FIVE STAR
Business Finance Limited

August 18, 2025

The National Stock Exchange of India Limited,
Exchange Plaza, Bandra-Kurla Complex,
Bandra (E), Mumbai – 400051
Symbol: FIVESTAR

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

Dear Sir/ Madam,

Sub: Intimation under Regulation 34 (1) of SEBI (LODR) 2015 - Annual Report for the financial year 2024-25 and Notice of the 41st Annual General Meeting (AGM) of Five-Star Business Finance Limited (Company)

This is in continuation of our letter dated July 28, 2025 with regard to the intimation of 41st Annual General Meeting (AGM), which is scheduled to be held on Tuesday, September 09, 2025, at 10.00 AM (IST) through Video conferencing (VC)/ Other Audio Visual Means ('OAVM') in accordance with the circulars and notifications issued by the Ministry of Corporate Affairs ("MCA") and the Securities and Exchange Board of India ("SEBI") to transact the businesses, as set forth in the Notice of the AGM.

Pursuant to Regulation 34(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (SEBI LODR Regulations), we are enclosing herewith the Annual Report of the Company for the financial year 2024-25 along with the Notice convening the 41st Annual General Meeting of the Company, which is being sent today through electronic mode to the all the shareholders whose email IDs have been registered with the Company / Depository Participant/s (DPs) for communication purposes.

Pursuant to Regulation 36(1)(b) of SEBI LODR Regulations, a letter providing web-link for accessing the Annual report FY 2024-25 and Notice of AGM, is being sent to those shareholders whose email addresses are not registered with the Company/ DP.

The Annual report along with Notice of the AGM is also available on the website of the Company www.fivestargroup.in.

The Company has engaged National Securities Depository Limited (NSDL) for providing E-voting services and VC facility for this AGM. Details of e-voting are as follows:

Cut-off date for determining eligibility for the remote e-voting & e-voting at the AGM	Tuesday, September 2, 2025
E-Voting start date and time	Saturday, September 6, 2025 (9:00 AM IST)
E-Voting end date and time	Monday, September 8, 2025 (5:00 PM IST).

Detailed instruction for e-voting (remote e-voting and e-voting at the AGM) and participation in the AGM through VC have been provided in the notice of the AGM.

We request you to kindly take the above information on record.

Thanking you,

Yours faithfully,
For Five-Star Business Finance Limited

Vigneshkumar S M
Digitally signed by Vigneshkumar S M
Date: 2025.08.18 10:54:49 +05'30'

Vigneshkumar SM
Company Secretary & Compliance Officer

FIVE-STAR BUSINESS FINANCE LIMITED
Regd. Office: New No.27, Old No.4, Taylor's Road, Kilpauk,
Chennai – 600010; **Phone:** 044 4610 6200
CIN: L65991TN1984PLC010844
Website: www.fivestargroup.in **Email ID:** secretary@fivestargroup.in

NOTICE TO MEMBERS -ANNUAL GENERAL MEETING

NOTICE is hereby given that the 41st Annual General Meeting ("AGM") of the Members of Five-Star Business Finance Limited (the "Company") will be held on Tuesday, September 9, 2025, at 10.00 AM (IST) through Video Conferencing (VC)/Other Audio-Visual Means (OAVM), to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2025, together with the reports of the Directors' and Auditor's thereon.

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   *"**RESOLVED THAT** the audited financial statements of the Company for the financial year ended March 31, 2025, together with the reports of the Directors and the Auditors thereon as circulated, be and are hereby received, considered and adopted."*

2. To declare a final dividend for the Financial Year ended March 31, 2025.

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   *"**RESOLVED THAT** a final dividend of ₹ 2/- per equity share (i.e., 200% of the face value), as recommended by the Board of Directors, be and is hereby declared on the fully paid-up equity shares of ₹ 1/- each of the Company for the financial year ended March 31, 2025, and be paid to the members whose names appear in the Register of Members of the Company as on Thursday, August 14, 2025, being the record date fixed for this purpose."*

3. To appoint a director in place of Mr Thirulokchand Vasan (holding DIN: 07679930) who retires by rotation and being eligible, has offered himself for re-appointment.

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   *"**RESOLVED THAT** Mr Thirulokchand Vasan (holding DIN: 07679930), who retires by rotation and being eligible for re-appointment, be re-appointed as a Director of the Company liable to retire by rotation."*

SPECIAL BUSINESS

4. **Appointment of Secretarial Auditors**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

*"**RESOLVED THAT** pursuant to the provisions of Section 204 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with Rule 9 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and based on the recommendation of the Audit Committee and the Board of Directors of the Company, M/s. S. Sandeep & Associates, Practising Company Secretaries, Chennai, (Firm Registration No: P2025TN103600) (PR No: 6526/2025), be and is hereby appointed as Secretarial Auditors of the Company for a term of 5 (Five) consecutive years from FY 2025-26 to FY 2029-30, at a remuneration of ₹ 2,20,000 (Indian Rupees Two Lakh twenty Thousand only) (excluding out of pocket expenses incurred by them in connection with the Audit and applicable taxes) for FY 2025-26.*

***RESOLVED FURTHER THAT** the Board of Directors of the Company, based on the recommendation of the Audit Committee, be and are hereby authorized to fix the remuneration payable to the Secretarial Auditors for the subsequent years and do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.*

***RESOLVED FURTHER THAT** Chairman and Managing Director, Joint Managing Director & CFO and the Company Secretary & Compliance Officer be and are hereby severally authorised to take such steps as may be necessary to give effect to the resolution."*

5. **Fixing of borrowing limits for the Company**

To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

*"**RESOLVED THAT** pursuant to the provisions of section 180(1)(c) of the Companies Act, 2013 and other applicable provisions if any, or any other law for the time being in force (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and in terms of Articles of Association of the Company, the Company hereby accords its consent to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Business & Resource Committee or any such committee which the Board may constitute / authorize for this purpose) of the Company to borrow such sum or sums of moneys and for availing all kinds and types of loans, advances and credit / financing / debt facilities including issuance of all kinds of debentures / bonds and other debt instruments (apart from temporary loans from the Company's Bankers), from time to time, including the sums already borrowed by the Company, up to a sum of ₹ 12,000 Crores (Indian Rupees Twelve Thousand Crores only) outstanding at any point of time on account of principal, for and on behalf of the Company or the aggregate of the paid up capital and, free reserves of the Company and securities premium, whichever is higher at any time, from its bankers, other banks, non-banking financial companies (NBFCs), financial institutions, companies, firms, bodies corporate, cooperative banks, investment institutions and their subsidiaries, mutual funds, trusts, or from any other person as may be permitted under applicable laws, whether unsecured or secured.*

***RESOLVED FURTHER THAT** the Board of Directors of the Company (which term shall be deemed to include the Business & Resource Committee and any such Committee which the Board may constitute/authorize for this purpose) be and is hereby authorized and empowered to arrange, negotiate or settle the terms and conditions on which all such loans, advances, financing and credit facilities including debentures and other debt instruments are to be borrowed / availed / issued from time to time, as to interest, repayment, security or otherwise howsoever as it may think fit and to take all such steps as may be necessary to give effect to this resolution."*

6. **Creation of Charges on the assets of the Company**

To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

*"**RESOLVED THAT** pursuant to the provisions of section 180(1)(a) of the Companies Act, 2013 and all other applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and in terms of Articles of Association of the Company, consent be and is hereby accorded to the Board of Directors of the Company (which term shall be deemed to include the Business & Resource Committee and any such Committee which the Board may constitute / authorize for this purpose) for creation of charge, mortgage, hypothecation over all or any of the properties and assets of the Company both present and future and the whole or substantially the whole of the undertaking or the undertakings of the Company on such terms and conditions, as may be agreed to between the Board and Lender(s), debenture holders and providers of credit and debt facilities, to secure the loans / borrowings / credit / financing / debt facilities obtained or as may be obtained by the Company or any other person, or debentures/bonds and other debt instruments issued or to be issued by the Company or any other person to or in favour of the financial institutions, NBFCs, co-operative banks, investment institutions and their subsidiaries, its bankers and other banks, mutual funds, trusts and bodies corporate or trustees for the holders of debentures/bonds and/or other instruments, or any other person and all interests thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the company to the trustees under the trust deed and to the lending agencies under their respective agreements/loan agreements/debenture trust deeds entered/to be entered into by the Company or any other person in respect of the said borrowing of the Company or any other person, as the case may be and provided that the amount of said borrowing of the Company or any other person, as the case may be shall not at any point in time exceed a sum of ₹ 12,000 Crores (Indian Rupees Twelve Thousand Crores only).*

***RESOLVED FURTHER THAT** the Board of Directors of the Company (which term shall be deemed to include the Business & Resource Committee and any such Committee which the Board may constitute/authorize for this purpose) be and is hereby authorized and empowered to arrange, negotiate or settle the terms and conditions on which all such mortgaging / charging / hypothecating / assigning all or any of the immovable and movable properties and assets of the Company, both present and future, and the whole or substantially the whole of the undertaking or the undertakings of the Company, from time to time, howsoever as it may think fit and to take all such steps as may be necessary to give effect to this resolution."*

7. **Offer / invitation to subscribe to Non-Convertible Debentures (NCDs) on private placement basis**

To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

*"**RESOLVED THAT** pursuant to the provisions of sections 42 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, Companies (Share Capital and Debentures) Rules, 2014 and other applicable rules under the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the provisions of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and Deposit taking Company (Reserve Bank) Directions, 2016 (as amended from time to time), the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (as amended from time to time), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended from time to time), and in accordance with the memorandum of association and articles of association of the Company, and listing agreements to be entered into with BSE Limited and / or National Stock Exchange of India Limited ("Stock Exchanges"), where the non-convertible debentures of the Company are proposed to be issued and listed, and subject to approvals, consents, sanctions, permissions as may be necessary from the Securities and Exchange Board of India (SEBI), Stock Exchanges, all other appropriate statutory and regulatory authorities, approval of the members be and is hereby accorded to authorize the Board of Directors of the Company (which term shall be deemed to include the Business & Resource Committee or any such Committee which the Board may constitute/authorize for this purpose) to issue, offer or invite subscriptions for all kinds and types of Non-Convertible Debentures (NCDs), in one or*

more series / tranches, aggregating up to ₹ 4,000 Crores (Indian Rupees Four Thousand Crores only), on private placement basis, on such terms and conditions as the Board of Directors of the Company may, from time to time, determine and consider proper and most beneficial to the Company including as to when the said NCDs are to be issued, the consideration for the issue, utilization of the issue proceeds and all matters connected therewith or incidental thereto.

RESOLVED FURTHER THAT *for the purpose of giving effect to any offer, issuance, or allotment of NCDs, the Board (which term shall be deemed to include the Business & Resource Committee or any such Committee which the Board may constitute/authorize for this purpose) be and is hereby authorized on behalf of the Company to take all such actions and do all such deeds, matters, and things as it may, in its absolute discretion, deem necessary, desirable or expedient and to settle any question, difficulties or doubts that may arise in this regard including but not limited to the offering and allotment of NCDs as it may in its absolute discretion deem fit and proper.*

RESOLVED FURTHER THAT *the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to the Business & Resource Committee or any Committee of Directors or any Director or Directors or to any officer or officers of the Company to give effect to this resolution.*

RESOLVED FURTHER THAT *any of the Directors and/or the Company Secretary of the Company are authorised to certify the true copy of the aforesaid resolutions and the same may be forwarded to any concerned authorities for necessary action."*

By Order of the Board of Directors

Place: Chennai **Vigneshkumar SM**
Date: July 28, 2025 **Company Secretary**

Notes:

1. Pursuant to the General Circular No. 09/2024 dated September 19, 2024 issued by the Ministry of Corporate Affairs (**MCA**) and Circular No. SEBI/HO/CFD/CFD-POD-2/P/CIR/2024/133 dated: October 3, 2024 issued by the Securities and Exchange Board of India (**SEBI**) (“**the Circulars”)** and all other relevant circulars issued from time to time, companies are permitted to hold Annual General Meeting (**AGM**) through video conference (VC) or other audio visual means (OAVM) and physical attendance of the Members to the AGM venue is not required. In compliance with the circulars, the 41st AGM of the Company is being held through VC/OAVM. Hence, the members are requested to attend and participate in the ensuing AGM through VC/OAVM facility being provided by the Company through National Securities Depository Limited (“**NSDL**”).

2. Quorum of the AGM shall be in accordance with Section 103 of the Companies Act, 2013.

3. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the Company. Since the AGM is being held through VC, the facility to appoint proxy to attend and cast vote for the members will not be available for this AGM. Hence, proxy form and attendance slip are not attached to this notice.

4. Corporate / institutional shareholders who are intending to authorise their representatives to attend the AGM are requested to upload in the e-voting portal, a certified copy of the Board Resolution with attested specimen signature of the duly authorized signatory(ies) authorizing their representative to attend the AGM or alternatively e-mail the same to the scrutinizer at sandeep@sandeep-cs.in with a copy marked to secretary@fivestargroup.in and evoting@nsdl.co.in.

5. The Notice is being sent to all the Members/ Beneficiaries electronically, whose names appear on the Register of Members/Record of Depositories as on Friday, August 8, 2025, in accordance with the provisions of the Companies Act, 2013, read with Rules made thereunder and MCA and SEBI Circulars. All correspondence relating to change of address, e-mail ID, transfer / transmission of shares, issue of duplicate share certificates, bank mandates and all other matters relating to the shareholding in the company may be made to KFin Technologies Limited (KFin), the Registrar and Share Transfer Agent (RTA). The members holding shares in dematerialized form may send such communication to their respective depository participant/s (DPs).

6. In compliance with Regulation 36(1)(b) of the Listing Regulations, a letter is being sent to the shareholders whose email addresses are not registered with the Company/DP, providing a web-link for accessing the Annual Report 2024-25. The Notice convening the AGM has been uploaded on the website of the Company at www.fivestargroup.in. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

7. The place of the AGM for statutory purposes shall be the registered office of the Company. The AGM is being held in VC/OAVM; accordingly, the route map of the venue of the meeting is not annexed hereto.

8. A statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Businesses to be transacted at the AGM is annexed hereto.

9. In terms of the Secretarial Standards 2 on “General Meetings” issued by the Institute of the Company Secretaries of India and approved and notified by the Central Government and statement as required by paragraph no. 1.2.5 of SS2 – Secretarial Standards on General Meetings, the necessary disclosures are furnished and forms part of the notice as **Annexure A**.

10. Information as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) in respect of re-appointment of director is furnished and forms part of the notice as **Annexure A.**

11. Since shares of the Company are traded on the stock exchanges compulsorily in demat mode, members holding shares in physical mode are advised to get their shares dematerialized. Effective April 01, 2019, SEBI has disallowed listed companies from accepting requests for transfer of securities which are held in physical form. The shareholders who continue to hold shares in physical form after this date will not be able to lodge the shares with the Company / its RTA for further transfer. Shareholders shall mandatorily convert them to demat form if they wish to effect any transfer.

12. Members may please note that SEBI vide its circular dated January 25, 2022 had mandated listed companies to issue securities in demat mode only while processing service requests viz., transmissions, issue of duplicate securities, claim from unclaimed suspense account, renewal/exchange of securities certificate, endorsement, sub-division/ splitting of securities certificate, consolidation of securities certificates/ folios and transposition. Further, SEBI vide its circular dated May 18, 2022 had simplified the procedure and standardised the format of documents for transmission of securities. Accordingly, members are requested to make service requests by submitting a duly filled and signed Form ISR-4 & ISR-5, as the case may be, to the RTA, KFin Technologies Limited. The said form can be downloaded from the website of the Company and RTA.

13. Nomination facility is available to individuals holding shares in the Company. Members can nominate a person in respect of shares held by him/her singly or jointly. Members holding shares in physical form and who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/ she may submit the same in Form ISR-3 or SH-14 as the case maybe. The said forms can be downloaded from the website of the Company and RTA. Members holding shares in electronic form may approach their respective DPs to complete the nomination formalities.

14. Members are requested to send all correspondence, including dividend-related matters, to KFin Technologies Limited (KFin), the Registrar and Share Transfer Agent (RTA). The members holding shares in dematerialised form may send such communication to their respective depository participant/s (DPs).

15. SEBI vide Circular Nos. SEBI/HO/OIAE/OIAE_IAD1/P/CIR/2023/131 dated July 31, 2023, and SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 4, 2023, read with Master Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/195 dated July 31, 2023 (updated as on December 28, 2023), has established a common Securities Market Approach for Resolution through Online Dispute Resolution Portal ("Smart ODR Portal") for resolution of disputes arising in the Indian Securities Market. Pursuant to above-mentioned circulars, post exhausting the option to resolve their grievances with the RTA/Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal (https://smartodr.in/login) and the same can also be accessed through the Company's website

16. The Board of Directors at their meeting held on April 29, 2025, has recommended a final dividend of ₹ 2/- per equity shares (i.e., 200% of the face value) on the fully paid-up equity shares of ₹ 1/- each of the Company for the financial year ended March 31, 2025. The final dividend, if declared at the AGM, will be paid/credited to those members whose name appear in the Company's register of Members as on record date i.e. Thursday, August 14, 2025.

17. Subject to the provisions of section 126 of the Companies Act, 2013 (the 'Act'), dividend on equity shares, if declared, at the AGM, will be paid/credited within thirty days from the date of AGM to all those members holding shares as on record date.

18. To ensure timely credit of dividend through electronic mode, members are requested to keep their latest bank account details updated with their respective Depository Participant ('DPs') and Company's Registrar

and Share Transfer Agent viz., KFin Technologies Limited ('KFin') in case they hold shares in physical mode.

19. Members may note that pursuant to the Income Tax Act, 1961 ('IT Act'), as amended by the Finance Act, 2020, dividends declared and paid by the Company with effect from April 1, 2020 shall be taxable in the hands of the shareholders. The company shall therefore be required to deduct tax at source ('TDS') at the time of payment of dividend. In order to enable us to determine the appropriate TDS rate as applicable, Members are requested to complete and / or update their residential status, PAN, category as per the IT Act with their Depository Participants (DPs) or in case shares are held in physical form, with the RTA by sending documents on or before September 2, 2025. Members may note that in the absence of the PAN details, the Company would be required to deduct tax at a higher rate prescribed under the IT Act. Members seeking non-deduction of tax on their dividends, may submit Form 15G/15H as applicable, to the Company's RTA viz. KFIN Technologies Limited at the link https://ris.kfintech.com/form15/ on or before September 2, 2025. Any communication received after this date will not be considered for deduction of applicable tax. Detailed information with respect to TDS on dividend payments including the formats of Form 15G/Form 15H for seeking exemption is available on the company's website at https://fivestargroup.in/storage/2025/08/Communication-on-TDS-on-Final-Dividend-Pay.pdf.
Members may contact the Company's RTA at einward.ris@kfintech.com or the Company at secretary@fivestargroup.in in case of any clarification in this regard.

20. Effective April 1, 2024, SEBI has mandated that the shareholders, who hold shares in physical mode and whose folios are not updated with any of the KYC details [viz., (i) PAN (ii) choice of nomination (iii) Contact Details (iv) Mobile Number (v) Bank Account Details and (vi) Signature], shall be eligible to get dividend only in electronic mode. Accordingly, final dividend, subject to approval at the AGM, shall be paid to physical holders only after the above details are updated in their folios. The forms for submission of KYC details are available on the website of the Company at https://www.fivestargroup.in/investors or the RTA's website at https://ris.kfintech.com/clientservices/isc/isrforms.aspx. Members are requested to submit the requisite forms to the Company's RTA, KFin Technologies Limited at einward.ris@kfintech.com.

21. Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, on "e-Voting facility provided by Listed Companies", e-Voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-Voting facility.

22. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under section 189 of the Act and the Certificate for the ASOP Schemes of the Company as required under the SEBI Regulations will be available electronically for inspection by the members during the AGM. All documents referred to in the notice will also be available for electronic inspection by the members up to the date of AGM, i.e. Tuesday, September 9, 2025. Members seeking to inspect such documents can send an email to secretary@fivestargroup.in.

23. Shareholders/Members of the Company are requested to note that as per the provisions of section 124 of the Act, dividends not encashed/ claimed by the members of the Company, within a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund (IEPF) by the Company. Further, pursuant to the provisions of Section 124 of the Act and Investor Education and Protection Fund Authority Rules, 2016, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF in the name of the Company within 30 (thirty) days of such shares becoming due for transfer to IEPF.The Company has already transferred all shares (in respect of which dividend has not been claimed for seven consecutive years or more) along with unpaid or unclaimed dividend declared for the financial year ended March 31, 2015, and earlier periods to the Investor Education and Protection Fund (IEPF).

Members who have so far not claimed or collected their dividends for the said period may claim their dividend and shares from IEPF, by submitting an application in the prescribed form. The details of unclaimed amounts transferred to IEPF are available on the website of the Company https://fivestargroup.in/storage/2022/10/Shares-transferred-to-IEPF.pdf.

24. In accordance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management & Administration) Rules, 2014 and in compliance with the Circulars, Notice of the AGM along with the Annual Report 2024-25 are being sent only through electronic mode to all those members whose email address are registered with the RTA/DPs. Members may note that the Notice and Annual Report 2024-25 will also be available on the website of the Company at www.fivestargroup.in, website of stock exchanges and on the website of NSDL www.evoting.nsdl.com. Physical / hard copies of the same will be sent, if specifically requested by a member. Members may send requests in this regard in the Company's email id: secretary@fivestargroup.in. Members are requested to register the e-mail address to receive all communication and documents including annual reports from time to time in electronic form. Members holding shares in dematerialised form, may send such communication to their respective Depository Participants (DPs) and those holding shares in physical form, may send such communication to RTA.

25. Mr Thirulokchand Vasan (DIN:07679930), Non-Executive Director is liable to retire by rotation at the AGM pursuant to Section 152(6) of the Companies Act 2013 and being eligible has offered himself for re-appointment as a Director of the Company liable to retire by rotation at the 41st AGM.

26. The business set out in the notice will be transacted through remote electronic voting system and the Company is also providing facility for voting by electronic means during the AGM held through VC. Detailed instructions and other information are given below:

A. **Instructions for Voting through electronic means:**

a) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the Company is providing the facility of remote e-Voting to its Members to exercise their right to vote on the resolutions set forth in the notice convening the AGM scheduled to be held on Tuesday, September 9, 2025 at 10.00 AM (IST). The Company has availed the services of National Securities Depository Limited (NSDL) to provide VC facility, remote e-voting and voting in the AGM in a secure manner.

b) **The remote e-voting period commences on Saturday, September 6, 2025 (9:00 AM IST) and ends on Monday, September 8, 2025 (5:00 PM IST).** During this period, Members holding shares either in physical form or in dematerialized form as on Tuesday, September 2, 2025 (' Cut-off date') are entitled to avail the facility to cast their vote through remote e-voting.

c) The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by NSDL upon expiry of the aforesaid period. Once the vote on a resolution is cast by the member, the members shall not be allowed to change it subsequently or cast the vote again.

d) Members, who are present in the AGM through VC / OAVM facility and have not cast their vote on the resolutions through remote e-voting through electronic voting system and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

e) The Board has appointed Mr S Sandeep (FCS 5853 /COP 5987), Managing Partner of M/s S Sandeep and Associates, Company Secretaries, as Scrutinizer to scrutinize the remote e-voting and e-voting process during the AGM in a fair and transparent manner in terms of the requirements of the Act and the rules made there under, and he has communicated his eligibility and willingness to be appointed as Scrutinizer and given his consent for the same and will be available for the said purpose.

f) The Scrutiniser will submit his report to the Chairman of the Company or any other person authorized by the Chairman after the completion of scrutiny of e-voting (votes cast during the AGM and votes cast through remote e-Voting) within a period two working days from the conclusion of the AGM. The result declared along with the Scrutinizer's report shall be communicated to the Stock Exchanges, National Securities Depository Limited (NSDL) and RTA and will also be displayed on the Company's website www.fivestargroup.in.

***B.* Other Information and instructions relating to AGM:**

a) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large members (i.e., members holding 2% or more shareholding), promoters, institutional investors, Directors, Auditors, etc. who can attend the AGM without any restriction on account of first-come-first-served basis.

b) The shareholders/members who have cast their vote by remote e-voting prior to the AGM may attend/participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

c) The members, whose names appear in the register of members / beneficial owners as on the Cut-off date i.e., Tuesday, September 2, 2025, may cast their vote electronically. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. Tuesday, September 2, 2025

d) Any person who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the Cut-off date i.e. Tuesday, September 2, 2025, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30.

e) Members are encouraged to join the Meeting through Laptops for better experience. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

f) Members who wish to express their views/ or ask question may pre-register themselves as a speaker by sending a request from their registered e-mail address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number to secretary@fivestargroup.in on or before 5.00 pm (IST) on September 7, 2025. Only those Members who have registered themselves as a speaker will be allowed to express their views/ask questions during the AGM. The facility for registration as a speaker will be open from September 5, 2025 (9.00 a.m. IST) till September 7, 2025 (5.00 p.m. IST). The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. Please note that, members are entitled to attend the AGM and ask questions only if the Member holds the shares as of Cut- off date.

g) Members who would like to express their views/have questions may send their questions in advance mentioning their name, demat account number/folio number, email id, mobile number to secretary@fivestargroup.in on or before 5.00 pm IST on September 7, 2025 and the same shall only be considered and responded during the AGM. Please note that questions will be answered only if the

Member continues to hold the shares as of Cut-off date. The facility for emailing the questions will be open from September 5, 2025 (9.00 a.m. IST) till September 7, 2025 (5.00 p.m. IST).

C. **Instructions / steps for voting through electronic means:**

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	**Login Method**
Individual Shareholders holding securities in demat mode with NSDL	1. For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID,8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "**Beneficial Owner"** icon under **"Login"** which is available under **'IDeAS'** section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on **"Access to e-Voting"** under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 3. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 4. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

	5. Shareholders/Members can also download NSDL Mobile App "**NSDL Speede**" facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on App Store Google Play
Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	**Helpdesk details**
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800-21-09911

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	**Your User ID is:**
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.
   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned below **in process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
   a) Click on "**Forgot User Details/Password**?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) **Physical User Reset Password**?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc
   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to sandeep@sandeep-cs.in with cc to secretary@fivestargroup.in with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also

upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Ms. Pallavi Mhatre, Senior Manager at email id - evoting@nsdl.co.in.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to secretary@fivestargroup.in.

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to secretary@fivestargroup.in.. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A**) i.e. **Login method for e-Voting and joining VC for Individual shareholders holding securities in demat mode**.

3. Alternatively, shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

4. In terms of SEBI circular dated December 9, 2020, on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ Shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have cast their vote by remote-voting prior to the AGM may also attend the meeting but shall not be entitled to cast their vote again.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM" placed under **"Join meeting"** menu against Company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

Statement pursuant to section 102(1) of the Companies Act, 2013 ("the Act") setting out all material facts relating to special businesses to be transacted at the AGM is detailed hereunder.

Item 4: Appointment of Secretarial Auditors

Pursuant to the Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements), as amended, every listed company is required to appoint either an individual for not more than one term of five consecutive years or a Secretarial Audit firm for not more than two terms of five consecutive years as the Secretarial Auditors of the Company. Further, such appointment shall be approved by the shareholders in its Annual General Meeting.

Based on the recommendations of Audit Committee, the Board of Directors at its meeting held on April 29, 2025 recommended the appointment of M/s S. Sandeep & Associates, Practising Company Secretaries, Chennai, (Firm Registration No: P2025TN103600) (PR No: 6526/2025) as the Secretarial Auditors of the Company, for a term of Five (5) consecutive years commencing from Financial Year 2025-26 to Financial Year 2029-30 at such remuneration as shall be fixed by the Board of the Company, based on recommendation of Audit Committee. The said appointment is subject to the approval of the shareholders at the ensuing Annual General Meeting.

Brief profile of M/s S. Sandeep & Associates:

M/s. S. Sandeep & Associates, Company Secretaries, is a well-established Firm of Company Secretaries having expertise across secretarial audit, regulatory compliance, and corporate governance, with specialized expertise in Non-Banking Financial Companies and Housing Finance Companies. The firm has a team of experienced and qualified company secretaries. They are headquartered at Chennai.

The Company has received written consent from M/s. S. Sandeep & Associates confirming their eligibility and willingness to be appointed as the Secretarial Auditors of the Company. They have also confirmed that they meet the requirements to be appointed as Secretarial Auditors in accordance with the provisions of the Act and Listing Regulations, and they hold a valid certificate issued by the Peer Review Board of ICSI and that they have not incurred any of the disqualifications as specified by the SEBI. The appointment, if made, complies with the applicable provisions of the Act and Listing Regulations. M/s. S. Sandeep & Associates do not have any financial interest in or in association with the Company, which may lead to conflict of interest. Further, no orders have been passed against M/s. S. Sandeep & Associates by ICSI/SEBI/MCA/any other competent authority/court, in the past five years.

Details required under Regulation 36 (5) of SEBI LODR Regulation is given below:

Proposed fees payable to the Secretarial Auditor with and in case of a new auditor,	₹ 2,20,000 for FY 2025-26 (excluding out of pocket expenses incurred by them in connection with the Audit and applicable taxes) The Board of Directors, in consultation with the Audit Committee, are authorised to fix the remuneration payable to the Secretarial Auditors, for the subsequent years.
Terms of appointment	M/s. S. Sandeep & Associates, Company Secretaries, are recommended for appointment for a term of five consecutive years from FY 2025-26 to FY 2029-30.
Any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change	There is no material change in the fees payable to the Secretarial Auditor. The proposed fees payable to the Secretarial Auditor has been fixed after considering their knowledge,

	professional expertise and industry experience, as well as the overall time and effort that is required to be devoted by them towards the audit.
Credentials of Secretarial Auditors	M/s. S. Sandeep & Associates, Company Secretaries, is a well-established Firm of Company Secretaries having expertise across secretarial audit, regulatory compliance, and corporate governance, with specialized expertise in Non-Banking Financial Companies and Housing Finance Companies. The firm has a team of experienced and qualified company secretaries. They are headquartered at Chennai.

Besides the secretarial audit services, the Company may also obtain certifications from M/s. S. Sandeep & Associates under various statutes/regulations and other permissible non-secretarial audit services/certifications as required from time to time. The Board of Directors, in consultation with the Audit Committee, are authorised to fix the fee payable for these services to M/s. S. Sandeep & Associates, on mutually agreed terms. The Company will not avail any services from the Secretarial Auditor, which are prohibited under the SEBI LODR Regulation read with SEBI circular dated December 31, 2024.

None of the Directors or Key Managerial Personnel or their relatives are concerned or interested financially or otherwise in this resolution.

Accordingly, the Board of Directors recommends the aforesaid appointment to the members for their approval by way of an Ordinary Resolution, as set out at item no. 4 of the Notice

Item 5: Fixing of borrowing limits for the Company

In terms of provisions of section 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Company in a general meeting, borrow monies (together with the monies already borrowed by the Company) apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and its free reserves, i.e. to say, reserves not set apart for any specific purpose and securities premium.

The members at the Annual General Meeting held on September 13, 2024, had passed resolution authorizing the Board of Directors or any Committee authorised by the Board to borrow upto ₹ 10,000 Crores (Indian Rupees Ten Thousand Crores only).

As part of business expansion & working capital requirement and for catering loan disbursements needs of the Company, the Board of Directors at its meeting held on March 17, 2025, recommended increase in borrowing limits from existing limit of ₹ 10,000 Crores (Indian Rupees Ten Thousand Crores only) to ₹ 12,000 Crores (Indian Rupees Twelve Thousand Crores only) (with a sub-limit for borrowings of upto ₹ 4,000 Crores (Indian Rupees Four Thousand Crores only) through non-convertible debentures within this overall limits), subject to approval of members by way of special resolution.

Since the borrowing limit as proposed in Item 5 of this notice, i.e. ₹ 12,000 crores (Indian Rupees Twelve Thousand Crores only) is in excess of paid-up share capital, free reserves and securities premium, the Board of Directors recommends the resolution mentioned in item 5 of this notice for the approval of shareholders by means of a special resolution.

None of the Directors or Key Managerial Personnel or their relatives are concerned or interested financially or otherwise in this resolution.

