

**Series II**

**ISSUE ADDENDUM FOR ISSUE OF NON-CONVERTIBLE  
DEBENTURES ON A PRIVATE PLACEMENT BASIS**

**Date: 6<sup>th</sup> August 2020**

**FIVE-STAR BUSINESS FINANCE LIMITED**

A public limited company incorporated under the Companies Act, 1956

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

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

**Telephone No.:** 044-46106200; **Fax No.:** 044-46106200

**Email:** [secretary@fivestargroup.in](mailto:secretary@fivestargroup.in); **Website:** <https://www.fivestargroup.in/>

**Issue Addendum issued in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular No. LAD-NRO/GN/2008/13/127878 dated June 6, 2008, as amended from time to time and the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended from time to time.**

**PRIVATE PLACEMENT OF RATED, LISTED, SENIOR, SECURED, REDEEMABLE, TAXABLE, TRANSFERABLE, NON-CONVERTIBLE DEBENTURES (“NCDs” OR “DEBENTURES”) OF THE FACE VALUE OF RS. 10,00,000/- (RUPEES TEN LAKH ONLY) EACH AGGREGATING UPTO RS. 50,00,00,00,000/- (RUPEES FIFTY CRORES ONLY) WITH GREEN SHOE OPTION OF RS. 100,00,00,00,000/- (RUPEES ONE HUNDRED CRORES ONLY) AGGREGATING TO RS. 150,00,00,00,000/- (RUPEES ONE HUNDRED AND FIFTY CRORES ONLY) UNDER THE TERMS OF THE SHELF DISCLOSURE DOCUMENT READ WITH THIS ISSUE ADDENDUM**

This Issue Addendum (“Issue Addendum”) is issued in terms of and pursuant to the Shelf Disclosure Document dated **June 21, 2020**. All the terms, conditions, information and stipulations contained in the Shelf Disclosure Document, unless the context states otherwise or unless specifically stated otherwise, are incorporated herein by reference as if the same were set out herein. Investors are advised to refer to the same to the extent applicable. This Issue Addendum must be read in conjunction with the Shelf Disclosure Document and the Private Placement Offer cum Application Letter.

This Issue Addendum contains details of this Series and any material changes in the information provided in the Shelf Disclosure Document, as set out herein. Accordingly set out below are the updated particulars / changes in the particulars set out in the Shelf Disclosure Document, which additional / updated information / particulars shall be read in conjunction with other information / particulars appearing in the Shelf Disclosure Document. All other particulars appearing in the Shelf Disclosure Document shall remain unchanged. In case of any inconsistency between the terms of this Issue Addendum and the Shelf Disclosure Document and/or the terms of this Issue Addendum and/or any other Transaction Document, the terms as set out in this Issue Addendum shall prevail.

All capitalized terms used but not defined herein shall have the meaning ascribed to them in the Shelf Disclosure Document.

This Issue Addendum is dated 6<sup>th</sup> August, 2020.

Security Name	FSBFL 9.75% -18m- Series II
Issuer	Five-Star Business Finance Limited
Type of Instrument	Rated, Listed, Senior, Secured, Redeemable, Taxable, Transferable, Non-Convertible Debentures (“NCDs” or “Debentures”)
Nature of Instrument	Secured

Seniority	Senior
Mode of Issue	Private placement
Eligible/Identified Investors	As permitted under Applicable Law
Listing	<p>The NCDs are proposed to be listed on the Bombay Stock Exchange ("BSE") within 20 calendar days of the Deemed Date of Allotment</p> <p>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 2% (two Percent) p.a. over the Coupon Rate from the expiry of 20 (Twenty) calendar days from the Deemed Date of Allotment until the listing of the Debentures.</p>
Rating of Instrument	ICRA A as assigned by the Rating Agency
Issue Size	Rs. 280,00,00,000/- (Rupees Two Hundred Crores and Eighty Lakhs only).
Series Amount	Rs. 50 crores (Rupees Fifty Crores only) with Green Shoe Issue of Rs. 100,00,00,00,000/- (Rupees One Hundred Crores only) aggregating to Rs. 150,00,00,00,000/- (Rupees One Hundred and Fifty Crores only)
Option to retain oversubscription	Not Applicable
Objects of the Issue	The funds raised through the Issue will be utilized as per the section "Objects & Utilization of the Issue Proceeds" stipulated in the Shelf Disclosure Document.
Details of the utilization of the Proceeds	The funds raised through the Issue will be utilized as per the section "Objects & Utilization of the Issue Proceeds" stipulated in the Shelf Disclosure Document.
Original Coupon of the ISIN	9.7500 % per annum
Rate of Interest	9.5694 % per annum
Coupon Payment Frequency	Annually
Coupon Payment Dates	As per redemption schedule
Coupon Type	Fixed
Coupon Reset Date	NA
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor, etc.)	NA
Day Count Basis	Actual/Actual
Interest on Application Money	<p>The Issuer shall be liable to pay the Debenture Holder(s) interest on application money at additional interest @ 2% p.a. over the Coupon Rate per annum for the period commencing from the credit of subscription monies in respect of the Debentures in the account of the Issuer until the Deemed Date of Allotment.</p> <p>Where Pay-in Date and Deemed Date of Allotment are the same, no Interest on Application money is to be paid.</p>
Default Interest Rate	In case of default in payment of Interest and/or principal redemption on the due dates, additional interest of atleast @ 2% p.a. over the coupon rate shall be payable by the Company for the defaulting period
Delay in Listing	In case of delay in listing of the debt securities beyond 20 days from the deemed date of allotment, the Company shall pay penal interest of atleast @ 2% 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.

