



(Please scan this QR Code to view the Red Herring Prospectus)



Business Finance Limited

FIVE-STAR BUSINESS FINANCE LIMITED

Our Company was incorporated as Five-Star Business Credits Private Limited at Chennai, Tamil Nadu as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated May 7, 1984, issued by the Registrar of Companies, Tamil Nadu at Chennai ("RoC"). Our Company was converted from a private limited company to a public limited company pursuant to board resolution dated September 7, 1988 and special resolution passed by the Shareholders at the EGM dated October 3, 1988. Consequently, the name of our Company was changed from "Five-Star Business Credits Private Limited" to "Five-Star Business Credits Limited" and the certificate of incorporation was amended on October 3, 1988. The name of our Company was subsequently changed to "Five-Star Business Finance Limited" pursuant to board resolution dated March 25, 2015 and special resolution passed by our Shareholders at the EGM held on April 12, 2016, and a fresh certificate of incorporation consequent upon change of name was issued by the RoC on May 13, 2016. For further details see, "History and Certain Corporate Matters" on page 219 of the red herring prospectus of the Company dated November 1, 2022 filed with the RoC ("RHP" or "Red Herring Prospectus"). Our Company is registered with the Reserve Bank of India ("RBI") to carry on the business of non-banking financial institution without accepting public deposits (certificate of registration no. B-07.00286). For details, see "Government and Other Approvals" beginning on page 390 of the RHP.

Registered and Corporate Office: New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai 600 010, Tamil Nadu, India; Tel: +91 44 4610 6260; Website: www.fivestargroup.in; Contact Person: Shalini Baskaran, Company Secretary and Compliance Officer; E-mail: cs@fivestargroup.in; Corporate Identity Number: U65991TN1984PLC010844

OUR PROMOTERS: LAKSHMIPATHY DEENADAYALAN, HEMA LAKSHMIPATHY, SHRITHA LAKSHMIPATHY, MATRIX PARTNERS INDIA INVESTMENT HOLDINGS II, LLC AND SCI INVESTMENTS V

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH ("EQUITY SHARES") OF FIVE-STAR BUSINESS FINANCE LIMITED (OUR "COMPANY" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ 19,600.05 MILLION (THE "OFFER") THROUGH AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES (THE "OFFER FOR SALE"), CONSISTING OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 1,667.42 MILLION BY SCI INVESTMENTS V, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 7,194.14 MILLION BY MATRIX PARTNERS INDIA INVESTMENT HOLDINGS II, LLC, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 120.87 MILLION BY MATRIX PARTNERS INDIA INVESTMENTS II EXTENSION, LLC, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 3,614.47 MILLION BY NORWEST VENTURE PARTNERS X - MAURITIUS AND UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 7,003.15 MILLION BY TPG ASIA VII SF PTE. LTD. (COLLECTIVELY, THE "SELLING SHAREHOLDERS", AND SUCH EQUITY SHARES, THE "OFFERED SHARES").

The Offer is being made under Regulation 6(1) of the SEBI ICDR Regulations.

QIB Portion: Not more than 50% of the Offer | Non-Institutional Portion: Not less than 15% of the Offer

Retail Portion: Not less than 35% of the Offer

PRICE BAND: ₹ 450 TO ₹ 474 PER EQUITY SHARE

THE FLOOR PRICE IS 450 TIMES THE FACE VALUE OF THE EQUITY SHARES AND

THE CAP PRICE IS 474 TIMES THE FACE VALUE OF THE EQUITY SHARES.

BIDS CAN BE MADE FOR A MINIMUM OF 31 EQUITY SHARES AND IN MULTIPLES OF 31 EQUITY SHARES THEREAFTER.

Risks to Investors:

- We require substantial capital for our business and any disruption in our sources of capital could have an adverse effect on our business, results of operations and financial condition.
- The risk of non-payment or default by our borrowers may adversely affect our business, results of operations and financial condition and our customers may delay and/or default on their repayment obligations due to various reasons. For our customers who earned not more than ₹ 25,000 per month, during the three months ended June 30, 2022 and the Financial Years 2022, 2021 and 2020, ₹ 309.58 million, 0.58% of our total Gross Term Loans, ₹ 259.40 million, 0.51% of our total Gross Term Loans, ₹ 150.79 million, 0.34% of our total Gross Term Loans, ₹ 162.30 million and 0.42% of our total Gross Term Loans of our total Gross Term Loans, respectively, experienced default in repayment obligations, (i.e. were in the 90+ DPD category).
- Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements, could adversely affect our business, results of operations and financial condition. As of June 30, 2022, our Total Borrowings were ₹ 25,203.19 million.
- We have had negative net cash flows in the past and may continue to have negative cash flows in the future.
- The Price/ Earnings ratio based on diluted EPS for FY 2022 for our Company at upper end of price band is as high as 29.77x compared to the average industry peer group P/E ratio of 40.84x.
- The weighted average cost of acquisition of Equity Shares transacted by the Promoters, Promoter Group and Selling Shareholders in the one year, three years and eighteen months immediately preceding the date of the Red Herring Prospectus is as follows:

Period	Weighted Average Cost of Acquisition (in ₹)*^	Cap Price (₹ 474) is 'X' times the Weighted Average Cost of Acquisition	Range of acquisition price: lowest price-highest price (in ₹)^
Last one year	490.67	0.97	490.67
Last three years	241.77	1.96	1 - 490.67
Last eighteen months	386.59	1.23	1 - 490.67

^ As certified by RPSV & Co., Chartered Accountants by way of their certificate dated November 1, 2022.

* Weighted average cost means total Equity Share capital including securities premium issued during last one year, three years and eighteen months preceding the date of the Red Herring Prospectus divided by total number of Equity Shares.

- Average cost of acquisition of Equity Shares held by the Promoters and Selling Shareholders ranges from ₹ 0.50 to ₹ 186.04 per Equity Share and the Offer Price at upper end of the Price Band is ₹ 474 per Equity Share.
- The Four Book Running Lead Managers associated with the Offer have handled 64 public issues of equity shares in past three years out of which 22 issues closed below the issue price on listing date.

Name of the BRLMs	Total Issues	Issues Closed below IPO pricing on listing day
ICICI Securities Limited*	22	9
Nomura Financial Advisory and Securities (India) Private Limited*	-	-
Kotak Mahindra Capital Company Limited*	9	1
Edelweiss Financial Services Limited*	4	2
Common Issues of above BRLMs	29	10
Total	64	22

*Issues handled where there were no common BRLMs

- Weighted average return of Net Worth for FY 2022, FY 2021 and FY 2020 is 15.11% and Return on Net Worth for the three months ended June 30, 2022 is 3.69% (not annualised).

BID/ OFFER SCHEDULE

BID/ OFFER OPENS ON NOVEMBER 9, 2022⁽¹⁾

BID/ OFFER CLOSING ON NOVEMBER 11, 2022⁽²⁾

⁽¹⁾ Our Company and the Selling Shareholders, in consultation with the BRLMs, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.

⁽²⁾ UPI mandate end time and date shall be at 5:00 pm on the Bid/Offer Closing Date.

