invest in the Debentures subject the relevant prevalent guidelines.

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

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

7.6 Procedure for Applying for Dematerialized Facility

- a. The applicant must have at least one beneficiary account with any of the DPs 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 Holder(s) whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial



owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

7.7 Depository Arrangements

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

7.8 List of Beneficiaries

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

7.9 Application under Power Of Attorney

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

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

7.10 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.

7.11 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. Power of Attorney to custodian;
- d. Specimen signatures of the authorised signatories;
- e. SEBI registration certificate (for Mutual Funds);
- f. Copy of PAN card; and
- g. Application Form (including RTGS details).



7.12 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 EFT/RTGS.

7.13 Succession

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

7.14 Mode of Payment

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

7.15 Business Day Convention

Any day of the week (excluding Saturdays, Sundays and any day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881) in Chennai and Mumbai shall be a "Business Day."

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. The interest for such additional period shall be adjusted and paid in the next coupon cycle. Hence the subsequent coupon payment period remains intact.

If the Redemption Date/Maturity Date (also being the last Coupon Payment Date) of the Debentures falls on a day that is not a Business Day, the redemption proceeds shall be paid on the immediately preceding Business Day, along with coupon/interest accrued on the Debentures until but excluding the date of such payment.

7.16 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 Agents of the Issuer at least 15 (Fifteen) calendar days before the relevant payment becoming due. Tax exemption certificate / declaration of non-deduction of tax at source on interest on application money, should be submitted along with the Application Form.

7.17 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 7 (Seven) Business Days from the Deemed Date of Allotment or within such timelines as permissible under applicable law.

7.18 Deemed Date of Allotment

The Deemed Date of Allotment of the Debentures comprised in each Series will be as specified in the Term Sheet (s) issued for that Series



All benefits relating to the Debentures will be available to the investors from the Deemed Date of Allotment. The actual allotment of Debentures may take place on a date other than the Deemed Date of Allotment. The Company reserves the right to keep multiple allotment date(s)/ deemed date(s) of allotment at its sole and absolute discretion without any prior notice and shall have a right to allot the Debentures in tranches / series which shall form the part of this Issue. In case, the Issue closing date is changed (preponed/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Company at its sole and absolute discretion.

7.19 Record Date

The Record Date will be 7 (Seven) calendar days prior to any Due Date.

7.20 Refunds

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

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

7.21 Interest on Application Money

At the Coupon rate (subject to deduction of tax at source, as applicable) from the date of realization of cheque(s)/ demand draft(s)/ RTGS up to one day prior to the Deemed Date of Allotment. Where pay-in Date and Deemed date of Allotment are the same, no interest on Application money is to be paid.

7.22 Future Borrowing

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

7.23 Pan Number

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

7.24 Payment on Redemption

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

The Debentures/STRPPS shall be taken as discharged on payment of the redemption amount by the Issuer on maturity to the registered Debenture Holder(s)/STRPP 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)/STRPP Holders 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.

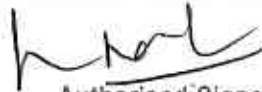


8. DECLARATION

The Issuer declares as of the date of this Shelf Disclosure Document 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 Shelf Disclosure Document 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 Shelf Disclosure Document is as applicable to privately placed debt securities and subject to information available with the Issuer.

The extent of disclosures made in this Shelf Disclosure Document is consistent with disclosures permitted by regulatory authorities to the issue of securities made by companies in the past.

For **Five Star Business Finance Limited**
For **FIVE-STAR BUSINESS FINANCE LIMITED**



