

**Independent Auditors' Examination Report on the Restated Statement of Assets and Liabilities as at June 30, 2022, June 30, 2021, March 31, 2022, March 31, 2021, and March 31, 2020 and Restated Statement of Profit and Loss (including Other Comprehensive Income), and Restated Statement of Cash Flows and Restated Statement of Changes in Equity for each of the three month period ended June 30, 2022 and June 30, 2021 and for each of the years ended March 31, 2022, March 31, 2021, and March 31, 2020, Summary of significant accounting policies and other explanatory information for each of the three month periods ended June 30, 2022 and June 30, 2021 and for each of the years ended March 31, 2022, March 31, 2021 and March 31, 2020 of Five-Star Business Finance Limited (the "Company") (collectively, the "Restated Financial Information")**

The Board of Directors  
Five-Star Business Finance Limited  
New No. 27, Old No. 4, Taylor's Road  
Kilpauk, Chennai 600010, Tamil Nadu, India

Dear Sir /Madam,

1. We, S.R. Batliboi & Associates LLP ("we", "us" or "SRBA") have examined the attached Restated Financial Information of the Company.

The Restated Financial Information have been approved by the Board of Directors of the Company at their meeting held on October 6, 2022, for the purpose of inclusion in the Red Herring Prospectus ("RHP") and Prospectus (collectively referred to as "Offer Documents"), in connection with its proposed Initial Public Offer of equity shares of face value of Re.1 each (the "Proposed IPO"), and have been prepared by the Company in accordance with the requirements of:

- a) Section 26 of Part I of Chapter III of The Companies Act, 2013 (the "Act");
- b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations"); and
- c) The Guidance Note on Reports on Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), (the "Guidance Note")

#### **Management's Responsibility for the Restated Financial Information**

2. The preparation of Restated Financial Information is the responsibility of the Board of Directors of the Company, for the purpose set out in paragraph 12 below. The Restated Financial Information have been prepared by the Board of Directors of the Company on the basis of preparation stated in Note 2 to the Restated Financial Information. The responsibility of the Board of Directors of the Company includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors of the Company are also responsible for identifying and ensuring that the Company complies with the Act and the ICDR Regulations and the Guidance Note.

#### **Auditors' Responsibilities**

3. We have examined such Restated Financial Information taking into consideration:
  - a) the terms of reference and our engagement agreed with you vide our engagement letter dated August 24, 2022, requesting us to carry out work on such Restated Financial Information, proposed to be included in the Offer Documents of the Company in connection with the Company's Proposed IPO;
  - b) the Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI;



- c) concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
- d) the requirements of Section 26 of the Act and applicable provisions of the ICDR Regulations.

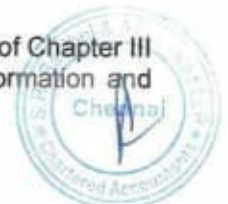
Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the Proposed IPO.

**Restated Financial Information as per audited financial statements**

- 4. The Restated Financial Information have been compiled by the management from
  - a. The audited interim financial statements of the Company as at and for the three month period ended June 30, 2022, prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting", specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India (referred to as "Ind-AS"), which has been approved by the Board of Directors at their meetings held on October 6, 2022;
  - b. The audited interim financial statements of the Company as at and for the three month period ended June 30, 2021, prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting", specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India (referred to as "Ind-AS"), which has been approved by the Board of Directors at their meetings held on October 6, 2022;
  - c. the audited financial statements of the Company as at and for the year ended March 31, 2022, , which was prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which has been approved by the Board of Directors at their meetings held on April 27, 2022;.
  - d. audited financial statements of the Company as at and for the year ended March 31, 2021, which was prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which has been approved by the Board of Directors at their meetings held on May 28, 2021; and
  - e. audited financial statements of the Company as at and for the year ended March 31, 2020, which was prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which has been approved by the Board of Directors at their meetings held on June 10, 2020.
- 5. For the purpose of our examination, we have relied on:
  - a. The Independent Auditor's Reports issued by us dated October 6, 2022, October 6, 2022 and April 27, 2022, on the interim financial statements of the Company as at and for the three month period ended June 30, 2022 and June 30, 2021 and on the financial statements of the Company as at and for the year ended March 31, 2022, as referred to in Paragraph 4 above; and
  - b. the Independent auditor's reports dated May 28, 2021 and June 10, 2020 on the financial statements of the Company as at and for the years ended March 31, 2021 and 2020, issued by the Company's previous auditor, B S R & Co. LLP (the "Previous Auditors"), as referred to in Paragraph 4 above.



- c. Examination report dated October 6, 2022 of the Previous Auditors, on the Restated Statement of Assets and Liabilities as at March 31, 2021 and 2020, and Restated Statement of Profit and Loss (including other comprehensive income), Restated Statement of Changes in Equity and restated statement of cash flows, the Summary Statement of Significant Accounting Policies and other explanatory information for the years ended March 31, 2021 and 2020 ("Restated Prior Period Financial Information"), examined by them, confirming that the Restated Prior Period Financial Information:
- (i) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regroupings / reclassifications retrospectively in the financial years ended March 31, 2021 and 2020 to reflect the same accounting treatment as per the accounting policies and groups / classifications followed as at and for the three month period ended June 30, 2022;
  - (ii) do not contain any qualifications requiring adjustments. However, those qualifications included in the Annexure to the auditors' report issued under Companies (Auditor's Report) Order, 2016, as applicable, on the financial statements for the years ended March 31, 2021 and 2020 which do not require any corrective adjustment in the Restated Prior Period Financial Information have been disclosed in Note 49 to the Restated Prior Period Financial Information; and
  - (iii) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
6. The examination report of the Previous Auditors included the following matters reproduced below which do not require any corrective adjustments in the Restated Financial Information (also refer note 51 of the Restated Financial Information):
- (1) Emphasis of matter as at and for the year ended March 31, 2021
- The auditors' report has drawn attention to extent to which the ongoing COVID-19 pandemic will have impact on 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.
- The auditors' report has drawn attention to extent to which the COVID-19 pandemic will have impact on the Company's internal financial controls with reference to the financial statements is dependent on future developments, which are highly uncertain.
- Our opinion is not modified in respect of the above matters.
- (2) Emphasis of matter as at and for the year ended March 31, 2020
- The auditors' report has drawn attention to the extent to which the COVID - 19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. The auditors' report has drawn attention to extent to which the COVID-19 pandemic will have impact on the Company's internal financial controls with reference to the financial statements is dependent on future developments, which are highly uncertain.
- Our opinion is not modified in respect of the above matters.
- (3) Matters with respect to Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub section (11) of section 143 of the Act in relation to year ended March 31, 2021 and March 31, 2020 as disclosed in note 49 to the Restated Prior Period Financial Information
7. Based on our examination, in accordance with the requirements of Section 26 of Part I of Chapter III of the Act, the ICDR Regulations and the Guidance Note, and according to the information and




explanations given to us, and the reliance placed on the examination reports of the Previous Auditors as stated in paragraph 5.b and 6 above, we report that the Restated Financial Information:

- a. have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regroupings / reclassifications more fully described in Note 50 to the Restated Financial Information;
  - b. does not contain any qualifications requiring adjustments. However, those qualifications included in the Annexure to the auditors' report issued under Companies (Auditor's Report) Order, 2020 , on the financial statements for the years ended March 31, 2022, and Annexure to the auditors' report issued under Companies (Auditor's Report) Order, 2016 on the financial statements for the years ended 2021 and 2020 which do not require any corrective adjustment in the Restated Financial Information have been disclosed in Note 50D to the Restated Financial Information;
  - c. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
8. We have not audited any financial statements of the Company as of any date or for any period subsequent to June 30, 2022. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to June 30, 2022.
  9. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited interim financial statements and audited financial statements mentioned in paragraph 4 above.
  10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
  11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
  12. Our report is intended solely for use of the management for inclusion in the Offer Documents to be filed with Registrar of Companies Tamil Nadu at Chennai, SEBI, BSE Limited, and National Stock Exchange of India Limited in connection with the Proposed IPO of the Company. Our report should not be used, referred to or distributed for any other purpose.

for **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W / E300004



per **Bharath N S**

Partner

Membership Number: 210934

UDIN: 22210934AYLBAQ1079

Place of Signature: Chennai

Date: October 6, 2022



**Five-Star Business Finance Limited**  
**Restated Statement of Assets and Liabilities**  
 (All amounts are in Indian Rupees in millions, unless otherwise stated)

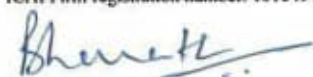
Particulars	Note	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash and cash equivalents	4	4,095.66	9,837.38	6,131.63	12,671.83	2,897.79
Bank balances other than cash and cash equivalents	5	3,036.44	4,289.73	2,667.75	885.40	1,613.49
Loans	6	54,543.53	44,834.72	51,024.11	43,587.49	38,308.04
Investments	7	1,891.60	1,500.00	2,481.84	-	-
Derivative Financial Instruments	14	4.08	-	-	-	-
Other financial assets	8	187.02	55.65	179.79	47.43	52.47
<b>Total Financial Assets</b>		<b>63,758.33</b>	<b>60,517.48</b>	<b>62,485.12</b>	<b>57,192.15</b>	<b>42,871.79</b>
<b>Non-financial assets</b>						
Current tax assets (net)	9	31.64	55.79	22.01	79.58	43.55
Deferred tax assets (net)	38	471.29	419.49	466.67	369.89	282.30
Investment property	10	0.36	0.36	0.36	0.36	0.36
Property, plant and equipment	12	129.92	80.43	121.45	84.56	110.61
Right of use asset	39	207.96	165.31	197.81	145.26	148.80
Other intangible assets	13	9.95	17.74	8.87	19.03	19.28
Other non-financial assets	11	106.03	34.43	128.37	45.28	54.85
<b>Total Non-Financial Assets</b>		<b>957.15</b>	<b>773.55</b>	<b>945.54</b>	<b>743.96</b>	<b>659.75</b>
<b>Total assets</b>		<b>64,715.48</b>	<b>61,291.03</b>	<b>63,430.66</b>	<b>57,936.11</b>	<b>43,531.54</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
Derivative financial instruments	14	-	-	13.89	-	-
Payables						
Trade payables						
total outstanding dues of micro and small enterprises		-	-	-	-	-
total outstanding dues of creditors other than micro and small enterprises	15	109.30	69.41	130.04	86.72	66.24
Debt securities	16	9,474.05	12,238.38	10,085.34	13,037.86	10,788.64
Borrowings (other than debt securities)	17	15,729.14	18,973.80	15,502.97	21,214.11	12,848.29
Other financial liabilities	18	535.44	397.99	414.68	171.69	156.81
<b>Total Financial Liabilities</b>		<b>25,847.93</b>	<b>31,679.58</b>	<b>26,146.92</b>	<b>34,510.38</b>	<b>23,859.98</b>
<b>Non-financial liabilities</b>						
Current tax liabilities (net)	19	109.44	29.54	-	-	7.48
Provisions	20	134.92	111.12	90.00	71.98	57.76
Other non-financial liabilities	21	53.44	26.66	90.23	172.03	160.52
<b>Total Non-Financial Liabilities</b>		<b>297.80</b>	<b>167.32</b>	<b>180.23</b>	<b>244.01</b>	<b>225.76</b>
<b>Total Liabilities</b>		<b>26,145.73</b>	<b>31,846.90</b>	<b>26,327.15</b>	<b>34,754.39</b>	<b>24,085.74</b>
<b>EQUITY</b>						
Equity share capital	22	291.37	271.17	291.34	256.45	255.82
Other equity	23	38,278.38	29,172.96	36,812.17	22,925.27	19,189.98
<b>Total Equity</b>		<b>38,569.75</b>	<b>29,444.13</b>	<b>37,103.51</b>	<b>23,181.72</b>	<b>19,445.80</b>
<b>Total liabilities and equity</b>		<b>64,715.48</b>	<b>61,291.03</b>	<b>63,430.66</b>	<b>57,936.11</b>	<b>43,531.54</b>

Significant accounting policies

2 and 3

The accompanying notes are integral part of the restated financial information.

As per our report of even date  
 for S.R. Batliboi & Associates LLP  
 Chartered Accountants  
 ICAI Firm registration number: 101049W/E300004



per Bharath N S  
 Partner  
 Membership No: 210934



For and on behalf of the Board of Directors of  
**Five-Star Business Finance Limited**  
 CIN : U65991TN1984PLC010844



D Lakshmi Pathy  
 Chairman and Managing Director  
 DIN: 01723269



G Srikanth  
 Chief Financial Officer

Place : Chennai  
 Date : October 06, 2022



K Rangarajan  
 Chief Executive Officer



R Anand  
 Independent Director  
 DIN: 00243485



B Shalini  
 Company Secretary  
 ACS: A51334

Place : Chennai  
 Date : October 06, 2022

**Five-Star Business Finance Limited**  
**Restated Statement of Profit and Loss**  
 (All amounts are in Indian Rupees in millions, unless otherwise stated)

Particulars	Note	For the three	For the three	For the year	For the year	For the year
		month period	month period	ended	ended	ended
		ended	ended	March 31, 2022	March 31, 2021	March 31, 2020
		June 30, 2022	June 30, 2021			
<b>Revenue from operations</b>						
Interest income	24	3,352.20	2,902.29	12,037.66	10,148.76	7,468.25
Fee Income	25	12.33	42.81	293.96	216.76	297.08
Net gain on fair value changes	26	15.18	60.05	209.02	131.90	101.82
<b>Total revenue from operations (I)</b>		<b>3,379.71</b>	<b>3,005.15</b>	<b>12,540.64</b>	<b>10,497.42</b>	<b>7,867.15</b>
Other income (II)	27	10.88	2.40	21.05	15.13	6.32
<b>Total Income (III) = (I) + (II)</b>		<b>3,390.59</b>	<b>3,007.55</b>	<b>12,561.69</b>	<b>10,512.55</b>	<b>7,873.47</b>
<b>Expenses</b>						
Finance costs	28	647.98	864.14	3,006.00	3,251.91	2,169.35
Fees expenses	29	-	-	-	26.68	4.25
Impairment on financial instruments	30	(4.11)	165.38	455.18	351.76	493.42
Employee benefits expense	31	718.90	520.19	2,361.15	1,637.18	1,271.07
Depreciation and amortisation expense	32	36.19	26.08	122.45	113.85	100.68
Other expenses	33	130.02	78.23	574.82	366.77	341.69
<b>Total Expenses (IV)</b>		<b>1,528.98</b>	<b>1,654.02</b>	<b>6,519.60</b>	<b>5,748.15</b>	<b>4,380.46</b>
<b>Profit before tax (V) = (III) - (IV)</b>		<b>1,861.61</b>	<b>1,353.53</b>	<b>6,042.09</b>	<b>4,764.40</b>	<b>3,493.01</b>
<b>Tax expense (VI)</b>						
Current tax	34 A	469.42	382.95	1,595.91	1,259.41	1,005.61
Deferred tax (net)	38	(2.14)	(45.13)	(89.27)	(84.95)	(132.11)
<b>Tax Expense</b>		<b>467.28</b>	<b>337.82</b>	<b>1,506.64</b>	<b>1,174.46</b>	<b>873.50</b>
<b>Profit for the period / year (A) = (V) - (VI)</b>		<b>1,394.33</b>	<b>1,015.71</b>	<b>4,535.45</b>	<b>3,589.94</b>	<b>2,619.51</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		(4.29)	(17.75)	(17.16)	(10.53)	(14.88)
Income tax relating to items that will not be reclassified to profit or loss	34 B	1.08	4.47	4.32	2.65	3.74
<b>Net other comprehensive income / (deficit) not to be reclassified subsequently to profit or loss</b>		<b>(3.21)</b>	<b>(13.28)</b>	<b>(12.84)</b>	<b>(7.88)</b>	<b>(11.14)</b>
<b>Items that will be reclassified subsequently to profit or loss</b>						
Net movement on effective portion of cash flow hedge		(5.58)	-	(12.69)	-	-
Income tax relating to items that will be reclassified subsequently to profit or loss		1.40	-	3.18	-	-
<b>Net other comprehensive income to be reclassified subsequently to profit or loss</b>		<b>(4.18)</b>	<b>-</b>	<b>(9.51)</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income / (deficit) for the period / year, net of income tax</b>		<b>(7.39)</b>	<b>(13.28)</b>	<b>(22.35)</b>	<b>(7.88)</b>	<b>(11.14)</b>
<b>Total comprehensive income</b>		<b>1,386.94</b>	<b>1,002.43</b>	<b>4,513.10</b>	<b>3,582.06</b>	<b>2,608.37</b>
<b>Earnings per equity share (face value Re.1 each) (also refer note 40)</b> (the EPS for the three month period ended June 30, 2022 / June 30, 2021 is not annualised)						
Basic (in rupees)		4.79	3.80	16.09	14.01	10.32
Diluted (in rupees)		4.74	3.66	15.92	13.61	10.07

Significant accounting policies

2 and 3

The accompanying notes are integral part of the restated financial information

As per our report of even date  
 for S.R. Batliboi & Associates LLP  
 Chartered Accountants  
 ICAI Firm registration number: 101049W/E300004

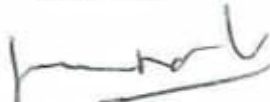
For and on behalf of the Board of Directors of  
**Five-Star Business Finance Limited**  
 CIN : U65991TN1984PLC010844



per Bharath N S  
 Partner  
 Membership No: 210934



  
**D Lakshmi pathy**  
 Chairman and Managing Director  
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**G Srikanth**  
 Chief Financial Officer

  
**R Anand**  
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 DIN: 00243485

  
**K Rangarajan**  
 Chief Executive Officer

  
**B Shalini**  
 Company Secretary  
 ACS: A51334

Place : Chennai  
 Date : October 06, 2022

Place : Chennai  
 Date : October 06, 2022

**Five-Star Business Finance Limited**  
**Restated Statement of Cash Flows**  
*(All amounts are in Indian Rupees in millions, unless otherwise stated)*

Particulars	For the three month period ended June 30, 2022	For the three month period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A. Cash Flow from Operating Activities</b>					
Profit before tax	1861.61	1353.53	6,042.09	4,764.40	3,493.01
Adjustments for:					
Depreciation and amortisation expense	36.19	26.08	122.45	113.85	100.68
Impairment on financial instruments	(4.11)	165.38	455.18	351.76	493.42
Loss on sale/retirement of property, plant and equipment (net)	0.00	0.00	0.13	0.23	0.08
Profit on sale of current investments (net)	(15.18)	(60.05)	(209.02)	(131.90)	(101.82)
Interest income on deposits with banks / others	(95.51)	(74.33)	(270.34)	(193.75)	(288.67)
Interest on loans	(3,256.69)	(2,827.95)	(11,767.32)	(9,955.01)	(7,179.58)
Finance costs	647.98	864.14	3,006.00	3,251.91	2,169.35
Gain recognised on derecognition of leases	(1.25)	(0.33)	(2.17)	(4.23)	(0.66)
Employee stock option expenses	76.73	98.24	354.42	150.94	16.80
<b>Operating cash flow before working capital changes</b>	<b>(750.23)</b>	<b>(455.29)</b>	<b>(2,268.57)</b>	<b>(1,651.80)</b>	<b>(1,297.39)</b>
<b>Changes in Working Capital:</b>					
<i>Adjustments for (Increase) / Decrease in operating assets:</i>					
Loans	(3,508.52)	(1,101.40)	(7,722.71)	(5,597.21)	(17,688.98)
Other non-financial assets	22.35	10.85	(83.10)	9.59	(18.26)
Other financial assets	(7.23)	(8.20)	(132.36)	5.02	(23.87)
<i>Adjustments for Increase / (Decrease) in operating liabilities:</i>					
Trade payables	(20.73)	(17.31)	43.31	20.48	36.97
Provisions	40.63	21.39	0.86	3.69	5.26
Other financial liabilities	109.63	205.04	184.59	17.49	0.59
Other non financial liabilities	(36.78)	(145.37)	(81.81)	11.51	3.37
<b>Net cash (used in) operations</b>	<b>(4,150.88)</b>	<b>(1,490.29)</b>	<b>(10,059.79)</b>	<b>(7,181.23)</b>	<b>(18,982.31)</b>
Finance cost paid	(475.10)	(637.97)	(2,739.51)	(3,009.53)	(2,254.33)
Interest income received	3249.90	2516.74	11,566.05	9,921.02	7,025.73
Direct taxes paid (net)	(369.61)	(329.62)	(1,538.34)	(1,302.93)	(1,021.89)
<b>Net Cash from/ (used in) Operating Activities (A)</b>	<b>(1,745.69)</b>	<b>58.86</b>	<b>(2,771.59)</b>	<b>(1,572.67)</b>	<b>(15,232.80)</b>
<b>B. Cash Flow from Investing Activities</b>					
Purchase of Property plant and equipment	(25.95)	(5.55)	(86.29)	(32.44)	(97.10)
Proceeds from sale of Property, plant and equipment	0.03	0.00	0.09	0.10	0.08
(Purchase)/Redemption of Mutual Funds (Net)	15.18	(1,439.95)	209.02	131.90	101.82
(Purchase)/Redemption of investments (Net)	590.23	-	(2,481.84)	-	-
Interest income on deposits with banks / others	95.51	51.89	215.53	177.88	266.29
Movement in bank balances other than cash and cash equivalents	(368.69)	(3,381.89)	(1,695.36)	743.97	(1,590.43)
<b>Net Cash from / (used in) Investing Activities (B)</b>	<b>306.31</b>	<b>(4,775.50)</b>	<b>(3,838.85)</b>	<b>1,021.41</b>	<b>(1,319.34)</b>
<b>C. Cash Flow from Financing Activities</b>					
Proceeds from issue of equity shares	0.02	14.72	34.89	0.63	16.83
Proceeds from securities premium (net off utilisation)	2.54	5147.03	9,019.38	2.28	3,152.53
Fresh Borrowings during the period/year	2150.00	-	3,154.10	23,617.90	17,816.63
Repayment of Borrowings during the period/year	(2,731.55)	(3,265.96)	(12,083.04)	(13,245.25)	(3,695.02)
Payment towards leases (excluding interest)	(17.60)	(13.60)	(55.09)	(50.26)	(37.61)
<b>Net Cash from/(used in) Financing Activities (C)</b>	<b>(596.59)</b>	<b>1,882.19</b>	<b>70.24</b>	<b>10,325.30</b>	<b>17,253.36</b>
<b>Net increase / (decrease) in Cash and Cash Equivalents [ (A) + (B) + (C) ]</b>	<b>(2,035.97)</b>	<b>(2,834.45)</b>	<b>(6,540.20)</b>	<b>9,774.04</b>	<b>701.22</b>
Cash and Cash Equivalents at the beginning of the period/ year	6,131.63	12,671.83	12,671.83	2,897.79	2,196.57
<b>Cash and Cash Equivalents at the end of the period/ year</b>	<b>4,095.66</b>	<b>9,837.38</b>	<b>6,131.63</b>	<b>12,671.83</b>	<b>2,897.79</b>



**Five-Star Business Finance Limited**

**Restated Statement of Cash Flows**

(All amounts are in Indian Rupees in millions, unless otherwise stated)

Particulars	For the three month period ended June 30, 2022	For the three month period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Notes</b>					
<b>1 Cash and cash equivalents</b>					
Cash on hand	108.26	57.35	50.40	42.59	5.77
Balances with banks					
(i) In current accounts	180.08	654.61	474.19	3,145.49	1,305.09
(ii) In other deposit accounts (original maturity less than 3 months)	3807.32	9,125.42	5,607.04	9,483.75	1,586.93
	<u>4,095.66</u>	<u>9,837.38</u>	<u>6,131.63</u>	<u>12,671.83</u>	<u>2,897.79</u>

**2 Change in liabilities arising from financing activities**

Particulars	Debt securities	Borrowings (other than debt)
<b>As at March 31, 2019</b>	<u>4,335.07</u>	<u>5,265.22</u>
Cash flows (net)	6,553.48	7,651.98
Others	(99.91)	(68.91)
<b>As at March 31, 2020</b>	<u>10,788.64</u>	<u>12,848.29</u>
<b>As at April 1, 2020</b>	10,788.64	12,848.29
Cash flows (net)	2,215.89	8,410.36
Others	33.33	(44.54)
<b>As at March 31, 2021</b>	<u>13,037.86</u>	<u>21,214.11</u>
<b>As at April 1, 2021</b>	13,037.86	21,214.11
Cash flows (net)	(1,000.00)	(2,365.96)
Others	200.52	25.65
<b>As at June 30, 2021</b>	<u>12,238.38</u>	<u>18,973.80</u>
<b>As at March 31, 2021</b>	13,037.86	21,214.11
Cash flows (net)	(3,109.73)	(5,819.21)
Others	157.21	108.07
<b>As at March 31, 2022</b>	<u>10,085.34</u>	<u>15,502.97</u>
Cash flows (net)	(750.05)	168.50
Others	138.76	57.68
<b>As at June 30, 2022</b>	<u>9,474.05</u>	<u>15,729.14</u>

(i) Others includes the effect of interest accrued but not due, amortization of processing fees etc.

