



**Business Finance Limited**

Date: February 11, 2022

**BSE Limited**

Listing department,  
First floor, PJ Towers,  
Dalal Street, Fort Mumbai - 400 001

**Sub:** Submission of unaudited quarterly and year to date financial results of the Company for the 3<sup>rd</sup> quarter ended December 31, 2021 under Regulations 51(2) & 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**Ref: Scrip Code: 953131**

Dear Sir/ Madam

Pursuant to Regulations 51(2) and 52 read with Part B of Schedule III of the Listing Regulations, we wish to inform that the Board of Directors of the Company at their meeting held on February 11, 2022, inter-alia, considered and approved the unaudited quarterly and year to date financial results of the Company for the 3<sup>rd</sup> quarter ended December 31, 2021.

In this regard, we are enclosing the copy of the financial results along with the Limited Review Report for the quarter ended December 31, 2021 with unmodified opinion, as required under Regulations 51(2) & 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you

Yours faithfully,

**For Five-Star Business Finance Limited**

*B. Shalini*  
  
**Shalini B**  
Company Secretary

**Five-Star Business Finance Limited**

Registered Office : New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai - 600 010.  
Phone : 044 - 4610 6200, e-mail : [info@fivestargroup.in](mailto:info@fivestargroup.in), Website : [www.fivestargroup.in](http://www.fivestargroup.in)  
CIN : U65991TN1984PLC010844

# B S R & Co. LLP

Chartered Accountants

KRM Tower, 1<sup>st</sup> & 2<sup>nd</sup> Floors,  
No.1, Harrington Road, Chetpet,  
Chennai – 600 031, India

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## Limited Review Report on unaudited financial results of Five-Star Business Finance Limited for the quarter ended 31 December 2021 and year-to-date results for the period from 1 April 2021 to 31 December 2021 pursuant to Regulation 52 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

### To the Board of Directors of 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 31 December 2021 and year-to-date results for the period from 1 April 2021 to 31 December 2021 (“the Statement”).

Attention is drawn to the fact that the figures for the corresponding quarter ended 31 December 2020 and the corresponding period from 1 April 2020 to 31 December 2020, as reported in these unaudited financial results have been approved by the Company’s Board of Directors, but have not been subjected to review since the requirement of submission of quarterly financial results has become mandatory with effect from quarters ending on or after 30 September 2021.

2. This Statement, which is the responsibility of the Company’s management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “*Interim Financial Reporting*” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Our responsibility is to issue a report 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 is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and 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 applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Registered Office:

**B S R & Co. LLP**

5. As described in Note 6 to the Statement, the extent to which the COVID – 19 pandemic will impact the Company's financial performance including the Company's estimates of impairment of loans, are dependent on future developments, the severity and duration of the pandemic, which are highly uncertain.

Our conclusion is not modified in respect of this matter.

For **B S R & Co. LLP**  
*Chartered Accountants*

Firm's Registration No.:101248W/W-100022

**KASIVIswanathan**  
**raghuram**

Digitally signed by  
KASIVIswanathan raghuram  
Date: 2022.02.11 17:18:42 +05'30'

**K Raghuram**  
*Partner*

Membership No.: 211171  
UDIN:22211171ABKIMD8430

Chennai  
11 February 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 and year to date ended 31 December 2021