Accordingly, the Board of Directors recommends to the members for their approval by way of Special Resolution, as set out at item no. 5 of the Notice

Item 6: Creation of Charges on the assets of the Company

For creation of security through mortgage or pledge / or hypothecation or otherwise or through a combination of the same for securing the limits / credit / debt / financing facilities as may be availed by the Company, or funds raised by issuance of debentures / debt instruments, the Company would be required to secure all or any of the movable and immovable assets of the Company, present and future in favour of the Banks/Financial Institutions registered with Reserve Bank of India, Investment Institutions and their subsidiaries, its Bankers and other banks, Mutual funds, Trusts and Bodies Corporate or Trustees for the holders of debentures/bonds and/or other instruments, or any other person.

Section 180(1)(a) of the Companies Act, 2013, provides that the Board of Directors of a Company shall not, without the consent of members in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. Hence, it is necessary for the Company to obtain an approval from the members under section 180(1)(a) of the Companies Act, 2013 authorizing the Board of Directors (which term shall be deemed to include the Business & Resource Committee and any such Committee which the Board may constitute/authorize for this purpose) to mortgage/ charge/ hypothecate / assign the assets, properties and/ or the whole or substantially the whole of the undertaking of the Company.

The Board of Directors recommends this resolution for approval of the shareholders under Section 180(1)(a) of the Companies Act 2013 as set forth in item 6 of this notice, enabling the Company to mortgage/ charge/ hypothecate / assign the assets, properties and/ or the whole or substantially the whole of the undertaking of the Company.

None of the Directors or Key Managerial Personnel or their relatives are concerned or interested financially or otherwise in this resolution.

Accordingly, the Board of Directors recommends to the members for their approval by way of Special Resolution, as set out at item no. 6 of the Notice

Item 7: Offer / invitation to subscribe to Non-Convertible Debentures (NCDs) on private placement basis

As part of business expansion & working capital requirement and for catering loan disbursements needs of the Company, the Board of Directors at its meeting held on March 17, 2025 recommended issuance of Non-Convertible Debentures (NCDs) aggregating upto ₹ 4,000 Crores (Indian Rupees Four Thousand Crores only), on private placement basis in one or more tranches/series as may be determined by the Board (which term shall be deemed to include the Business & Resource Committee and any such Committee which the Board may constitute/authorize for this purpose) from time to time, on private placement basis, to persons including but not limited to individuals, institutions and bodies corporate, both domestic and non-domestic as may be identified by the Board of Directors or any Committee thereof, subject to provisions of and including SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and applicable circulars, notifications as may be issued by SEBI, Stock Exchanges in this regard.

Pursuant to Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, in case of an offer or invitation to subscribe Non – Convertible Debentures (“NCDs”) on private placement basis, it is sufficient if the company obtains previous approval of its shareholders by means of a special resolution once in a year for all the offers or invitations for such debentures during the year.

This resolution enables the Board of Directors (which term shall be deemed to include the Business & Resource Committee and any such Committee which the Board may constitute/authorize for this purpose) of the Company to offer or invite subscription for NCDs, as may be required by the Company, from time to time for one year from the conclusion of this Annual General Meeting.

None of the Directors or Key Managerial Personnel or their relatives are concerned or interested financially or otherwise in this resolution.

Accordingly, the Board of Directors recommends to the members for their approval by way of Special Resolution, as set out at item no. 7 of the Notice

By Order of the Board of Directors

Place: Chennai	**Vigneshkumar SM**
Date: July 28, 2025	**Company Secretary**

Annexure A

DISCLOSURE UNDER REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARDS ON GENERAL MEETINGS

Name of the Director	Mr Thirulokchand Vasan
DIN	07679930
Date of Birth/Age)	25-01-1976/49
Qualifications	Bachelor in Hotel Management
Brief resume and Experience	Thirulokchand Vasan is a Hotel Management Graduate with over 17 years of experience in the hospitality business
Expertise in specific Functional areas	Team management, Customer satisfaction and process optimization
Disclosure of relationships between directors inter-se	Nil
Remuneration sought to be paid	Being a Non-Executive Director, he is entitled to be paid sitting fees for each meeting of the Board / Committee that he attends. Besides, he is eligible for a commission of ₹ 15 lakhs per annum, as may be determined by the Nomination and Remuneration Committee and Board of Directors.
Remuneration last drawn (for financial year 2024-25)	Sitting fee of ₹ 4.40 lakhs was paid in FY 2024-25 for attending the meetings of the Board of Directors and Committees. A commission of ₹ 12 lakhs was paid for FY 2024-25.
Date of first appointment on the Board	December 15, 2016
No. of shares & shareholding in the Company as of March 31, 2025	Nil
Relationship with other Directors, Manager and KMP of the Company	Nil
Number of Board Meetings attended during FY 2024-25	Attended 7 out of 7 meetings held during the financial year 2024-25.
Other Directorships, Membership/ Chairmanship of Committees of other Boards	C K Entertainments Private Limited
In the case of Independent Directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements	Not Applicable
Listed entities from which the Director has resigned from Directorship in the past three years	Nil

FIVE STAR
Business Finance Limited

RESILIENCE

Annual Report
2024 - 25

FIVE STAR

Business Finance Limited

Note: Across this report, the word 'Five Star' refers to 'Five-Star Business Finance Limited.'

Forward-looking statement

In this Annual Report we may have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Corporate Information

Board of Directors

Lakshmipathy Deenadayalan
Anand Raghavan
Srinivasaraghavan T T
Bhama Krishnamurthy
Ramkumar Ramamoorthy
Thirulokchand Vasan
Rangarajan Krishnan*
Srikanth Gopalakrishnan

Key Managerial Personnel

Rangarajan Krishnan, Joint Managing Director & Chief Executive Officer*
Srikanth Gopalakrishnan, Joint Managing Director & Chief Financial Officer
Vigneshkumar SM, Company Secretary^

Statutory Auditors

Deloitte Haskins & Sells
ASV Ramana Tower, No. 52,
Venkatanarayana Road, T. Nagar,
Chennai 600 017

Secretarial Auditors

S Sandeep & Associates
No: 5, Flat No: 10, 2nd Floor, Sucons
Padmalaya, Venkatnarayana Road,
T.Nagar, Chennai - 600 017

Internal Auditors

Sundaram & Srinivasan
23, C P Ramaswamy Road,
Alwarpet, Chennai - 600 018

Registrar Agents and Transfer Agents

KFin Technologies Limited
(Unit: Five-Star Business Finance Ltd)
Selenium, Tower B, Plot No 31 & 32,
Financial District, Nanakramguda,
Serilingampally, Hyderabad,
Rangareddi - 500 032, Telangana, India
Phone: 1800 309 4001
Email: einward.ris@kfintech.com

NSDL Database Management Limited
4th Floor, Trade World, 'A' Wing,
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai - 400 013
Phone: 022-4914 2597
Email: sachin.shinde@ndml.in

Registered Office

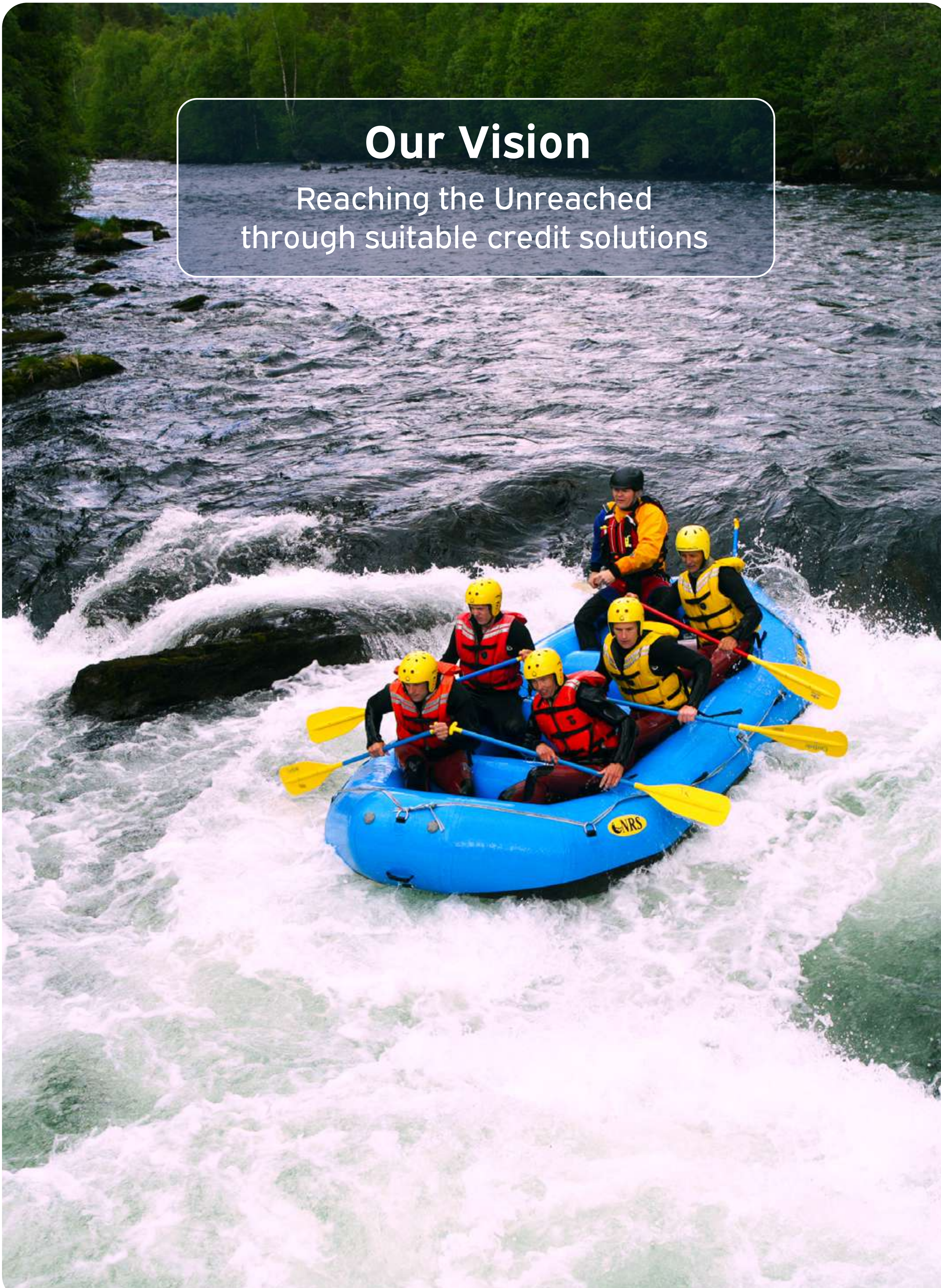
New No 27, Old No 4,
Taylor's Road, Kilpauk,
Chennai - 600 010
CIN: L65991TN1984PLC010844

^ Appointed w.e.f February 27, 2025
* Resigned w.e.f August 14, 2025

Contents

Our Vision

Reaching the Unreached
through suitable credit solutions



Our Mission

Provide appropriate credit solutions to the hitherto unreached segment of the market by developing a niche underwriting model, built towards evaluating the twin strengths of the borrowers' intention to repay and ability to repay, with the ultimate objectives of increasing customer satisfaction and maximising stakeholder returns

Our Journey

1984 - 2004
Initial Phase

1984
Incorporation

2002
Mr Lakshmipathy joins as Executive Director

2004
Starts providing secured loans for business & other purposes

2005 - 2015
Building & Strengthening Phase

2005 - 2010
Exclusive focus on secured business loans

2010
6 Branches: ₹ 0.3bn **AUM**
Rating NA

2014
First private equity infusion from Matrix Partners

2014
30 Branches: ₹ 1bn **AUM**
BB+ Rating

2015

Inducted the first set of professionals **CEO & CFO** joined

2015
42 Branches: ₹ 1.3bn
AUM
BBB- Rating

2015 - 2020

Strong portfolio growth
Marquee PE investments
COVID impact

2020
252 Branches: ₹ 39bn
AUM
A Rating

2021 - 2022

Intense period of COVID Maintained Strong Asset quality

2022
300 Branches: ₹ 51bn
AUM
A+ Rating

2023 - 2024

Listing on the bourses post COVID, back to quality growth

2023
373 Branches: ₹ 69bn
AUM
AA- Rating

2024 - 2025

Post COVID, back to quality growth

2025
748 Branches: ₹ 119bn
AUM
AA- Rating

2015 onwards
Robust Growth Phase

Customer Segment & Product Profile

- NBFC providing secured financial solutions to Small Business customers and Self-employed Individuals who are largely cut-off from formal lending ecosystem
- Deep understanding of customer behavior and strong knowledge of market and regional dynamics, having been operating in this segment for over the last 2 decades
- Proprietary Underwriting & Collections model fine-tuned over 2 decades of experience

Five-Star Customers:

- Small business owners and self-employed individuals
- Everyday cash and carry businesses with bias towards services
- Loan to the household ensuring family's collective decision making

Income Profile:

- Average Ticket size of ₹ 3 - 5 Lakhs
- Household gross income of ₹ 25,000 - ₹ 40,000
- Loan to value & Debt burden typically restricted to 50%
- EMI typically of 7 - 10 days of borrowers revenue
- All loans are secured against borrower property - usually self occupied residential property
- Loan provided for Business expansion, Home/ renovation improvement and other mortgage purpose
- Deeper penetration in geographies of Tier 3 to Tier 6 cities where the financial services are underserved

Chairman's Message

Dear Shareholders,

Life certainly resembles a seesaw – constantly shifting between ups and downs. Only those who can maintain their poise in both the ups and downs emerge as winners in life. Neither should we exult much when going through the ups of life nor should we whine when life takes us through the downs. And neither the up nor the down is permanent – we will always have alternating times of good and bad.

When I look back at FY2025, these are the thoughts that resonate in my mind. After 2 years of good growth, FY2025 emerged as a year marked by challenges. In fact, when I look back at FY2025, my mind is filled with mixed feelings. Nothing seemed amiss in the first half of the year before things started to take a different turn during the second half of the year.

One of the fundamental problems that blew up into a major challenge in FY2025 was the problem of overleverage wherein borrowers were given multiple credit facilities beyond their repayment capability. This resulted in a cycle where borrowers were taking loans beyond their repayment capability. Your Company's borrowers are not very sophisticated and when funds were made available to them, they availed the same without considering their repayment capabilities. And when this issue was identified by the Reserve Bank of India, they started insisting on remedial measures being put in place to address this issue, which eventually resulted in huge levels of asset quality stress, specifically to the unsecured lenders.

The effects of what started as a problem for the unsecured lenders started to affect secured lenders also during the second half of the year. Fundamental issues do not stay isolated for long; they tend to spread to the entire ecosystem. This was the lesson that all of us must learn as we navigate our way our of the current overleverage problem. However, given the strength of secured lending, secured lenders are the last to get hit by any crisis and first to bounce back, and the pain that secured lenders would have to face during such crises would be significantly lower than the pain faced by unsecured lenders.

As I stated above, your Company recorded a strong growth in the first half of the year but with the effects of the overleverage problem showing up, prudence took precedence over chivalry, and we decided to moderate the growth for the year.

The last quarter of the financial year also saw some disruption in the state of Karnataka on account of the ordinance introduced by the Government with a view to prevent indiscriminate practices of the unregulated moneylenders. While the ordinance clearly mentioned that it was not applicable to the entities regulated by the Reserve Bank of India, ground level issues kept cropping up and your Company, in its good judgment, decided to slow down disbursements in the state in the last quarter, which also contributed to the lower growth for the full year. Both these factors contributed to your Company recording a growth of 23% for the full year.

Lakshmipathy Deenadayalan

On the operational and financial fronts, your Company's performance is laid out below:

- Disbursal of about 4,970 Crores along with the borrower base of about 4.50 lakhs during the year.
- Your company also saw its portfolio growth registering an increase of over 23% during the year i.e. growing from 9,641 Crores to 11,877 Crores.
- Growth in Profit after Tax (PAT) from 836 Crores to 1,073 Crores, an increase of over 28%. We have also touched the 4-digit figure for the first time in the history of your Company, which is a tremendous achievement.
- NPA of 1.79% as against 1.38% in FY2024, despite the significant headwinds that persisted on account of borrower overleverage.

While there has been an inch up in the Gross NPA, I can very confidently say that your Company has probably recorded the best asset quality amongst companies operating in this borrower segment. This is attributable to the strength of underwriting and collections and the never-say-no attitude of the business and collections staff. I am also confident that the forthcoming financial year will see better results across the 3 areas of growth, profitability and asset quality.

The Thirukkural verse I have selected this time to reference in my Annual report address talks about the importance of continuing with our relentless efforts and staying resilient amidst the overall uncertainties.

தெய்வத்தான் ஆகா தெனினும்
முயற்சிதன் மெய்வருத்தக் கூலி தரும்

Even though fate be against, relentless effort is bound to pay the wages of labour.

Relentless efforts against all odds denote resilience, which I consider as one of the most precious qualities a human can exhibit. We can be changed by what happens to us, but we refuse to be reduced by it. Your Company and every single person involved with your Company epitomises this quality – the various challenges through which we have all gone through have not just shaped us to become strong but have made us learn how to embrace the beautiful and broad spectrum of human experience, and I am confident that we will overcome all these challenges and emerge stronger than before.

I would also like to take this opportunity to thank every stakeholder, who have stood by us through thick and thin.

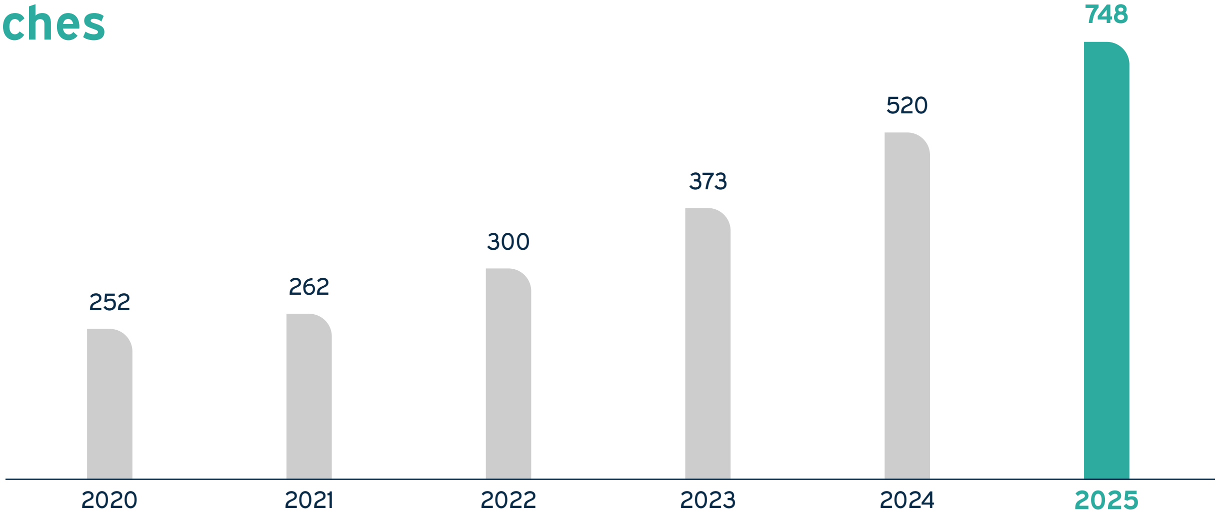
- My utmost gratitude to the employees, who are the backbone of your company;
- I must also thank the shareholders, who have been reposing their confidence in the management day-in and day-out;
- Without the lenders, who have been the providers of critical raw material for your company, we would not have grown and my sincere thanks to them;
- To all the directors, who, through their experience and expertise, have been providing timely guidance, I am grateful;
- My thanks to the auditors, both statutory and external auditors, who act as our conscience-keepers;
- I would also like to thank all other industry stakeholders like the rating agencies, regulatory bodies, who have been of immense support over the years.

I look forward to continued support from all of you. With belief and perseverance, which are the cornerstones of your Company, I am confident that we will become bigger and better in the years to come.

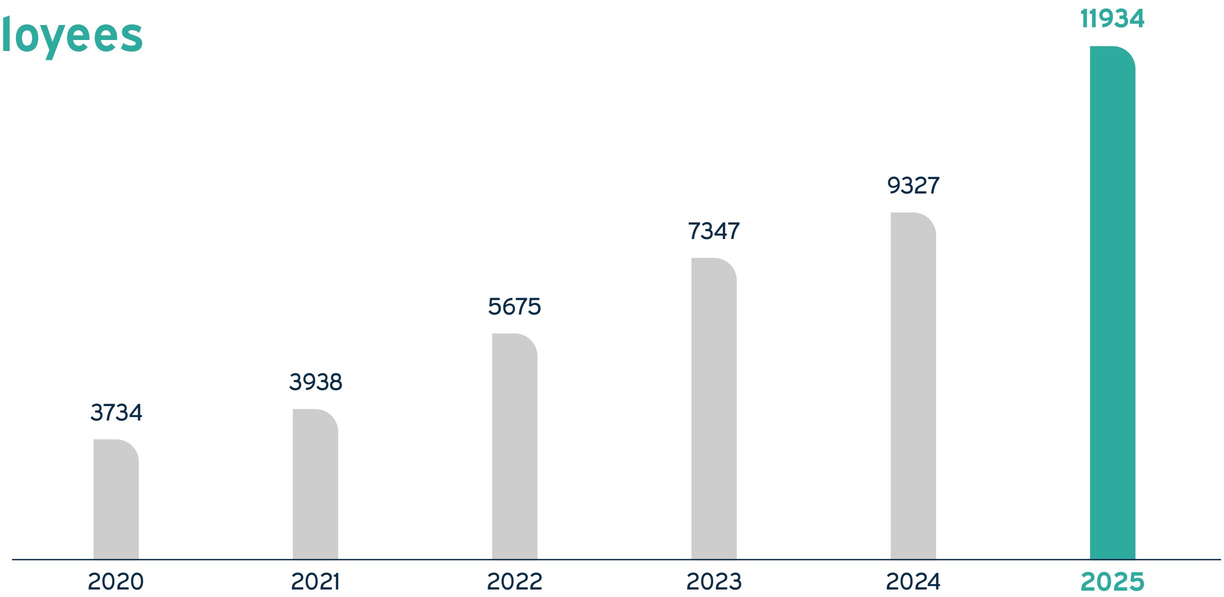
Best Wishes
Lakshmipathy Deenadayalan
Chairman & Managing Director

Business Highlights

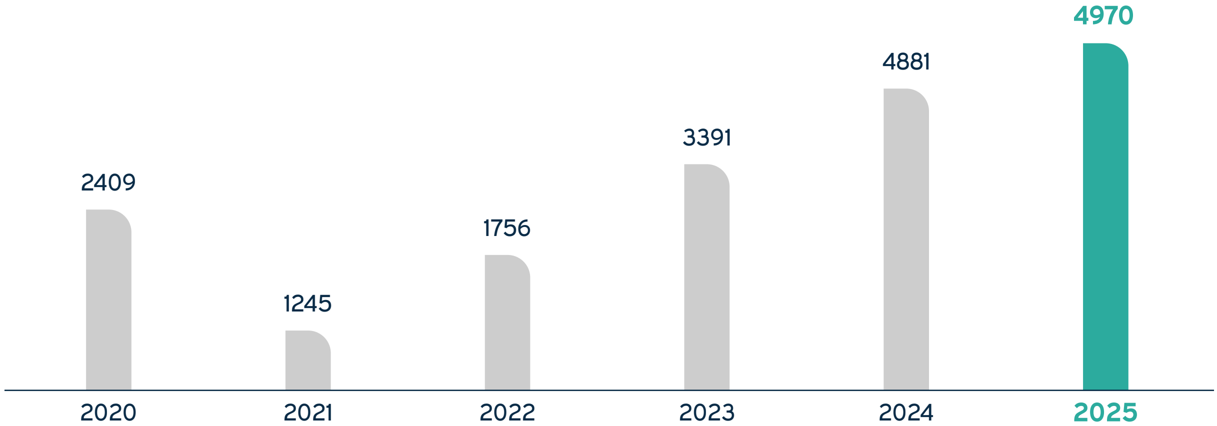
Branches



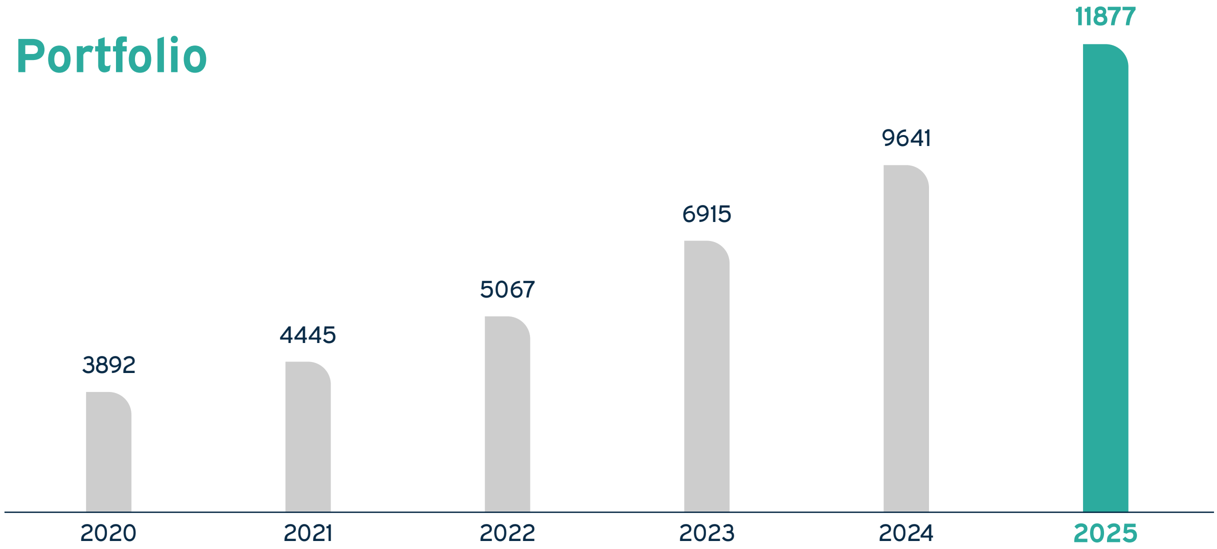
Employees



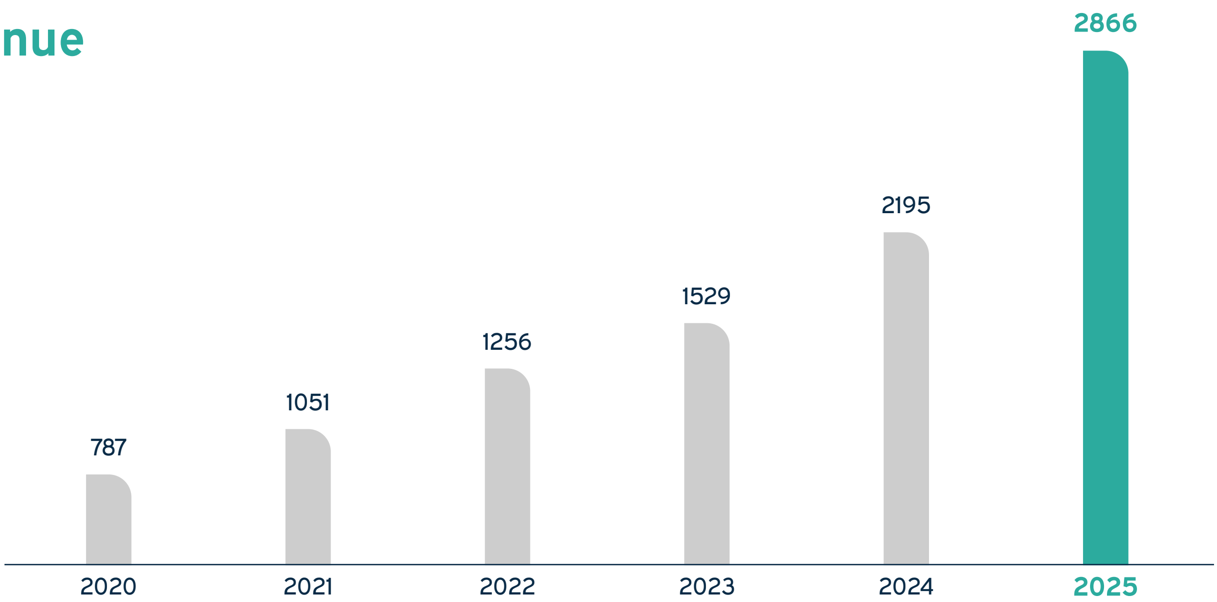
Loan Disbursement



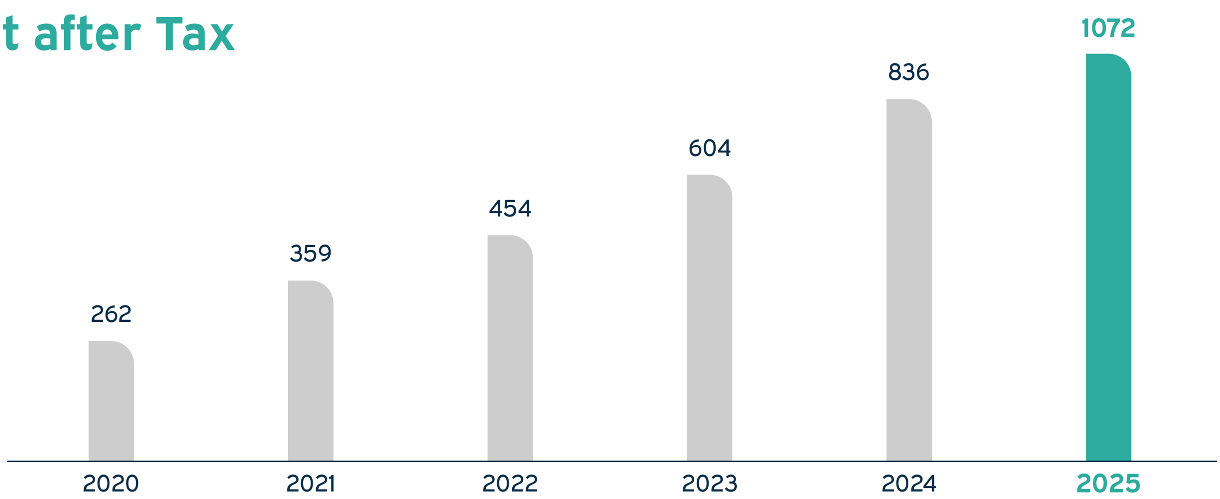
Loan Portfolio



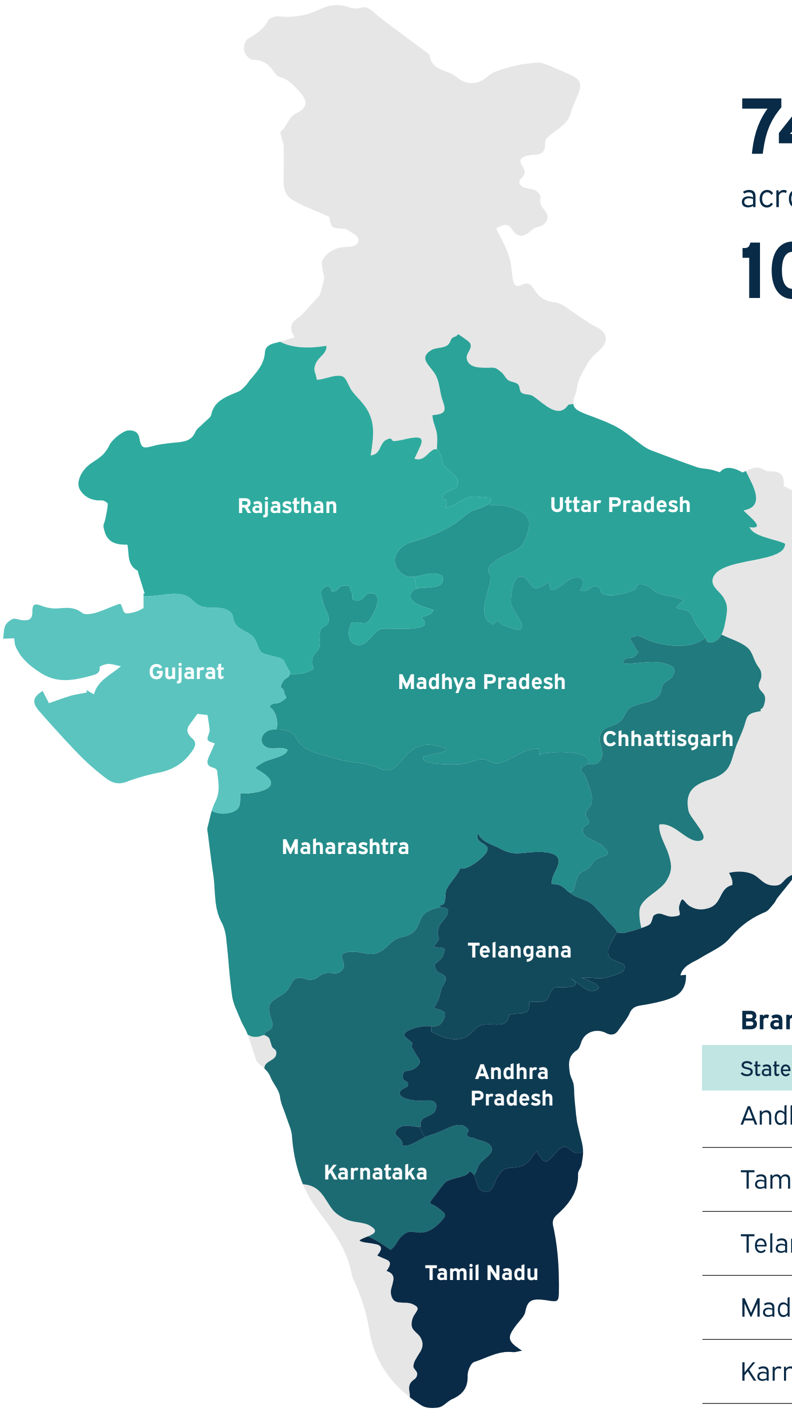
Revenue



Profit after Tax



Branches



748 Branches

across

10 States & **1** Union Territory

Branches Network across India (As of March 31, 2025)

States	Branches
Andhra Pradesh	234
Tamil Nadu & Pondicherry (UT)	206
Telangana	115
Madhya Pradesh	94
Karnataka	59
Maharashtra	25
Uttar Pradesh	6
Rajasthan	5
Chhattisgarh	3
Gujarat	1

Lending Relationships

Banks

AU Small Finance Bank
Axis Bank
Bandhan Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
Central Bank of India
CSB Bank Limited
City Union Bank
DBS Bank India Limited
DCB Bank
Deutsche Bank
Federal Bank
HDFC Bank
HSBC
ICICI Bank
IDFC First Bank
Indian Bank
IndusInd Bank
Karnataka Bank
Kotak Mahindra Bank
Karur Vysya Bank
Punjab National Bank
Qatar National Bank
RBL Bank
South Indian Bank
State Bank of India
Ujjivan Small Finance Bank
Union Bank of India
Utkarsh Small Finance Bank
Yes Bank

DFI

International Finance Corporation (IFC; World Bank Group)
NABARD
SIDBI
Swedfund International AB

FIs / NBFCs / Others

Aditya Birla Finance Ltd
Bajaj Finance Ltd
HDFC Mutual Fund
HSBC Mutual Fund
Kotak Mutual Fund
L&T Finance
Nabkisan Finance
Nabsamruddhi Finance
Nippon Mutual Fund
Poonawalla Fincorp
Royal Sundaram General Insurance
Sundaram Finance
Tata Capital

Corporate Social Responsibilty

Project 1

Partner Name: Kalpavriksham | **Location:** Chennai

About the Project: Project Femicare plus Mobile Mammogram Unit aims to provide comprehensive cancer screening for Breast Cancer, Cervical Cancer, and Lip & Oral Cancer, focusing on early detection and improved health outcomes for neglected and underprivileged women in Chennai and surrounding districts. Objectives: Raise awareness about the signs and symptoms of Breast and Cervical Cancer, and emphasize the importance of regular cancer screening. Conduct mammogram screenings for breast cancer,Perform Pap smear tests for cervical cancer detection and carry out clinical examinations and biopsies for lip and oral cavity cancers.