(ii) Liabilities represents Debt securities and Borrowings (other than debt securities)

**Significant accounting policies**

The accompanying notes are integral part of the restated financial information

As per our report of even date

for S.R. Balaji & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004




per Bharath N S  
Partner  
Membership No: 210934



Place : Chennai  
Date : October 06, 2022

2 and 3



For and on behalf of the Board of Directors of  
Five-Star Business Finance Limited  
CIN : U65991TN1984PLC010844



D Lakshmi pathy  
Chairman and Managing Director  
DIN: 01723269



R Anand  
Independent Director  
DIN: 00243485

G Srikanth  
Chief Financial Officer

K Rangarajan  
Chief Executive Officer



B Shalini  
Company Secretary  
ACS: A51334

Place : Chennai  
Date : October 06, 2022



Five-Star Business Finance Limited  
Restated Statement of Changes in Equity

(All amounts are in Indian Rupees in millions, unless otherwise stated)

A. Equity share capital

Particulars	Number of shares	Amount
Equity Shares of INR 10 each as at April 1, 2019	2,38,99,582	239.00
Change in equity share capital during the year		
Add: Issued during the year - fully paid up	15,10,712	15.10
Add: Issued during the year - partly paid up	17,17,597	1.72
Balance as at March 31, 2020	2,71,27,891	255.82
Equity Shares of INR 10 each as at April 1, 2020	2,71,27,891	255.82
Change in equity share capital during the year		
Add: Issued during the year	62,850	0.63
Balance as at March 31, 2021	2,71,90,741	256.45
Equity Shares of INR 10 each as at April 1, 2021	2,71,90,741	256.45
Change in equity share capital during the year		
Add: Issued during the year		
1. Issue of Equity Shares under Employee Stock Option	200	0.00
2. Fresh Issue of Equity Shares	14,71,771	14.72
Balance as at June 30, 2021	2,86,62,712	271.17
Equity Shares of INR 10 each at April 1, 2021	2,86,62,712	271.17
Change in equity share capital during the period		
Additional shares pursuant to share split issued during the year *(Refer Note-22)		
Add: Issued during the year		
1. Fresh Issue of Equity Shares	24,47,16,669	-
2. Issue of Equity Shares under Employee Stock Option	1,77,17,710	17.72
3. Calling Up Unpaid Capital	17,18,000	1.72
Balance as at March 31, 2022	29,13,43,120	291.34
Equity Shares of INR 1 each as at April 1, 2022	29,13,43,120	291.34
Change in equity share capital during the period		
Add: Issued during the year	23,000	0.03
Balance as at June 30, 2022	29,13,66,120	291.37

B. Other Equity

	Reserves and surplus					Other Comprehensive Income			Total
	Statutory reserve	Securities premium	Share options outstanding account	General reserve	Retained earnings	Re-Measurement of Defined benefit plan	Effective portion of Cash Flow Hedge Reserve		
As at April 1, 2019	562.28	10,731.39	49.03	71.96	1,997.62	-	-	13,412.28	
Changes in equity for the year ended March 31, 2020									
Premium received on shares issued during the year (including monies received for partly paid up shares)	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	3,175.53	-	-	2,619.51	-	-	3,175.53	
Transfer to statutory reserve	523.90	-	-	-	(523.90)	(11.14)	-	2,608.37	
Re-measurement of defined benefit plan	-	-	-	-	(11.14)	11.14	-	-	
Share based payment expense for the year	-	-	16.80	-	-	-	-	16.80	
Transfer to securities premium	-	-	(23.00)	-	-	-	-	(23.00)	
As at March 31, 2020	1,086.18	13,906.92	42.83	71.96	4,082.69	-	-	19,119.98	



Five-Star Business Finance Limited  
 Restated Statement of Changes in Equity  
 (All amounts are in Indian Rupees in millions, unless otherwise stated)

B Other Equity

	Reserves and surplus			Other Comprehensive Income			Total
	Statutory reserve	Securities premium	Share options outstanding account	General reserve	Retained earnings	Re-Measurement of Defined benefit plan	
<b>As at April 1, 2020</b>	1,084.18	13,966.92	42.83	71.96	4,082.89	-	19,189.98
Changes in equity for the year ended March 31, 2021							
Premium received on shares issued during the year	-	16.53	-	-	-	-	16.53
Total comprehensive income for the year	-	-	-	-	3,589.94	(7.88)	3,582.06
Transfer to statutory reserve	717.99	-	-	-	(717.99)	-	-
Transfer to retained earnings	-	-	-	-	(7.88)	7.88	-
Share based payment expense for the year	-	-	150.94	-	-	-	150.94
Transfer to securities premium	-	-	(14,240)	-	-	-	(14,240)
<b>As at March 31, 2021</b>	<b>1,804.17</b>	<b>13,923.45</b>	<b>179.53</b>	<b>71.96</b>	<b>6,946.16</b>	<b>-</b>	<b>21,925.37</b>
<b>As at April 1, 2021</b>	<b>1,804.17</b>	<b>13,923.45</b>	<b>179.53</b>	<b>71.96</b>	<b>6,946.16</b>	<b>-</b>	<b>21,925.37</b>
Changes in equity for the Period ended June 30, 2021							
Premium received on shares issued during the period	-	5,164.04	-	-	-	-	5,164.04
Profit for the Period	-	-	-	-	1,015.71	-	1,015.71
Re-measurements of defined benefit plan	-	-	-	-	(13,280)	-	(13,280)
Share based payment expense for this period	-	-	94.23	-	-	-	94.23
Share Issue Expenses	-	(17.01)	-	-	-	-	(17.01)
Transfer to securities premium	-	0.12	(0.12)	-	-	-	-
<b>As at June 30, 2021</b>	<b>1,804.17</b>	<b>19,070.60</b>	<b>272.64</b>	<b>71.96</b>	<b>7,948.59</b>	<b>-</b>	<b>29,172.96</b>
<b>As at April 1, 2021</b>	<b>1,804.17</b>	<b>13,923.45</b>	<b>179.53</b>	<b>71.96</b>	<b>6,946.16</b>	<b>-</b>	<b>21,925.37</b>
Changes in equity for the period ended March 31, 2022							
Premium received on shares issued during the period (including monies received for partly paid up shares)	-	9,036.39	-	-	-	-	9,036.39
Profit for the Year	-	-	-	-	4,535.45	-	4,535.45
Other Comprehensive Income for the Year	-	-	-	-	-	(9.51)	(9.51)
Transfer to statutory reserve	907.09	-	-	-	(907.09)	-	-
Re-measurements of defined benefit plan	-	-	-	-	(12.84)	-	(12.84)
Share based payment expense for the year	-	-	354.42	-	-	-	354.42
Share Issue Expenses	-	(17.01)	-	-	-	-	(17.01)
Transfer to securities premium on exercise of ESOP	-	193.26	(193.26)	-	-	-	-
<b>As at March 31, 2022</b>	<b>2,711.26</b>	<b>23,136.19</b>	<b>340.59</b>	<b>71.96</b>	<b>10,561.48</b>	<b>(9.51)</b>	<b>36,812.17</b>



Five-Star Business Finance Limited  
Restated Statement of Changes in Equity  
(All amounts are in Indian Rupees in millions, unless otherwise stated)

	Reserves and surplus					Other Comprehensive Income			Total
	Statutory reserve	Securities premium	Share options outstanding account	General reserve	Retained earnings	Re-Measurement of Defined benefit plan	Effective portion of Cash Flow Hedge Reserve		
As at April 1, 2022	2,711.26	23,136.19	348.59	71.96	10,561.68	-	(9.51)	36,812.18	
Changes in equity for the period ended June 30, 2022	-	2.53	-	-	-	-	-	2.53	
Premium received on shares issued during the period (including monies Profit for the Period)	-	-	-	-	1,394.33	-	-	1,394.33	
Other Comprehensive Income for the Period	-	-	-	-	-	-	(4.18)	(4.18)	
Re-measurements of defined benefits plan	-	-	-	-	(3.21)	-	-	(3.21)	
Share based payment expense for the period	-	-	76.73	-	-	-	-	76.73	
Transfer to securities premium on exercise of ESOP	-	4.97	(4.97)	-	-	-	-	-	
As at June 30, 2022	2,711.26	23,143.69	412.35	71.96	11,952.89	-	(13.68)	39,278.38	

As at April 1, 2022

Changes in equity for the period ended June 30, 2022

Premium received on shares issued during the period (including monies

Profit for the Period

Other Comprehensive Income for the Period

Re-measurements of defined benefits plan

Share based payment expense for the period

Transfer to securities premium on exercise of ESOP

As at June 30, 2022

Significant accounting policies

2 and 3

The accompanying notes are integral part of the restated financial information

As per our report of even date

for S.R. Baidath & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

*Bharath N S*

per Bharath N S

Partner

Membership No: 210934



For and on behalf of the Board of Directors of  
Five-Star Business Finance Limited  
CIN : U65991TN1984FLC010844

*D Lalakrishnan*

D Lalakrishnan

Chairman and Managing Director  
DIN: 01723269

*G Srikanth*

G Srikanth

Chief Financial Officer

Place : Chennai

Date : October 06, 2022

*R Anand*

R Anand

Independent Director

DDN: 00243485

*B Shalini*

B Shalini

Company Secretary

ACS: A5134

*R Rangaraj*

R Rangaraj

Chief Executive Officer

## Five-Star Business Finance Limited

### Summary of significant accounting policies and other explanatory information

(All amounts are in Indian Rupees in millions, unless otherwise stated)

#### 1. Reporting entity

Five-Star Business Finance Limited ("the Company"), is a public limited company domiciled in India, and incorporated under the provisions of the erstwhile Companies Act 1956. The Company is a systemically important non-deposit taking Non-Banking Finance Company (NBFC). The Company has received the Certificate of Registration dated June 9, 2016 in lieu of Certificate of Registration dated December 3, 2002 from the Reserve Bank of India ("RBI") to carry on the business of Non Banking Financial Institution without accepting public deposits ("NBFC-ND"). The Company is primarily engaged in providing loans for business purposes, house renovation / extension purposes and other mortgage purposes.

The Company had one wholly owned subsidiary (Five-Star Housing Finance Private Limited) upto the financial year 2018-2019, which was merged with itself in financial year 2019-2020. Also refer note 52.

#### 2. Basis of preparation

##### 2.1 Statement of compliance

The Restated Statement of Assets and Liabilities of the Company as at June 30, 2022, June 30, 2021, March 31, 2022, March 31, 2021 and March 31, 2020 and the Restated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Statement of Changes in Equity and the Restated Statement of Cash flows for each of the three month periods ended June 30, 2022 and June 30, 2021 and for each of the years ended March 31, 2022, March 31, 2021 and March 31, 2020 and the Summary of Significant Accounting Policies and other explanatory information (together referred to as "Restated Financial Information") have been prepared specifically for inclusion in the updated Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and Prospectus ("Prospectus") (collectively referred to as "Offer Document") to be filed by the Company with the Securities and Exchange Board of India ("SEBI"), Registrar of Companies Tamil Nadu ("ROC Tamil Nadu"), BSE Limited and National Stock Exchange of India in connection with the proposed Initial Public Offer of equity shares of face value of Re 1 each of the Company (the "Proposed IPO").

These Restated Financial Information have been approved by the Board of Directors on October 6, 2022 and is prepared by the management of the Company to comply in all material respects with the requirements of

- (i) Section 26 of Part I of Chapter III of The Companies Act, 2013 (the "Act");
- (ii) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, issued by the Securities and Exchange Board of India ("SEBI"), as amended ("ICDR Regulations"); and
- (iii) Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI") (the "Guidance Note").

The Restated financial information have been compiled from the

a. audited interim financial statements of the Company as at and for the three month periods ended June 30, 2022 and June 30, 2021, prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting", specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India (referred to as "Ind-AS"), which have been approved by the Board of Directors at their meetings held on October 06, 2022.

b. audited financial statements of the Company as at and for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 which were prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India (referred to as "Ind AS"), which have been approved by the Board of Directors at their meetings held on April 27, 2022, May 28, 2021 and June 10, 2020 respectively.

The underlying financial statements as at and for the three month period ended June 30, 2022 and June 30, 2021 and for each of the years ended March 31, 2022, March 31, 2021 and March 31, 2020 mentioned above, are collectively referred as Historical Audited Financial Statements. The Restated financial information have been prepared under the historical cost basis, except for certain financial assets and liabilities which are required to be measured at fair value.

##### 2.2 Presentation of Restated Financial Information

The historical audited financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Act along with other relevant provisions of the Act, the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') and notification for implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 and RBI/2020-21/15 DOR (NBFC).CC.PD.No.116/22.10.106/2020-21 dated 24 July 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI.

The financial statements are presented in Indian Rupee (INR) which is also the functional currency of the Company. The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value. The financial statements are prepared on a going concern basis, as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

The Balance Sheet, the Statement of Profit and Loss and Statement of Changes in Equity are presented in the format prescribed under Division III of Schedule III to the Companies Act, 2013 as amended from time to time, for Non Banking Financial Companies (NBFC) that are required to comply with Ind AS. The statement of cash flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented separately.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:-

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the company and / or its counterparties.

Derivative assets and liabilities with master netting arrangements are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.



**2.3 Functional and presentation currency**

These Restated Financial Information are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest millions (two decimals), unless otherwise indicated

**2.4 Basis of measurement**

The Restated Financial Information have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Financial assets and liabilities	Fair value /Amortised cost, as applicable
Liabilities for equity-settled share-based payment arrangements	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

**2.5 Use of estimates and judgements**

The preparation of the Restated Financial Information in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the Restated Financial Information and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Restated Financial Information in the period in which changes are made and, if material, their effects are disclosed in the notes to the Restated Financial Information.

**i) Business model assessment**

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI) that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

**ii) Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

**iii) Effective Interest Rate ("EIR") method**

The Company's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and delayed interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.



## 2.5 Use of estimates and judgements

### iv) Impairment of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include :

- a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.
- b) Development of ECL models, including the various formulae and the choice of inputs.
- c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").
- d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

### v) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the Restated Financial Information are prudent and reasonable.

### vi) Leases

The estimates and judgements related to leases include:

- a) The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options.
- b) The determination of the incremental borrowing rate used to measure lease liabilities.

### vii) Other assumptions and estimation uncertainties

Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- i) Measurement of defined benefit obligations: key actuarial assumptions;
- ii) Estimated useful life of property, plant and equipment and intangible assets;
- iii) Recognition of deferred taxes.

## 3 Significant accounting policies

### 3.1 Revenue Recognition

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at the fair value of the consideration received or receivable

#### A. Effective Interest Rate ('EIR') Method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.



**Five-Star Business Finance Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts are in Indian Rupees in millions, unless otherwise stated)

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss.

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets.

When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Company continues to calculate interest income on the amortized cost of the financial asset.

**B. Dividend income**

Dividend income is recognised when the Company's right to receive the payment is established and it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

**C. Other interest income**

Other interest income is recognised on a time proportionate basis.

**D. Fee income**

Fees income such as legal inspection charges, cheque bounce charges are recognised on an accrual basis in accordance with term of contract with the customer. Cheque Bounce charges are recognised as income upon certainty of receipt

**E. Net gain on fair value changes:**

The Company designates certain financial assets for subsequent measurement at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis in profit or loss

**E. Others**

Delayed interest and other operating income are recognized as income upon certainty of receipt.

The Company recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established

All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

**3.2 Financial instruments - initial recognition**

**A. Date of recognition**

Debt securities issued are initially recognised when they are originated. Loans are recognised when funds are transferred to the customers account. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

**B. Initial measurement of financial instruments**

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit and loss (FVTPL), transaction costs are added to, or subtracted from this amount.

**C. Measurement categories of financial assets and liabilities**

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- i) Amortised cost
- ii) FVOCI
- iii) FVTPL



### 3.3 Financial assets and liabilities

#### A. Financial assets

##### Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

##### SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows based on the existing business model:

##### i) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Bank balances, Loans, Trade receivables and other financial investments that meet the above conditions are measured at amortised cost.

##### ii) Financial assets at fair value through Other Comprehensive Income (FVOCI)

Financial assets are measured at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset meets the SPPI test.

##### iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified as measured at amortised cost/ FVOCI are measured at FVTPL.





### 3.3 Financial assets and liabilities

#### B. Financial liabilities

##### i) Initial recognition and measurement

All financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

##### ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method.

##### iii) Debt Securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the instrument.

The Company issues certain non-convertible debentures, the return of which is linked to performance of specified indices market indicators over the period of the debenture. Such debentures have a component of an embedded derivative which is fair valued at a reporting date. The resultant 'net unrealised loss or gain' on the fair valuation of these embedded derivatives is recognised in the statement of profit and loss. The debt component of such debentures is measured at amortised cost using yield to maturity basis.

##### iv) Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index or prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

### 3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its significant financial assets or liabilities in the year ended March 31, 2022, March 31, 2021 and March 31, 2020.

### 3.5 Derecognition of financial assets and liabilities

#### A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes unless the new loan is deemed to be Purchased or originated credit impaired (POCI)

When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

#### B. Derecognition of financial assets other than due to substantial modification

##### i) Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.



**ii) Financial Liability**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

**3.6 Impairment of financial assets**

**A. Overview of ECL principles**

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

Expected credit losses are measured through a loss allowance at an amount equal to:

- i.) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- ii.) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs and 12 months ECLs are calculated on collective basis.

**3.6 Impairment of financial assets**

Based on the above, the Company categorizes its loans into Stage 1, Stage 2 and Stage 3, as described below:

**Stage 1:**

When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

**Stage 2:**

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

**Stage 3:**

Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL. For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.



**B. Calculation of ECLs**

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

**Probability of Default (PD):**

Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

**Exposure at Default (EAD):**

Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

**Loss Given Default (LGD):**

Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

**Stage 1:**

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

**Stage 2:**

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

**Significant increase in credit risk**

The Company monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime LTECLs rather than 12mECLs.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward looking information.

**Stage 3:**

For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

**Credit-impaired financial assets**

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or past due event;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikelihood to pay indicators and a back-stop if amounts are overdue for 90 days or more.

**Loan Commitments**

When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.



**C. Forward looking information**

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time (Also refer note no. 48).

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

**3.7 Write-offs**

Financial assets are written off when there is a significant doubt on recoverability in the medium term. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to the statement of profit and loss.

**3.8 Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Level 1 financial instruments:** Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

**Level 2 financial instruments:** Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3;

**Level 3 financial instruments –**Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company evaluates the levelling in the hierarchy at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.



**Five-Star Business Finance Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts are in Indian Rupees in millions, unless otherwise stated)

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**3.9 Foreign currency transactions**

Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

**3.10 Investment Property**

Investment property represents property held to earn rentals or for capital appreciation or both.

Depreciation on building classified as investment property has been provided on the straight-line method over a period of 60 years based on the Company's estimate of their useful lives taking into consideration technical factors, which is the same as the period prescribed in Sch II to the Companies Act 2013.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an external independent valuer applying valuation models.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

**3.11 Property, plant and equipment**

**i. Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

**ii. Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.



### 3.11 Property, plant and equipment

#### iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method, and is generally recognised in the statement of profit and loss.

The Company follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. The estimated useful lives of items of property, plant and equipment are as follows:

Asset category	Estimated Useful life
Vehicles	8 years
Furniture and fittings	10 years
Office equipment	5 years
Computers and accessories	3 years
Servers	6 years

Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower. Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

### 3.11 Intangible assets

#### i. Recognition and measurement

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

#### ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

#### iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

Asset category	Estimated Useful life
Computer softwares	5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.



### 3.12 Employee benefits

#### i. Post-employment benefits

##### Defined contribution plan

The Company's contribution to provident fund is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

##### Defined benefit plans

###### Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ("the asset ceiling"), if any. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### ii. Other long-term employee benefits

##### Compensated absences

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

#### iii. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

#### iv. Stock based compensation

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.



### **3.13 Provisions, contingent liabilities and contingent assets**

#### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

#### **Contingent liability**

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

#### **Contingent asset**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed in the Restated Financial Information.

### **3.14 Leases**

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company determines the lease term as the initial period agreed in the lease agreement, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the initial period agreed in the lease agreement.

### **3.15 Taxes**

#### **I. Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.





## ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

### Indirect taxes

Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

## 3.16 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowings costs are recognized as an expense in the statement of profit and loss account on an accrual basis using the effective interest method.

## 3.17 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## 3.18 Segment reporting- Identification of segments:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108 Operating Segments, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

## 3.19 Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit / loss after tax attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit/ loss after tax attributable to the equity share holders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.



### 3.20 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

### 3.21 Impairment of non-financial assets

The Company determines periodically whether there is any indication of impairment of the carrying amount of its non-financial assets. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

### 3.22 Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date

The Company enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Company designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

#### 3.22.1 Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

#### 3.22.2 Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the statement of profit and loss. When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind-AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

### 3.23 Standards issued but not yet effective

Ministry of Corporate Affairs has issued Companies (Indian Accounting Standards) Amendment Rules, 2022 on March 23, 2022, which contains various amendments to Ind AS. Management has evaluated these and have concluded that there is no material impact on the Company's financial statements.



**Five-Star Business Finance Limited**  
**Summary of significant accounting policies and other explanatory information**  
(All amounts are in Indian Rupees in millions, unless otherwise stated)

Particulars	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
<b>4 Cash and cash equivalents</b>					
Cash on hand	108.26	57.35	50.40	42.59	5.77
Balances with banks					
(i) In current accounts	180.08	654.61	474.19	3,145.49	1,305.09
(ii) In other deposit accounts (original maturity less than 3 months)	3,807.32	9,125.42	5,607.04	9,483.75	1,586.93
	<u>4,895.66</u>	<u>9,837.38</u>	<u>6,131.63</u>	<u>12,671.83</u>	<u>2,897.79</u>
Short-term deposits are made for varying periods of upto three months, depending on the immediate cash requirements of the company and earn interest at the respective short-term deposit rates.					
<b>5 Bank Balances other than cash and cash equivalents</b>					
Fixed Deposit with Banks	3,036.18	4,289.33	2,667.49	885.00	1,612.94
In earmarked accounts:					
Unclaimed dividend account	0.26	0.40	0.26	0.40	0.55
	<u>3,036.44</u>	<u>4,289.73</u>	<u>2,667.75</u>	<u>885.40</u>	<u>1,613.49</u>
<b>Note :</b>					
Fixed deposit and other balances with banks earns interest at fixed rate or floating rates based on bank deposit rates.					
Fixed Deposits amounting to INR. 728.71 million (June 30, 2021- INR 794.60 million, March 31, 2022- INR.728.71 million, March 31, 2021- INR.764.26 million, March 31,2020-INR.240.56 million) have been provided as credit enhancement for securitisation transaction and INR 82.5 million (June 30, 2021-82.5 million, March 31, 2022-82.5 million, March 31, 2021-82.5 million, March 31, 2020-Nil) have been provided as cash collateral against specific Non-Convertible Debentures .					
<b>6 Loans (At amortised cost)</b>					
<b>A Based on nature</b>					
Gross term loans	52,965.35	45,775.11	50,670.78	44,453.81	38,922.28
Inter-corporate deposits	2,557.11	-	1,382.19	-	-
<b>Gross loans</b>	<u>55,522.46</u>	<u>45,775.11</u>	<u>52,052.97</u>	<u>44,453.81</u>	<u>38,922.28</u>
Less: Impairment loss allowance	978.93	940.39	1,028.86	866.32	614.24
<b>Net loans</b>	<u>54,543.53</u>	<u>44,834.72</u>	<u>51,024.11</u>	<u>43,587.49</u>	<u>38,308.04</u>
<b>B Based on security</b>					
Secured by tangible assets	52,965.35	45,775.11	50,670.78	44,453.81	38,922.28
Unsecured	2,557.11	-	1,382.19	-	-
<b>Gross loans</b>	<u>55,522.46</u>	<u>45,775.11</u>	<u>52,052.97</u>	<u>44,453.81</u>	<u>38,922.28</u>
Less: Impairment loss allowance	978.93	940.39	1,028.86	866.32	614.24
<b>Net loans</b>	<u>54,543.53</u>	<u>44,834.72</u>	<u>51,024.11</u>	<u>43,587.49</u>	<u>38,308.04</u>
<b>C Based on region</b>					
<b>Loans in India</b>					
Public sector	-	-	-	-	-
Others	55,522.46	45,775.11	52,052.97	44,453.81	38,922.28
Less: Impairment loss allowance	978.93	940.39	1,028.86	866.32	614.24
	<u>54,543.53</u>	<u>44,834.72</u>	<u>51,024.11</u>	<u>43,587.49</u>	<u>38,308.04</u>
<b>Loans outside India</b>	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net loans</b>	<u>54,543.53</u>	<u>44,834.72</u>	<u>51,024.11</u>	<u>43,587.49</u>	<u>38,308.04</u>

**Note:**

Secured exposures are secured by registered mortgage of immovable property

The Company has not granted any Loans or Advances to Promoters, directors, KMPs and the Related Parties (as defined under Companies Act 2013)



Five-Star Business Finance Limited

Summary of significant accounting policies and other explanatory information

(All amounts are in Indian Rupees in millions, unless otherwise stated)

6.1 Analysis of changes in the gross carrying amount and the corresponding ECL allowances:

6.1.1 Reconciliation of gross carrying amount is given below:

Gross Term Loans

Particulars	30-Jun-22				30-Jun-21				31-Mar-22				31-Mar-21				31-Mar-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	42,169.64	7,970.64	530.50	50,670.78	38,959.51	5,042.37	451.93	44,453.81	38,959.51	5,042.37	451.93	44,453.81	34,323.23	4,066.79	532.26	38,922.28	18,788.04	2,153.30	186.72	21,128.06
Asset derecognised or repaid (excluding write-off)	(1,171.07)	(206.73)	(12.94)	(1,390.74)	(736.22)	(106.35)	(11.91)	(854.48)	(4,517.12)	(639.22)	(31.09)	(5,187.43)	(3,098.08)	(422.94)	(46.31)	(3,567.33)	(1,795.66)	(345.55)	(21.90)	(2,163.11)
Assets partially repaid	(1,509.70)	(236.80)	(4.40)	(1,750.90)	(1,024.05)	(82.19)	(8.86)	(1,115.10)	(3,931.37)	(681.28)	(19.73)	(4,632.38)	(2,756.40)	(30.05)	-	(2,786.45)	(1,674.81)	(391.12)	(32.11)	(2,098.04)
Roll forwards to higher stages	(878.85)	(134.29)	-	(1,013.14)	(5,192.38)	(400.36)	-	(5,592.74)	(5,508.13)	(334.43)	-	(5,842.56)	(3,128.09)	(70.05)	-	(3,198.14)	(2,768.33)	(309.63)	-	(3,077.96)
Roll forward from lower stages	-	877.66	135.48	1,013.14	-	5,186.68	406.06	5,592.74	-	5,425.72	416.84	5,842.56	-	3,090.22	107.92	3,198.14	-	2,640.95	437.01	3,077.96
Roll back from higher stages	588.53	24.02	-	612.55	647.91	7.90	-	655.81	1,161.50	27.09	-	1,188.59	1,771.48	64.80	-	1,836.28	224.12	4.85	-	228.97
Roll back to lower stages	-	(581.82)	(30.73)	(612.55)	-	(641.30)	(14.51)	(655.81)	-	(1,153.00)	(35.59)	(1,188.59)	-	(1,739.73)	(76.55)	(1,836.28)	-	(221.88)	(7.09)	(228.97)
Amount written off	-	-	(45.82)	(45.82)	-	-	(91.02)	(91.02)	-	-	(292.64)	(292.64)	-	-	(99.68)	(99.68)	-	-	-	(48.61)
New assets originated/ incremental accretions	5,445.33	17.40	19.27	5,482.00	3,210.93	154.12	16.86	3,381.91	16,005.25	283.39	40.78	16,329.42	11,847.37	103.33	34.29	11,984.99	21,549.87	535.87	18.30	22,104.04
Gross carrying amount closing balance*	44,643.89	7,730.09	591.37	52,965.35	35,865.69	9,160.87	748.55	45,775.11	42,169.64	7,970.64	530.50	50,670.78	38,959.51	5,042.37	451.93	44,453.81	34,323.23	4,066.79	532.26	38,922.28

\* 1621 loan accounts in Stage 3 as on March 31, 2022

Inter-Corporate Deposits

Particulars	30-Jun-22				30-Jun-21				31-Mar-22				31-Mar-21				31-Mar-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,382.19	-	-	1,382.19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset derecognised or repaid (excluding write-off)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets partially repaid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roll forwards to higher stages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roll forward from lower stages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roll back from higher stages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roll back to lower stages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount written off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New assets originated/ incremental accretions	1,174.92	-	-	1,174.92	-	-	-	-	1,382.19	-	-	1,382.19	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	2,557.11	-	-	2,557.11	-	-	-	-	1,382.19	-	-	1,382.19	-	-	-	-	-	-	-	-

6.1.2 Reconciliation of ECL balance is given below:

Particulars	30-Jun-22				30-Jun-21				31-Mar-22				31-Mar-21				31-Mar-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment Loss Allowance-opening balance	144.84	698.92	185.10	1,028.86	127.65	657.48	81.19	866.32	127.65	657.48	81.19	866.32	166.14	353.89	94.21	614.24	27.66	98.56	43.20	169.42
New assets originated/ incremental accretions	59.58	163.10	124.19	346.87	169.95	374.21	328.26	872.42	88.92	520.16	309.60	918.68	7.52	337.31	91.06	435.89	144.93	287.59	104.61	537.13
Reversal/Utilization/write off during the Year	(62.17)	(257.28)	(77.35)	(396.80)	(141.98)	(525.04)	(131.33)	(798.35)	(71.73)	(478.72)	(205.69)	(756.14)	(46.01)	(33.72)	(104.09)	(183.81)	(6.45)	(32.26)	(53.60)	(92.31)
Impairment Loss Allowance-closing balance	142.25	604.74	231.94	978.93	155.62	506.65	278.12	940.39	144.84	698.92	185.10	1,028.86	127.65	657.48	81.19	866.32	166.14	353.89	94.21	614.24



Particulars	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
<b>7 Investments</b>					
<b>At fair value through profit or loss</b>					
Quoted: Investment in mutual funds	-	1,500.00	-	-	-
<b>Investments in Government Securities (At amortized Cost)*</b>					
Investment in Treasury Bills	248.68	-	742.33	-	-
Investment in Government of India Fixed Rate Bonds	752.10	-	752.84	-	-
Investment in Government of India STRIPS	890.82	-	986.67	-	-
	<b>1,891.60</b>	<b>1,500.00</b>	<b>2,481.84</b>	-	-

