

Independent Auditor’s Review Report on the Quarterly and Year to Date Unaudited Financial Results of the Company Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**Review Report to
The Board of Directors
Five-Star Business Finance Limited**

1. We have reviewed the accompanying statement of unaudited financial results of Five-Star Business Finance Limited (the “Company”) for the quarter ended September 30, 2022 and year to date from April 1, 2022 to September 30, 2022 (the “Statement”) attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations”).
2. The Company’s Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) “Interim Financial Reporting” prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 of the Listing Regulations. The Statement has been approved by the Company’s Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards (‘Ind AS’) specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. The comparative financial information of the Company for the corresponding quarter and period ended September 30, 2021, included in the Statement, were reviewed by the predecessor auditor who expressed an unmodified conclusion on those financial information on October 21, 2021.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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

Partner

Membership No.: 210934

UDIN: 22210934BEGPWW4780

Place: Chennai

Date: November 28, 2022



Five-Star Business Finance Limited

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

CIN: U65991TN1984PLC010844

Statement of unaudited financial results for the quarter and half year ended September 30, 2022

(All amounts are in lakhs, unless otherwise stated)

Particulars	Quarter ended 30 September 2022	Quarter ended 30 June 2022	Quarter ended 30 September 2021	Half Year ended 30 September 2022	Half Year ended 30 September 2021	Year ended 31 March 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue from operations						
Interest income	35,731.61	33,521.96	29,426.63	69,253.57	58,636.65	120,376.55
Fee income	180.97	123.30	682.43	304.27	1,110.56	2,939.60
Net gain on fair value changes	142.40	151.78	714.20	294.18	1,322.07	2,090.21
Total revenue from operations	36,054.98	33,797.04	30,823.26	69,852.02	61,069.28	125,406.36
Other income	131.18	108.79	30.10	239.97	54.59	210.56
Total Income	36,186.16	33,905.83	30,853.36	70,091.99	61,123.87	125,616.92
Expenses						
Finance costs	6,090.90	6,479.82	7,808.69	12,570.72	16,423.59	30,060.00
Fees expenses	-	-	69.54	-	96.02	-
Impairment on financial instruments	850.58	(41.09)	350.40	809.49	2,193.39	4,551.81
Employee benefits expense	8,144.25	7,188.98	5,862.20	15,333.23	11,017.06	23,611.52
Depreciation and amortisation expense	402.34	361.87	275.79	764.21	536.61	1,224.47
Other expenses	1,416.56	1,300.13	1,028.77	2,716.69	2,016.40	5,748.21
Total Expenses	16,904.63	15,289.71	15,395.39	32,194.34	32,283.07	65,196.01
Profit before tax	19,281.53	18,616.12	15,457.97	37,897.65	28,840.80	60,420.91
Tax expense						
Current tax	4,932.53	4,694.16	3,738.69	9,626.69	7,587.49	15,959.12
Deferred tax (net)	(68.73)	(21.35)	(64.60)	(90.08)	(501.41)	(892.66)
Tax expense	4,863.80	4,672.81	3,674.09	9,536.61	7,086.08	15,066.46
Profit for the period / year	14,417.73	13,943.31	11,783.88	28,361.04	21,754.72	45,354.45
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Re-measurements of the defined benefit plan	(110.23)	(42.91)	(138.33)	(153.14)	(196.20)	(171.63)
Income tax relating to items that will not be reclassified to profit or loss	27.74	10.80	34.82	38.54	49.38	43.20
Net other comprehensive income / (deficit) not to be reclassified subsequently to profit or loss	(82.49)	(32.11)	(103.51)	(114.60)	(146.82)	(128.43)
Items that will be reclassified subsequently to profit or loss						
Net movement on effective portion of cash flow hedge	(147.72)	(55.81)	-	(203.53)	-	(126.92)
Income tax relating to items that will be reclassified to profit or loss	37.17	14.05	-	51.22	-	31.94
Net other comprehensive income to be reclassified subsequently to profit or loss	(110.55)	(41.76)	-	(152.31)	-	(94.98)
Other comprehensive income / (deficit) for the period / year, net of income tax	(193.04)	(73.87)	(103.51)	(266.91)	(146.82)	(223.42)
Total comprehensive income	14,224.69	13,869.44	11,680.37	28,094.13	21,607.90	45,131.04
Earnings per equity share						
a. Basic (in rupees)	4.94	4.79	4.22	9.73	7.96	16.09
b. Diluted (in rupees)	4.87	4.74	4.16	9.61	7.85	15.92
Face value per share (Refer note 4)	1.00	1.00	1.00	1.00	1.00	1.00