Impact: A total of 1,688 women were screened across 30 camps. Around 1,067 women were diagnosed with various health conditions and provided with appropriate medical treatment and follow-up care.

Project 2

Partner Name: Sri Matha Trust | **Location:** Chennai

About the Project: Financial Support for construction of Cancer Survivors' Asylum and procurement of furniture, along with Lift and Solar Plant installation

This initiative aims to provide a sanctuary for over 100 cancer survivors and elderly individuals through their free facility, "Namma Dharmasala" in Chennai—a true home away from home for underprivileged cancer patients coming from outstations. The facility will offer safe accommodation, nutritious homely meals served with care, and essential amenities to ensure comfort during their treatment and recovery.

Project 3

Partner Name: Thuvakkam Welfare Association | **Location:** Ramanathapuram

About the Project: A new milestone in Five-Star Business Finance Limited's CSR Initiative at Ramanathapuram

Under the Nalan Project, we are happy to have distributed over 770 essential medical equipment to 2 Primary Health Centres (PHCs) and 24 Health Sub-Centres across five blocks in Ramanathapuram district. This initiative is a significant step towards strengthening primary healthcare infrastructure in underserved regions. At Five-Star Business Finance Limited, we remain committed to bridging healthcare gaps and advancing our mission to save lives.

Over 2,000 individuals are expected to benefit from this effort every year.

Project 4

Partner Name: Annai Trust | **Location:** Ambasamudram, Tirunelveli District.

About the Project: Proud Milestone in the Western Ghats – Kanni Village

At Five-Star Business Finance Limited, we are honoured to be one of the first organisations to reach Kanni Kudi Irupu — a remote tribal settlement nestled deep in the Western Ghats near Ambasamudram. The word Kanni signifies "Land". Through our CSR initiative, we have extended our support to this community, which has lived in harmony with nature for over a century, by distributing solar lamps to 300 families.

This initiative enhances safety and security for the villagers, especially during nighttime, and marks a meaningful step in empowering remote communities with sustainable solutions.

Project 5

Partner Name: Multipurpose Integrated Development Society Trust | **Location:** Chennai, Kancheepuram, Virudhunagar

About the Project: Empowering Women in Virudhunagar

We are happy to empower women from underprivileged communities in Virudhunagar through a dedicated three-month Tailoring Training and Nursing Program. This initiative has benefited around 270 women, equipping them with essential skills, providing job placements, and supporting entrepreneurial journeys.

Together, we are fostering livelihoods and building a path to self-reliance.

Project 6

Partner Name: Tamil Nadu Differently Abled Federation Charitable Trust | **Location:** Tamil Nadu

About the Project: "Stand Without Legs" is a livelihood initiative aimed at empowering the physically challenged by providing sustainable opportunities that enable them and their families to lead a dignified life in society. Through this project, they become role models for the wider differently-abled community, showcasing resilience and self-reliance.

This year, we have provided Bunkshell units to 41 families. This initiative is more than just a project — it is a lifeline, a livelihood opportunity that supports and sustains entire households.

Project 7

Partner Name: New Mighty Grace Charitable Trust | **Location:** Bengaluru, Karnataka

About the Project: Construction of Classrooms at Government Higher Primary School, Kitaganur Village, Bengaluru

This vital infrastructure project will benefit numerous children by providing a more comfortable and effective learning environment for underprivileged & marginalized sections of students from nearby villages. This Project's primary aim is to ensure quality education and a safe space for learning. Together, we are building brighter futures for our children.

Project 8

Partner Name: Arch Development Foundation | **Location:** Chennai

About the Project: Financial Support for Interactive Computer Labs & Smart Screens in Government Schools (4 Schools in Chennai)

This project aims to enhance digital education by establishing interactive computer labs and smart screens in four government schools across Chennai. By leveraging technology-driven learning tools, it seeks to empower marginalized women, girls, and children, thereby fostering community resilience through education. The initiative is expected to benefit over 100 students every year, creating long-term impact on their learning and future opportunities.

Project 9

Partner Name: India Vision Institute | **Location:** Chennai

About the Project: Through the "Eye See & I Learn" and "Eye See & I Work" programs, this project aims to provide children and adults across India with access to comprehensive vision screenings and free spectacles, empowering them to learn, work, and live better lives.

We contributed towards the operational expenses of the Mobile Eye Health Van (MEHV) for one year to deliver advanced eye care services to underserved communities in Chennai. Additionally, we supported the procurement of essential screening equipment, including an Auto Refractometer, Trial Set and Frame, and Auto Lens Meter.

This initiative has reached over 3,000 beneficiaries this year and represents a sustainable model for improving eye health and preventing avoidable blindness in disadvantaged communities.

Project 10

Partner Name: Maithree Foundation | **Location:** Chennai

About the Project: Financial Support for Education and Skilling of Children and Young Adults with Special Needs

This project seeks financial support to educate 100 children and provide skill development training to 75 young adults with Intellectual and Developmental Disabilities (PwIDD) for one year. Additionally, it includes the procurement of two school vans to ensure safe and secure transportation for special children across two units. This initiative will promote inclusive education, enhance employability, and guarantee the safety and well-being of students during travel.

Project 11

Partner Name: Orion Educational Society | **Location:** Telangana & Andhra Pradesh

About the Project: This Youth Development Project is designed to enhance employability in General Duty Assistance (GDA), with a special focus on underprivileged and marginalized communities in Hyderabad and Tirupati.

We are happy to share that over 400 families have benefited from this program so far. We believe this initiative will ignite hope and create pathways for a brighter future. This Program focuses on three core areas: Computer Education, Vocational Training, and Women Empowerment. Through these initiatives, we strive to improve the quality of life for Indian youth by equipping them with essential skills to advance their careers and meet the growing industry demand for trained professionals.

Project 12

Partner Name: Ramakrishna Mission Students Home | **Location:** Chennai

About the Project: Empowering Education through CSR

As part of our CSR initiative, We are happy to sponsor the education expenses of 250 polytechnic students at Ramakrishna Mission Students Home, Chennai. These students, hailing from marginalized communities across rural Tamil Nadu, will benefit from free education, accommodation, and placement support.

In addition, we extended our support by purchasing a vehicle to facilitate educational, rural, and other developmental activities. This initiative reflects our unwavering commitment to inclusive growth, ensuring that financial constraints do not prevent deserving youth from accessing opportunities for a brighter future. Together, we are building lives and shaping futures.

Project 13

Partner Name: The Leprosy Mission Trust India | **Location:** Tamil Nadu & Andhra Pradesh

About the Project: Financial Assistance for Vocational Training and Skilling Initiatives

We extended financial support for the purchase of laptops, smart classroom setups, furniture, and equipment for the Vocational Training Center in Vizianagaram, Andhra Pradesh, and for initiatives supporting leprosy-affected patients in Vadathorasalur, Tamil Nadu.

This project is designed to enhance employability and skill development, with a special focus on leprosy-affected patients and their children from underprivileged and marginalized communities. Being a sustainable model, the skill development center is expected to benefit around 150 students annually, offering both placement assistance and entrepreneurial opportunities.

Through these initiatives, we aim to improve the quality of life for Indian youth by equipping them with essential skills to advance their careers and meet the growing industry demand for trained professionals.

Project 14

Partner Name: Ekam Foundation | **Location:** Kolli Hills, Namakkal District.

About the Project: Together for Mothers and Children. The objective of this program is to reduce preventable deaths among the most vulnerable mothers and children in the Kolli Hills block of Namakkal District. The geographical coverage includes 1 Primary Health Centre (PHC), 4 Health Sub-Centres (HSCs), 4 panchayats, and 23 ICDS centres. This project also focuses on improving maternal and child healthcare across Namakkal, impacting 1,500+ families. Through sustainable healthcare solutions and strategic partnerships with government bodies and local communities, this initiative ensures that every child in vulnerable areas has access to quality care and a healthier future.

Project 15

Partner Name: Satya Special School | **Location:** Pondicherry

About the Project: Transport Facility for Special Children with Special Needs

We are happy to launch a dedicated transport facility for children with special needs in Pondicherry and Coimbatore. This initiative plays a vital role in supporting the inclusive education of more than 1000 children by ensuring access to school, promoting social interaction, and fostering a sense of belonging.

By providing safe and reliable transportation, we aim to address the mobility challenges faced by these students—many of whom find it difficult to navigate public transit or travel independently. This effort not only enhances their educational journey but also empowers them to engage more fully with their peers and the wider community.

Board of Directors

Lakshmipathy Deenadayalan

Chairman & Managing Director

RMC CSR ITC CSC ALCO SRC BRC RCWD

Lakshmipathy hails from a business family and joined the Company as a Director in 2002. He pioneered the concept of providing secured loans to Small Business Customers and has been instrumental in building a portfolio of INR 10,000 Crores, without any compromise on the pace or quality of growth over the last 2 decades. He was appointed as the Managing Director of the Company in 2012 and continues to be the Managing Director fully involved in all strategic and operational decisions.

Anand Raghavan

Independent Director

AC RMC CSR NRC RCWD

Chartered Accountant with over 30 years of experience occupying senior positions in Sundaram Finance and Ernst & Young LLP. His specializations include NBFC Regulations, Corporate Tax and Foreign Investment.He is also a director on the Boards of Aptus Value Housing Finance, Shriram Life and SK Finance.

Bhama Krishnamurthy

Independent Director

AC RMC CSR NRC

She has over three decades of experience in Financial Services with a sparkling career in Small Industries Development Bank of India (SIDBI). She served as Chief General Manager of SIDBI. Her other directorships include Cholamandalam Investment and Finance, and Muthoot Microfinance.

Srinivasaraghavan T T

Independent Director

AC RMC CSC RCWD

Graduate in Commerce and holds an MBA degree from the Gannon University, Pennsylvania. He began his career as a banker, before moving to Sundaram Finance in 1983, where he spent almost 4 decades including 18 years as its Managing Director. He is also on the Boards of Sundaram Finance, Sundaram Home and RK Swamy.

Ramkumar Ramamoorthy

Independent Director

RMC ITC NRC SRC

Associated with Cognizant India for over 22 years, before retiring as Chairman and MD, responsible for the company's India operations. Prior to joining Cognizant, Ramkumar worked for Tata Consultancy Services. He is now a Partner at Catalincs, a strategic advisory firm that helps small tech companies scale and grow. He is also on the Board of Cholamandalam Investment and Finance.

Thirulochand Vasan

Non-Executive Director

SRC BRC

Thirulokchand is a Hotel Management Graduate with over 17 years of experience in the Hospitality business. His areas of expertise include Team Management, Customer satisfaction and Process Optimization.

Srikanth Gopalakrishnan

Joint Managing Director & Chief Finance Officer

CSC ALCO BRC

Management graduate and a seasoned banking and finance professional with more than 2 decades of experience with large banks and NBFCs. He had worked in Citibank across Treasury & FP&A functions. He was the Chief Financial Officer at Asirvad Microfinance Private Limited before joining Five Star. He has been associated with the Company for about 10 years.

Rangarajan Krishnan*

Joint Managing Director & Chief Executive Officer

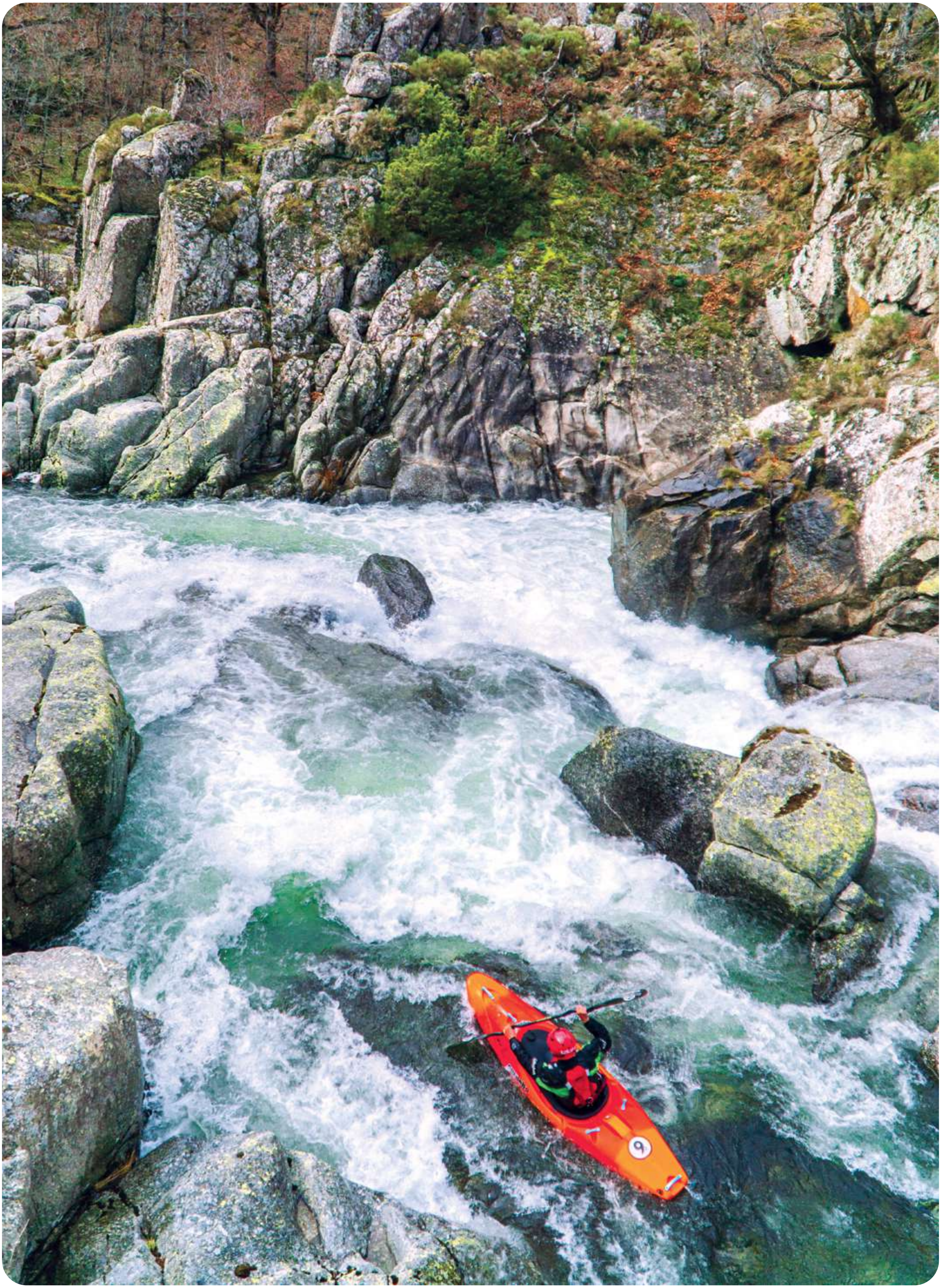
ITC CSC ALCO

Management graduate and a well rounded finance professional with more than 2 decades of experience across commercial banking, private equity investment, project finance and advisory. He had worked in HDFC Bank, Stanchart and International Finance Corporation and was heading the advisory / investment banking initiatives across the financial services and consumer sectors at Spark Capital before joining Five Star. He has been associated with the Company for about 10 years.

* Resigned w.e.f August 14, 2025

Committee Indications

AC - Audit Committee
RMC - Risk Management Committee
NRC - Nomination & Remuneration Committee
CSR - Corporate Social Responsibility Committee
ITC - IT Strategy Committee
CSC - Customer Service Committee
BRC - Business & Resource Committee
SRC - Stakeholder's Relationship Committee
ALCO - Asset & Liability Committee
RCWD - Review Committee for Wilful Defaulter



Directors' Report

Directors' Report

Your Directors take pleasure in presenting the 41st Annual Report together with the audited financial statements of the Company for the financial year ended March 31, 2025.

Financial Highlights

INR in crores

Particulars	FY 2024 - 25	FY 2023 -24
Total Revenue from Operations	2,866.02	2,195.10
Less: Total Expenses	1,435.43	1,079.16
Profit before tax	1,430.59	1,115.94
Tax expense	358.10	280.01
Profit after tax	1,072.49	835.92
Other comprehensive income	(2.90)	(1.77)
Total comprehensive income	1,069.59	834.15
Asset under management^	11,877.04	9,640.59

^ Loan portfolio on gross basis

Your Company has adopted Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015.

Industry Outlook

During the financial year 2024-25, the financial services industry had to navigate a challenging environment marked by regulatory tightening measures, particularly in response to concerns over overleveraging in retail finance. Additionally, the rising cost of capital, resulting out of tight liquidity conditions, posed further constraints. However, the tax proposals announced in the Union Budget coupled with the interest rate cuts by the Reserve Bank of India towards the end of the fiscal year are expected to stimulate consumption and enhance credit flow, particularly in sectors such as mortgage and vehicle financing. The Reserve Bank of India, in its Monetary Policy Committee (MPC) meeting held in April 2025, has also changed its stance from “neutral” to “accommodative” which effectively means that going forward, absent any shocks, the MPC would only consider two options – status quo or a rate cut. This is expected to augur well for the economy as a whole with a spur towards investment and consumption, and more specifically to the financial services sector since the interest rates would continue to drop, which will be beneficial from the perspectives of growth and profitability.

The overleveraging concerns, which initially impacted the unsecured lending segment, have also had some impact on secured lending businesses towards the later part of the financial year, prompting a cautious approach across the industry. In response, NBFCs are strategically recalibrating their business expansion plans to optimize risk-adjusted profitability and maintain financial stability over the medium term.

State of the Company's Affairs/Overview

Company Overview

Your Company is a non-deposit taking Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India and is a NBFC – Investment and Credit Company (NBFC-ICC). Your Company has been classified as a NBFC in Middle Layer under the Reserve Bank of India (Non- Banking Financial Company - Scale Based Regulation) Directions dated October 19, 2023, as amended from time to time.

Your Company has been listed on the National Stock Exchange of India Limited and BSE Limited since November 21, 2022.

Review of Operations

Your Company provides secured financial solutions to individuals carrying on small businesses and self-employed individuals who often lack access to formal credit channels and rely on informal sources for their financial needs. To bridge this gap, your Company has developed a proprietary underwriting model that effectively assesses borrowers' cash flows, supported by rigorous monitoring and robust recovery mechanisms. This approach enables your Company to cater to their credit requirements while ensuring responsible lending practices.

By extending access to financial services, your Company facilitates the transition of underserved borrowers into the formal financial ecosystem, thereby helping them access structured credit, potentially lower interest rates and flexible repayment options.

Your Company remains committed to fair and transparent lending and collection practices, fostering long-term partnerships that empower borrowers to achieve financial stability.

The detailed financial and operational performance of your Company is comprehensively discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

Operational Metrics

Disbursements

During the financial year ended March 31, 2025, your Company disbursed INR 4,969.66 crores as compared to INR 4,881.41 crores in the previous financial year, reflecting a year-on-year (YOY) growth of approximately 1.81%. This reduction in disbursements was a conscious strategy adopted by your Company to moderate its growth for the current financial year primarily on account of the overleveraging concerns affecting the industry coupled with regulatory guidance provided by the Reserve Bank of India to all the lending institutions.

As of March 31, 2025, the average ticket size for disbursals stood at INR 3.58 lakh, compared to INR 3.42 lakh in the previous financial year.

Branch Metrics

Your Company operates across 10 states and 1 union territory, namely Tamil Nadu, Puducherry, Karnataka, Andhra Pradesh, Telangana, Maharashtra, Uttar Pradesh, Madhya Pradesh, Chhattisgarh, Rajasthan, and Gujarat. During the financial year ended March 31, 2025, your

Company expanded its branch network to 748 branches, up from 520 branches in the previous year. This includes the establishment of the first branch in Gujarat, contributing to the total number of newly added and split branches.

This financial year has seen your Company strengthening its split branch strategy wherein bigger branches with higher number of borrowers or larger AUM are split into multiple branches in order to ensure strong risk oversight. Out of the 228 Branches opened by your Company during the year, 80 are fresh branches and 148 are branches added consequent to the split branch strategy highlighted above.

To support future growth, your Company has strengthened its workforce, ensuring a well-equipped team to meet rising demand. The strategic implementation of the split-branch model has led to a stronger risk management framework.

Your Company follows a well-defined branch expansion strategy, carefully evaluating various risk parameters before establishing new locations.

The branch network details as of March 31, 2025, along with a comparative analysis of the previous financial year, are provided below:

States	No. of Branches	
	March 31, 2025	March 31, 2024
Tamil Nadu (including Pondicherry)	206	128
Andhra Pradesh	234	172
Telangana	115	92
Karnataka	59	41
Madhya Pradesh	94	63
Maharashtra	25	13
Chhattisgarh	3	3
Uttar Pradesh	6	4
Rajasthan	5	4
Gujarat	1	0
Total	748	520

Financial Metrics

As of March 31, 2025, your Company reported Assets Under Management (AUM) of INR 11,877.04 Crores, compared to INR 9,640.59 Crores in the previous financial year, reflecting a year-on-year growth of 23.20%. Revenue from operations stood at INR 2,866.02 crores, marking a Y-o-Y growth of 30.56% compared to INR 2195.10 crores in FY 2024. The average ticket size of loans ranged between INR 3-5 lakh.

Your Company seeks to be a responsible lender and in line with this vision, during the Financial year ended March 31, 2025, your Company also dropped its interest rates on incremental loans onboarded from November 1, 2024. Interest rate on loans given for a 7-year tenure was reduced from 24.5% to 21.5% - 22.50% depending upon the risk profile of the borrower, as clearly outlined in the Interest Rate model approved by the Board. Your Company would continue to keep a tab on the cost of its borrowings and would accordingly decide the incremental lending rates in the years to come.

To further enhance risk management and pricing efficiency, your Company implemented risk-based pricing model during the year. This approach considers multiple factors, including:

- Credit score of the primary applicant
- Customer leverage, as reflected in credit bureau reports
- Loan purpose, given its impact on risk weight
- Eligibility for priority sector benefits on borrowings
- Vintage of the collateral property offered

This structured approach ensures optimized risk-adjusted returns while supporting credit access for deserving borrowers.

Asset Quality

Your Company maintains a robust collection and proactive recovery management system, ensuring strong asset quality for the financial year ended March 31, 2025. Despite some impact of the overleverage crisis on secured loan lenders, your Company has ensured a strong asset quality, with the Gross Stage 3 Assets at 1.79% which will be one of the lowest among peers operating in this customer segment.

Your Company classifies assets into different stages based on expected performance, following all applicable regulatory guidelines. Exposure at Default (EAD) represents the total outstanding amount, including accrued interest, as of the reporting date. For the financial year ended March 31, 2025, your Company reported Gross Stage 3 Assets and Net Stage 3 Assets (under the revised Income Recognition and Asset Classification norms) at 1.79% and 0.88% respectively, compared to 1.38% and 0.63% in the previous financial year.

While there is an uptick in the delinquency rate including NPA numbers, it needs to be looked at from a contexual perspective. The trickling effect of the overleverage crisis to secured lenders, especially during the second half of the year, led to some increase in delinquency rates. However, these numbers are significantly lower as compared to both secured and unsecured lenders, and stand testimony to the robust underwriting model and strong collections focus.

Prospects

The Indian credit market continues to offer significant growth opportunities, particularly in lending to micro-entrepreneurs and self-employed individuals, who often face barriers in accessing formal financial institutions. CRISIL estimates peg small ticket size secured (SORP - Self Occupied Residential Property) MSME lending market potential at

₹ 22 trillion. The number of players operating in this segment is less lending to a lot of headroom available for lenders to grow in this segment.

As of March 31, 2025, your Company's Assets Under Management (AUM) stood at INR 11,877.04 Crores, compared to INR 9,640.59 Crores in the previous financial year, reflecting a year-on-year growth of 23.20%. While the growth rate was slightly muted during the financial year ended March 31, 2025, it was primarily on account of other issues plaguing the industry such as overleverage, etc and not on account of lack of market demand.

Resource Mobilization

Your Company maintains a well-diversified borrowing structure, leveraging multiple funding sources including capital market borrowings, borrowings from financial institutions (domestic and international) and banks.

At the shareholders' meeting held on September 13, 2024, a special resolution under Section 180(1)(c) of the Companies Act, 2013, was passed, authorizing the Board of Directors to raise borrowings exceeding the aggregate of paid-up share capital and free paid-up share capital and free reserves and securities premium, up to INR 10,000 Crores.

As of March 31, 2025, your Company's total outstanding borrowings stood at INR 7,922 Crores, with the weighted average tenure of fresh loans raised during the year being approximately 60 months

Your Company follows a prudent Asset-Liability Management (ALM) strategy, ensuring optimal funding mix, loan tenures, and borrowing timing to minimize financing costs and maintain liquidity.

New lenders and developments during the Financial Year 2024-25:

Total Borrowings and Term loan composition: During the financial year, your Company raised fresh borrowings aggregating to INR 3,545 Crores, including fresh term loans from banks and financial institutions amounting to INR 2,795 Crores. As of March 31, 2025, total outstanding borrowings stood at INR 7,922 Crores, with the weighted average tenure of fresh loans at ~60 months.

During the year, your Company onboarded new lenders such as CSB Bank Ltd., International Finance Corporation, SIDBI, HDFC Mutual Fund, HSBC Mutual Fund, Kotak Mutual Fund and Nippon Mutual Fund. leading to a well-diversified borrowing profile. The liability profile of your Company has been structured in a way to support the business growth in the forthcoming years.

Securitization: Your Company actively leveraged the Securitization (PTC) market, enhancing liquidity, reducing the cost of funds and mitigating asset-liability mismatches.

During the year, your Company securitized receivables worth INR 852.32 Crores, realizing a sale consideration of INR 750 Crores. All securitization transactions complied with the RBI guidelines on the Securitization of Standard Assets and were accounted for in accordance with Indian Accounting Standards (Ind AS).

Debentures: Your Company issued fresh debentures aggregating to INR 500 Crores via private placement during the year. Further, your Company has maintained timely servicing of interest and principal obligations for the financial year ended March 31, 2025, ensuring full compliance with the disclosure requirements under SEBI (LODR) Regulations, 2015.

Commercial Paper (CP)

Your Company did not issue any Commercial Papers or other short-term instruments during the financial year ended March 31, 2025.

Statutory and Regulatory Compliances

Your Company remains committed to full compliance with all applicable regulatory provisions, including those set forth by the Reserve Bank of India (RBI), SEBI (LODR) Regulations, 2015, Companies Act, 2013, Foreign Exchange Management Act (FEMA), 1999, Income Tax Act, 1961 and the rules and regulations framed thereunder.

Additionally, your Company has adhered to the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) for Board and General meetings held during the FY 2024-25.

Credit Rating

During the financial year, your Company's credit ratings were reaffirmed at AA- (Double A Minus) with Stable outlook by ICRA, CARE Ratings Limited and India Ratings & Research (Fitch Group).

As of March 31, 2025, your Company's borrowings hold the following ratings:

Rating Agency	Instrument	Rating
ICRA	Bank Facilities	ICRA AA- (Stable)
	Non-Convertible Debentures	ICRA AA- (Stable)
	Securitization	ICRA AAA (SO) / AA+ (SO) / AA (SO)
India Ratings & Research	Bank Facilities	IND AA-/Stable
	Non-Convertible Debentures	IND AA-/Stable
CARE	Long term Bank Facilities	CARE AA-; Stable
	Long term/Short term Bank facilities	CARE AA-; Stable / CARE A1+
	Commercial Paper	CARE A1+

Change in Nature of Business

There has been no change in the existing nature of business of your Company during the financial year ended March 31, 2025.

Dividend

The Board of Directors at its meeting held on April 29, 2025 has recommended a final dividend of INR 2/- per equity share (200% of face value of INR 1/- per equity share and translating to a dividend payout ratio of 5.5%) for the financial year ended March 31, 2025 to the shareholders of the Company for approval at the ensuing 41st Annual General Meeting.

Dividend Distribution Policy

Your Company has adopted a Dividend Distribution Policy, which provides a structured approach for determining dividend payouts. The policy considers various internal and external factors, including financial performance, growth strategy, regulatory requirements and prevailing market conditions as evaluated by the Board of Directors. The policy is available on our website at https://fivestargroup.in/investors/.

Transfer to Reserves

In compliance with the requirements under the Reserve Bank of India Act, 1934, your Company has transferred a sum of INR 214.5 Crores to the statutory reserves during the financial year ended March 31, 2025.

Deposits

Your Company operates as a non-deposit taking entity and has not accepted any public deposits during the financial year ended March 31, 2025, In accordance with applicable regulatory requirements.