\* Investments are made in India

7.1 Internal rating grade (Investments measured at amortized Cost)

Grade	As at 30th June 2022			
	Stage 1	Stage 2	Stage 3	Total
Low Risk	1,891.60	-	-	1,891.60
Medium Risk	-	-	-	-
High Risk	-	-	-	-
	<b>1,891.60</b>	-	-	<b>1,891.60</b>

Grade	As at 31st March 2022			
	Stage 1	Stage 2	Stage 3	Total
Low Risk	2,481.84	-	-	2,481.84
Medium Risk	-	-	-	-
High Risk	-	-	-	-
	<b>2,481.84</b>	-	-	<b>2,481.84</b>

Grade	As at 30th June 2021			
	Stage 1	Stage 2	Stage 3	Total
Low Risk	-	-	-	-
Medium Risk	-	-	-	-
High Risk	-	-	-	-
	-	-	-	-

Grade	As at 31st March 2021			
	Stage 1	Stage 2	Stage 3	Total
Low Risk	-	-	-	-
Medium Risk	-	-	-	-
High Risk	-	-	-	-
	-	-	-	-

Grade	As at 31st March 2020			
	Stage 1	Stage 2	Stage 3	Total
Low Risk	-	-	-	-
Medium Risk	-	-	-	-
High Risk	-	-	-	-
	-	-	-	-

7.2 Movement in investments (Investments measured at Amortised cost)

Particulars	Stage 1	Stage 2	Stage 3
Opening balance as at April 01, 2019	-	-	-
New assets purchased	-	-	-
Assets redeemed	-	-	-
Assets derecognized or written off	-	-	-
Transfer to stages	-	-	-
Opening balance as at April 01, 2020	-	-	-
New assets purchased	-	-	-
Assets redeemed	-	-	-
Assets derecognized or written off	-	-	-
Transfer to stages	-	-	-
Closing balance as at March 31, 2021	-	-	-
New assets purchased	-	-	-
Assets redeemed	-	-	-
Assets derecognized or written off	-	-	-
Transfer to stages	-	-	-
Closing balance as at June 30, 2021	-	-	-
Closing balance as at March 31, 2021	-	-	-
New assets purchased	2,835.05	-	-
Assets redeemed	(353.21)	-	-
Assets derecognized or written off	-	-	-
Transfer to stages	-	-	-
Closing balance as at March 31, 2022	2,481.84	-	-
New assets purchased	-	-	-
Assets redeemed	(590.24)	-	-
Assets derecognized or written off	-	-	-
Transfer to stages	-	-	-
Closing balance as at June 30, 2022	<b>1,891.60</b>	-	-



**Five-Star Business Finance Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts are in Indian Rupees in millions, unless otherwise stated)

Particulars	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
<b>8 Other financial assets</b>					
Unsecured, considered good					
Security deposits	49.77	36.74	45.70	36.96	36.32
Other receivables*	137.25	18.91	134.09	10.47	16.15
	<u>187.02</u>	<u>55.65</u>	<u>179.79</u>	<u>47.43</u>	<u>52.47</u>
Other receivables as at June 30, 2022 include INR 128.01 million (June 30, 2021 - Nil, March 31, 2022 - INR 128.01 million, March 31, 2021 - Nil, March 31, 2020 - Nil) incurred towards various expenses in connection with proposed initial public offer of equity shares of the Company recoverable from Selling shareholders in terms of the Offer agreement					
<b>9 Current tax assets (net)</b>					
Advance income tax paid (net of provision for tax)	31.64	55.79	22.01	79.58	43.55
	<u>31.64</u>	<u>55.79</u>	<u>22.01</u>	<u>79.58</u>	<u>43.55</u>
<b>10 Investment property</b>					
<b>Land</b>					
<b>Cost or deemed cost (Gross carrying amount)</b>					
Balance at the beginning of the period/ year	0.36	0.36	0.36	0.36	0.36
Acquisitions	-	-	-	-	-
Transfer from property, plant and equipment	-	-	-	-	-
Balance at the end of the period/ year	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>
<b>Accumulated depreciation</b>					
Balance at the beginning of the period/ year	-	-	-	-	-
Depreciation for the period/ year	-	-	-	-	-
Balance at the end of the period/ year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net carrying amounts</b>	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>	<u>0.36</u>
<b>Fair value</b>	0.72	0.72	0.72	0.65	0.62

**Note**

- The fair value of the investment property is based on the valuation by registered valuer as defined under rule 2 of Companies (Registered Valuer and Valuation) Rules, 2017. There were no immovable properties where the title deeds are not held in the name of the Company.
- Price per Square feet is the Significant unobservable input used for the Fair valuation of the Investment Property. The fair value changes by Rs. 0.07 million as at June 30, 2022 (June 2021 - 0.07 million and March 2022 - 0.07 million) at a sensitivity of 10%



Particulars	As at	As at	As at	As at	As at
	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020
<b>11 Other non-financial assets</b>					
Capital advances	25.49	2.49	9.81	4.26	7.28
Prepaid expenses	64.25	24.81	86.59	33.11	40.48
Balance with government authorities	13.29	7.13	31.97	7.91	7.09
	<b>106.03</b>	<b>34.43</b>	<b>128.37</b>	<b>45.28</b>	<b>54.85</b>

**14 Derivative Financial Instruments**

	As at June 30, 2022			As at June 30, 2021		
	Notional Amount (millions)	Fair Value of Assets (millions)	Fair Value of Liabilities (millions)	Notional Amount (millions)	Fair Value of Assets (millions)	Fair Value of Liabilities (millions)
<b>Part-I</b>						
Other Derivatives-Cross Currency Swap	759.10	4.08	-	-	-	-
	<b>759.10</b>	<b>4.08</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Part-II**  
 Included in above (Part-I) are derivatives held for hedging and risk management purposes as follows:

Cash Flow Hedging-Cross Currency Swap	759.10	4.08	-	-	-	-
	<b>759.10</b>	<b>4.08</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	As at March 31, 2022			As at March 31, 2021		
	Notional Amount (millions)	Fair Value of Assets (millions)	Fair Value of Liabilities (millions)	Notional Amount (millions)	Fair Value of Assets (millions)	Fair Value of Liabilities (millions)
<b>Part-I</b>						
Other Derivatives-Cross Currency Swap	759.10	-	13.89	-	-	-
	<b>759.10</b>	<b>-</b>	<b>13.89</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Part-II**  
 Included in above (Part-I) are derivatives held for hedging and risk management purposes as follows:

Cash Flow Hedging-Cross Currency Swap	759.10	-	13.89	-	-	-
	<b>759.10</b>	<b>-</b>	<b>13.89</b>	<b>-</b>	<b>-</b>	<b>-</b>

	As at March 31, 2020		
	Notional Amount (millions)	Fair Value of Liabilities (millions)	Fair Value of Liabilities (millions)
<b>Part-I</b>			
Other Derivatives-Cross Currency Swap	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>

**Part-II**  
 Included in above (Part-I) are derivatives held for hedging and risk management purposes as follows:

Cash Flow Hedging-Cross Currency Swap	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>

The Notional amounts in the above table refers to the foreign currency borrowing on which the company has hedged the risk of foreign currency fluctuations.

The company has entered into a Derivative Financial Instrument, with a scheduled bank with investment grade credit rating. Derivatives are fair valued using inputs that are directly or indirectly observable in market place.

The Asset Liability Management Committee and Business Committee periodically monitors and reviews the risks involved.





**Five-Star Business Finance Limited**

Summary of significant accounting policies and other explanatory information  
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**12 Property, plant and equipment**

Particulars	Furniture and fittings	Computers and accessories	Office equipments	Vehicles	Leasehold Improvements	Total
<b>Cost or deemed cost (gross carrying amount)</b>						
As at March 31, 2019	39.42	39.32	10.60	3.93	39.86	132.13
Additions	21.54	47.85	15.28	-	0.64	86.30
Disposals	0.42	-	0.02	-	-	0.44
As at March 31, 2020	60.54	87.17	25.86	3.93	40.50	217.99
Additions	13.37	8.13	5.90	-	0.01	27.41
Disposals	1.01	0.05	0.01	-	-	1.07
As at March 31, 2021	72.90	95.25	31.75	3.93	40.51	244.33
Additions	0.64	2.23	0.83	-	0.78	4.48
Disposals	0.01	-	-	-	-	0.01
As at June 30, 2021	73.53	97.48	32.58	3.93	41.29	248.79
As at April 1st, 2021	72.90	95.25	31.75	3.93	40.51	244.33
Additions	18.71	49.46	15.64	-	0.95	84.76
Disposals	0.82	-	0.07	-	-	0.89
As at March 31, 2022	90.79	144.71	47.32	3.93	41.46	328.20
Additions	6.16	7.94	9.68	-	-	23.78
Disposals	0.16	-	0.02	-	-	0.18
As at June 30, 2022	96.79	152.65	56.98	3.93	41.46	351.81
<b>Accumulated depreciation</b>						
As at March 31, 2019	10.92	21.22	4.74	2.66	18.75	57.69
Depreciation for the year	10.04	25.03	5.48	0.58	8.85	49.97
Depreciation on disposals	0.28	-	0.00	-	-	0.28
As at March 31, 2020	20.68	46.25	10.22	2.64	27.60	107.38
Depreciation for the year	20.68	46.25	10.21	2.64	27.60	107.38
Depreciation on disposals	11.99	27.78	8.39	0.40	4.56	53.13
As at March 31, 2021	31.97	74.00	18.61	3.04	32.16	159.78
Depreciation for the year	2.68	3.41	1.51	0.06	0.94	8.59
Depreciation on disposals	0.00	-	-	-	-	0.00
As at June 30, 2021	34.65	77.41	20.12	3.10	33.10	168.37
As at April 1st, 2021	31.97	74.00	18.61	3.04	32.16	159.78
Depreciation for the period	12.30	23.61	7.58	0.24	3.91	47.64
Depreciation on disposals	0.58	0.03	0.05	-	-	0.66
As at March 31, 2022	43.69	97.58	26.14	3.28	36.07	206.75
Depreciation for the period	3.74	7.78	3.13	0.04	0.58	15.27
Depreciation on disposals	0.13	-	0.01	-	-	0.14
As at June 30, 2022	47.30	105.36	29.26	3.32	36.65	231.89
<b>Carrying amount (net)</b>						
As at March 31, 2020	39.86	40.92	15.64	1.29	12.90	110.61
As at March 31, 2021	40.93	21.25	13.34	0.89	8.35	84.56
As at March 31, 2022	47.11	47.14	21.18	0.65	5.39	121.45
As at June 30, 2021	38.88	20.07	12.46	0.83	8.19	80.43
As at June 30, 2022	49.49	47.29	27.72	0.61	4.81	129.92



**Five-Star Business Finance Limited**  
**Summary of significant accounting policies and other explanatory information**  
(All amounts are in Indian Rupees in millions, unless otherwise stated)

**13 Other Intangible assets**

Particulars	Softwares	Total
<b>Cost or deemed cost (gross carrying amount)</b>		
As at March 31, 2019	29.59	29.59
Additions	5.98	5.98
Disposals	-	-
As at March 31, 2020	35.57	35.57
Additions	5.03	5.03
Disposals	-	-
As at March 31, 2021	40.60	40.60
Additions	1.08	1.08
Disposals	-	-
As at June 30, 2021	41.68	41.68
As at April 1, 2021	40.60	40.60
Additions	1.53	1.53
Disposals	-	-
As at March 31, 2022	42.13	42.13
Additions	2.17	2.17
Disposals	-	-
As at June 30, 2022	44.31	44.31
<b>Accumulated amortisation</b>		
As at March 31, 2019	9.41	9.41
Amortisation for the year	6.88	6.88
Amortisation on disposals	-	-
As at March 31, 2020	16.29	16.29
Amortisation for the year	5.28	5.28
Amortisation on disposals	-	-
As at March 31, 2021	21.57	21.57
Additions	2.37	2.37
Disposals	-	-
As at June 30, 2021	23.93	23.93
As at April 01, 2021	21.57	21.57
Amortisation for the period	11.69	11.69
Amortisation on disposals	-	-
As at March 31, 2022	33.26	33.26
Amortisation for the period	1.10	1.10
Amortisation on disposals	-	-
As at June 30, 2022	34.36	34.36
<b>Carrying amount (net)</b>		
As at March 31, 2020	19.28	19.28
As at March 31, 2021	19.03	19.03
As at March 31, 2022	8.87	8.87
As at June 30, 2021	17.74	17.74
As at June 30, 2022	9.95	9.95



**Five-Star Business Finance Limited**  
**Summary of significant accounting policies and other explanatory information**  
(All amounts are in Indian Rupees in millions, unless otherwise stated)

Particulars	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
<b>15 Payables</b>					
<b>15.1 Trade payables</b>					
total outstanding dues of micro and small enterprises	-	-	-	-	-
total outstanding dues of creditors other than micro and small enterprises	109.30	69.41	130.04	86.72	66.24
	<u>109.30</u>	<u>69.41</u>	<u>130.04</u>	<u>86.72</u>	<u>66.24</u>
To related parties	-	-	-	-	-
Others	109.30	69.41	130.04	86.72	66.24
	<u>109.30</u>	<u>69.41</u>	<u>130.04</u>	<u>86.72</u>	<u>66.24</u>

**Trade payables (Ageing Schedule)**

The following schedules reflect ageing of trade payables with respect to the date of transactions.

**As at June 30, 2022:**

Particulars	Unbilled	Not Due	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-	-
(ii) Others	86.57	-	17.16	5.57	-	-	109.30
(iii) Disputed Dues-MSME	-	-	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-	-	-
<b>Grand Total</b>	<u>-</u>	<u>-</u>	<u>17.16</u>	<u>5.57</u>	<u>-</u>	<u>-</u>	<u>109.30</u>

**As at June 30, 2021:**

Particulars	Unbilled	Not Due	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-	-
(ii) Others	46.03	-	23.38	-	-	-	69.41
(iii) Disputed Dues-MSME	-	-	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-	-	-
<b>Grand Total</b>	<u>46.03</u>	<u>-</u>	<u>23.38</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69.41</u>

**As at March 31, 2022:**

Particulars	Unbilled	Not Due	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-	-
(ii) Others	102.90	-	27.14	-	-	-	130.04
(iii) Disputed Dues-MSME	-	-	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-	-	-
<b>Grand Total</b>	<u>102.90</u>	<u>-</u>	<u>27.14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130.04</u>

**As at March 31, 2021:**

Particulars	Unbilled	Not Due	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-	-
(ii) Others	62.58	-	24.11	0.03	-	-	86.72
(iii) Disputed Dues-MSME	-	-	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-	-	-
<b>Grand Total</b>	<u>-</u>	<u>-</u>	<u>24.11</u>	<u>0.03</u>	<u>-</u>	<u>-</u>	<u>86.72</u>

**As at March 31, 2020:**

Particulars	Unbilled	Not Due	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-	-
(ii) Others	53.54	-	12.56	0.02	0.05	0.07	66.24
(iii) Disputed Dues-MSME	-	-	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-	-	-
<b>Grand Total</b>	<u>53.54</u>	<u>-</u>	<u>12.56</u>	<u>0.02</u>	<u>0.05</u>	<u>0.07</u>	<u>66.24</u>

Based on information received from the suppliers, the management has identified the enterprises which have provided services to the Company and which qualify under the definition of micro, medium and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"). Such determination / identification for the purpose of presentation under this disclosure has been done on the basis of information received and available with the Company which has been solely relied upon by the auditors.



**Five-Star Business Finance Limited**  
**Summary of significant accounting policies and other explanatory information**  
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Particulars	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
<b>16 Debt securities (refer note 16.1)</b>					
<b>At amortised cost</b>					
<b>Secured debentures</b>					
Nil, (June 30, 2021 - Nil, March 31, 2022 - Nil, March 31, 2021 - Nil, March 31, 2020- 750.) 11.45% redeemable, non-convertible debentures of INR 0.1 million each	-	-	-	-	75.40
Nil, (June 30, 2021 - Nil, March 31, 2022 - Nil, March 31, 2021 - Nil, March 31, 2020- 1,250) 11.45% redeemable, non-convertible debentures of INR 0.1 million each	-	-	-	-	125.98
Nil, (June 30, 2021 - Nil, March 31, 2022 - Nil, March 31, 2021 - Nil, March 31, 2020- 300) 13.60% redeemable, non-convertible debentures of INR 1 million each	-	-	-	-	89.44
2,000 (June 30, 2021 - 2000, March 31, 2022 - 2000, March 31, 2021 - 2000, March 31, 2020- 2,000), 10.30% redeemable, non-convertible debentures of INR 1 million each	1,501.27	2,001.69	2,002.26	2,002.33	2,002.25
Nil, (June 30, 2021 - Nil, March 31, 2022 - Nil, March 31, 2021 - Nil, March 31, 2020- 300) 11.50% redeemable, non-convertible debentures of INR 1 million each	-	-	-	-	233.80
Nil, (June 30, 2021 - Nil, March 31, 2022 - Nil, March 31, 2021 - Nil, March 31, 2020- 240) 11.25% redeemable, non-convertible debentures of INR 1 million each	-	-	-	-	242.20
Nil, (June 30, 2021 - Nil, March 31, 2022 - Nil, March 31, 2021 - Nil, March 31, 2020- 450) 11.50% redeemable, non-convertible debentures of INR 1 million each	-	-	-	-	350.70
Nil, (June 30, 2021 - Nil, March 31, 2022 - Nil, March 31, 2021 - Nil, March 31, 2020- 5,000) 12.64% redeemable, non-convertible debentures of INR 1 million each	-	-	-	-	5,005.18
Nil, (June 30, 2021 - Nil, March 31, 2022 - Nil, March 31, 2021 - 1000, March 31, 2020- 1,000) 12.64% redeemable, non-convertible debentures of INR 1 million each	-	-	-	1,001.35	1,001.09
30 million, (June 30, 2021 - 30 million, March 31, 2022 - 30 million, March 31, 2021 - 30 million, March 31, 2020- 30 million) 11.40% redeemable, non-convertible debentures of INR 10 each	300.09	300.11	300.11	300.11	300.11
2,000, (June 30, 2021 - 2,000, March 31, 2022 - 2,000, March 31, 2021 - 2,000, March 31, 2020- 2,000) redeemable, non-convertible debentures of INR 0.1 million each*	292.47	258.83	283.70	251.06	222.23
1250, (June 30, 2021 - 1250, March 31, 2022 - 1250, March 31, 2021 - 1250, March 31, 2020- 1,250) 11.88% redeemable, non-convertible debentures of INR 1 million each	1,302.93	1,302.93	1,263.77	1,263.77	1,264.16
10, (June 30, 2021 - 420, March 31, 2022 - 55, March 31, 2021 - 420, March 31, 2020- 420) 12.50% redeemable, non-convertible debentures of INR 100 each	0.01	0.62	0.08	0.62	0.64
15 million, (June 30, 2021 - 15 million, March 31, 2022 - 15 million, March 31, 2021 - 15 million, March 31, 2020- Nil) 12.75% redeemable, non-convertible debentures of INR 10 each	150.05	150.05	150.05	150.05	-
150, (June 30, 2021- 150, March 31, 2022- 150, March 31, 2021- 150, March 31, 2020- Nil) 10.50% redeemable, non-convertible debentures of INR 1 million each	151.47	151.47	163.29	163.13	-
250, (June 30, 2021 - 250, March 31, 2022 - 250, March 31, 2021 - 250, March 31, 2020- Nil) 11.00% redeemable, non-convertible debentures of INR 1 million each	251.43	251.43	251.51	251.51	-
500, (June 30, 2021 - 500, March 31, 2022 - 500, March 31, 2021 - 500, March 31, 2020- Nil) 11.00% redeemable, non-convertible debentures of INR 1 million each	510.70	510.70	510.55	510.55	-
150, (June 30, 2021 - 150, March 31, 2022 - 150, March 31, 2021 - 150, March 31, 2020- Nil) 11.00% redeemable, non-convertible debentures of INR 1 million each	153.21	153.21	153.16	153.16	-
500, (June 30, 2021 - 500, March 31, 2022 - 500, March 31, 2021 - 500, March 31, 2020- Nil) 11.00% redeemable, non-convertible debentures of INR 1 million each	510.70	510.70	510.55	510.55	-
Nil, (June 30, 2021 - 500, March 31, 2022 - Nil, March 31, 2021 - 500, March 31, 2020- Nil) 9.75% redeemable, non-convertible debentures of INR 1 million each	-	548.48	-	536.33	-
Nil, (June 30, 2021 - 500, March 31, 2022 - Nil, March 31, 2021 - 500, March 31, 2020- Nil) 9.75% redeemable, non-convertible debentures of INR 1 million each	-	544.74	-	532.59	-
Nil, (June 30, 2021 - 500, March 31, 2022 - Nil, March 31, 2021 - 500, March 31, 2020- Nil) 9.75% redeemable, non-convertible debentures of INR 1 million each	-	544.74	-	532.59	-
Nil, (June 30, 2021 - 250, March 31, 2022 - Nil, March 31, 2021 - 250, March 31, 2020- Nil) 9.50% redeemable, non-convertible debentures of INR 1 million each	-	270.50	-	264.58	-
Nil, (June 30, 2021 - 250, March 31, 2022 - Nil, March 31, 2021 - 250, March 31, 2020- Nil) 9.50% redeemable, non-convertible debentures of INR 1 million each	-	270.50	-	264.58	-
2500, (June 30, 2021 - 2,500, March 31, 2022 - 2,500, March 31, 2021 - 2,500, March 31, 2020- Nil) redeemable, non-convertible debentures of INR 0.1 million each *	300.80	271.47	293.24	264.78	-
700, (June 30, 2021 - 700, March 31, 2022 - 700, March 31, 2021 - 700, March 31, 2020- Nil) 10.91% redeemable, non-convertible debentures of INR 1 million each	720.58	720.58	700.44	700.44	-
Nil, (June 30, 2021 - 250, March 31, 2022 - 250, March 31, 2021 - 250, March 31, 2020- Nil) 9.50% redeemable, non-convertible debentures of INR 1 million each	-	264.58	258.65	258.65	-
750, (June 30, 2021 - 750, March 31, 2022 - 750, March 31, 2021 - 750, March 31, 2020- Nil) redeemable, non-convertible debentures of INR 1 million each *	859.45	786.68	840.70	769.52	-
500, (June 30, 2021 - 500, March 31, 2022 - 500, March 31, 2021 - 500, March 31, 2020- Nil) redeemable, non-convertible debentures of INR 1 million each *	572.83	524.33	560.33	512.88	-
Nil, (June 30, 2021 - 2000, March 31, 2022 - Nil, March 31, 2021 - 2000, March 31, 2020- Nil) redeemable, non-convertible debentures of INR 0.1 million each *	-	210.92	-	205.83	-
2000, (June 30, 2021 - 2000, March 31, 2022 - 2000, March 31, 2021 - 2000, March 31, 2020- Nil) redeemable, non-convertible debentures of INR 0.1 million each *	233.63	211.23	227.83	205.99	-
1500 ( June 30, 2021 - 1500, March 31, 2022 - 1500, March 31, 2021 - 1500, March 31, 2020- Nil) redeemable, non-convertible debentures of INR 1 million each *	1,695.10	1,555.58	1,659.14	1,522.12	-
	<b>9,506.72</b>	<b>12,316.07</b>	<b>10,129.36</b>	<b>13,129.08</b>	<b>10,913.19</b>
	(32.67)	(77.69)	(44.02)	(91.22)	(124.55)
	<b>9,474.05</b>	<b>12,238.38</b>	<b>10,085.34</b>	<b>13,037.86</b>	<b>10,788.64</b>
Less: Unamortised processing fee					
Debt securities in India	9,474.05	12,238.38	10,085.34	13,037.86	10,788.64
Debt securities outside India	-	-	-	-	-
	<b>9,474.05</b>	<b>12,238.38</b>	<b>10,085.34</b>	<b>13,037.86</b>	<b>10,788.64</b>

\* Coupon rates are linked to performance of specified indices including market indicators over the period of the debentures.