See accompanying notes to the unaudited financial results



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Five-Star Business Finance Limited

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CIN: U65991TN1984PLC010844

Statement of assets and liabilities as at September 30, 2022

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

Particulars	As at 30 September 2022	As at 31 March 2022
	Unaudited	Audited
ASSETS		
Financial assets		
Cash and cash equivalents	34,379.20	61,316.28
Bank balances other than cash and cash equivalents	22,987.57	26,677.50
Loans	576,346.13	510,241.07
Investments	16,439.50	24,818.38
Derivative Financial Instruments	212.49	-
Other financial assets	2,051.05	1,797.93
Total Financial Assets	652,415.94	624,851.16
Non - financial assets		
Current tax assets (net)	177.21	220.07
Deferred tax assets (net)	4,846.58	4,666.74
Investment property	3.56	3.56
Property, plant and equipment	1,455.46	1,214.45
Right of use asset	2,634.90	1,978.10
Other intangible assets	91.01	88.74
Other non-financial assets	1,141.48	1,283.74
Total Non- Financial Assets	10,350.20	9,455.40
Total assets	662,766.14	634,306.56
LIABILITIES AND EQUITY		
Financial liabilities		
Derivative Financial Instruments	-	138.92
Trade payables		
total outstanding dues of micro and small enterprises	-	-
total outstanding dues of creditors other than micro and small enterprises	1,338.38	1,300.31
Debt securities	74,566.37	100,853.38
Borrowings (Other than debt securities)	177,743.33	155,029.75
Other financial liabilities	6,374.16	4,146.84
Total Financial liabilities	260,022.24	261,469.20
Non-financial liabilities		
Current tax liabilities (net)	179.09	-
Provisions	1,161.94	900.03
Other non-financial liabilities	642.88	902.23
Total Non-financial liabilities	1,983.91	1,802.26
Equity		
Equity share capital	2,913.66	2,913.43
Other equity	397,846.33	368,121.67
	400,759.99	371,035.10
Total liabilities and equity	662,766.14	634,306.56
See accompanying notes to the unaudited financial results		



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Statement of Cash Flow for the half year ended September 30, 2022
 (All amounts are in Indian Rupees in lakhs, except share data and as stated otherwise)

