



**INDICATIVE TERM SHEET FOR INVESTMENT IN  
NON-CONVERTIBLE DEBENTURES TO BE ISSUED BY  
FIVE-STAR BUSINESS FINANCE LIMITED**

*The purpose of this document ("the Indicative Term Sheet") is to outline the terms and conditions of a potential Non-Convertible Debenture issuance by the Issuer proposed to be subscribed to by the Investor. This Indicative Term Sheet does not constitute a final offer, is not exhaustive and may be subject to change.*

DESCRIPTION	PARTICULARS			
<b>Issuer/Company</b>	Five-Star Business Finance Limited			
<b>Investor(s)/Debenture Holders</b>	Franklin Templeton Mutual Fund			
<b>Debenture Trustee</b>	[Catalyst Trusteeship Limited]			
<b>Structurer &amp; Arranger</b>	Vivriti Capital Private Limited			
<b>Rating Agency</b>	[CARE]			
<b>Rating</b>	A-			
<b>Legal Counsel</b>	Not Applicable			
<b>Issuance</b>	Rated, Listed, Senior, Secured, Redeemable, Taxable, Non-Convertible Debentures ("NCDs" or "Debentures")			
<b>Issuance Size</b>	INR 200,00,00,000 (Indian Rupees Two Hundred Crores) split as below			
	Tranche I	Tranche II	Tranche III	Tranche IV
	28 <sup>th</sup> March 2018	27 <sup>th</sup> April 2018	28 <sup>th</sup> May 2018	28 <sup>th</sup> June 2018
	INR 5,00,00,000	INR 65,00,00,000	INR 65,00,00,000	INR 65,00,00,000
	<ul style="list-style-type: none"> <li>▪ The Interest Rate on the Debentures shall be increased by 5% if any of the tranches are not issued by the Issuer as per the agreed schedule</li> <li>▪ The Interest Rate on the Debentures shall be reduced by 5% if the Investor does not subscribe to tranches that are issued as per the agreed schedule</li> </ul>			
<b>Interest Rate</b>	Equivalent to 10.21% paxm			
<b>Interest Type</b>	Fixed			
<b>Interest Payment Frequency</b>	Quarterly			
<b>Principal Amortization</b>	Payable in 4 (Four) equal instalments of INR 50,00,00,000 (Indian Rupees Fifty Crores) each, at the end of 51, 54, 57 and 60 months from the Deemed Date of Allotment.			
<b>Tenor</b>	60 months from the Deemed Date of Allotment			
<b>Put Option</b>	The Debenture Holder(s) can exercise Put Option on the Put Option Notification Date. In the event the Put Option is exercised, the Issuer will redeem the Debentures as per the below schedule –			
	At the end of 34 months from the Deemed Date of Allotment	Tranche 1 + Tranche 2		
	At the end of 36 months from the Deemed Date of Allotment	Tranche 3		
	At the end of 38 months from the Deemed Date of Allotment	Tranche 4		
	In the event Put Option is exercised at the Put Option Notification Date, the Yield to Maturity for the Debenture Holders will be equivalent to 10.0% paxm			
<b>Put Option Notification Date</b>	At the end of 32 months from the Deemed Date of Allotment for Tranche 1 and 2, 34 months for Tranche 3 and 36 months for Tranche 4			