Capital Adequacy Ratio

As of March 31, 2025, your Company's Capital Adequacy Ratio stood at 50.10%, well above the minimum regulatory requirement of 15% as stipulated by the Reserve Bank of India (RBI).
Additionally, your Company has carried out an Internal Capital Adequacy and Assessment Process (ICAAP), confirming that it remains adequately capitalized to support its business objectives and risk profile.

Share Capital

Authorised Capital

During the financial year, there has been no change in the Authorised Capital of the Company. The Company has only one class of equity shares and the authorised share capital of the Company as on March 31, 2025, was INR 55,00,00,000 divided into 55,00,00,000 equity shares of INR 1 each.

Issued, Subscribed and Paid-up Share Capital

During the financial year under review, your Company has allotted 19,77,880 fully paid-up equity shares under various ASOP schemes. 4,060 fully paid -up equity shares under Five-Star Associate Stock Option Scheme 2015 and 19,73,820 fully paid -up equity shares under Five-Star Associate Stock Option Scheme 2018 were allotted during the financial year under review.

Issue and allotment of convertible warrants

Pursuant to the applicable provisions of the Companies Act 2013, SEBI (Issue of Capital and Disclosure Requirements), Regulations, 2018 and SEBI (Listing Obligations and Disclosure Requirements), 2015, the Board of Directors at its meeting held on August 17, 2024 and the Shareholders at the Annual General Meeting held on September 13, 2024 had approved the issuance of up to 410,000 convertible Share Warrants of INR 1.00 each at a premium of INR 769.00 on Preferential basis to Mr. Lakshmipathy Deenadayalan, Promoter and Chairman & Managing Director, Mr. Rangarajan Krishnan, Joint Managing Director & CEO and Mr. Srikanth Gopalakrishnan, Joint Managing Director & CFO ("Allotees") . The Company had received the in-principle approval from BSE and NSE in this regard.

The Company has received upfront consideration of 25% of the issue proceeds and the Board had accordingly approved the allotment of Share warrants on Preferential basis to Allotees on October 24, 2024.

Subsidiaries, Joint Ventures, Associate Companies

Your Company does not have any Subsidiary/Associate/ Joint Venture Company. Also, during the financial year, your Company has not formed/ incorporated/become/ceased to be a Subsidiary/Associate/Joint Venture Company.

Related Party Transactions

Your Company has in place a policy on related party transactions, as approved by the Board, which is available on the website of the Company at https://fivestargroup.in/investors/.

During the financial year, all related party transactions were entered into at arm's length and in the ordinary course of business. There were no materially significant transactions with Promoters, Directors, Key Managerial Personnel (KMP) or other designated persons that could have potential conflicts of interest with the Company.

Further, no contracts or arrangements were entered into with related parties that require disclosure in Form AOC – 2 under Section 188 (1) and 134 (3) (b) of the Companies Act, 2013.

All proposed transactions with the related partes were pre-approved by the Audit Committee at the beginning of each financial year/quarter and subsequently reviewed on a quarterly basis.

Employee Stock Option Schemes

Your Company has adopted ASOP schemes in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (SEBI (SBEB) Regulations) and the Companies Act, 2013.
Currently, your Company has formulated following ASOP schemes:
1. Five-Star Associate Stock Option Scheme 2015 (ASOP 2015)
2. Five-Star Associate Stock Option Scheme 2018 (ASOP 2018) and
3. Five Star Associate Stock Option Scheme 2023 (ASOP 2023)

Approval and Implementation

- ASOP 2015 : Approved by the Board of Directors on September 18, 2015 and by the shareholders at the Extraordinary General Meeting (EGM) on April 12, 2016 and later ratified in the Annual General Meeting held on September 16, 2023.
- ASOP 2018: Approved by the Board of Directors on February 28, 2018 and by the shareholders at the Extraordinary General Meeting held on March 26, 2018. It was subsequently ratified at the Annual General Meeting held on September 16, 2023.
- ASOP 2023: Approved by the Board of Directors on August 16, 2023 and by the shareholders at the Annual General Meeting held on September 16, 2023.

There have been no material changes to these schemes during the financial year ended March 31, 2025.

A certificate from secretarial auditor M/s S Sandeep & Associates, Practicing Company Secretaries confirming the implementation of ASOP schemes in accordance with SEBI (SBEB) Regulations and shareholders resolutions, will be available for inspection of shareholders at the ensuing annual general meeting.

In compliance with Regulation 14 of SEBI (SBEB) Regulations, disclosures regarding ASOP 2015, ASOP 2018 and ASOP 2023 have been provided on the website of the Company at www.fivestargroup.in.

Annual Return

The Annual Return in form MGT 7 referred to in Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and Regulation 62(1)(k) of the SEBI (LODR) Regulations, 2015 is available on the website of the Company at https://fivestargroup.in/investors/.

Particulars of Loans, Guarantees or Investments

The Company being an NBFC, the disclosures regarding particulars of loans given, guarantees given and security provided is exempted under Section 186(11) of the Companies Act, 2013. With regard to Investments made by the Company, the details are provided in note no.7 of the financial statements.

Material Changes Affecting the Financial Position of the Company

There are no material changes and commitments having an adverse bearing on the financial position of the Company between March 31, 2025, and the date of this report.

Information as per Section 134(3)(m) of the Companies Act, 2013

The provisions related to and technology absorption under Section 134(3)(m) of the Companies Act, 2013 do not apply to our Company as your Company is not a manufacturing entity. However, Your Company is committed to increasing the use of information technology and promoting resource conservation in its operations.

During the financial year ended March 31, 2025, the Company incurred foreign currency expenditure of INR 4.58 crores with no foreign currency earnings.

Information as per clauses (xi) and (xii) of Rule 8(5) of the Companies (Accounts) Rules, 2014

There was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the financial year ended March 31, 2025.

The Company has not entered into any one-time settlement with its lenders during the financial year ended March 31, 2025, and therefore the requirements of clause (xii) of Rule 8(5) of the Companies (Accounts) Rules, 2014 are not applicable.

Significant and Material Orders passed by the Regulators or Courts or Tribunals

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of your Company's and its future operations.

Agreements binding on listed entities

There are no agreements between shareholders, promoters, related parties, Directors, or employees, either amongst themselves or with the Company, impacting management control, restrictions or liabilities that require disclosure to Stock Exchanges. This includes agreements with the listed entity, holding companies, subsidiaries, or associates.

Risk Management

Your Company has established a comprehensive Risk Management Framework designed to identify, assess, and mitigate risks associated with its operations. This framework is supported by a Risk Management Policy, which outlines the governance structure, risk classification, mitigation strategies, and the role of the Chief Risk Officer (CRO) in overseeing risk-related functions.

The Risk Management Committee (RMC) is responsible for monitoring and reviewing the Company's risk management initiatives. In compliance with the Reserve Bank of India (RBI) Master Directions and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the RMC regularly evaluates key risks and ensures the effective implementation of risk-mitigation strategies.

The adequacy of internal financial controls concerning financial statements has been assessed, and details are provided in the Management Discussion and Analysis section of this Report.

Risk Management Approach

Your Company acknowledges that a well-defined risk management approach is essential for sustainable growth. Accordingly, robust policies, systems, and processes have been implemented to manage various risk categories, including credit risk, operational risk, market risk (interest rate and liquidity), and reputational risk.

Key Risk Mitigation Measures

Credit Risk Management:

- A multi-layered underwriting process that includes comprehensive credit bureau checks, field investigations and adherence to the "3 Cs" framework—verification of Character, Cash Flow and Collateral, before the sanction of a loan.
- Stringent verification procedures, prudent loan-to-value (LTV) ratios and a conservative debt service capacity analysis to ensure borrower creditworthiness.
- Legal due diligence and robust documentation to safeguard lending practices.

Risk Oversight & Governance:

The Risk Management Committee (RMC) ensures continuous monitoring of credit risk, portfolio performance and operational risks, providing strategic direction to mitigate potential threats.
A dedicated Chief Risk Officer (CRO) oversees risk identification, measurement, and control, ensuring timely risk reporting to the RMC, Board and the management.

Market & Liquidity Risk Management:

The Asset Liability Committee (ALCO) actively manages liquidity risk and interest rate exposures to maintain financial stability.
A well-diversified funding strategy ensures optimal liquidity planning.

Fraud Risk Management:

In accordance with RBI Master Directions, a Committee of Executives for monitoring and follow up of fraud cases (Fraud Risk Management Committee) has been constituted to proactively identify, monitor, and mitigate fraud risks by reviewing early warning signals and strengthening preventive mechanisms.

Your Company remains committed to enhancing its risk management framework to adapt to evolving business dynamics and regulatory landscapes. A continuous review mechanism ensures that risks are effectively mitigated while maintaining a resilient operational model

Human Resource Development

Your Company firmly believes that its employees are the cornerstone of its success. A dynamic and highly skilled workforce is critical to achieving business excellence and therefore, your Company remains committed to attracting, developing and retaining top talent through strategic initiatives, robust training programs and a competitive compensation structure.

Talent Acquisition & Retention

Your Company places a strong emphasis on building a high-performing workforce by continuously identifying and onboarding skilled professionals across business verticals. A well-defined talent retention strategy ensures that employees are offered growth opportunities, competitive pay packages with an appropriate mix of fixed and variable components, career progression pathways and an engaging work environment that fosters long-term commitment.

Optimizing Workforce Efficiency

To enhance operational efficiency, your Company undertook a detailed workforce assessment, aligning staffing levels with business expansion, customer acquisition strategies and market demands. This data-driven approach ensures that every function—from frontline sales and credit assessment to collection and customer service— is optimally staffed while maintaining a lean and agile organizational structure.

Employee Development & Skill Enhancement

Your Company remains deeply invested in employee capability-building initiatives, offering a blend of classroom training (as deemed appropriate), on-the-job learning and specialized certification programs. Training modules are tailored to strengthen customer engagement, credit evaluation, risk assessment, regulatory compliance (including KYC & Fair Practices Code certifications) and leadership development. Digital learning platforms and structured mentorship programs further reinforce the Company's commitment to nurturing future leaders.

During the financial year under review, your Company also launched an Employee Learning Platform, which is designed to empower the employees with knowledge and skills that would enhance their work experience and career growth. This platform would be enhanced with learning modules from various functions which will help employees get an all-round experience of the various functional areas within the Company.

Competitive Compensation & Rewards

To attract and retain top-tier professionals, your Company continuously benchmarks its compensation and benefits structure against industry standards. A well-structured performance-linked incentive framework motivates employees to excel, while initiatives focused on work-life balance, career advancement and employee well-being enhance overall job satisfaction.

As of March 31, 2025, your Company had 11,934 employees across its branches, regional offices and corporate headquarters, each playing a pivotal role in driving the Company's growth trajectory.

Your Company remains committed to fostering a culture of collaboration, innovation and excellence, ensuring that its people continue to be the driving force behind its sustained success.

Board of Directors

Your Company maintains a well-balanced and diverse Board in compliance with Section 149 of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board comprises an optimal mix of executive, non-executive and Independent Directors, including a Woman Independent Director, ensuring a broad spectrum of expertise, strategic insight, and corporate governance best practices.

The Board members bring extensive industry experience, leadership acumen and a commitment to upholding the highest standards of integrity and governance. Their collective expertise spans diverse domains, enabling well-informed decision-making that aligns with the Company's long-term vision and stakeholder interests.

To facilitate seamless participation, the Company provides video conferencing and other audio-visual means for Board meetings, in accordance with Section 173(2) of the Companies Act, 2013, read with Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014. This ensures that Directors can actively contribute to discussions and deliberations, even when unable to attend meetings in person.

Your Company remains committed to fostering an engaged, forward-thinking and highly effective Board that drives sustainable growth and governance excellence.

The Board of Directors comprises 8 (eight) Directors, including 4 (four) Independent Directors (one of whom is a woman), [1 (one)] Non-Executive Director, and 3 (three) Executive Directors (Chairman & Managing Director, Joint Manging Director &CEO and Joint Managing Director & CFO), as of March 31, 2025. Details on the Board composition are provided below:

Name of the Director	Designation	DIN
Lakshmipathy Deenadayalan	Chairman & Managing Director	01723269
Anand Raghavan	Independent Director	00243485
T T Srinivasaraghavan	Independent Director	00018247
Bhama Krishnamurthy	Independent Director	02196839
Ramkumar Ramamoorthy	Independent Director	07936844
Thirulokchand Vasan	Non-Executive Director	07679930
Rangarajan Krishnan	Joint Managing Director & CEO	07289972
Srikanth Gopalakrishnan	Joint Managing Director & CFO	10636810

Changes in Board during the Financial Year

The following changes took place in the composition of the Board of Directors during the Financial Year 2024-25 under review.

New Appointments

Based on recommendation of Nomination and Remuneration Committee, Mr Rangarajan Krishnan (DIN: 07289972) has been appointed as an additional Director in the category of Joint Managing Director of the Company by the Board at its meeting held on August 17, 2024. Subsequently the shareholders of the Company at the Annual General Meeting held on September 13, 2024 approved the appointment as Joint Managing Director for a period 5 years effective from August 17, 2024. Further Mr. Rangarajan Krishnan was re-designated as Joint Managing Director & CEO.

Based on recommendation of Nomination and Remuneration Committee, Mr Srikanth Gopalakrishnan (DIN:10636810) has been appointed as an additional Director in the category of Joint Managing Director of the Company by the Board at its meeting held on August 17, 2024. Subsequently the shareholders of the Company at the Annual General Meeting held on September 13, 2024 approved the appointment as Joint Managing Director for a period of 5 years effective from August 17, 2024.

Further Mr. Srikanth Gopalakrishnan was re-designated as Joint Managing Director & CFO

Details relating to their appointments are available on the website of the Company www.fivestargroup.in and stock exchanges viz www.bseindia.com and www.nseindia.com.

Resignations

Mr Vikram Vaidyanathan (DIN: 06764019), non-executive Director representing Matrix Partners India Investment Holdings II, LLC had stepped down from the Directorship with effect from the close of the business hours of April 30, 2024. There are no other material reasons other than what has been stated in his resignation letter.

During the financial year under review, Mr G V Ravishankar (DIN: 02604007), non-executive director representing Peak XV Partners Investments V had stepped down from the Directorship with effect from the close of the business hours of April 30, 2024. There are no other material reasons other than what has been stated in his resignation letter.

Details relating to their resignations are available on the website of the Company www.fivestargroup.in and stock exchanges viz www.bseindia.com and www.nseindia.com.

There was no changes in the Composition of Board between the end of Financial Year 2024-25 and the date of this report.

Changes in Board after the Financial Year

Director Retiring by Rotation

In accordance with Section 152(6) of the Companies Act, 2013 and the Articles of Association of the Company, at least one-third of the Directors, excluding Independent Directors, are required to retire by rotation at every Annual General Meeting (AGM).

Pursuant to said provision , Mr Thirulokchand Vasan (DIN: 07679930) is liable to retire at the 41st Annual General Meeting (AGM) and being eligible, has offered himself for reappointment. The Board recommends his reappointment for the approval of the shareholders.

Key Managerial Personnel

During the financial year under review, Ms Shalini Baskaran had resigned as Head-Compliance & Company Secretary and Compliance Officer of the Company, with effect from the close of business hours of February 26, 2025 and Mr Vigneshkumar SM was appointed as the Company Secretary and Compliance Officer with effect from February 27, 2025. There are no other material reasons other than what has been stated in her resignation letter.

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with the rules made there under, the following employees are the whole- time key managerial personnel of the Company as on March 31, 2025:

a) Mr Lakshmipathy Deenadayalan, Chairman and Managing Director (DIN: 01723269)
b) Mr Rangarajan Krishnan, Joint Managing Director and Chief Executive Officer (DIN: 07289972)
c) Mr Srikanth Gopalakrishnan, Joint Managing Director and Chief Financial Officer (DIN: 10636810)
d) Mr. Vigneshkumar SM, Company Secretary and Compliance Officer

There was no changes in the composition of Key Managerial Personnel (KMP) between the end of Financial Year 2024-25 and the date of this report.

Declaration from Independent Directors

Pursuant to Section 149(7) of the Companies Act, 2013 read along with Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 of the Companies Act, 2013 and Regulation 25(8) of the SEBI (LODR) Regulations, 2015, the Company has received necessary declarations/ disclosures from each of the Independent Directors of the Company stating that he/she meets the criteria of independence as required under Section 149(6) of the Companies Act, 2013 and that he/she has a valid certificate of registration for his/her enrollment into the data bank for Independent Directors.

In the opinion of the Board of Directors, the Independent Directors of your Company satisfy the necessary attributes as to integrity, experience (including proficiency) and high levels of skill and expertise.

Compliance with Secretarial Standards

During the Financial year under review, the Company has complied with all applicable Secretarial Standards issued by The Institute of Company Secretaries of India and adopted under the Act.

Formal Annual Evaluation

In compliance with the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and the Company's Directors Appointment, Remuneration and Evaluation Policy, the Board carried out a formal annual evaluation of its own performance as well as the performance of individual Directors, including the Chairman and its various Committees.

This structured assessment was carried out based on the predefined evaluation criteria set forth in the Directors Appointment, Remuneration and Evaluation Policy. The said policy is available on the website of the Company at https://fivestargroup.in/investors/.

Additionally, the performance evaluation of Independent Directors was carried out by the entire Board. The Independent Directors in a separate meeting held during the year, reviewed the performance of Non-Independent Directors (including Chairman) and assessed the overall effectiveness of the Board. Key areas of evaluation included the quality, timelines and adequacy of information exchange between Management and the Board. The evaluation process was conducted through a secure digital platform, ensuring transparency and confidentiality.

Internal Financial Controls

Your Company maintains a comprehensive Internal Financial Control (IFC) framework , supported by well-defined policies and processes to uphold the highest standards of integrity, transparency and corporate governance. These controls are designed to :

- Facilitate efficient business operations and policy compliance.
- Safeguard corporate assets against misuse or unauthorized access.
- Prevent and detect fraud and Financial irregularities.
- Ensure accurate and complete financial records.
- Ensure timely preparation of reliable financial information.

To strengthen its control environment, the Company has established clear delegations of authority, standard operating procedures (SOPs) and risk control matrices. These measures are regularly reviewed at multiple levels. Independent testing of control measures is conducted periodically to ensure continued compliance with regulatory and operational requirements.

An independent consulting firm provides ongoing support in updating risk control metrics, test plans and independent assessment procedures. The findings and recommendations from these evaluations are periodically presented to the Audit Committee for review and necessary action.

Additionally, the Company has built a robust Internal Audit mechanism, with regular audits conducted by both in- house Internal Audit team and External Internal Auditors. The Audit Committee closely monitors financial controls, risk management, compliance and operational procedures, reviews audit findings and ensures implementation of corrective actions wherever necessary.

Auditors and Auditor's report

Statutory Auditors

During the financial year under review, the tenure of M/s S R Batliboi & Associates LLP as Statutory Auditor of the Company concluded at the 40th Annual General meeting (AGM) held on September 13, 2024.

In compliance with the Reserve Bank of India's Guidelines on appointment of Statutory Auditor by Non-Banking Financial Company vide Circular RBI/ 2021-22/25 Ref. No. DoS. CD.ARG/ SEC.01/ 08.91.001/ 2021-22 dated 27th April, 2021 and pursuant to Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, the shareholders approved the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants (FRN:008072S) as the new Statutory Auditors at the AGM held on September 13, 2024 for a term of three consecutive financial years viz. 2024-25, 2025-26 and 2026-27 (i.e from the conclusion of the 40th AGM till the conclusion of the 43rd AGM). The appointment remains subject to the satisfaction of eligibility criteria on annual basis.

Statutory Auditors Report on Financial Statements

The statutory audit report is annexed with the financial statements and forms a part of this report. The report indicates a clean audit with no qualifications, reservations, adverse remarks, or disclaimers.

Fraud Reported by Auditors

There were no instances of frauds reported by the Statutory Auditors during the financial year ended March 31, 2025 under Section 143(12) of the Companies Act, 2013.

Audit Trail

Effective April 1, 2023, Sections 128 and 143(3)(j) of the Companies Act, 2013 rule 3(1) of Companies (Accounts) Rules, 2014 and rule 11(g) of Companies (Audit and Auditors) Rules, 2011 require the auditor of a Company to report whether the accounting software used by the Company to maintain books of account has an audit trail feature.

An audit trail is a chronological, date, and time-stamped record of a specific transaction from the time its entry is made in the accounting software through various changes to it.

Your Company has 2 software in respect of which audit trail reporting becomes applicable – the accounting software and the customer loan management software.

Your Company uses Oracle Fusion as its accounting software and Finnone Neo as its Customer Loan Management software. Both these are very well acclaimed software; Oracle Fusion is used by many players for their General Ledger requirements, both in the financial services industry and outside. Finnone Neo is an LMS that is used by large NBFCs and banks to manage their loan portfolios. These software come with lots of inbuilt controls to ensure that the transactions made reflect the financial and loan positions accurately.

Both these software have an in-built audit trail feature which had been enabled both application and database level for the financial year ended March 31, 2025. There was a brief period i.e. from April 1, 2024 to May 23, 2024 when the audit trail in respect of accounting software was not enabled at the database level. There was no issue with respect to the enablement of audit trail for the accounting software at an application level and that was enabled and operated effectively throughout the year.

This has also been brought out by the Statutory Auditor in their Auditors' report of the financial statements.

Notwithstanding the above, the Auditors Report does not contain any qualifications, and they have also confirmed adequacy of Internal Financial Controls in your Company.

Internal Auditor

To ensure the effectiveness of internal control systems, your Company maintains a robust internal audit system, combining an external audit firm viz. M/s Sundaram & Srinivasan, Chartered Accountants with an in-house team. This comprehensive approach ensures thorough review of all operations of the Company regularly. The audit teams regularly assess the adequacy of control measures and recommend improvements as needed. The Audit Committee oversees the internal audit functions, scope of internal audit and reviews its effectiveness.

Secretarial Auditor

M/s S Sandeep & Associates, Practicing Company Secretaries were appointed to conduct the secretarial audit of the Company for the financial year 2024-25, as required under Section 204 of the Companies Act, 2013 and rules made thereunder and Regulation 24A of SEBI (LODR) Regulations, 2015. The secretarial audit report for the financial year ended March 31, 2025, forms part of this report as Annexure A and does not contain any qualification, reservation or adverse remarks.

Further, pursuant to Regulation 24A of SEBI (LODR) Regulations 2015, the Board of Directors, based on recommendation of the Audit Committee, has recommended to the shareholders for approval, the appointment of M/s S Sandeep & Associates, Practicing Company Secretaries, as Secretarial Auditors of the Company for a term of 5 (five) consecutive years from FY 2025-26 to FY 2029-30. The resolution seeking approval of Members forms part of the Notice of AGM.

Cost Records and Cost Audit

The provisions for maintaining cost records and undergoing a cost audit, as per Section 148(1) of the Companies Act, 2013 are not applicable to your Company's business activities.

Information Technology

Technology plays a vital role in every Company's business strategy and operations. In line with this, your Company has implemented a robust IT framework that supports seamless business processes across all functions—from sourcing, underwriting, loan approvals, disbursements, collections and back-office operations, providing a unique experience to all stakeholders along with high levels of security and privacy

Your Company has made significant investments in technology and is committed to ongoing investments in technology, enabling higher levels of efficiency, effectiveness, regulatory compliance, competitive advantage and innovation. This includes deploying world-class software for all core operations of the Company and for frictionless scaling, leveraging third party API infrastructure for digitization and interoperability, using data analytics and machine learning for underwriting and portfolio analysis in addition to building a robust credit scoring model, and investing in tools for appropriate business continuity and security. These initiatives have enabled us in making faster and more effective decisions, improved our customer engagement and shortened turnaround times.

Further, as of the financial year ended March 31, 2025, your Company has implemented state of the art systems for Loan Origination and Underwriting, Accounting and General Ledger, Human Resources, Treasury and Compliance. These systems bring in enhanced operational efficiency, sophisticated financial reporting framework, completely automated compliance structure, strong HR Management systems, and have brought in system-based controls & efficiencies to treasury operations. Your Company would continue to constantly evaluate these systems and their appropriateness to the Company's operations. Necessary enhancements and upgrades would be done periodically to ensure that these systems remain robust enough to take care of the fast paced changes taking place in the technology domain.

As stated above, your Company would continue to make necessary investments in technology towards the following areas:

- Deploying the most appropriate software and applications to drive higher automation and operational efficiencies, digitization of the value chain and enhanced user experience.
- Leveraging data of high quality and integrity for analysing patterns and aiding strategic and operational decision making
- Using newer digital technologies, including Machine Learning, AI and language models for customer scoring which will all aid in better risk management.

More details have been provided in the Management Discussion and Analysis report.

On the infrastructure part, the IT Strategy Committee of the Company has established comprehensive policies related to IT governance, asset management, business continuity, outsourcing, information security and cybersecurity, and incident management, among others. Given the heterogenous footprint of technologies and IT systems as well as integration of systems with external partners, the IT Strategy Committee periodically reviews the enterprise architecture for dependencies and interoperability and conducts regular vulnerability assessments and penetration testing to identify and minimize any internal or external threats. An independent information systems audit was also conducted during the year, the findings of which are elaborately discussed, and actions are taken within defined timelines.

Corporate Social Responsibility (CSR)

Your Company is committed to fulfilling its social responsibility obligations. Your Company has adopted a CSR Policy as mandated by the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the on the 'website of the Company at https://fivestargroup.in/investors/.

As per aforesaid provisions of the Companies Act, 2013, your Company was required to spend INR 17.03 crores towards CSR initiatives, representing 2% of the average net profits of the Company from the past three financial years. Your Company has exceeded this requirement by contributing INR 17.04 crores towards CSR during the financial year ended March 31, 2025.

The Annual Report on CSR activities for the financial year ended March 31, 2025, is attached as **Annexure B** to this Report.

Nomination and Remuneration Policy

The Company has in place the Appointment, Remuneration & Evaluation Policy that is recommended by the Nomination and Remuneration Committee and approved by the Board. The salient features of the policy include a) role of Nomination and Remuneration Committee b) Appointment and removal of Director, Key Managerial Personnel and Senior Management c) Remuneration of Executive/Non-Executive Directors and Key Managerial Personnels and Senior Management d) Principles of pay structures and e) malus and claw back provisions. The policy is being reviewed and approved by the Nomination and Remuneration Committee and the Board of Directors annually. The policy is available on the website of the Company at https://fivestargroup.in/investors/.

Whistle Blower Policy and Vigil Mechanism

As per the provisions of Section 177(9) of the Companies Act, 2013, and Regulation 22 of the SEBI (LODR) Regulations, 2015, your Company has established a Vigil Mechanism and has adopted a Whistle Blower Policy for Directors and employees to report their genuine concerns. The Whistle Blower Policy has been formulated with a view to providing a mechanism for employees and Directors to approach the Audit Committee of the Company. The said policy is available on the website of the Company at https://fivestargroup.in/investors/.

The Vigil mechanism of the Company is overseen by the Audit Committee and provides adequate safeguard against victimization of employees and Directors and also provides direct access to the Chairperson of the Audit Committee in exceptional circumstances.

During the financial year, no complaints were received by the Company and no complaints are outstanding as on March 31, 2025

Board and its Committees

During the financial year ended March 31, 2025, 7 (Seven) Board Meetings were held on April 30, 2024, July 31, 2024, August 17, 2024, October 29, 2024, December 24, 2024, January 31, 2025, and March 17, 2025, and not more than 120 days elapsed between any two meetings.

The details of the composition of the Board and its Committees, terms of reference of the Committees and the details of meetings held during the financial year are furnished in the Corporate Governance Report.

Management Discussion and Analysis

The Management Discussion and Analysis (MDA) Report, providing a comprehensive overview of the Company's business performance, industry trends, opportunities and risks , is attached as **Annexure C** and forms an integral part of this report.

Corporate Governance

Your Company remains steadfast in its commitment to upholding the highest standards of Corporate Governance, ensuring adherence to all applicable laws and regulations. A detailed Corporate Governance report is enclosed as **Annexure D** and forms part of this report.

As required under Regulation 17 (8) of SEBI (LODR) Regulations, 2015, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have submitted a compliance certificate to the Board, confirming the accuracy of financial statements and compliance with regulatory requirements.

Additionally, a Certificate from a Practicing Company Secretary, affirming the compliance with Corporate Governance norms under SEBI (LODR) Regulations, 2015, is annexed to the Corporate Governance report.

Business Responsibility and Sustainability Reporting

As per Regulation 34(2)(f) of SEBI (LODR) Regulations, 2015, the top 1,000 (one thousand) listed entities based on market capitalization shall attach a Business Responsibility and Sustainability Report (BRSR) as part of their Annual Report, describing the environmental, social and governance initiatives undertaken by the listed entities.

In line with this regulation, your Company has put together a BRSR report (along with an Environmental, Social & Governance (ESG) report) which outline the initiatives undertaken by your Company across these 3 key parameters. The BRSR report also forms part of this report as **Annexure E**.

As per the applicable criteria, BRSR Core & Assurance is not applicable to your Company for FY 2025.

Disclosures under POSH Act, 2013

The Company has in place a policy for Prevention of Sexual Harassment at the workplace in accordance with the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act). This policy is available on the website of the Company at https://fivestargroup.in/investors/.

The Company has constituted Internal Complaints Committees (ICC) as mandated by the POSH Act to address and resolve any complaints related to workplace harassment.

During the financial year, no complaints were received and no outstanding complaints as on March 31, 2025.

Particulars of Employees and Related Disclosures

In accordance with Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, disclosures related to the remuneration of Directors, Key Managerial Personnel and employees are provided in **Annexure F** of this report.

Further, details of employees as required in terms of Section 197 of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are available for inspection at the Registered Office of the Company during working hours for a period of 21 days prior to the Annual General Meeting. In accordance with Section 136 of the Act read with the said Rule, this statement is not included in the Directors' Report sent to the shareholders. However, members interested in obtaining a copy may request for the same by e-mailing the Company secretary.

Investor Relations

Your Company remains committed to transparent communication and proactive engagement with investors, analysts and stakeholders. By fostering an open and informed dialogue, your Company ensures clarity and accessibility in financial and operational disclosures.
Key investor engagement initiatives include:

- **Website Disclosures:** All relevant investor-related information are promptly published on the Company's website to ensure easy and unrestricted access.
- **Stock Exchange Notifications:** Timely and proactive disclosures to stock exchanges regarding earnings calls, quarterly and annual financial results and material developments that could impact the value of securities.
- **Investor and Analyst Meetings:** The Company regularly discloses to stock exchanges details of scheduled interactions with investors and analysts who wish to engage with the management team of the Company.

Your Company strongly believes that informed investors contribute to a well-functioning capital market and remains dedicated to equipping stakeholders with the information needed to make sound investment decisions.

Directors' Responsibility Statement

The Board of Directors have instituted / put in place a framework of internal financial controls and compliance systems, which is reviewed by the management and the relevant Board Committees, including the Audit Committee and independently reviewed by the auditors.

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
d) the Directors have prepared the annual accounts on a going concern basis;
e) the Directors have laid down internal financial controls, which are adequate and operating effectively and
f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgement

Your Directors wish to thank the shareholders, customers, employees, bankers, non-bank lenders, mutual funds, financial institutions, debenture trustees, R&T agents, credit rating agencies and auditors for their co-operation and continued support to the Company. The Directors also thank the employees for their contribution during the financial year ended March 31, 2025.

For and on behalf of the Board of Directors
Lakshmipathy Deenadayalan
Chairman & Managing Director
DIN: 01723269

Place: Chennai
Date: April 29, 2025

Form No. MR-3 Secretarial Audit Report

Annexure A

for the Finanacial Year ended March 31, 2025

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Five-Star Business Finance Limited
New No.27, Old No.4, Taylor's Road,
Kilpauk, Chennai – 600010.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. **FIVE-STAR BUSINESS FINANCE LIMITED** (CIN: L65991TN1984PLC010844) (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of M/s. **FIVE-STAR BUSINESS FINANCE LIMITED's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended March 31, 2025, generally, has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2025 according to the provisions of :
   a) Companies Act, 2013 (the Act) and the rules made thereunder;
   b) Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
   c) Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
   d) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings. The Company does not have any Overseas Direct Investment.
   e) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), and Reserve Bank of India(RBI) as amended from time to time:
      - Securities and Exchange Board of India (Registrars to an Issue and Transfer Agents) Regulations, 1993, regarding Companies Act and dealing with client;
      - Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
      - Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,2015;
      - Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
      - Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018;
      - Securities and Exchange Board of India (Depositories ad Participants) Regulations 2018;
      - Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
      - Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable for the year under review.
      - Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
      - Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; Not applicable for the year under review.
   f. Reserve Bank of India Act, 1934, RBI Directions and Guidelines as applicable to the NBFCs. The Prevention of Money Laundering Act, 2002 as amended from time to time.
   g. Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time.

