

**Independent Auditor’s Report on the Quarterly and Year to Date Audited Financial Results of the Company Pursuant to the Regulation 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, 2022 and for the year ended March 31, 2022 (“Statement”), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 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 income and other financial information of the Company for the quarter ended March 31, 2022 and for the year ended March 31, 2022.

**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 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 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 income 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 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 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.

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

Chartered Accountants

- 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 Matters**

The figures for the quarter ended March 31, 2021, as reported in these financial results have been approved by the Company's Board of Directors, but have not been subjected to an audit.

The comparative financial information of the Company for the year ended March 31, 2021, included in these financial results, were audited by the predecessor auditor who expressed an unmodified opinion on those financial information on May 28, 2021.

The Statement includes the results for the quarter ended March 31, 2022 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2022 and the published unaudited year-to-date figures up to December 31, 2021, which were subjected to a limited review by the predecessor auditor, 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: 22210934AHWNWQ2288

Place : Chennai

Date : April 27, 2022

Statement of audited financial results for the quarter ended and year ended 31 March 2022  
 (All amounts are in lakhs, unless otherwise stated)

Particulars	Quarter ended 31 March 2022	Quarter ended 31 December 2021	Quarter ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021
	(Audited Refer Note 2)	(Unaudited)	(Unaudited Refer Note 2)	Audited	Audited
<b>Revenue from operations</b>					
Interest income	31,369.60	30,370.30	26,065.00	1,20,376.55	1,01,487.58
Fee income	1,029.90	799.14	1,022.90	2,939.60	2,167.61
Net gain on fair value changes	217.12	551.02	640.37	2,090.21	1,319.03
<b>Total revenue from operations</b>	<b>32,616.62</b>	<b>31,720.46</b>	<b>27,728.27</b>	<b>1,25,406.36</b>	<b>1,04,974.22</b>
Other income	102.00	53.96	91.17	210.56	151.25
<b>Total Income</b>	<b>32,718.62</b>	<b>31,774.42</b>	<b>27,819.44</b>	<b>1,25,616.92</b>	<b>1,05,125.47</b>
<b>Expenses</b>					
Finance costs	6,305.62	7,234.77	8,168.16	30,060.00	32,785.95
Impairment on financial instruments	829.27	1,529.14	1,661.54	4,551.81	3,517.57
Employee benefits expenses	6,753.33	5,841.13	4,839.93	23,611.52	16,371.78
Depreciation and amortization	381.16	306.70	302.38	1,224.47	1,138.39
Other expenses	2,549.24	1,182.56	1,195.13	5,748.21	3,667.70
<b>Total Expenses</b>	<b>16,818.62</b>	<b>16,094.30</b>	<b>16,167.14</b>	<b>65,196.01</b>	<b>57,481.39</b>
<b>Profit before tax</b>	<b>15,900.00</b>	<b>15,680.12</b>	<b>11,652.30</b>	<b>60,420.91</b>	<b>47,644.08</b>
<b>Tax expenses</b>					
Current tax	4,278.19	4,093.44	3,244.62	15,959.12	12,594.12
Deferred tax (net)	(166.27)	(224.98)	(436.31)	(892.66)	(849.48)
<b>Total tax expenses</b>	<b>4,111.92</b>	<b>3,868.46</b>	<b>2,808.31</b>	<b>15,066.46</b>	<b>11,744.64</b>
<b>Profit after tax for the period / year</b>	<b>11,788.08</b>	<b>11,811.66</b>	<b>8,843.99</b>	<b>45,354.45</b>	<b>35,899.44</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	0.88	23.69	(4.14)	(171.63)	(105.27)
Income Tax impact	(0.22)	(5.96)	1.04	43.20	26.49
<b>Other comprehensive income / (deficit) for the period / year, net of income tax</b>	<b>0.66</b>	<b>17.73</b>	<b>(3.10)</b>	<b>(128.43)</b>	<b>(78.78)</b>
<b>Items that will be reclassified subsequently to profit or loss</b>					
Cash flow hedge reserve	(126.92)	-	-	(126.92)	-
Income Tax impact	31.94	-	-	31.94	-
<b>Other comprehensive income, net of income tax</b>	<b>(94.98)</b>	<b>-</b>	<b>-</b>	<b>(94.98)</b>	<b>-</b>
<b>Total comprehensive income for the period / year, net of income tax</b>	<b>11,693.76</b>	<b>11,829.39</b>	<b>8,840.89</b>	<b>45,131.04</b>	<b>35,820.66</b>
<b>Earnings per equity share</b>					
a. Basic (in rupees)	4.18	4.07	3.45	16.09	14.01
b. Diluted (in rupees)	4.14	4.02	3.35	15.92	13.61
Face value per share (Refer note 5)	Not annualised 1.00	Not annualised 1.00	Not annualised 1.00	Annualised 1.00	Annualised 1.00

