



**Business Finance Limited**

Date: April 30, 2024

**BSE Limited**

Listing department,  
First floor, PJ Towers,  
Dalal Street, Fort Mumbai 400 001  
Scrip code: 543663

**Sub: Disclosure of Security Cover as per Regulation 54 of SEBI (LODR) Regulations, 2015**

Dear Sir/ Madam

Pursuant to Regulation 54 of SEBI (LODR) Regulations 2015, read with SEBI Circular No SEBI/HO/MIRSD/MIRSD\_CRADT/CIR/P/2022/67 dated May 19, 2022, the Company maintains sufficient Security cover as per the terms of the offer document/Information Memorandum and/ or Debenture Trust Deed sufficient to discharge the principal and the interest thereon at all times for the non-convertible debt securities issued and the disclosure on the security cover is made in the financial Results submitted for the quarter and financial year ended March 31, 2024, and the same is given below:

*"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."*

The Security cover certificate pursuant to the aforesaid SEBI circular is enclosed.

Kindly take the above on record.

**For Five-Star Business Finance Limited**

**Shalini Baskaran**  
Company Secretary & Compliance Officer

**Five-Star Business Finance Limited**

Registered Office : New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai - 600 010.  
Phone : 044 - 4610 6200, e-mail : [info@fivestargroup.in](mailto:info@fivestargroup.in), Website : [www.fivestargroup.in](http://www.fivestargroup.in)  
CIN : L65991TN1984PLC010844

**Independent Auditor’s Report on Security Cover, Compliance with all Covenants and book value of assets as at March 31, 2024 pursuant to Regulation 56(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and SEBI Circular dated May 19, 2022 for submission to Catalyst Trusteeship Limited (the ‘Debenture Trustee’)**

To  
The Board of Directors  
Five-Star Business Finance Limited  
New No. 27, Old No. 4,  
Taylor’s Road, Kilpauk,  
Chennai – 600 010.

1. This Report is issued in accordance with the terms of the service scope letter dated October 24, 2023 and master engagement agreement dated July 15, 2022, as amended with Five-Star Business Finance Limited (hereinafter the “Company”).
2. We S.R. Batliboi & Associates LLP, Chartered Accountants, are the Statutory Auditors of the Company and have been requested by the Company to examine the accompanying Statement showing ‘Security Cover as per the terms of Information Memorandum and Debenture Trust Deed, Compliance with Covenants and book value of assets’ for Secured listed non-convertible debt security as at March 31, 2023 (hereinafter the “Statement”) which has been prepared by the Company from the audited financial statements, underlying books of account and other relevant records and documents maintained by the Company as at and for the period ended March 31, 2024 pursuant to the requirements of the Regulation 56(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and SEBI Circular dated May 19, 2022 on Revised format of security cover certificate, monitoring and revision in timelines (hereinafter the “SEBI Regulations and SEBI Circular”), and has been initialed by us for identification purpose only.

This Report is required by the Company for the purpose of submission with Catalyst Trusteeship Limited (hereinafter the “Debenture Trustee”) of the Company to ensure compliance with the SEBI Regulations and SEBI Circular in respect of its secured listed non-convertible debt security (hereinafter referred to as Debentures”). The Company has issued information memorandums on various dates, in connection with the issue of such Debentures on a private placement basis (collectively referred to as “Information Memorandum”).

**Management’s Responsibility**

3. The preparation of the Statement is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Management of the Company is responsible for ensuring that the Company complies with all the relevant requirements of the SEBI Regulations and SEBI Circular including maintenance of hundred per cent security cover or higher security cover as per the terms of Information Memorandum and Debenture Trust Deed sufficient to discharge the principal amount and the interest thereon at all times for the non-convertible debt securities issued. The management is also responsible for providing all relevant information to the Debenture Trustee and for complying with all the covenants as prescribed in the Debenture Trust Deeds entered into between the Company and the Debenture Trustee (collectively referred to as Debenture Trust Deed”), in relation to the Debentures issued by the Company.



