



Infomerics
Ratings

INFOMERICS VALUATION AND RATING PVT. LTD.
Integrated Financial Omnibus Metrics Research of International Corporate Systems

Mr. Barun More

Managing Director

Finstars Capital Limited

701, 7th Floor, Pinnacle Business Park,

Auda Garden, Corporate Rd,

Prahlad Nagar, Ahmedabad,

Gujarat - 380015

27th June 2024

Dear Sir,

Assignment of rating to the NCD of Finstars Capital Limited

Please refer to the Mandate contract dated **April 18, 2024** on the captioned subject and your E-Mail dated **27th June 2024** accepting our rating & use thereof.

1. Our Rating Committee has assigned the following ratings:

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action
Non-Convertible Debentures	25.00	IVR BBB- / Stable (IVR Triple B Minus with Stable Outlook)	Assigned
Proposed Non-Convertible Debentures	25.00	IVR BBB- / Stable (IVR Triple B Minus with Stable Outlook)	Assigned
Total	50.00 (Rupees Fifty crore only)		

2. Details of the credit facilities are attached in **Annexure I**. Our rating symbols for long-term ratings and explanatory notes thereon are attached in **Annexure II**.

3. The press release for the rating(s) will be communicated to you shortly.

4. If the proposed long term / short term facility (if any) is not availed within a period of six months / three months respectively from the date of this letter, then the rating may please be revalidated from us before availing the facility.

5. The above rating is normally valid for a period of one year from the date of the initial communication (that is. **26th June 2025**).

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Phone : 011 - 41410244, 40154576, 24611910, 24654796 Fax : 011 - 24627549

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CIN : U32202DL1986PTC024575



6. A formal surveillance/review of the rating is normally conducted within 12 months from the date of initial rating/last review of the rating. However, INFOMERICS reserves the right to undertake a surveillance/review of the rating more than once a year if in the opinion of INFOMERICS, circumstances warrant such surveillance/review.

7. Further in terms of the mandate executed with us, you have undertaken to comply with the following: -

- a) Inform INFOMERICS before availing any new bank facility/ies and/or of any changes in the terms, conditions and/or size of the facilities rated.
- b) Furnish all material information and any other information in a timely manner as may be required by INFOMERICS, for monitoring the Rating assigned during the tenure of the bank facilities rated by INFOMERICS.
- c) Co-operate with and enable INFOMERICS to arrive at and maintain a true and fair rating and in particular, provide INFOMERICS with true, adequate, accurate, fair, and timely information for the purpose.
- d) Inform INFOMERICS, in writing and in a timely manner, of any other developments which may have a direct or indirect impact on the CLIENT's debt servicing capability including any proposal for re-schedulement or postponement of the repayment programs of the dues/ debts of the CLIENT with any lender (s)/ investor (s) within seven days from the date of such developments/ proposal.

8. **You shall provide us a No Default Statement as at the last date of the month on the first date of succeeding month without fail.** The NDS shall be mailed every month to nds@Infomerics.com and to the mail id of the undersigned.

9. **You shall provide the quarterly performance results/quarterly operational data (being submitted to Banks) to us within 6 weeks from the close of each calendar quarter for our review/monitoring.**

10. You shall furnish all material information and any other information called for by INFOMERICS in a timely manner, for monitoring the rating assigned by INFOMERICS. In the event of failure on your part in furnishing such information, to carry out continuous monitoring of the rating of the bank facilities, INFOMERICS shall carry out the review/annual surveillance on the basis of best available information throughout the lifetime of such bank facilities as per the policy of INFOMERICS.

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11. INFOMERICS reserves the right to withdraw/revise/reaffirm the rating assigned on the basis of new information. INFOMERICS is also entitled to publicise/disseminate such withdrawal/revision in the assigned rating in any manner considered appropriate by it, without reference to you.

12. Please note that INFOMERICS ratings are not recommendations to buy, sell or hold any security or to sanction, renew, disburse or recall the bank facilities. INFOMERICS do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.

13. In case you require any clarification, you are welcome to communicate with us in this regard.

Thanking you,

With Regards,

A handwritten signature in blue ink, appearing to read 'Tejas Awasthi', with a small flourish at the end.

Tejas Awasthi
Rating Analyst
Email: tejas.awasthi@infomerics.com

A handwritten signature in blue ink, appearing to read 'Sarnambar Roy', with a long horizontal stroke extending to the right.

