

 Early Warning System

IFC-49172

Five Star Debt



Quick Facts

Countries	India
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	C
Voting Date	2024-04-02
Borrower	FIVE-STAR BUSINESS FINANCE LIMITED
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	\$ 60.00 million



Project Description

According to the Bank's website, the proposed investment comprises of an IFC own account debt investment of up to INR5 billion (approximately US\$60 million) in Five Star Business Finance Limited (Five Star, or the Company). The entire proceeds from IFC's investment will be utilized by the Company for growing its business loans portfolio targeting small business owners (micro-entrepreneurs) and self-employed individuals. At least 55% of the investment proceeds will be utilized by the Company for on-lending to women as primary borrowers.



Early Warning System Project Analysis

The proposed project comprises of debt investment of up to US\$60million in Five Star Business Finance Limited (Five Star, or the Company) through senior secured non-convertible debentures for a tenor of up to 4 years. The use of proceeds will support micro entrepreneurs and self-employed individuals. The project presents limited to no environmental and social (E&S) risks and impacts and is categorized as Category FI-3 in accordance with IFC's Environmental and Social Sustainability Policy.



Investment Description

- International Finance Corporation (IFC)

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Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- [Five-Star Business Finance Ltd.](#) (Financial Intermediary)



Private Actors Description

Five Star is a Non-Banking Financial Company (NBFC) focused on serving the underserved micro, small, and medium enterprises (MSME) segment in India, by providing small ticket secured financial solutions to small business owners (micro-entrepreneurs) and self-employed individuals who are largely cut-off from the formal lending ecosystem. As of December 2023, the Company held assets under management (AUM) of approximately US\$1.1 billion. It has a distribution network of 480 branches across 10 states and union territories through which it reaches these underserved customers.

The Company is listed on the Bombay Stock Exchange and National Stock Exchange and has a market capitalization of approximately US\$ 2.4 billion as of April 23, 2024. As of December 31, 2023, on a fully diluted basis, 18.29 percent of the Company's shares were held by the individual promoters & promoter group, and 81.71 percent of Company's shares were held by others (foreign institutional investors, domestic institutions public shareholders and others).



Contact Information

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ACCESS TO INFORMATION

You can submit a request for information disclosure at: <https://disclosures.ifc.org/#/inquiries>

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org>