

Independent Auditor’s Report on the Quarterly and Year to Date Audited Financial Results of the Company Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
Five-Star Business Finance Limited

Report on the audit of the Financial Results**Opinion**

We have audited the accompanying statement of quarterly and year to date financial results of Five-Star Business Finance Limited (the “Company”) for the quarter ended March 31, 2024 and for the year ended March 31, 2024 (“Statement”), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations”).

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive loss and other financial information of the Company for the quarter ended March 31, 2024 and for the year ended March 31, 2024.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended (“the Act”). Our responsibilities under those Standards are further described in the “Auditor’s Responsibilities for the Audit of the [Standalone] Financial Results” section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us [and other auditors in terms of their reports referred to in “Other Matter” paragraph below] is sufficient and appropriate to provide a basis for our opinion.

Management’s Responsibilities for the Financial Results

The Statement has been prepared on the basis of the annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive loss of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The Statement includes the results for the quarter ended March 31, 2024 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2024 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Bharath N S

Partner

Membership No.: 210934

UDIN: 24210934BKFUMH9068

Place: Chennai

Date: April 30, 2024



Statement of Audited financial results for the quarter and year ended 31 March 2024
 (All amounts are in Indian Rupees in lakhs, unless otherwise stated)

Particulars	Quarter ended March 31, 2024 (Refer Note 2)	Quarter ended December 31, 2023 Unaudited	Quarter ended March 31, 2023 (Refer Note 2)	Year ended March 31, 2024 Audited	Year ended March 31, 2023 Audited
Revenue from operations					
Interest income	59,924.35	54,951.23	42,345.12	2,11,658.46	1,49,878.37
Fee and commission income	841.71	394.73	877.21	2,191.84	1,375.89
Net gain on fair value changes	862.89	1,391.10	356.24	4,434.43	830.59
Total revenue from operations	61,628.95	56,737.06	43,578.57	2,18,284.73	1,52,084.85
Other income	285.09	265.29	350.06	1,225.35	807.90
Total Income	61,914.04	57,002.35	43,928.63	2,19,510.08	1,52,892.75
Expenses					
Finance costs	13,772.84	12,870.94	7,740.59	46,849.57	26,625.10
Impairment on financial instruments	1,941.72	1,018.21	738.74	5,536.42	2,014.70
Employee benefits expense	11,428.30	10,981.03	9,589.71	42,858.94	34,642.66
Depreciation and amortization expense	739.52	663.77	481.27	2,457.12	1,731.24
Other expenses	2,712.97	2,477.90	2,954.39	10,214.45	7,405.56
Total Expenses	30,595.35	28,011.85	21,504.70	1,07,916.50	72,419.26
Profit before tax	31,318.69	28,990.50	22,423.93	1,11,593.58	80,473.49
Tax expense					
Current tax	8,376.77	7,495.39	5,818.45	29,883.16	20,715.40
Deferred tax (net)	(664.19)	(180.60)	(282.87)	(1,881.21)	(591.52)
Total tax expenses	7,712.58	7,314.79	5,535.58	28,001.95	20,123.88
Profit for the period / year	23,606.11	21,675.71	16,888.35	83,591.63	60,349.61
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement gain / (loss) on defined benefit plan	(13.45)	(95.21)	(3.21)	(71.13)	(144.06)
Income tax relating to items that will not be reclassified to profit or loss	3.38	23.97	0.81	17.90	36.26
Net other comprehensive income / (deficit) not to be reclassified subsequently to profit or loss	(10.07)	(71.24)	(2.40)	(53.23)	(107.80)
Items that will be reclassified subsequently to profit or loss					
Net movement on effective portion of cash flow hedge	0.01	14.19	101.90	(165.20)	(151.28)
Income tax relating to items that will be reclassified to profit or loss	-	(3.57)	(25.65)	41.58	38.07
Net other comprehensive income / (deficit) to be reclassified subsequently to profit or loss	0.01	10.62	76.25	(123.62)	(113.21)
Other comprehensive income / (deficit) for the period / year, net of income tax	(10.06)	(60.62)	73.85	(176.85)	(221.01)
Total comprehensive income	23,596.05	21,615.09	16,962.20	83,414.78	60,128.60
Earnings per equity share					
a. Basic (in rupees)	8.07	7.42	5.79	28.64	20.71
b. Diluted (in rupees)	8.01	7.37	5.73	28.39	20.49
Face value per share	Not annualised 1.00	Not annualised 1.00	Not annualised 1.00	Annualised 1.00	Annualised 1.00