Sarnambar Roy
Chief Analytical Officer
Email: sroy@infomerics.com

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are 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 us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

ANNEXURE I

1. Details of the instrument :

Name of Instrument	ISIN	Date of Issuance	Coupon Rate/ IRR (%)	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
NCD – I	INE08XA07029	13 th Oct 2022	12.06%	13 th Oct 2025	15	IVR BBB- / Stable
NCD- II	INE08XA07011	13 th Oct 2022	12.06%	13 th Oct 2027	10	IVR BBB- / Stable
Proposed NCD	-		12.06%	-	25	IVR BBB- / Stable
Total					50.00	

ISIN No.	INE08XA07029
Issue Date	13 th Oct 2022
Issuer	Finstars Capital Limited(The “Issuer”)
Security Name	12.06% Finstars Capital Limited 2025
Series	Series I - 2022-23
Type of Instrument	Listed, Rated, Secured, Redeemable, Non-Convertible Debentures (NCDs)
Mode of Issue	Private Placement
Issue Size	Rs. 10 crores
Coupon Rate	12.06%
Redemption Date	13 th October 2025
All Covenants of the Issue	1. Default in payment: In case of default in payment principal redemption on the due dates, penal interest of at least @ 2% p.a. will be payable by the Issuer for the defaulting period on the defaulted amount. 2.

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	<p>Security Creation: In case of delay of security creation before making listing application then the Issuer shall refund the subscription amount along with penal interest at the of 2.00% p.a. for period of delay in creation of security beyond such time period.</p> <p>3. Listing Delay: In case of delay in listing of the Debentures beyond 4 working days from the Date of Closure of Issue, the Company will pay penal interest @1 % p.a. for the period of delay to the investor (i.e. from the date of allotment to the date of listing). On the happening of any of the event of default, in addition to the rights specified above, the debenture Holders/ debenture Trustees shall have the right as indicated in the SEBI Regulations/ Companies Act 2013 from time to time.</p>
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ISIN No.	INE08XA07011
Issue Date	13 th Oct 2022
Issuer	Finstars Capital Limited(The "Issuer")
Security Name	12.06% Finstars Capital Limited 2027
Series	Series II - 2022-23
Type of Instrument	Listed, Rated, Secured, Redeemable, Non-Convertible Debentures (NCDs)
Mode of Issue	Private Placement
Issue Size	Rs. 15 crores
Coupon Rate	12.06%
Redemption Date	13 th October 2027
All Covenants of the Issue	1. Default in payment: In case of default in payment principal redemption on the due

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	<p>dates, penal interest of at least @ 2% p.a. will be payable by the Issuer for the defaulting period on the defaulted amount. 2. Security Creation: In case of delay of security creation before making listing application then the Issuer shall refund the subscription amount along with penal interest at the of 2.00% p.a. for period of delay in creation of security beyond such time period. 3. Listing Delay: In case of delay in listing of the Debentures beyond 4 working days from the Date of Closure of Issue, the Company will pay penal interest @1 % p.a. for the period of delay to the investor (i.e. from the date of allotment to the date of listing). On the happening of any of the event of default, in addition to the rights specified above, the debenture Holders/ debenture Trustees shall have the right as indicated in the SEBI Regulations/ Companies Act 2013 from time to time.</p>
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Proposed NCD

ISIN No.	-
Issue Date	-
Issuer	Finstars Capital Limited(The "Issuer")
Security Name	12.06% Finstars Capital Limited 2027
Series	Series I - 2024-25
Type of Instrument	Proposed to be Listed, Rated, Secured, Redeemable, Non-Convertible Debentures (NCDs)
Mode of Issue	Private Placement
Issue Size	Rs. 10 crores

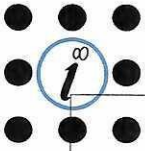
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Coupon Rate	12.06%
Tenure	up to 3 years
Covenants of the issue	<p>1. Affirmative Covenants, a. To utilise the proceeds of this issue in accordance with applicable laws and regulations b. To comply with corporate governance, fair practices code prescribed by the RBI and SEBI c. Notification of any potential Event of Default or Event of Default; d. Obtain, comply with and maintain all licenses / authorizations e. Provide details of any material litigation, arbitration or administrative proceedings (more than 10% of the net worth) f. 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. g. Permit visits and inspection of books of records, documents and accounts to debenture holders as and when required by them h. Comply with any monitoring and/or servicing requests from Debenture Holders, 2. Negative Covenants, The Issuer shall not without the prior written permission/intimation of the majority Debenture Holders and Debenture Trustee, do or undertake to do any of the following: a. Change in management control or change in control or related change in composition of the Board without prior intimation to the Debenture Holders. b. Mergers, restructuring, amalgamation without</p>