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

Particulars	Quarter ended			Year to date ended		Year ended
	31 December 2021	30 September 2021	31 December 2020	31 December 2021	31 December 2020	31 March 2021
	Unaudited	Unaudited	Unaudited (refer note 12)	Unaudited	Unaudited (refer note 12)	Audited
<b>Revenue from operations</b>						
Interest income	30,370.30	29,426.63	25,710.77	89,006.95	75,422.58	1,01,487.58
Fee income	799.14	682.43	639.03	1,909.70	1,144.71	2,167.61
Net gain on fair value changes	551.02	714.20	466.62	1,873.09	678.66	1,319.03
<b>Total revenue from operations</b>	<b>31,720.46</b>	<b>30,823.26</b>	<b>26,816.42</b>	<b>92,789.74</b>	<b>77,245.95</b>	<b>1,04,974.22</b>
Other income	53.96	30.10	41.71	108.55	60.08	151.25
<b>Total Income</b>	<b>31,774.42</b>	<b>30,853.36</b>	<b>26,858.13</b>	<b>92,898.29</b>	<b>77,306.03</b>	<b>1,05,125.47</b>
<b>Expenses</b>						
Finance costs	7,230.55	7,808.69	8,617.60	23,654.14	24,520.18	32,519.12
Fees expenses	4.22	69.54	43.19	100.24	97.61	266.83
Impairment on financial instruments	1,529.14	350.40	1,322.16	3,722.53	1,856.03	3,517.57
Employee benefits expenses	5,841.13	5,862.20	4,334.29	16,858.19	11,531.85	16,371.78
Depreciation and amortization	306.70	275.79	291.36	843.31	836.01	1,138.39
Other expenses	1,182.56	1,028.77	1,331.50	3,198.96	2,472.57	3,667.70
<b>Total Expenses</b>	<b>16,094.30</b>	<b>15,395.39</b>	<b>15,940.10</b>	<b>48,377.37</b>	<b>41,314.25</b>	<b>57,481.39</b>
<b>Profit before tax</b>	<b>15,680.12</b>	<b>15,457.97</b>	<b>10,918.03</b>	<b>44,520.92</b>	<b>35,991.78</b>	<b>47,644.08</b>
<b>Tax expenses</b>						
Current tax	4,093.44	3,738.69	3,172.32	11,680.93	9,349.50	12,594.12
Deferred tax (net)	(224.98)	(64.60)	(396.46)	(726.39)	(413.17)	(849.48)
<b>Total tax expenses</b>	<b>3,868.46</b>	<b>3,674.09</b>	<b>2,775.86</b>	<b>10,954.54</b>	<b>8,936.33</b>	<b>11,744.64</b>
<b>Profit after tax for the period / year</b>	<b>11,811.66</b>	<b>11,783.88</b>	<b>8,142.17</b>	<b>33,566.38</b>	<b>27,055.45</b>	<b>35,899.44</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to profit or loss</b>						
Re-measurements of the defined benefit plan	23.69	(138.33)	(63.57)	(172.51)	(101.13)	(105.27)
Income tax relating to items that will not be reclassified to profit or loss	(5.96)	34.82	16.00	43.42	25.45	26.49
<b>Other comprehensive income / (deficit) for the period / year, net of income tax</b>	<b>17.73</b>	<b>(103.51)</b>	<b>(47.57)</b>	<b>(129.09)</b>	<b>(75.68)</b>	<b>(78.78)</b>
<b>Total comprehensive income for the period / year, net of income tax</b>	<b>11,829.39</b>	<b>11,680.37</b>	<b>8,094.60</b>	<b>33,437.29</b>	<b>26,979.77</b>	<b>35,820.66</b>
<b>Earnings per equity share*</b>						
a. Basic (in rupees)	4.07	4.22	3.18	12.04	10.56	14.01
b. Diluted (in rupees)	4.02	4.16	3.08	11.86	10.26	13.61
Face value per share	1.00	1.00	1.00	1.00	1.00	1.00

\* Refer Note 11

See accompanying notes to the unaudited financial results



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(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").
- 2 The unaudited financial results for the quarter and year to date period ended 31 December 2021 along with comparative period have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on 11 February 2022. The above results for the quarter and year to date period ended 31 December 2021 have been subjected to limited review by the statutory auditors of the Company. The auditors have issued an unmodified review opinion.
- 3 These unaudited financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard ('Ind AS'), 34 - "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations 2015. The financial results have been drawn upon the basis of Ind AS, that are applicable to the Company as at 31 December 2021. Any application guidance / clarifications / directions issued by the RBI or other regulators are implemented as and when they are issued / applicable.
- 4 There is no separate reportable segment in accordance with Ind AS 108 on "Operating Segments" in respect of the Company.
- 5 Reserves include Statutory Reserves as per Section 45IC of Reserve Bank of India Act 1934, as per Section 29C of the National Housing Bank Act, 1987, balance in Securities Premium, Employee Stock Option Plan Reserve, General Reserve, Retained Earnings and Other Comprehensive Income.
- 6 The outbreak of COVID-19 pandemic and consequent regional lockdowns has severely impacted various social and economic activities across the country. The extent of impact of COVID-19 on the economy would also be dependent upon on future developments including measures taken by the Government, Regulator, responses of businesses and consumers to the pandemic. Therefore, the impact on the Company's business, cash flows and financial results, is dependent on such future developments, which are highly uncertain.

During the previous year ended 31 March 2021, in accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020, 23 May 2020 and 6 August 2020 relating to 'COVID-19 – Regulatory Package' and guidelines issued thereto, the Company had granted moratorium up-to five months on the payment of instalments falling due between 1 April 2020 and 31 August 2020 to all eligible borrowers on a suo-moto basis based on the Company's policy approved by its Board.

During the current period, the RBI issued guidelines with regard to "Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses" dated 5 May 2021. In accordance with this guidelines dated 5 May 2021 and Board approved policy, the Company offered restructuring plan i.e., moratorium period upto six months to eligible customers.