16.1 Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings

Particulars	Repayment Terms	Year	Earliest installment date	As at June 30, 2023	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
<b>Secured debentures</b>								
Nil, (June 30, 2021 - Nil, March 31, 2022 - Nil, Principal payment frequency: Repayable in 48 months March 31, 2021 - Nil, March 31, 2020- 750) 11.45% in 9 quarterly installments	48 months	48 months	April 15, 2019	-	-	-	-	75.40
redeemable, non-convertible debentures of INR 0.1 Coupon payment frequency: Monthly million each								
Nil, (June 30, 2021 - Nil, March 31, 2022 - Nil, Principal payment frequency: Repayable in 48 months March 31, 2021 - Nil, March 31, 2020- 1,250) in 9 quarterly installments	48 months	48 months	March 7, 2019	-	-	-	-	125.09
11.45% redeemable, non-convertible debentures of Coupon payment frequency: Monthly INR 0.1 million each								
Nil, (June 30, 2021 - Nil, March 31, 2022 - Nil, Principal payment frequency: Repayable in 60 months March 31, 2021 - Nil, March 31, 2020- 300) 13.60% in 7 half-yearly installments	60 months	60 months	December 6, 2017	-	-	-	-	89.44
redeemable, non-convertible debentures of INR 1 Coupon payment frequency: Half Yearly million each								
2,000 (June 30, 2021 - 2000, March 31, 2022 - 2000, Principal payment frequency: Repayable in 4 quarterly March 31, 2021 - 2000, March 31, 2020- 2,000), installments	60 months	60 months	June 28, 2022	1,501.27	2,001.69	2,002.26	2,002.33	2,002.25
10.50% redeemable, non-convertible debentures of Coupon payment frequency: Quarterly INR 1 million each								
Nil, (June 30, 2021 - Nil, March 31, 2022 - Nil, Principal payment frequency: Repayable in 4 quarterly March 31, 2021 - Nil, March 31, 2020- 300) 11.50% installments	48 months	48 months	March 30, 2020	-	-	-	-	233.80
redeemable, non-convertible debentures of INR 1 Coupon payment frequency: Half Yearly million each								
Nil, (June 30, 2021 - Nil, March 31, 2022 - Nil, Principal payment frequency: Entire principal repayable March 31, 2021 - Nil, March 31, 2020- 240) 11.25% at maturity	48 months	48 months	February 28, 2021	-	-	-	-	242.20
redeemable, non-convertible debentures of INR 1 Coupon payment frequency: Half Yearly million each								
Nil, (June 30, 2021 - Nil, March 31, 2022 - Nil, Principal payment frequency: Repayable in 4 quarterly March 31, 2021 - Nil, March 31, 2020- 450) 11.50% installments	48 months	48 months	March 30, 2020	-	-	-	-	350.70
redeemable, non-convertible debentures of INR 1 Coupon payment frequency: Half Yearly million each								
Nil, (June 30, 2021 - Nil, March 31, 2022 - Nil, Principal payment frequency: Repayable in 12 monthly March 31, 2021 - Nil, March 31, 2020- 5,000) installments	36 months	36 months	April 29, 2021	-	-	-	-	5,005.18
12.64% redeemable, non-convertible debentures of Coupon payment frequency: Quarterly INR 1 million each								
Nil, (June 30, 2021 - Nil, March 31, 2022 - Nil, Principal payment frequency: Repayable in 12 monthly March 31, 2021 - 1000, March 31, 2020- 1,000) installments	36 months	36 months	April 29, 2021	-	-	-	1,801.35	1,801.09
12.64% redeemable, non-convertible debentures of Coupon payment frequency: Quarterly INR 1 million each								
30 million, (June 30, 2021 - 30 million, March 31, 2022 - 30 million, at maturity	60 months	60 months	April 11, 2024	300.09	300.11	300.11	300.11	300.11
March 31, 2020- 30 million) 11.40% redeemable, non-convertible debentures of INR 10 each								
2,000, (June 30, 2021 - 2,000, March 31, 2022 - 2,000, at maturity	36 months	36 months	July 3, 2022	292.47	258.83	283.70	251.06	222.23
2,000) redeemable, non-convertible debentures of INR 1 Coupon payment frequency: Entire interest repayable at maturity								
1250, (June 30, 2021 - 1250, March 31, 2022 - 1250, Principal payment frequency: Entire principal repayable March 31, 2021 - 1250, March 31, 2020- 1,250) at maturity	72 months	72 months	August 28, 2025	1,302.93	1,302.93	1,263.77	1,263.77	1,264.16
11.88% redeemable, non-convertible debentures of Coupon payment frequency: Half Yearly INR 1 million each								
10, (June 30, 2021 - 420, March 31, 2022 - 55, March 31, 2021 - 420, March 31, 2020- 420) 12.50% at maturity	36 months	36 months	November 19, 2014	0.01	0.62	0.88	0.62	0.64
redeemable, non-convertible debentures of INR 100 Coupon payment frequency: Entire interest repayable at maturity								
15 million, (June 30, 2021 - 15 million, March 31, 2022 - 15 million, in 4 installments from March 2023 March 31, 2020- Nil) 12.75% redeemable, non-convertible debentures of INR 10 each	72 months	72 months	March 31, 2023	150.05	150.05	150.05	150.05	-
150, (June 30, 2021 - 150, March 31, 2022 - 150, Principal payment frequency: Entire principal repayable March 31, 2021- 150, March 31, 2020- Nil) 10.50% at maturity	36 months	36 months	May 26, 2023	151.47	151.47	163.29	163.13	-
redeemable, non-convertible debentures of INR 1 Coupon payment frequency: Yearly million each								
250, (June 30, 2021 - 250, March 31, 2022 - 250, Principal payment frequency: Entire principal repayable March 31, 2021 - 250, March 31, 2020- Nil) 11.80% at maturity	36 months	36 months	June 12, 2023	251.43	251.43	251.51	251.51	-
redeemable, non-convertible debentures of INR 1 Coupon payment frequency: Quarterly million each								
500, (June 30, 2021 - 500, March 31, 2022 - 500, Principal payment frequency: Entire principal repayable March 31, 2021 - 500, March 31, 2020- Nil) 11.00% at maturity	33 months	33 months	April 21, 2023	510.70	510.70	510.55	510.55	-
redeemable, non-convertible debentures of INR 1 Coupon payment frequency: Quarterly million each								
150, (June 30, 2021 - 150, March 31, 2022 - 150, Principal payment frequency: Entire principal repayable March 31, 2021 - 150, March 31, 2020- Nil) 11.00% at maturity	33 months	33 months	April 21, 2023	153.21	153.21	153.16	153.16	-
redeemable, non-convertible debentures of INR 1 Coupon payment frequency: Quarterly million each								
500, (June 30, 2021 - 500, March 31, 2022 - 500, Principal payment frequency: Entire principal repayable March 31, 2021 - 500, March 31, 2020- Nil) 11.00% at maturity	33 months	33 months	April 21, 2023	510.70	510.70	510.55	510.55	-
redeemable, non-convertible debentures of INR 1 Coupon payment frequency: Quarterly million each								
Nil, (June 30, 2021 - 500, March 31, 2022 - Nil, Principal payment frequency: Entire principal repayable March 31, 2021 - 500, March 31, 2020- Nil) 9.75% at maturity	18 months	18 months	January 3, 2022	-	548.48	-	536.33	-
redeemable, non-convertible debentures of INR 1 Coupon payment frequency: Half Yearly million each								
Nil, (June 30, 2021 - 500, March 31, 2022 - Nil, Principal payment frequency: Entire principal repayable March 31, 2021 - 500, March 31, 2020- Nil) 9.75% at maturity	18 months	18 months	January 31, 2022	-	544.74	-	532.59	-
redeemable, non-convertible debentures of INR 1 Coupon payment frequency: Half Yearly million each								
Nil, (June 30, 2021 - 500, March 31, 2022 - Nil, Principal payment frequency: Entire principal repayable March 31, 2021 - 500, March 31, 2020- Nil) 9.75% at maturity	18 months	18 months	January 31, 2022	-	544.74	-	532.59	-
redeemable, non-convertible debentures of INR 1 Coupon payment frequency: Half Yearly million each								
Nil, (June 30, 2021 - 250, March 31, 2022 - Nil, Principal payment frequency: Entire principal repayable March 31, 2021 - 250, March 31, 2020- Nil) 9.50% at maturity	18 months	18 months	February 21, 2022	-	270.50	-	264.58	-
redeemable, non-convertible debentures of INR 1 Coupon payment frequency: Half Yearly million each								
Nil, (June 30, 2021 - 250, March 31, 2022 - Nil, Principal payment frequency: Entire principal repayable March 31, 2021 - 250, March 31, 2020- Nil) 9.50% at maturity	18 months	18 months	February 21, 2022	-	270.50	-	264.58	-
redeemable, non-convertible debentures of INR 1 Coupon payment frequency: Half Yearly million each								



**Five-Star Business Finance Limited**

Summary of significant accounting policies and other explanatory information  
(All amounts are in Indian Rupees in millions, unless otherwise stated)

**16.1 Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings**

Particulars	Repayment Terms	Term	Earliest installment date	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
2500, (June 30, 2021 - 2,500, March 31, 2022 - Principal payment frequency: Entire principal repayable 2,500, March 31, 2021 - 2,500, March 31, 2020- Nil) at maturity	redeemable, non-convertible debentures of INR 0.1	30 months	February 28, 2023	300.80	271.47	293.24	264.78	-
700, (June 30, 2021 - 700, March 31, 2022 - 700, March 31, 2021 - 700, March 31, 2020- Nil) 10.91% at maturity	Coupon payment frequency: Entire interest repayable at maturity	36 months	September 30, 2023	720.58	720.58	700.44	700.44	-
Nil, (June 30, 2021 - 250, March 31, 2022 - 250, March 31, 2021 - 250, March 31, 2020- Nil) 9.50% at maturity	redeemable, non-convertible debentures of INR 1	18 months	May 19, 2022	-	264.38	258.65	258.65	-
750, (June 30, 2021 - 750, March 31, 2022 - 750, March 31, 2021 - 750, March 31, 2020- Nil) at maturity	Coupon payment frequency: Half Yearly	34 months	December 16, 2022	839.45	786.68	840.70	769.52	-
500, (June 30, 2021 - 500, March 31, 2022 - 500, March 31, 2021 - 500, March 31, 2020- Nil) at maturity	redeemable, non-convertible debentures of INR 1	24 months	December 17, 2022	572.83	524.33	560.33	517.88	-
Nil, (June 30, 2021 - 2000, March 31, 2022 - Nil, March 31, 2021 - 2000, March 31, 2020- Nil) at maturity	Coupon payment frequency: Entire interest repayable at maturity	15 months	March 15, 2022	-	210.92	-	205.83	-
2000, (June 30, 2021 - 2000, March 31, 2022 - 2000, March 31, 2021 - 2000, March 31, 2020- Nil) at maturity	redeemable, non-convertible debentures of INR 0.1	30 months	June 15, 2023	233.63	211.23	227.83	205.99	-
1500, (June 30, 2021 - 1500, March 31, 2022 - 1500, March 31, 2021 - 1500, March 31, 2020- Nil) at maturity	Coupon payment frequency: Entire interest repayable at maturity	27 months	April 30, 2023	1,695.10	1,555.58	1,659.14	1,522.12	-
				<b>8,406.76</b>	<b>12,318.55</b>	<b>10,129.36</b>	<b>13,129.08</b>	<b>10,913.19</b>

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



16.1 Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings

Particulars	Repayment Term	Tenor	Earliest installment date	As at	As at	As at	As at	As at
				June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020
<b>Term loans from banks</b>								
Term Loan 1	Repayable in 48 monthly installments	48 months	April 15, 2017	-	-	-	0.37	50.62
Term Loan 2	Repayable in 60 monthly installments	60 months	March 3, 2019	127.51	203.98	146.61	223.17	300.35
Term Loan 3	Repayable in 36 monthly installments	36 months	May 1, 2019	-	84.12	-	109.39	210.27
Term Loan 4	Repayable in 20 quarterly installments	60 months	June 30, 2019	174.48	275.08	199.49	300.09	400.12
Term Loan 5	Repayable in 36 monthly installments	36 months	February 5, 2019	-	48.89	-	70.54	155.52
Term Loan 6	Repayable in 36 monthly installments	36 months	April 5, 2018	-	-	-	0.02	55.70
Term Loan 7	Repayable in 36 monthly installments	36 months	May 5, 2018	-	-	-	3.65	39.87
Term Loan 8	Repayable in 48 monthly installments	48 months	April 23, 2018	-	-	-	-	25.00
Term Loan 9	Repayable in 48 monthly installments	48 months	April 23, 2018	-	-	19.48	26.64	49.28
Term Loan 10	Repayable in 60 monthly installments	60 months	December 5, 2015	-	-	-	-	0.86
Term Loan 11	Repayable in 36 monthly installments	36 months	May 7, 2017	-	-	-	-	3.51
Term Loan 12	Repayable in 56 monthly installments	60 months	July 28, 2016	-	-	-	-	11.82
Term Loan 13	Repayable in 12 quarterly installments	36 months	May 28, 2018	-	-	-	-	67.21
Term Loan 14	Repayable in 34 monthly installments	36 months	September 20, 2017	-	-	-	-	26.48
Term Loan 15	Repayable in 34 monthly installments	36 months	May 21, 2018	-	-	-	-	64.72
Term Loan 16	Repayable in 40 monthly installments	42 months	September 30, 2018	-	73.02	-	112.53	262.57
Term Loan 17	Repayable in 34 monthly installments	36 months	May 18, 2019	-	117.68	-	161.81	338.33
Term Loan 18	Repayable in 12 quarterly installments	39 months	August 9, 2017	-	-	-	-	4.20
Term Loan 19	Repayable in 60 monthly installments	60 months	May 2, 2016	-	-	-	-	12.24
Term Loan 20	Repayable in 9 half-yearly installments	60 months	March 28, 2018	-	-	-	11.11	22.22
Term Loan 21	Repayable in 58 monthly installments	60 months	April 30, 2017	-	49.04	-	69.67	148.35
Term Loan 22	Repayable in 36 monthly installments	36 months	May 5, 2018	-	-	-	7.02	91.15
Term Loan 23	Repayable in 11 quarterly installments	36 months	December 13, 2016	-	-	-	-	-
Term Loan 24	Repayable in 60 monthly installments	60 months	January 30, 2020	130.00	216.76	165.00	231.94	287.68
Term Loan 25	Repayable in 36 monthly installments	36 months	May 1, 2020	111.99	246.60	145.62	280.31	400.00
Term Loan 26	Repayable in 36 monthly installments	36 months	May 31, 2019	-	-	-	162.50	312.50
Term Loan 27	Repayable in 36 monthly installments	36 months	June 30, 2019	-	92.45	16.67	117.82	218.77
Term Loan 28	Repayable in 57 monthly installments	60 months	September 30, 2019	40.29	61.41	45.54	66.68	87.75
Term Loan 29	Repayable in 48 monthly installments	48 months	July 29, 2019	27.50	75.00	46.88	84.38	121.88
Term Loan 30	Repayable in 33 monthly installments	36 months	December 30, 2019	15.16	104.13	37.89	128.86	219.76
Term Loan 31	Repayable in 36 monthly installments	36 months	September 25, 2019	11.11	78.37	27.78	95.18	162.74
Term Loan 32	Repayable in 60 monthly installments	62 months	January 30, 2020	1,017.10	1,424.15	1,118.83	1,525.89	1,930.67
Term Loan 33	Repayable in 60 monthly installments	60 months	April 30, 2020	203.22	275.48	221.56	293.89	402.47
Term Loan 34	Repayable in 57 monthly installments	60 months	June 25, 2020	248.48	342.36	271.82	364.88	501.00
Term Loan 35	Repayable in 36 monthly installments	36 months	February 5, 2020	58.35	138.37	83.35	183.38	283.41
Term Loan 36	Repayable in 36 monthly installments	36 months	March 5, 2020	47.03	117.57	64.68	134.17	208.17
Term Loan 37	Repayable in 12 monthly installments	37 months	May 26, 2020	47.88	111.75	63.34	127.76	191.73
Term Loan 38	Repayable in 60 monthly installments	60 months	December 5, 2018	28.50	48.61	33.53	53.66	73.95
Term Loan 39	Repayable in 34 monthly installments	36 months	August 16, 2020	113.26	236.82	144.15	267.72	-
Term Loan 40	Repayable in 34 monthly installments	36 months	September 30, 2020	141.21	282.42	176.51	317.74	-
Term Loan 41	Repayable in 20 quarterly installments	60 months	February 28, 2021	266.10	355.60	288.30	377.80	-
Term Loan 42	Repayable in 48 monthly installments	52 months	October 1, 2020	-	127.75	-	135.84	-
Term Loan 43	Repayable in 34 monthly installments	36 months	December 31, 2020	183.32	383.43	233.33	433.33	-
Term Loan 44	Repayable in 46 monthly installments	48 months	November 25, 2020	141.30	208.43	157.61	234.95	-
Term Loan 45	Repayable in 36 monthly installments	36 months	November 30, 2020	111.14	194.50	131.98	215.34	-
Term Loan 46	Repayable in 36 monthly installments	36 months	December 10, 2020	118.06	202.92	131.85	234.00	-
Term Loan 47	Repayable in 48 monthly installments	48 months	February 5, 2021	149.51	207.81	163.99	222.11	-
Term Loan 48	Repayable in 36 monthly installments	36 months	March 23, 2021	132.39	220.65	154.45	242.71	-
Term Loan 49	Repayable in 36 monthly installments	36 months	January 31, 2021	50.00	83.33	58.33	91.67	-
Term Loan 50	Repayable in 33 monthly installments	36 months	May 31, 2021	142.79	234.85	165.52	250.00	-
Term Loan 51	Repayable in 60 monthly installments	60 months	March 3, 2021	147.81	188.49	157.89	198.20	-
Term Loan 52	Repayable in 32 monthly installments	35 months	July 31, 2021	163.36	250.00	185.88	250.00	-
Term Loan 53	Repayable in 36 monthly installments	36 months	April 30, 2021	29.17	46.11	33.33	50.00	-
Term Loan 54	Repayable in 36 monthly installments	36 months	April 30, 2021	437.60	647.61	500.12	730.18	-
Term Loan 55	Repayable in 48 monthly installments	48 months	May 1, 2021	428.32	579.53	466.23	609.30	-
Term Loan 56	Repayable in 34 monthly installments	36 months	March 30, 2022	176.51	-	194.16	-	-
Term Loan 57	Repayable in 36 monthly installments	36 months	January 31, 2022	416.60	-	458.30	-	-
Term Loan 58	Repayable in 60 monthly installments	60 months	April 30, 2022	184.63	-	195.83	-	-
Term Loan 59	Repayable in 60 monthly installments	60 months	April 30, 2022	712.67	-	750.18	-	-
Term Loan 60	Repayable in 57 monthly installments	60 months	June 30, 2022	495.12	-	495.11	-	-
Term Loan 61	Repayable in 72 monthly installments	74 months	June 30, 2022	1,458.33	-	250.14	-	-
Term Loan 62	Repayable in 48 monthly installments	48 months	May 4, 2022	289.51	-	-	-	-
Term Loan 63	Repayable in 34 monthly installments	36 months	September 21, 2022	400.09	-	-	-	-
Term Loan 64	Repayable in 10 quarterly installments	33 months	December 30, 2022	200.00	-	-	-	-
				<b>9,407.38</b>	<b>8,729.66</b>	<b>8,181.78</b>	<b>6,787.10</b>	<b>7,758.95</b>

All the above loans are secured by an exclusive first charge on book debts with security cover ranging from 1.05 to 1.33 times of the outstanding amount at any point in time.

As at June 30, 2022, the rate of interest across term loans from banks was in the range of 7.95% p.a to 10.90% p.a (June 30, 2021 - 7.50% p.a to 11.50% p.a, March 31, 2022 - 7.95% p.a to 10.90% p.a, March 31, 2021 - 8.70% p.a to 11.60% p.a, March 31, 2020 - 9.30% p.a to 11.60% p.a)



16.1 Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings

Particulars	Repayment Terms	Tenor	Earliest installment date	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
<b>Term loans from others</b>								
Term loans from others 1	Repayable in 10 quarterly installments	36 months	November 30, 2018	-	-	-	-	80.02
Term loans from others 2	Repayable in 48 monthly installments	48 months	February 11, 2019	36.47	98.98	52.10	114.61	177.13
Term loans from others 3	Repayable in 60 monthly installments	60 months	May 1, 2019	43.42	64.12	48.78	88.86	86.44
Term loans from others 4	Repayable in 48 monthly installments	48 months	January 29, 2019	-	83.96	-	98.91	147.14
Term loans from others 5	Repayable in 16 quarterly installments	48 months	April 28, 2017	-	-	-	-	32.44
Term loans from others 6	Repayable in 20 quarterly installments	60 months	September 1, 2019	53.86	81.09	60.64	87.90	114.92
Term loans from others 7	Repayable in 60 monthly installments	60 months	November 22, 2015	-	-	-	-	6.49
Term loans from others 8	Repayable in 60 monthly installments	60 months	April 22, 2017	-	28.19	-	37.08	70.22
Term loans from others 9	Repayable in 36 monthly installments	36 months	March 20, 2019	-	22.61	-	31.89	65.01
Term loans from others 10	Repayable in 60 monthly installments	60 months	April 27, 2019	-	30.98	-	33.35	42.17
Term loans from others 11	Repayable in 20 quarterly installments	60 months	February 29, 2020	-	105.00	-	112.53	142.54
Term loans from others 12	Repayable in 36 monthly installments	36 months	January 22, 2020	19.00	54.05	28.13	62.24	92.84
Term loans from others 13	Repayable in 36 monthly installments	36 months	February 22, 2020	66.22	170.44	93.36	194.81	283.80
Term loans from others 14	Repayable in 3 annual installments	36 months	February 1, 2021	125.91	189.01	125.00	187.50	250.00
Term loans from others 15	Repayable in 48 monthly installments	48 months	March 5, 2020	32.72	52.37	37.63	57.30	76.93
Term loans from others 16	Repayable in 20 monthly installments	30 months	April 30, 2019	-	-	-	-	31.00
Term loans from others 17	Repayable in 42 monthly installments	48 months	June 30, 2018	7.14	35.72	14.29	42.87	71.43
Term loans from others 18	Repayable in 36 monthly installments	36 months	May 27, 2020	-	162.08	-	181.81	-
Term loans from others 19	Repayable in 8 monthly installments	19 months	September 10, 2020	-	-	-	50.24	-
Term loans from others 20	Repayable in 36 monthly installments	36 months	January 20, 2021	230.68	418.06	292.60	459.80	-
Term loans from others 21	Repayable in 36 monthly installments	36 months	January 31, 2021	150.04	250.07	175.04	275.07	-
Term loans from others 22	Repayable in 30 monthly installments	32 months	February 3, 2021	187.05	342.57	212.56	379.02	-
Term loans from others 23	Repayable in 36 monthly installments	36 months	April 30, 2021	111.69	167.02	126.08	188.80	-
Term loans from others 24	Repayable in 49 monthly installments	49 months	April 1, 2021	151.17	201.50	150.00	208.51	-
Term loans from others 25	Repayable in 16 quarterly installments	48 months	June 1, 2021	173.18	236.16	188.95	250.00	-
				<b>1,408.64</b>	<b>2,795.96</b>	<b>1,605.16</b>	<b>3,185.81</b>	<b>1,772.83</b>

All the above loans are secured by an exclusive first charge on book debts with security cover ranging from 1 to 1.2 times of the outstanding amount at any point in time

As at June 30, 2022, the rate of interest across term loans from others was in the range of 9.50% p.a to 11.75% p.a (June 30, 2021 - 9.00% p.a to 11.75% p.a, March 31, 2022- 9.50% p.a to 11.75% p.a, March 31, 2021- 6.32% p.a to 11.75% p.a, March 31, 2020- 9.75% p.a to 13.25% p.a)

**Borrowings Under Securitization**

Borrowings Under Securitization 1	Repayable in 33 monthly installments	35 months	August 16, 2019	-	118.99	-	202.23	643.99
Borrowings Under Securitization 2	Repayable in 59 monthly installments	59 months	September 17, 2019	157.13	404.40	217.10	470.87	813.28
Borrowings Under Securitization 3	Repayable in 64 monthly installments	65 months	February 17, 2020	219.70	712.24	339.26	824.34	1,278.02
Borrowings Under Securitization 4	Repayable in 40 monthly installments	40 months	March 21, 2020	33.06	251.08	77.85	315.94	673.54
Borrowings Under Securitization 5	Repayable in 60 monthly installments	60 months	May 15, 2020	374.95	634.66	435.54	695.82	-
Borrowings Under Securitization 6	Repayable in 60 monthly installments	60 months	July 15, 2020	376.83	642.93	437.57	712.11	-
Borrowings Under Securitization 7	Repayable in 65 monthly installments	65 months	August 14, 2020	320.57	577.90	383.15	642.31	-
Borrowings Under Securitization 8	Repayable in 53 monthly installments	55 months	November 20, 2020	398.53	655.42	465.45	717.41	-
Borrowings Under Securitization 9	Repayable in 59 monthly installments	60 months	January 16, 2021	191.19	357.03	232.12	394.60	-
Borrowings Under Securitization 10	Repayable in 48 monthly installments	48 months	January 15, 2021	166.33	199.34	130.31	222.39	-
Borrowings Under Securitization 11	Repayable in 60 monthly installments	61 months	February 21, 2021	855.53	1,394.38	996.69	1,394.40	-
Borrowings Under Securitization 12	Repayable in 61 monthly installments	61 months	February 18, 2021	171.80	296.43	202.76	330.79	-
Borrowings Under Securitization 13	Repayable in 57 monthly installments	57 months	April 21, 2021	450.50	637.98	496.81	681.58	-
Borrowings Under Securitization 14	Repayable in 53 monthly installments	53 months	April 16, 2021	486.70	769.24	557.25	824.40	-
				<b>4,172.80</b>	<b>7,562.84</b>	<b>4,971.66</b>	<b>8,428.29</b>	<b>3,408.83</b>

As at June 30, 2022 the rate of interest across term loans from others was in the range of 8.85% p.a to 11% p.a (June 30, 2021 - 9.00% p.a to 11% p.a, March 31, 2022 - 8.55% p.a to 11% p.a, March 31, 2021 - 9.15% p.a to 11.00% p.a, March 31, 2020 - 9.75% p.a to 11.00% p.a).

These borrowings are secured by way of book debts and cash collateral with security cover ranging from 1.15 to 1.20 times of the outstanding amount at any point in time.

**Loans from Others-(External Commercial Borrowing)**

External Commercial Borrowing-1	Repayable in 5 Half yearly installments	60 months	March 31, 2025	798.54	-	758.45	-	-
				<b>798.54</b>	<b>-</b>	<b>758.45</b>	<b>-</b>	<b>-</b>

As at June 30, 2022, the rate of interest on External Commercial Borrowing was 4.20% p.a (March 31, 2022 - 4.20% p.a.)



**Five-Star Business Finance Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts are in Indian Rupees in millions, unless otherwise stated)

Particulars	As at	As at	As at	As at	As at
	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020
<b>17 Borrowings (other than debt securities) (refer note 16.1)</b>					
<b>At amortised cost</b>					
Term loans (secured)					
From banks	9,407.38	8,740.97	8,181.78	9,797.20	7,758.95
From other parties	1,408.56	2,784.66	1,605.16	3,105.51	1,772.53
Borrowings under securitisation (secured)	4,172.80	7,562.04	4,971.66	8,428.29	3,408.83
Loans repayable on demand (secured)					
From banks	15.92	-	76.56	19.67	-
Term loans from other parties (unsecured)					
External Commercial Borrowings	798.54	-	758.45	-	-
	15,803.20	19,087.66	15,593.61	21,350.67	12,940.31
Less: Unamortised processing fee	(74.06)	(113.86)	(90.64)	(136.56)	(92.02)
	<b>15,729.14</b>	<b>18,973.80</b>	<b>15,502.97</b>	<b>21,214.11</b>	<b>12,848.29</b>
Borrowings in India	14,930.61	18,973.80	14,744.52	21,214.11	12,848.29
Borrowings outside India	798.54	-	758.45	-	-
	<b>15,729.14</b>	<b>18,973.80</b>	<b>15,502.97</b>	<b>21,214.11</b>	<b>12,848.29</b>
<p>Loans repayable on demand includes on cash credit and working capital demand loans from banks which are secured by specific charge on identified receivables. As at June 30, 2022, the rate of interest across the cash credit and working capital demand loans was in the range of 7.25% p.a to 11.00% p.a (June 30, 2021 - 9.25% p.a to 11.45% p.a, March 31, 2020 - 10.20% p.a to 12.00% p.a) p.a. March 31, 2021 - 9.25% p.a to 11.45% p.a, March 31, 2020 - 10.20% p.a to 12.00% p.a)</p> <p>The Company has not defaulted in the repayment of the borrowings (including debt securities) and was regular in repayments</p> <p>Debt Securities and borrowings other than debt securities aggregating to INR 8435.80 million has been guaranteed by the promoter, Mr. D Lakshminpothy.</p> <p>The Company has used the borrowings from banks and financial institutions for the specified purpose as per agreement with the lender.</p> <p>The quarterly returns/statements of current assets filed by the Company with banks or financial institutions in relation to secured borrowings wherever applicable, are in agreement with the books of accounts.</p>					
<b>18 Other financial liabilities</b>					
Unpaid dividends	0.26	0.40	0.26	0.40	0.55
Lease liability (Refer note 39)	222.44	174.18	211.33	152.94	155.53
Employee related payables	295.53	205.69	189.53	-	-
Others*	17.21	17.72	13.56	18.35	0.73
	<b>535.44</b>	<b>397.99</b>	<b>414.68</b>	<b>171.69</b>	<b>156.81</b>
<p>*Others include unpaid corporate social responsibility fund amounting to INR 8.75 million. (June 30, 2021 - INR 13.75 million, March 31, 2022 - INR 10.00 million, March 31, 2021 - INR 15.00 million, March 31, 2020 - Nil)</p>					
<b>19 Current tax liabilities (net)</b>					
Provision for tax (net)	109.44	29.54	-	-	7.48
	<b>109.44</b>	<b>29.54</b>	<b>-</b>	<b>-</b>	<b>7.48</b>
<b>20 Provisions</b>					
Provision for employee benefits					
Provision for gratuity	60.32	49.87	33.96	25.48	24.71
Provision for compensated absences	74.60	61.25	56.04	46.50	33.05
	<b>134.92</b>	<b>111.12</b>	<b>90.00</b>	<b>71.98</b>	<b>57.76</b>
<b>21 Other non-financial liabilities</b>					
Statutory dues payable	53.44	26.66	90.23	48.74	53.05
Employee related payables	-	-	-	123.29	107.47
	<b>53.44</b>	<b>26.66</b>	<b>90.23</b>	<b>172.03</b>	<b>160.52</b>





Particulars	As at	As at	As at	As at	As at
	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020
<b>22 Equity share capital</b>					
<b>Authorised</b>					
550,000,000 shares (March 31, 2022 - 550,000,000) of INR 1 each (June 30, 2021 - 55,000,000; March 31, 2021 - 55,000,000; March 31, 2020 - 55,000,000) of INR 10 each	550.00	550.00	550.00	550.00	550.00
<b>Issued, subscribed and paid up</b>					
291,366,120 shares (March 31, 2022 - 291,343,120) of INR 1 each fully paid up (June 30, 2021 - 26,945,115; March 31, 2021 - 25,473,144; March 31, 2020 - 25,410,294) of INR 10 each fully paid up	291.37	269.45	291.34	254.73	254.10
Nil shares (June 30, 2021 - 1,717,597; March 31, 2022 - Nil; March 31, 2021 - 1,717,597; March 31, 2020 - 1,717,597) of INR 10 each partly paid up - INR 1 each paid up	-	1.72	-	1.72	1.72

Note: During the year ended March 31, 2022, the Board of Directors of the Company in its meeting held on September 9, 2021 and shareholders at the Extraordinary General Meeting held on October 8, 2021 approved the sub-division of shares from ₹ 10 per share to ₹ 1 per share. Also refer note-40.