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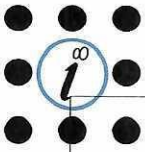
approval of majority Debenture Holders, c. The Issuer shall not, without the prior approval of Debenture Holders, enter into any transaction of merger, de-merger, consolidation, re- organization, scheme of arrangement (except within the group) or compromise with its creditors or shareholders or effect 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 Issuer defaulting in relation to any of its payment obligations in relation to the Debentures. d. The Issuer will not purchase or redeem any of its issued shares or reduce its share capital without the majority Debenture Holders' prior written consent; e. 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 as defined earlier, without prior consent of the Debenture Trustee Unless mandated by law, 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 f. Any sale of assets/business/division that has the effect of exiting the business or restructuring of the existing business, to be with the prior consent of the majority debenture holder. g. The issuer shall not

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	declare dividend or do buy back of equity shares, if an Event of Default has occurred and is subsisting. h. The issuer shall not undertake any new major new business outside financial services or any diversification of its business outside financial services, without approval of majority NCD holders
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ISIN No.	-
Issue Date	-
Issuer	Finstars Capital Limited (The "Issuer")
Security Name	12.06% Finstars Capital Limited 2029
Series	Series II - 2024-25
Type of Instrument	Proposed to be Listed, Rated, Secured, Redeemable, Non-Convertible Debentures (NCDs)
Mode of Issue	Private Placement
Issue Size	Rs. 15 crores
Coupon Rate	12.06%
Tenure	Up to 5 years
Covenants of the issue	1. Affirmative Covenants, a. To utilise the proceeds of this issue in accordance with applicable laws and regulations b. To comply with corporate governance, fair practices code prescribed by the RBI and SEBI c. Notification of any potential Event of Default or Event of Default; d. Obtain, comply with and maintain all licenses / authorizations e. Provide details of any material litigation, arbitration or administrative proceedings (more than 10% of the net worth) f. Maintain internal control

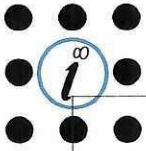
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for the purpose of (i) preventing fraud on monies lent by the Company; and (ii) preventing money being used for money laundering or illegal purposes. g. Permit visits and inspection of books of records, documents and accounts to debenture holders as and when required by them h. Comply with any monitoring and/or servicing requests from Debenture Holders, 2. Negative Covenants, The Issuer shall not without the prior written permission/intimation of the majority Debenture Holders and Debenture Trustee, do or undertake to do any of the following: a. Change in management control or change in control or related change in composition of the Board without prior intimation to the Debenture Holders. b. Mergers, restructuring, amalgamation without approval of majority Debenture Holders. c. 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 (except within the group) 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 Issuer defaulting in relation to any of its payment obligations in relation to the Debentures. d.

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The Issuer will not purchase or redeem any of its issued shares or reduce its share capital without the majority Debenture Holders' prior written consent; e. 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 as defined earlier, without prior consent of the Debenture Trustee Unless mandated by law, 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 f. Any sale of assets/business/division that has the effect of exiting the business or restructuring of the existing business, to be with the prior consent of the majority debenture holder. g. The issuer shall not declare dividend or do buy back of equity shares, if an Event of Default has occurred and is subsisting. h. The issuer shall not undertake any new major new business outside financial services or any diversification of its business outside financial services, without approval of majority NCD holders

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Annexure II

Credit Rating – Long Term Rating Scale

Long term: Original maturity exceeding one year

Rating Symbol	Rating Definition
IVR AAA	Securities with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such securities carry lowest credit risk.
IVR AA	Securities with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such securities carry very low credit risk.
IVR A	Securities with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such securities carry low credit risk.
IVR BBB	Securities with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such securities carry moderate credit risk.
IVR BB	Securities with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations.
IVR B	Securities with this rating are considered to have high risk of default regarding timely servicing of financial obligations.
IVR C	Securities with this rating are considered to have very high risk of default regarding timely servicing of financial obligations.
IVR D	Securities with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories AA to C. The modifiers reflect the comparative standing within the category.

The above rating scale also applies to rating of bank loans, fixed deposits and other instruments.