2. We have also examined compliance with the applicable clauses of the following:
   a. Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
   b. The Listing Agreement entered into by the Company with the BSE Limited as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for listing of its Non- Convertible Debentures;
   c. The Listing Agreements entered into by the Company with the BSE Limited and National Stock Exchange of India Limited as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for listing of its Equity Shares;

We further report that during the period under review the Company has complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

3. We further report that:
   a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors that took place during the period under review except the resignation of Directors – Mr. Vikram Vaidyanathan (DIN : 06764019), and Mr. Ravi Shankar Venkataraman Ganapathy Agraharam (DIN : 02604007) on 30th April 2024, appointment of Gopalakrishnan Srikanth (10636810) as Joint Managing Director and appointment of Rangarajan Krishnan (07289972) as Joint Managing Director, on 17th August 2024 and the same were carried out in compliance with the applicable provisions of the Act;
   b. Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent in advance and a proper system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;

c. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

4. We further report that based on the information received, records maintained and representation received, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

5. We further report that during the period under review, no events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above have taken place except the following:
   - The Company has passed a special resolution under Section 180(1)(c) of the Act at the Annual General Meeting held on September 13, 2024 fixing the borrowing limit as Rs. 10,000 Crores.
   - The Company has passed a special resolution under Section 180(1)(a) of the Act at the annual general meeting held on September 13, 2024 permitting the Company for creating charge on its assets upto Rs. 10,000 Crores.
   - The Company has passed a special resolution for private placement of Non-Convertible Debentures under Sections 42 and 71 of the Act at the Annual General Meeting held on September 13, 2024 up to a sum of Rs. 2,500 Crores.
   - The Company has passed special resolution for the appointment of Mr. Rangarajan Krishnan as Joint Managing Director & CEO and fixing remuneration and Mr. Srikanth Gopalakrishnan as Joint Managing Director & CFO and fixing remuneration
   - The Company has passed a special resolution for issuance of 4,10,000 share warrants on preferential basis under Sections 42 and 62(1)(c) of the Act and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and other applicable provisions, at the Annual General Meeting held on September 13, 2024.
   - Articles of Association of the Company was amended by passing a special resolution by postal ballot on 18th January 2025, complying with the applicable provisions of Act.
   - The Company has passed resolution, by postal ballot on 18th January 2025, for reclassification of the status of Matrix Partners India Investment Holdings II, LLC and Peak XV Partners Investments V and its Promoter Group from 'Promoter and Promoter Group' category to 'Public' shareholder category.

For S Sandeep & Associates
S Sandeep
Managing Partner
UDIN: F005853G000227217
FCS No.: 5853
C P No.: 5987
PR No: 6526/2025

Place: Chennai
Date: April 29, 2025

This report is to be read with our letter of even date, which is annexed as Annexure I and forms an integral part of this report.

Annexure I

To,
The Members,
FIVE-STAR BUSINESS FINANCE LIMITED
New No.27, Old No.4, Taylor's Road,
Kilpauk, Chennai – 600010.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For S Sandeep & Associates
S Sandeep
Managing Partner
UDIN: F005853G000227217
FCS No.: 5853
C P No.: 5987
PR No: 6526/2025

Place: Chennai
Date: April 29, 2025

Annual Report on CSR Activities

for the Financial Year 2024 - 25

Annexure B

1. Brief outline on CSR Policy of the Company:

Being an integral part of this society, Five-Star is committed towards giving something back to the society. The Company shall seek to positively impact the lives of the disadvantaged by supporting and engaging in activities that aim to improve their livelihood and well-being. Your Company has chosen to make its contribution in 3 areas – education, health and livelihood – as these are the 3 basic necessities of every human to lead good life.

Your Company would be undertaking the CSR activities as listed in Schedule VII and Section 135 of the Companies Act, 2013 and the Rules framed thereunder and as per its CSR policy.

2. Composition of CSR Committee:

Name of Director	Designation / Nature of Directorship	No of meetings of CSR Committee held during the year	No of meetings of CSR Committee attended during the year
Mr Lakshmipathy Deenadayalan	Chairman & Managing Director	3	3
Mr Anand Raghavan	Independent Director	3	3
Ms Bhama Krishnamurthy	Independent Director	3	3

3. Web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company: https://fivestargroup.in/investors/

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014: Not Applicable

5. Average net profit of the Company as per section 135(5): INR 85,141.15 Lakhs

a) Two percent of average net profit of the Company as per section 135(5): INR 1702.82 Lakhs

b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

c) Amount required to be set off for the financial year, if any: Nil

d) Total CSR obligation for the financial year (5a + 5b - 5c): INR 1702.82 Lakhs

6. a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).: INR 1692.89 Lakh

b) Amount spent in Administrative Overheads: INR 10.80 Lakhs

c) Amount spent on Impact Assessment, if applicable: Not Applicable

d) Total amount spent for the Financial Year [(a)+(b)+(c)]: 1703.68 Lakhs.

e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the financial year (INR in lakhs)	Amount Unspent (₹ in lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (INR in lakhs)	Date of transfer	Name of the Fund	Amount (INR in lakhs)	Date of transfer
1703.68	-	-	-	-	-

f) Excess amount for set off if any: Nil

S.No	Particulars	Amount (₹ in lakhs)
1	Two percent of average net profit of the company as per sub-section (5) of section 135	1702.82
2	Total amount spent for the financial year	1703.68
3	Excess amount spent for the Financial Year [(ii)-(i)]	0.86
4	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
5	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0.86

7. Details of Unspent CSR amount for the preceding three financial year:

S.No	Preceding financial year	Amount transferred to Unspent CSR Account under Section 135(6) (INR in lakhs)	Amount spent in the reporting financial year (INR in lakhs)	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)			Amount remaining to be spent in succeeding financial year (INR in lakhs)
				Name of the Fund	Amount (INR in lakhs)	Date of transfer	
1	2023 - 24	138.26*	96.26	-	-	-	42.00
2	2022 - 23	-	-	-	-	-	-
3	2021 - 22	-	-	-	-	-	-

* pertains to ongoing project

8. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) – Not Applicable

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

For and on behalf of the Board of Directors
Lakshmipathy Deenadayalan
Chairman & Managing Director
DIN: 01723269

Place: Chennai
Date: April 29, 2025

Management Discussion & Analysis

1. Macro Economic & Industry Overview

This year is a tale of 2 halves for the secured lenders – robust growth in the first half of the year followed by a slightly muted growth and some asset quality impact in the second half of the year on account of the trickling effect of the overleverage crisis. The overleverage crisis that hit the unsecured lenders hard for almost the entire year did cause some bit of impact on the secured lenders also, especially towards the later part of the financial year. Due to this, it became imperative for the lenders to focus on "Quality Growth" rather than growth at any cost.

The financial year 2024-25 has been an year of ups and downs, with various factors causing impact at times. As the RBI Governor states in his April 2025 Monetary Policy address –

"The global economic outlook is fast changing. The recent trade tariff related measures have exacerbated uncertainties clouding the economic outlook across regions, posing new headwinds for global growth and inflation. Amidst this turbulence, the US dollar has weakened appreciably; bond yields have softened significantly; equity markets are correcting; and crude oil prices have fallen to their lowest in over three years. Under these circumstances, central banks are navigating cautiously, with signs of policy divergence across jurisdictions, reflecting their own domestic priorities.

The Indian economy has made steady progress towards the goals of price stability and sustained growth. On the inflation front, while the sharper-than-expected decline in food inflation has given us comfort and confidence, we remain vigilant to the possible risks from global uncertainties and weather disturbances. Growth is improving after a weak performance in the first half of the financial year 2024-25, although it still remains lower than what we aspire for."

The Governor also highlighted the possible risks that may materialise in the medium term. "The medium-term outlook, however, remains challenging, with downside risks from possible intensification of geopolitical conflicts, sporadic financial market turmoil, extreme climate events and rising indebtedness. Stretched asset valuations, fragilities in the less regulated non-bank financial intermediaries, and threats from new and emerging technologies also add to the evolving uncertain outlook."

However, not all is gloomy as we can glean from the Governor himself in his foreword to the Financial Stability Report 2024 (FSR) – "As the year 2024 draws to a close and a new year dawns, the global economy exhibits resilience in the face of formidable headwinds from political and economic policy uncertainty, persisting conflicts and an environment of fragmenting international trade and tariffs. Brightening the global prospects is the likelihood that the decline in inflation will continue and align with targets during the year ahead, allowing purchasing power to recover. As monetary policy gains headroom to further support economic activity, financial conditions can be expected to remain easy and contribute to an improvement in the trajectory of global GDP from a prolonged phase of low growth. Robust labour market and sound financial system too provide congenial conditions for this turnaround."

Despite some headwinds especially on the geopolitical front, there are tailwinds in the form of declining inflation, which will lead to more cash in the hands of the customers leading to higher purchasing power, which will then spur consumption, investment, savings, etc. The recent tax proposal to exempt incomes up to INR 12 lakhs is a welcome move, as it clearly signals the intent of the Government to spur investment and consumption which will then lead to better growth.

From the perspective of Indian Financial Institutions, the FSR clearly notes that "The Indian banking system has remained resilient with robust capital buffers, strong operational performance, and declining asset impairment. Macro stress tests indicate that banks' aggregate capital would remain above the regulatory minimum even under adverse scenarios. The NBFC sector witnessed robust credit growth while maintaining strong balance sheet and profitability".

1.1. Outlook for Growth

From a macroeconomic perspective, real GDP for the country is expected to grow at 6.5% for FY2024-25, as mentioned by the RBI Governor in his Monetary Policy address delivered on the 9th of April 2025. At a macroeconomic level, India remains the fastest growing major economy of the world, with strong investment and public consumption underpinning economic performance. The domestic financial system is fortified by healthy balance sheets of banks and non-banking financial companies (NBFCs), and relatively low volatility in financial markets. Despite the moderation in the real GDP growth from 8.2% and 8.1% of H1 and H2 of FY2023-24 respectively to 6.0% in the first half of the current financial year, the structural growth drivers remain intact, which will lead to a stronger growth in the second half of the financial year. The change in stance of the Monetary Policy Committee from "Neutral" to "Accommodative" also augurs well for the growth of the Indian economy.

The resilience of the domestic banking system has been bolstered by robust capital buffers, strong earnings and sustained improvement in asset quality. The common equity tier 1 (CET1) ratio, which represents the highest quality of regulatory capital, stood at 14.0 per cent, well above the regulatory requirement of 8 per cent (including the capital conservation buffer). The banks' net interest margins (NIM) and profitability also remained solid. Consequently, their returns on assets (RoA) and returns on equity (RoE) rose to 1.4 per cent and 14.1 per cent, respectively, in September 2024.

There was good news for the Indian banking system from an asset quality perspective as well. Buoyed by falling slippages, higher write-offs and steady credit demand, the gross nonperforming assets (GNPA) ratio of scheduled commercial banks (SCBs) fell to a multi-year low of 2.6 per cent. Alongside, net non-performing assets (NNPA) ratio declined to 0.6 per cent, aided by strong provisioning. Additionally, the special mention accounts – 2 (SMA-2) ratio, which is a lead indicator of asset quality, is also displaying low potential impairment.

1.2 Operating Environment

As regards NBFCs, they have been the conduits who have been taking credit to the large unserved and underserved segments, where banks did not have the ability to take a direct exposure. As prudential increases in risk weights on NBFC lending to certain consumer credit categories as well as on bank lending to NBFCs took fuller effect, NBFCs' loan growth moderated further during H1:2024-25 to 6.5 per cent (h-o-h) in September 2024. The impact was particularly visible in the upper-layer NBFCs (NBFC-UL) segment, which comprise primarily of NBFC-ICCs with high share of retail lending in their loan book. Middle-layer NBFCs (NBFC-ML), excluding government-owned NBFCs, however, maintained robust loan growth, especially in retail loan portfolios.

Overall, NBFC sector remained healthy with sizable capital buffers (CRAR stood at 26.1 per cent in September 2024), robust interest margins and earnings (NIM at 5.1 per cent and RoA at 2.9 per cent) and improving asset quality (GNPA at 3.4 per cent of gross loans and advances and SMA-(1+2) at 3.5 per cent). Write-offs, however, show a rising trend, with a few outlier NBFCs showing significantly higher write-offs.

Times have remained uncertain for a few years now with sporadic disruptions happening now and then. This financial year also witnessed another disruption in the form of government intervention in Karnataka. The Karnataka Government introduced the Karnataka Micro Loan and Small Loan (Prevention of coercive actions) ordinance, 2025 in the month of February 2025 with an intent to protect and relieve the economically vulnerable groups and individuals, especially farmers, women and women's self help groups from the undue hardship of usurious interest rates and coercive means of recovery by Micro Finance Institutions or Money Lending Agencies or Organizations operating in the state of Karnataka and for matters connected therewith and incidental thereto.

While the Ordinance clearly excluded any banking or Non-Banking Finance Company (NBFC) registered with RBI from its purview, there were field level issues faced by banks and NBFCs in the form of intervention by law enforcement and the consequent disruptions brought by such issues. This resulted in some asset quality stress in the Karnataka portfolio and also had an impact on the portfolio growth since most of the financial institutions decided to go slow on Karnataka disbursements.

Such state level interventions coupled with macroeconomic headwinds makes these times quite challenging. It becomes imperative for financial institutions to show resilience during these times for them to emerge stronger from such crises.

Regarding the growth potential for the NBFCs in the coming years, CRISIL notes that the growth in assets under management (AUM) of non-banking financial companies (NBFCs) is set to moderate to 15-17% in the current and next fiscals, a 600-800 basis points (bps) decline from a strong 23% growth seen last fiscal, as they navigate the dynamics of the evolving operating and regulatory environments and recalibrate strategies.

While the expected growth will still be above the decadal average of ~14% (fiscal 2014-2024), it will moderate from that seen in fiscal 2024 on account of three factors. First, rising concerns around household indebtedness and asset quality risks will have a bearing on growth strategies in specific retail asset segments such as microfinance and unsecured loans. Second, regulatory compliance requirements have intensified with focus sharpening on customer protection, pricing disclosures and operational compliance which will necessitate process recalibration. And third, the access to diversified funding sources, a crucial determinant of growth, especially given the slowdown in bank lending to NBFCs, will differ across NBFCs.

All these bring to the fore, the criticality of having a strong Compliance framework and robust risk management framework so that institutions are able to navigate these challenges.

2. Five Star - An Overview

Five Star is registered with RBI as a Non-Deposit taking NBFC categorised as middle layer NBFC as per RBI (Scale Based Regulation) Directions, 2023. The Company is in the business of providing Secured loans to Small Business customers and Self-employed individuals who are largely ignored by the formal financial ecosystem. The Company was incorporated in 1984, pivoted into secured lending around 2004 and has been operating in this segment for more than 2 decades. The first decade of operating in this segment was a phase of learning during which the Company learnt and fine-tuned its business and underwriting models before embarking on a phase of fast yet strong growth.

The Company has chosen the model of lending against an asset which is probably closest to the borrowers i.e. self-occupied residential properties. For this borrower segment, this asset perhaps represents their entire life savings and hence they would not default on the loan for frivolous reasons lest they lose their life savings. This ensures robust asset quality, even during difficult times. The company operates in 748 branches across 10 states and 1 union territory and has a borrower base of more than 4.5 lakhs as on March 31, 2025.

Borrower Profile

As per a study (albeit a little dated) done by International Finance Corporation (IFC) in November 2018, the debt demand of MSMEs is INR 69.3 trillion. Out of this, only INR 10.9 trillion is met by formal sources while the balance comes from informal sources such as family, friends, chit funds and moneylenders. This clearly shows that there is a huge demand from this population, who are probably wanting to graduate to the formal ecosystem for the first time in their lives but are not aware of the opportunities available to them. Hence it becomes important to have the reach through physical infrastructure so that these borrowers can be tapped. As they are first time borrowers to the formal financial ecosystem, their financial literacy levels are low, they tend to be quite unsophisticated, their timely repayment behaviour tends to be a little sketchy and hence they need to be educated on the loan product being offered and ensure their repayment behaviour remains strong, which are challenges confronted by the financial institutions.

However, they are able to clearly perceive the advantages of formal borrowing where the interest rates are far cheaper than moneylenders, they get to amortise their loan over a defined term and the recovery practices are not coercive. Almost all of your Company's borrowers are into providing essential services, either through a shop or by means of being a self-employed individual, which practically extinguishes cashflow vulnerabilities on account of macroeconomic disturbances.

Another facet of these borrowers, who are borrowing from financial institutions to extinguish their debt from unorganised institutions, is that there will be a lower propensity in these borrowers to take repeat debt. Their primary intention is to avail funding from formal sources so that they are able to get out of the debt trap of unorganised institutions, from whom they had availed moneys to set up their shops / businesses. Once they extinguish their debt, their internal accruals are sufficient to take care of their working capital requirements. This essentially means that financial institutions cannot be relying on the existing borrower base for the future also; it becomes imperative to source newer borrowers every year, which also acts as an entry barrier for newer institutions to enter this space.

Right balance between robust underwriting and strong collections focus

As many borrowers graduate from the unorganised system and do not have documentary proofs of their incomes, traditional underwriting methodologies would be ineffective, and it becomes essential to tailor an underwriting approach that would help the company understand their cashflows. Five Star addresses this challenge by evaluating 3 Cs – Character, Cashflow and Collateral, which ensures that your Company is able to evaluate their intention to repay (character), ability to repay (cashflow) and have a fallback even during bad times (collateral).

While cashflow evaluation and collateral valuation are fairly straightforward, though even these present challenges in the form of very less documentary evidence, character evaluation is much trickier. The Credit Bureau report serves as the starting point for character evaluation as it shows the repayment behaviour of the borrower on the product loans, he / she may have taken from other institutions in the past. But this is not sufficient – it becomes necessary to use other surrogates to understand the intentions of the borrower. Five Star evaluates this through Neighbourhood checks, Trade checks, etc, which helps us to understand the borrower behaviour, family circumstances, any negative traits of the borrower and his / her family, etc. Good amount of time is spent by multiple teams to understand and establish the intent of the borrower. At the heart of underwriting is also the need to impart financial literacy to the borrowers. Making them understand the loan product, interest rate and other charges, timely repayment behaviour are important aspects which help in maintaining a robust asset quality and also help avoid potential customer complaints / disputes.

Cashflow evaluation in the absence of documentary evidence also poses a challenge. It is a lot easier to understand cashflows when there are documents to substantiate but the borrowers of Five Star are people from the lower end of the pyramid and hence, they do not have typical income documents such as bank statements, IT returns, etc to demonstrate their incomes. In such a scenario, we use other means to understand the cashflows – the evidence could be the lifestyle and living conditions of the borrower or the assets that the borrower has created for himself / herself and his / her family. Through thorough checks of the borrower's workplace, his / her residence, lifestyle, etc, the company is able to arrive at a plausible cashflow which will stand support to the loan repayment.

One of the fundamental learnings for the Company over the last 2 decades is to not get into unsecured loans when lending to this borrower segment. It is extremely important to make the borrower have a significant equity in the repayment of the loan, failing which the asset quality would suffer. Towards this, your Company gets the borrower to mortgage a strong collateral in its favour and such mortgage is also registered in the sub-registrar office, making it foolproof. This ensures that even during periods of crises, the borrower pays up on a Five Star loan despite being a defaulter with other institutions.

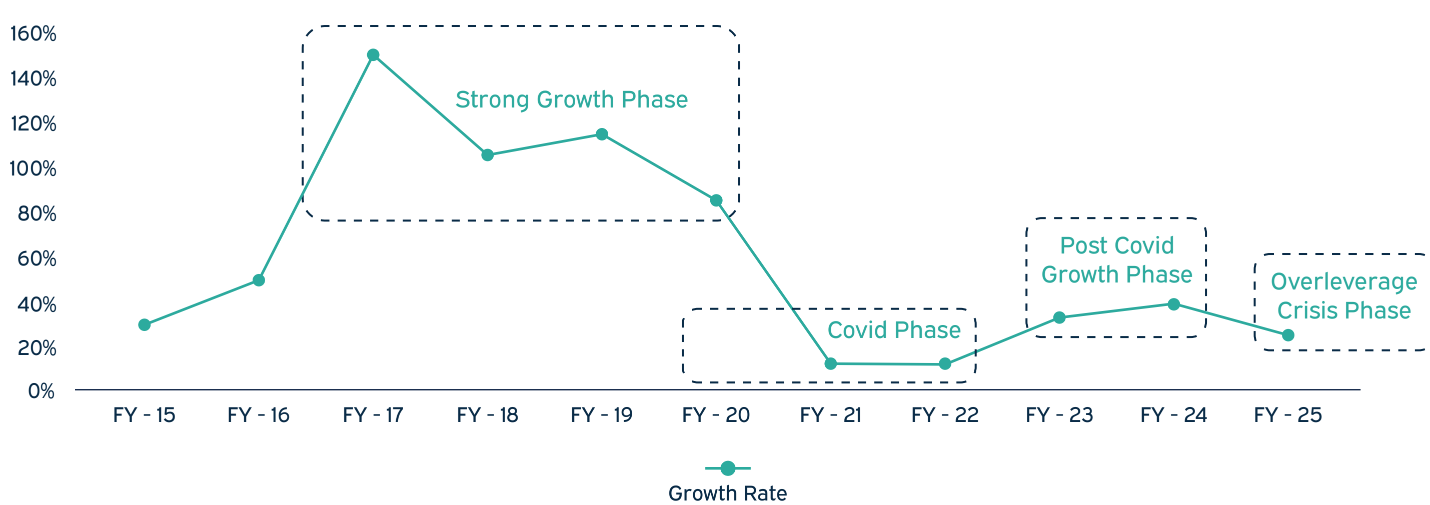
While a robust underwriting is of paramount important to nip the risks in the bud, it is not fully sufficient to ensure strong asset quality. Along with strong underwriting, there is a need to have a strong collections infrastructure so that the Company is able to take appropriate actions in response to the demands of the situation. While the sourcing officer is responsible for collections also till a particular loan vintage, the Company has also built a strong collections team which would take over the loan post that vintage and ensures that every penny till the last instalment is collected from the borrowers on time. Your Company continuously keeps evaluating its strategies and makes changes as may be necessary especially when situations change. The collection actions to be undertaken are clearly documented and the appropriate level of branch and Head Office involvement is ensured.

Your Company has also built a strong legal recovery team led by a senior person as the Chief Legal Officer, which takes over deep delinquent / NPA loans and undertakes necessary legal actions to settle the loan or bring the loan back to being standard. The legal team's organisation structure is thoughtfully made to have the right balance between resources at the branch level and resources at the HO level.

Onboarding the right borrowers after a careful evaluation, providing the right quantum of loan at the right terms and conditions, securing the loan through mortgage of one of the strongest collateral, and having the right collections and legal infrastructure have collectively ensured superior asset quality for your Company.

Business Growth

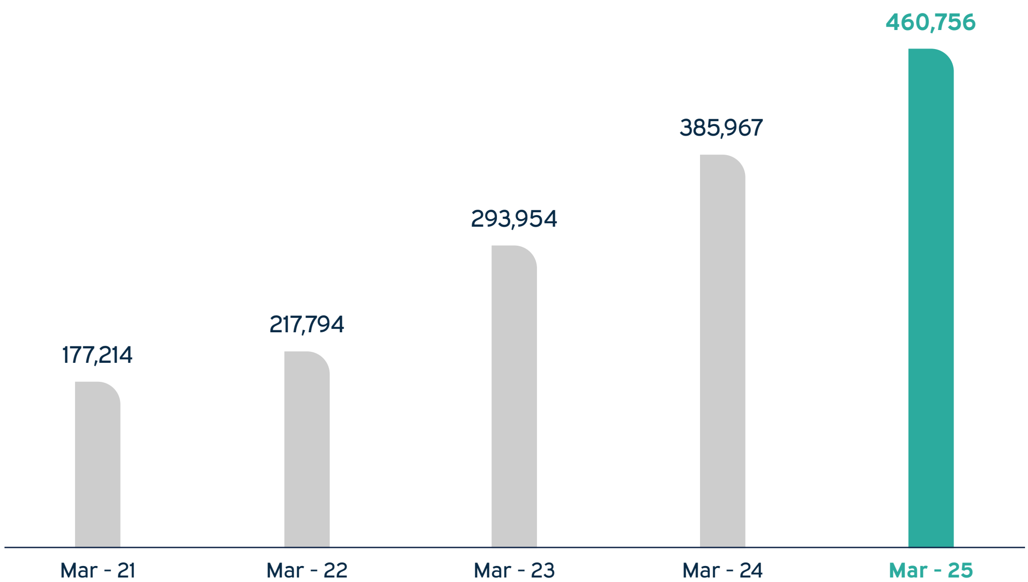
Growth is very important for every Company; else it leads to stagnation. However, growth for the sake of growth is not only useless but positively dangerous. Your Company focuses on "Quality Growth", whereby the growth achieved by your Company comes with a strong asset quality. This is evident from the growth trajectory of your Company over the last decade or so.



As can be seen from the graph above, your Company does not indulge in reckless growth. When the situation is conducive, growth tends to be fast and strong but when situation becomes challenging, the pullback of growth is palpable. This is clearly seen in the 2 years of COVID and in the current financial year, when prudence took precedence over chivalry and heroism.

Post COVID, your Company's growth showed strong traction but the overleverage crisis coupled with disruption in Karnataka resulted in a slowdown in the current financial year. As already stated, it is important to have "Quality Growth", which may not have resulted if your Company would have indulged in high disbursements during the current financial year. Notwithstanding the growth number, your Company has the infrastructure in place to press the pedal of growth once things turn better.

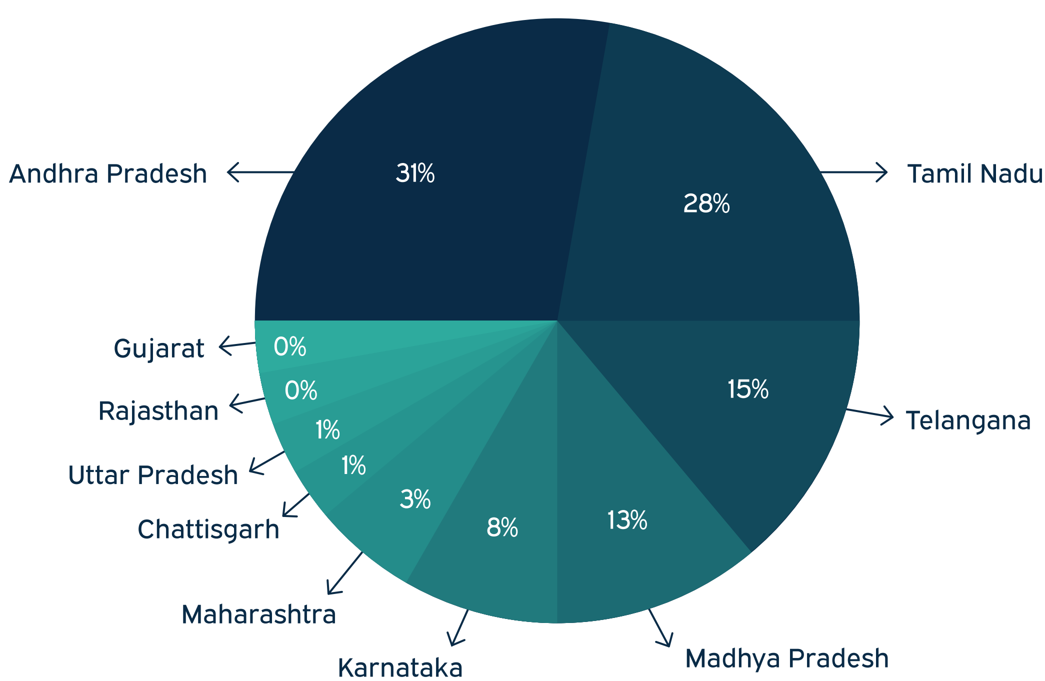
During the current financial year, your Company disbursed close to 1.4 lakh loans and increased the borrower base. The number of loans increased from about 3.86 lakhs to about 4.61 lakhs, as shown in the chart below. Over the last 5 years, the net addition of loans done by your Company stands at about 3.2 lakhs, which adds to the franchise value.



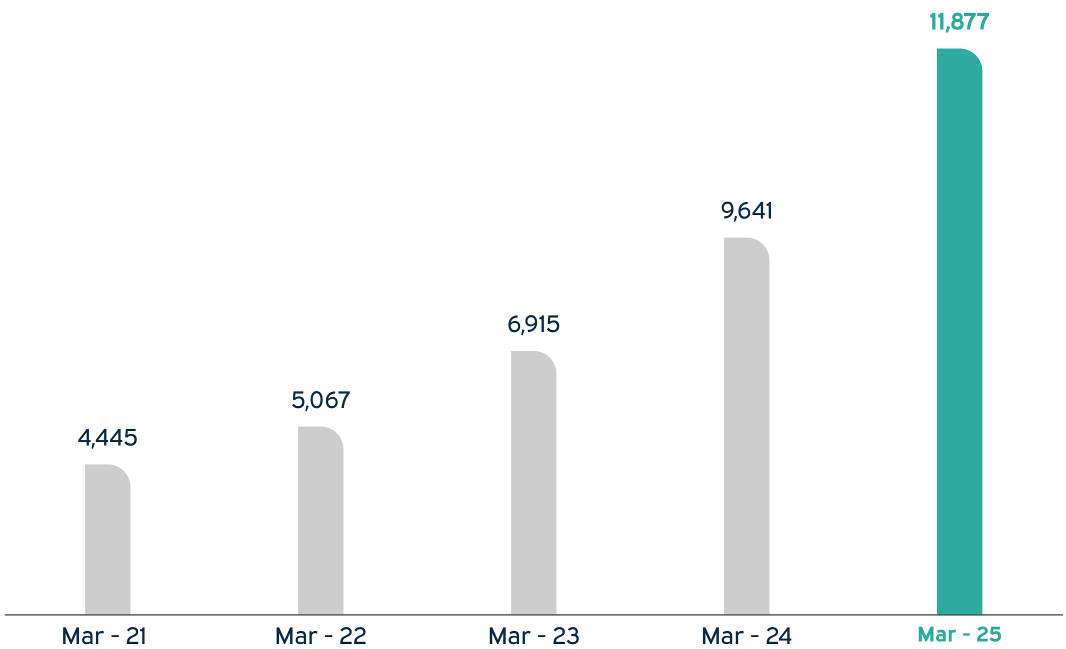
Number of Loans

During the year, your company also opened 228 branches taking the total to 748 branches as of March 31, 2025. This follows the "Split branch strategy" that was adopted during the last financial year, whereby bigger branches are split into multiple branches along with transfer of some accounts to the new branch. This was a strategy adopted with a view to have a prudent risk management across all the branches. Having an optimal number of accounts in a branch helps the branch address any challenges that may emerge viz. collection challenges, attrition challenges, etc. The new branch gets adequate space to onboard new accounts and this concept also helps provide career progression to the employees of your Company. Out of the 228 branches opened during the year, 80 were completely new branches and 148 were split branches.

The state-wise split of branches as of March 2025 is given below.



The combined effect of increased loans and increased branch infrastructure resulted in your Company's getting close to INR 12,000 Crores of AUM as on March 31, 2025.



AUM

One of the other actions taken by your Company during the current financial year is to achieve some increase in ticket size, which helps in multiple ways:

1. Inflationary increases in ticket size are a must to attract the right borrowers to take loans from the Company. Right ticket size is also important to remain competitive in an environment where other players try to provide more loans to the same borrower.
2. The drop in lending rates by over 200 bps starting November 1, 2024 gives an avenue for your Company to source price sensitive borrowers who are also of better quality. This was a clear focus especially during the last quarter and it help push up the ticket size of incremental disbursements during the last quarter.
3. Increase in ticket size would continue to be a lever of growth for your Company. By moving to relatively higher ticket sizes, the borrower profiles tend to be better, possibility of your Company being bucketed with MFIs / other small ticket lenders is avoided, and all of these help in better collections and stronger asset quality. Hence your Company would continue to focus on increased ticket size, without compromising on any of the responsible underwriting tenets.