**22.A Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

	As at		As at	
	June 30, 2022		June 30, 2021	
	Number of shares	Amount in Millions of INR	Number of shares	Amount in Millions of INR
As at beginning of the period	29,13,43,120	291.34	27,19,07,741	256.45
Shares issued in exercise of employee stock options	23,000	0.03	200	0.00
Shares issued-fully paid up	-	-	14,71,771	14.72
As at the end of the period	<b>29,13,66,120</b>	<b>291.37</b>	<b>28,62,712</b>	<b>271.17</b>

	As at		As at		As at	
	March 31, 2022		March 31, 2021		March 31, 2020	
	Number of shares	Amount in Millions of INR	Number of shares	Amount in Millions of INR	Number of shares	Amount in Millions of INR
As at beginning of the period	2,71,90,741	256.45	2,71,27,891	255.82	2,35,99,582	239.00
Additional shares pursuant to share split issued during the year	24,47,16,669	-	-	-	-	-
Shares issued in exercise of employee stock options	17,18,000	1.72	62,650	0.63	1,78,450	1.78
Shares issued-fully paid up	1,77,17,710	17.72	-	-	13,32,262	13.32
Shares issued-partly paid up	-	-	-	-	17,17,597	1.72
Receipt of pending call money of partly paid up shares	-	15.45	-	-	-	-
As at the end of the period	<b>29,13,43,120</b>	<b>291.34</b>	<b>2,71,90,741</b>	<b>256.45</b>	<b>2,71,27,891</b>	<b>255.82</b>

**Terms/rights attached to Equity Shares:**

The Company has a single class of equity shares. Accordingly all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend to the extent the shares are paid up, as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the board of directors, if any, is subject to the approval of the shareholders at the General Meeting, except in the case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders, to the extent the shares are paid up.

**Shares reserved for issue under options**

Information relating to employee stock option schemes including the details of options issued, exercised and lapsed during the period and options outstanding at the end of the reporting period, is set out in Note 43.

**22.B Promoter Holdings**

Name of the Promoter	As at June 30, 2022					
	Number of Shares at the beginning of the period	Additional shares pursuant to share split issued during the year	Movement during the period	Number of Shares at the end of the period	% of Total Shares	% of Change during the period
<b>Fully paid up shares</b>						
(i) D. Lakshminipathy	3,69,37,450	-	-	3,69,37,450	12.37%	-
(ii) L.Hema	2,08,90,600	-	-	2,08,90,600	7.17%	-
(iii) L.Shrutha	2,00,000	-	-	2,00,000	0.07%	-
(iv) Matrix Partners India Investment Holding II LLC	4,10,09,990	-	-	4,10,09,990	14.08%	-
(v) SCI Investments V	2,56,96,500	-	-	2,56,96,500	8.82%	-
<b>Grand Total</b>	<b>12,38,34,540</b>	<b>-</b>	<b>-</b>	<b>12,38,34,540</b>	<b>42.50%</b>	<b>-</b>

Name of the Promoter	As at June 30, 2021					
	Number of Shares at the beginning of the period	Additional shares pursuant to share split issued during the year	Movement during the period	Number of Shares at the end of the period	% of Total Shares	% of Change during the period
<b>Fully paid up shares</b>						
(i) D. Lakshminipathy	21,55,771	-	1,050	21,56,821	7.63%	0.05%
(ii) L.Hema	20,89,060	-	-	20,89,060	7.29%	-
(iii) R.Demasudivan	1,63,200	-	-	1,63,200	0.57%	-
(iv) D.Vasanthakumari	44,770	-	-	44,770	0.16%	-
(v) L.Shrutha	20,000	-	-	20,000	0.07%	-
<b>Sub-Total</b>	<b>45,02,801</b>	<b>-</b>	<b>1,050</b>	<b>45,03,851</b>	<b>15.71%</b>	<b>0.02%</b>
<b>Partly paid up shares</b>						
(i) D. Lakshminipathy	15,25,000	-	-	15,25,000	-	-
<b>Sub-Total</b>	<b>15,25,000</b>	<b>-</b>	<b>-</b>	<b>15,25,000</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>60,27,801</b>	<b>-</b>	<b>1,050</b>	<b>60,28,851</b>	<b>15.71%</b>	<b>0.00%</b>



Name of the Promoter	As at March 31, 2022					
	Number of Shares at the beginning of the period	Additional shares pursuant to share split issued during the year	Movement during the period	Number of Shares at the end of the period	% of Total Shares	% of Change during the period
<b>Fully paid up shares</b>						
(i) D. Lakshminarayana	21,85,771	1,96,71,939	1,41,79,740	3,60,37,450	12.37%	64.87%
(ii) L. Hema	20,89,060	1,88,01,540	-	2,08,90,600	7.17%	-
(iii) L. Shrinia	20,000	1,80,000	-	2,00,000	0.07%	-
(iv) Matrix Partners India Investment Holdings II LLC	41,00,999	3,69,08,991	-	4,10,09,990	14.08%	-
(v) SCT Investments V	25,69,650	2,31,26,650	-	2,56,96,300	8.82%	-
<b>Sub-Total</b>	<b>1,09,65,480</b>	<b>9,86,89,320</b>	<b>1,41,79,740</b>	<b>12,38,34,540</b>	<b>42.50%</b>	<b>12.93%</b>
<b>Partly paid up shares</b>						
(i) D. Lakshminarayana	15,25,000	1,37,25,000	(1,52,50,000)	-	-	(100.00%)
<b>Sub-Total</b>	<b>15,25,000</b>	<b>1,37,25,000</b>	<b>(1,52,50,000)</b>	<b>-</b>	<b>-</b>	<b>(100.00%)</b>
<b>Grand Total</b>	<b>1,24,90,480</b>	<b>11,24,14,320</b>	<b>(10,79,260)</b>	<b>12,38,34,540</b>	<b>42.50%</b>	<b>(0.86%)</b>

The Board of Directors of the Company, pursuant to their resolution dated October 21, 2021 have taken on record, that D. Lakshminarayana, L. Hema, L. Shrinia, Matrix Partners India Investment Holdings II, LLC and SCT Investments V be identified as the promoters of the Company for the purposes of its proposed initial public offering of its equity shares and for all other purposes, regulatory, statutory or otherwise.

Name of the Promoter	As at March 31, 2021				
	Number of Shares at the beginning of the year	Movement during the year	Number of Shares at the end of the year	% of Total Shares	% of Change during the Year
<b>Fully paid up shares</b>					
(i) D. Lakshminarayana	21,85,771	-	21,85,771	8.04%	-
(ii) L. Hema	20,89,060	-	20,89,060	7.88%	-
(iii) R. Devasubramanian	1,63,200	-	1,63,200	0.60%	-
(iv) D. Varadachari	44,770	-	44,770	0.16%	-
(v) L. Shrinia	20,000	-	20,000	0.07%	-
<b>Sub-Total</b>	<b>45,02,801</b>	<b>-</b>	<b>45,02,801</b>	<b>16.55%</b>	<b>-</b>
<b>Partly paid up shares</b>					
(i) D. Lakshminarayana	15,25,000	-	15,25,000	5.61%	-
<b>Sub-Total</b>	<b>15,25,000</b>	<b>-</b>	<b>15,25,000</b>	<b>5.61%</b>	<b>-</b>
<b>Grand Total</b>	<b>60,27,801</b>	<b>-</b>	<b>60,27,801</b>	<b>22.16%</b>	<b>-</b>

Name of the Promoter	As at March 31, 2020				
	Number of Shares at the beginning of the year	Movement during the year	Number of Shares at the end of the year	% of Total Shares	% of Change during the Year
<b>Fully paid up shares</b>					
(i) D. Lakshminarayana	22,87,551	(1,01,780)	21,85,771	8.06%	(4.45%)
(ii) L. Hema	20,83,060	6,000	20,89,060	7.70%	0.29%
(iii) R. Devasubramanian	1,63,200	-	1,63,200	0.60%	-
(iv) D. Varadachari	44,770	-	44,770	0.17%	-
(v) L. Shrinia	20,000	-	20,000	0.07%	-
<b>Sub-Total</b>	<b>45,98,581</b>	<b>(95,780)</b>	<b>45,02,801</b>	<b>16.59%</b>	<b>(2.88%)</b>
<b>Partly paid up shares</b>					
(i) D. Lakshminarayana	-	15,25,000	15,25,000	5.62%	-
<b>Sub-Total</b>	<b>-</b>	<b>15,25,000</b>	<b>15,25,000</b>	<b>5.62%</b>	<b>-</b>
<b>Grand Total</b>	<b>45,98,581</b>	<b>14,29,220</b>	<b>60,27,801</b>	<b>22.21%</b>	<b>31.08%</b>

\*\*Promoter means Promoter as defined in Companies Act 2013

The determination / identification of promoters for the purpose of presentation under this disclosure has been done on the basis of information available with the Company which has been solely relied upon by the auditors.

During the FY 2021-22, the Company has 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.

## 22.C Details of shareholders holding more than 5% shares in the company

Name of shareholder	As at June 30, 2022		As at June 30, 2021	
	Number of shares	% of total shares in class	Number of shares	% of total shares in class
TPG Asia VII SF Pte. Ltd.	6,11,06,730	20.97%	61,10,673	21.32%
Matrix Partners India Investment Holdings II, LLC	4,10,09,990	14.08%	41,00,999	14.31%
D. Lakshminarayana	3,60,37,450	12.37%	37,11,821	12.95%
Northwest Venture Partners X - Mauritius	2,97,48,060	10.21%	29,74,306	10.38%
SCT Investments V	2,56,96,500	8.82%	25,69,650	8.97%
L. Hema	2,08,90,600	7.17%	20,89,060	7.29%
Sarita II Pte. Ltd.	1,75,93,990	6.04%	15,34,599	5.15%

Name of shareholder	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	Number of shares	% of total shares in class	Number of shares	% of total shares in class	Number of shares	% of total shares in class
TPG Asia VII SF Pte. Ltd.	6,11,06,730	20.97%	61,10,673	22.47%	61,10,673	22.53%
Matrix Partners India Investment Holdings II, LLC	4,10,09,990	14.08%	41,00,999	15.08%	41,00,999	15.12%
D. Lakshminarayana	3,60,37,450	12.37%	37,10,771	13.65%	37,10,771	13.68%
NHFEA Chocolate Holding BV	-	-	35,98,051	13.23%	35,98,051	13.26%
Northwest Venture Partners X - Mauritius	2,97,48,060	10.21%	25,69,650	9.45%	25,69,650	9.47%
SCT Investments V	2,56,96,500	8.82%	25,69,650	9.45%	25,69,650	9.47%
L. Hema	2,08,90,600	7.17%	20,89,060	7.68%	20,89,060	7.70%
Sarita II Pte. Ltd.	1,75,93,990	6.04%	-	-	-	-

The above disclosures given in Note 22 with respect to number of shares (as at March 31, 2021 and March 31, 2020) are based on face value of INR 10. During the FY 2021-22, the Company has 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.



**Five Star Business Finance Limited**  
**Summary of significant accounting policies and other explanatory information**  
*(All amounts are in Indian Rupees in millions, unless otherwise stated)*

Particulars	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
<b>23 Other Equity</b>					
Statutory reserve	2,711.26	1,804.17	2,711.26	1,804.17	1,086.18
Share options outstanding account	412.35	277.64	348.59	179.53	42.83
Securities premium	23,143.89	19,070.60	23,136.19	13,923.45	13,906.92
General reserve	71.96	71.96	71.96	71.96	71.96
Retained earnings	11,952.80	7,948.59	10,561.68	6,946.16	4,082.09
Cash Flow Hedge Reserve	(13.68)	-	(9.51)	-	-
	<b>38,278.58</b>	<b>38,172.96</b>	<b>36,812.17</b>	<b>22,925.27</b>	<b>19,189.06</b>
<b>I Statutory reserve</b>					
Opening balance	2,711.26	1,804.17	1,804.17	1,086.18	562.28
Amount transferred from surplus in the statement of profit and loss	-	-	907.09	717.99	523.90
Closing balance	<b>2,711.26</b>	<b>1,804.17</b>	<b>2,711.26</b>	<b>1,804.17</b>	<b>1,086.18</b>
As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of INR 907.09 million, March 31, 2022; 717.99 million, March 31, 2021; INR 523.90 million, March 31, 2020; out of the profit after tax for the year ended March 31, 2022 to Statutory Reserve. As described in note 32, Five Star Housing Finance Private Limited, the wholly owned subsidiary amalgamated with the Company with appointed date under the aforesaid Scheme as April 1, 2018. The wholly owned subsidiary has surrendered its Certificate of Registration in carry on the business of Housing Finance Institutions to National Housing Bank (NHB) on June 5, 2020. The statutory reserve maintained by the wholly owned subsidiary under section 29C of the National Housing Bank Act, 1987 has been subsumed in the statutory reserve maintained by the Company. No appropriation of any sum from this reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.					
Transfer to Statutory reserve is made at the end of the year as per the requirements of Section 45-IC of the Reserve Bank of India Act, 1934					
<b>II Share options outstanding account</b>					
Opening balance	348.59	179.53	179.53	42.83	49.83
Share based payment expense	76.23	99.23	354.42	150.94	16.90
Less: Transfer to securities premium	4.87	0.12	(193.35)	16.24	23.00
Closing balance	<b>412.35</b>	<b>277.64</b>	<b>348.59</b>	<b>179.53</b>	<b>42.83</b>
The amount represents reserve created to the extent of granted options based on the Employees Stock Option Schemes. Under Ind AS 102, fair value of the options granted is to be expensed out over the life of the vesting period as employee compensation over reflecting period of receipt of service. Also refer note 43.					
<b>III Securities premium</b>					
Opening balance	23,136.19	13,923.45	13,923.45	13,906.92	10,731.39
Premium on shares issued during the period / year (including monies received for partly paid up shares)	7.50	5,164.16	9,229.75	16.53	3,175.53
Less: Utilised during the period / year for share issue expenses	-	(17.81)	(17.01)	-	-
Closing balance	<b>23,143.89</b>	<b>19,070.60</b>	<b>23,136.19</b>	<b>13,923.45</b>	<b>13,906.92</b>
Securities premium is used to record the premium on issue of shares. The reserve can be utilized only for limited purposes in accordance with the provisions of the Companies Act, 2013. During the period ended June 30, 2022, no amount from Securities premium was utilized towards share issue expenses, in line with Section 52 of the Companies Act 2013.					
<b>IV General reserve</b>					
Opening balance	71.96	71.96	71.96	71.96	71.96
Amount transferred from surplus in the statement of profit and loss	-	-	-	-	-
Closing balance	<b>71.96</b>	<b>71.96</b>	<b>71.96</b>	<b>71.96</b>	<b>71.96</b>
General reserve are free reserves which can be utilized for any purpose as may be required.					
<b>V Retained earnings</b>					
Opening balance	10,561.68	6,946.16	6,946.16	4,082.09	1,997.62
Net Profit for the period / year	1,394.33	1,015.71	4,535.45	3,519.54	2,619.51
Less: Transfer to Statutory reserve	-	-	907.09	717.99	523.90
Re-measurements of defined benefit plan	(3.21)	(13.28)	(12.84)	(7.88)	(11.14)
Closing balance	<b>11,952.80</b>	<b>7,948.59</b>	<b>10,561.68</b>	<b>6,946.16</b>	<b>4,082.09</b>
Retained earnings are the profits(loss) that the Company has earned/accrued till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date. The amount that can be distributed by the Company as dividends to its Equity Shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013 and the Regulations of Reserve Bank of India.					
<b>VI Other comprehensive income</b>					
Opening balance	-	-	-	-	-
Re-measurements of defined benefit asset/ liability	(3.21)	(13.28)	(12.84)	(7.88)	(11.14)
Transferred to retained earnings	3.21	13.28	12.84	7.88	11.14
Closing balance	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Re-measurements of the net defined benefit liabilities comprising actuarial gain or loss, if any.					
<b>VII Cash Flow Hedge Reserve</b>					
Opening balance	(9.51)	-	-	-	-
Addition	(4.18)	-	(9.51)	-	-
Closing balance	<b>(13.68)</b>	<b>-</b>	<b>(9.51)</b>	<b>-</b>	<b>-</b>
Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges, which shall be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Company accounting policies.					



**Five-Star Business Finance Limited**  
**Summary of significant accounting policies and other explanatory information**  
**(All amounts are in Indian Rupees in millions, unless otherwise stated)**

Particulars	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>24 Interest Income</b>					
<b>(On financial assets measured at amortised cost)</b>					
Interest on term loans	3,256.70	2,827.96	11,705.17	9,955.01	7,179.58
Interest on deposits with banks	69.83	74.33	270.33	193.75	288.67
Interest on Investment in Government Securities	25.67	-	62.16	-	-
<b>Total</b>	<b>3,352.20</b>	<b>2,902.29</b>	<b>12,037.66</b>	<b>10,148.76</b>	<b>7,468.25</b>
<b>25 Fee Income</b>					
Legal and inspection fees	(0.00)	36.19	256.23	189.41	291.76
Others charges*	12.33	6.62	37.73	27.35	5.32
<b>Total</b>	<b>12.33</b>	<b>42.81</b>	<b>293.96</b>	<b>216.76</b>	<b>297.08</b>
* Comprises of charges collected from the customers in the nature of Document storage charges, Cheque dishonour charges and other charges as applicable. All services that generate revenue from contract with Customers are rendered at a point in time and are rendered in India					
<b>26 Net gain on fair value changes</b>					
<b>Net gain on financial instruments at fair value through profit or loss (FVTPL)</b>					
<b>On trading portfolios</b>					
-Mutual fund investments at FVTPL	15.18	60.05	209.02	131.90	101.82
	<b>15.18</b>	<b>60.05</b>	<b>209.02</b>	<b>131.90</b>	<b>101.82</b>
<b>Fair value changes</b>					
Realised	15.18	60.05	209.02	131.90	101.82
Unrealised	-	-	-	-	-
	<b>15.18</b>	<b>60.05</b>	<b>209.02</b>	<b>131.90</b>	<b>101.82</b>
<b>27 Other Income</b>					
Recovery of assets written off	9.31	1.93	18.58	8.69	5.30
Other non-operating income	1.57	0.47	2.47	6.44	1.02
	<b>10.88</b>	<b>2.40</b>	<b>21.05</b>	<b>15.13</b>	<b>6.32</b>
<b>28 Finance costs</b>					
<b>(On financial liabilities measured at amortised cost)</b>					
<b>Interest on borrowings</b>					
- term loans from banks	199.19	237.27	780.76	885.93	554.61
- cash credits and overdraft	0.55	0.44	1.60	0.93	1.56
- term loans from others*	171.21	280.75	918.08	796.92	315.89
Interest on debt securities	269.64	338.32	1,273.59	1,550.18	1,273.36
Interest on lease liability	5.30	4.71	22.00	17.95	16.78
Interest on current tax liability	-	-	-	-	7.15
Other borrowing costs	2.09	2.65	9.97	-	-
	<b>647.98</b>	<b>864.14</b>	<b>3,006.00</b>	<b>3,251.91</b>	<b>2,169.35</b>
*Includes interest of INR 107.67 million (June 30, 2021 - INR 190.98 million, March 31, 2022 - INR 636.14 million, March 31, 2021 - INR 532.65 million, March 31, 2020- INR 168.68 million) pertaining to borrowings from securitisation arrangements.					
<b>29 Fees expenses</b>					
Amortisation of ancillary costs relating to borrowings	-	-	-	26.68	4.25
	<b>-</b>	<b>-</b>	<b>-</b>	<b>26.68</b>	<b>4.25</b>



**Five-Star Business Finance Limited**  
**Summary of significant accounting policies and other explanatory information**  
*(All amounts are in Indian Rupees in millions, unless otherwise stated)*

Particulars	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>30 Impairment on financial instruments</b>					
<i>(On financial assets measured at amortised cost)</i>					
Impairment loss allowance on loans*	(4.11)	165.38	455.18	351.76	493.42
	<u>(4.11)</u>	<u>165.38</u>	<u>455.18</u>	<u>351.76</u>	<u>493.42</u>
* Includes write-off of INR 45.82 million (June 30, 2021 - INR 91.31 million, March 31, 2022 - INR 292.64 million, March 31, 2021 - INR 99.68 million, March 31, 2020 - INR 48.61 million)					
<b>31 Employee benefits expense</b>					
Salaries, wages and bonus	558.83	361.89	1,785.40	1,337.61	1,127.23
Contribution to provident and other funds	66.30	49.38	139.60	108.05	90.58
Employee stock option expenses (Refer note 43)	76.73	98.23	354.42	150.94	16.80
Staff welfare expenses	17.04	10.69	81.73	40.58	36.46
	<u>718.90</u>	<u>520.19</u>	<u>2,361.15</u>	<u>1,637.18</u>	<u>1,271.07</u>
<b>32 Depreciation and amortisation expense</b>					
Depreciation on property, plant and equipment (Refer note 12)	15.27	8.59	47.64	53.13	49.97
Amortisation of intangible assets (Refer note 13)	1.10	2.37	11.69	5.28	6.88
Depreciation on Right of use asset (Refer note 39)	19.82	15.13	63.12	55.44	43.83
	<u>36.19</u>	<u>26.08</u>	<u>122.45</u>	<u>113.85</u>	<u>100.68</u>
<b>33 Other expenses</b>					
Rent	1.20	1.11	5.29	4.08	1.51
Rates and taxes	1.58	0.89	4.23	11.13	10.43
Electricity expenses	3.56	2.93	9.73	9.25	7.83
Repairs and maintenance	10.29	5.94	34.83	25.99	20.33
Communication costs	15.96	11.39	62.10	44.37	44.24
Printing and stationery	8.81	4.51	29.42	23.83	34.30
Advertisement and publicity	0.13	0.08	0.75	0.32	0.25
Directors fees, allowances and expenses	2.04	2.20	7.75	1.44	1.36
Auditor's fees and expenses (Refer note 33.1)	3.85	2.91	14.95	5.15	4.71
Legal and professional charges	11.06	23.48	152.87	118.31	138.96
Insurance	0.29	0.42	1.70	1.33	1.43
Corporate social responsibility expenses (Refer note 33.2)	-	-	69.97	42.86	0.74
Travel expenses	17.98	0.73	22.60	4.55	19.28
Information technology expenses	45.77	17.38	110.09	56.84	39.42
Loss on sale of property, plant and equipment	0.00	0.00	0.13	0.23	0.08
Bank charges	4.18	3.96	18.13	14.08	12.21
Collection/Recovery costs	0.20	-	27.92	0.16	2.59
Miscellaneous expenses	3.12	0.30	2.36	2.85	2.02
	<u>138.02</u>	<u>78.23</u>	<u>574.82</u>	<u>366.77</u>	<u>341.69</u>
<b>33.1 Payments to auditors (Refer Note)</b>					
Statutory audit including limited review	3.64	2.45	14.08	4.14	3.82
Tax audit	0.05	0.05	0.22	0.22	0.22
Other services	0.16	0.41	0.65	0.55	0.52
Reimbursement of expenses	-	-	-	0.24	0.15
	<u>3.85</u>	<u>2.91</u>	<u>14.95</u>	<u>5.15</u>	<u>4.71</u>

**Note:**

1. Payment to auditors towards statutory audit including limited review above includes INR 4.05 million paid to predecessor auditors during financial year 2021-2022.
2. Excludes remuneration to predecessor auditor during FY 2021-22 and for the period ended June 30, 2022 for services in connection with proposed initial public offer of equity shares of the Company, which is included under other receivables as these will be recoverable from selling shareholders.



33.2 Details of expenditure on corporate social responsibility ("CSR")

Particulars	Period Ended June 30,2022	Period Ended June 30,2021	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
(a) Amount required to be spent by the Company during the period/year	23.83	17.49	69.97	42.86	21.63
(b) Amount of expenditure incurred during the period/year	-	-	69.97	27.86	0.74
(c) Shortfall at the end of the period/year	23.83	17.49	-	15.00	20.89
(d) Total of previous years shortfall**	8.75	13.75	10.00	Not Applicable	Not Applicable
(e) Reason for shortfall	Not Applicable	Not Applicable	Not Applicable	*	*
(f) Nature of CSR activities	Contribution towards projects in the domain of education and healthcare .	Contribution towards projects in the domain of education and healthcare .	Contribution towards projects in the domain of education and healthcare .	Contribution to government relief funds and funds expended towards projects in the domain of education and others.	Expended towards activities for Public Safety
(g) Details of related party transactions	Nil	Nil	Nil	Nil	Nil

\* The reason for shortfall in CSR expenditure is on account of the fact that the management was in the process of identifying suitable projects and programme which can be identified which would complement the businesses of the company. Auditors have relied on the reasoning provided by the management

\*\* Against the shortfall of INR 10 million for the year ended March 31, 2021, the company pursuant to the approval of the board at its meeting held on March 22, 2021, has earmarked INR 10 million to be spent on an ongoing project towards welfare of education, under section 135 of the Companies Act 2013

34 A Income tax

i. Current tax

In respect of current year	469.42	382.95	1,595.91	1,255.73	1,008.37
In respect of prior years	-	-	-	3.68	(2.76)
	<u>469.42</u>	<u>382.95</u>	<u>1,595.91</u>	<u>1,259.41</u>	<u>1,005.61</u>

ii. Deferred tax

Attributable to- Origination and reversal of temporary differences	(2.14)	(45.13)	(89.27)	(84.95)	(132.11)
	<u>(2.14)</u>	<u>(45.13)</u>	<u>(89.27)</u>	<u>(84.95)</u>	<u>(132.11)</u>

Tax expense (i)+(ii)

	<u>467.28</u>	<u>337.82</u>	<u>1,506.64</u>	<u>1,174.46</u>	<u>873.50</u>
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34 B Deferred tax recognized in other comprehensive income

Tax Impact on Re-measurements of the defined benefit plan	1.08	4.47	4.32	2.65	3.74
Tax impact due to Cash Flow hedge reserve	1.40	-	3.18	-	-
Deferred tax charged to OCI	<u>2.48</u>	<u>4.47</u>	<u>7.50</u>	<u>2.65</u>	<u>3.74</u>

34 C Reconciliation of total tax expense

Profit before tax	1,861.61	1,353.53	6,042.09	4,764.40	3,493.01
Applicable tax rate	25.17%	25.17%	25.17%	25.17%	25.17%
Computed tax expense	<u>468.53</u>	<u>340.66</u>	<u>1,520.67</u>	<u>1,199.10</u>	<u>879.11</u>
Tax effect of :					
Permanent differences					
Deduction u/s 80JJAA of the Income Tax Act, 1961	(7.44)	(7.22)	(28.87)	(36.26)	(24.49)
Disallowance related to CSR expenditure	6.04	4.38	17.61	10.83	0.17
Change in tax rate (refer note below)	-	-	-	-	19.44
Others	0.15	-	(2.77)	0.79	(0.73)
Income tax expense recognised in statement of profit and loss (Pertaining to current period/year)	<u>467.28</u>	<u>337.82</u>	<u>1,506.64</u>	<u>1,174.46</u>	<u>873.50</u>
Effective tax rate	25.10%	24.96%	24.94%	24.65%	25.01%

Note: The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by the Taxation laws (Amendment) Ordinance, 2019. Accordingly, the Company had recognised provision for income tax and re-measured its net deferred tax asset at concessional rate from the financial year 2019-2020 onwards.



Particulars	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
<b>35 Commitments</b>					
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	2.56	0.20	16.25	0.60	1.47
<b>36 Contingent liabilities</b>					
Claims against the Company not acknowledged as debt					
- Income tax related matters (excluding penalties and interest)	0.67	0.67	0.67	0.67	0.67
- Provident Fund (refer note below)					

In light of judgement of Honorable Supreme Court dated February 28, 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on the legal advice received, the Company has aligned the manner of computation of liability for Provident Fund effective the date of the order. There are significant uncertainties in determining the liability including, period of assessment, application for present and past employees and assessment of interest and penalties. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence disclosed as a contingent liability.