The accompanying notes are integral part of the financial results



Five-Star Business Finance Limited

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

CIN: L65991TN1984PLC010844

Statement of Audited assets and liabilities as at 31 March 2024

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

Particulars	As at March 31, 2024 Audited	As at March 31, 2023 Audited
ASSETS		
Financial assets		
Cash and cash equivalents	1,53,439.93	1,34,035.80
Bank balances other than cash and cash equivalents	13,727.54	24,050.41
Loans	9,68,507.25	6,82,219.59
Investments	10,768.73	14,461.42
Derivative Financial Instruments	434.46	346.09
Other financial assets	5,680.88	3,193.36
Total Financial Assets	11,52,558.79	8,58,306.67
Non-financial assets		
Current tax assets (net)	251.82	193.57
Deferred tax assets (net)	7,273.29	5,332.60
Investment property	3.56	3.56
Property, plant and equipment	2,053.86	1,543.01
Right of use asset	3,407.75	2,846.18
Other intangible assets	968.54	97.71
Other non-financial assets	2,360.31	1,959.49
Total Non-Financial Assets	16,319.13	11,976.12
Total assets	11,68,877.92	8,70,282.79
LIABILITIES AND EQUITY		
Financial liabilities		
Derivative Financial Instruments	60.87	-
Payables		
Trade payables		
total outstanding dues of micro and small enterprises	-	-
total outstanding dues of creditors other than micro and small enterprises	2,537.43	2,009.01
Debt securities	29,535.38	52,483.00
Borrowings (Other than debt securities)	6,02,049.13	3,72,244.91
Other financial liabilities	9,970.89	6,070.01
Total Financial liabilities	6,44,153.70	4,32,806.93
Non-financial liabilities		
Current tax liabilities (net)	1,748.86	539.85
Provisions	2,091.79	1,158.17
Other non-financial liabilities	1,268.10	1,824.37
Total Non-financial liabilities	5,108.75	3,522.39
Equity		
Equity share capital	2,924.49	2,913.66
Other equity	5,16,690.98	4,31,039.81
Total Equity	5,19,615.47	4,33,953.47
Total liabilities and equity	11,68,877.92	8,70,282.79
The accompanying notes are integral part of the financial results		



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Statement of cashflows for the year ended March 31, 2024