## **Auditor's Responsibility**

5. Pursuant to the requirements of the SEBI Regulations, it is our responsibility to provide a limited assurance and conclude as to whether the:
  - (a) Company has maintained hundred percent Security cover or higher Security cover as per the terms of the Information Memorandum and Debenture Trust deed; and
  - (b) Company is in compliance with all the covenants (including financial covenants) as mentioned in the Debenture Trust Deed as on March 31, 2024.
  - (c) Book values of assets as included in the Statement are in agreement with the books of account underlying the audited financial statements of the company as at March 31, 2024.
6. We have audited the financial statements of the Company for the year ended March 31, 2024 and issued an unmodified audit opinion vide our report dated April 30, 2024. Our audit of such financial statements was conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants in India ("ICAI"). Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. Further, we have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2024.
7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
9. Our scope of work did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial results of the Company taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial results, specified elements, accounts or items thereof, for the purpose of this report. Accordingly, we do not express such opinion.
10. A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 5 above. The procedures performed vary in nature and timing from, and are less extent than for, a reasonable assurance. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, our procedures included the following in relation to the Statement:
  - a) Obtained and read the Information Memorandum and Debenture Trust Deed issued by the Company and noted that the Company is required to maintain security cover
  - b) Traced and agreed the carrying value of Debentures outstanding as on March 31, 2024 to the audited financial statements of the Company and the underlying books of account maintained by the Company as on March 31, 2024.
  - c) Obtained and read the list of security cover in respect of Debentures outstanding as per the Statement. Traced the value of assets from the Statement to the audited financial statements of the Company as on March 31, 2024 or books of accounts and records of the Company underlying the audited financial statements as on March 31, 2024.
  - d) Obtained the list of security created in the register of charges maintained by the Company and 'Form No. CHG-1' and Form No. CHG-9, as applicable, filed with Ministry of Corporate Affairs ('MCA'). Traced the value of charge created against Assets to the Security Cover in the attached Statement.



- e) Obtained the list and value of assets placed under lien or encumbrance for the purpose of obtaining any other loan and determined that such assets are not included in the calculation of Security Cover in respect of Debentures.
- f) Examined and verified the arithmetical accuracy of the computation of Security Cover, disclosed in the accompanying Statement.
- g) Obtained the Security Cover as determined by the management and evaluated whether the listed entity is required to maintain hundred percent security cover or higher security cover required to be maintained as per Information Memorandum and Debenture Trust Deed.
- h) With respect to compliance with covenants (including financial, affirmative, reporting, information and negative covenants) included in the Statement, we have performed following procedures:
  - i. Obtained the various financial metrics forming part of the financial covenants mentioned in the Debenture Trust Deed as calculated by the management as at March 31, 2024 and compared the financial metrics with the audited financial statements to the extent directly traceable and to the financial information from the books of account underlying the audited financial statements.
  - ii. Performed necessary inquiries with the management regarding any instances of non-compliance with financial covenants or communications received from the Trustee indicating any breach of covenants during the half year ended March 31, 2024.
  - iii. Obtained the bank statements and traced on a sample basis, the date of repayment of principal and interest due during the period from October 31, 2023 to March 31, 2024
- i) With respect to covenants other than those mentioned in paragraph 10(h) above, the management has represented and confirmed that the Company has complied with all the other covenants including affirmative, information, negative and reporting covenants], as prescribed in the Debenture Trust Deed, as at March 31, 2024. We have not performed any independent procedures in this regard.
- j) Traced the book value of assets from the books of accounts of the company underlying the audited financial statements as at March 31, 2024.
- k) Performed necessary inquiries with the Management and obtained necessary representations.

## Conclusion

11. Based on the procedures performed by us, as referred to in paragraph 10 above and according to the information and explanations received and management representations obtained, nothing has come to our attention that causes us to believe that the:
- a) Company has not maintained hundred percent security cover or higher security cover as per the terms of the Information Memorandum and Debenture Trust deed; and
  - b) Company is not in compliance with all the covenants (including financial covenants) as mentioned in the Debenture Trust Deed as on March 31, 2024.
  - c) Book values of assets as included in the Statement are not in agreement with the books of account underlying the audited financial statements of the company as at March 31, 2024.



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

## **Restriction on Use**

12. The Report has been issued at the request of the Company, solely in connection with the purpose mentioned in paragraph 2 above and to be submitted with the accompanying Statement to the Debenture Trustee and is not to be used or referred to for any other person. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come. We have no responsibility to update this Report for events and circumstances occurring after the date of this report.

