

Independent Auditor’s Review Report on the Quarterly and Year to Date Unaudited Financial Results of the Five-Star Business Finance Limited (the “Company”) Pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**Review Report to
The Board of Directors
Five-Star Business Finance Limited**

1. We have reviewed the accompanying statement of unaudited financial results of Five-Star Business Finance Limited (the “Company”) for the quarter ended June 30, 2022 and year to date from April 1, 2022 to June 30, 2022 (the “Statement”) attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations”).
2. The Company’s Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) “Interim Financial Reporting” prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. The Statement has been approved by the Company’s Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards (‘Ind AS’) specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. The figures for the corresponding quarter ended June 30, 2021, as reported in these unaudited financial results have been approved by the Company’s Board of Directors, but have not been subjected to a review.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004**per Bharath N S**

Partner

Membership No.: 210934



UDIN: 22210934ANPRTO1235

Place: Mumbai

Date: July 26, 2022

Five-Star Business Finance Limited

Regd. Office: New No. 27, Old No.4, Taylors Road, Kilpauk, Chennai - 600 010

CIN: U65991TN1984PLC010844

Statement of unaudited financial results for the quarter ended 30th June 2022

(All amounts are in lakhs, unless otherwise stated)

Particulars	Quarter ended 30 June 2022	Quarter ended 31 March 2022	Quarter ended 30 June 2021	Year ended 31 March 2022
	Unaudited	Audited (Refer Note 2)	(Refer Note 3)	Audited
Revenue from operations				
Interest income	33,521.96	31,369.60	29,210.02	1,20,376.55
Fee income	123.30	1,029.90	428.13	2,939.60
Net gain on fair value changes	151.78	217.12	607.87	2,090.21
Total revenue from operations	33,797.04	32,616.62	30,246.02	1,25,406.36
Other income	108.79	102.00	24.49	210.56
Total Income	33,905.83	32,718.62	30,270.51	1,25,616.92
Expenses				
Finance costs	6,479.82	6,305.62	8,641.38	30,060.00
Impairment on financial instruments	(41.09)	829.27	1,842.99	4,551.81
Employee benefits expenses	7,188.98	6,753.33	5,154.86	23,611.52
Depreciation and amortization	361.87	381.16	260.82	1,224.47
Other expenses	1,300.13	2,549.24	987.63	5,748.21
Total Expenses	15,289.71	16,818.62	16,887.68	65,196.01
Profit before tax	18,616.12	15,900.00	13,382.83	60,420.91
Tax expenses				
Current tax	4,694.16	4,278.19	3,848.80	15,959.12
Deferred tax (net)	(21.35)	(166.27)	(436.81)	(892.66)
Total tax expenses	4,672.81	4,111.92	3,411.99	15,066.46
Profit after tax for the period / year	13,943.31	11,788.08	9,970.84	45,354.45
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Re-measurements of the defined benefit plan	(42.91)	0.88	(57.87)	(171.63)
Income Tax impact	10.80	(0.22)	14.56	43.20
Other comprehensive income / (deficit) for the period / year, net of income tax	(32.11)	0.66	(43.31)	(128.43)
Items that will be reclassified subsequently to profit or loss				
Cash flow hedge reserve	(55.81)	(126.92)	-	(126.92)
Income Tax impact	14.05	31.94	-	31.94
Other comprehensive income, net of income tax	(41.76)	(94.98)	-	(94.98)
Total comprehensive income for the period / year, net of income tax	13,869.44	11,693.76	9,927.53	45,131.04
Earnings per equity share				
a. Basic (in rupees)	4.79	4.18	3.73	16.09
b. Diluted (in rupees)	4.74	4.14	3.56	15.92
Face value per share (Refer note 6)	1.00	1.00	1.00	1.00

See accompanying notes to the unaudited financial results



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CIN: U65991TN1984PLC010844

(All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

Notes:

- 1 Five-Star Business Finance Limited (the "Company") is a Systemically Important Non-Deposit taking Non-Banking Finance Company (NBFC-ND-SI) registered with the Reserve Bank of India (the "RBI"). These unaudited financial results have been prepared in accordance with Indian Accounting Standards as prescribed under section 133 of the Companies Act 2013 (the Act). In terms of Regulation 52 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations 2015, this statement of unaudited financial results for the quarter ended June 30, 2022 ("Unaudited Financial Results") have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on July 25, 2022 and July 26, 2022.
- 2 The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year up to March 31, 2022 and the unaudited published year-to-date figures up to December 31, 2021, being the date of the end of the third quarter of the financial year which were subjected to limited review by the predecessor auditor of the Company.
- 3 The corresponding figures for the quarter ended June 30, 2021, included in the Statement, are based on information compiled by the Management which have not been subjected to review / audit. However, the management has exercised necessary due diligence to ensure that the financial results for the quarter ended June 30, 2021, provide a true and fair view of the Company's affairs.
- 4 The board of directors of the Company and its shareholders have approved a resolution towards listing of equity shares through an Initial Public Offer ("IPO") and accordingly have initiated the IPO process and have filed the Draft Red Herring Prospectus with the Securities and Exchange Board of India ("SEBI") on 9th November 2021.
- 5 During the quarter ended June 30, 2022, 23,000 options of Face Value of INR 1 (11,72,000 for the 3 month ended March 31,2022) were exercised by the employees and allotted. The total outstanding employee stock options as on June 30,2022 is 41,23,530 (39,08,000 as at March 31, 2022).
- 6 The Board of Directors at their meeting held on September 8, 2021 approved the sub-division of each equity share of face value of INR 10 each fully paid up into 10 equity shares of face value of INR 1 each fully paid up. The same was approved by the members at the Extra-Ordinary General Meeting held on October 8, 2021. In compliance with IND AS - 33, Earnings Per Share, the disclosure of basic and diluted earnings per share for all the periods presented has been arrived at after giving effect to the above sub-division.
- 7 Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 for the quarter ended 30th June 2022 is attached as Annexure-1
- 8 All debentures are secured by an exclusive first charge on book debts and pari passu charge on immovable property with security cover ranging from 1.00 to 1.25 times of outstanding amount at any point in time. The security cover over listed non-convertible debentures as on June 30, 2022 is 1.18 times (1.16 times as at June 30, 2021)
- 9 The Company is primarily in the business of financing and accordingly there are no separate reportable segments in accordance with Ind AS 108 on "Operating Segments" in respect of the Company. The Company operates in a single geographical segment i.e India.
- 10 The Company has evaluated the impact of COVID-19 on the business and operations of the Company as at June 30, 2022 and is of the view that it does not have any material impact on the financial results of the Company on the basis of the facts and events upto the date of approval of these financial statements/results. However, in view of the dynamic nature of the pandemic, the Company will continue to monitor future events / developments that may result in an adverse effect on the business and operations of the Company.

For and on behalf of the Board of Directors

Place: Chennai
Date: 26 July 2022




Lakshmi Pathy Deenadayalan
Chairman and Managing Director

Five-Star Business Finance Limited

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Annexure-1**Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 for the quarter ended 30th June 2022**

Particulars	For Quarter Ended June 30,2022	For Quarter Ended June 30,2021
1. Debt-equity ratio (Debt Securities+Borrowings (Other than debt securities)) / net worth i.e. Equity share capital + Other equity)	0.65	1.06
2. Total debts to total assets (Debt Securities and Borrowings (other than debt securities) / Total Assets)	0.39	0.51
3. Net worth (Equity share capital + Other equity)	3,85,697.41	2,94,344.59
4. Gross Stage 3 Assets Ratio (Gross Stage 3 term loans / Gross term loans. Gross Stage 3 term loans are loans that are credit impaired as per Ind-AS-109)	1.12%	1.68%
5. Net Stage 3 Assets Ratio (Gross Stage 3 term loans - Impairment Loss allowance for Stage 3 term loans) / (Gross term loans- Impairment allowance for Stage 3 term loans)	0.68%	1.34%
6. Liquidity coverage ratio (LCR)-(High-Quality Liquid Assets (HQLAs)/Total Net Cash	308.00%	81.00%
7. Outstanding Redeemable Preference shares	Nil	Nil
8. Net profit margin (%) (Profit after tax for the period / Total Income)	41.12%	32.94%
9. Net profit after tax	13,943.31	9,970.84
10. Earnings per equity share		
a. Basic (in rupees)	4.79	3.73
b. Diluted (in rupees)	4.74	3.56

Note : Other ratios / disclosures such as debt service coverage ratio, interest service coverage ratio, outstanding redeemable preference shares (quantity and value), current ratio, capital redemption reserve, debenture redemption reserve, long term debt to working capital, bad debts to account receivable ratio, current liability ratio, debtors turnover, inventory turnover and operating margin (%) are not applicable / relevant to the Company and hence not disclosed.