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<b>Call Option</b>	The Issuer can exercise Call Option on the Call Option Notification Date. In the event the Call Option is exercised, the Issuer will redeem the Debentures as per the below schedule –	
	At the end of 34 months from the Deemed Date of Allotment	Tranche 1 + Tranche 2
	At the end of 36 months from the Deemed Date of Allotment	Tranche 3
	At the end of 38 months from the Deemed Date of Allotment	Tranche 4
	In the event Call Option is exercised at the Call Option Notification Date, the Yield to Maturity for the Debenture Holders will be equivalent to 10.40% p.p.m	
<b>Call Option Notification Date</b>	At the end of 32 months from the Deemed Date of Allotment for Tranche 1 and 2, 34 months for Tranche 3 and 36 months for Tranche 4	
<b>Ranking</b>	Each Debenture issued by the Issuer will constitute direct, senior and secured obligations of the Issuer. The claims of the Debenture Holders shall be akin to the claims of senior, secured investors / lenders and shall rank pari passu to all senior, secured indebtedness of the Issuer.  Each of the Debenture Holders shall inter-se rank pari passu in relation to their rights and benefits in relation to the Debentures, without any preference or privilege.	
<b>Registrar &amp; Transfer Agent</b>	[●]	
<b>Depository</b>	NSDL/CDSL	
<b>Issuance mode</b>	Dematerialized, Private Placement	
<b>Trading mode</b>	Dematerialized	
<b>Settlement mode</b>	RTGS / NEFT	
<b>Issue Schedule*</b>	Issue Open Date	[●]
	Issue Close Date	[●]
	Pay-in Date	[●]
	Deemed Date of Allotment	[●]
<b>Listing</b>	The NCDs are proposed to be listed on the Bombay Stock Exchange ("BSE") within 20 calendar days of the Deemed Date of Allotment  In case of a delay by the Issuer in listing the Debentures beyond 20 (Twenty) days from the Deemed Date of Allotment the Issuer shall make payment the Debenture Holders of penal interest calculated on the face value of the Debentures at the rate of minimum of 1% (One Percent) p.a. over the Coupon Rate from the expiry of 30 (Thirty) calendar days from the Deemed Date of Allotment until the listing of the Debentures.	
<b>Business Days</b>	A day (other than a Saturday, a Sunday or a Bank Holiday) on which banks are open for general business in Mumbai and Chennai.	
<b>Business Day Convention</b>	<ul style="list-style-type: none"> <li>• If any coupon payment date falls on a day that is not a working day, the payment shall be made on the immediately succeeding working day.</li> <li>• If the redemption date of the Debentures falls on a day that is not a working day, the redemption proceeds shall be paid on the immediately preceding working day</li> <li>• If the Maturity Date (also the last coupon payment date) of the Debentures falls on a day that is not a working day, the redemption proceeds and coupon payment shall be paid on the immediately preceding working day.</li> </ul>	



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<b>Record Date</b>	3 (Three) Business Days prior to each coupon payment date and redemption date.
<b>End Use</b>	<p>The proceeds of the Issuance will be utilized for the following purposes:</p> <ul style="list-style-type: none"> <li>• General corporate purposes</li> <li>• for the ordinary course of business of the Issuer including repayment/re-financing of existing debt</li> </ul> <p>No part of the proceeds shall be utilized directly/indirectly towards capital markets (debt and equity), land acquisition or usages that are restricted for bank financing.</p>
<b>Issue price</b>	At par
<b>Security</b>	<p>The Debentures shall be secured by way of a first ranking, exclusive and continuing charge on identified receivables ("<b>Hypothecated Receivables</b>") created pursuant to the deed of hypothecation to be executed between the Company and the Debenture Trustee as described herein and a pari passu charge with other debenture holders on the identified immovable property owned by the Issuer. The Hypothecated receivables shall at all times be equal to 1.1x the value of the outstanding principal amount of the Debentures. The issuer undertakes :</p> <ul style="list-style-type: none"> <li>• to maintain receivables cover at all times equal to 1.1x (One Decimal Point One) time or 110.0% (One Hundred and Ten Percent) of the aggregate amount of principal outstanding of the NCDs where at least 1.1x (One Decimal Point One) time or 110.0% (One Hundred and Ten Percent) of the security cover is from principal receivables ("<b>Security Cover</b>");</li> <li>• to create, register and perfect the security over the Hypothecated Assets as contemplated above no later than 60 (Sixty) calendar days after the Deemed Date of Allotment by executing a duly stamped deed of hypothecation ("<b>Deed of Hypothecation</b>") and filing CHG-9 within the time period applicable;</li> <li>• to pay a penal interest of 2.0% (Two Percent) p.a. over the coupon rate in case there is any delay in the creation, registration and perfection of the security over the Hypothecated Assets;</li> <li>• to provide a list on a monthly basis, of specific loan receivables/identified book debts to the Debenture Trustee over which the charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) ("<b>Monthly Hypothecated Asset Report</b>")</li> <li>• to add fresh loan assets to the Security Cover to ensure that the value of the Hypothecated Assets is equal to 1.1x (One Decimal Point One) time or 110.0% (One Hundred and Ten Percent) the aggregate amount of principal outstanding of the NCDs where at least 1.1x (One Decimal Point One) time or 110.0% (One Hundred and Ten Percent) of the security cover is from principal receivables.</li> <li>• to replace any Hypothecated Receivables that become Non Performing Assets (assets delinquent for greater than 90 days) with Standard Assets (assets that have not been delinquent for more than 90 days). Such replacement shall be effected within 15 (Fifteen) Business Days of the receivables becoming Non Performing Assets.</li> </ul> <p><u>Eligibility Criteria for the Hypothecated Receivables:</u></p> <ul style="list-style-type: none"> <li>• the receivables are existing at the time of selection and have not been terminated or pre-paid;</li> </ul>