**37 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

Under Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with management and confirmation sought from suppliers on registration with specified authority under MSMED, principal amount, interest accrued and remaining unpaid and interest paid during the year/period to such enterprise is Nil.

The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year/ period

	Principal	Interest
	-	-

The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year/period.

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The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year/ period) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;

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The amount of interest accrued and remaining unpaid at the end of each accounting year/ period; and

	-	-
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The amount of further interest remaining due and payable even in the succeeding years/ periods, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.

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Based on information received from the suppliers, the management has identified the enterprises which have provided services to the Company and which qualify under the definition of micro, medium and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"). Such determination / identification for the purpose of presentation under this disclosure has been done on the basis of information received and available with the Company which has been solely relied upon by the auditors.

**38 Deferred tax assets / (liability):**

In relation to:

Difference between written down value of fixed assets as per books of accounts and income tax	18.34	14.03	19.72	13.41	9.52
Employee Benefits	77.24	63.46	64.06	44.85	30.39
Cash flow hedge reserve	4.58	-	3.18	-	-
Impairment allowance	204.13	220.05	227.79	198.72	128.98
Impact of Effective interest rate adjustment on Financial Assets	191.06	167.74	182.99	167.90	166.40
Impact of Effective interest rate adjustment on Financial liabilities	(26.86)	(48.22)	(33.89)	(57.33)	(54.51)
Recognition of lease liability and right to use asset	2.80	2.45	2.82	2.34	1.52
<b>Total</b>	<b>471.29</b>	<b>419.49</b>	<b>466.67</b>	<b>369.89</b>	<b>282.30</b>

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense

	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
<b>For the year ended June 30, 2022:</b>				
Difference between written down value of fixed assets	19.72	(1.38)	-	18.34
Employee Benefits	64.06	12.10	1.88	77.24
Cash flow hedge reserve	3.18	(0.00)	1.40	4.58
Impairment allowance	227.79	(23.66)	-	204.13
Impact of Effective interest rate adjustment on Financial Assets	182.99	8.07	-	191.06
Impact of Effective interest rate adjustment on Financial liabilities	(33.89)	7.03	-	(26.86)
Recognition of lease liability and right to use asset	2.82	(0.03)	-	2.80
<b>Total</b>	<b>466.67</b>	<b>2.14</b>	<b>2.48</b>	<b>471.29</b>

**For the year ended June 30, 2021:**

	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
Difference between written down value of fixed assets	13.41	0.62	-	14.03
Employee Benefits	44.85	14.14	4.47	63.46
Impairment allowance	198.72	21.33	-	220.05
Impact of Effective interest rate adjustment on Financial Assets	167.90	(0.16)	-	167.74
Impact of Effective interest rate adjustment on Financial liabilities	(57.33)	9.11	-	(48.22)
Recognition of lease liability and right to use asset	2.34	0.11	-	2.45
<b>Total</b>	<b>369.89</b>	<b>45.13</b>	<b>4.47</b>	<b>419.49</b>

**For the year ended March 31, 2022:**

	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
Difference between written down value of fixed assets as per books of accounts and income tax	13.41	6.31	-	19.72
Employee Benefits	44.85	14.89	4.32	64.06
Cash flow hedge reserve	-	-	3.18	3.18
Impairment allowance	198.72	29.07	-	227.79
Impact of Effective interest rate adjustment on Financial Assets	167.90	15.09	-	182.99
Impact of Effective interest rate adjustment on Financial liabilities	(57.33)	23.44	-	(33.89)
Recognition of lease liability and right to use asset	2.34	0.48	-	2.82
<b>Total</b>	<b>369.89</b>	<b>89.27</b>	<b>7.50</b>	<b>466.67</b>



38 Deferred tax assets / (liability)

	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
<b>For the year ended March 31, 2021:</b>				
Difference between written down value of fixed assets as per books of accounts and income tax	9.52	3.89	-	13.41
Employee Benefits	30.29	11.81	2.65	44.85
Impairment allowance	128.98	69.74	-	198.72
Impact of Effective interest rate adjustment on Financial Assets	166.40	1.50	-	167.90
Impact of Effective interest rate adjustment on Financial liabilities	(54.51)	(2.82)	-	(57.33)
Recognition of lease liability and right to use asset	1.52	0.82	-	2.34
<b>Total</b>	<b>282.20</b>	<b>84.95</b>	<b>2.65</b>	<b>369.80</b>
<b>For the year ended March 31, 2020:</b>				
Difference between written down value of fixed assets as per books of accounts and income tax	6.95	2.57	-	9.52
Employee Benefits	15.93	10.72	3.74	30.39
Preliminary expense	0.11	(0.11)	-	-
Impairment allowance	34.29	94.69	-	128.98
Impact of Effective interest rate adjustment on Financial Assets	103.04	63.36	-	166.40
Impact of Effective interest rate adjustment on Financial liabilities	(13.87)	(40.64)	-	(54.51)
Recognition of lease liability and right to use asset	-	1.52	-	1.52
<b>Total</b>	<b>146.45</b>	<b>132.11</b>	<b>3.74</b>	<b>282.30</b>

39 Leases

The Company has taken office premises on lease for its operations. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company also has certain leases with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities included under financial liabilities and the movements during the year:

i) Movement in carrying value of right of use assets

Particulars	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening balance	197.81	145.26	145.26	148.80	-
Right of use asset recognised on initial application of IND AS 116	-	-	-	-	110.47
Reclassification of prepaid rent as at April 1, 2019	-	-	-	-	4.61
Additions during the year	31.81	36.52	126.40	68.33	88.41
Depreciation	(19.82)	(15.13)	(63.12)	(55.44)	(42.83)
Derecognition on termination of leases	(1.84)	(1.36)	(10.73)	(16.43)	(10.80)
<b>Closing balance</b>	<b>207.96</b>	<b>165.31</b>	<b>197.81</b>	<b>145.26</b>	<b>148.80</b>

39 Leases

ii) Movement in lease liabilities

Particulars	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening balance	211.33	152.94	152.94	155.53	-
Lease liabilities recognised on initial application of IND AS 116	-	-	-	-	116.24
Additions during the period / year	31.81	36.524	127.27	68.21	87.15
Interest on lease liabilities	5.3	4.71	22.00	17.95	16.78
Rent payments	(22.90)	(18.31)	(77.98)	(68.08)	(53.12)
Derecognition on termination of leases	(3.10)	(1.68)	(12.90)	(20.67)	(11.52)
<b>Closing balance</b>	<b>222.44</b>	<b>174.18</b>	<b>211.33</b>	<b>152.94</b>	<b>155.53</b>

iii) Amounts recognised in statement of profit and loss

Particulars	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent expense on short term leases	1.20	1.11	5.29	4.08	1.51
Interest on lease liabilities	5.30	4.71	22.00	17.95	16.78
Depreciation on Right of use asset	19.82	15.13	63.12	55.44	42.83
Gain recognised on derecognition of leases	(1.25)	(0.37)	(2.17)	(4.23)	(0.66)
Rent concession related to COVID-19	-	-	-	(1.91)	-

b) Future lease commitments

Particulars	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Future undiscounted lease payments to which leases is not yet commenced	25.95	4.06	4.11	88.28	38.59

v) Cash flows

Particulars	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Total cash outflow for leases	24.10	19.42	83.27	72.16	54.63

vi) Maturity analysis of undiscounted lease liabilities

Particulars	For the period ended June 30, 2022	For the period ended June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Not later than one year	84.28	70.76	80.56	60.84	63.68
Later than one year and not later than five years	162.80	129.51	155.49	115.60	115.33
Later than five years	267.84	212.08	39.19	12.81	16.18

Lease liabilities are recognised at weighted average incremental borrowing rate ranging from 8.41% to 12.50%





40 Earnings per share

Particulars	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit after tax	1,394.33	1,015.71	4,535.45	3,589.94	2,619.51
Weighted Average Number of Equity Shares in calculation of basic earnings per share	29,13,48,933	26,71,23,706	28,18,98,756	25,61,81,767	25,37,33,970
Dilution on account of ESOP and partly-paid up shares	31,10,155	1,03,80,616	30,29,537	76,67,340	64,04,630
Weighted Average Number of Equity Shares in calculation of diluted earnings per share	29,44,59,088	27,75,04,322	28,49,28,293	26,38,49,107	26,01,38,600
Basic earnings per share	4.79	3.80	16.09	14.01	10.32
Diluted earnings per share	4.74	3.66	15.92	13.61	10.07
	Not Annualized	Not Annualized	Annualized	Annualized	Annualized

During the year ended March 31, 2022, the Board of Directors of the Company in its meeting held on September 8, 2021 and shareholders in the Extraordinary General Meeting held on October 8, 2021 approved the subdivision of shares from ₹ 10 per share to ₹ 1 per share. The number of shares used for the calculation of earnings per share, and the earnings per share in the above note (including that in the comparative periods), have been adjusted for pursuant to Paragraph 64 of Ind AS 33 - "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013.

41 Segment Information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chairman and Managing Director (CMD) to make decisions about resources to be allocated to the segments and assess their performance. The CMD is considered to be the Chief Operating Decision Maker (CODM) within the purview of Ind AS 108 Operating Segments.

The CODM considers the entire business of the Company on a holistic basis to make operating decisions and thus there are no segregated operating segments. The Company is primarily engaged in providing loans for business purposes, house renovation / extension purposes and other mortgage purposes. The CODM of the Company reviews the operating results of the Company as a whole and therefore not more than one reportable segment is required to be disclosed by the Company as envisaged by Ind AS 108 Operating Segments. Accordingly, amounts appearing in these Restated Financial Information relates to small business loans and loans for house renovations / extensions etc.

The Company does not have any separate geographic segment other than India. As such there are no separate reportable segments as per Ind AS 108 Operating Segments.



42 Employee benefits - post employment benefit plans

A Defined contribution plans

The Company makes provident fund and employee state insurance scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised INR 30.56 million (June 30, 2021 - 18.92 million, March 31, 2022 - 88.97 million, March 31, 2021 - 67.22 million, March 31, 2020 - INR 49.23 million) for provident fund contributions, and INR 8.40 million (June 30, 2021 - 5.72, March 31, 2022 - 24.52 million, March 31, 2021 - 20.45 million, March 31, 2020 - INR 16.86 million) for employee state insurance scheme contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

B Defined benefit plans

Gratuity

The Company operates a defined benefit plan (the Gratuity plan) covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as Actuarial risk, Investment risk, Liquidity risk, Market risk, Legislative risk. These are discussed as follows:

**Actuarial risk:** It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

**Adverse salary growth experience:** Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

**Variability in mortality rates:** If actual mortality rates are higher than assumed mortality rate assumption then the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and

**Variability in withdrawal rates:** If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

**Investment risk:** For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

**Liquidity risk:** Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cash flows.

**Market risk:** Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

**Legislative risk:** Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the labour laws, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Funding

The Company has funded their gratuity liability with Life Insurance Corporation. Gratuity provision has been made based on the actuarial valuation.

Reconciliation of net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit asset (liability) and its components.

Particulars	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Present value of obligations	152.02	105.88	124.68	81.16	50.10
Fair value of plan assets	(91.71)	(56.01)	(90.72)	(55.68)	(25.39)
Asset/ (Liability) recognised in the balance sheet	(60.31)	(49.87)	(33.96)	(25.48)	(24.71)



**Five-Star Business Finance Limited**  
**Summary of significant accounting policies and other explanatory information**  
(All amounts are in Indian Rupees in millions, unless otherwise stated)

**B Defined benefit plans**

	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
<b>Reconciliation of present value of defined benefit obligation</b>					
Balance at the beginning of the period/ year	124.68	81.16	81.16	50.10	25.57
Benefits paid	(1.45)	(0.50)	(3.96)	(2.09)	(0.85)
Current service cost	21.57	6.33	25.34	19.60	8.58
Interest cost	1.81	1.10	4.32	2.85	1.73
Actuarial (gain)/loss recognized in other comprehensive income	-	-	-	-	-
changes in demographic assumptions	-	-	-	-	-
changes in financial assumptions	-	-	(2.44)	1.47	2.74
experience adjustments	5.41	17.79	20.26	9.23	12.33
<b>Balance at the end of the period/ year</b>	<b>152.02</b>	<b>105.88</b>	<b>124.68</b>	<b>81.16</b>	<b>50.10</b>
<b>Expense recognized in profit and loss</b>					
Current service cost	21.57	6.33	25.34	19.60	8.58
Net Interest cost	0.50	0.35	0.45	0.56	0.89
	<b>22.06</b>	<b>6.68</b>	<b>25.79</b>	<b>20.16</b>	<b>9.47</b>
<b>Remeasurements recognized in other comprehensive income</b>					
Actuarial (gain) loss on defined benefit obligation	4.29	17.79	17.82	10.70	15.07
Return on plan assets excluding interest income	-	(0.04)	(0.66)	(0.17)	(0.19)
	<b>4.29</b>	<b>17.75</b>	<b>17.16</b>	<b>10.53</b>	<b>14.88</b>
<b>Changes in the fair value of plan assets</b>					
Fair value of plan assets as at the beginning of the period/ year	90.72	55.68	55.68	25.39	-
Expected return on plan assets	1.32	0.76	3.87	2.29	0.83
Contributions	0.00	0.00	34.46	29.92	25.00
Direct Contributions towards direct benefit payments	-	0.04	-	-	0.21
Benefits paid and Charges deducted from the fund	(1.45)	(0.47)	(3.95)	(2.09)	(0.63)
Direct Benefit Payments	-	(0.04)	-	-	(0.21)
Actuarial gain/(loss) on plan assets	1.12	0.04	0.66	0.17	0.19
<b>Fair value of plan assets as at the end of the period/ year</b>	<b>91.71</b>	<b>56.01</b>	<b>90.72</b>	<b>55.68</b>	<b>25.39</b>
<b>Net defined benefit (asset) liability</b>					
	<b>60.30</b>	<b>49.87</b>	<b>33.96</b>	<b>25.48</b>	<b>24.71</b>
<b>Actuarial assumptions</b>					
Discount rate	7.04%	5.51%	5.85%	5.46%	5.81%
Future salary growth	15.00%	15.00%	15.00%	15.00%	15.00%
Attrition rate	25.00%	25.00%	25.00%	25.00%	25.00%

**Sensitivity Analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
<b>Discount rate</b>					
-1% increase	(7.46)	(5.27)	(5.87)	(4.08)	(2.57)
-1% decrease	8.22	5.82	6.45	4.50	2.83
<b>Future salary growth</b>					
-1% increase	7.70	5.44	3.01	2.33	2.62
-1% decrease	(7.21)	(5.08)	(3.25)	(2.51)	(2.46)
<b>Attrition rate</b>					
-1% increase	(3.66)	(2.94)	(6.03)	(4.17)	(1.52)
-1% decrease	3.98	3.19	5.66	3.89	1.63

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Particulars	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Average Duration of Defined Benefit Obligations (in Years)	5.50	6.00	5.70	6.05	6.20
<b>Projected undiscounted expected benefit outgo (mid year cash flows) (in lakhs)</b>					
Year 1	19.58	11.15	14.94	8.03	4.57
Year 2	23.22	12.98	18.20	9.79	5.52
Year 3	25.05	15.29	19.83	11.54	6.64
Year 4	21.64	16.52	17.25	12.97	7.66
Year 5	20.59	13.85	15.62	10.87	8.09
Next 5 Years	66.08	44.14	50.74	34.09	22.45
Expected benefit payments for the next annual reporting year (in milli)	19.58	11.15	14.94	8.03	4.57



43 Share Based Payments

A Description of schemes

The decision to introduce Five-Star Associate Stock Option Scheme, 2015 (hereinafter called "FIVE-STAR ASOP, 2015") was taken by the Board of Directors at the meeting held on September 18, 2015 and was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on April 12, 2016. The total options issuable under the plan are upto 563,000 options.

Later, the Board of Directors issued another scheme, named Five-Star Associate Stock Option Scheme, 2018 (hereinafter called "FIVE-STAR ASOP, 2018") at their meeting held on February 28, 2018 and was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on March 26, 2018. The total options issuable under the plan are upto 500,000 options.

Nomination and Remuneration Committee constituted by the Board of Directors of the Company administers the plans. Under these plans, the participants are granted options which vest as per the schedule provided in the Grant Letter given to each of the participants. The time period for exercise of these options is defined in the Scheme document.

I Reconciliation of outstanding share options

	As at June 30, 2022		As at June 30, 2021	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
Outstanding at beginning of period	63.01	39,08,000	569.88	4,69,300
Addition in number of options on account of share split*	-	-	-	-
Forfeited during the period	13.00	38,000	-	-
Exercised during the period	111.36	23,000	130.00	200
Granted during the period	83.65	2,76,530	961.65	54,000
Outstanding as at end of period	66.48	41,23,530	618.49	5,23,100
Exercisable at the end of the period	56.67	96,000	130.00	51,300

Outstanding at beginning of period  
 Addition in number of options on account of share split\*  
 Forfeited during the period  
 Exercised during the period  
 Granted during the period  
 Outstanding as at end of period  
 Exercisable at the end of the period

	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
Outstanding at beginning of period	56.99	4,69,300	121.63	1,80,150	58.03	3,30,600
Addition in number of options on account of share split*	-	42,23,700	-	-	-	-
Forfeited during the period	114.96	2,04,000	-	-	85.00	1,000
Exercised during the period	44.53	17,18,000	46.31	62,850	12.19	1,78,450
Granted during the period	76.12	11,37,000	674.40	3,72,000	674.40	9,000
Outstanding as at end of period	65.81	39,08,000	569.88	4,69,300	121.63	1,60,150
Exercisable at the end of the period	67.44	2,000	138.00	48,800	101.93	42,750

Outstanding at beginning of period  
 Addition in number of options on account of share split\*  
 Forfeited during the period  
 Exercised during the period  
 Granted during the period  
 Outstanding as at end of period  
 Exercisable at the end of the period

The weighted average share price at the date of exercise of options exercised during the period ended June 30, 2022 is INR 399.86 per share (June 30, 2021 is INR 3518.00 per share, March 31, 2022 is INR 375.49 per share, March 31, 2021 : INR 1,501.23 per share, March 31, 2020 : INR 2,122.87 per share)

Note: During the year ended March 31, 2022, the Board of Directors of the Company in its meeting held on September 8, 2021 and shareholders in the Extraordinary General Meeting held on October 8, 2021 approved the sub-division of shares from ₹ 10 per share to ₹ 1 per share. Also refer note-40.

For the options outstanding at the end of the year/ period:

	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
	Weighted average remaining contractual life (in years)	6.47	6.48	6.63	6.61
Range of exercise prices (INR)	1-236.44	130-1,320.72	1-236.440	10-674.40	10-674.4

Weighted average remaining contractual life (in years)  
 Range of exercise prices (INR)

ii Expense recognised in the statement of profit and loss

	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Total expense	76.73	98.23	354.42	150.94	16.80

iii Measurement of fair values #

The fair value of options have been estimated on the dates of each grant using the Black Scholes model. As the Company is unlisted, the expected price volatility is based on historical volatility (based on the remaining life of the options) in share prices of a listed proxy. The various inputs considered in the pricing model for the stock options granted by the Company during the year are as follows:

	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Share price on Grant date (INR)	399.86	3,518.00	351.80-385.49	1,466.24-2,187.24	2128.91
Weighted average share price (INR)	399.86	3,518.00	351.80-385.49	1,466.24-2,187.24	2128.91
Exercise price (INR)	67.44 - 236.40	674.40 - 1320.72	1 - 236.44	674.4	674.40
Fair value of options at grant date (INR)	234.32 - 349.16	2480.05 - 3039.39	212.56 - 384.82	932.13 - 1,755.59	1591.82 - 1716.24
Expected volatility	39.75% - 48.43%	37.67% - 44.53%	37.67% - 47.78%	34.42% - 38.28%	31.06% - 33.56%
Options term	3.54 - 7.54 years	3.54 - 7.54 years	3.54 - 7.54 years	3.54 - 7.54 years	3.54 - 7.54 years
Expected dividends	Nil	Nil	Nil	Nil	Nil
Risk free interest rate	5.45% - 5.50%	5.30% - 5.40%	5.30% - 5.40%	5.30% - 5.40%	6.25%

#The above disclosures for June 30, 2022 and March 2022 is after considering the subdivision of shares from ₹ 10 per share to ₹ 1 per share. Also Refer note 40.



44 Related party disclosures

a Name of the related parties and nature of relationship:

Key Management Personnel :

D. Lakshminipathy, Chairman and Managing Director  
 K.Rangarajan, Chief Executive Officer  
 G. Srikanth, Chief Financial Officer upto May 31, 2021; Chief - Strategy and Finance from June 1, 2021 to March 19, 2022 and Chief Financial Officer from March 20, 2022  
 Roopa Sampath Kumar, Chief Financial Officer (from June 1, 2021 to March 19 2022)  
 B. Shalini, Company Secretary

Director and relative of Key Management Personnel / Director

L. Hema, Wife of Mr. D. Lakshminipathy  
 R. Deendayalan, Father of Mr. D. Lakshminipathy  
 B Sudha, Sister of Mr. D. Lakshminipathy  
 L.Shritha, Daughter of Mr.D. Lakshminipathy  
 Bhama Krishnamurthy, Independent Director  
 B. Haribabu, Independent Director (upto October 20, 2021)  
 A. Ramnathan, Independent Director (upto May 25, 2022)  
 T.T. Srinivasaraghavan, Independent Director (from August 25, 2021)  
 L.R. Ravi Prasad, Non-executive Director (upto October 20, 2021)  
 Ramkumar Ramamoorthy, Independent Director( from June 08, 2022)  
 V. Thirulokchand, Non-executive Director  
 R. Anand, Independent Director  
 Vikram Vaidyanathan, Non-Executive Director  
 G V Ravishankar, Non-Executive Director  
 R. Bhuvaneshwari, Wife of Mr. L.R Ravi Prasad  
 L.R.Deepak Krishna, Son of Mr. L.R. Ravi Prasad  
 L.R.Venkatesh, Son of Mr. L.R. Ravi Prasad

Entities with Significant Influence over the Company

TPG Asia VII SF Pte. Ltd.(from 29 August 2019)  
 M/s.NHPEA Chocolate Holding B.V. (upto 29 August 2019)  
 Matrix Partners India Investment Holding II LLC  
 SCI Investments V

b Key management personnel (KMP) compensation

Short-term employee benefits

	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
D. Lakshminipathy	19.58	15.67	63.17	50.19	50.33
K.Rangarajan	6.74	5.72	23.56	19.22	17.66
G.Srikanth	3.84	3.26	13.51	11.19	10.11
Roopa Sampath Kumar	-	1.04	9.61	-	-
B.Shalini	0.45	0.27	1.13	0.82	0.75

Post employment benefits

	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
D. Lakshminipathy	0.01	0.01	0.02	0.02	0.02
K.Rangarajan	0.01	0.01	0.02	0.02	0.02
G.Srikanth	0.01	0.01	0.02	0.02	0.02
Roopa Sampath Kumar	-	0.00	0.02	-	-
B.Shalini	0.01	0.01	0.02	0.02	0.02

Share based payments

	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
K.Rangarajan	38.49	69.74	233.25	96.96	1.09
G.Srikanth	11.97	19.78	62.41	32.83	0.34
B.Shalini	0.18	-	1.47	-	-
Roopa Sampath Kumar	-	2.15	-	-	-

Directors sitting fees and commission

	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
R Anand	0.42	0.37	1.38	0.62	0.55
Bhama Krishnamurthy	0.46	0.37	1.34	0.62	0.53
B. Haribabu	-	0.33	0.66	0.50	0.51
A. Ramnathan	0.28	0.37	1.34	0.56	0.54
L.R Ravi Prasad	-	0.33	0.66	0.45	0.48
V. Thirulokchand	0.30	0.25	0.90	0.45	0.45
T.T. Srinivasaraghavan	0.30	-	0.83	-	-
Ramkumar Ramamoorthy	0.10	-	-	-	-

Managerial remuneration above does not include gratuity and compensated absences, since the same are provided on actuarial basis for the company as a whole and the amount attributable to the key managerial personnel cannot be ascertained separately.

Compensation to independent and non-executive directors represent commission and sitting fees paid.



**Five-Star Business Finance Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts are in Indian Rupees in millions, unless otherwise stated)

**44 Related party disclosures**

**c Details of related party transactions**

**Nature of transaction**

**Interest expense**

R.Bhuvaneshwari	-	-	-	-	0.00**
L.R.Deepak Krishna	-	-	-	-	0.03
L.R. Ravi Prasad	-	-	-	-	0.00**
L.R. Venkatesh	-	-	-	-	0.02

**Issue of equity shares**

TPG Asia VII SF Pte. Ltd.	-	-	-	-	13.32
D. Lakshmiipathy	-	-	3.00	-	1.53
K.Rangarajan	-	-	0.68	0.42	1.56
G. Srikanth	-	-	0.25	0.10	0.30
B.Shalini	0.00	-	-	-	-

**Receipt of pending call money of partly paid up shares**

D. Lakshmiipathy	-	-	13.73	-	-
K.Rangarajan	-	-	0.58	-	-
G. Srikanth	-	-	0.40	-	-

**Receipt of Securities Premium**

TPG Asia VII SF Pte. Ltd.	-	-	-	-	3,136.68
D. Lakshmiipathy	-	-	3,568.18	-	13.73
K.Rangarajan	-	-	126.67	-	0.58
G. Srikanth	-	-	72.19	-	0.40
B.Shalini	0.39	-	-	-	-

**Loans repaid**

R.Bhuvaneshwari	-	-	-	-	0.12
L.R.Deepak Krishna	-	-	-	-	3.43
L.R. Ravi Prasad	-	-	-	-	0.30
L.R. Venkatesh	-	-	-	-	2.72

**Year end balances (payable) : Others**

D. Lakshmiipathy	9.60	7.68	12.60	10.68	10.02
K.Rangarajan	3.01	2.64	4.09	3.36	3.36
G. Srikanth	1.28	1.15	1.29	1.14	1.07
Roopa Sampath Kumar	-	0.54	-	-	-
B.Shalini	0.10	0.08	-	-	-

R Asund	0.15	0.09	0.36	0.28	0.27
Bhama Krishnamurthy	0.15	0.09	0.36	0.28	0.27
B. Haribabu	-	0.09	0.18	0.28	0.27
A. Ramonathan	0.10	0.09	0.36	0.28	0.27
L.R Ravi Prasad	-	0.09	0.18	0.28	0.27
V. Thirulokchand	0.15	0.09	0.36	0.28	0.27
T.T. Srinivasaraghavan	0.15	-	0.36	-	-
Ramkumar Ramamoorthy	0.05	-	-	-	-

In addition to the above note, the Debt Securities and borrowings other than debt securities aggregating to INR 8,435.80 million has been guaranteed by the promoter, Mr. D Lakshmiipathy.

\*\* Absolute value is less than INR 1 lakh



**Five-Star Business Finance Limited**

**Summary of significant accounting policies and other explanatory information**  
(All amounts are in Indian Rupees in millions, unless otherwise stated)

**45 Capital**

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reporting period.

**Capital management**

The primary capital management objective is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years with regard to capital management. However, they are under constant review by the Board.

**I Net Debt to Equity Ratio**

Consistent with the others in industry, the company monitors the capital on the basis of gearing ratio (Net Debt divided by Equity). Under the terms of the major borrowing facilities, the company is required to maintain the gearing ratio in line with the RBI guidelines or in a slightly more conservative manner. The actual gearing stipulated differs between the various lending agreements. The company has complied with this covenant through out the year.