Based on an assessment by the Company, the above COVID-19 – Regulatory Package and Resolution Framework - 2.0 has not been deemed to be automatically triggering significant increase in credit risk and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria. Accordingly, in respect of accounts where moratorium benefit has been granted, the staging of those accounts as at 31 December 2021 is based on the days past due status considering the benefit of moratorium period in accordance with the Reserve Bank of India Covid-19 Regulatory Package and Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses.

Estimates and associated judgments / assumptions applied in preparation of these financial results including determining the impairment loss allowance and expected future cash inflows / outflows are based on a combination of historical experience and emerging / forward looking indicators resulting from the pandemic. In addition to these early indicators, the Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic in the measurement of impairment loss allowance for the period ended 31 December 2021. In addition to the indicators available, the Company has also used potential stress on probability of default and exposure at default on the expected credit losses on loans and accordingly recognized an expected credit loss on loans of INR 10,293 lakhs as at 31 December 2021 (As at 31 March 2021 - INR 8,663 lakhs) including an additional impairment provision amounting to INR 1,529 lakhs and INR 3,723 (including write offs of INR 770 lakhs and INR 2093 lakhs) during the quarter and year to date period ended 31 December 2021 respectively (quarter and year to date period ended 31 December 2020 - INR 1,322 lakhs and INR 1,856 (including write offs of INR 501 lakhs and INR 725 lakhs) respectively). The Company believes that it has considered all the possible impact of the currently known events arising out of the COVID-19 pandemic in the preparation of financial results. However, the impact assessment of COVID-19 is a continuing process given its uncertainty in nature and duration, this may have a corresponding impact on the financial position. The Company will continue to monitor any material changes to the future economic conditions.



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Notes (continued):

7 Disclosure as per format prescribed under RBI circular RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 5 May 2021 ("RBI Resolution Framework – 2.0") for the period ended 31 December 2021

Particulars	Individual Borrowers		Small Businesses**
	Personal Loans**	Business Loans**	
i) Number of requests received for invoking resolution process under Part A of the Resolution Framework – 2.0	943	1,757	-
ii) Number of accounts where resolution plan has been implemented under this window	943	1,757	-
iii) Exposure to accounts mentioned at (ii) before implementation of the plan	2,829.89	5,475.34	-
iv) Of (iii), aggregate amount of debt that was converted into other securities	-	-	-
v) Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
vi) Increase in provisions on account of the implementation of the resolution plan*	*	*	-

\* The Company has recorded provision for impairment loss allowance including potential stress on probability of default and exposure at default as per expected credit loss model for the period ended 31 December 2021.

\*\* Classification of borrowers is based on the data available with the Company and has been relied upon by the auditors. Above loans are secured wholly by mortgage of property.

8 On 12 November 2021, Reserve Bank of India (RBI) issued circular no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22, requiring changes to and clarifying certain aspects of Income Recognition and Asset Classification Norms (IRACP norms). The Company has since implemented the provisions of this circular in the IRAC provisioning norms including asset classification effective from 12 November 2021. In respect of financial results for the quarter and year to date period ended 31 December 2021, prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended, the Company continues to follow the Board approved Expected Credit Loss (ECL) policy with respect to asset classification and provisioning. The impairment allowances on loans as at 31 December 2021 exceeds the provision requirements under IRACP norms.

9 In terms of the requirement as per RBI notifications no. RBI/2019-20/170 DOR (NBFC).CC. PD No. 109/22.10.106/2019-20 dated 13 March 2020 on implementation of Indian Accounting Standards, Non Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the company exceeds the total provision required under IRACP (including Standard asset provisioning), as at 31 December 2021 and accordingly, no amount is required to be transferred to impairment reserve.

10 All debentures are secured by pari pasu charge on immovable property and exclusive first charge on book debts with security cover ranging from 1 to 1.25 times of outstanding amount at any point in time.

11 The Board of Directors at their meeting held on 8 September 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 8 October 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.

12 The corresponding figures for the quarter ended and the year to date period ended 31 December 2020 included in the Statement, are based on the information that has been 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 and the year to date period ended 31 December 2020 provide a true and fair view of the Company's affairs.



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Notes (continued):

13 Analytical ratios / disclosures required under Regulation 52 / 54 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	As at	As at
	31 December 2021	31 March 2021
Debt-equity ratio*	0.76	1.48
Total debts to total assets**	0.43	0.59
Net worth***	3,58,012.64	2,31,817.22
Gross Stage 3 term loans^ / Gross term loans	1.27	1.02
Net Stage 3 term loans / Net term loans^^	0.83	0.85
Liquidity coverage ratio (LCR)^^^	344%	162%
Asset cover over listed non-convertible debentures##	1.15	1.16

Particulars	Quarter ended	Quarter ended	Quarter ended	Year to date period	Year to date period	Year ended
	31 December 2021	30 September 2021	31 December 2020	ended 31 December 2021	ended 31 December 2020	31 March 2021
Net profit margin (%)^^^^	37%	38%	30%	36%	35%	34%

\*Debt-equity ratio is (Debt Securities+Borrowings (Other than debt securities)) / net worth i.e. Equity share capital + Other equity

\*\*Total debts to total assets is Debt Securities and Borrowings (other than debt securities) / Total Assets

\*\*\*Net Worth is equal to Equity share capital + Other equity

^ Gross Stage 3 term loans pertains to loans which are overdue beyond 90 days as at the reporting period.