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	<ul style="list-style-type: none"> <li>the receivables are Standard Assets (assets not delinquent for more than 90 days) and have not been restructured or rescheduled</li> <li>all "Know Your Customer" norms have been complied with as prescribed by the Reserve Bank of India;</li> </ul>
<b>Face value per Debenture</b>	INR 10,00,000 (Indian Rupees Ten Lakh Only)
<b>Issue Price</b>	INR 10,00,000 (Indian Rupees Ten Lakh Only)
<b>Minimum subscription amount</b>	INR 1,00,00,000 (Indian Rupees One Crore Only)
<b>Maturity Date</b>	At the end of 60 months from the Deemed Date of Allotment being [●]
<b>Day count basis</b>	Actual/Actual
<b>Default Interest Rate</b>	<ul style="list-style-type: none"> <li>In case of default in payment of interest and / or principal redemption on the due dates, additional interest @ 2% p.a. over the Coupon Rate will be payable by the Issuer for the defaulting period.</li> <li>In case of default by the Issuer in the performance of any of the covenants of this Issuance, including but not limited to the financial covenants of this Issuance, additional interest @ 2% p.a. over the Coupon Rate will be payable by the Issuer for the defaulting period</li> </ul>
<b>Prepayment Penalty</b>	No prepayment is permitted.
<b>Redemption Amount</b>	The sum of the principal outstanding on the Debentures, accrued Coupon, Default Interest payable (if any) and other charges and fees payable.
<b>Interest on application money</b>	The Issuer shall be liable to pay the Debenture Holders, interest on application money at the Coupon Rate for the period commencing from the date on which the Debenture Holders have made payment of the application monies in respect of the Debenture to the Issuer and ending on one Business Day prior to the Deemed Date of Allotment. The interest on application monies, if any, shall be paid by the Issuer to the Debenture Holders within 7 (Seven) Business days from the Deemed Date of Allotment.
<b>Transaction documents</b>	<p>The Issuer has executed/ shall execute the documents including but not limited to the following, as required, in connection with the Issue as per latest SEBI guidelines / Companies Act 2013 (as applicable) for issuance of NCDs through Private Placement:</p> <ol style="list-style-type: none"> <li>Letter appointing Trustees to the Debenture Holders;</li> <li>Debenture Trusteeship Agreement;</li> <li>Debenture Trust Deed;</li> <li>Deed of Hypothecation;</li> <li>Information Memorandum;</li> <li>Private Placement Offer Letter (Form PAS 4);</li> <li>Board Resolution authorizing this Issuance;</li> <li>Applicable Shareholder Resolutions under the Companies Act 2013;</li> <li>Rating Agreement with the aforesaid Rating Agency(ies) with respect to this Issuance; and</li> <li>Tripartite Agreements with the Depository(ies) and Registrar &amp; Transfer Agent</li> </ol>
<b>Conditions Precedent</b>	<p>The Company shall fulfil the following Conditions Precedent the satisfaction of the Debenture Trustee and submit Conditions Precedent documentation where applicable to the Debenture Trustee, prior to the Pay in Date:</p> <ol style="list-style-type: none"> <li>All corporate approvals from the Board of Directors and shareholders of the Issuer, if applicable, shall have been received for the issuance of the NCDs, and the execution, delivery and performance by the Issuer of the Transaction Documents in accordance with the Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules,</li> </ol>