Authorised Signatory

Authorised Signatory

Name: **G. SRIKANTH**

Title: **CHIEF FINANCIAL OFFICER**

Date: February 06, 2017

ANNEXURE I: TERM SHEET

Security Name	As per Term sheet	
Issuer	Five Star Business Finance Limited	
Type of Instrument	Secured, Rated, Listed, Redeemable Non-Convertible Debentures (NCDs) in the form of Separately Transferable Redeemable Principal Parts (STRPPs).	
Nature of Instrument	Secured	
Seniority	Senior	
Mode of Issue	Private placement	
Eligible Investors	As provided in the caption titled "Eligible Investors" in this Shelf Disclosure Document	
Listing	Debentures / STRPPs are proposed to be listed on the WDM of the BSE <i>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 % p.a. over the Coupon Rate from the expiry of 30 (Thirty) calendar days from the Deemed Date of Allotment till the listing of such Debentures / STRPPs.</i>	
Rating of Instrument	"CARE BBB+" by CARE <i>The Issuer/Investor(s) reserves the right to obtain an additional credit rating from any SEBI registered Credit Rating Agency for full or part of the issue size, as it may deem fit, which shall be at least equivalent to the prevailing credit rating to the issue.</i>	
Issue Size	As per Term sheet	
Option to retain oversubscription	N.A.	
Issue Price & Face Value	Each Debenture would comprise of 10 Separately Transferable Redeemable Principal Parts (STRPPs) of face value of Rs. 1,00,000/- (Rupees One Lac only) each.	
Objects & Details of the utilization of the Proceeds	The issue proceeds will be to meet funding requirements of the Issuer for on-lending to the micro, small and medium enterprises sector.	
Trustee	IDBI Trusteeship Services Limited	
Series	As per Term sheet	As per Term sheet
Amount	As per Term sheet	As per Term sheet
Tenor	As per Term sheet	As per Term sheet
Nature of Instrument	Senior, Rated, Listed, Redeemable, Secured, Non-Convertible Debentures (NCDs) in the form Separately Transferable Redeemable Principal Parts (STRPP).	Senior, Rated, Listed, Redeemable, Secured, Non-Convertible Debentures (NCDs) in the form Separately Transferable Redeemable Principal Parts (STRPP).
Coupon Rate	As per Term sheet	As per Term sheet
Coupon Payment Frequency	As per Term sheet	As per Term sheet
Coupon Payment dates	As per Termsheet	As per Termsheet
Coupon Type	Fixed Coupon	Fixed Coupon
Tenor, Amount & Principal redemption schedule	As per Term sheet	As per Term sheet



Redemption Premium	NA	NA
Security (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security)	<p>The outstanding NCD amount, together with interest, default interest remuneration of the Trustee, charges, fees, expenses and all other monies due from the Company, shall be secured by (to the satisfaction of the NCD holders):</p> <p><i>Primary Security</i></p> <ul style="list-style-type: none"> • First ranking and exclusive charge via a deed of hypothecation over specific standard asset portfolio of receivables ("Company's Receivables"). • Pari passu mortgage over immovable properties, in favor of the Debenture Trustee for the benefit of the Debenture Holder(s) • To provide a list on a monthly basis , of specifics loan receivables/identified book debts to the Debenture Trustee over which the charge is created and subsisting by way of hypothecation in favor of the Debenture Trustee (for the benefit of the Debenture holders) ("Monthly Hypothecated Asset Report"). • Revaluation and replacement of security: The Company's Receivables provided as Security shall be current. If a Company's Receivables becomes delinquent over 90 days, such receivable shall be replaced within 30 days. <p>Minimum Security Cover of 1.10 times to be maintained on the outstanding NCD amount of the Debentures at all times during the tenure of the NCDs.</p> <p><i>Eligibility Criteria for the Company's Receivables</i></p> <ul style="list-style-type: none"> • Company's Receivables must be standard • Company's Receivables are existing at the time of selection, and have not been terminated or prepaid • Company's Receivables should not have been restructured or rescheduled; • All loans hypothecated under the deed of hypothecation should comply with RBI norms and guidelines <p>The Company shall promptly and in no event later than 30 (thirty) calendar days from the date on which the value of the assets falls below the Minimum Security Cover, create additional Security Interests over such additional assets and properties of the Company (which are acceptable to the Debenture Trustee (acting on the instructions of the Debenture Holders) as may be required to maintain the Minimum Security Cover and shall execute such deeds, documents and writings and do such acts and things in this regard as may be required by the Debenture Trustee.</p>	
Security Creation/Cover	<p>Security to be created within 30 calendar days of the Issue closure date.</p> <p>In case security cover fall below the required cover, the issuer to pay 2% per annum additional interest over coupon for the period till the security cover is restored back to the requisite levels.</p> <p>However, in no case reinstatement of such security cover shall exceed 60 days from the day such cover falls below the required cover.</p>	