	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Equity	38,569.75	29,444.13	37,103.51	23,181.72	19,445.80
Debt Securities	9,474.05	12,238.38	10,085.34	13,037.86	10,788.64
Borrowings other than Debt Securities	15,729.14	18,973.80	15,502.97	21,214.11	12,848.29
Cash and Cash equivalents	4,095.66	9,837.38	6,131.63	12,671.83	2,897.79
Net Debt	21,107.53	21,374.80	19,456.68	21,580.14	20,739.14
Net Debt to Equity Ratio	0.55	0.73	0.52	0.93	1.07

**II Regulatory capital**

The company has to mandatorily comply with the capital adequacy requirements stipulated by Reserve Bank of India from time to time. Capital adequacy ratio or capital-to-risk weighted assets ratio (CRAR) is computed by dividing company's Tier I and Tier II capital by risk weighted assets.

Tier I capital comprised of share capital, share premium, retained earnings including current year profit and Tier II capital comprises of provision on standard assets. Risk weighted assets represents the weighted sum of company's credit exposures based on their risk.

	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Tier I Capital	34,795.92	25,580.24	33,581.47	19,669.00	18,477.74
Tier II Capital	-	-	-	-	-
Total Capital	34,795.92	25,580.24	33,581.47	19,669.00	18,477.74
CRAR%	69.93	68.13	75.20	58.86	52.94
CRAR - Tier I Capital%	69.93	68.13	75.20	58.86	52.94
CRAR - Tier II Capital%	-	-	-	-	-
Amount of subordinated debt raised as Tier-II capital	-	-	-	-	-
Amount raised by issue of perpetual debt instruments	-	-	-	-	-

Tier I capital consists of shareholders' equity and retained earnings. Tier II Capital consists of general provision and loss reserve against stage 1 assets. Credit enhancement relating to securitisation has been adjusted against Tier I and Tier II capital in accordance with RBI circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. Tier I and Tier II capital has been reported on the basis of Ind AS financial information. Risk weighted assets represents the weighted sum of company's credit exposures based on their risk as prescribed by RBI guidelines.



**46 Fair Value Measurement**

**Fair Value Hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value disclosures are provided in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

The following methodologies and assumptions were used to estimate the fair values of the financial assets or liabilities

- The fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product
- The fair value of debt securities, borrowings other than debt securities and subordinated liabilities have estimated by discounting expected future cash flows discounting rates.
- The fair values of Debt Securities and Borrowings other than Debt securities are estimated by discounted cash flow models that incorporate interest cost estimates considering all significant characteristics of the borrowing. They are classified as Level 3 fair values in the fair value hierarchy due to the use of unobservable inputs
- The fair value of investment in Government securities are derived from rate equal to the rate near to the reporting date of the comparable product.
- The fair value of Derivatives are determined using inputs that are directly or indirectly observable in market place.

**(a) Fair Value of financial instruments recognised and measured at fair value**

Particulars	Level 1	Level 2	Level 3	Total
As at June 30, 2022				
<b>Financial Assets</b>				
Derivative Financial Instruments	-	4.08	-	4.08

For all the Company's assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amounts approximates the fair value, except as stated below. Such estimation is determined based on inputs where one or more unobservable input is significant to the measurement of the instrument as a whole (level 3), except for cash and cash equivalents, bank balances other than cash and cash equivalents and investments where such estimation is determined based on unadjusted quoted prices from active markets for identical assets (level 1). The fair value of investment, Loans, debt securities and borrowings other than debt securities for three Months ended June 22 amounted to 1800.50 million, 54,898.91 million, 9,493.65 million and 15,696.48 million respectively.

**(a) Fair Value of financial instruments recognised and measured at fair value**

Particulars	Level 1	Level 2	Level 3	Total
As at June 30, 2021				
<b>Financial Assets</b>				
Derivative Financial Instruments	-	-	-	-

For all the Company's assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amounts approximates the fair value, except as stated below. Such estimation is determined based on inputs where one or more unobservable input is significant to the measurement of the instrument as a whole (level 3), except for cash and cash equivalents, bank balances other than cash and cash equivalents and investments where such estimation is determined based on unadjusted quoted prices from active markets for identical assets (level 1). The fair value of Loans, debt securities and borrowings other than debt securities for three Months ended June 21 amounted to 45,020.21 million, 12,305.16 million and 19,235.75 million respectively.

Particulars	Level 1	Level 2	Level 3	Total
As at March 31, 2022				
<b>Financial Liabilities</b>				
Derivative Financial Instruments	-	13.89	-	13.89

For all the Company's assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amounts approximates the fair value, except as stated below. Such estimation is determined based on inputs where one or more unobservable input is significant to the measurement of the instrument as a whole (level 3), except for cash and cash equivalents, bank balances other than cash and cash equivalents and investments where such estimation is determined based on unadjusted quoted prices from active markets for identical assets (level 1). The fair value of investment, Loans, debt securities and borrowings other than debt securities FY 22 amounted to INR 2,454.65 millions, INR 51,753.93 millions, INR 10,629.18 millions and INR 15,565.68 millions respectively.

**(b) Fair Value of Financial Instruments Recognition**

**Financial Instruments by category**

The carrying value of financial instruments by categories as of June 30, 2022 were as follows:

Particulars	Carrying amount			Total carrying value
	Amortised cost	Fair value through profit or loss	Other Comprehensive Income	
<b>Financial assets:</b>				
Cash and cash equivalents	4,095.66	-	-	4,095.66
Bank balances other than cash and cash equivalents	3,036.44	-	-	3,036.44
Loans	54,543.53	-	-	54,543.53
Investments	1,891.60	-	-	1,891.60
Derivative financial instruments	-	-	4.08	4.08
Other financial assets	187.02	-	-	187.02
<b>Total</b>	<b>63,754.25</b>	<b>-</b>	<b>4.08</b>	<b>63,758.33</b>
<b>Financial liabilities:</b>				
Trade payables	109.30	-	-	109.30
Debt securities	9,474.05	-	-	9,474.05
Borrowings (Other than debt securities)	15,729.14	-	-	15,729.14
Other financial liabilities	535.44	-	-	535.44
<b>Total</b>	<b>25,847.93</b>	<b>-</b>	<b>-</b>	<b>25,847.93</b>





**Five-Star Business Finance Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts are in Indian Rupees in millions, unless otherwise stated)

The carrying value of financial instruments by categories as of June 30, 2021 were as follows:

Particulars	Carrying amount			Total carrying value
	Amortised cost	Fair value through profit or loss	Other Comprehensive Income	
<b>Financial assets:</b>				
Cash and cash equivalents	9,837.38	-	-	9,837.38
Bank balances other than cash and cash equivalents	4,289.73	-	-	4,289.73
Loans	44,834.72	-	-	44,834.72
Investments	-	1,500.00	-	1,500.00
Other financial assets	55.65	-	-	55.65
<b>Total</b>	<b>59,017.48</b>	<b>1,500.00</b>	<b>-</b>	<b>60,517.48</b>
<b>Financial liabilities:</b>				
Trade payables	69.41	-	-	69.41
Debt securities	12,238.38	-	-	12,238.38
Borrowings (Other than debt securities)	18,973.80	-	-	18,973.80
Other financial liabilities	397.99	-	-	397.99
<b>Total</b>	<b>31,679.58</b>	<b>-</b>	<b>-</b>	<b>31,679.58</b>

The carrying value of financial instruments by categories as of March 31, 2022 were as follows:

Particulars	Carrying amount			Total carrying value
	Amortised cost	Fair value through profit or loss	Other Comprehensive Income	
<b>Financial assets:</b>				
Cash and cash equivalents	6,131.63	-	-	6,131.63
Bank balances other than cash and cash equivalents	2,667.75	-	-	2,667.75
Loans	51,024.11	-	-	51,024.11
Investments	2,481.84	-	-	2,481.84
Other financial assets	179.79	-	-	179.79
<b>Total</b>	<b>62,485.12</b>	<b>-</b>	<b>-</b>	<b>62,485.12</b>
<b>Financial liabilities:</b>				
Derivative financial instruments	-	-	13.89	13.89
Trade payables	130.04	-	-	130.04
Debt securities	10,085.34	-	-	10,085.34
Borrowings (Other than debt securities)	15,502.97	-	-	15,502.97
Other financial liabilities	414.68	-	-	414.68
<b>Total</b>	<b>26,133.03</b>	<b>-</b>	<b>13.89</b>	<b>26,146.92</b>

The carrying value of financial instruments by categories as of March 31, 2021 were as follows:

Particulars	Carrying amount			Total carrying value
	Amortised cost	Fair value through profit or loss	Other Comprehensive Income	
<b>Financial assets:</b>				
Cash and cash equivalents	12,671.83	-	-	12,671.83
Bank balances other than cash and cash equivalents	885.40	-	-	885.40
Loans	43,587.49	-	-	43,587.49
Other financial assets	47.43	-	-	47.43
<b>Total</b>	<b>57,192.15</b>	<b>-</b>	<b>-</b>	<b>57,192.15</b>
<b>Financial liabilities:</b>				
Trade payables	86.72	-	-	86.72
Debt securities	13,037.86	-	-	13,037.86
Borrowings (Other than debt securities)	21,214.11	-	-	21,214.11
Other financial liabilities	171.69	-	-	171.69
<b>Total</b>	<b>34,510.38</b>	<b>-</b>	<b>-</b>	<b>34,510.38</b>

The carrying value of financial instruments by categories as of March 31, 2020 were as follows:

Particulars	Carrying amount			Total carrying value
	Amortised cost	Fair value through profit or loss	Other Comprehensive Income	
<b>Financial assets:</b>				
Cash and cash equivalents	2,897.79	-	-	2,897.79
Bank balances other than cash and cash equivalents	1,613.49	-	-	1,613.49
Loans	38,308.04	-	-	38,308.04
Other financial assets	52.47	-	-	52.47
<b>Total</b>	<b>42,871.79</b>	<b>-</b>	<b>-</b>	<b>42,871.79</b>
<b>Financial liabilities:</b>				
Trade payables	66.24	-	-	66.24
Debt securities	10,788.64	-	-	10,788.64
Borrowings (Other than debt securities)	12,848.29	-	-	12,848.29
Other financial liabilities	156.81	-	-	156.81
<b>Total</b>	<b>23,859.98</b>	<b>-</b>	<b>-</b>	<b>23,859.98</b>



47 Maturity Analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

Particulars	As at June 30, 2021			As at June 30, 2021			As at March 31, 2022			As at March 31, 2021			As at March 31, 2020		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
	<b>ASSETS</b>														
Financial assets															
Cash and cash equivalents	4095.66	-	4095.66	9,837.38	-	9,837.38	6,131.63	-	6,131.63	12,671.83	-	12,671.83	2,897.79	-	2,897.79
Bank balances other than cash and cash equivalents	2295.78	740.66	3036.44	3,268.77	920.96	4,289.73	1,817.36	850.39	2,667.75	0.40	885.40	885.40	1,365.87	287.62	1,653.49
Loans	11994.59	42638.94	54633.53	7,593.91	37,240.81	44,834.72	8,828.35	42,197.76	51,024.11	6,721.67	36,865.32	43,587.49	4,109.29	34,198.73	38,308.04
Investments	-	1405.16	1405.16	1,500.00	-	1,500.00	1,079.81	1,402.03	2,481.84	-	-	-	-	-	-
Derivative financial instruments	-	4.08	4.08	-	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	154.71	32.31	187.02	26.30	29.55	55.85	158.69	27.19	179.79	18.57	28.16	47.43	20.15	32.32	52.47
	18,937.18	44,821.14	63,758.33	22,326.36	38,191.12	60,517.48	18,097.75	44,477.37	62,485.12	19,412.47	37,779.68	57,192.15	8,393.10	34,478.69	42,871.79
Non-financial assets															
Current tax assets (net)	-	31.64	31.64	-	55.79	55.79	-	22.01	22.01	79.58	-	79.58	43.55	-	43.55
Deferred tax assets (net)	-	471.29	471.29	-	419.49	419.49	-	466.67	466.67	-	369.89	369.89	-	282.30	282.30
Investment property	-	0.36	0.36	-	0.36	0.36	-	0.36	0.36	-	0.36	0.36	-	0.36	0.36
Property, plant and equipment	-	129.92	129.92	-	80.43	80.43	-	121.45	121.45	-	84.56	84.56	-	110.61	110.61
Right of use asset	-	207.96	207.96	-	165.31	165.31	-	197.81	197.81	-	145.26	145.26	-	148.80	148.80
Other intangible assets	105.53	0.48	106.03	34.31	17.74	52.05	126.58	8.87	135.45	-	19.03	19.03	-	19.28	19.28
Other non-financial assets	105.55	851.69	957.15	34.31	739.24	773.55	176.58	1,79	128.37	40.85	4.43	45.28	47.57	7.28	54.85
	19,042.74	45,672.74	64,715.48	22,360.67	38,930.36	61,291.03	18,134.33	45,296.33	63,430.66	19,532.90	38,403.31	57,936.11	8,484.22	35,047.32	43,531.54
<b>Total assets</b>															
	19,042.74	45,672.74	64,715.48	22,360.67	38,930.36	61,291.03	18,134.33	45,296.33	63,430.66	19,532.90	38,403.31	57,936.11	8,484.22	35,047.32	43,531.54
<b>LIABILITIES AND EQUITY</b>															
Financial liabilities															
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payables															
Trade payables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
total outstanding dues of creditors other than micro and small enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities	109.30	-	109.30	69.41	-	69.41	130.04	0.00	130.04	74.69	12.07	86.72	66.24	-	66.24
Borrowings (other than debt securities)	8364.00	1110.05	9474.05	3,211.41	9,026.97	12,238.38	5,579.89	4,505.44	10,085.34	3,354.90	9,082.96	13,037.86	2,424.57	8,304.07	10,788.64
Other financial liabilities	6569.96	9159.18	15729.14	6,719.71	12,254.09	18,973.80	6,501.39	9,091.57	15,592.97	7,103.16	14,110.95	21,214.11	3,897.04	8,951.25	12,848.29
	298.37	237.07	535.44	212.43	185.56	397.99	270.08	144.60	414.68	67.93	103.76	171.69	52.01	104.80	156.81
	15,341.63	18,496.30	33,847.93	18,212.95	31,466.62	49,679.58	12,461.40	13,685.51	26,146.92	10,600.68	23,909.70	34,510.38	6,439.86	17,430.12	23,869.98
Non-financial liabilities															
Current tax liability (net)	109.44	-	109.44	29.54	-	29.54	-	-	-	-	-	-	7.48	-	7.48
Provisions	43.85	91.07	134.92	27.46	83.66	111.12	36.48	53.52	90.00	15.03	56.95	71.98	11.42	46.34	57.76
Other non-financial liabilities	53.44	0.00	53.44	26.66	-	26.66	90.23	122.01	172.24	122.01	187.86	172.03	169.52	-	169.52
	206.73	91.07	297.80	83.66	83.66	167.32	126.71	53.52	180.23	187.86	56.95	244.01	179.42	46.34	225.76
<b>Total liabilities</b>															
	15,548.36	18,597.37	34,145.73	18,296.61	31,550.28	49,849.90	12,608.11	13,719.03	26,327.15	10,787.74	23,966.65	34,754.39	6,619.28	17,486.46	24,085.74
<b>Net Assets/(Liabilities)</b>															
	3,494.38	27,075.37	30,569.75	4,064.06	7,379.08	11,441.13	5,426.22	31,577.34	37,093.51	8,745.20	14,436.66	23,181.72	2,044.94	17,560.86	19,445.80



#### 48 Financial risk management objectives and policies

The Company's principal financial liabilities majorly comprise of borrowings from banks, debentures and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, investments, inter-corporate deposits, cash and cash equivalents that derive directly from its operations.

The Company's activities expose it to a variety of financial risks, as listed below apart from various operating and business risks.

Market risk;  
 Credit risk; and  
 Liquidity risk

This note explains the sources of risks arising from financial instruments which the entity is exposed to and how the Company manages the risk.

##### Risk management framework

The Company's board of directors and risk management committee has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors and risk management committee along with the top management are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

##### Excessive risk concentrations

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

##### (i) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices which will affect the Companies income or the value of holdings of financial instruments. The company does not have exposure to currency risk and security price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

##### Interest rate risk

Interest rate risk primarily arises from borrowings with variable rates. The company's borrowings are carried at amortised cost. The borrowings with fixed rates are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The interest rate profile of the Company's interest bearing financial instruments is as follows:

	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
<b>Fixed rate instruments</b>					
Financial assets	63,278.64	61,780.47	61,780.47	53,956.25	41,507.91
Financial liabilities	15,289.10	22,637.94	16,775.86	25,238.26	16,858.66
	<u>78,567.74</u>	<u>84,418.41</u>	<u>78,556.33</u>	<u>79,194.51</u>	<u>58,366.57</u>
<b>Variable rate instruments</b>					
Financial assets	-	-	-	-	-
Financial liabilities	9,914.09	8,574.24	8,812.46	9,013.71	6,778.27
	<u>9,914.09</u>	<u>8,574.24</u>	<u>8,812.46</u>	<u>9,013.71</u>	<u>6,778.27</u>

##### Cash flow sensitivity analysis for variable-rate instruments:

	Profit / loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>June 30, 2022</b>				
Variable-rate instruments				
Cash flow sensitivity (net)	(22.66)	22.66	(16.96)	16.96
	<u>(22.66)</u>	<u>22.66</u>	<u>(16.96)</u>	<u>16.96</u>
<b>June 30, 2021</b>				
Variable-rate instruments				
Cash flow sensitivity (net)	(22.60)	22.60	(16.91)	16.91
	<u>(22.60)</u>	<u>22.60</u>	<u>(16.91)</u>	<u>16.91</u>
<b>March 31, 2022</b>				
Variable-rate instruments				
Cash flow sensitivity (net)	(110.48)	110.48	(82.67)	82.67
	<u>(110.48)</u>	<u>110.48</u>	<u>(82.67)</u>	<u>82.67</u>
<b>March 31, 2021</b>				
Variable-rate instruments				
Cash flow sensitivity (net)	(73.23)	73.23	(54.80)	54.80
	<u>(73.23)</u>	<u>73.23</u>	<u>(54.80)</u>	<u>54.80</u>
<b>March 31, 2020</b>				
Variable-rate instruments				
Cash flow sensitivity (net)	(42.72)	42.72	(31.97)	31.97
	<u>(42.72)</u>	<u>42.72</u>	<u>(31.97)</u>	<u>31.97</u>

The sensitivity analysis above has been determined for borrowings where interest rates are variable. A 100 basis points increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.



(ii) Credit risk

Loans and advances

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans advances and other financial assets. The carrying amount of financial assets represents the maximum credit exposure. The company has Credit policy approved by the Board of Directors, which is subject to annual review. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including periodical collateral revisions, as defined in the Credit policy. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The disclosure of maximum exposure to credit risk without taking into account any collateral held or other credit enhancements has not been provided for financial assets, as their carrying amount best represent the maximum exposure to credit risk. All the loans provided are secured against mortgage of land and/or building. The fair value of the collateral is determined on the guidelines prescribed in the collateral management policy as approved by the Board of Directors. The Company is also exposed to credit risk from inter-corporate deposits. The credit worthiness of such counter-parties are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

48 Financial risk management objectives and policies

Impairment assessment - Expected credit loss ("ECL"):

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments. The Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

- a. Probability of default ("PD")
- b. Loss given default ("LGD")
- c. Exposure at default ("EAD")
- d. Discount factor ("D")

Probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from the internal data which is calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Vasicek Model was used to forecast the PD term structure over lifetime of loans. As per given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Company has worked out on PD based on the last six years historical data.

The PDs derived from the model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

The probability of default was calculated for 3 scenarios: best, worst and base. This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

Staging of loans:

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the loan has remained overdue for a period greater than 90 days.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the loan becomes less than or equal to 90 days past due on its contractual obligations. Such cured loans are classified as Stage 1 or 2 depending upon the days past due after such cure has taken place.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. The Company considers the credit risk to be directly proportional to the delinquency status i.e. days past due of the loan under consideration. No further adjustments are made in the PD.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months Provision
1-30 Days	Stage 1	12 Months Provision
31-90 Days	Stage 2	Lifetime Provision
90+ Days	Stage 3	Lifetime Provision

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account.

The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The Ind AS 109 PDs are then assigned to each economic scenario based on the outcome of models.

Loss given default

The credit risk assessment is based on a standardised loss given default (LGD) assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Company segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows.

Further recent data and forward-looking economic scenarios are used in order to determine the Ind AS 109 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios

Under Ind AS 109, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and Purchased or originated credit impaired (POCI) Ind AS 109 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.



**Five-Star Business Finance Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts are in Indian Rupees in millions, unless otherwise stated)

**Significant increase in credit risk**

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or Life-time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers the credit risk to be directly proportional to the delinquency status i.e. days past due of the loan under consideration. No further adjustments are made in the PD.

When estimating ECLs on a collective basis for a group of similar assets the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition. (Refer Note-6.1 for analysis of changes in the gross carrying amount and the corresponding ECL allowances)

**48 Financial risk management objectives and policies**

**Grouping financial assets measured on a collective basis**

The Company calculates ECL on a collective basis for all asset classes.

The Company combines these exposure into smaller homogeneous portfolios, based on the characteristics of the loans, as described below:

- Geographic location
- Loan Type (Till March 31, 2021)
- Ticket size

**ECL computation:**

Conditional ECL at DPD pool level was computed with the following method:

Conditional ECL for year (yt) = EAD (yt) \* conditional PD (yt) \* LGD (yt) \* discount factor (yt)

The Company measures ECL as the product of PD, LGD and EAD estimates for its Ind AS 109 specified financial assets.

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

	Provisions	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
		Stage 1	12 month provision	0.32%	0.43%	0.34%
Stage 2	Life time provision	7.82%	5.53%	8.77%	13.04%	8.70%
Stage 3	Life time provision	39.22%	37.15%	34.89%	17.97%	17.70%

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables.

**Analysis of credit concentration risks**

The Company's concentrations of risk are managed by counterparty and geography. The maximum credit exposure to any individual client or counterparty as of June 30, 2022 was INR. 7.77 million (June 30, 2021 was 8.55 millions, March 31, 2022, INR 7.98 millions (March 31, 2021 : INR 6.33 million, March 31, 2020: INR 7.18 million).

The following table shows the risk concentration of loan portfolio by geography.

Geography	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Tamil Nadu	20,172.11	18,750.80	19,398.17	18,229.05	16,458.55
Karnataka	3,793.47	3,350.90	3,680.78	3,219.25	2,594.63
Andhra Pradesh	15,770.01	13,016.50	14,843.29	12,509.64	10,790.35
Telangana	10,325.80	8,478.80	9,734.44	8,167.83	7,441.49
Others	2,903.96	2,178.11	3,014.10	2,328.04	1,637.26
	<b>52,965.35</b>	<b>45,775.11</b>	<b>50,678.78</b>	<b>44,453.81</b>	<b>38,921.28</b>

Note: The above risk concentration of loan portfolio excludes Inter-Corporate Deposits amounting to Rs.2,557.11 million (June 30, 2021- Nil, March 31, 2022-Rs. 1,382.19 million, March 31, 2021- Nil, March 31, 2020- Nil).

**Cash and bank balances**

The Company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

**Investments**

Investments comprises of mutual funds and government securities in accordance with the investment policy. Government securities have sovereign rating and mutual fund investments are made with counterparties with low credit risk. The credit worthiness of these counterparties are evaluated on an ongoing basis.

**Other financial assets**

Other financial assets is primarily constituted by security deposits and other receivables. The Company does not expect any losses from non-performance by these counter-parties.

**(III) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is bound to comply with the Asset Liability Management guidelines issued by Reserve Bank of India. The company has Asset Liability Management policy approved by the board and has constituted Asset Liability Committee to oversee the liquidity risk management function of the company. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's principal sources of liquidity are borrowings, cash and cash equivalents and the cash flow that is generated from operations.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived



4B Financial risk management objectives and policies

Exposure to liquidity risk

The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at June 30, 2022:

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>Financial Liabilities</b>					
Derivative Financial Instruments	-	-	-	-	-
Debt Securities	9,474.05	8,970.91	1,115.91	87.52	-
Borrowings (Other than Debt Securities)	15,729.14	7,842.84	5,204.49	4,855.23	-
Trade payables	109.30	109.30	-	-	-
Other financial liabilities	535.44	298.38	14.62	-	222.44
<b>Total (B)</b>	<b>25,847.93</b>	<b>17,221.43</b>	<b>6,335.02</b>	<b>4,942.75</b>	<b>222.44</b>
<b>Financial Assets</b>					
Cash and cash equivalents	4,095.66	4,095.66	-	-	-
Bank Balances other than cash and cash equivalents	3,036.44	4,987.56	24.51	817.20	-
Loans	54,543.53	23,237.46	18,952.09	43,020.36	8,196.45
Investments	1,891.60	510.20	854.48	664.70	-
Derivative Financial Instruments	4.08	-	-	-	4.08
Other Financial assets	187.02	154.71	5.10	21.62	5.59
<b>Total (A)</b>	<b>63,758.33</b>	<b>32,985.59</b>	<b>19,836.19</b>	<b>44,523.87</b>	<b>8,206.12</b>

The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at June 30, 2021:

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>Financial Liabilities</b>					
Derivative Financial Instruments	-	-	-	-	-
Debt Securities	12,238.38	3,956.88	8,970.91	1,203.44	-
Borrowings (Other than Debt Securities)	18,973.80	9,815.13	6,405.20	5,594.80	-
Trade payables	69.41	69.41	-	-	-
Other financial liabilities	397.99	223.41	69.57	85.91	19.10
<b>Total (B)</b>	<b>31,679.58</b>	<b>14,064.83</b>	<b>15,445.68</b>	<b>6,884.14</b>	<b>19.10</b>
<b>Financial Assets</b>					
Cash and cash equivalents	9,837.38	6,131.63	-	-	-
Bank Balances other than cash and cash equivalents	4,289.73	3,408.65	229.03	841.71	-
Loans	44,834.72	17,377.70	15,914.68	38,240.02	8,144.99
Investments	1,500.00	1,500.00	-	-	-
Derivative Financial Instruments	-	-	-	-	-
Other Financial assets	55.65	152.60	5.20	18.81	3.19
<b>Total (A)</b>	<b>60,517.48</b>	<b>28,570.57</b>	<b>16,148.91</b>	<b>39,100.54</b>	<b>8,148.18</b>

The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at March 31, 2022:

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>Financial Liabilities</b>					
Derivative Financial Instruments	13.89	-	-	13.89	-
Debt Securities	10,085.34	6,157.39	4,506.58	390.84	-
Borrowings (Other than Debt Securities)	15,502.97	7,629.23	5,456.40	4,637.54	-
Trade payables	130.04	130.04	-	-	-
Other financial liabilities	414.68	283.90	69.57	85.91	19.10
<b>Total (B)</b>	<b>26,146.92</b>	<b>14,200.56</b>	<b>10,032.55</b>	<b>5,128.18</b>	<b>19.10</b>
<b>Financial Assets</b>					
Cash and cash equivalents	6,131.63	6,131.63	-	-	-
Bank Balances other than cash and cash equivalents	2,667.75	1,843.43	116.88	841.71	-
Loans	51,024.11	20,365.96	17,990.58	40,945.27	7,754.45
Investments	2,481.84	1,116.92	434.48	1,093.89	-
Other Financial assets	179.79	152.60	5.20	18.81	3.19
<b>Total (A)</b>	<b>62,485.12</b>	<b>29,610.54</b>	<b>18,547.14</b>	<b>42,899.68</b>	<b>7,757.64</b>



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**Summary of significant accounting policies and other explanatory information**  
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The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at March 31, 2021:

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>Financial Liabilities</b>					
Debt Securities	13,037.86	3,354.90	5,297.31	4,348.15	37.50
Borrowings (Other than Debt Securities)	21,214.11	7,183.16	6,206.49	7,904.46	-
Trade payables	86.72	74.69	5.01	7.02	-
Other financial liabilities	171.69	67.93	38.01	55.40	10.35
<b>Total (B)</b>	<b>34,510.38</b>	<b>10,680.68</b>	<b>11,546.82</b>	<b>12,315.03</b>	<b>47.85</b>
<b>Financial Assets</b>					
Cash and cash equivalents	12,671.83	12,671.83	-	-	-
Bank Balances other than cash and cash equivalents	885.40	0.40	78.75	583.87	222.38
Loans	43,587.49	6,721.67	6,695.85	22,871.00	7,298.97
Other Financial assets	47.43	18.57	9.84	15.73	3.29
<b>Total (A)</b>	<b>57,192.15</b>	<b>19,412.47</b>	<b>6,784.44</b>	<b>23,470.60</b>	<b>7,524.64</b>

The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at March 31, 2020:

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>Financial Liabilities</b>					
Debt Securities	10,788.64	2,424.57	6,602.73	1,761.34	-
Borrowings (Other than Debt Securities)	12,848.29	3,897.04	3,664.11	5,087.44	199.70
Trade payables	66.24	66.24	-	-	-
Other financial liabilities	156.81	52.01	40.91	50.99	12.90
<b>Total (B)</b>	<b>23,859.98</b>	<b>6,439.86</b>	<b>10,307.75</b>	<b>6,899.77</b>	<b>212.60</b>
<b>Financial Assets</b>					
Cash and cash equivalents	2,897.79	2,897.79	-	-	-
Bank Balances other than cash and cash equivalents	1,613.49	1,365.87	-	171.95	75.67
Loans	38,308.04	4,109.29	5,662.13	20,094.69	8,441.93
Other Financial assets	52.47	20.15	8.29	20.39	3.64
<b>Total (A)</b>	<b>42,871.79</b>	<b>8,393.10</b>	<b>5,670.42</b>	<b>20,287.03</b>	<b>8,521.24</b>



## 48 (iv) Foreign Currency Risk

Foreign Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arise primarily on account of foreign currency borrowings. The Company manages this foreign currency risk by entering in to cross currency swaps. When a derivative is entered in to for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedged exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown. The Company holds a derivative financial instrument of Cross currency swap to mitigate risk of changes in exchange rate in foreign currency. The Counterparty for the contract is a bank. Derivatives are fair valued using inputs that are directly or indirectly observable in market place.