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	<p>2014, the Companies (Share Capital and Debentures) Rules, 2014 and other rules prescribed;</p> <ol style="list-style-type: none"> <li>2. Execution of the Debenture Trustee Agreement, Deed of Hypothecation and Debenture Trust Deed, in a form and manner satisfactory to the Debenture Trustee shall have taken place;</li> <li>3. The Issuer shall have submitted to the Debenture Trustee the rating letter and rating rationale;</li> <li>4. The Issuer shall have submitted to the Debenture Holders / Debenture Trustee, all required documents for the purpose of satisfying its respective KYC requirements;</li> <li>5. The Issuer shall have submitted to the Debenture Trustee a certified true copy of the constitutional documents of the Company (the Memorandum and Articles of Association and the Certificate of Incorporation)</li> <li>6. The Issuer shall have submitted to the Debenture Trustee its audited account statements for the most recent financial year or audited financial half-year</li> </ol>
<p><b>Conditions Subsequent</b></p>	<p>The Issuer shall ensure that the following documents are executed/activities are completed as per the time frame stipulated in the Debenture Trust Deed</p> <ol style="list-style-type: none"> <li>1. The Issuer shall immediately on receipt of funds, take on all necessary steps to, including making all applicable filings in the Registrar of Companies and obtaining all necessary approvals including filing Form PAS 5 along with the Information Memorandum and Form PAS 3 along with requisite fee within prescribed timelines;</li> <li>2. To create, register and perfect the security over the Hypothecated Assets no later than 60 (Sixty) calendar days from the Deemed Date of Allotment or as applicable under relevant regulation and Law, whichever is earlier.</li> <li>3. Receive final listing approval from the BSE within 20 calendar days from the Deemed Date of Allotment</li> <li>4. The Issuer shall ensure credit of demat account(s) of the allottee(s) with the number of NCDs allotted within 2 (Two) Business Days of the Deemed Date of Allotment</li> <li>5. The Issuer shall ensure compliance with SEBI / Companies Act 2013 (as applicable) for issuance of NCDs.</li> </ol>