Delay Penalty	In the case of a delay in the execution of Debenture Trust Deed and the Security documents, the Issuer shall refund the subscription with the agreed rate of interest or shall pay penal interest of 2% (Two Percent) per annum over the and above the applicable Coupon Rate until such time the conditions have been complied with at the option of the Investor.											
Tenor	17 months and 20 days from the Deemed Date of Allotment											
Redemption Date/Maturity Date	31 <sup>st</sup> January, 2022											
Redemption Amount	The sum of the principal outstanding on the Debentures, accrued Coupon, Default Interest payable (if any) and other charges and fees payable.											
Redemption Premium/Discount	At Par											
Issue Price	Rs. 10,00,000 (Indian Rupees Ten Lakh Only)											
Premium/Discount at which security is issued	Rs. 10,03,224/-											
Put Date	Not Applicable											
Put Price	Not Applicable											
Call Date	Not Applicable											
Call Price	Not Applicable											
Put Notification Time	Not Applicable											
Call Notification Time	Not Applicable											
Face Value	Rs. 10,00,000 (Indian Rupees Ten Lakh Only)											
Minimum Application size and in multiples of 1 thereafter	Rs. 1,00,00,000 (Rupees One Crore Only)											
Issue Timing	<table border="1" data-bbox="524 1123 1413 1268"> <tr> <td>Issue Open Date</td><td>10<sup>th</sup> August 2020</td></tr> <tr> <td>Issue Close Date</td><td>10<sup>th</sup> August 2020</td></tr> <tr> <td>Pay-in Date</td><td>11<sup>th</sup> August 2020</td></tr> <tr> <td>Deemed Date of Allotment</td><td>11<sup>th</sup> August 2020</td></tr> </table> <p>This issue is under reissuance of existing ISIN: INE128S07473, having the original date of allotment as 31<sup>st</sup> July, 2020 and therefore the investor has to credit the accrued interest of Rs 2,938/- for the intervening period to the company.</p>			Issue Open Date	10 <sup>th</sup> August 2020	Issue Close Date	10 <sup>th</sup> August 2020	Pay-in Date	11 <sup>th</sup> August 2020	Deemed Date of Allotment	11 <sup>th</sup> August 2020	
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Issuance mode of the Instrument	Demat only											
Trading mode of the Instrument	Demat only											
Settlement mode of the Instrument	<p>The subscription to the Debentures shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI under the EBP Guidelines by placing bids on the EBP Platform during the Issue period. The Eligible Investors should also refer to the operational guidelines of the EBP in this respect. The disclosures required pursuant to the EBP Guidelines are set out herein below:</p> <table border="1" data-bbox="539 1830 1421 2010"> <tr> <td><b>Details of size of the Issue including green shoe option, if any</b></td><td colspan="2">As per term sheet/issue addendum</td></tr> <tr> <td><b>Bid opening and closing date</b></td><td>Issue Opening Date</td><td>10<sup>th</sup> August 2020</td></tr> <tr> <td></td><td>Issue closing Date</td><td>10<sup>th</sup> August 2020</td></tr> </table>			<b>Details of size of the Issue including green shoe option, if any</b>	As per term sheet/issue addendum		<b>Bid opening and closing date</b>	Issue Opening Date	10 <sup>th</sup> August 2020		Issue closing Date	10 <sup>th</sup> August 2020
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EBP Process	<p><b>Issue and Payment Procedure</b></p> <ul style="list-style-type: none"> <li><b>Bidding Process</b> All Eligible Participants are required to apply for the Issue and make payment of the full application amount in accordance with the Bidding Process outlined in the Disclosure Document. The Issue will be through open bidding on the EBP platform in line with EBP Guidelines vide SEBI circular SEBI/HO/DDHS/CIR/P/2018/122 dated August 16, 2018 or such other circular issued from time to time.</li> <li><b>Manner of settlement</b> Settlement of the Issue will be done through the [escrow account of the Issuer / ICCL] and the account details are given in the section on 'Payment Mechanism' of this Disclosure Document.</li> <li><b>Provisional or Final Allocation</b> Allocation shall be made on a pro rata basis in the multiples of the bidding lot size, i.e., in multiples of Rs. 10,00,000 (Rupees Ten Lakh Only). Post completion of bidding process, the Issuer will upload the provisional allocation on the BSE EBP platform. Post receipt of details of the successful bidders, the Issuer will upload the final allocation file on the BSE-EBP platform.</li> <li><b>Payment Mechanism</b> Payment of subscription money for the Bonds should be made by the Identified Investors as notified by the Issuer.  The participants should complete the funds pay-in to the designated bank account of Indian Clearing Corporation Ltd (ICCL).</li> </ul> <p><b>List of Designated Banks is as under:</b></p> <table border="1"> <tr> <td></td> <td>ICICI BANK</td> <td>YES BANK</td> <td>HDFC BANK</td> </tr> <tr> <td>Beneficiary Name</td> <td>Indian Clearing Corporation Ltd</td> <td>Indian Clearing Corporation Ltd</td> <td>Indian Clearing Corporation Ltd</td> </tr> <tr> <td>Account Number</td> <td>ICCLEB</td> <td>ICCLEB</td> <td>ICCLEB</td> </tr> <tr> <td>IFSC Code</td> <td>ICIC0000106</td> <td>YESB0CMSNOC</td> <td>HDFC0000060</td> </tr> <tr> <td>Mode</td> <td>RTGS</td> <td>RTGS</td> <td>RTGS</td> </tr> </table>		ICICI BANK	YES BANK	HDFC BANK	Beneficiary Name	Indian Clearing Corporation Ltd	Indian Clearing Corporation Ltd	Indian Clearing Corporation Ltd	Account Number	ICCLEB	ICCLEB	ICCLEB	IFSC Code	ICIC0000106	YESB0CMSNOC	HDFC0000060	Mode	RTGS	RTGS	RTGS
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	<p>Successful bidders must do the subscription amount payment to the Designated Bank Account on or before 10:30 a.m. on the Pay-in Date (“<b>Pay-in Time</b>”). Identified Investors should ensure to make payment of the subscription amount for the Bonds from their same bank account which is updated by them in the BSE EBP platform while placing the bids. In case of mismatch in the bank account details between BSE - EBP platform and the bank account from which payment is done by the successful bidder, the payment would be returned.</p> <p><b>Note:</b> In case of failure of any Identified Investor to complete the subscription amount payments by the Pay-in Time or the funds are not received in the Designated Bank Account by the Pay-in Time for any reason whatsoever, the bid will liable to be rejected and the Issuer shall not be liable to issue Bonds to such Identified Investors.</p> <ul style="list-style-type: none"> <li>● <b>Settlement Process</b> Upon final allocation by the Issuer, the Issuer or the Registrar on behalf of the Issue shall instruct the Depositories on the Pay-In Date, and the Depositories shall accordingly credit the allocated Bonds to the demat account of the successful bidder.</li> </ul> <p>The Company shall give the instruction to the Registrar for crediting the Debentures by 12:00 p.m. on the Pay-In Date. The Registrar shall provide corporate action file along with all requisite documents to Depositories by 12:00 p.m. on the Pay-In Date. On the Pay-In Date, the Depositories shall confirm to the Issuer the transfer of Bonds in the demat account(s) of the successful bidder(s).</p>
Depositories	NSDL/CDSL
Business Days	Means a day (other than a Saturday and Sunday or a bank/National holiday) on which banks are open for general business in Mumbai and Chennai, India
Business Day Convention	<p>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.</p> <p>If the redemption date of the Debentures falls on a day that is not a working day, the redemption proceeds (principal and coupon) shall be paid on the immediately preceding working day.</p> <p>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.</p>
Record Date	7 (Seven) Calendar Days prior to each coupon payment date and redemption date.
End Use	<p>The proceeds of the Issuance will be utilized for the following purposes:</p> <ul style="list-style-type: none"> <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>Issue proceeds will not be used for acquisition of land or for investing in Capital Markets or for the following purposes which are not eligible for bank finance:</p>