See accompanying notes to the audited financial results



**Five-Star Business Finance Limited**

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

CIN: U65991TN1984PLC010844

**Statement of audited assets and liabilities as at 31 March 2022**

(All amounts are in lakhs, unless otherwise stated)

Particulars	As at	As at
	31 March 2022	31 March 2021
	Audited	Audited
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and cash equivalents	61,316.28	1,26,718.28
Bank balances other than cash and cash equivalents	26,677.50	8,853.99
Loans	5,10,241.07	4,35,874.94
Investments	24,818.38	-
Other financial assets	1,797.93	474.34
	<b>6,24,851.16</b>	<b>5,71,921.55</b>
<b>Non - financial assets</b>		
Current tax assets (net)	220.07	795.79
Deferred tax assets (net)	4,666.74	3,698.94
Investment property	3.56	3.56
Property, plant and equipment	1,214.45	845.60
Right of use asset	1,978.10	1,452.63
Other intangible assets	88.74	190.30
Other non-financial assets	1,283.74	452.77
	<b>9,455.40</b>	<b>7,439.59</b>
<b>Total assets</b>	<b>6,34,306.56</b>	<b>5,79,361.14</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Financial liabilities</b>		
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	1,300.31	867.17
Debt securities	1,00,853.38	1,30,378.55
Borrowings (Other than debt securities)	1,55,029.75	2,12,141.12
Other financial liabilities	4,146.84	2,949.89
	<b>2,61,469.20</b>	<b>3,46,336.73</b>
<b>Non-financial liabilities</b>		
Current tax liabilities (net)	-	-
Provisions	900.03	719.80
Other non-financial liabilities	902.23	487.39
	<b>1,802.26</b>	<b>1,207.19</b>
<b>Equity</b>		
Equity share capital	2,913.43	2,564.49
Other equity	3,68,121.67	2,29,252.73
	<b>3,71,035.10</b>	<b>2,31,817.22</b>
<b>Total equity and liabilities</b>	<b>6,34,306.56</b>	<b>5,79,361.14</b>
See accompanying notes to the audited financial results		



Statement of Audited Cashflows for the year ended 31st March 2022  
 (All amounts are in lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>A. Cash Flow from Operating Activities</b>		
Net profit before tax	60,420.91	47,644.08
Adjustments for:		
Depreciation and amortization	1,224.47	1,138.39
Provision for impairment on financial instruments and write-offs	4,551.80	3,517.57
Loss on sale/retirement of property, plant and equipment (net)	1.32	2.32
Profit on sale of current investments (net)	(2,090.21)	(1,319.03)
Interest income on deposits with banks / others	(3,025.21)	(1,937.47)
Interest on loans	(1,17,351.34)	(99,550.11)
Finance costs	30,060.00	32,785.95
Gain recognised on derecognition of leases	(21.73)	(42.32)
Employee stock option expenses	3,544.18	1,509.39
<b>Operating cash flow before working capital changes</b>	<b>(22,685.81)</b>	<b>(16,251.23)</b>
<b>Changes in Working Capital:</b>		
<i>Adjustments for (Increase) / Decrease in Operating Assets:</i>		
Loans	(77,227.15)	(55,972.13)
Other non- financial assets	(830.97)	95.85
Other financial assets	(1,323.59)	50.22
<i>Adjustments for Increase / (Decrease) in Operating Liabilities:</i>		
Trade payables	433.14	204.76
Long term liabilities		
Provisions	8.60	36.92
Other financial liabilities	612.98	333.18
Other non financial liabilities	414.83	(43.16)
<b>Net cash (used in) operations</b>	<b>(1,00,597.97)</b>	<b>(71,545.59)</b>
Finance cost paid	(27,395.14)	(30,362.09)
Interest income received	1,15,660.55	99,210.18
Direct taxes paid (net)	(15,383.41)	(13,029.26)
<b>Net Cash Used in Operating Activities (A)</b>	<b>(27,715.97)</b>	<b>(15,726.76)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of fixed assets	(862.85)	(324.36)
Proceeds from sale of fixed assets	0.90	0.98
Profit on sale of current investments	2,090.21	1,319.03
(Purchase)/sale of current investments (Net)	(24,818.38)	-
Interest income on deposits with banks / others	2,155.27	1,778.77
Movement in bank balances other than cash and cash equivalents	(16,953.57)	7,439.65
<b>Net Cash from / (used in) Investing Activities (B)</b>	<b>(38,388.42)</b>	<b>10,214.07</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of equity shares	348.94	6.28
Proceeds from securities premium	90,363.87	22.83
Share Issue Expenses	(170.10)	
Proceeds from Debt Securities	-	72,000.00
Proceeds from Borrowings(Other than Debt Securities)	28,541.00	1,06,166.33
Repayment of Debt Securities	(31,097.31)	(52,733.88)
Repayment of Borrowings(Other than Debt Securities)	(86,733.09)	(21,705.95)
Payment towards leases (excluding interest)	(550.92)	(502.59)
<b>Net Cash from Financing Activities (C)</b>	<b>702.39</b>	<b>1,03,253.02</b>
<b>Net Increase in Cash and Cash Equivalents [ (A) + (B) + (C) ]</b>	<b>(65,402.00)</b>	<b>97,740.33</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>1,26,718.28</b>	<b>28,977.95</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>61,316.28</b>	<b>1,26,718.28</b>

