



Deal Announcement



Spark Financial Holdings Ltd. advises Five Star Business Finance Ltd. and its Individual Promoters on ~USD 195 Mn IPO of the Company

We are pleased to announce that Spark Financial Holdings Ltd. (“Spark”) acted as the Transaction Advisor to Five Star Business Finance Ltd. (“Company” / “Five Star”) and its Individual Promoters on the Initial Public Offering (“IPO”) of the Company and its subsequent listing on Indian Stock Exchanges. The IPO was a 100% offer for sale aggregating to ~USD 195 Mn by some of the existing institutional shareholders of the Company.

This transaction marks an important milestone in Spark’s relationship with the Company and its Individual Promoters, having previously raised approx. USD 400 Mn across multiple private rounds from marquee private equity investors through a combination of primary issuances & secondary share sales.

Five Star is an NBFC providing secured business loans to micro-entrepreneurs and self-employed individuals, each of whom are largely excluded by traditional financing institutions. Headquartered in Chennai, Tamil Nadu with a strong presence in south India, Five Star is one of the fastest growing secured-finance NBFCs with an AUM of >INR 5,000 Cr and all of its loans secured by borrowers’ property, predominantly being self-occupied residential properties. At 7.5% ROA with <1.5% GNPA, Five Star is amongst the best NBFCs in terms of profitability & asset quality in India.

Mr. Lakshmipathy, Promoter of Five Star said, *“Having grown Five Star to over INR 5,000 Cr in AUM with a strong track record of growth, profitability, and asset quality, we felt it was the right time to take the Company public. I thank all my pre-IPO shareholders, partners and employees in helping us reach this significant milestone. I express my sincere gratitude to all the shareholders that have participated in the IPO and expressed faith in the Company and the management. We look forward to growing the Five Star franchise through your continued support and confidence. Thanks to the Spark team for supporting us through these years, being our sounding board at various stages of this journey and in helping us through our growth journey including in the IPO. We look forward to a continued association with the Spark team as a listed franchise.”*

Ramakrishnan Kalyanaraman, Senior Managing Director - Strategic Relationships, Spark Financial Holdings said, *“Through more than a decade-long association with Mr. Lakshmipathy and 5+ years of association with the Company, we have had the opportunity to see from close quarters, the stellar growth of Five Star over 50-fold from ~INR 100 Cr in AUM to now >INR 5,000 Cr in AUM. Through multiple macro shocks including demonetization, the liquidity crisis, GST roll-out and Covid, the Company has emerged stronger. We are truly gratified to see the Company and its Individual Promoters reach the milestone of a successful IPO and are honoured and privileged to have been a humble part of this journey. The team at Five Star has been extremely successful in building a robust and profitable business and we wish them the very best for the future.”*

With over 50 transactions in in the BFSI & Fintech space, this transaction further adds to Spark’s rich track-record of delivering successful outcomes aggregating to ~USD 4 Bn in value across BFSI and Fintech.

About Five Star:

Five Star Business Finance Limited is an NBFC providing secured business loans to micro-entrepreneurs and self-employed individuals, each of whom are largely excluded by traditional financing institutions. Headquartered in Chennai, with a strong presence in south India, Five Star has >300 branches and >INR 5,000 Cr in AUM.

About Spark Financial Holdings:

Spark is one of India's leading boutique financial services houses with over 20 years of experience. We derive our strength from the years of experience of our founding members with the contemporary thinking of our young leadership team. Our key businesses include Investment Banking, Wealth Advisory and Asset Management. We have our

According to CRISIL, compared to peers being NBFCs with > INR 3,000 Cr in gross term loans in India, Five Star has the fastest Gross Term Loan CAGR of 65.0% (FY17-21), the highest average return on Gross Term Loans of 7.5% (FY20-22) and is among the three best for gross non-performing assets as of March 31, 2022 (GNPA of <1.5%), while having the best asset quality among lenders identified by CRISIL as engaged in extending MSME business loans. For more information, visit www.fivestargroup.in

offices in Mumbai, Bangalore and Chennai and work with clients pan-India. We continue to differentiate ourselves and attract high-quality talent based on our core values of Knowledge Banking, our ears to the ground approach, high engagement through the entire deal process and strong entrepreneurial culture. We have closed ~175 transactions aggregating more than ~USD 8.5 billion across 5 key sectors, namely Financial Services, Tech Services, Consumer, Industrials and Healthcare. Our core products include Private Equity and M&A where we typically work with clients from Series B all the way up to IPO. Our core values of integrity; putting clients first; and seeking partnerships that are mutually beneficial, help us build sustainable, long-term relationships with clients. Further information is available at www.sparkcapital.in

**Best Regards,
Team Spark**

Spark Financial Holdings Private Limited.

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