Particulars	Half year ended September 30, 2022	Half year ended September 30, 2021
A. Cash Flow from Operating Activities		
Profit before tax	37,897.65	28,840.80
Adjustments for:		
Depreciation and amortisation expense	764.21	536.61
Impairment on financial instruments	809.49	2,193.39
Loss on sale/retirement of property, plant and equipment (net)	0.66	0.33
Profit on sale of current investments (net)	(294.18)	(1,322.07)
Interest income on deposits with banks / others	(1,677.23)	(1,535.73)
Interest on loans	(67,576.34)	(57,100.92)
Finance costs	12,570.72	16,423.59
Gain recognised on derecognition of leases	(24.18)	(6.65)
Employee stock option expenses	1,605.16	2,062.05
Operating cash flow before working capital changes	(15,924.04)	(9,908.60)
Changes in Working Capital:		
<i>Adjustments for (Increase) / Decrease in Operating Assets:</i>		
Loans	(75,920.23)	(28,564.02)
Other non- financial assets	142.27	76.40
Other financial assets	(284.86)	(11.84)
<i>Adjustments for Increase / (Decrease) in Operating Liabilities:</i>		
Trade payables	38.07	(48.76)
Provisions	108.77	16.86
Other financial liabilities	1,592.25	(31.71)
Other non financial liabilities	(259.35)	1,306.10
Net cash (used in) operations	(90,507.12)	(37,165.59)
Finance cost paid	(11,853.30)	(14,999.30)
Interest income received	76,582.01	54,950.74
Direct taxes paid (net)	(9,404.74)	(8,120.77)
Net Cash from/(used in) Operating Activities (A)	(35,183.15)	(5,334.90)
B. Cash Flow from Investing Activities		
Purchase of Property plant and equipment	(614.17)	(178.84)
Proceeds from sale of Property plant and equipment	0.50	0.27
(Purchase)/redemption of Investments (Net)	8,378.89	(26,651.42)
(Purchase)/redemption of Mutual Funds (Net)	294.18	(4,334.91)
Interest income on deposits with banks /Others	1,677.23	834.78
Movement in bank balances other than cash and cash equivalents	3,689.93	(37,139.42)
Net Cash from / (used in) Investing Activities (B)	13,426.56	(67,469.54)
C. Cash Flow from Financing Activities		
Proceeds from issue of equity shares	0.23	336.86
Proceeds from securities premium (net off utilisation)	25.36	89,507.24
Fresh borrowings during the period	64,000.00	-
Repayments of borrowings during the period	(68,845.78)	(58,518.61)
Payment towards leases (excluding interest)	(360.30)	(263.85)
Net Cash from Financing Activities (C)	(5,180.49)	31,061.64
Net Increase in Cash and Cash Equivalents [(A) + (B) + (C)]	(26,937.08)	(41,742.80)
Cash and Cash Equivalents at the beginning of the period	61,316.28	126,718.28
Cash and Cash Equivalents at the end of the period	34,379.20	84,975.48
Notes		
I Cash and cash equivalents		
Cash on hand	1,070.20	578.97
Balances with banks		
(i) In current accounts	4,295.18	5,205.51
(ii) In other deposit accounts (original maturity less than 3 months)	29,013.82	79,191.00
	34,379.20	84,975.48



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

Notes:

- Five-Star Business Finance Limited (the "Company") is a Systemically Important Non-Deposit taking Non-Banking Finance Company (NBFC-ND-SI) registered with the Reserve Bank of India (the "RBI"). These unaudited financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 – Interim Financial Reporting, notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other accounting principles generally accepted in India and in terms of Regulation 33 and 52 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations 2015 (as amended). Any application guidance / clarification / directions issued by the Reserve Bank of India are implemented as and when they are issued / become applicable. This statement of unaudited financial results for the quarter and six month period ended September 30, 2022 ("Unaudited Financial Results") have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on November 28, 2022. These results have been subjected to a limited review by the statutory auditors of the Company.
- Subsequent to September 30, 2022, the Company has completed an Initial Public Offer ("IPO") of 3,35,12,901 equity shares of face value of INR 1 each at an issue price of INR 474 per equity share aggregating INR 1,58,851.15 lakhs, through an offer for sale by selling shareholders. The equity shares of the Company were listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on November 21, 2022. The funds raised from the IPO were remitted to the Selling Shareholders (net of offer expenses borne by the Selling Shareholders) as the IPO was entirely an offer for sale by the Selling Shareholders.
- During the half year ended September 30, 2022, 23,000 options of Face Value of INR 1 (NIL for the quarter ended September 30, 2022) were exercised by the employees and allotted. The total outstanding employee stock options as on September 30, 2022 is 41,23,530 (39,08,000 as at March 31, 2022).
- The Board of Directors at their meeting held on September 8, 2021 approved the sub-division of each equity share of face value of INR 10 each fully paid up into 10 equity shares of face value of INR 1 each fully paid up. The same was approved by the members at the Extra-Ordinary General Meeting held on October 8, 2021. In compliance with IND AS - 33, Earnings Per Share, the disclosure of basic and diluted earnings per share for all the periods presented has been arrived at after giving effect to the above sub-division.
- All debentures are secured by an exclusive first charge on book debts and pari passu charge on immovable property with security cover ranging from 1.00 to 1.25 times of outstanding amount at any point in time. The security cover over listed non-convertible debentures as on September 30, 2022 is 1.21 times.
- Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 for the half year ended September 30, 2022 is attached as Annexure-1.
- The Company is primarily in the business of financing and accordingly there are no separate reportable segments in accordance with Ind AS 108 on "Operating Segments" in respect of the Company. The Company operates in a single geographical segment i.e India.
- The Company has evaluated the impact of COVID-19 on the business and operations of the Company as at September 30, 2022 and is of the view that it does not have any material impact on the financial results of the Company on the basis of the facts and events upto the date of approval of these financial statements/results. However, in view of the dynamic nature of the pandemic, the Company will continue to monitor future events / developments that may result in an adverse effect on the business and operations of the Company.
- Disclosure as per format prescribed under notification RBI/2020-21/16 DOR No BP BC/3/21.04 048/2020-21 dated August 06, 2020 for the half year ended 30 September 2022 (borrowers who has been provided restructuring under RBI Resolution Framework – 2.0):