Eligible Investors	<p> <i>a.</i> Mutual Funds <i>b.</i> NBFCs <i>c.</i> Provident Funds and Pension Funds <i>d.</i> Trust inclusive of public charitable trust subject to their investment guidelines <i>e.</i> Corporates <i>f.</i> Banks <i>g.</i> Insurance Companies <i>h.</i> Individual </p> <p>Any other person eligible to invest in the Debentures subject the relevant prevalent guidelines.</p>
Financial Covenants And Additional Covenants	<p>The Company shall provide for following covenant for the Debentures:</p> <p><u>Financial Covenants</u></p> <p>i. Capital Adequacy Ratio of atleast 15% or as per applicable RBI regulation, whichever is higher</p> <p>For the purpose of the calculations of capital adequacy as mentioned above:</p> <ul style="list-style-type: none"> - The first loss credit enhancement provided by the Company on Securitization shall be reduced from capital funds and the deduction shall be capped at 15 % of the outstanding securitized portfolio. - Credit Enhancement provided by the company on loans originated on behalf of other institutions shall be reduced from capital funds without any ceiling. <p>The deduction shall be made at 50 per cent from Tier I capital and 50 percent from Tier II Capital.</p> <p>It is also clarified that in computing the amount of subordinated debt eligible for inclusion in Tier II Capital, the aforesaid subordinated debt shall be subject to discounting as provided in the NBFC Master Directions.</p> <p>ii. Financial Indebtedness to Equity Ratio not exceeding 5 times</p> <p>iii. PAR 90-DPD not to exceed 7 % of the Issuer's Gross Loan Portfolio.</p> <p>iv. There shall not be any cumulative mismatches in any of the buckets till one year of ALM statement.</p> <p>v. Minimum Net worth of Rs.150 Crs</p> <p>vi. No loss on annual basis (PAT Basis)</p> <p>All covenants would be tested on quarterly basis for the Company i.e. as on 31 March, 30 June, 30 Sept and 31 Dec every year, starting from 31 March, 2017 on consolidated and standalone balance sheet till the redemption of the Debentures. The covenants shall be certified by the Chartered Accountant within 45 days from end of each reporting quarter. The Company would be given an opportunity to explain the reasons for the breach in covenants, if any during the remedy period of 30 calendar days. If the company is able to explain the breach to the satisfaction of the debenture holder/s, then it would not attract penalty.</p> <p><u>Other Covenants</u></p> <p>i. No dividend, if an Event of Default has occurred and is subsisting</p> <p>ii. The Issuer shall not, without the prior approval of Investors/ debenture holders</p> <ul style="list-style-type: none"> • enter into any transaction of merger& acquisition, restructuring, amalgamation, de-merger, scheme of arrangement, • compromise with its creditors or shareholders.

	<p>iii. Any other additional covenants which form a part of the debenture Trust Deed to be executed in relation to this NCD issue.</p>
Holding Covenant	<p>a) Mr. D Lakshimpathy to remain the company's Chairman and Managing Director of the Issuer Company.</p> <p>b) Existing Promoter Group to maintain atleast 26% of holding in the company.</p> <p><i>Any Change in the above , the Issuer to seek a prior written consent of the debenture holders/ debenture trustee, in the absence of the availability of such consent the issuer shall have the right to prepay the outstanding debentures without any prepayment premium / penalty.</i></p>
Material Adverse Effect definition	<p>"Material Adverse Effect" means in relation to any entity, the effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, or could reasonably be expected to cause a material and adverse effect on (i) the financial condition, business or operation of the entity which in the opinion of the Debenture Trustee is prejudicial to the ability of the entity to perform its obligations under the Transaction Documents; (ii) the ability of the entity to perform its obligations under the Transaction Documents; or (iii) the legality, validity or enforceability of any of the Transaction Documents.</p>
Step Up Coupon Rate	<p>In the event of the Credit rating of the Issuer is downgraded below "BBB+" by any Credit Rating Agency , the Coupon Rate for the balance period would increase 0.25% p.a. for each notch downgrade in rating and the same will be with effect from the rating downgrade date.</p>
Minimum Credit Rating	<p>Issuer to maintain the below mentioned criteria/s during the tenor of the NCDs:</p> <ol style="list-style-type: none"> 1. Credit Rating of the Issuer from any credit rating agency to remain at minimum of "BBB+". 2. No Withdrawal / Suspension of long term rating of the instrument. <p><i>In case of the breach of the above mentioned criteria, the Debenture Holders shall have the option to require the Company to redeem the Debentures along with accrued interest ("Optional Accelerated Redemption") within 30 days from the date of such an occurrence.</i></p> <p>The occurrence of events above will be determined by the Debenture Holders solely and at its discretion.</p> <p>Upon the exercise of the 'Optional Accelerated Redemption' option by the Debenture Holders, the Debenture Trustee shall issue a notice to the Company for redemption of all amounts outstanding in relation to the Debentures (including any unpaid principal, accrued but unpaid Coupon, Default Interest (if applicable)) as on the date of exercise of the 'Optional Accelerated Redemption' Option ("Optional Accelerated Redemption Date").</p> <p>The Company shall be required to make payment of the aggregate amounts outstanding in relation to the Debentures, including any unpaid Principal Amount, accrued but unpaid Coupon, Default Interest (if applicable) and liquidated damages (if applicable) within 30 business days of the Optional Accelerated Redemption Notice.</p>