Responsible Lending

Your Company prides itself on being a responsible lender, not just in terms of underwriting practices but also in terms of pricing and other aspects. The cost of debt raised by your Company had seen a sharp drop over the last few years by about 200 bps and there was a clear intention to pass on this benefit to the borrowers. However, various events played out in the last few years which made it difficult to drop interest rates viz. rising interest rates, changes in risk weights, scarcity in liquidity, etc.

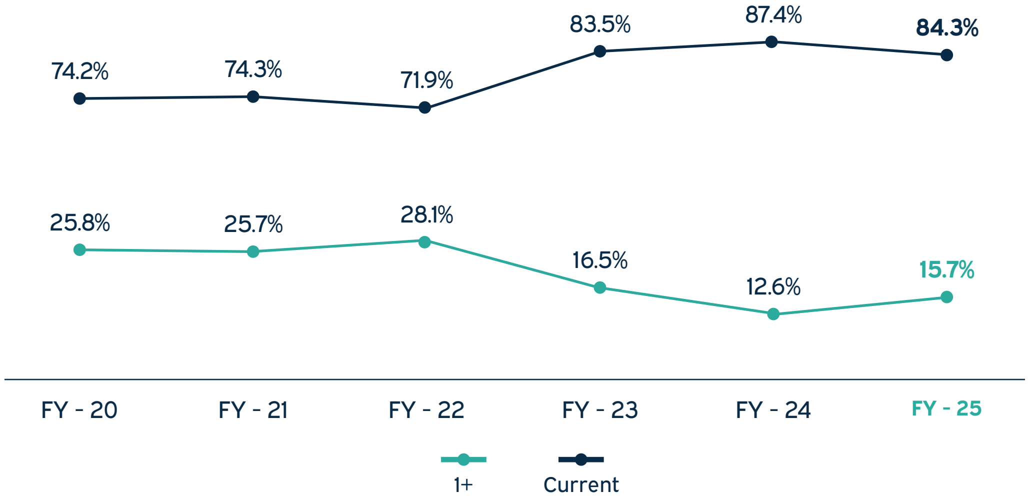
However, for all disbursements made from November 1, 2024, the interest rates were lowered on an average by about 200 bps. Your Company also moved to a risk-based pricing model whereby based on borrower profile and end-use, the interest rates were determined. This ensured that borrowers with lower perceived risk got a lower interest rate and vice versa. Your Company would continue to keep a tab on the interest spread (difference between lending and borrowing rate) and take appropriate decisions at the right time.

Asset Quality

Amongst the 3 parameters of Growth, Profitability and Quality, Asset Quality is of topmost priority to Five Star. One of the fundamental tenets of the company is to prioritise collections over incremental business. The ability to maintain strong collections efficiency and robust asset quality even during difficult times is a distinguishing facet of the company. The Company shall compromise on growth during tough times but there is no compromise on collections or asset quality. This has been proved crisis after crisis and the strong asset quality of the Company over the last many years is a testament towards this.

While there are many models existing in the financial services industry, Five Star believes in having accountability and expertise as the twin factors towards achieving excellence in collections. Expertise bereft of accountability shall not yield the desired results and neither would accountability without expertise. Towards this, your Company has made the sourcing officer responsible for collections up to a certain vintage, which ensures strong accountability. Post this specific vintage (when the propensity to default may increase), the accounts are transferred to the collections team which has the right expertise to manage collections even on difficult accounts. Different measurement yardsticks are laid out for both these teams, which act as the right motivation and ensures good level of collections and strong asset quality.

The graph below depicts our Current and 1+ portfolio for the last 5 years, and the data is self-explanatory.



While there has been an uptick in the delinquency numbers as of March 2025, it has to be understood in the right context. When the industry went through immense pain due to the overleverage crisis, the uptick in delinquency for your Company seems relatively low. Many of the other lenders, especially unsecured loan providers, have seen an uptick in delinquencies and credit cost substantially higher than what has been experienced by your Company. Given the strong underwriting coupled with relentless collections focus, your Company is very confident of coming out of this crisis in flying colours. We will continue to expend efforts to ensure that the current portfolio improves in the coming years.

The Company continuously keeps evaluating its strategy and would take appropriate actions as it befits the situation. It is important to keep the collections effort of business officers minimal so that they can focus on bringing in quality accounts to facilitate the growth of the Company. At the same time, moving accounts continuously to the collections team would mean linear increase in the number of collections officers, which does not work well from a cost perspective. So a fine balance needs to be maintained between these 2 and your Company shall constantly strive to strike the right balance which would lead to quality growth of your Company's loan portfolio.

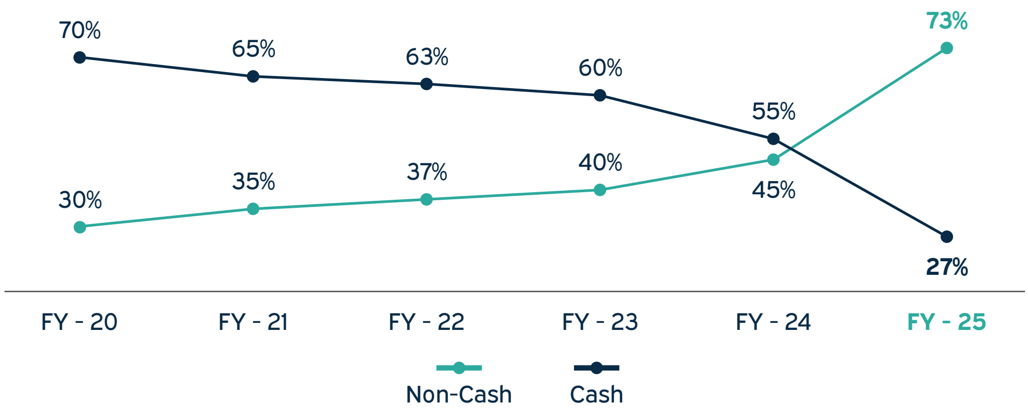
The Company had also restructured a small portion of its portfolio as part of the COVID second wave; however, the proportion of the restructured book stands at a very marginal level (0.30% of the overall AUM as of March 31, 2025) as on date. This portfolio has been steadily decreasing with settlements happening on these loans without any major compromise on the IRR. Based on the performance till date, do not expect any major losses emanating out of this portfolio. In fact, we also carry a very sizeable provision on this book (we carry a provision of about 45% on this book), which we believe, would be more than sufficient to offset any potential losses on this portfolio.

The table below gives the stage-wise details of loan portfolio as of March 31, 2025:

Amount in INR Crores

Stage	Remarks	As of March 31, 2025		As of March 31, 2024	
		Amount in INR crores	% of AUM	Amount in INR crores	% of AUM
Stage 1	Loans up to 30 DPD	10,730.56	90.35%	8,880.21	92.11%
Stage 2	Loans between 31 and 90 DPD	934.17	7.87%	627.54	6.51%
Stage 3	Loans classified as NPA as per IRAC norms	212.32	1.79%	132.84	1.38%
Total		**11,877.04**	**100.00%**	**9,640.59**	**100%**

One of the significant achievements of your Company during the current financial year was to increase the proportion of digital repayments. As the borrowers are largely first-time borrowers to the formal financial ecosystem for a size and nature of the loan that they have taken from your Company, they have been habituated to making repayment of their EMIs in cash. Over the last 12 months, your Company undertook significant efforts, through educating the borrowers coupled with the carrot and stick approach (in the form of incentives and penalties), to ensure constant increase in the proportion of digital payments. The efforts of the Company have borne fruit, and we have seen a significant uptick in the digital payments over the last few years, as can be seen from the data below.



3. Operational & Financial Metrics

3.1 Branches: The number of branches as at the end of March 2025 was at 748 as against 520 as at March 2024.

3.2 Portfolio growth: Five Star's Consolidated AUM increased from INR 9,640.61 Cr in FY2024 to INR 11,877.04 Cr in FY2025[1], which translates to a growth of about 23% for the year.

[1] AUM is without netting off the ECL

3.3 Loan disbursals: During the year, the company disbursed an amount of about INR 4,970 Crores as against INR 4,881 Crores in the previous year, recording a growth of 2% for the year under review.

3.4 Asset quality: For the financial year ended 31st March 2025, the company achieved a Gross Stage 3 assets / NPA of 1.79%, as against 1.38% in the previous year. While there is an uptick in the GNPA, it needs to be looked at against the backdrop of significant stress faced by lending institutions over the last 1 year. Even at this level, this would perhaps be one of the best asset qualities amongst institutions catering to borrowers in the lower end of the income pyramid.

3.5 Capitalisation: As of March 31, 2025, the Company had a net worth of INR 6,304.60 Crores. For this financial year, your Company's Board of Directors has also recommended for a dividend of INR 2 per share (200% of face value) translating to a dividend payout of 5.5%, which will be paid out post the approval of the shareholders.

3.6 Profitability: The Company continues to remain very profitable and the full year Profit After Tax for the period ended March 31, 2025 was INR 1,072.49 Crores as against INR 835.92 Crores for the financial year ended March 31, 2024.

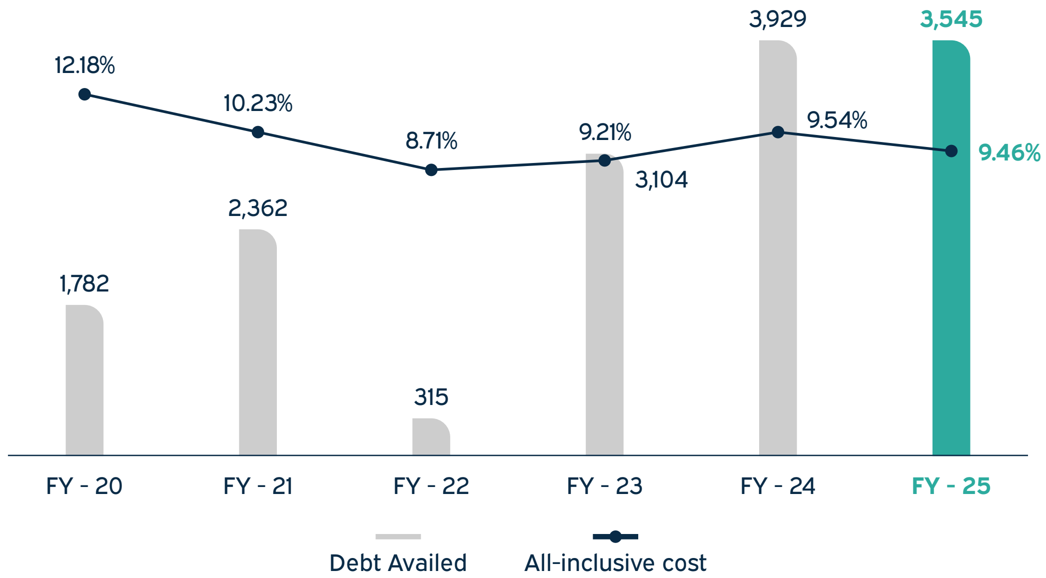
Some of the operational and financial highlights are given below.

Parameter	FY 2025	FY 2024	Growth
Assets under Management (INR Cr)	11,877.04	9,640.59	23.20%
Amount disbursed (INR Cr)	4,969.66	4,881.43	1.81%
Branches (#)	748	520	43.85%
Number of customers	460,756	385,966	19.38%
Number of employees	11,934	9,327	27.95%
Profit after Tax (INR Cr)	1,072.49	835.92	28.30%

4. Strengthening Liability Profile

One of the focus areas for your Company from a debt perspective during the year under review was to have a good mix of borrowings from banks and non-banks. It was also imperative to achieve this without any major impact on the cost of funds. During a year when your Company dropped incremental lending rates by about 200 bps, it becomes important to have borrowings raised at competitive rates so that a portion of the interest spread may be protected. This was on display during the current financial year when your Company was able to diversify its borrowing sources and bring in funds at competitive rates.

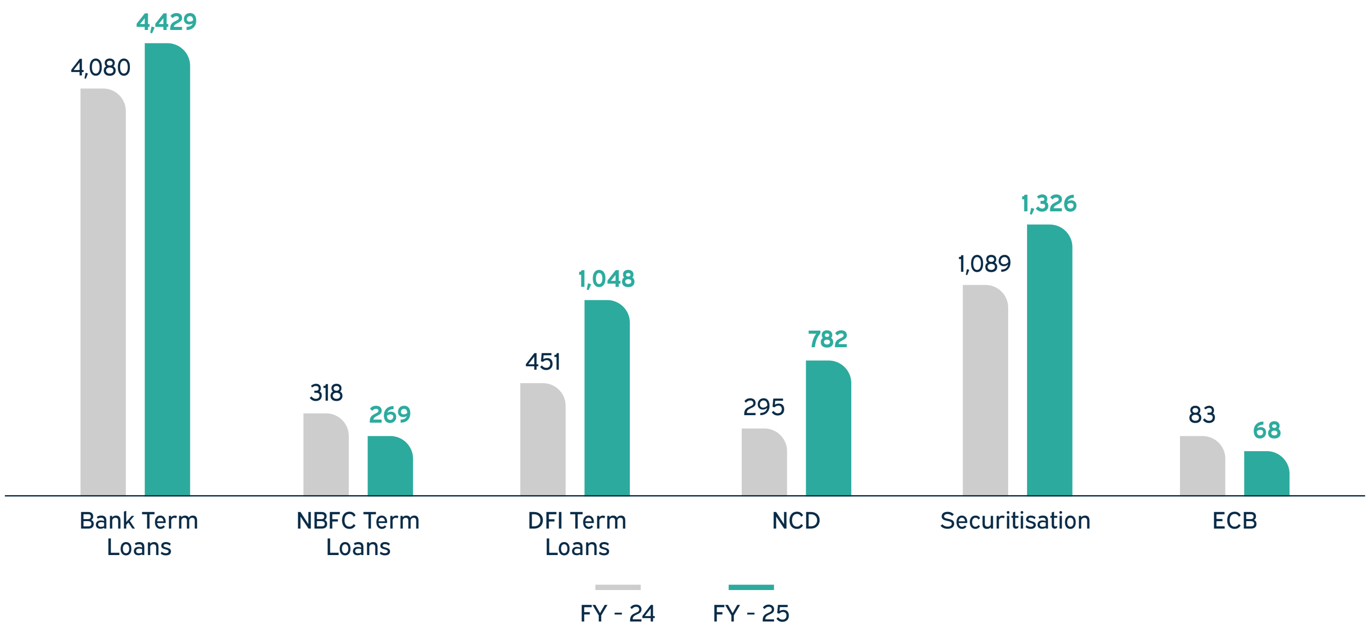
During the financial Year under review, your Company has availed fresh borrowings aggregating to INR 3,545 Crores (inclusive of some previous unavailed sanctions) as against INR 3,929 Crores in FY2024. While the Company had secured sanctions of INR 3,370 Crores, the outstanding Total Borrowings as of March 31, 2025 were INR 7,921.99 Crores. Not just in quantum of borrowings, the Company also managed to get their borrowings at very competitive rates (all-inclusive pricing) as is shown below.



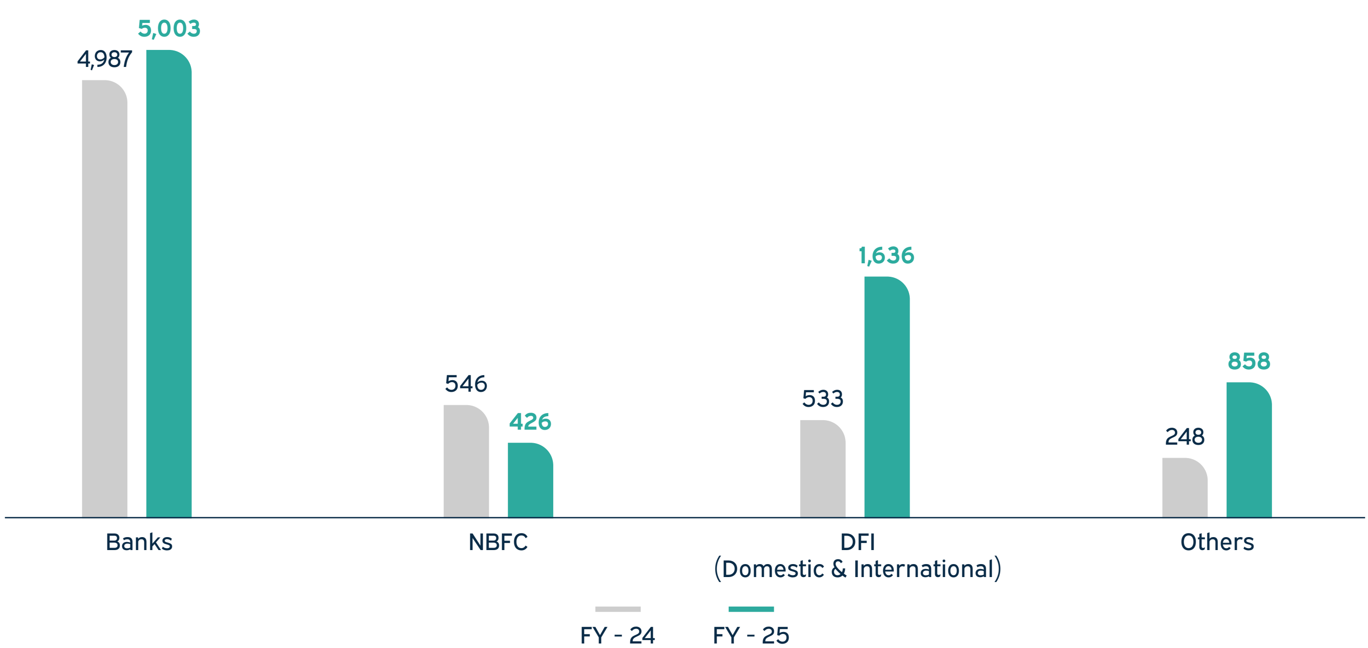
Over the last 5 years, the reduction in cost of incremental debt worked out to more than 250 bps, which was supported by strong growth and profitability and robust quality along with consistent improvement in credit rating. This was achieved along with diversification with the proportion of non-bank borrowing in the overall debt improving from 21% in March 2024 to 37% in March 2025. During the current year, the company also onboarded new lenders such as CSB Bank Ltd., International Finance Corporation, SIDBI, HDFC Mutual Fund, HSBC Mutual Fund, Kotak Mutual Fund and Nippon Mutual Fund.

The Company has borrowed moneys through term loans from banks and financial institutions, cash credit lines from banks, issued non-convertible debentures, issued pass-through certificates as part of Securitisation transactions and also availed one tranche of non-rupee denominated borrowing through the ECB route. So, the debt profile of the company is well diversified both from the perspectives of type of lenders as well as the structure of debt.

Structure-wise debt outstanding is given in the graph below:



The lender-wise outstanding debt profile is as follows:



The Company would continue to onboard the right kind of lenders who can support the Company in achieving its long-term objectives, albeit at an appropriate cost and also with an eye on the right mix, both from the perspectives of lender category and borrowing structure.

Leverage: Given the healthy capital profile, the company has been operating at a low leverage and low D/E ratio. The D/E ratio as of March 31, 2025 stands at 1.26x and it would be the endeavor of the company to touch optimal D/E ratio levels in the years to come.

5. Asset-Liability Management:

One of the very important areas which unfortunately does not get the attention it deserves is Asset-Liability Management. Many of the past catastrophes in the NBFC industry would have their undercurrent in poor ALM. The appropriate level of liquidity is very important for an NBFC as too less liquidity in a stressful situation could lead to a survival crisis for a NBFC, while too much liquidity would lead to negative carry and create a dent on the financials. And the liquidity position is directly linked to the Asset-Liability Management (ALM) practice of a NBFC.

NBFCs tend to focus on both assets and liabilities, albeit in a very uncoordinated manner. The applicability of Liquidity Coverage Ratio (LCR) has helped address ALM issues fairly well but it is important for the Board and the Management to accord high importance to having the right ALM profile i.e. having a preventive rather than a reactive mindset towards ALM. Your Company has always been adopting a conservative ALM and liquidity policy, which has helped the company manage all turbulence that it has faced over many years. The Company does not resort to short-term borrowing of significant quantum given that it lends for up to 7 years. The liquidity policy defines a minimum liquid balance to be maintained on a monthly basis which will effectively take care of all obligations and other fund requirements over the next 3 months. The Company is of the view that while this may entail some amount of negative carry, it provides a good balance to manage adverse times, should they arise.

The LCR as of March 31, 2025 was 354%. To maintain High-Quality Liquid assets (HQLA) to manage its LCR, the company has been investing in Government Securities and Treasury Bills, which qualify as HQLA for the purpose of LCR computations.

Again, given the liquidity that we carry at any point of time, the Company always maintains positive cumulative ALM across all buckets, which helps weather any kind of shocks that may come about. As has been seen in the past, even during extremely stressful periods from a liquidity perspective, the Company has been able to manage all its outflows without resorting to any kind of concessions from its lenders.

6. Corporate Governance:

Corporate Governance is accorded topmost priority at Five Star. The Company endeavours to follow the highest standards of governance and to this effect, regulations are not just followed in letter but also in spirit. The Board of Directors comprises of eminent individuals with strong expertise in the financial services sector. The Company has also inducted functional experts in the Board of Directors to ensure that specialised skills are also brought in wherever required. The Board is very well diversified, with balanced representation from the Promoter group, Independent, Executive and Non-executive directors. During the current financial year, 2 of the executives (CEO and CFO) who were associated with your Company for almost a decade were elevated to the position of Joint Managing Directors thereby enhancing the diversity of the Board. This also helps from a succession planning perspective.

The Board of Directors, in consonance with the Senior Management, provides the strategic direction to be taken by the Company. The Directors are also responsible for ensuring compliance with all the regulations and guidelines prescribed by various regulatory authorities. The Board is also assisted by multiple sub-committees, where directors with specialised expertise act as members of such sub-committees and get into the depth of the subject on hand. The details of sub-committees and their roles and responsibilities can be found in detail in the Corporate Governance report.

The Board members also undertake a periodic evaluation of the functioning of the Board and the various Committees, and this entire exercise is coordinated by an external consultant and the results are presented to the NRC and the Board. Strengths and improvement areas are highlighted which are then actioned upon. The Independent Directors also meet at least once a year, outside the presence of the other Directors, and come out with suggestions for the effective functioning of the Board.

7. Human Resources:

Your Company's business model is quite human intensive. Given the borrower profile of your Company, it becomes necessary to have adequate feet on street (FOS) so that strong growth and robust asset quality can be achieved. Given this scenario, employees become the fulcrum around which every other factor revolves. The welfare of employees is at the heart of all decisions right across hiring, training, retention, performance appraisal and rewards and recognitions. The Company had employed 11,934 employees as of March 31, 2025 as against 9,327 employees as of March 31, 2024.

From a HR perspective, the following areas become extremely important:

1. Hiring the right talent and putting them in the right positions
2. Training the talent so that they are able to seamlessly fit into their roles
3. Provide the right level of compensation and have a judicious mix between fixed and variable components so that they have the right security in the form of fixed pay and also adequate motivation to earn good amount of incentives, which will also help the Company achieves its objectives
4. Provide career progression for employees
5. Maintain a good work-life balance so that employees are motivated to give their best to the Company

Your Company has a strong HR team that takes cares of the all the aforementioned so that the welfare of employees is ensured. The strong execution team at the ground is supported by a well-rounded Management team of professionals heading their respective functions across the various verticals. It is also heartening to note that a number of these professionals have been associated with the company for many years. The company shall keep making the necessary hires at the right time to ensure that the right people are at the helm of each function and are able to provide necessary oversight.

While there has been a spurt in attrition levels, most of the attrition has come in at the lowest grade of Field Officers and that too from employees with less than 1-year vintage with the organisation. Employees who understand and gel in with the culture of the organisation tend to stay for a long time, which benefits the company immensely. The Company takes care of the welfare of its employees through appropriate welfare measures in the form of right insurance coverages, periodic offsites for the performers, constant interaction with the senior people in the organisation, etc.

With the right strategy developed in consonance with the Board of Directors, the Management team develops the key action plans that are needed to achieve fruition of the strategy. The action plans developed by the Management team are put into action by one of the best execution teams, that consist of people with a "never-say-no" attitude. This three-pronged approach has helped the Company become one of the strongest and safest growing NBFCs over the last many years.

8. Technology:

The Company maintains a strategic balance between technology and human touch, preserving the much-needed human judgment while automating processes to drive measurable improvements in productivity and performance. In an increasingly AI-driven landscape, we remain committed to strategic technology investments with a human touch.

This year, we have strengthened our technology stack further by migrating to more robust, scalable platforms across key functional areas to drive higher levels of integrity, interoperability, agility and compliance.

As can be seen from the graphical description of our stack and the supporting key products and platforms, our technology ecosystem is made up of globally adopted platforms, customized to align precisely with our operational workflows. This approach enhances organizational efficiency and agility while maintaining flexibility for future evolution.

While supporting our core underwriting and collections functions, the adoption of newer digital technologies enables us to reduce turnaround times, strengthen analytics capabilities, and enhance our risk management framework. Strategic investments in both automation and proprietary digital tools continue to yield operational efficiencies and service quality improvements while driving innovation.

Our technology initiatives are led by a seasoned Chief Technology Officer, supported by a strong IT team. Oversight is provided by the IT Strategy Committee, chaired by an Independent Director with deep domain expertise, ensuring alignment with business objectives while bringing in best practices.

The following are the key strategic focus areas from a technology perspective:

- Enhancing the accuracy of customer data for deeper insights and analytics
- Leveraging predictive analytics, machine learning and AI to strengthen credit decisions and asset quality
- Automating manual processes to reduce loan sanction turnaround times and transaction costs
- Supplementing collections processes and optimizing payment infrastructure for seamless EMI repayments
- Deploying GenAI tools for process automation, data enrichment, and predictive modeling and exploring AgenticAI for higher productivity gains.

To augment in-house capabilities, we work with technology partners to manage elastic demand and meet timely delivery. For us, data security, cyber resilience and business continuity remain paramount and our investments in people, processes, platforms and partnerships are critical to driving that stance., All our activities are subjected to annual independent security audits, the findings of which are rigorously addressed and reviewed by the IT Strategy Committee.

A Chief Information Security Officer (CISO), reporting to the Chief Risk Officer, oversees Information security and IT Risk management, proactively mitigating any risks. The following committees—IT Strategy, IT Steering, and Information Security—ensure comprehensive oversight, with updates presented to the Board.

Our digital-first approach with a human touch will continue to drive efficiency, effectiveness and innovation, while enhancing customer experience, driving high levels of compliance, and mitigating external and internal risks.

9. Risk Management and Audit Framework:

Risk Management and Risk based Audit framework are accorded significant importance at Five Star. Every activity is evaluated against the backdrop of what risks it entails and how such risks can be mitigated on a proactive basis. As an illustration, the Split branch strategy undertaken by the Company was primarily done as a means of risk mitigation. From a risk management perspective, the Company follows the "3 lines of defence model" wherein:

a) The first line of defence will be the Business and Support Units that will own the risks and manage the same, as per laid down risk management guidelines. The primary responsibility for managing risks on a day-to-day basis will continue to lie with the respective business units of the Company.
b) The second line of defence will be the Risk Management Department that would support the first line of defence by drawing up suitable risk management guidelines from time to time to be able to manage and mitigate the risks of the Company.
c) The third line of defence will be the Audit Functions – primarily the Internal Audit functions that are supported by External Audits. The third line of defence focuses on providing the assurance that the risk management principles/policies and processes are well entrenched in the organisation and are achieving the objective of managing the risks of the organization.

Through the aforementioned model, the risks of the Company are managed effectively. Being in the lending business, the Company is exposed to the following risks:

The Company has constituted a Risk Management Committee, which consists of members of the Board with years of experience and expertise across one or more of these areas and which meets at periodical intervals to discuss the various risks. The Committee undertakes in-depth discussion on the existing and possible risks that may emanate and the proactive actions that could be taken to mitigate these risks. All the risks mentioned above are discussed threadbare and any possible impact they can have on the Company is also evaluated. On an annual basis, the RMC also undertakes the ICAAP (Internal Capital Adequacy Assessment Process) assessment to understand possible implications on the capital position of the Company.

A very comprehensive risk management policy has been put in place detailing the mitigants available in the processes to manage each of these risks. Additionally, Key Risk Indicators (KRIs) have also been laid down for each of the risks associated with the elements mentioned above. The KRIs are tracked on a periodic basis by the Risk Management Committee. Moreover, maker-checker mechanism is built into every activity in Five Star which acts as a strong risk mitigant.

Based on the risk profile of the processes, the Company has developed a Risk-based Internal Audit framework, which falls under the ambit of the Audit Committee. Audit process is broken into 3 parts – Statutory Audit undertaken by the Statutory Auditors, Internal Audit undertaken by an external audit firm and Internal Process audit undertaken by an in-house audit team. All the aspects across regulatory compliance, company specific policies and procedures, financial reporting and adherence to accounting standards, etc are covered and reported to the Audit Committee of the Board.

As stated above, the RBIA framework of the company has analysed all the functional processes, understood the risks inherent in such processes and tailored an audit scope which is in line with the risk profiles. The Internal Audit scope across Statutory Audit, External Audit and Internal Audit are laid down in consonance with the Statutory Auditors, External Audit firm, Internal Audit Head and is approved by the Audit Committee on a yearly basis. On a need basis, new areas can also be added into the scope during the year with the approval of the Audit Committee. The achievement against the scope is also closely monitored by the Committee such that no activity is left out from the ambit of audit.

10. Internal Financial Controls:

The internal financial control over financial reporting is a process that is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with the generally accepted accounting principles. The Company's Internal Financial Control system has been designed commensurate to the size and complexity of the company's business and operations. The control system is designed to provide a high degree of assurance regarding the effectiveness and efficiency of the controls and mitigants to ensure that the operations and processes remain at acceptable levels, as far as possible.

The following are the types of controls documented and tested as part of the Internal Financial Controls testing. The Controls are based on the type of the Risks addressed:

Operational Controls: Controls designed and implemented to address the operational level risks or non adherence to the policies and practices of the Company.

Financial Controls: Controls designed and implemented to address the risks of having a financial reporting impact or misstatement in financial statements of the Company.

Compliance Controls: Controls designed and implemented to address the risk of non-compliance with the relevant statutory guidelines / provisions of the law of the land.

The Company has engaged an external audit firm to review the risk control matrices on a periodic basis and undertake a comprehensive testing to certify the efficacy of internal controls and suggest improvements as may be required. Their findings are presented to the Audit Committee on a periodic basis. This ensures that there is an external validation to the efficient workings of the process and financial controls that have been put in place by the company.

Corporate Governance Report

The fundamental objective of "Good Corporate Governance and Ethics" is to ensure the commitment of an organization in managing the Company in a legal and transparent manner in order to maximize the long-term value for all its stakeholders i.e. shareholders, customers, employees and other partners.

Company Philosophy

Five-Star Business Finance Limited (Company/Five-Star) is committed to the highest standards of corporate governance, characterized by integrity, transparency, accountability and fairness. These principles forms the foundation of the Company's governance practices, fostering long-term stakeholder value and investor confidence. The Company's governance framework is supported by a well-structured and experienced Board, along with its Committees, ensuring effective oversight. Your Company has adopted internal corporate governance guidelines aligned with its philosophy which are available on the website at https://fivestargroup.in/investors/.

The Company adheres to the Reserve Bank of India's Master Directions on Non-Banking Financial Companies – Scale Based Regulation (SBR) 2023, applicable SEBI regulations and relevant RBI circulars and directives issued from time to time.

Board of Directors

The Company's corporate governance framework ensures an informed, independent and engaged Board of Directors. The Board is responsible for overseeing the Company's affairs, mitigating risks and safeguarding stakeholder interests through effective governance.

The Company's days to day affairs are managed by the Chairman & Managing Director supported by a competent management team, under the overall supervision of the Board. The Company has in place an appropriate risk management system covering various risks that the Company is exposed to which are discussed and reviewed by the Board and other relevant Board Committees. The Company's commitment to ethical and lawful business conduct is a fundamental shared value of the Board, Senior Management and all employees of the Company.