^^ Net Stage 3 term loans / Net term loans is (Gross Stage 3 term loans - Impairment Loss allowance for Stage 3 term loans) / (Gross term loans - Impairment allowance for Stage 3 term loans)

^^^ LCR = Stock of High-Quality Liquid Assets (HQLAs)/Total Net Cash Outflows over the next 30 calendar days

## Asset cover over listed non-convertible debentures represents the number of times the listed non-convertible debentures is covered through the term loans provided as security.

^^^^ Net profit margin is Total comprehensive income for the period, net of income tax / Total Income

Other ratios / disclosures such as debt service coverage ratio, interest service coverage ratio, outstanding redeemable preference shares (quantity and value), capital redemption reserve/debenture redemption reserve, current ratio, 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.

14 Previous period's figures have been regrouped / reclassified wherever necessary, to conform with the current period presentation.

For and on behalf of the Board of Directors



*D Lakshminath*  
 Chairman and Managing Director

Place: Chennai  
 Date: 11 February 2022

**Disclosure pursuant to 52(4) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015**

Particulars	As at December 31, 2021
a) Debt-equity ratio <i>Debt-equity ratio is (Debt Securities + Borrowings (Other than debt securities)) / net worth i.e. Equity share capital + Other equity</i>	0.76
b) Debt service coverage ratio	Not Applicable
c) Interest service coverage ratio	Not Applicable
d) Outstanding redeemable preference share	Nil
e) Capital redemption reserve / Debenture redemption reserve (DRR)	As per Companies (Share capital and debentures) Rules, 2014 read with the Companies Act 2013, DRR is not required to be created for issue of privately placed debentures by Non-Banking Finance Companies registered with Reserve Bank.
f) Net worth <i>Net Worth = Equity share capital + Other equity</i>	Rs. 3,58,012.64 Lakhs
g) Net profit after tax for the 3 <sup>rd</sup> quarter ended 31 <sup>st</sup> December 2021	Rs. 11,811.66 Lakhs
h) Net profit after tax for the 9 months period ended 31 <sup>st</sup> December 2021	Rs. 33,566.38 Lakhs
i) Earnings per share (not annualised) for the 3 <sup>rd</sup> quarter ended 31 <sup>st</sup> December 2021	Basic: Rs. 4.07 Diluted: Rs. 4.02
j) Earnings per share (not annualised) for the 9 months period ended 31 <sup>st</sup> December 2021	Basic: Rs. 12.04 Diluted: Rs. 11.86
k) Current ratio	Not applicable
l) Long term debt to working capital	Not applicable
m) Bad debts to Account receivable ratio	Not applicable
n) Current liability ratio	Not applicable
o) Total debts to total assets <i>Total debts to total assets is Debt Securities and Borrowings (other than debt securities) / Total Assets</i>	0.43
p) Debtors turnover	Not applicable
q) Inventory turnover	Not applicable
r) Operating margin (%)	Not applicable
s) Net profit margin (%) for the 3 <sup>rd</sup> quarter ended 31 <sup>st</sup> December 2021 <i>Net profit margin is Total comprehensive income for the period, net of income tax / Total Income</i>	37%
t) Net profit margin (%) for the 9 months period ended 31 <sup>st</sup> December 2021 <i>Net profit margin is Total comprehensive income for the period, net of income tax / Total Income</i>	36%
u) Gross Non-Performing Assets (GNPA) Ratio <i>GNPA Ratio is Gross Stage 3 term loans / Gross term loans</i>	1.27%
v) Net Non-Performing Assets (NNPA) Ratio <i>NNPA Ratio is (Gross Stage 3 term loans - Impairment Loss allowance for Stage 3 term loans) / (Gross term loans- Impairment allowance for Stage 3 term loans)</i>	0.83%
w) Liquidity coverage ratio (LCR) <i>LCR = Stock of High-Quality Liquid Assets (HQLAs)/Total Net Cash Outflows over the next 30 calendar days</i>	344%
x) Asset cover over listed non-convertible debentures <i>Asset cover over listed non-convertible debentures represents the number of times the listed non-convertible debentures is covered through the term loans provided as security.</i>	1.15

