



FIVE-STAR BUSINESS FINANCE LIMITED

New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai 600010

CIN: L65991TN1984PLC010844

Chennai, January 31, 2025: The Board of Directors of Five-Star Business Finance Limited, has declared its unaudited financial results for the quarter and nine months period ended December 31, 2024.

Results for the quarter ended December 31, 2024

Particulars	Q3FY25	Q3FY24	Y-o-Y	Q2FY25	Q-o-Q
AUM (Rs Cr)	11,178	8,931	25%	10,927	2%
Disbursements (Rs Cr)	941	1,209	-22%	1,251	-25%
Gross Stage 3 Assets	1.62%	1.40%	0.22%	1.47%	0.15%
Net Stage 3 Assets	0.81%	0.65%	0.16%	0.71%	0.10%
PAT (Rs Cr)	274	217	26%	268	2%
Net Interest Margin	16.56%	16.80%	-0.24%	16.93%	-0.37%
Return on Assets	8.10%	8.25%	-0.15%	8.36%	-0.26%
Return on Equity	18.49%	17.74%	0.75%	19.02%	-0.53%

Results for the nine-month period ended December 31, 2024

Particulars	YTD FY25	YTD FY24	Y-o-Y
AUM (Rs Cr)	11,178	8,931	25%
Disbursements (Rs Cr)	3,510	3,545	-1%
Gross Stage 3 Assets	1.62%	1.40%	0.22%
Net Stage 3 Assets	0.81%	0.65%	0.16%
PAT (Rs Cr)	793	600	32%
Net Interest Margin	16.73%	17.36%	-0.63%
Return on Assets	8.23%	8.36%	-0.13%
Return on Equity	18.81%	17.16%	1.65%

Commenting on the results, **Mr Lakshmipathy Deenadayalan, Chairman & Managing Director**, said,

Any Financial Institution needs to take care of 2 important functions – business and collections – to ensure that they deliver strong results across quarters. Five Star is fundamentally a collections first Company, which is also reflected in our result during the current quarter. The track record of the Company over the last many years clearly demonstrate that we will be able to maintain strong asset quality even in the most challenging times and this quarter is no different. We continue to maintain our philosophy of asset quality being the first focus followed by profitability and growth.

Needless to say, the last 2-3 quarters have been challenging for the entire financial services sector, especially for the small ticket lenders and more so from a collections perspective, given the overleverage and consequent stress build up. The last couple of quarters saw the unsecured lenders go through significant stress, which continues in Q3FY25 as well. Given a crisis of this magnitude, there will be some trickling effect on the other lenders as well, and there was a marginal impact that was witnessed by Five Star during this quarter.

However, I am happy to say that despite the marginal impact witnessed during the quarter, our asset quality and profitability continue to remain robust, when compared with many other players operating in this space. We have also grown a portfolio during the quarter, albeit at a slightly slower pace, with a view to be in line with our growth guidance.

During this quarter, we disbursed Rs 941 Crores of loans as against INR 1,251 Crores in Q2FY2025, with a clear view to bring down to our portfolio growth in line with our guidance. We added 69 branches during Q3FY2025 (a combination of fresh branches and branches that were split from the existing branches which have reached a certain size), leading to a branch network of 729 branches across 9 states and 1 union territory. We continue to invest in and maintain an appropriate infrastructure framework which will ensure that the Company has the right framework to manage risk in an appropriate manner.

On the collections front, we saw a good set of numbers for Q3, despite the headwinds mentioned above. Our unique customer collections came in at 96.7 %, which is a very marginal drop from the previous quarter, and we had a total collection efficiency of 98%. When viewed from a sectoral context, both are impressive numbers. Consequent to the slight drop in collections, there was also a marginal increase in gross NPA by 15 bps from 1.47% in Q2FY25 to 1.62%. We also saw a marginal inch-up in our 30+, which stood at 9.16% as of Q3FY25. We will continue our sharp focus on collections to ensure that the asset quality remains one of the best in the industry.

During the quarter, we received incremental debt sanctions of Rs 1,400 Cr, availing Rs 1,045 Cr. We continue to diversify our borrowing sources and towards this we obtained funding from HDFC Mutual Fund, HSBC Mutual Fund and SIDBI during this quarter. This has helped bring down our bank borrowing from 70% as of September '24 to 65% as of December'24. On a Y-o-Y basis, the proportion of our borrowing from banks has dropped from 84% in December'23 to 65% in December'24. Cost of funds on the book has almost remained flat at 9.63% for the quarter. In addition to unavailed sanctions of Rs 600 Cr, we have a robust liquidity on the balance sheet of Rs 2,145 Cr.

Key Highlights for Q3FY25:

Distribution:

1. The Company has increased its branch presence to 729 branches across 10 states / UT.
2. During the quarter, the company opened 69 new branches.
3. Disbursals – The Company disbursed an amount of Rs 941 Cr in Q3FY25 as against Rs 1,209 Cr in Q3FY24.

Assets under Management:

1. AUM as of December 31, 2024 ended at Rs 11,178 Cr, growth of 25% on y-o-y basis and 2% on q-o-q basis.

2. AUM is well distributed across 0.44 mn active loans

Collections & Asset Quality:

1. Collection efficiency for the quarter stood at 98%. Unique customer collection efficiency for the quarter stood at 96.7%.
2. 30+ DPD ended at 9.16% as of December 31, 2024.

Provisions:

1. ECL provision carried on books was 185 Cr (excluding ECL maintained on inter-corporate deposits), which translates to 1.66% of the overall AUM.
2. Stage 3 provision was at 91 Cr leading to a provision coverage ratio on stage 3 assets of 50.20%

Borrowings:

1. Total borrowings including debt securities are at Rs 7,362 Cr as on December'24.
2. The company continues to carry a liquidity of Rs 2,145 Cr as on December'24.
3. Cost of incremental debt during the quarter almost remained flat at 9.56% as against Q2FY2025.
4. Cost of funds on overall borrowing book for the quarter was at 9.63%.

Financial Performance for the quarter:

1. Total income of Rs. 731 Cr; y-o-y growth of 28%
2. PBT of Rs.365 Cr; y-o-y growth of 26%
3. PAT of Rs.274 Cr; y-o-y growth of 26%
4. ROA at 8.10%; q-o-q decrease of 26 bps and y-o-y decrease of 15 bps.
5. ROE at 18.49%; q-o-q decrease of 53 bps and y-o-y increase of 75 bps.

About Five-Star Business Finance Limited: (www.fivestargroup.in; BSE: 543663; NSE: FIVESTAR)

Five-Star Business Finance Limited is a Non-Banking Finance Company (NBFC-ND-SI) registered with Reserve Bank of India with a network of 729 branches catering to around 441,000 active live accounts in Tamil Nadu (including the Union Territory of Puducherry), Andhra Pradesh, Telangana, Karnataka, Madhya Pradesh, Maharashtra, Uttar Pradesh, Chhattisgarh and Rajasthan. The Company primarily offers small loans for business purposes, asset creation and other economic purposes to small business customers and self-employed individuals after due underwriting of their cashflows and backed by the collateral of their house property.

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