Composition

In compliance with the provisions of the Companies Act, 2013, and SEBI (LODR) Regulations, 2015, the Board of your Company has an optimum combination of Executive, Non-Executive and Independent Directors. As on the date of this report, your Board of Directors consists of Eight (8) members including the Chairman & Managing Director. Of these, four (4) are Independent Directors (out of which one (1) is Woman Director), one (1) Non-Executive Non-Independent Director and three (3) are Executive Directors.

Mr Lakshmipathy Deenadayalan is the Executive Chairman & Managing Director of the Company.

The Board members have collective experience in diverse fields like banking and financial services, audit, finance, risk, compliance, technology and data science. The directors are appointed based on their qualifications and experience in varied fields. None of the directors are inter-se related.

The details of directors as of March 31, 2025, including the details of their other Board directorship and Committee membership reckoned in line with regulation 26 of the SEBI (LODR) Regulations, 2015 and Companies Act, 2013 the Act as well as their shareholdings, are given below:

Name	Category	No of Shares held in the Company	No of Directorship including Five-Star as per reg 17A	No of Committee membership including Five-Star as per reg 26	No of Committee where the Director is Chairperson as per Reg 26
Mr Lakshmipathy Deenadayalan	Promoter Chairman & Managing Director	30,767,330	1	1	-
Ms Bhama Krishnamurthy	Independent Director	Nil	5	7	-
Mr Anand Raghavan	Independent Director	Nil	3	4	4
Mr T T Srinivasaraghavan	Independent Director	Nil	3	2	-
Mr Ramkumar Ramamoorthy	Independent Director	Nil	2	2	1
Mr Vasan Thirulokchand	Non-Executive Director	Nil	1	1	-
Mr Rangarajan Krishnan	Executive Director-Joint Managing Director	35,87,775	1	-	-
Mr Srikanth Gopalakrishnan	Executive Director-Joint Managing Director	1,222,689	1	-	-

The names of the other listed entities where the directors are holding directorship as at March 31, 2025 are given below:

Name	Names of the Listed Entities	Category
Mr Lakshmipathy Deenadayalan	-	-
Ms Bhama Krishnamurthy	Thirumalai Chemicals Limited	Independent Director
	Cholamandalam Investment and Finance Company Limited	Independent Director
	Just Dial Limited	Independent Director
	Muthoot Microfin Limited	Independent Director
Mr Anand Raghavan	SK Finance Limited	Independent Director
	Aptus Value Housing Finance India Limited	Independent Director
Mr T T Srinivasaraghavan	Sundaram Finance Limited	Non-Executive Director
	RK Swamy Limited	Independent Director
Mr Vasan Thirulokchand	-	-
Mr Ramkumar Ramamoorthy	Cholamandalam investment and Finance company Limited	Independent Director
Mr. Rangarajan Krishnan	-	-
Mr. Srikanth Gopalakrishnan	-	-

Competencies of the Board

The Board has identified core skills, expertise and competencies necessary for effective governance, ensuing alignment with the Company's business operations. These competencies include

Core Skills / Expertise / Competencies			
Financial Services	Corporate Governance	Strategy & Planning	Technology
Risk Management	Management & Leadership		

The director-wise skills and competencies are laid out in the table below:

Name	Financial Services	Strategy & Planning	Risk Management	Corporate Governance	Management & Leadership	Technology
Mr Lakshmipathy Deenadayalan	✓	✓	✓	✓	✓	✓
Ms Bhama Krishnamurthy	✓	✓	✓	✓	✓	-
Mr Anand Raghavan	✓	✓	✓	✓	✓	-
Mr T T Srinivasaraghavan	✓	✓	✓	✓	✓	-
Mr Ramkumar Ramamoorthy	✓	✓	✓	✓	✓	✓
Mr Vasan Thirulokchand	✓	✓	-	✓	✓	-
Mr. Rangarajan Krishnan	✓	✓	✓	✓	✓	✓
Mr. Srikanth Gopalakrishnan	✓	✓	✓	✓	✓	✓

In the opnion of the Board, the Independent directors of the company fulfill the conditions specified in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations 2015, as amended ("SEBI LODR Regulations") and Companies Act 2013, demonstrating integrity, expertise and experience and independence from management.

Independent Directors

Pursuant to Section 149(7) of the Companies Act, 2013 read along with Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 of the Companies Act, 2013 and Regulation 25(8) of the SEBI LODR Regulations, the Company has received necessary declarations/ disclosures from each of the Independent Directors of the Company stating that he/she meets the criteria of independence as required under Section 149(6) of the Companies Act, 2013 and that he/she has a valid certificate of registration for his/her enrollment into the data bank for Independent Directors.

None of the Independent Directors are Promoters or are related to Promoters. They do not have pecuniary relationship with the Company and do not hold two percent or more of the total voting power of the Company.

The Company has formulated and adopted a policy on Fit & Proper Criteria for the Directors as per the provisions of the RBI Master Directions. All the Directors have confirmed that they satisfy the fit and proper criteria at the time of the appointment / re-appointment and on a continuing basis as prescribed under the RBI Master Directions. The Company had issued a formal letter of appointment to all Independent Directors and the terms and conditions of their appointment have been disclosed on the website of the Company.

During the year under review, in line with the requirement under section 149(8) and schedule IV of the Act, the independent directors had a separate meeting on April 20, 2024, to enable Independent Directors, discuss matters relating to the Company's affairs and put forth their views without the presence of the non-independent directors and management team.

Formal Induction and Familiarisation Programme

The Company's Independent Directors are eminent professionals and are fully conversant and familiar with the business of the Company. The Company conducts an ongoing familiarization programme for all Directors to enhance their understanding of their roles, responsibilities, industry dynamics and Company operations. These programs include regular briefings during Board and Committee meetings, covering operational, financial and strategic aspects. Details of familiarization programme are available on the website of the company at https://fivestargroup.in/investors/.

Code of Conduct

Your Company has adopted a Code of Conduct applicable to Board members and Senior Management, ensuring ethical business practices and uniform standards of conduct. All the Board members and senior executives have affirmed compliance for the financial year 2024-25. A declaration to this effect, signed by the Chief Executive Officer, is attached as **Annexure I**.

Meetings of the Board

The Board meets at regular intervals , adhering to an annual calendar to ensure effective oversight of strategic, financial, operational and compliance matters. Meetings are structured to facilitate comprehensive discussions with management providing necessary updates on key business activities.

The Board / Committee Meetings are convened by giving appropriate notice well in advance of the meetings. The Directors / Members are provided with appropriate information in the form of agenda in a timely manner to enable them to deliberate on each agenda item and make informed decisions and provide appropriate directions to the Management. The Management Team attends the Board and Committee meetings upon invitation on a need basis. The Board also takes on record the declarations and confirmations made by the Executive Director, Chief Financial Officer and Company Secretary, regarding compliance with all applicable laws.

During the financial year ended March 31, 2025, 07 (Seven) Board Meetings were held on April 30, 2024, July 31, 2024, August 17, 2024, October 29, 2024, December 24, 2024, January 31,2025, and March 17, 2025. The interval between two consecutive meetings did not exceed 120 days, ensuring compliance with statutory requirements. Meetings were conducted in compliance with applicable laws, with video conferencing facilities available for Directors who were unable to attend meetings in person.

Particulars of the Directors' attendance to the Board Meetings during the financial year ended March 31, 2025, are given below:

Name of the Directors	Designation & Category	No. of meetings entitled to attend	No. of meetings attended	% of attendance	Attendance at last AGM held on September 13, 2024
Mr Lakshmipathy Deenadayalan	Chairman & Managing Director	7	7	100.00%	Yes
Ms Bhama Krishnamurthy	Independent Director	7	7	100.00%	Yes
Mr Anand Raghavan	Independent Director	7	7	100.00%	Yes
Mr T T Srinivasaraghavan	Independent Director	7	7	100.00%	Yes
Mr Ramakumar Ramamoorthy	Independent Director	7	7	100.00%	Yes
Mr Vasan Thirulokchand	Non-Executive Non-Independent Director	7	7	100.00%	Yes
Mr Rangarajan Krishnan	Joint Managing Director - Executive Director	5	5	100.00%	Yes
Mr Srikanth Gopalakrishnan	Joint Managing Director - Executive Director	5	5	100.00%	Yes

Changes in Board during the Financial Year

Based on the recommendation of the Nomination and Remuneration Committee, Mr Rangarajan Krishnan (DIN: 07289972) has been appointed as an additional Director in the category of Joint Managing Director of the Company by the Board at its meeting held on August 17, 2024 . Subsequently the shareholders of the Company at the Annual General Meeting held on September 13, 2024 approved the appointment as Joint Managing Director for a period of 5 years effective from August 17, 2024. Further Mr. Rangarajan Krishnan was re-designated as Joint Managing Director & CEO.

Based on the recommendation of the Nomination and Remuneration Committee, Mr Srikanth Gopalakrishnan (DIN:10636810) has been appointed as an additional Director in the category of Joint Managing Director of the Company by the Board at its meeting held on August 17, 2024 . Subsequently the shareholders of the Company at the Annual General Meeting held on September 13, 2024 approved the appointment as Joint Managing Director for a period of 5 years effective from August 17, 2024. Further Mr. Srikanth Gopalakrishnan was re-designated as Joint Managing Director

During the financial year under review, Mr Thirulokchand Vasan, Non-Executive Director (DIN 07679930), retired by rotation and being eligible offered himself for reappointment in the last Annual General meeting of the Company held on September 13, 2024.

Mr Vikram Vaidyanathan (DIN: 06764019), non-executive Director representing Matrix Partners India Investment Holdings II, LLC and Mr G V Ravishankar (DIN: 02604007), non-executive director representing Peak XV Partners Investments V stepped down from the Directorship w.e.f April 30, 2024. Details relating to resignation are available on the website of the Company www.fivestargroup.in and stock exchanges viz www.bseindia.com, www.nseindia.com.

Director Retiring by Rotation

In terms of Section 152(6) of the Act read with the Articles of Association of the Company, not less than one-third of the total number of retiring directors should retire by rotation, at every Annual General Meeting. For the purpose of this section, the total number of directors to retire by rotation shall not include Independent Directors.

As per provisions of Section 152(6) of the Companies Act 2013, Mr Thirulokchand Vasan (DIN: 07679930) would retire by rotation and being eligible offered himself for re-appointment at 41st Annual General Meeting of the Company.

Certificate from Company Secretary in Practice

Mr S Sandeep, Managing Partner of M/s S. Sandeep & Associates has issued a certificate as required under the SEBI LODR Regulations, confirming that none of the directors on the Board of the company has been debarred or disqualified from being appointed or continuing as director of companies by SEBI / Ministry of Corporate Affairs or any such statutory authority. A certificate to this effect has been enclosed to this report as **Annexure II**.

Committees of the Board

To facilitate focused decision-making, the Board has constituted various Committees with defined terms of reference. These Committees submit recommendations to the Board for approval. The Board has constituted nine (9) Committees of the Board, such as Audit Committee (AC), Nomination & remuneration Committee (NRC), Stakeholder relationship Committee (SRC), Risk management Committee (RMC), Corporate social responsibility Committee (CSR), Business & resource Committee (BRC), IT strategy Committee (ITC) and Customer service Committee (CSC), Review Committee for Wilful Defaulter (RCWD)

The Board periodically reviews and updates the terms of reference for these Committees to align with evolving governance needs. During the year, the Board accepted all Committee recommendations.

Details of the Committees of the Board and other related information as of March 31, 2025, are given in the table below:

Name of the Directors	AC	NRC	SRC	RMC	CSR	BRC	ITC	CSC	RCWD
Mr Lakshmipathy Deenadayalan	-	-	M	M	C	C	M	M	C
Mr Anand Raghavan	C	M	-	M	M	-	-	-	M
Ms Bhama Krishnamurthy	M	C	-	M	M	-	-	-	-
Mr T T Srinivasaraghavan	M	-	-	C	-	-	-	C	M
Mr Ramkumar Ramamoorthy	-	M	C	M	-	-	C	-	-
Mr Vasan Thirulokchand	-	-	M	-	-	M	-	-	-
Mr Rangarajan Krishnan	-	-	-	-	-	-	M	M	-
Mr Srikanth Gopalakrishnan	-	-	-	-	-	M	-	M	-

C: Chairperson M: Member

Audit Committee

Composition and Meetings

The composition and the terms of reference of the Committee are in conformity with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015. As on the date of this report, the Audit Committee comprises of the following members:

1. Mr Anand Raghavan, Independent Director (Chairperson)
2. Ms Bhama Krishnamurthy, Independent Director
3. Mr T T Srinivasaraghavan, Independent Director

The Audit Committee of the Board met five (5) times during the financial year on April 29, 2024, July 30, 2024, August 17, 2024, October 28, 2024 and January 30, 2025 respectively. The gap between two meetings of the Committee did not exceed one hundred and twenty days (120) and the requisite quorum was present in all the Committee meetings. The Chairperson of the Audit Committee is an Independent Director. All the Members of the Committee are financially literate and possess strong accounting and financial management expertise. The Managing Director, Chief Executive Officer, Chief Financial Officer, Statutory Auditors and Internal Auditors are invited to the meetings of the Audit Committee. The Company Secretary of the Company acts as Secretary to the Committee.

The details of the attendance of the said meetings are given below:

Name of Members	Category	Designation	No. of meetings entitled to attend	No. of meetings attended
Mr Anand Raghavan	Independent Director	Member & Chairperson	5	5
Ms Bhama Krishnamurthy	Independent Director	Member	5	5
Mr T T Srinivasaraghavan*	Independent Director	Member	4	4
Mr Vikram Vaidyanathan#	Non-Executive Director	Member	1	0

***Inducted as member of the Committee on April 30, 2024**

#Stepped down as member of the Committee on April 30, 2024

Brief description of Terms of reference:

The Audit Committee is one of the key pillars of Corporate Governance, as it ensures hygiene in financial reporting and audit matters. The scope of the Committee primarily comes from Schedule II Part C of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 (SEBI LODR Regulations). The terms of reference inter-alia includes review/oversee the Company's financial reporting process and the disclosure of its financial interest, recommending to the Board for appointment, remuneration and terms of appointment of the statutory auditor, review of annual financial statements & auditors report, review of statement of uses/ application of funds raised through an issue, granting omnibus/prior approval for the related party transactions, review of inter-corporate loans and investments, valuation of undertaking or assets of the Company, review of Internal financial controls, review of internal audit reports (including ensuring adequacy of internal audit function, in terms of strength and scope), approving information system (IS) audit policy, reviewing processes and system of internal audit of all outsourced activities, review of whistle blower mechanism and such other matters as prescribed under Companies Act 2013 and SEBI LODR Regulations.

Nomination & Remuneration Committee

Composition and Meetings

The composition and the terms of reference of the Committee are in conformity with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI LODR Regulations. As on the date of this report, the Nomination & Remuneration Committee comprises of the following members:

1. Ms Bhama Krishnamurthy, Independent Director (Chairperson)
2. Mr Anand Raghavan, Independent Director
3. Mr Ramkumar Ramamoorthy Independent Director

The Nomination & Remuneration Committee of the Board met 3 (Three) times during the financial year on April 29, 2024, August 17, 2024 and December 24, 2024. The requisite quorum was present in all the Committee meetings. The Committee is chaired by Non-Executive Independent Director. All the members of this Committee are Independent Directors. In addition to the members of the Nomination & Remuneration Committee, these meetings were also attended by the management team members who were considered necessary for providing input to the Committee on need basis. The Company Secretary acts as the Secretary to the Committee.

The detailed attendance for the said meetings is given below:

Name of Members	Category	Designation	No. of meetings entitled to attend	No. of meetings attended
Ms Bhama Krishnamurthy	Independent Director	Member & Chairperson	3	3
Mr Anand Raghavan	Independent Director	Member	3	3
Mr Ramkumar Ramamoorthy#	Independent Director	Member	2	2
Mr Vikram Vaidyanathan*	Non-Executive Director	Member	1	0

***Inducted as member of the Committee on April 30, 2024**

#Stepped down as member of the Committee on April 30, 2024

Brief description of Terms of Reference

One of the important aspects of corporate governance is the effective functioning of the Board and its Committees, and key management who acts under the guidance of the Board and its Committees. The Nomination & Remuneration Committees ensure a proper level of balance between executive and non-executive directors and diversity in the Board by undertaking diligence in matters relating to evaluation, appointment and remuneration to the Directors, KMPs and senior management. The scope of the Committee primarily comes from Schedule II Part D of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 (SEBI LODR Regulations). The terms of reference inter-alia include to consider and recommend persons who are qualified for Board positions, evaluate directors' performance prior to recommendation for re-appointments, assess the fit and proper criteria of all the directors, identify persons who are qualified to be in senior management and recommend their appointments, remuneration payable and removal. Further, the Committee shall work with risk management Committee to achieve effective alignment between compensation and risks.

Performance Evaluation of Board, its Committees and Directors

In compliance with the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and the Company's Directors Appointment, Remuneration and Evaluation Policy, the Board carried out a formal annual evaluation of its own performance as well as the performance of individual Directors, including the Chairman and its various Committees.

This structured assessment was carried out based on the predefined evaluation criteria set forth in the Directors Appointment, Remuneration and Evaluation Policy. The said policy is available on the website of the Company at https://fivestargroup.in/investors/.

Additionally, the performance evaluation of Independent Directors was carried out by the entire Board. The Independent Directors in a separate meeting held during the year, reviewed the performance of Non- Independent Directors and assessed the overall effectiveness of the Board. Key areas of evaluation included the quality, timelines and adequacy of information exchange between Management and the Board. The evaluation process was conducted through a secure digital platform, ensuring transparency and confidentiality.

Stakeholders Relationship Committee

Composition and Meetings

The composition and the terms of reference of the Committee are in conformity with Regulation 20 of the SEBI LODR Regulations. As on the date of this report, the Stakeholders Relationship Committee comprises of the following members:

1. Mr Ramkumar Ramamoorthy, Independent Director (Chairperson)
2. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director
3. Mr Thirulokchand Vasan, Non-Executive Director

The Stakeholders Relationship Committee met on March 25, 2025. The requisite quorum was present in the Committee meeting. The Company Secretary acts as the Secretary to the Stakeholders Relationship Committee.

The detailed attendance for the said meetings are given below:

Name of Members	Category	Designation	No. of meetings entitled to attend	No. of meetings attended
Mr Ramkumar Ramamoorthy	Independent Director	Member & Chairperson	1	1
Mr Thirulokchand Vasan	Non-Executive Director	Member	1	1
Mr Lakshmipathy Deenadayalan	Chairman & Managing Director	Member	1	1

Brief description of Terms of Reference

The Stakeholders relationship Committee inter-alia oversees the investor grievances. The primary scope of the Committee comes from Schedule II Part D of SEBI LODR Regulations. It considers and resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

Details of Investor Complaints

While the Company has dematerialized its shares and debentures, there are still some shareholders who hold their shares in physical form. The Company has appointed Kfin Technologies Limited (KFIN) as Registrar and Share Transfer Agent for the equity shares and NSDL Data Base Management Limited (NDML) as its Registrar and Transfer Agent for its debenture's issuances. Both these entities have adequate systems to ensure provision of proper service to the shareholders and debenture holders in accordance with applicable corporate and securities laws and as per accepted service standards.

The Company has not received any complaint from the investors of the Company. All the queries received from investors were duly addressed by the RTAs of the Company

Risk Management Committee

Composition and Meetings

The composition and the terms of reference of the Committee are in conformity with the provisions of Regulation 21 of the SEBI LODR Regulations and Master Directions issued by Reserve Bank of India. As on the date of this report, the Risk Management Committee comprises of the following members:

1. Mr T T Srinivasaraghavan, Independent Director (Chairperson)
2. Ms Bhama Krishnamurthy, Independent Director
3. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director
4. Mr Anand Raghavan, Independent Director
5. Mr Ramkumar Ramamoorthy, Independent Director

The Risk Management Committee met 3 (Three) times during the financial year on May 20, 2024, September 20, 2024 and January 25, 2025. The requisite quorum was present in all the Committee meetings. The Company Secretary acts as the Secretary to the Risk Management Committee.

The detailed attendance for the said meetings are given below:

Name of Members	Category	Designation	No. of meetings entitled to attend	No. of meetings attended
Mr T T Srinivasaraghavan	Independent Director	Member & Chairperson	3	3
Mr Anand Raghavan	Independent Director	Member	3	3
Ms Bhama Krishnamurthy	Independent Director	Member	3	3
Mr Ramkumar Ramamoorthy	Independent Director	Member	3	3
Mr Lakshmipathy Deenadayalan	Chairman & Managing Director	Member	3	3

Brief description of Terms of Referencee

The Risk Management Committee is constituted under the framework and terms of reference provided under SEBI LODR and Master Directions issued by Reserve Bank of India as applicable to the Company. It inter-alia considers and formulates a detailed risk management policy, ensures that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company, monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems, periodically review the risk management policy, including by considering the changing industry dynamics and evolving complexity, appointment, removal and terms of remuneration of the Chief Risk Officer. Besides, the Committee periodically monitors the critical risk exposures and makes recommendations to the Board, reviews outsourcing risks, review of IT/ cyber security related risks in consultation with IT strategy Committee and evaluate the overall risks faced by the company including liquidity risk.

Corporate Social Responsibility Committee

Composition and Meetings

The composition and the terms of reference of the Committee are in conformity with the provisions of Section 135 of the Companies Act, 2013. As on the date of this report the Corporate Social Responsibility Committee comprises of following members:

1. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director (Member and Chairperson)
2. Ms Bhama Krishnamurthy, Independent Director
3. Mr Anand Raghavan, Independent Director

The Corporate Social Responsibility Committee of the Board met 3 (Three) times during the financial year on April 29, 2024, September 20, 2024 and March 18, 2025. The requisite quorum was present in all the Committee meetings. The Company Secretary acts as the Secretary to the CSR Committee.

The detailed attendance for the said meetings are given below:

Name of Members	Category	Designation	No. of meetings entitled to attend	No. of meetings attended
Mr Lakshmipathy Deenadayalan	Chairman & Managing Director	Member & Chairperson	3	3
Mr Anand Raghavan	Independent Director	Member	3	3
Ms Bhama Krishnamurthy	Independent Director	Member	3	3

Brief description of Terms of Reference

The Corporate Social Responsibility Committee inter-alia formulates CSR policy, recommends the amount of expenditure to be incurred, oversees the CSR projects, recommend the annual action plan in pursuance of the CSR policy and such other matters as prescribed under Companies Act 2013 and carry out any other function or activity as may be required to ensure that the CSR objectives are met.

IT Strategy Committee - Composition and Meetings

The composition and the terms of reference of the Committee are in conformity with the provisions of Master Directions issued by Reserve Bank of India. As on the date of this report, the IT Strategy Committee comprises of the following members:

1. Mr Ramkumar Ramamoorthy, Independent Director - Chairperson
2. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director – Member
3. Mr Rangarajan Krishnan, Joint Managing Director & CEO– Member

The IT Strategy Committee meets regularly to review the areas falling within their terms of reference as given below. During the financial year ended March 31, 2025, the IT Strategy Committee met 4 (four) times on April 20, 2024, September 21, 2024, and December 19, 2024, and March 25, 2025. The requisite quorum was present in all the Committee meetings. The Company Secretary acts as the Secretary to the IT Strategy Committee.

The detailed attendance for the said meetings are given below:

Name of Members	Category	Designation	No. of meetings entitled to attend	No. of meetings attended
Mr Ramkumar Ramamoorthy	Independent Director	Member & Chairperson	4	4
Mr Lakshmipathy Deenadayalan	Chairman & Managing Director	Member	4	4
Mr Rangarajan Krishnan*	Joint Managing Director	Member	3	3
Mr T T Srinivasaraghavan$	Independent Director	Member	-	-
Mr G V Ravishankar#	Non Executive Director	Member	1	1

$ inducted as member of the Committee on April 30, 2024, and stepped down as member of the Committee on August 17, 2024
*** Inducted as member of the Committee on August 17, 2024**
#stepped down as member of the Committee on April 30, 2024

Brief description of Terms of Reference

The scope of IT Strategy Committee is prescribed under Master Directions issued by Reserve Bank of India. In this regard, the IT Strategy Committee inter-alia recommends/approve the IT strategy and policy documents, oversees the IT process and practices that ensure that the IT delivers value to the business, review the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources, ensuring proper balance of IT investments for sustaining Five Star's growth and becoming aware about exposure towards IT risks and controls, review of adequacy and effectiveness of the business continuity planning and disaster recovery management.

Business & Resource Committee

Composition and Meetings

As on the date of this report, the Business & Resource Committee comprises of the following members:

1. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director (Chairperson)
2. Mr Srikanth Gopalakrishnan, Joint Managing Director & CFO
3. Mr Thirulokchand Vasan, Non-Executive Director

The Business & Resource Committee of the Board met 16 (Sixteen) times during the financial year on April 09, 2024, April 22, 2024, June 27, 2024, August 20, 2024, September 4, 2024, September 26, 2024, October 03, 2024, October 26, 2024, November 07, 2024, December 03, 2024, December 26, 2024, December 31, 2024, January 06, 2025, February 07, 2025, March 19, 2025 and March 24, 2025. The requisite quorum was present in all the Committee meetings.

The detailed attendance for the said meetings are given below:

Name of Members	Category	Designation	No. of meetings entitled to attend	No. of meetings attended
Mr Lakshmipathy Deenadayalan	Chairman & Managing Director	Member & Chairperson	16	16
Mr Thirulokchand Vasan	Non-Executive Director	Member	16	16
Mr Ramkumar Ramamoorthy*	Independent Director	Member	1	1
Mr Srikanth Gopalakrishnan^	Joint Managing Director	Member	13	13
Mr Vikram Vaidyanathan$	Non-Executive Director	Member	2	-

*** Inducted as member of the Committee on April 30, 2024, and stepped down as member of Committee on August 17, 2024**
^ inducted as member of Committee on August 17, 2024
$ stepped down as member of Committee on April 30, 2024.

Brief description of Terms of Reference

The Business & Resource Committee acts upon the delegation of authority provided by the Board of Directors of the Company, it engages as and when required by the business, to approve various requirements such as fund raising by way of issuance and allotment of non-convertible debentures, ESOPs, securitization, credit facilities from banks/financial institutions, approve investments / borrowings, and assignment of receivables as per the limits prescribed by the Board. It further undertakes operational activities such as approval for issuance of duplicate share certificates/ letter of confirmation and matters relating to transmission of shares.

Customer Service Committee

The Company had constituted Customer Service Committee on February 01, 2024, as per the Master Direction - Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023.

Composition and Meetings

The Customer Service Committee comprises of the following members:

1. Mr T T Srinivasaraghavan, Independent Director - Chairperson
2. Mr Lakshmipathy Deenadayalan, Chairman & Managing Director – Member
3. Mr Rangarajan Krishnan, Joint Managing Director & CEO
4. Mr Srikanth Gopalakrishnan, Joint Managing Director & CFO

The Committee met two (2) times on September 20, 2024 and March 15, 2025 during the financial year ended 2024-2025

Brief description of Terms of reference

The Customer Service Committee inter-alia determines the structure of emoluments, facilities and benefits accorded to the Internal Ombudsman /Deputy Internal Ombudsman based on the experience and expertise, review and analyze Customer Complaints furnished by the Internal Ombudsman, approve a Standard Operating Procedure (SOP) for handling complaints and recommend to the Board for its approval, review all cases where the decision of the Internal Ombudsman has been rejected by the Company, review the mechanism of Complaints Management Software.

The detailed attendance for the said meetings are given below:

Name of Members	Category	Designation	No. of meetings entitled to attend	No. of meetings attended
Mr T T Srinivasaraghavan	Independent Director	Chairperson	2	2
Mr Lakshmipathy Deenadayalan	Chairman & Managing Director	Member	2	2
Mr Rangarajan Krishnan$	Joint Managing Director	Member	2	2
Mr Srikanth Gopalakrishnan^	Joint Managing Director	Member	2	2
Mr Thirulochand Vasan*	Non Executive Director	Member	-	-

$Inducted as member of Committee on August 17, 2024

^Inducted as member of Committee on August 17, 2024

*** Stepped down as member of Committee on August 17, 2024**

Remuneration to Directors

The Company has in place a remuneration policy which is guided by the principles and objectives as enumerated in section 178 of the Companies Act 2013 and RBI guidelines.

The compensation paid to the directors is within the statutory ceiling and the scale approved by the Board and shareholders. The non-executive directors are also paid sitting fees subject to the statutory ceiling for all Board and Committee meetings attended by them.

During the financial year ended March 31, 2025, there were no pecuniary relationship / transactions of any non-executive directors with the Company, apart from receiving remuneration as directors. During the financial year ended March 31, 2025, the Company did not advance any loans to any of its directors.

Criteria for Board Nomination

The Nomination & Remuneration Committee is responsible for identifying persons for nomination as directors and evaluating incumbent directors for their continued service. The Committee has formulated a charter in terms of the provisions of the Act, regulation 19(4) of SEBI LODR Regulations and RBI guidelines, which inter-alia, deals with the personal traits, competencies, experience, background, and other fit and proper criteria. These attributes shall be considered for nominating candidates for Board positions/re-appointment of directors.

Criteria for appointment of Senior Management

The nomination & remuneration committee is responsible for identifying and recommending persons who are qualified to be appointed in senior management including recommending their promotion / remuneration. The committee has formulated the charter in terms of the provisions of the Act and SEBI LODR Regulations, which inter-alia, deals with the criteria for identifying persons who are qualified to be appointed in senior management and periodical review of succession planning for board and senior management. These attributes shall be considered for nominating candidates for senior management position.

Particulars of Senior Management

The senior management are identified as per SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 read with Directors Appointment Remuneration and Evaluation Policy. As on March 31, 2025, the following persons were identified as Senior Management of the Company.

Name	Designation
Mr Lakshmipathy Deenadayalan	Chairman & Managing Director
Mr Rangarajan Krishnan	Joint Managing Director & CEO
Mr Srikanth Gopalakrishnan	Joint Managing Director & CFO
Ms Vishnuram Jagannathan	Chief Operating Officer
Mr Parthasarathy Sreenivasan	Chief Credit Officer
Mr Sathya Ganesh Thirumalaidoss	Chief Business Officer
Mr Vanamali Sridharan	Chief Technology Officer
Mr Jayaraman Sankaran	Chief Risk Officer
Mr Prasanth S	Chief Treasury Officer
Mr Ramesh Kannah	Chief Legal Officer
Mr Sai Suryanarayana	Chief People Officer
Mr Sreenivas K	Head- Finance
Mr Arunkumar K	Senior Head-Accounting
Mr Vijayaraghavan R	Chief Compliance Officer
Mr Vigneshkumar S M	Company Secretary & Compliance Officer

The following changes took place in the position of Senior Management during the financial year ended March 31, 2025.

a) Ms. Shalini Baskaran resigned from the position of Head-Compliance & Company Secretary & Compliance Officer w.e.f February 26, 2025
b) Mr. Vigneshkumar S M was appointed as Company Secretary & Compliance Officer w.e.f February 27, 2025
c) Mr. Naveen Raj R resigned from the position of Chief Audit Officer w.e.f February 28, 2025.

Policy on Board diversity

The Nomination & Remuneration Committee has devised a policy on Board diversity which sets out the approach to diversity on the Board of the Company. The policy provides for having a truly diverse Board, comprising of appropriately qualified people with a broad range of experience relevant to the business of the Company.

Remuneration to Executive Directors

The details of remuneration as approved by the Board and shareholders based on the recommendations of the Nomination & Remuneration Committee and paid to Executive Directors for the financial year ended March 31, 2025, are as follows:

Amount (In Lakhs)

Particulars	Lakshmipathy Deenadayalan Chairman & Managing Director	Rangarajan Krishnan Joint Managing Director & CEO	Srikanth Gopalakrishnan Joint Managing Director & CFO
Fixed Salary	623.71	232.68	132.98
Commissions, Bonus, etc.	413.28	149.00	84.92
Total	1,0 36.99	381.68	217.90
Stock Options	Nil	a. 17,37,775 options were exercised under ASOP 2018 during the year. b. 8,00,000 options were granted under ASOP 2023, on August 17, 2024 to be vested and exercised as per the terms of such scheme.	a. 1,30,000 options were exercised under ASOP 2018 during the year. b. 3,20,000 options have vested and remained outstanding under ASOP 2018, to be exercised as per the terms of such scheme. c. 4,00,000 options were granted under ASOP 2023, on August 17, 2024 to be vested and exercised as per the terms of such scheme.
Stock option details	Nil	The options under ASOP 2023 shall vest equally in 3 years and 5 years respectively from the date of grant.	