	<ul style="list-style-type: none"> <li>• Bills discounted / rediscounted by the Issuer - except for rediscounting of bills discounted by NBFCs</li> <li>• Investments of the Issuer both of current and long-term nature, in any company / entity by way of shares, debentures.</li> <li>• Unsecured loans / inter-corporate deposits by the Issuer to / in any company.</li> <li>• All types of loans and advances by the Issuer to their subsidiaries, group companies / entities.</li> <li>• Further lending to individuals for subscribing to Initial Public Offerings (IPOs) and for purchase of shares from secondary market</li> <li>• The proceeds of the NCD shall not be used for any purpose, which maybe in contravention of the government/RBI/SEBI/Other regulatory guidelines.</li> </ul>
Security	<p>The Issue shall be secured by way of a first ranking exclusive and continuing charge to be created pursuant to the deed of hypothecation to be executed between the Issuer and the Trustee ("<b>Deed of Hypothecation</b>") over certain identified receivables of the Issuer (the "<b>Hypothecated Assets</b>"). A security cover of 110% of the value of the aggregate principal amount outstanding on the Debentures including accrued Coupon thereon, Default Interest accrued thereon (if any) shall be maintained at all times until the redemption of the Debentures ("<b>Security Cover</b>"). Non – maintenance of security cover will attract a penal interest of 2%p.a. over the coupon rate for the period of non- compliance.</p> <p>The security will be created and perfected within 30 days from the Deemed Date of Allotment. Issuer's failure to create and perfect security shall attract 2% additional interest and give an option to the NCD holders for early redemption.</p> <p>The Issuer undertakes to provide a list and details on a quarterly basis, of Hypothecated Receivables client loan ("<b>Hypothecated Asset Report</b>")</p> <p><u>Eligibility Criteria for the Hypothecated Receivables:</u></p> <p>Each asset provided as security must comply with the portfolio origination criteria below:</p> <ul style="list-style-type: none"> <li>• All applicable "know your customer" requirements prescribed by the RBI have be complied with;</li> <li>• The receivables are existing at the time of selection and have not been terminated or pre-paid;</li> <li>• The receivables have not been restructured or rescheduled and are 'standard'. It is clarified that the assets would be 'current' on inclusion and replacement of receivables (to be carried out within 30 calendar days) would be upon becoming NPA (i.e. on crossing 90DPD).</li> <li>• Each client loans must satisfy the Issuer's credit and underwriting policies, including credit referencing agency checks where commonly used;</li> <li>• Each client loan must be directly originated by the Issuer and not loans purchased from a third party;</li> </ul> <p>All loans hypothecated under the deed of hypothecation comply with RBI norms and guidelines</p>