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<b>Events of Default</b>	<p>Customary for financings of this nature and others appropriate in the judgment of the Debenture Holders, including but not limited to:</p> <ol style="list-style-type: none"><li>1. Non-payment of any of the dues under this Issuance</li><li>2. Default or trigger of event of default on any other indebtedness (cross default)</li><li>3. Misrepresentation or misleading information leading to Material Adverse Effect in any of the Transaction Documents</li><li>4. Issuer is unable or admits in writing its inability to pay its debts as they mature or suspends making payment of any of its debts, by reason of actual or anticipated financial difficulties or proceedings for taking it into liquidation have been admitted by any competent court or a moratorium or other protection from its creditors is declared or imposed in respect of any indebtedness of the Company;</li><li>5. Insolvency, winding up, liquidation</li><li>6. A receiver or liquidator, provisional liquidator, supervisor, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of the Company or any of its assets is appointed or allowed to be appointed of all or any part of the undertaking of the Company;</li><li>7. Depreciation in the value of assets offered as security to such an extent that in the opinion of the Debenture Trustee, there is a requirement to provide further security to their satisfaction and such additional security is not provided within 7 (Seven) Business Days of written notice served by the Debenture Trustee;</li><li>8. If an attachment or expropriation or restraint of act of sequestration is levied on the Hypothecated Assets or any part thereof;</li><li>9. Creditors' processes initiated against the company</li><li>10. Repudiation of Transaction Documents</li><li>11. Cessation of business</li><li>12. Any material act of fraud, embezzlement, misstatement, misappropriation or siphoning off of the Issuer / Promoter funds or revenues or any other act having a similar effect being committed by the management or an officer of the Issuer</li><li>13. The Company has taken or suffered to be taken any action for re-organisation of its capital or any rearrangement, merger or amalgamation without the prior written approval of the Debenture Holders;</li><li>14. Promoters or key management personnel of the Company being declared willful defaulter</li><li>15. The promoter/s and/or the directors of the Company are accused of, charged with, arrested or convicted a criminal offence involving moral turpitude, dishonesty or which otherwise impinges on the integrity of the promoter/s and/or director, including any accusations, charges and/or convictions of any offence relating to bribery;</li><li>16. Erosion of 50% or more of the Company's net worth</li><li>17. All or a material part of the undertaking, assets, rights or revenues of the Company are condemned, seized, nationalised, expropriated or compulsorily acquired, or shall have assumed custody or control of the business or operations of the Company, or shall have taken any action for the dissolution of the Company, or any action that would prevent the Company, their member, or their officers from carrying on their business or operations or a substantial part thereof, by or under the authority of any Government or Government authority;</li></ol>
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	<p>18. Occurrence of a Material Adverse Effect as determined by the Debenture Trustee, acting solely on the instructions of the Majority Debenture Holders.</p> <p>19. Change in management control without prior written consent from the Debenture Holders</p> <p>20. Any Transaction Document once executed and delivered, ceases to be in full force or becomes unlawful, invalid and unenforceable;</p> <p>21. A petition for the reorganization, arrangement, adjustment, winding up or composition of debts of the Company is filed on the Company (voluntary or otherwise) or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding is not contested by the company for staying, quashing or dismissed within 15 (Fifteen) days</p> <p>22. Any failure by the Company to comply with any of the provisions of the Transaction Documentation in relation to the security including but not limited to the failure by the Company to provide additional or alternate security to the satisfaction of the Debenture Trustee;</p> <p>23. In the opinion of the Debenture Trustee, the security is in jeopardy;</p> <p>24. Breach of the following covenants:</p> <ul style="list-style-type: none"> <li>a) Affirmative Covenants – (i) Preserve corporate status; authorisations, (ii) Payment of Stamp Duty, (iii) Handling Investor grievances, (iv) Compliance with Investor Education and Protection Fund requirements, (v) Regulatory Filings, (vi) Regulatory requirements in case of a Foreign Investor, (vii) Maintenance of Books of Account and (viii) Corporate Governance; and</li> <li>b) Negative Covenants - (i) Change of business; Role of Promoter, (ii) maintenance of Promoter stake and (iii) Dividend distribution in case of default</li> <li>c) Financial Covenants where such breach is not cured within 60 (Sixty) calendar days.</li> </ul> <p>Upon occurrence of any of the aforesaid event of default, the Debenture Trustee may by a notice (unless instructed otherwise by the investors) in writing to the Company initiate actions as may be contemplated in the Transaction Documents including the following:</p> <ul style="list-style-type: none"> <li>(a) require the Company to mandatorily redeem the Debentures and repay the principal amount on the Debentures, along with accrued but unpaid interest, and other costs, charges and expenses incurred under or in connection with this Deed and other Transaction Documents;</li> <li>(b) declare all or any part of the Debentures to be immediately (or on such dates as the Debenture Trustee may specify) due and payable, whereupon it shall become so due and payable.</li> </ul>
<p><b>Reporting Covenants</b></p>	<p>1. <b>Quarterly Reports</b> – within 45 (Forty Five) calendar days from the end of each financial quarter</p> <ul style="list-style-type: none"> <li>a) Information on financials</li> <li>b) List of Board of Directors</li> <li>c) Shareholding Pattern</li> <li>d) Financial covenant compliance certificate signed by a Director or the Chief Financial Officer</li> </ul>



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	<p>2. <b>Annual Reports</b> – within 120 (One Hundred and Twenty) calendar days from the end of each financial year</p> <p>a) Audited financial statements</p> <p>3. <b>Event Based Reports</b> – within 10 (Ten) Business Days of the event occurring</p> <p>a) Change in Shareholding structure  b) Change in Board composition  c) Changes in Accounting Policy  d) Change in senior management officials (any CXO or equivalent)  e) Board approval of annual business plan  f) Any fraud amounting to more than 1.0% of Gross Loan Portfolio  g) Change in the constitutional documents of the Company  h) Material Adverse Effect  i) Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect.  j) Winding up proceedings  k) Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same.  l) Any prepayment or notice of any prepayment of any Indebtedness of the Issuer</p>
<p><b>Financial Covenants</b></p>	<p>1. The capital adequacy ratio shall be maintained at a minimum of the levels stipulated by the RBI at all points in time (currently 15%).</p> <p>2. A Debt to Equity ratio of 4 times;</p> <p>3. Gross NPA shall not exceed 5.00% of the Assets under Management of the Issuer.</p> <p>All covenants would be tested on semi-annual basis for the Company, i.e. as on 31st March and 30th September every year, starting from 31<sup>st</sup> March 2018 on consolidated and standalone balance sheet till the redemption of the Debentures.</p> <p>The covenants shall be certified by the Company within 45 (Forty Five) calendar days from the end of each financial half year.</p> <p><i>For the purpose of this aforesaid clause, the following definitions may be relied upon:</i></p> <p><i>"Debt" shall mean aggregate of</i></p> <ul style="list-style-type: none"> <li>▪ All long-term outstanding, whether secured or unsecured, plus</li> <li>▪ Contingent liabilities pertaining to corporate / financial guarantees given on behalf of any company / SPV / subsidiary / affiliate to the extent of outstanding of such guaranteed debt, plus</li> <li>▪ Any short term debt outstanding whether secured or unsecured, availed of in lieu of long term debt or by way of bridge financing for long term debt</li> <li>▪ Any amount raised by acceptance under any acceptance credit facility</li> <li>▪ Receivables sold or discounted (other than receivables to the extent they are sold on a non-recourse basis)</li> </ul>