Exercise Date/Coupon Reset Date	N.A.
Coupon Reset Process	N.A.
Day Count Basis	Actual / Actual
Interest on Application Money	At the Coupon rate (subject to deduction of tax at source, as applicable) from the date of realization of cheque (s)/ demand draft(s)/ RTGS up to one day prior to the Deemed Date of Allotment. Where pay-in Date and Deemed date of Allotment are the same, no interest on Application money is to be paid.
Representations and Warranties of the Issuer	As mentioned in the caption titled "Representations And Warranties Of The Issuer" in the Shelf Disclosure document to the Issue. The Representations and Warranties shall be continuous in nature and shall be deemed to occur on every day till redemption of the Debentures.
Minimum Application size and in multiples Debt Security thereafter	The minimum application size for the Issue shall be 10 Debentures and in multiples of 1 Debenture thereafter.
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	RTGS/ Any other electronic mode
Depositories	NSDL/CDSL
Call Option	NA
Call Price	NA
Call Notification Time	NA
Put Option	NA
Put Price	NA
Put Notification Time	NA
Exercise Date	NA
Business Day	Any being a day excluding Saturdays, Sundays or public holiday in Mumbai or Chennai.
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. The interest for such additional period shall be adjusted and paid in the next coupon cycle. Hence the subsequent coupon payment period remains intact.</p> <p>If the Redemption Date/Maturity Date (also being the last Coupon Payment Date) of the Debentures falls on a day that is not a Business Day, the redemption proceeds shall be paid on the immediately preceding Business Day, along with coupon/interest accrued on the Debentures until but excluding the date of such payment.</p>
Record Date	The date which will be used for determining the Debenture Holder(s) who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 7 (seven) calendar days prior to any Due Date.