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

Chartered Accountants

**ICAI Firm Registration Number: 101049W/E300004**



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**per Bharath N S**

Partner

Membership Number: 210934



UDIN: 24210934BKFUMK5577

Place of Signature: Chennai

Date: April 30,2024

**Security cover as per the terms of Information Memorandum and Debenture Trust Deed, compliance with covenants and book value of assets for secured, listed non-convertible security as at March 31, 2024**

(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) <sup>†</sup>	Related to only those items covered by this certificate				
		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)	Total Value (=K+L+M+ N)	
		Book Value	Book Value	Yea/No	Book Value	Book Value					Relating to Column F			
<b>ASSETS</b>														
Property, Plant and Equipment		-	-	No	-	-	2,053.86	-	2,053.86	-	-	-	-	-
Capital Work-in- Progress		-	-	No	-	-	-	-	-	-	-	-	-	-
Right of Use Assets		-	-	No	-	-	3,407.75	-	3,407.75	-	-	-	-	-
Goodwill		-	-	No	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	No	-	-	968.54	-	968.54	-	-	-	-	-
Intangible Assets under Development		-	-	No	-	-	-	-	-	-	-	-	-	-
Investments		-	-	No	-	-	10,768.73	-	10,768.73	-	-	-	-	-
Loans	Book Debts Receivables (including inter corporate deposits)	32,854.36	6,31,573.89	No	-	-	3,04,079.00	-	9,68,507.25	-	32,854.36###	-	-	32,854.36
Inventories		-	-	No	-	-	-	-	-	-	-	-	-	-
Trade Receivables		-	-	No	-	-	-	-	-	-	-	-	-	-
Cash and Cash Equivalents		-	-	No	-	-	1,53,439.93	-	1,53,439.93	-	-	-	-	-
Bank Balances other than Cash and Cash Equivalents	Lien Marked FD	-	8,530.11	No	-	-	5,197.43	-	13,727.54	-	-	-	-	-
Others	Debt for which this certificate being issued: Land-Investment Property ** Other secured debts: Other financial assets	1.63	3,986.32	Yes	-	-	12,016.37	-	16,004.32	3.77***	-	-	-	3.77
<b>Total</b>		<b>32,855.99</b>	<b>6,44,090.32</b>				<b>4,91,931.61</b>		<b>11,68,877.92</b>	<b>3.77</b>	<b>32,854.36</b>			<b>32,858.13</b>
<b>LIABILITIES</b>														
Debt securities to which this certificate pertains	Secured Non-Convertible Debentures	29,535.38	-	No	-	-	0.00	-	29,535.38	-	-	-	-	-
Other debt sharing pari-passu charge with above debt		-	-	No	-	-	-	-	-	-	-	-	-	-
Other Debt		-	-	No	-	-	-	-	-	-	-	-	-	-
Subordinated debt		-	-	No	-	-	-	-	-	-	-	-	-	-
Borrowings		-	76,856.70	No	-	-	8,284.58	-	85,141.28	-	-	-	-	-
Bank		-	4,08,006.89	No	-	-	-	-	4,08,006.89	-	-	-	-	-
Debt Securities		-	-	No	-	-	-	-	-	-	-	-	-	-
Others ##		-	1,08,900.96	No	-	-	-	-	1,08,900.96	-	-	-	-	-
Trade payables		-	-	No	-	-	2,537.43	-	2,537.43	-	-	-	-	-
Lease Liabilities		-	-	No	-	-	3,599.93	-	3,599.93	-	-	-	-	-
Provisions		-	-	No	-	-	2,091.79	-	2,091.79	-	-	-	-	-
Others		-	-	No	-	-	9,448.79	-	9,448.79	-	-	-	-	-
<b>Total</b>		<b>29,535.38</b>	<b>5,93,764.55</b>				<b>25,962.52</b>		<b>6,49,262.45</b>					
<b>Cover on Book Value *</b>														
<b>Cover on Market Value</b>														
		<b>Exclusive Security Cover Ratio</b>	<b>1.11</b>				<b>Pari-Passu Security Cover Ratio</b>							

\* 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, 1 listed secured debt has a pari-passu charge on Land - Investment Property.  
 \*\*\* The Market value of Rs 3.77 lakhs to the immovable property is on the basis of certified valuation obtained from an independent valuer on March 31, 2024  
 # Represents carrying value as per books of account underlying the Financial Statements of the Company as at and for the period ended March 31, 2024.  
 ## Others include Securitisation borrowings as at March 31, 2024  
 ### 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.

for Five-Star Business Finance Limited

D Lakshmi pathy  
Chairman and Managing Director



Place: Chennai  
Date: April 30, 2024