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	<ul style="list-style-type: none"> <li>▪ Any put option, shortfall / liquidity support undertaking, debt service reserve account undertaking, keep fit letter(s), which give or may give rise to any financial obligation(s)</li> <li>▪ Any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;</li> </ul> <p>"Equity" shall mean issued and paid up Equity, compulsorily convertible instruments and Preference Share Capital (+) all reserves (excluding revaluation reserves) (-) any dividend declared (+) deferred tax liability (-) deferred tax assets (-) intangibles (including but not restricted to brand valuation, goodwill etc) as per the latest audited financials of the Issuer.</p> <p>"Gross NPA" shall mean the entire outstanding principal value of the relevant portfolio of the Issuer that has one or more instalments of payments (including principal or interest) overdue for 90 days or more and any restructured loans.</p>
<b>Early Redemption</b>	<p>The Debentures along with the accrued interest shall become due and payable within 30 (Thirty) days upon receipt of written notice from Debenture Trustee of happening of any of the following events ("Early Redemption Events");</p> <ol style="list-style-type: none"> <li>1. If any time during the tenor of the Debentures, the rating of instrument is downgraded to BBB+, the Debenture Trustee shall have the right, but not an obligation, to require the Issuer to redeem the Debentures.</li> </ol>
<b>Affirmative Covenants</b>	<ol style="list-style-type: none"> <li>1. To utilise the proceeds of this issue in accordance with applicable laws and regulations</li> <li>2. To comply with corporate governance, fair practices code prescribed by the RBI</li> <li>3. Notification of any potential Event of Default or Event of Default;</li> <li>4. Obtain, comply with and maintain all licenses / authorizations</li> <li>5. Provide details of any material litigation, arbitration or administrative proceedings (materiality threshold to be finalized during documentation)</li> <li>6. Maintain internal control for the purpose of (i) preventing fraud on monies lent by the Company; and (ii) preventing money being used for money laundering or illegal purposes</li> <li>7. Permit visits and inspection of books of records, documents and accounts to Debenture Trustee as and when required by them</li> <li>8. Comply with any monitoring and/or servicing requests from Debenture Trustee</li> </ol>
<b>Negative Covenants</b>	<p>The Issuer shall not without the prior written permission of the Debenture Holders and Debenture Trustee, do or undertake to do any of the following:</p> <ol style="list-style-type: none"> <li>1. Change in promoter, and management control</li> <li>2. Change in shareholding of the promoter(s) in the company below 15%.</li> <li>3. Mr. Lakshmiopathy D to hold the position of Managing Director in the company at all times until the Debentures are redeemed</li> <li>4. M&amp;A, acquisition, restructuring, amalgamation without approval of Debenture Holders over and above 10% of the Networth of the Issuer in a financial year</li> <li>5. The Issuer shall not, without the prior approval of Debenture Holders, enter into any transaction of merger, de-merger, consolidation, re-organization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction; provided however that this restriction shall not apply in the event that the compliance with this restriction would result in the</li> </ol>



*This document does not constitute an offer, or an invitation to offer, or a recommendation to enter into any transaction. We have sent you this document in our capacity as a potential counterparty acting at arm's length. We are not acting as your financial adviser or in a fiduciary capacity in respect of this proposed transaction or any other transaction with you unless otherwise expressly agreed by us in writing. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisers in making this assessment.*