Transaction Documents	<ol style="list-style-type: none"> Debenture Trustee Agreement, which confirms the appointment of IDBI Trusteeship Services Limited as the Debenture Trustee ("Debenture Trustee Agreement"); Debenture Trust Deed, Deed of Hypothecation Shelf Disclosure Document and Issue Addendums for each tranche/series ; PAS-4 Undertaking from the Issuer mentioning all the borrowing facilities of the Company are standard in nature. <p>Such other documents as agreed between the Issuer and the Debenture Trustee.</p>
Conditions Precedent to Disbursement	<ol style="list-style-type: none"> Execution of Shelf Disclosure Document Credit Rating Letter & Rationale Trustee Consent Letter BSE In-principle Approval for Listing Resolution of the Company's Borrowing & Resource Committee authorizing this Issue Resolution of the Company's board of directors authorizing the issuance of debentures Resolution of the shareholders of the Company under 180(1)(c) of the Act Resolution of the shareholders of the Company under Section 42 of the Act Execution of the Debenture Trustee Agreement Finalization of the executable version of the Debenture Trust Deed Finalization of the executable version of the Deed of Hypothecation
Conditions Subsequent to Disbursement	<p>The Company shall fulfil the following conditions subsequent, to the satisfaction of the Debenture Trustee, pursuant to the Deemed Date of Allotment:</p> <ol style="list-style-type: none"> the Company shall ensure that the Debentures are credited into the demat account(s) of the Debenture Holders within 2 (two) Business Days from the Deemed Date of Allotment of the respective Series; the Company will ensure listing of Debentures on the BSE; the Company shall, inter alia, file a copy of Form PAS-4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 in respect of the issue of the Debentures with the ROC and SEBI with the prescribed fee within 30 (thirty) days from the date of the Private Placement Offer Letter and file a return of allotment of securities under Form PAS-3 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the ROC within 30 (thirty) days of the allotment of Debentures along with a list of the Debenture Holders and with the prescribed fee or such other time as prescribed by law whichever is earlier; and the Company shall file a copy of Form PAS-5 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 in respect of the issue of the relevant series of Debentures along with a copy of the Private Placement Offer Letter with ROC and SEBI within 30 (thirty) days from the date of the Private Placement Offer Letter or such other time as prescribed by law whichever is earlier; Execution of Debenture Trust Deed Execution of Deed of Hypothecation <ol style="list-style-type: none"> Execution of any other documents as customary for transaction of a similar nature and size.
Default Interest Rate/Additional Interest Rate / Penal Charges	<p>Without prejudice to any other rights and remedies available to the Debenture Trustee pursuant to the terms of Transaction Documents:</p> <ol style="list-style-type: none"> If, at any time, a Payment Default occurs, the Company agrees to pay additional interest at the rate of 2% (Two Percent) per annum over and above the applicable Interest Rate on all amounts outstanding under the relevant series of Debentures/STRPPs (including the Outstanding Principal Amounts and any



	<p>accrued but unpaid interest) from the date of occurrence of such a Payment Default until such Payment Default is cured or the Debentures /STRPPs are fully redeemed.</p> <p>b) If the Company fails to execute the Debenture Trust Deed& Deed Of Hypothecation on or before the expiry of 30 days from the respective Issue Closure Date , then the Company shall, at the option of the Debenture Holders, either (i) return the subscription amount with the agreed rate of interest or (ii) pay additional interest at the rate of 2% (Two Percent) per annum above the applicable Interest Rate on all amounts outstanding under the STRPPs (including the Outstanding Principal Amounts and any accrued interest) from the Issue Closure Date until such time the deed is executed and the conditions prescribed by Debenture Holders (if any) have been complied with.</p> <p>c) If, at any time, a breach of any Covenant(s) occurs, the Company agrees to pay additional interest at the rate of 2% (Two Percent) per annum over and above the applicable Interest Rate on all amounts outstanding under the relevant series of Debentures/STRPPs (including the Outstanding Principal Amounts and any accrued but unpaid interest) from the date of occurrence of such a breach, until the Debentures /STRPPs are fully redeemed or till the covenants criteria has been replenished.</p> <p>d) In the event there is any delay in listing of the Debentures /STRPPs beyond 20 (twenty) calendar days from the Deemed Date of Allotment, the Company will pay additional interest of 1% (One percent) annum over the Interest Rate, from the expiry of 30 (thirty) calendar days from the Deemed Date of Allotment till the listing of the STRPPs is completed.</p> <p>Any prepayment of the NCDs shall be permitted only after the completion of the 1st year from the respective Deemed Date of Allotment, with the prior approval of the debenture holders subject to a prepayment penalty of 5 % (Five Percent) p.a. in addition to all outstanding liability due on such date.</p>	
Events of Default	As set out in Section 5.4 of the Shelf Disclosure Document	
Consequences Of Events Of Default	As set out in Section 5.5 of the Shelf Disclosure Document	
Role and Responsibilities of Debenture Trustee	To oversee and monitor the overall transaction for and on behalf of the Debenture Holder(s).	
Superior Borrowing Clause	In case the issuer offers any additional covenant or superior covenant than as agreed above, the same will be applicable to the proposed captioned NCD.	
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 or Mumbai and as more particularly provided for in the Debenture Trust Deed.	
Issue Timing & Tranche Amount	As per Term sheet	As per Term sheet
Issue Opening Date	As per Term sheet	As per Term sheet
Issue Pay-In Date	As per Term sheet	As per Term sheet
Issue Closing Date	As per Term sheet	As per Term sheet
Issue Deemed Date of Allotment	As per Term sheet	As per Term sheet