Transaction Documents	<ul style="list-style-type: none"> <li>● Letter appointing Trustees to the Debenture Holders</li> <li>● Private Placement Offer Letter</li> <li>● Information Memorandum</li> <li>● Debenture Trust Deed</li> <li>● Deed of Hypothecation</li> <li>● Debenture Trustee Agreement</li> <li>● Board Resolution authorizing this Issuance</li> <li>● Applicable Shareholder Resolutions under the Companies Act 2013</li> <li>● Rating letter with the aforesaid Rating Agency(ies) with respect to this Issuance</li> <li>● In Principal approval from stock exchanges for listing of NCDs.</li> <li>● Any other document as may be agreed between the parties.</li> </ul> <p>All transaction documents will comply with the requirements prescribed by the RBI (if applicable), SEBI (if applicable) and under the Companies Act, 2013 for the issuance of non-convertible debentures.</p>
Conditions Precedent to Disbursement	<p>To be prescribed in the transaction documents. These will include, but not limited to:</p> <ol style="list-style-type: none"> <li>1. All corporate approvals from the Board of Directors and shareholders of the Issuer, if applicable, shall have been received for the issuance of the NCDs in accordance with Companies Act, 2013 and submit the same to Debenture Trustee and Debenture Holders;</li> <li>2. copies of the authorisations, approvals and licenses received by the Issuer from the RBI;</li> <li>3. copies of the resolution of the shareholders of the Issuer under Section 42 of the Act, certified as correct, complete and in full force and effect by an appropriate officer of the Issuer;</li> <li>4. a copy of the resolution of the shareholders of the Issuer in accordance with Section 180(1)(c) of the Act approving the borrowing contemplated under the Transaction Documents OR a certificate of an authorised person of the Issuer confirming the non-applicability of Section 180(1)(c) of the Act;</li> <li>5. a copy of the resolution of the shareholders of the Issuer in accordance with Section 180(1)(a) of the Act approving the creation of Security over the Charged Receivables OR a certificate of an authorised person of the Issuer confirming the non-applicability of Section 180(1)(a) of the Act;</li> <li>6. a copy of the rating letter and the rating rationale issued by the Rating Agency in relation to the Debentures; Submitting to the Debenture Trustee and Debenture Holders, the rating letter issued by the Rating Agency;</li> <li>7. a copy of the consent from the Registrar to act as the registrar and transfer agent for the issue of Debentures;</li> <li>8. a copy of the consent from the Debenture Trustee to act as the debenture trustee for the issue of Debentures;</li> <li>9. Submitting to the Debenture Trustee and Debenture Holders, the rating letter issued by the Rating Agency;</li> <li>10. The Issuer shall have submitted to the Debenture Holders and Debenture Trustee, all required documents for the purpose of satisfying its respective KYC requirements;</li> <li>11. The Issuer shall have submitted to the Debenture Trustee and Debenture Holders a certified true copy of the constitutional</li> </ol>