Type of borrower**	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	2,561.30	168.15	-	246.14	2,147.01
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	4,800.62	401.83	-	379.60	4,019.19
Total	7,361.91	569.98	-	625.73	6,166.20

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016.

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

10 The unaudited financial results are also available on the stock exchange websites www.bseindia.com and www.nseindia.com and on our website <https://fivestargroup.in/>.

11 The figures for the three month and six month period ended September 30, 2021 were reviewed by the predecessor statutory auditor of the Company.

For and on behalf of the Board of Directors

Place: Chennai

Date: 28 November 2022



Lakshmi Pathy Deendayalan
Chairman and Managing Director

Five-Star Business Finance Limited

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Annexure-I**Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 for the half year ended September 30, 2022**

Particulars	As at September 30, 2022	As at March 31, 2022
1. Debt-equity ratio (Debt Securities+Borrowings (Other than debt securities)) / net worth i.e. Equity share capital + Other equity)	0.63	0.69
2. Total debts to total assets (Debt Securities and Borrowings (other than debt securities) / Total Assets)	0.38	0.40
3. Net worth (Equity share capital + Other equity)	400,759.99	371,035.10
4. Gross Stage 3 Assets Ratio (Gross Stage 3 term loans / Gross term loans. Gross Stage 3 term loans are loans that are credit impaired as per Ind-AS-109)	1.15%	1.44%
5. Net Stage 3 Assets Ratio (Gross Stage 3 term loans - Impairment Loss allowance for Stage 3 term loans)/(Gross term loans- Impairment allowance for Stage 3 term loans)	0.64%	1.19%
6. Liquidity coverage ratio (LCR)-(High-Quality Liquid Assets (HQLAs)/Total Net Cash Outflows	267%	187%
7. Capital to risk weighted assets ratio	67.65%	80.73%
8. Outstanding Redeemable Preference shares	Nil	Nil
9. Asset cover over listed non-convertible debentures (Security cover over listed non-convertible debentures represents the number of times the listed non-convertible debentures is covered through the term loans provided as security.)	1.21	1.16
Particulars	For half year ended September 30,2022	For half year ended September 30,2021
10. Net profit margin (%) (Profit after tax for the period / Total Income)	40.46%	35.59%
11. Net profit after tax	28,361.04	21,754.72
12. Earnings per equity share		
a. Basic (in rupees)	9.73	7.96
b. Diluted (in rupees)	9.61	7.85