ANNEXURE II: RATING LETTER & RATING RATIONALE



ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE



ANNEXURE IV: RELATED PARTY TRANSACTIONS

FY -2015-2016**30.2. Related Party Transactions****30.2.a. Related Parties:**

Key Management Personnel: Mr.D. Lakshmipathy, Chairman and Managing Director

Relatives of Key Management Personnel:

Mr.D. Lakshmipathy	L. Hema	Wife
	R. Deenadayalan	Father
	D. Varalakshmi	Mother
	B. Sudha	Sister

Individual, directly or indirectly, holding more than 20% of the voting power of the company:

Mr.D. Lakshmipathy (along with his wife Ms.L. Hema)

Companies, directly or indirectly, holding more than 20% of the voting power of the company:

Matrix Partners India Investment Holdings II, LLC

Subsidiary Company:

Five-Star Housing Finance Private Limited

30.2.b. Details of related party transactions for the year

Transactions	Key Management Personnel as at 31.03.2016	Key Management Personnel as at 31.03.2015	Relatives of Key Management Personnel as at 31.03.2016	Relatives of Key Management Personnel as at 31.03.2015	Others 31.03.2016	Others 31.03.2015
Expenses:						
Interest	-	-	222,187	105,038	-	-
Salary	6,021,600	4,216,500	-	-	-	-
Commission/						
Remuneration	-	3,000,000	-	-	-	-
Rent	864,000	864,000	-	-	-	-
Assets						
Investment in Subsidiary	-	-	-	-	150,000,000	-
Rent Advance	400,000	400,000	-	-	-	-
Liabilities						
Issue of Equity Shares	5,000,000	-	-	-	-	12,000,000
Receipt of Share						
Premium	60,000,000	-	-	-	-	144,000,000
Equity Share Capital	25,187,300	19,378,300	21,827,600	21,667,600	39,402,400	39,402,400
Borrowings	-	-	1,780,000	1,670,000	-	-



FY 2014-2015**Related Party Transactions****Related Parties :**

Key Management Personnel : Mr. D. Lakshmipathy, Managing Director
 Ms. V. Nikita, Company Secretary

Relatives of Key Management Personnel :

Mr. D. Lakshmipathy	L. Hema	Wife
	R. Deenadayalan	Father
	D. Varalakshmi	Mother
	B. Sudha	Sister

Individual, directly or indirectly, holding more than 20% of the voting power of the company:
 Mr. D. Lakshmipathy (along with his wife Ms. L. Hema)

Companies directly or indirectly, holding more than 20% of the voting power of the company:
 Matrix Partners India Investment Holdings II, LLC

Note : Related party relationships are as identified by the Management and relied upon by the Auditors.

29.2.b Details of related party transactions for the year

Transactions	Key Management Personnel 31.03.2015 Rs.	Key Management Personnel 31.03.2014 Rs.	Relatives of Key Management Personnel 31.03.2015 Rs.	Relatives of Key Management Personnel 31.03.2014 Rs.	Others 31.03.2015 Rs.	Others 31.03.2014 Rs.
Expenses:						
Interest	-	2,16,165	1,05,038	2,10,334	-	13,27,654
Salary	42,00,000	33,00,000	-	-	-	-
Commission/Remuneration	30,00,000	25,00,000	-	-	-	-
Guarantee Commission	-	-	-	2,00,000	-	-
Rent	8,64,000	8,40,000	-	-	-	-
Assets						
Rent Advance	4,00,000	4,00,000	-	-	-	-
Liabilities						
Issue of Equity Shares	-	-	-	-	1,20,00,000	2,00,00,000
Receipt of Share Premium	-	-	-	-	14,40,00,000	15,00,00,000
Equity Share Capital	1,93,78,300	1,79,62,400	2,16,67,600	-	3,94,02,400	3,26,84,500
Borrowings	-	-	16,70,000	12,36,000	-	-



ANNEXURE V: ILLUSTRATION OF BOND CASH FLOWS

Illustrations of the Bond Cash flows for each Tranche shall be provided for in the relevant Term Sheet (s).