	<p>documents of the Issuer (the Memorandum and Articles of Association and the Certificate of Incorporation);</p> <p>12. The Issuer shall have submitted to the Debenture Trustee and Debenture Holders its audited account statements for the most recent financial year or audited financial half-year;</p> <p>13. Execution of Debenture Trustee Agreement, issuance of Letter appointing Trustees to the Debenture Holders and submitting to the Debenture Holder a copy of the consent letter received from the Debenture Trustee agreeing to act as Debenture Trustee for the Debenture Holders;</p> <p>14. The Issuer shall issue the Information Memorandum.</p>
Conditions Subsequent to Disbursement	<p>To be prescribed in the Transaction Documents. These will include:</p> <ol style="list-style-type: none"> <li>1. On or prior to the utilisation of the subscription monies by the Company in respect of the Debentures and in any case, within 15 (Fifteen) days from the Deemed Date of Allotment, the Company shall file of a return of allotment on the issue of the Debentures in Form PAS-3 specified pursuant to Rule 12 and 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, along with the requisite fee with the Registrar of Companies;</li> <li>2. The Debentures to be listed on the Bombay Stock Exchange ("BSE") within 20 calendar days of the Deemed Date of Allotment</li> <li>3. Creation and perfection of the Security within 30 (Thirty) days from the Deemed Date of Allotment;</li> <li>4. Filing of the relevant forms with the Registrar of Companies for the perfection of charge over the Hypothecated Assets within and no later 30 (Thirty) calendar days from the Deemed Date of Allotment; and</li> <li>5. Execution of the Debenture Trust Deed and Deed of Hypothecation in form and manner satisfactory to the Debenture Trustee;</li> <li>6. The Company shall ensure compliance with RBI Act including Master circulars and guidelines issued by RBI, SEBI Act, circular and Regulations, Companies Act, 2013 and other applicable laws for issuance of Debentures.</li> </ol>
Provisions related to Cross Default Clause	<p>The Issuer:</p> <ol style="list-style-type: none"> <li>1. defaults in any payment of any Financial Indebtedness beyond the period of grace (not to exceed 30 (thirty) days), if any, provided in the instrument or agreement under which such Financial Indebtedness was created;</li> <li>2. defaults in the observance or performance of any agreement or condition relating to any Financial Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause or to permit the holder or holders of such Financial Indebtedness to cause (determined without regard to whether any notice is required) any such Financial Indebtedness to become due prior to its stated maturity; or</li> <li>3. any Financial Indebtedness of the Issuer shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof.</li> </ol>