## Disclosure of Effects of Hedge Accounting

## Cash Flow Hedge

Impact of hedging instrument on balance sheet is, as follows:

As on 30th June 2022

Foreign Exchange Risk on Cash Flow Hedge	No of Contracts		Nominal Value of Hedging Instrument (In millions)	Carrying Value (In millions)	Maturity Date	Changes in Fair Value of Hedging Instrument (in millions)	Changes in Value of Hedged Item used as a Basis for recognising hedge effectiveness (in millions)	Line Item in Balance Sheet
	Asset	Liability	Asset	Asset				
Cross Currency Interest Rate Swap	1	0	759.10	4.08	March 30, 2022 to December 27, 2026	26.22	31.80	Borrowings

Cash Flow Hedge	Change in the Value of hedging Instrument recognized in Other Comprehensive Income	Ineffectiveness recognised in Profit and Loss (in millions)	Amount reclassified from Cash Flow hedge reserve to Profit or Loss	Line item affected in statement of Profit and Loss because of the reclassification
Foreign Exchange risk and exchange rate risk	(5.58)	-	-	NA

As on 30th June 2021

Foreign Exchange Risk on Cash Flow Hedge	No of Contracts		Nominal Value of Hedging Instrument (In millions)	Carrying Value (In millions)	Maturity Date	Changes in Fair Value of Hedging Instrument (in millions)	Changes in Value of Hedged Item used as a Basis for recognising hedge effectiveness (in millions)	Line Item in Balance Sheet
	Asset	Liability	Liability	Liability				
Cross Currency Interest Rate Swap	-	-	-	-	NA	-	-	Borrowings

Cash Flow Hedge	Change in the Value of hedging Instrument recognized in Other Comprehensive Income	Ineffectiveness recognised in Profit and Loss (in millions)	Amount reclassified from Cash Flow hedge reserve to Profit or Loss	Line item affected in statement of Profit and Loss because of the reclassification
Foreign Exchange risk and exchange rate risk	-	-	-	NA

As on 31st March 2022

Foreign Exchange Risk on Cash Flow Hedge	No of Contracts		Nominal Value of Hedging Instrument (In millions)	Carrying Value (In millions)	Maturity Date	Changes in Fair Value of Hedging Instrument (in millions)	Changes in Value of Hedged Item used as a Basis for recognising hedge effectiveness (in millions)	Line Item in Balance Sheet
	Asset	Liability	Liability	Liability				
Cross Currency Interest Rate Swap	-	1	759.10	13.89	March 30, 2022 to December 27, 2026	13.89	1.20	Borrowings

Cash Flow Hedge	Change in the Value of hedging Instrument recognized in Other Comprehensive Income	Ineffectiveness recognised in Profit and Loss (in millions)	Amount reclassified from Cash Flow hedge reserve to Profit or Loss	Line item affected in statement of Profit and Loss because of the reclassification
Foreign Exchange risk and exchange rate risk	(12.69)	-	-	NA

As on 31st March 2021

Foreign Exchange Risk on Cash Flow Hedge	No of Contracts		Nominal Value of Hedging Instrument (In millions)	Carrying Value (In millions)	Maturity Date	Changes in Fair Value of Hedging Instrument (in millions)	Changes in Value of Hedged Item used as a Basis for recognising hedge effectiveness (in millions)	Line Item in Balance Sheet
	Asset	Liability	Liability	Liability				
Cross Currency Interest Rate Swap	-	-	-	-	-	-	-	NA





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Cash Flow Hedge	Change in the Value of hedging Instrument recognized in Other Comprehensive Income	Ineffectiveness recognised in Profit and Loss (in millions)	Amount reclassified from Cash Flow hedge reserve to Profit or Loss	Line item affected in statement of Profit and Loss because of the reclassification
Foreign Exchange risk and exchange rate risk	-	-	-	NA

As on 31st March 2020

Foreign Exchange Risk on Cash Flow Hedge	No of Contracts		Nominal Value of Hedging Instrument (In millions)	Carrying Value (In millions)	Maturity Date	Changes in Fair Value of Hedging Instrument (in millions)	Changes in Value of Hedged Item used as a Basis for recognising hedge effectiveness (in millions)	Line Item in Balance Sheet
	Asset	Liability	Liability	Liability				
Cross Currency Interest Rate Swap	-	-	-	-	-	-	-	NA

Cash Flow Hedge	Change in the Value of hedging Instrument recognized in Other Comprehensive Income	Ineffectiveness recognised in Profit and Loss (in millions)	Amount reclassified from Cash Flow hedge reserve to Profit or Loss	Line item affected in statement of Profit and Loss because of the reclassification
Foreign Exchange risk and exchange rate risk	-	-	-	NA



49 Analytical ratios

a) Liquidity Coverage Ratio (LCR)

As per the Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20, all non-deposit taking NBFCs with asset size more than INR 5,000 crores are required to maintain Liquidity Coverage Ratio (LCR) from December 1, 2020, with the minimum LCR to be 30%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024.

Particulars	High Quality Liquid Assets ("HQLA")	Net cash outflows	Current period	Previous reporting period	Variance	Reasons for variance (if above 25%)
Quarter ended June 30, 2022	2,935.57	952.99	308%	302%	2%	
Quarter ended March 31, 2022	3,076.41	1,019.88	302%	162%	86%	Increase on account of equity infusion during the year and deployment in HQLA assets
Quarter ended June 30, 2021	787.67	955.11	82%	130%	-37%	Increase on account of equity infusion during the year and deployment in HQLA assets
Quarter ended March 31, 2021	1,518.58	937.86	162%	130%	25%	
Quarter ended March 31, 2020	1,093.75	843.59	130%	75%	72%	Increase on account of equity infusion during the year.

Notes:

- The average weighted and unweighted amounts considered for computation of net cash outflows are calculated taking simple average based on monthly observation for the respective quarter. The weightage factor applied to compute weighted average value is constant for all the quarters.
- Prior to introduction of LCR framework, the Company used to maintain a substantial share of its liquidity in form of fixed deposits with banks and investment in mutual funds. Post the introduction of LCR framework, the Company has consciously worked towards increasing its investment in High Quality Liquid Assets (HQLA) as per the RBI guidelines.
- Weighted values have been calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.
- The above details is based on the data available with the Company, which has been relied upon by the auditors.
- RBI has mandated minimum liquidity coverage ratio (LCR) of 60% to be maintained by December 2021, which is to be gradually increased to 100% by December 2024. The Company has LCR of 302% as of March 31, 2022 as against the LCR of 60% mandated by RBI.

Qualitative Information:

- The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio (LCR), which aim to ensure that an NBFC maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.
- LCR = Stock of High-Quality Liquid Assets (HQLAs)/Total Net Cash Outflows over the next 30 calendar days
- HQLAs comprise of cash on hand, investment in government securities and demand deposits with Scheduled Commercial Banks and unencumbered government securities
- Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows - [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (13% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).
- "Other cash inflows" include mutual funds and callable fixed deposits maturing within 30 days.
- The Liquidity Risk Management Framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Management Committee (ALCO) oversees the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/limits set by the Board.
- The Company maintains a robust funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has prudential limits on investments in different instruments to maintain a healthy investment profile. There is no currency mismatch in the LCR. The above is periodically monitored by ALCO.

b) Capital adequacy ratios

Particulars	Tier I Capital/ Tier II Capital/ Total Capital	Risk-weighted assets	Current period	Previous reporting period	Variance	Reasons for variance (if above 25%)
<b>As at June 30, 2022</b>						
CRAR	34,795.92	49,755.72	69.93%	75.20%	-7%	
CRAR - Tier I Capital	34,795.92	49,755.72	69.93%	75.20%		
CRAR - Tier II Capital	-	-	-	-		
<b>As at June 30, 2021</b>						
CRAR	25,580.24	37,546.32	68.13%	52.94%	29%	Increase on account of equity infusion during the intervening period
CRAR - Tier I Capital	25,580.24	37,546.32	68.13%	52.94%		
CRAR - Tier II Capital	-	-	-	-		
<b>As at March 31, 2022</b>						
CRAR	33,581.47	44,658.62	75.20%	58.86%	28%	Increase on account of equity infusion during the intervening period
CRAR - Tier I Capital	33,581.47	44,658.62	75.20%	58.86%		
CRAR - Tier II Capital	-	-	-	-		
<b>As at March 31, 2021</b>						
CRAR	19,669.00	33,416.35	58.86%	52.94%	11%	
CRAR - Tier I Capital	19,669.00	33,416.35	58.86%	52.94%		
CRAR - Tier II Capital	-	-	-	-		
<b>As at March 31, 2020</b>						
CRAR	18,477.74	34,901.50	52.94%	64.09%	-17%	
CRAR - Tier I Capital	18,477.74	34,901.50	52.94%	64.09%		
CRAR - Tier II Capital	-	-	-	-		

Tier I capital consists of shareholders' equity and retained earnings. Tier II Capital consists of general provision and loss reserve against stage 1 assets. Credit enhancement relating to securitisation has been adjusted against Tier I and Tier II capital in accordance with RBI circular DOR (NBFC) CC.PD.No.109/22.10.106-2019-20 dated March 13, 2020. Tier I and Tier II capital has been reported on the basis of Ind AS financial information.

Risk weighted assets represents the weighted sum of company's credit exposures based on their risk calculated as per relevant RBI guidelines.



**50.A Reconciliation of total equity as per audited financial statements with total equity as per restated financial information:****Material Restatement Adjustments**

The accounting policies applied as at and for the three month period ended June 30, 2021 and as at and for each of the years ended March 31, 2022, March 31, 2021 and March 31, 2020 are consistent with those adopted in the preparation of financial statements for the three month period ended June 30, 2022.

These Restated Financial Information has been compiled from the Historical audited financial statements and

(a) there were no changes in accounting policies during the years/periods of these financial statements

(b) there were no material amounts which have been adjusted for in arriving at profit/ loss of the respective years/periods; and

(c) there were no material adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Audited Financial Statements of the Company and the requirements of the SEBI Regulations.

**Material Regroupings**

Division III - Schedule III to the Companies Act, 2013 has been further amended vide the Government Notification dated March 24, 2021 to include certain additional presentation and disclosures requirements and changes to some of the existing requirements. In the month of January 2022, Guidance note on Division III - Schedule III to the Companies Act, 2013 was issued by the ICAI to give effect to these amendments, which was applicable to the Company for preparation and presentation of its financial statements from financial year ended March 31, 2022. It may be noted that in preparing and presenting the audited financial statements for the year ended March 31, 2022 and for the three month period ended June 30, 2022, the Company had reclassified the comparative figures in accordance with the requirements of the Guidance note. Accordingly this restated financial information has been prepared based on the above requirement. The adoption of the said amendment does not impact recognition and measurement principles followed for preparation of the financial statements.

**50.B Reconciliation of total equity as per audited financial statements with total equity as per restated financial information:**

Summarised below are the restatement adjustments made to the total equity as per the audited financial statements of the Company for the three month periods ended June 30, 2022 and June 30, 2021 and for each of the years ended March 30, 2022, March 30, 2021, and March 31, 2020 and their consequential impact on the equity of the Company.

Particulars	As at	As at	As at	As at	As at
	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020
Total equity (as per audited financial statements)	38,569.75	29,444.13	37,103.51	23,181.72	19,445.80
<b>Material restatement adjustments:</b>	-	-	-	-	-
Total equity (as per restated financial information)	38,569.75	29,444.13	37,103.51	23,181.72	19,445.80

**50.C Reconciliation of total comprehensive income as per audited financial statements with total comprehensive income as per restated financial information**

Summarised below are the restatement adjustments made to total comprehensive income as per the audited financial statements of the Company for the three month periods ended June 30, 2022 and June 30, 2021 and for each of the years ended March 31, 2022, March 31, 2021 and March 31, 2020.

Particulars	As at	As at	As at	As at	As at
	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020
<b>A. Total comprehensive income as per audited financial statements</b>	1,386.94	1,002.43	4,513.10	3,582.06	2,608.37
<b>B. Adjustments:</b>	-	-	-	-	-
(i) Audit qualifications	-	-	-	-	-
Total	1,386.94	1,002.43	4,513.10	3,582.06	2,608.37
(ii) Adjustments due to prior period items / other adjustments	-	-	-	-	-
Total	-	-	-	-	-
<b>C. Total comprehensive income as per Restated Financial Information (A+B)</b>	1,386.94	1,002.43	4,513.10	3,582.06	2,608.37



50.D Other non adjusting items

I. Emphasis of matter in the Auditors' report and other remarks / comments in the Companies (Auditor's Report) Order 2016 ('CARO') on the financial statements, which do not require any corrective adjustments in the restated financial information, are reproduced below:

As at and for the year ended March 31, 2020

**Emphasis of matter paragraph in the Auditors' report**

As described in Note 51 to the financial statements, the extent to which the COVID - 19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of this matter

**Clause vii (b) CARO:**

According to the information and explanations given to us, there are no dues of income-tax and goods and services tax which have not been deposited with the appropriate authorities on account of any dispute except the following:

Name of the statute	Nature of dues	Amount - INR in millions	Period to which amount relates	Forum where the dispute is pending
Income-Tax Act, 1961	Income-Tax	0.67	2006-2007	Commissioner of Income-tax (Appeals)

**Emphasis Of matter paragraph in the Auditors' report on the internal financial controls with reference to the financial statements**

As described in Emphasis of Matter paragraph of our report to the financial statements, the extent to which the COVID-19 pandemic will have impact on the Company's internal financial controls with reference to the financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matter

As at and for the year ended March 31, 2021

**Emphasis of matter paragraph in the Auditors' report**

As described in Emphasis of Matter paragraph of our report to the financial statements, the extent to which the COVID-19 pandemic will have impact on the Company's internal financial controls with reference to the financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

**Clause vii (b) CARO:**

According to the information and explanations given in us, there are no dues of income-tax and goods and services tax which have not been deposited with the appropriate authorities on account of any dispute except the following:

Name of the statute	Nature of dues	Amount - INR in millions	Period to which amount relates	Forum where the dispute is pending
Income-Tax Act, 1961	Income-Tax	0.67	2006-2007	Commissioner of Income-tax (Appeals)
Income-Tax Act, 1961	Income-Tax	3.37	2018-2019	Commissioner of Income-tax (Appeals)

**Emphasis Of matter paragraph in the Auditors' report on the internal financial controls with reference to the financial statements**

The auditors' report has drawn attention to extent to which the COVID-19 pandemic will have impact on the Company's internal financial controls with reference to the financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matter.

As at and for the year ended March 31, 2022

**Clause vii (b) CARO:**

According to the information and explanations given to us, there are no dues of income-tax and goods and services tax which have not been deposited with the appropriate authorities on account of any dispute except

Name of the statute	Nature of dues	Amount - INR in millions	Period to which amount relates	Forum where the dispute is pending
Income-Tax Act, 1961	Income-Tax	0.67	2006-2007	Commissioner of Income-tax
Income-Tax Act, 1961	Income-Tax	3.37	2018-2019	Commissioner of Income-tax



51 Impact of Covid-19 on the Company

**As at and for the three month period ended June 30, 2022:**

The COVID-19 pandemic resulted in significant volatility in financial markets and a decrease in global and India's economic activities in FY 2021 and early FY 2022. Consequent lockdowns and varying restrictions imposed by the central and various state governments had led to disruptions and dislocations of individuals and businesses. However, with the gradual lifting of the lockdown restrictions during the year, the operations of the Company have returned to normal levels of activity. The Company has been lending actively to its customers and has also implemented its restructuring package based on the Reserve Bank of India's restructuring package announced in this regard. The overall financial metrics of the Company have improved from the prior year and the Company has made adequate expected credit loss provisions on its loan in accordance with accounting principles in India and accordingly in the opinion of the Company the impact of COVID 19 on its financial metrics are no longer significantly uncertain. 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 Interim financial statements of the Company on the basis of the facts and events upto the date of approval of these Interim financial statements.

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.

**As at and for the three month period ended June 30, 2021:**

The COVID-19 pandemic resulted in significant volatility in financial markets and a decrease in global and India's economic activities in FY 2021 and early FY 2022. Consequent lockdowns and varying restrictions imposed by the central and various state governments had led to disruptions and dislocations of individuals and businesses. However, with the gradual lifting of the lockdown restrictions during the year, the operations of the Company have returned to normal levels of activity. The Company has been lending actively to its customers and has also implemented its restructuring package based on the Reserve Bank of India's restructuring package announced in this regard. The overall financial metrics of the Company have improved from the prior year and the Company has made adequate expected credit loss provisions on its loan in accordance with accounting principles in India and accordingly in the opinion of the Company the impact of COVID 19 on its financial metrics are no longer significantly uncertain. The Company has evaluated the impact of COVID-19 on the business and operations of the Company as at June 30, 2021 and after considering events upto the date of approval of these Interim Financial Statements, and is of the view that it does not have any material impact on the Interim financial statements of the Company on the basis of the facts and events upto the date of approval of these financial statements.

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.

**As at and for the year ended March 31, 2022:**

The COVID-19 pandemic resulted in significant volatility in financial markets and a decrease in global and India's economic activities in FY 2021 and early FY 2022. Consequent lockdowns and varying restrictions imposed by the central and various state governments had led to disruptions and dislocations of individuals and businesses. However, with the gradual lifting of the lockdown restrictions during the year, the operations of the Company have returned to normal levels of activity. The Company has been lending actively to its customers and has also implemented its restructuring package based on the Reserve Bank of India's restructuring package announced in this regard. The overall financial metrics of the Company have improved from the prior year and the Company has made adequate expected credit loss provisions on its loan in accordance with accounting principles in India and accordingly in the opinion of the Company the impact of COVID 19 on its financial metrics are no longer significantly uncertain. The Company has evaluated the impact of COVID-19 on the business and operations of the Company as at March 31, 2022 and is of the view that it does not have any material impact on the financial statements of the Company on the basis of the facts and events upto the date of approval of these financial statements.

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.



**Five-Star Business Finance Limited**

**Summary of significant accounting policies and other explanatory information**

**(All amounts are in Indian Rupees in millions, except share data and stated otherwise)**

**As at and for the year ended March 31, 2021:**

The outbreak of COVID-19 pandemic and consequent regional lockdowns has severely impacted various activities across the country. The extent of impact of second wave 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 statements, is dependent on such future developments, which are highly uncertain.

In accordance with the Reserve bank of India (RBI) guidelines related to "Covid-19 regulatory package" dated March 27, 2020 and subsequent guidelines on EMI moratorium dated April 17, 2020 and May 23, 2020 the Company has offered moratorium to its customers based the eligibility for EMIs falling due between March 1, 2020 to August 31, 2020. Further, the Company offered resolution plans to its customers pursuant to RBI's guideline 'Resolution framework for Covid-19 related stress' dated August 6, 2020.

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020, April 17, 2020, May 23, 2020 and August 6, 2020 relating to 'COVID-19 - Regulatory Package' and guidelines issued thereto, the Company has granted moratorium up-to five months on the payment of instalments falling due between April 1, 2020 and August 31, 2020 to all eligible borrowers on a suo-moto basis based on the Company's policy approved by its Board. Based on an assessment by the Company, this relaxation 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 have been granted, the staging of those accounts as at March 31, 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.

Estimates and associated judgments / assumptions applied in preparation of these financial statements 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 year ended March 31, 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 866.31 millions as at March 31, 2021 (As at March 31, 2020 - INR 614 millions) including an additional impairment provision amounting to INR 352 millions (including write offs of INR 100 millions) during the current year (Year ended March 31, 2020 - INR 493 millions (including write offs of INR 47 millions)). The Company believes that it has considered all the possible impact of the currently known events arising out of COVID-19 pandemic in the preparation of financial statements. However, the impact assessment of COVID-19 is a continuing process given its uncertainty in nature and duration, this may have corresponding impact in the financial position. The Company will continue to monitor any material changes to the future economic conditions.

**As at and for the year ended March 31, 2020:**

The outbreak of COVID-19 pandemic and consequent lockdown has severely impacted various activities across the country. The impact of COVID-19 on the economy is uncertain and would also be dependent upon future developments including various measures taken by the Government, Regulator, responses of businesses, consumers etc. Hence, the extent to which COVID-19 pandemic will impact the company's business, cash flows and financial statements, is dependent on such future developments, which are highly uncertain.

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 - Regulatory Package', the Company has granted moratorium up-to two months on the payment of instalments falling due between April 1, 2020 and May 31, 2020 to all eligible borrowers on a suo-moto basis. Having regard to the guidance provided by the RBI and the Institute of Chartered Accountants of India, in the assessment of the Company, extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory Package of the RBI by itself is not considered to result in significant increase in credit risk as per Ind AS 109. The Company continues to recognise interest income during the moratorium period 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

Estimates and associated judgments / assumptions applied in preparation of these financial statements including determining the impairment loss allowance are based on a combination of historical experience and emerging / forward looking indicators resulting from the pandemic. In addition to the early indicators available during the moratorium period, 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 493 millions including an additional impairment provision amounting to INR 270 millions during the year. Further, the disclosure in these financial statements are made after considering the moratorium benefits and estimated cash inflows and outflows which are based on the current understanding / arrangement with its customers / lenders. The Company believes that it has considered all the possible impact of the currently known events arising out of COVID-19 pandemic in the preparation of financial statements including financial resources, profitability, liquidity position and internal financial controls. However, since the impact assessment of COVID-19 is a continuing process given its uncertainty in nature and duration, this may have corresponding impact in the financial position in future. The Company will continue to monitor any material changes to the future economic conditions.



**Five-Star Business Finance Limited**

**Summary of significant accounting policies and other explanatory information**

**(All amounts are in Indian Rupees in millions, except share data and stated otherwise)**

**52 Amalgamation with Five-Star Housing Finance Private Limited - wholly owned subsidiary**

During the year ended March 31, 2020, the Company vide its board meeting dated August 29, 2019 had approved the Scheme of Amalgamation ("the Scheme") of its wholly owned subsidiary - Five-Star Housing Finance Private Limited, which was in the business of providing long term housing finance, with the Company and their respective shareholders under sections 233 of the Act and other applicable provisions of the Act. The appointed date under the aforesaid Scheme is April 1, 2019. This scheme has been approved by the regulatory authorities. As required by the IND AS 103 - Business Combinations, pooling of interest method has been considered for common control business combination and accordingly, the assets and liabilities are reflected in the books of the Company at their respective carrying amounts. Further, in accordance with Ind AS 103 - Business Combinations, financial statements had been restated from April 1, 2018. Hence, the effect of the scheme has been accounted in the books of accounts of the Company in accordance with the scheme and the accounting standards.

**53 Other statutory information**

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami
- (ii) The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.
- (iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company borrows funds from various Banks and financial institutions for the purpose of onward lending to end customers as per the terms of such borrowings. These transactions are part of the Company's normal lending activities, which is conducted after exercising proper due diligence including adherence to the terms of credit policies and other relevant guidelines.

Other than the nature of transactions described above.

- i. No funds have been advanced or loans or invested by the Company to or in any other person(s) or entity(ies) ("intermediaries") with the understanding that the intermediary shall lend or invest in party identified by or on behalf of the Company ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- ii. The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (vi) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961
- (vii) The Company is not declared as wilful defaulter by any bank or financial institution or any other lender.

54 The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts ("the Scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. The Company had implemented the Scheme in accordance with the requirements of the notification and credited to the accounts of or remitted amounts to the eligible borrowers as per the Scheme.

**55 Events after the reporting period**

**As at and for the period ended June 30, 2021:**

The Board of Directors at their meeting held on September 8, 2021 and shareholders in the Extraordinary General Meeting held on October 8, 2021 approved the sub-division of shares from Rs. 10 per share to Rs. 1 per share each fully paid up. The number of shares used for the calculation of earnings per share, and the earnings per share in Note XX (including that in the comparative periods), have been adjusted for pursuant to Paragraph 64 of Ind AS 33 - "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013. No other adjustments are made in the Restated Financial Information on account of the share split.

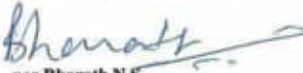
**As at and for the period ended March 31, 2021:**

- a) In accordance with instructions in RBI circular dated April 7, 2021, all lending institutions shall put in place a Board approved policy and refund / adjust the 'interest on interest charged to borrowers during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the Company has put in place a Board approved policy on "Refund/Adjustment of Interest on Interest charged during the Moratorium Period" and accordingly estimated the said amount based on guidance provided by Indian Banks Association (IBA) on April 19, 2021 and reversed the income to the extent of INR 85 million during the current financial year.
- b) During the month of April 2021, the Company made preferential allotment of 14,71,771 fully paid-up equity shares at a price of INR 10 each at a premium of INR 3,508.71 per share pursuant to approval by the Board of Directors at its meeting held on March 22, 2021 which was followed by the approval of shareholders in the Extraordinary General Meeting held on April 22, 2021

**56 Social Security Code**


The date on which the Code of Social Security, 2020 (The Code) relating to employee benefits during employment and post-employment benefits will come into effect is yet to be notified and the related rules are yet to be finalised. The Company will evaluate the code and its rules, assess the impact, if any and account for the same once they become effective.

As per our report of even date  
for S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm registration number: 101049W/E300004

  
per Bharath N S  
Partner  
Membership No: 210934

For and on behalf of the Board of Directors of  
Five-Star Business Finance Limited  
CIN : U65991TN1984PLC010844

  
D Lakshmi pathy  
Chairman and Managing Director  
DIN: 01723269

  
G Srikanth  
Chief Financial Officer

Place : Chennai  
Date : October 06, 2022

  
K Rangarajan  
Chief Executive Officer

  
R Anand  
Independent Director  
DIN: 00243485

  
B Shalini  
Company Secretary  
ACS: A51334

Place : Chennai  
Date : October 06, 2022