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




Statement of Security Cover as at 30th September 2022

(in Lakhs)															
Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O	
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H) #	Related to only those items covered by this certificate					Total Value (=K+L+M+ N)
		Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari passu charge)	Other assets on which there is pari-Passu charge (excluding items covered in column F)	Debt amount considered more than once (due to exclusive plus pari passu charge)	Market Value for Assets charged on Exclusive basis		Carrying /book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets viii	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Relating to Column F		
		Book Value	Book Value	Yes/No	Book Value	Book Value									
ASSETS															
Property, Plant and Equipment		-	-	No	-	-	1,455.46		1,455.46	-	-	-	-	-	
Capital Work-in-Progress		-	-	No	-	-	-		-	-	-	-	-	-	
Right of Use Assets		-	-	No	-	-	2,634.90		2,634.90	-	-	-	-	-	
Goodwill		-	-	No	-	-	-		-	-	-	-	-	-	
Intangible Assets		-	-	No	-	-	91.01		91.01	-	-	-	-	-	
Intangible Assets under Development		-	-	No	-	-	-		-	-	-	-	-	-	
Investments		-	-	No	-	-	16,439.50		16,439.50	-	-	-	-	-	
Loans	Book Debts Receivables	89,430.47	1,66,687.65	No	-	-	3,20,228.01		5,76,346.13	-	89,430.47 ###	-	-	89,430.47	
Inventories		-	-	No	-	-	-		-	-	-	-	-	-	
Trade Receivables		-	-	No	-	-	2,051.05		2,051.05	-	-	-	-	-	
Cash and Cash Equivalents		-	-	No	-	-	34,379.20		34,379.20	-	-	-	-	-	
Bank Balances other than Cash and Cash Equivalents	Lien Marked FD	825.00	7,287.10	No	-	-	14,875.47		22,987.57	-	825.00	-	-	825.00	
Others	Land - Investment Property **	1.63	-	Yes	-	-	6,204.49		6,204.12	3.31 ***	-	-	-	3.31	
Total		90,257.10	1,73,974.74				3,98,357.09		6,62,588.93	3.31	90,255.47			90,258.78	
LIABILITIES															
Debt securities to which this certificate pertains	Secured Non-Convertible Debentures	74,566.37	-	No	-	-	-		74,566.37	-	-	-	-	-	
Other debt sharing pari-passu charge with above debt		-	-	No	-	-	-		-	-	-	-	-	-	
Other Debt		-	-	No	-	-	-		-	-	-	-	-	-	
Subordinated debt		-	-	No	-	-	-		-	-	-	-	-	-	
Borrowings		-	9,131.33	No	-	-	8,036.70		17,168.03	-	-	-	-	-	
Bank		-	1,26,478.27	No	-	-	-		1,26,478.27	-	-	-	-	-	
Debt Securities	Not to be filled	-	-	No	-	-	-		-	-	-	-	-	-	
Others ##		-	34,097.02	No	-	-	-		34,097.02	-	-	-	-	-	
Trade payables		-	-	No	-	-	1,338.38		1,338.38	-	-	-	-	-	
Lease Liabilities		-	-	No	-	-	2,748.39		2,748.39	-	-	-	-	-	
Provisions		-	-	No	-	-	1,161.94		1,161.94	-	-	-	-	-	
Others		-	-	No	-	-	4,270.53		4,270.53	-	-	-	-	-	
Total		74,566.37	1,69,706.63				17,555.94		2,61,828.94						
Cover on Book Value *															
Cover on Market Value															
		Exclusive Security Cover Ratio	1.21		Pari-Passu Security Cover Ratio										

* The Security Cover Ratio pertains only to listed secured debt. Disclosure in the statement is cumulative for all the listed secured debt of the Company.

** Of the listed secured debt of the Company, 5 listed secured debt share a pari-passu charge on Land - Investment Property.

*** The Market value of Rs. 3.31 lakhs to the immovable property is on the basis of certified valuation obtained from an independent valuer on June 30, 2022.

Represents carrying value as per books of account underlying the Financial Statements of the Company as at and for the period ended September 30, 2022.

Others include Securitisation borrowings as at September 30, 2022.

The Company carries the receivables at Amortised cost. Market value is not ascertained at every period end, and hence for the purpose of disclosure in this Statement, the carrying value of these receivables have been disclosed in Column L.