Events of Default	<p><b>To be prescribed in the Transaction Documents. Including but not limited to:</b></p> <ol style="list-style-type: none"> <li>1. If external rating by ICRA is downgraded by 4 notches or more, i.e to BBB-(Triple B Minus) from present rating of A , the investor will have the right to accelerate the redemption of the Debentures and require the Issuer to mandatorily redeem the Debenture and repay the principal amount on the Debentures, along with accrued but unpaid Coupon, and all other costs, charges and expenses incurred under or in connection with the Transaction Documents and the company has to pay the amount due within 30 days of receipt of such notice. If such a payment is not made within 30 days, this will constitute an event of default.</li> <li>2. Non-payment of any of the dues under this Issuance on the payment day,</li> <li>3. Default or trigger of event of default on any other indebtedness (cross default),</li> <li>4. Misrepresentation or misleading information in any of the Transaction Documents</li> <li>5. Issuer is unable or admits in writing its inability to pay its debts as they mature or suspends making payment of any of its debts, by reason of actual or anticipated financial difficulties or proceedings for taking it into liquidation have been admitted by any competent court or a moratorium or other protection from its creditors is declared or imposed in respect of any indebtedness of the Issuer;</li> <li>6. Insolvency, winding up, liquidation</li> <li>7. Creditors' processes including expropriation, attachment, sequestration, distress or execution initiated against the Issuer</li> <li>8. Repudiation of Transaction Documents</li> <li>9. Cessation of business or any substantial part thereof or gives notice of its intention to do so</li> <li>10. Bankruptcy, CDR proceedings filed with respect to the Issuer;</li> <li>11. 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>12. 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>13. Promoters of the Company being declared wilful defaulter</li> <li>14. 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>15. 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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	<ul style="list-style-type: none"> <li>16. Occurrence of a Material Adverse Effect as determined by the Debenture Trustee, acting solely on the instructions of the Majority Debenture Holders.</li> <li>17. Change in management control without prior written consent from the Debenture Holders/Trustee.</li> <li>18. Any Transaction Document once executed and delivered, ceases to be in full force or becomes unlawful, invalid and unenforceable;</li> <li>19. A petition for the reorganization, arrangement, adjustment, winding up or composition of debts of the Company is filed on the Company (voluntary or otherwise) or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding is not contested by the company for staying, quashing or dismissed within 30 (Thirty) days</li> <li>20. Application of insolvency petition under bankruptcy code/NCLT by the Issuer</li> <li>21. Breach of any covenants (including financial / management / affirmative / negative / information / reporting) and breach of any terms or conditions of Transaction Documents.</li> <li>22. Security Cover is not maintained at all times until the redemption of the Debentures</li> <li>23. Failure of the Company to register and perfect the charge created over the Hypothecated Assets within 30 (Thirty) days from the Deemed Date of Allotment.</li> <li>24. Failure by the Company to utilise by the proceeds of the Debentures towards the End Use.</li> </ul>
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All RBI/SEBI /other regulatory body guidelines issued from time to time by the regulatory/ statutory bodies to be complied with by the company

**Consequences of events of default are provided below:**

Upon occurrence of any of the aforesaid Event of Default, the Debenture Trustee may by a notice in writing to the Issuer initiate actions as may be contemplated in the Transaction Documents including the following:

- 1. declare that all of the Debentures, together with accrued but unpaid Coupon, and all other costs, charges and expenses accrued or outstanding under the Transaction Documents to be immediately (or such other date as the Debenture Trustee may specify) due and payable, whereupon they shall become so due and payable;
- 2. accelerate the redemption of the Debentures and require the Issuer to mandatorily redeem the Debenture and repay the principal amount on the Debentures, along with accrued but unpaid Coupon, and all other costs, charges and expenses incurred under or in connection with the Transaction Documents;
- 3. enforce the charge over the Hypothecated Assets in accordance with the terms of the Deed of Hypothecation and/or invoke the Personal Guarantee;
- 4. appoint any independent agency to examine and inspect the working of the Issuer and provide a report to the Debenture Trustee; and
- 5. exercise such other remedies, including legal and equitable rights, as permitted or available under Applicable Law (including initiating

	insolvency proceedings under IBC (if applicable)) or the Transaction Documents.
Rating Covenant	<p>(a) If the rating of the Debentures is downgraded below the existing rating of "A" by ICRA the Interest Rate shall be increased by 0.25% (zero decimal two five percent) for each downgrade of 1 (one) notch from the existing Rating of "A" ("Step Up Rate") and such increased rate of Interest shall be applicable on the Outstanding Principal Amounts from the date of such downgrade. Step Up, in accordance with this provision shall not require any notice, intimation or action on behalf of the Debenture Trustee or the Debenture Holders.</p> <p>(b) Following the Step Up until the rating of the Debentures is restored to the exist Rating of "A" by ICRA if the rating of the Debentures is upgraded, the prevailing Step Up Rate shall be decreased by 0.25% (zero decimal two five percent) for each upgrade of 1 (one) notch from the rating of the Debentures (until the rating of the Debentures is restored to the existing Rating "A") and such decreased rate of Interest shall be applicable on the Outstanding Principal Amounts from the date of such upgrade. PROVIDED THAT the decreased rate of Interest in accordance with this provision cannot, in any case, be lower than the Interest Rate fixed at the time of issuance of the NCDs. The decrease in the rate of Interest in accordance with this provision shall not require any notice, intimation, or action on behalf of the Debenture Trustee or the Debenture Holders.</p> <p>It is clarified that, if following the Step Up, the rating of the Debentures is restored to the Rating, then the Interest shall be payable at the Interest Rate, from the date that the rating of the Debentures is restored to the Rating.</p>
Reporting Covenants	<p><b>Quarterly Reports</b> – within 45 (Forty-Five) calendar days from the end of each financial quarter</p> <ol style="list-style-type: none"> <li>1. Information on financials</li> <li>2. Financial and other covenant compliance certificate signed by the CFO/authorised signatory of the company.</li> <li>3. Audited Annual Reports &amp; list comprising all material financial liabilities – within 120 (One Hundred and Twenty) calendar days from the end of each financial year</li> <li>4. Quarterly MIS data pack- To be submitted within 45 days of each quarter end. It shall cover the following: quarterly financials with schedules, product-wise portfolio cuts, latest operational information, collection efficiency, quarterly DPD, quarterly write-off, shareholding pattern, borrowing profile, ALM, book debt assigned to the Debenture Holder with its delinquency status, etc.</li> </ol> <p><b>Event Based Reports</b> – In case of changes initiated by the company requiring approval of the board, the reporting would be 5 days post approval of the board, all others will be 15 days.</p> <ol style="list-style-type: none"> <li>1. Change in list of Board of Directors</li> <li>2. Change in Shareholding structure</li> <li>3. Change in senior management officials (any CXO or equivalent)</li> <li>4. Any fraud amounting to more than 1% of Gross Loan Portfolio</li> <li>5. Material changes in accounting policy</li> <li>6. Material change in the constitutional documents of the Company that are prejudicial to the interests of the Debenture Holders</li> </ol>