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cashflow from Operating Activities		
Profit Before Tax	1,11,593.58	80,473.49
Adjustments for:		
Interest income on loans	(2,06,861.17)	(1,46,303.00)
Interest income on deposit with banks/ others	(4,797.29)	(3,575.37)
Finance costs	46,849.57	26,625.10
Impairment on financial instruments	5,536.42	2,014.70
Depreciation and amortisation expense	2,457.12	1,731.24
Loss on sale/ retirement of property, plant and equipment (net)	2.15	2.83
Net gain on fair value changes on mutual fund investments	(4,434.43)	(830.59)
Gain recognised on derecognition of leases	(5.58)	(39.16)
Employee stock option expenses	1,554.33	2,764.19
Operating cash flow before working capital changes	(48,105.30)	(37,136.57)
Changes in working capital		
<i>Adjustment for (increase)/ decrease in operating assets</i>		
Loans	(2,85,617.12)	(1,77,196.71)
Other financial assets	(2,521.57)	(1,452.18)
Other non-financial assets	(856.18)	(656.69)
<i>Adjustment for increase/ (decrease) in operating liabilities</i>		
Trade payables	528.42	708.70
Provision	862.49	114.08
Other financial liabilities	3,287.00	1,150.45
Other non-financial liabilities	(556.27)	822.13
Net cash used in operations	(3,32,978.53)	(2,13,646.79)
Finance cost paid	(51,177.38)	(27,991.40)
Interest income received	2,00,654.21	1,49,506.49
Direct taxes paid (net)	(28,732.39)	(20,149.07)
Net cash used in operating activities (A)	(2,12,234.09)	(1,12,280.77)
Cashflow from investing activities		
Purchase of property plant and equipment	(2,239.11)	(1,213.40)
Proceeds from sale of property plant and equipment	7.65	1.78
Redemption of mutual funds (net)	4,434.43	830.59
Redemption of investments (net)	3,810.00	10,100.99
Interest income on deposit from banks/ others	4,770.21	3,314.01
Deposits placed with / (withdrawn from) banks (net)	10,232.64	3,144.40
Net cashflow from investing activities (B)	21,015.82	16,178.37
Cashflow from financing activities		
Proceeds from issue of equity shares	10.83	0.23
Proceeds from securities premium (net off utilisation)	682.06	25.35
Proceeds from borrowings during the year	3,92,911.82	3,10,356.20
Repayment of borrowings during the year	(1,81,920.11)	(1,40,781.36)
Payment towards leases (excluding interest)	(1,062.20)	(778.50)
Net cashflow from financing activities (C)	2,10,622.40	1,68,821.92
Net increase in cash and cash equivalents [A + B + C]	19,404.13	72,719.52
Cash and cash equivalents at the beginning of the year	1,34,035.80	61,316.28
Cash and cash equivalents at the end of the year	1,53,439.93	1,34,035.80



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Statement of cashflows for the year ended March 31, 2024

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

Notes:

1. Components of Cash and Cash Equivalents

	Particulars	As at 31 March 2024	As at 31 March 2023
Notes			
I Cash and cash equivalents			
Cash on hand		993.93	585.33
Balances with bank			
(i) In current accounts		15,158.76	13,875.11
(ii) In deposit accounts (original maturity less than 3 months)		1,37,287.24	1,19,575.36
		1,53,439.93	1,34,035.80



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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 audited financial results have been prepared in accordance with the Accounting Standards as prescribed 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 audited financial results for the quarter and year ended March 31, 2024 ("Audited Financial Results") have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their meetings held on April 29, 2024 and April 30, 2024 respectively.
- The figures of the quarter ended March 31, 2024 and March 31, 2023 are the balancing figures between audited figures in respect of the full financial year and the unaudited published year-to-date figures up to third quarter ended December 31, 2023 and December 31, 2022 respectively, which were subjected to limited review by the statutory auditors of the Company.
- During the year ended March 31, 2024, the company has introduced a new employee stock option scheme in the name of Five-Star Associate Stock Option Scheme, 2023 with quantum of 30,00,000 equity shares. The exercise price per option shall be latest available closing price on recognized stock exchange having the higher trading volume on the date immediately prior to the date of grant and included in the grant letter.
In the existing scheme (i.e Five-Star Associate Stock Option Scheme, 2015 and Five-Star Associate Stock Option Scheme, 2018), 10,83,100 options of Face Value of INR 1 (23,000 for the year ended March 31, 2023) were exercised by the employees and allotted during the year ended March 31, 2024. The total outstanding employee stock options as of March 31, 2024 is 29,93,230 (41,05,130 as at March 31, 2023).
- All debentures are secured by an exclusive first charge on book debts and certain debentures by 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 of March 31, 2024 is 1.11 times.
- Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2024 is attached as Annexure-I.
- 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.
- 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 and RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 for the half year ended March 31, 2024 (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	1,580.98	58.06	-	147.82	1,375.10
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	2,768.64	112.97	2.02	227.74	2,425.91
Total	4,349.62	171.03	2.02	375.56	3,801.01

*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. Above loans are secured wholly by mortgage of property.

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

For and on behalf of the Board of Directors

Place: Chennai
Date: April 30, 2024


Lakshmi Pathy Deenadayalan
Chairman and Managing Director
DIN: 01723269