	<p>Issuer defaulting in relation to any of its payment obligations in relation to the Debentures.</p> <ol style="list-style-type: none"> <li>6. The Issuer will not purchase or redeem any of its issued shares or reduce its share capital without the Debenture Holders' prior written consent;</li> <li>7. Issuer shall not amend or modify clauses in its Memorandum of Association and Article of Association, where such amendment would have a Material Adverse Effect, without prior consent of the Debenture Trustee</li> <li>8. Issuer shall not change its financial year-end from 31st March (or such other date as may be approved by Debenture Holders) without prior consent of the Debenture Trustee</li> <li>9. Any sale of assets/business/division that has the effect of exiting the business or re-structuring of the existing business, to be with the prior consent of the Debenture Holders</li> <li>10. No dividend, if an Event of Default has occurred and is subsisting</li> <li>11. Not undertake any new major new business outside financial services or any diversification of its business outside financial services, without approval of Debenture Holders</li> </ol>
<b>Representations &amp; Warranties</b>	<ol style="list-style-type: none"> <li>1. The Company is registered with the RBI as a NBFC</li> <li>2. No Event of Default has occurred and is continuing on the date of this transaction</li> <li>3. The Debentures under this Issuance shall rank pari passu amongst themselves, and with all other <b>senior, secured</b> creditors. Binding obligation of Transaction Documents</li> <li>4. No conflict with other obligations / constitutional documents</li> <li>5. No Material Adverse Change in business, condition or operations of the Issuer</li> <li>6. Company has the power and authority to issue Debentures and such Transactions Documents are valid and admissible in evidence</li> <li>7. Absence of any pending or threatened litigation, investigation or proceedings that may have a material adverse effect on the business condition (financial or otherwise), operations, performance or prospects of the Issuer or that purports to affect the Facility</li> <li>8. Illegality</li> </ol> <p>And as set out in greater detail in the Transaction Documents.</p>
<b>Indemnification</b>	<p>The Issuer will indemnify, and hold harmless the Debenture Holders from and against any claim, liability, demand, loss, damage, judgment or other obligation or right of action which may arise as a result of breach of this Term Sheet by the Issuer or its Promoter/s.</p>
<b>Confidentiality</b>	<p>The terms and conditions described in this Term Sheet, including its existence, shall be confidential information and shall not be disclosed to any third party except to each Party's advisors and counsel. Provided however that if any of the Parties is required by law to disclose information regarding this Term Sheet or to file this Term Sheet with any regulatory body, it shall, at a reasonable time after making any such disclosure or filing, informing the other Parties.</p>
<b>Governing Law &amp; Jurisdiction</b>	<p>This Term Sheet shall be governed and construed exclusively in accordance with the laws of India and any disputes arising there from shall be subject to the jurisdiction of appropriate courts and tribunals at Mumbai, India.</p>



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<b>Transaction Costs</b>	The Issuer shall bear all transaction related costs incurred by the Debenture Holders with respect to legal counsel, valuers and auditors / consultants. Such costs include: <ol style="list-style-type: none"><li>1. Trustee fees</li><li>2. Listing fees</li><li>3. Rating fees</li><li>4. Any other reasonable transaction related expense incurred by the Debenture Holders</li><li>5. Stamping and registration in relation to all Transaction Documents.</li></ol>
<b>Taxes, Duties, Costs and Expenses</b>	<ol style="list-style-type: none"><li>1. Relevant taxes, duties and levies are to be borne by the Issuer.</li><li>2. The charges / fees and any amounts payable under this Debentures by the Issuer as mentioned herein do not include any applicable taxes, levies including service tax etc. and all such impositions shall be borne by the Issuer additionally.</li></ol>
<b>Eligible investors</b>	As permitted under Applicable Law

**Accepted and agreed**

For FIVE-STAR BUSINESS FINANCE LIMITED  
For the Issuer

  
Authorised Signatory

(Authorised signatory)

For the Investor

(Authorised signatory)

**DISCLAIMER:**

*This term sheet only summarizes the principal terms with respect to a potential investment by the Investor in rated, non-convertible, redeemable, cumulative preference shares proposed to be issued by the Issuer.*

*This term sheet is intended solely as a basis for further discussion and is not intended to be and does not constitute a legally binding obligation. No legally binding obligations will be created, implied or inferred until the Transaction Documents are executed and delivered. Without limiting the generality of the foregoing, it is the intent of the parties that until the execution of Transaction Documents, no agreement shall exist among them and there shall be no obligations whatsoever based on such things as parol evidence, extended negotiations, "handshakes," oral understandings, or course of conduct.*

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