Components of cash and cash equivalents	As at March 31, 2022	As at March 31, 2021
<b>Notes</b>		
I Cash and cash equivalents		
Cash on hand	504.00	425.85
Balances with banks		
(i) In current accounts	4,741.93	31,454.90
(ii) In other deposit accounts (original maturity less than 3 months)	56,070.35	94,837.53
	<b>61,316.28</b>	<b>1,26,718.28</b>



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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 Indian Accounting Standards as prescribed under section 133 of the Companies Act 2013 ("the Act"). In terms of Regulation 52 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations 2015, this statement of audited financial results for the quarter and year ended March 31, 2022 ("Audited Financial Results") have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on April 26, 2022 and April 27, 2022.
- The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year up to March 31, 2022 and the unaudited published year-to-date figures up to December 31, 2021, being the date of the end of the third quarter of the financial year which were subjected to limited review by the predecessor auditor of the Company. The figures for the quarter ended March 31, 2021 are a balancing figure of audited figures for the year ended March 31, 2021 and the unaudited management financial information for the nine month period ended December 31, 2020. The management has taken necessary care and diligence to ensure that the financial results are fairly stated.
- The board of directors of the Company and its shareholders have approved a resolution towards listing of equity shares through an Initial Public Offer ("IPO") and accordingly have initiated the IPO process and have filed the Draft Red Herring Prospectus with the Securities and Exchange Board of India ("SEBI") on 9th November
- During the year ended March 31, 2022, 17,18,000 share options of face value INR 1 (11,72,000 for the three months ended March 31, 2022) were exercised by the employees and allotted. The total outstanding employee stock options as on March 31, 2022 is 39,08,000.
- 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.
- 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 book 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 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 RBU2020-21/16 DOR No BP BC/3/21.04 048/2020-21 dated 6 August 2020 for the period ended 31 March 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	2,853.97	4.52	143.19	144.96	2,561.30
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	5,528.97	12.98	412.14	303.23	4,800.62
<b>Total</b>	<b>8,382.94</b>	<b>17.50</b>	<b>555.33</b>	<b>448.19</b>	<b>7,361.92</b>

\*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.



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Notes (continued):

**8 Analytical ratios / disclosures required under Regulation 52 / 54 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Particulars	As at	As at
	31 March 2022	31 March 2021
Debt-equity ratio*	0.69	1.48
Total debts to total assets**	0.40	0.59
Net worth***	3,71,035.10	2,31,817.22
Gross Stage 3 Assets Ratio^	1.05%	1.02%
Net Stage 3 Assets Ratio ^^	0.68%	0.85%
Liquidity coverage ratio (LCR)^^^	302%	162%
Security cover over listed non-convertible debentures##	1.17	1.16
Outstanding Redeemable Preference shares	Nil	Nil

  

Particulars	Year Ended	Year Ended
	31 March 2022	31 March 2021
Net profit margin (%)^^^^	35.93%	34.07%
Net profit after tax	45,354.45	35,899.44
Earnings per equity share		
a. Basic (in rupees)	16.09	14.01
b. Diluted (in rupees)	15.92	13.61

\*Debt-equity ratio is (Debt Securities+Borrowings (Other than debt securities)) / net worth i.e. Equity share capital + Other equity

\*\*Total debts to total assets is Debt Securities and Borrowings (other than debt securities) / Total Assets

\*\*\*Net Worth is equal to Equity share capital + Other equity

^Gross Stage 3 Assets Ratio is Gross Stage 3 term loans / Gross term loans. Gross Stage 3 term loans are loans that are credit impaired as per Ind-AS-109

^^Net Stage 3 Assets Ratio is (Gross Stage 3 term loans - Impairment Loss allowance for Stage 3 term loans) / (Gross term loans - Impairment allowance for Stage 3 term loan

^^^ LCR = Stock of High-Quality Liquid Assets (HQLAs)/Total Net Cash Outflows over the next 30 calendar days

## Security cover over listed non-convertible debentures represents the number of times the listed non-convertible debentures are covered through the term loans provided

^^^ Net profit margin is Total comprehensive income for the period, net of income tax / Total Income

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.

- 9 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.
- 10 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.
- 11 Previous period's figures have been regrouped / reclassified wherever necessary, to conform with current period presentation. (also refer note 2 above).

For and on behalf of the Board of Directors

Place: Chennai  
Date: 27 April 2022



*Lakshminath Deenadayalan*  
Chairman and Managing Director