	<p>7. New segment of business other than the business carried out by the Issuer presently</p> <p>8. Material Adverse Effect</p> <p>9. Any dispute, litigation, investigation or other proceeding which could result in a Material Adverse Effect.</p> <p>10. Winding up proceedings</p> <p>11. Any Event of Default or Potential Default, and any steps taken / proposed to remedy the same.</p> <p>12. Application of insolvency petition under bankruptcy code/NCLT by the Issuer needs to be notified within 1 calendar day</p> <p>And as set out in greater detail in the Debenture Trust Deed and continuing in nature.</p>
<p><b>Financial Covenants</b></p>	<p>To be prescribed in the Transaction Documents. Including but not limited to:</p> <ul style="list-style-type: none"> <li>• The ratio of Financial Indebtedness to Tangible Net Worth shall not exceed 4 times during the entire tenor of debenture till maturity.</li> <li>• Minimum CRAR shall be maintained at 20% during the entire tenor of debenture till maturity;</li> <li>• The Company shall ensure that 'Promoter Group' at all times until the Final Settlement Date, continues to own atleast 18% (Eighteen Percent) or above of the equity shareholding of the Company, on a fully diluted basis.</li> <li>• If the debentures get delisted during the tenor of the NCD, issuer will bear all expenses for listing it again within 30 days from date of delisting. During the period of such delisting, company to pay additional interest @ 2% p.a. over the Coupon Rate per annum for the period commencing from the date of such delisting, till the period it is again listed in the stock exchange.</li> </ul> <p>All covenants would be tested on quarterly basis for the Company, i.e. as on 31st March, 30th June, 30th September and 31st December every year, on standalone balance sheet till the redemption of the Debentures.</p> <p>Within 45 days from the end of each quarter, the Issuer shall submit covenant compliance certificate issued by CFO/authorised signatory in favour of the Debenture Trustee and Debenture Holders.</p>
<p><b>Role and Responsibilities of Debenture Trustee</b></p>	<p>To oversee and monitor the overall transaction for and on behalf of the Debenture Holder(s) and such other roles and responsibilities as set out in greater detail in the Debenture Trust Deed.</p>
<p><b>Early Redemption</b></p>	<p>Any Debenture Holder may require early redemption of the Debentures held by them upon the occurrence of any of the following events:</p> <ol style="list-style-type: none"> <li>1. Shareholding structure of the Issuer is changed by way of a primary issuance of shares or the shareholding of the Promoter Group reduces to below 18% on a fully diluted basis, without prior consent of the Debenture Holders.</li> <li>2. Security is not created and perfected within 30 days from the Deemed Date of Allotment</li> <li>3. Breach of any of the Financial Covenants</li> <li>4. If external rating by ICRA is downgraded by 4 notches or more, i.e to BBB- (Triple B Minus) or below.</li> </ol>

