



Deal Announcement

SPARK
CAPITAL

FIVE STAR
Business Finance Limited

Spark Capital advises Five Star Business Finance on its USD 234 Mn equity raise

Spark Capital (“Spark”) acted as the exclusive financial advisor to the transaction.

Spark is pleased to announce that a consortium of leading global and Indian investment firms has signed definitive agreements to invest US\$234 million (INR17 billion) in Five-Star Business Finance Limited (“Five Star” or the “Company”). The investment will be made through a combination of primary infusion in the Company and secondary shares sold by existing investor Morgan Stanley Private Equity. The round included investment by existing investors in the Company – led by Sequoia Capital India with participation from Norwest Venture Partners – as well as new investors, led by KKR with participation from TVS Capital. The investment values the Company at US\$1.4 billion (INR103 billion).

With this transaction, Spark has successfully completed its **6th transaction in small business financing space with a total transaction value of ~USD 500 Mn.**

Spark also continues to maintain its **leadership in the BFSI space having consummated 46 transactions aggregating to ~USD 3.2 Bn.** In the last 12 months, Spark has completed 7 transactions in the BFSI space aggregating to ~USD 660 Mn.

D. Lakshmipathy, Chairman and Managing Director, Five Star remarked, “*This is the third time we are working with Spark Capital on our fund raise. Spark continues to deliver its promises well. They stay through the entire course of the deal and are able and willing to address the many challenges that any deal may go through. We thank Spark for the good work that they have done and wish them well.*”

Abhijit Chiripal, Executive Director & Head Financial Services, Spark Capital remarked “*It has been a privilege for Spark to be a part of this incredible journey at Five Star - from being a promising company to being a bell weather for the sector. We wish the best for Mr. Lakshmipathy and the team at Five Star as they scale new peaks of success.*”

About Five Star:

There are approximately 60 million MSMEs across industries in the market, which employ an aggregate of 125 million people and account for over 30% of India’s GDP¹. However, many of these businesses have limited access to funding. Five Star looks to provide a solution by bridging this funding gap. The Company was launched with the mission of helping a broad range of small business owners meet their borrowing requirements to launch, expand and strengthen the capital profile of their businesses.

Five Star Business Finance is a registered non-banking finance company and is headquartered in Chennai. It offers collateralized loans based on a thorough assessment of a borrower’s business and household cash flows to adequately and thoughtfully size loans to set borrowers up for success. Five Star has its presence in 262 branches spread across eight states of India in the Southern and Central part of the country. As of 31st Dec 2020, the company’s AUM stood at Rs. 4030 crs and its GNPA stood at 1.29%. For more information, visit www.fivestargroup.in

About Spark Capital:

Spark Capital is India’s leading fully integrated investment bank providing a full suite of services encompassing Investment Banking (IB), Institutional Equities, Wealth Management and Structured Finance & Debt Syndication. Spark Capital’s IB business has successfully consummated deals with a total transaction value of ~USD 7.4 Bn since inception. The firm is focused on high quality mid-sized companies and has deep global distribution capabilities with 300+ funds. Spark Capital’s Institutional Equities division covers over 250+ stocks under research and enjoys empanelment with over 200 institutional clients across FIIs, DIIs and Family offices. Spark Capital is headquartered in Chennai and has offices in Bengaluru and Mumbai. Further information is available at www.sparkcapital.in

**Best Regards,
Team Spark**

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