	Upon the receipt of early redemption notice, the Issuer shall be required to redeem the relevant Debentures within 30 (Thirty) calendar days of the notice.
Affirmative Covenants	<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; and</li> </ol> <p>As provided in the Transaction Documents</p>
Negative Covenants	<p>The Company hereby covenants that until the Final Settlement Date, the Company shall not for so long as any amount remains outstanding under the Transaction Documents, except as may otherwise be previously agreed to in writing by the Debenture Trustee (acting upon the receipt of the prior written approval of the Majority Debenture Holder(s)), take any action in relation to:</p> <ol style="list-style-type: none"> <li>1. Change in management control</li> <li>2. Change in Managing Director</li> <li>3. Change in ownership</li> <li>4. Merger, restructuring, etc.</li> <li>5. Arrangement with creditors/shareholders</li> <li>6. Purchase or redemption of share capital</li> <li>7. Amendment of constitutional documents</li> <li>8. Amendment of Transaction Documents</li> <li>9. Change in financial year</li> <li>10. Disposal of assets</li> <li>11. Change of business</li> <li>12. Any material investment in group companies</li> <li>13. Related Party Transaction</li> <li>14. Dispose of, acquire or incorporate any associates, subsidiary or joint ventures</li> <li>15. Any Acquisition, joint venture having material impact</li> <li>16. Claim any immunity</li> <li>17. No profit-sharing arrangement</li> </ol> <p>In addition, the Issuer shall not permit to use of the Debenture proceeds for any anti-money laundering activities and illegal activities.</p>
Representations & Warranties	<ol style="list-style-type: none"> <li>1. The Company is registered with the RBI as an 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 senior, secured creditors/lenders/investors</li> </ol>

	<p>4. Binding obligation of Transaction Documents</p> <p>5. No conflict with other obligations / constitutional documents</p> <p>6. No Material Adverse Change in business, condition or operations of the Issuer</p> <p>7. Company has the power and authority to issue Debentures and such Transactions Documents are valid and admissible in evidence</p> <p>8. 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</p> <p>9. Illegality</p> <p>And as set out in greater detail in the Debenture Trust Deed and continuing in nature.</p>
Confidentiality	<p>The terms and conditions described in this Term Sheet, including its existence, shall be confidential information and shall not be disclosed to any third party except to each Party's advisors and counsel. Provided however that if any of the Parties is required by law to disclose information regarding this Term Sheet or to file this Term Sheet with any regulatory body, it shall, at a reasonable time after making any such disclosure or filing, inform the other Parties.</p>
Governing Law	<p>This Term Sheet shall be governed and construed exclusively in accordance with the laws of India.</p>
Arbitration	<p>In the event of any dispute or difference between the Parties to this agreement in respect of or concerning or connected with the interpretation or implementation of this Agreement or arising out of this Agreement, such dispute or difference shall be referred to arbitration by a sole arbitrator, appointed by the Investor in its sole discretion, in accordance with the (Indian) Arbitration and Conciliation Act, 1996, or any modification or amendment thereof. The arbitration shall be held in Chennai and Mumbai, India. The language of the arbitration proceedings shall be English. The expenses of the arbitration shall be borne by the Issuer. The decision of such arbitration shall be binding and conclusive upon the Parties and may be enforced in any court of competent jurisdiction.</p>
Jurisdiction	<p>Subject to Arbitration clause, the Parties agree that this Term Sheet and other Transaction Documents and all matters arising from this Term Sheet and other Transaction Documents shall be subject to the exclusive jurisdiction of the courts/tribunal of Mumbai and Chennai, India.</p>

**Redemption Schedule**

<b><u>ILLUSTRATION OF CASH FLOWS</u></b>	
Issuer	Five-Star Business Finance Limited
Face Value (per security)	Rs. 10,00,000/-
Re-issuance price (per security)	Rs. 10,03,224/-
Original Date of Allotment of the ISIN	31 <sup>st</sup> July 2020
Deemed Date of Allotment under reissuance	11 <sup>th</sup> August 2020
Redemption Date	31 <sup>st</sup> January, 2022
Original Coupon of the ISIN	9.7500% per annum
Rate of Interest	9.5694% per annum
Frequency of the Coupon Payment with specified dates	Annually and at Maturity
Day Count Convention	Actual/Actual

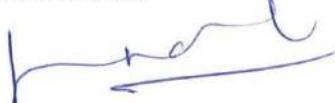
Illustration of Bond Cash Flows per Debenture

<b>Cashflows</b>	<b>Date</b>	<b>No of Days in a Coupon Period</b>	<b>Amount (in INR)</b>
1 <sup>st</sup> Coupon	31 July, 2021	354	97,500
Final Coupon	31 January, 2022	184	49,151
Principal Payment	31 January, 2022	-	10,00,000

**The issue is under reissuance of existing ISIN: INE128S07473**

**Accepted and agreed**

**For the Issuer**



**(Authorised Signatory)**