Remuneration to Non-Executive Directors

Sitting Fees

All directors except the Chairman and Managing Director and Non-Executive Directors representing investors are paid a sitting fee of INR 60,000 for attending every meeting of the Board and INR 40,000 for attending every meeting of the Audit Committee, Nomination and Remuneration Committee, IT Strategy Committee, Risk Management Committee meeting and meeting of Independent Directors and INR 20,000 for attending Stakeholders relationship Committee & Corporate Social Responsibility Committee and Customer Service Committee.

The details of sitting fees paid to Directors during the financial year are as follows:

Name	Designation	Sitting Fees (INR)	
		Board	Committee
Mr Anand Raghavan	Independent Director	420,000	520,000
Ms Bhama Krishnamurthy	Independent Director	420,000	520,000
Mr T T Srinivasaraghavan	Independent Director	420,000	340,000
Mr Ramkumar Ramamoorthy	Independent Director	420,000	400,000
Mr Vasan Thirulokchand	Non-Executive Director	420,000	20,000
Total		**2,100,000**	**1,800,000**

Commission to Non-Executive Director

The Non-Executive Directors (excluding Nominee Directors of Investors) and Independent Directors of the Company are paid remuneration by way of annual commission based on the recommendation by the Nomination & Remuneration Committee and approval by the Board within the limits prescribed under the Companies Act, 2013.

The details of commission paid to Non-Executive Directors for the financial year ended March 31, 2025 are as follows:

Name	Designation	Commission (INR)
Mr Anand Raghavan	Independent Director	1,200,000
Ms Bhama Krishnamurthy	Independent Director	1,200,000
Mr T T Srinivasaraghavan	Independent Director	1,200,000
Mr Ramkumar Ramamoorthy	Independent Director	1,200,000
Mr Vasan Thirulokchand	Non-Executive Director	1,200,000
Total		**6,000,000**

Related Party Transactions disclosures

All related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business. No materially significant transactions were made by the company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company. During the year, no contracts or arrangements were entered into with related parties that require disclosure in Form AOC-2 under sections 188(1) and 134(3)(h) of the Companies Act, 2013.

The company has in place a policy on related party transactions as approved by the Board and the same is available on the website of the company at https://fivestargroup.in/investors/

Whistle Blower Policy and Vigil Mechanism

Your Company has established a Vigil Mechanism and has adopted a Whistle Blower Policy for directors and employees to report their genuine concerns. The Whistle Blower Policy has been formulated with a view to providing a mechanism for employees and directors to approach the Audit Committee of the Company. The said policy is available on the website of the Company at https://fivestargroup.in/storage/2025/04/Whistle-Blower-Policy-and-Vigil-Mechanism.pdf

During the year under review, no complaints were received by the Company and no complaint was outstanding as on March 31, 2025.

Disclosure under POSH Act, 2013

Your Company has not received any complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the financial year ended March 31, 2025 and there are no complaints pending as on the end of the financial year.

Code for prevention of insider trading

Your Company has adopted a code to regulate, monitor and report trading by insiders in securities of the company. The code inter-alia requires pre-clearance for dealing in the securities of the company and prohibits the purchase or sale of securities of the company while in possession of unpublished price sensitive information in relation to the company and during the period when the trading window is closed. The Board has further approved the code for practices and procedures for fair disclosure of unpublished price sensitive information and policy governing the procedure of inquiry in case of actual or suspected leak of unpublished price sensitive information. The company has also put in place a structured digital database as required under regulation 3(5) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Subsidiary Company

Your Company does not have any subsidiary Company. However, a policy for determining material subsidiaries is hosted on the website of your Company at https://fivestargroup.in/investors/.

Web-link of policies as per SEBI (LODR), Regulations 2015

Policy for determining material subsidiaries
Click Here

Policy on Related Party Transactions
Click Here

Penalties

There were no penalties or strictures imposed on the company by stock exchange(s) or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

Fees paid to Statutory Auditors

The total fees paid by the Company during the financial year ended March 31, 2025, to the Statutory Auditors including all entities in their network firm / entity of which they are a part is given below:

Particulars	Amount (INR in Lakhs)
Fees for audit and related services paid to statutory auditors and affiliates firms and to entities of the network of which the statutory auditor is a part	116.93
Other fees paid to statutory auditors & affiliates firms and to entities of the network of which the statutory auditor is a part	-
Total Fees	**116.93**

Compliance Certificate on Corporate Governance

The certificate on compliance of corporate governance norms from a practicing company secretary is enclosed to this report as **Annexure III**.

CEO/CFO Certification

Chief Executive Officer and Chief Financial Officer have submitted a compliance certificate to the Board regarding the financial statements and internal control systems as required under regulation 17(8) of SEBI (LODR) 2015 is enclosed to this report as **Annexure IV**.

General Body Meetings

Particulars of last three Annual General Meetings and special resolutions passed are given below:

Year	Date & Time	Venue	Special Resolutions Passed
2024	September 13, 2024, at 11.00 AM	Registered Office	- Approval of remuneration of Mr Lakshmipathy Deenadayalan (holding DIN:01723269), Chairman & Managing Director - Appointment of Mr Rangarajan Krishnan (holding DIN: 07289972) as Joint Managing Director of the Company and fixing remuneration - Appointment of Mr Srikanth Gopalakrishnan (holding DIN: 10636810) as Joint Managing Director of the Company and fixing remuneration - Fixing of borrowing limits for the Company - Creation of Charges on the assets of the Company - Offer / invitation to subscribe to Non-Convertible Debentures (NCDs) on private placement basis - Issue of Share warrants on Preferential basis
2023	September 16, 2023, at 11.00 AM	Registered Office	- Revision in remuneration of Mr Lakshmipathy Deenadayalan (holding DIN:01723269), Chairman & Managing Director - Fixing of borrowing limits for the Company - Creation of Charges on the assets of the Company - Offer / invitation to subscribe to Non-Convertible Debentures (NCDs) on private placement basis - Ratification of the extension of the benefits under the Five-Star Associate Stock Option Scheme, 2015. - Ratification of the extension of the benefits under the Five-Star Associate Stock Option Scheme, 2015 to the employees of holding, subsidiary companies and group companies (present or future) of the Company - Ratification of Five-Star Associate Stock Option Scheme, 2018 - Ratification of the extension of the benefits under the Five-Star Associate Stock Option Scheme, 2018 to the employees of holding, subsidiary companies and group companies (present or future) of the Company - Approval of Five-Star Associate Stock Option Scheme, 2023 (ASOP 2023) - Approval for extending the benefits of the Five-Star Associate Stock Option Scheme, 2023 (ASOP 2023) to the employees of the group companies including holding, subsidiary and associate companies (present or future) of the Company
2022	September 2, 2022, at 10.30 AM	Registered Office	- Re-appointment and revision in remuneration of Mr Lakshmipathy Deenadayalan (holding DIN:01723269), Chairman & Managing Director - Offer / invitation to subscribe to Non-Convertible Debentures (NCDs) on private placement basis - Appointment of Mr Ramkumar Ramamoorthy (holding DIN: 07936844) as an Independent Director

Extra-Ordinary General Meeting

There were no Extra-Ordinary General Meetings during the financial year ended March 31, 2025.

Postal Ballot

Following resolutions were passed through the postal ballot on January 18, 2025

Year	Date & Time	Special Resolutions Passed	Link for postal ballot results
2025	January 18, 2025	- To approve amendments to the Company's Articles of Association - To reclassify the status of Matrix Partners India Investment Holdings II, LLC and its Promoter Group from 'Promoter and Promoter Group' category to 'Public' shareholder category - To reclassify the status of Peak XV Partners Investments V and its Promoter Group from 'Promoter and Promoter Group' category to 'Public' shareholder category	https://fivestargroup.in / storage/2025/01/Outcome-Postal-Ballot.pdf

The e-voting for Postal Ballot commenced on December 20, 2024, 9.00 AM (IST) and concluded on January 18, 2025, 17.00 (IST) M/s. S Sandeep & Associates was appointed as Scrutiniser for the postal ballot process. The report of Scrutiniser was submitted to the stock exchanges on January 20, 2025. All the resolutions as above have been passed by the Members with requisite majority and is deemed to have been passed on Saturday, January 18, 2025, being the last date for remote E-voting.

General Shareholder Information

A separate section on the above has been included in the annual report.

Incorporation date	May 7, 1984
CIN	L65991TN1984PLC010844
Registered Office	New No 27, Old No 4, Taylor's Road, Kilpauk, Chennai - 600 010, Tamil Nadu, India
Company's correspondence details	Five-Star Business Finance Limited New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai - 600 010, Tamil Nadu, India Phone: 044 46106200 | Email: secretary@fivestargroup.in Website: www.fivestargroup.in
ISIN (Equity Shares)	INE128S01021
Annual General Meeting	
Date and Time	Tuesday, September 9, 2025, 10.00 AM (IST)
Venue	The Annual General Meeting (AGM) will be held through video conference in compliance with the applicable guidelines and circulars issued by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI)
Contact details of the designated official for assisting and handling investor grievances	Mr. Vigneshkumar SM Company Secretary and Compliance Officer Phone: 044 46106260 Email: cs@fivestargroup.in
Dividend Payment date	The Board at its meeting held on 29 April, 2025 has recommended payment of final dividend of INR 2 per equity shares for the year ended 31 March, 2025. The same will be paid within 30 days upon declaration by the shareholders at the ensuing annual general meeting
Listing of Securities:	Equity shares of the Company are listed on NSE & BSE w.e.f November 21, 2022, and Debt Securities were listed with BSE. Name and address of Stock Exchanges are as follows: BSE Limited Phiroze JeeJeebhoy Towers, Dalal street, Mumbai - 400 001 National Stock Exchange of India Limited Exchange Plaza, Floor 5, Plot C/1, Bandra-Kurla Complex, Bandra (East), Mumbai-400051
Payment of listing fees	The Company has paid the annual listing fees to both BSE and NSE
Symbol	FIVESTAR
Scrip Code	543663
Share Transfer system	As mandated by SEBI, securities of the Company can be transferred /traded only in dematerialized form. Further, SEBI vide its circular dated January 25, 2022, mandated that all service requests for issue of duplicate certificate, claim from unclaimed suspense account, renewal/ exchange of securities certificate, endorsement, subdivision/splitting/consolidation of certificate, transmission and transposition which were allowed in physical form should be processed in dematerialized form only. Shareholders holding shares in physical form are advised to avail the facility of dematerialization.
Dematerialization of shares and liquidity	As of 31 March 2025, 99.86 % of the company's shares were held in dematerialized form. The company's shares are regularly traded on BSE and NSE. Those shareholders who hold shares in physical mode are requested to convert their shareholding to demat mode at the earliest.

Registrar and Share Transfer Agent	**Equity Shares** **KFin Technologies Limited** (Unit: Five-Star Business Finance Limited) Selenium, Tower B, Plot No 31 and 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi 500 032, Telangana, India Phone: 040 67162222 | email: einward.ris@kfintech.com **Debt Securities** **NSDL Database Management Limited** 4th Floor, Trade World, 'A' Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 Phone: 022 4914 2597 | email: sachin.shinde@ndml.in
Debenture Trustees	**Catalyst Trusteeship Limited** GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune – 411 038 Tel: +91 (020) 25280081 | email: dt@ctltrustee.com Website: www.catalysttrustee.com
Outstanding Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) / Warrants or any Convertible Instruments, Conversion date and likely impact on equity	The Board of Directors at its meeting held on August 17, 2024 and the shareholders at the Annual General Meeting held on September 13, 2024 approved the issuance of up to 410,000 convertible Share Warrents (convertible into equity shares of the Company in the ratio of 1:1) of INR 1.00 each at a premium of INR 769.00 aggregating up to INR 3,157.00 lakhs on preferential basis pursuant to the applicable provisions of the Companies Act 2013, SEBI ((Issue of Capital and Disclosure Requirements), Regulations, 2018 and SEBI (Listing Obligations and Disclosure Requirements), 2015 The Board of Directors, vide its resolution dated October 24, 2024 allotted 410,000 share warrants to the allottees. The share warrrants may be excercised in one or more tranches during the period commencing from the date of allotment of warrants until expiry of 18 (Eighteen) months. The equity shares so allotted pursuant to exercise of share warrants shall rank pari passu with the existing shares of the Company. The Company has not issued any GDRs/ADRs or any other Convertible Instruments other than those specified above.
Commodity price risk or foreign exchange risk and hedging activities	Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. Further, the Company has availed External Commercial Borrowings (ECBs) during the financial year ended March 21, 2022, and has entered into derivative transactions with various counter parties to hedge its foreign exchange risks and interest rate risks associated thereon. The ECBs are fully hedged and do not possess any foreign exchange risk.
Locations / Offices	As on March 31, 2025, the Company's registered office is in Chennai, and it operates out of 748 branches in 10 states and 1 union territory, namely Tamil Nadu, Puducherry, Karnataka, Andhra Pradesh, Telangana, Maharashtra, Uttar Pradesh, Madhya Pradesh, Chhattisgarh, Rajasthan and Gujarat.
Address for Correspondence	KFIN Technologies Limited Selenium, Tower B, Plot No- 31 and 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi 500 032, Telangana, India Phone: 040 67162222 | email: einward.ris@kfintech.com Company Secretary & Compliance officer Five-Star Business Finance Limited New No.27, Old No. 4, Taylor's Road, Kilpauk, Chennai – 600 010 Ph: 044 46106200 www.fivestargroup.in | cs@fivestargroup.in
Unclaimed Dividend	Pursuant to Sections 124 and 125 of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, including amendments thereto, dividend if any if not claimed within seven years from the date of transfer to Unpaid Dividend Account of the Company, is liable to be transferred to Investor Education Protection Fund ("IEPF"). The list of unclaimed dividends along with the name of the shareholders have been uploaded on the website of the Company. Further there are no shares in demat suspense account or unclaimed suspense account of the Company as of March 31, 2025, and as of the date of this report.

Credit Ratings as on March 31, 2025

Rating Agency	Instrument	Rating
ICRA	Bank Facilities Non-Convertible Debentures Securitization	ICRA AA- (Stable) ICRA AA- (Stable) ICRA AAA (SO)/AA+(SO)/AA(SO)
CARE	Long term Bank Facilities Long term/Short term Bank facilities Commercial Paper	CARE AA-; Stable CARE AA-; Stable / CARE A1+ CARE A1+
India Ratings & Research	Bank Facilities Non-Convertible Debentures	IND AA-/Stable IND AA-/Stable

Distribution of Shareholding:

S.No.	Category (Shares)	No. of Holders	% of Holders	No of Shares	% of Shares
1	1 - 500	71,807	93.38	4,022,000	1.37
2	501 - 1000	2,440	3.17	1,764,411	0.60
3	1001 - 2000	1,219	1.59	1,755,721	0.60
4	2001 - 3000	421	0.55	1,052,726	0.36
5	3001 - 4000	195	0.25	679,552	0.23
6	4001 - 5000	153	0.20	707,599	0.24
7	5001 - 10000	206	0.27	1,457,649	0.50
8	10001 - 20000	100	0.13	1,382,015	0.47
	Total	**76,899**	**100.00**	**294,427,100**	**100.00**

Shareholding pattern as on March 31, 2025:

S.No.	Category	Total Shares	%
1	Foreign Portfolio - Corp	133,035,081	45.18
2	Promoters Individuals	51,857,930	17.61
3	Foreign Corporate Bodies	39,950,880	13.57
4	Resident Individuals	16,990,096	5.77
5	Mutual Funds	16,621,358	5.65
6	Foreign Promoter Bodies Corporates	8,536,605	2.90
7	Alternative Investment Fund	6,926,198	2.35
8	Bodies Corporates	6,468,104	2.20
9	Key Management Personnel	4,810,469	1.63
10	Qualified Institutional Buyer	3,214,476	1.09
11	Promoter Group	2,826,750	0.96
12	Non Resident Indian Non Repatriable	1,114,848	0.38
13	Non Resident Indians	653,864	0.22
14	Employees	609,624	0.21
15	IEPF	556,800	0.19
16	HUF	252,367	0.09
17	Trusts	869	0.00
18	Clearing Members	781	0.00
	Total	**294,427,100**	**100.00**

Transfer of Equity Shares to IEPF

Pursuant to Sections 124 and 125 of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the underlying shares of all dividends which remain unpaid/unclaimed for a period of seven consecutive years be transferred to Investor Education and Protection Fund (IEPF). As required under the said rules, the Company had published a notice in the newspapers inviting the shareholders' attention to the aforesaid rules. The Company had also sent out individual communication to the concerned shareholders whose shares are liable to be transferred to IEPF Account, pursuant to the said rules and also displayed the details have been uploaded on the website of the Company.

Unclaimed Suspense Account

As on March 31, 2025, the Company does not have any equity shares lying in the unclaimed suspense account.

In case the securities are suspended from trading, the director's report shall explain the reason thereof:

Not Applicable

Means of Communication

Your Company focuses on prompt, continuous and efficient communication to all its stakeholders. The Company has provided adequate and timely information to its member's inter-alia through the following means:

i. **Financial Results:** The quarterly, half yearly and annual financial results of the Company are published in the leading newspapers viz Economic Times, Business Standard (English), Makkal Kural (Tamil) and Business Remedies (Hindi) and are also posted on the Company's Website (www.fivestargroup.in).

ii. **Website:** In compliance with Regulation 46 of the SEBI LODR Regulations, the Company has maintained a separate section i.e. 'Investor Relations' on the Company's website providing all the announcements made by the Company, annual reports, result and policies of the Company.

iii. **Investors/ Analyst Meets:** The Company conducts Calls/Meetings with investors immediately after declaration of financial results to brief them on the performance of the Company. The Company also conducts one on one call and Meeting with investors.

iv. **Presentations to institutional investors/ analysts:** Detailed presentations are made to institutional investors and financial analysts on the Company's quarterly, half-yearly as well as annual financial results and sent to the Stock Exchanges. These presentations, video recordings and transcript of Meetings are available on the website of the Company.

v. **Annual Report:** The Annual Report containing, inter alia, Audited Financial Statement, Board's Report, Auditors' Report and other important information is circulated to the members and others entitled thereto through applicable modes. The Management Discussion and Analysis Report forms part of the Annual Report. The Annual Report is also available in downloadable form on the website of the Company.

vi. **NEAPS and NSE Digital Exchange:** NEAPS and NSE Digital Exchange are web based applications designed by NSE for corporates. All periodical and other compliance filings are filed electronically filed on these portals.

vii. **BSE Listing Centre (Listing Centre):** Listing Centre is a web-based application designed by BSE for corporates. All periodical and other compliance filings are filed electronically on the Listing Centre.

viii. **SEBI Complaints Redressal System (SCORES):** A centralized web-based complaints redressal system which serves as a centralized database of all complaints received, enables uploading of Action Taken Reports by the Company and online viewing by the investors of actions taken on the complaint and its current status.

ix. **Online dispute resolution (ODR):** Securities and Exchange Board of India (SEBI) has rolled out an ODR portal facilitating speedy resolution of disputes. Detailed instructions regarding the process of dispute resolution is provided in the SEBI Circular dated July 31, 2023. Investor may access the Smart ODR portal through https://smartodr.in/login.

Agreements binding on listed entities:

There are no agreements between shareholders, promoters, related parties, directors, or employees, either amongst themselves or with the Company, impacting management control, restrictions or liabilities that require disclosure to Stock Exchanges. This includes agreements with the listed entity, holding companies, subsidiaries, or associates.

Details of non-acceptance of any recommendation of any committee of the board which is mandatorily required:

During the year under review, there were no such recommendations made by any Committee of the Board that were mandatorily required and not accepted by the Board.

Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount:

There are no loans and advances in the nature of loans to firms/companies in which directors are interested.

Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):

Pursuant to the applicable provisions of the Companies Act 2013, SEBI (Issue of Capital and Disclosure Requirements), Regulations, 2018 and SEBI (Listing Obligations and Disclosure Requirements), 2015, the Board of Directors at its meeting held on August 17, 2024 and the Shareholders at the Annual General Meeting held on September 13, 2024 had approved the issuance of up to 4,10,000 convertible Share Warrants of INR 1.00 each at a premium of INR 769.00 on Preferential basis to Mr. Lakshmipathy Deenadayalan, Promoter and Chairman & Managing Director, Mr. Rangarajan Krishnan, Joint Managing Director & CEO and Mr. Srikanth Gopalakrishnan, Joint Managing Director & CFO ("Allotees") . The Company had received the in-principle approval from BSE and NSE for the issuance.

The Company has received upfront consideration of 25% of the issue proceeds from the Allotees and the Board had accordingly approved the allotment of Share warrants on Preferential basis on October 24, 2024.

The Company has utilised 25% of the issue proceeds received towards allotment of warrants and the utilization has been reviewed by the Audit Committee and subsequently the statement of utilization has been submitted to the National Stock Exchange of India Limited and BSE Limited.

Compliance with Corporate Governance Norms

The Company has complied with all the mandatory requirements of Corporate Governance as specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to regulation 27(1) of SEBI (LODR), 2015, the Company has also adopted the following discretionary requirements:

- **Modified opinion(s) in audit report:** Your Company confirms that Audit report on financial statements for FY 2025 have unmodified audit opinions.
- **Reporting of internal auditor:** The Internal Auditor of the Company reports directly to the Audit Committee.

Online Services provided by the Registrar and Share Transfer Agent

The shareholders can reach out to the Registrar & Share Transfer Agent, Kfin Technologies Limited, through the modes given below.

Particulars	Information
Email ID Toll Free WhatsApp Number	einward.ris@kfintech.com 1800 309 4001 (91) 910 009 4099
Investor Support Centre (Investors can use a host of services like like post a query, raise a service request, track the status of their DEMAT and REMAT request, Dividend status, interest and redemption status, upload exemption forms (TDS), download all ISR and other related forms)	https://ris.kfintech.com/clientservices/isc
E-sign facility (Common and simplified norms for processing investor's service requests by RTAs and norms for furnishing PAN, KYC details and Nomination)	https://ris.kfintech.com/clientservices/isr/isr1. aspx?mode=f3Y5zP9DDNI%3d
KYC Status (Shareholders can access the KYC status of their folio)	https://ris.kfintech.com/clientservices/isc/kycqry.aspx
KPRISM: A mobile application as well as a webpage which allows users to access folio details , interest and dividend status, FAQs, ISR Forms and full suite of other investor services	https://kprism.kfintech.com/signin.aspx
KFIN Corporate Website Link Corporate Registry (RIS) Website Link	https://www.kfintech.com https://ris.kfintech.com

Declaration on Code of Conduct

Annexure I

This is to confirm that the Board has laid down a Code of Conduct for all board members and senior management of the Company. The Code of Conduct has also been published on the website of the Company. It is further confirmed that all Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2025, as envisaged in schedule V under regulation 34(3) of the SEBI (LODR), 2015.

Place: Chennai
Date: April 29, 2025

Rangarajan Krishnan
Joint Managing Director & Chief Executive Officer

Certificate of Non-Disqualification of Directors

Annexure II

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members,
FIVE-STAR BUSINESS FINANCE LIMITED
New No. 27, Old No. 4, Taylor's Road,
Kilpauk, Chennai -600010

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **FIVE-STAR BUSINESS FINANCE LIMITED** (CIN: L65991TN1984PLC010844) (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2025 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S. No.	Name of Director	DIN	*Date of Initial appointment in Company
1.	Thiruvallur Thattai Srinivasaraghavan	00018247	25/08/2021
2.	Deenadayalan Lakshmipathy	01723269	21/06/2002
3.	Vikram Vaidyanathan*	06764019	21/08/2015
4.	Bhama Krishnamurthy	02196839	12/04/2016
5.	Anand Raghavan	00243485	28/07/2016
6.	Ravi Shankar Venkataraman Ganapathy Agraharam*	02604007	18/08/2017
7.	Thirulokchand Vasan	07679930	15/12/2016
8.	Ramamoorthy Ramkumar	07936844	08/06/2022
9.	Gopalakrishnan Srikanth	10636810	17/08/2024
10.	K. Rangarajan	07289972	17/08/2024

*Ceased to be Director of the company with effect from 30.04.2024

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S Sandeep & Associates
S Sandeep
Managing Partner
UDIN: F005853G000227437
FCS No.: 5853
C P No.: 5987
PR No: 6526/2025

Place: Chennai
Date: April 29, 2025

Certificate on Corporate Governance

Annexure III

(Pursuant to Para E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Members,
FIVE-STAR BUSINESS FINANCE LIMITED
(CIN: L65991TN1984PLC010844)

We have examined documents, books, papers, minutes, forms and returns filed and other relevant records maintained by **FIVE-STAR BUSINESS FINANCE LIMITED** (CIN: L65991TN1984PLC010844) ("the Company"), for the financial year ended on March 31, 2025, as stipulated in Regulations 17 to 27 and other relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Management's Responsibility:

The compliance of conditions of Corporate Governance is the responsibility of the Management. The responsibility includes design, implementation and maintenance of internal control and procedures to ensure compliance with conditions of Corporate Governance as stated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Our Responsibility:

Our examination was limited to examining procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Our Opinion:

In our opinion, on the basis of our examination of the relevant records produced, information provided, the explanations and clarifications given to us, the representations made by the Management, we certify that the Company has complied with all mandatory regulations and the conditions of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the financial year ended March 31, 2025.

We further state that this certificate is neither an assurance as to the future viability of the Company nor of efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S Sandeep & Associates
S Sandeep
Managing Partner
UDIN: F005853G000227492
FCS No.: 5853
C P No.: 5987
PR No: 6526/2025

Place: Chennai
Date: April 29, 2025

CEO & CFO Certification

Pursuant to Regulation 17(8) of SEBI, LODR, 2015

Annexure IV

The Board of Directors
Five-Star Business Finance Limited

This is to certify that:

1. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2025, and that to the best of our knowledge and belief:
    a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
    b. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, that there are no deficiencies in the design or operation of such internal controls of which we are aware.
4. We have indicated to the auditors and the Audit Committee that
    a. There are no significant changes in internal control over financial reporting during the year;
    b. There are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
    c. There are no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Place: Chennai
Date: April 29, 2025

Rangarajan Krishnan
Joint Managing Director & Chief Executive Officer

Srikanth Gopalakrishnan
Joint Managing Director & Chief Financial Officer

Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURE

I. Details of the Listed Entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L65991TN1984PLC010844
2.	Name of the Listed Entity	FIVE-STAR BUSINESS FINANCE LIMITED
3.	Year of incorporation	1984
4.	Registered office address	New No 27, Old No 4, Taylor's Road, Kilpauk, Chennai 600010
5.	Corporate address	New No 27, Old No 4, Taylor's Road, Kilpauk, Chennai 600010
6.	E-mail	cs@fivestargroup.in
7.	Telephone	044–4610 6200
8.	Website	Five Star Business Finance (www.fivestargroup.in)
9.	Financial year for which reporting is being done	FY 2024-2025
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange, Bombay Stock Exchange
11.	Paid-up Capital	INR 294,427,100

Contact Person

12.	Name of the Person	Vigneshkumar S M
	Telephone	044–4610 6260
	Email address	cs@fivestargroup.in

Reporting Boundary

13.	Type of Reporting- Select	The disclosures in this report have been made on standalone basis for Five Star Business Finance Limited.
	If selected consolidated:	Not Applicable
14.	Name of assessment or assurance provider	Not applicable since the company is not among the Top 250 Listed Entities by Market Capitalisation as on end of FY 2024-25
15.	Type of assessment or assurance obtained	Not applicable since the company is not among the Top 250 Listed Entities by Market Capitalisation as on end of FY 2024-25

II. Product/Services

	S. No.	Description of Main Activity	Description of Business Activity	% Turnover of the Entity
16. Details of business activities	1.	Onward Lending	Five Star Business Finance Limited is a non-deposit taking Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI). The Company provides secured financial solutions in the form of " small business loans" to micro-entrepreneurs and self-employed individuals who typically lack access to the formal financial ecosystem, particularly in urban and semi-urban markets. The loans are secured by collateral, with approximately 95% of the portfolio backed by self-occupied residential properties owned by the borrowers. Loan amounts generally range from ₹1 lakh to ₹10 lakh, with the majority of loans falling below ₹5 lakh. The Company offers longer loan tenures of 5 to 7 years to enhance affordability and convenience for its customers. Five Star Business Finance Limited maintains prudent lending practices, following conservative credit norms such as a Loan-to-Value (LTV) ratio capped at 50% and a Debt Burden Ratio (DBR) ceiling of 50% at the time of loan origination. These measures ensure robust credit quality and adequate risk mitigation throughout the loan tenure.	100%

17. Products / Services sold by the entity

S. No.	Product / Service	NIC Code	% of Total Turnover contributed
1.	Small Business	64920	100%

III. Operations

18. Number of locations where plants and/or operations / offices of the entity are situated

Location	Number of Plants	No. of Offices	Total
National	0	748	748
International	0	0	0

Market served by the entity	Locations
19. a. No. of Locations	
National (No. of States)	11
International (No. of Countries)	0
19. b. What is the contribution of exports as a percentage of the total turnover of the entity?	Nil; the Company is a domestic entity with 100% of its operations within India
19. c. A brief on types of customers	The Company is in the business of providing secured financial solutions in the form of small business loans tailored to the needs of micro-entrepreneurs and self-employed individuals who traditionally lack access to formal credit, for their business needs.

IV. Employees

20. Details as at the end of financial year:

S. No.	Particulars	Total	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
		Employees				
a. Employees and workers (including differently abled)						
1	**Permanent Employees (D)**	11,929	11,571	97%	358	3%
2	**Other than Permanent Employees (E)**	5	5	100%	0	0%
3	**Total Employees (D+E)**	11,934	11,576	97%	358	3%
b. Differently abled employees and workers						
1	**Permanent Employees (F)**	0	0	0	0	0
2	**Other than Permanent Employees (G)**	0	0	0	0	0
3	**Total Employees (F+G)**	0	0	0	0	0

21. Participation/Inclusion/Representation of women

S. No.	Category	Total (A)	No. and % of Female	
			No. (B)	% (B/A)
1	**Board of Directors**	8 (Including the Board of Directors & Managing Director)	1	12.5%
2	**Key Management Personnel**	4	0	0

22. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

Category	FY 2024 - 2025 (Turnover rate in current FY)			FY 2023 - 2024 (Turnover rate in previous FY)			FY 2022 - 2023 (Turnover rate in the year prior to previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	46%	32%	45%	49%	28%	49%	49%	40%	48%

V. Holding, Subsidiary, and Associate Companies (including joint ventures)

23. Name of the holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures	Indicate whether it is a holding / Subsidiary / Associate / or Joint Venture	% of shares held by the listed entity	Does the entity indicated in column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Nil	NA	NA	NA

VI. CSR Details

24. a. Whether CSR is applicable as per section 135 of Companies Act, 2013 — Yes
    b. Turnover (in Rs.) — INR 286,602.39 lakhs
    c. Net Worth (in Rs.) — INR 630,391.93 lakhs

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct

Stakeholder group from whom the complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	If Yes, then provide web-link for the grievance redress policy	FY 2024-25 (Current FY)			FY 2023-24 (Previous FY)		
			Number of complaints ` the year	Number of complaints pending resolution at the close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks
Communities	Yes	Business-Responsibility-and-Sustainability-Reporting-Policy.pdf	0	0	-	0	0	-
Investors (other than shareholders)	Yes	https://fivestargroup.in/investors/	0	0	-	0	0	-
Shareholders	Yes	Grievance-Redressal-Policy.pdf	0	0	-	0	0	-
Employees and workers	Yes	Whistle-Blower-Policy-Vigil-Mechanism.pdf	0	0	-	0	0	-
Customers	Yes	Grievance-Redressal-Policy.pdf	250	0	-	108	0	-
Value Chain Partners	Yes	Business-Responsibility-and-Sustainability-Reporting-Policy.pdf	0	0	-	0	0	-
Others (please specify)		Not Applicable	0	0	-	0	0	-

26. Overview of the entity's material responsible business conduct issues

Material Issue Identified	Indicate whether risk or opportunity	The rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
		Please refer the section on 'Material ESG issues in the ESG section of the Annual Report'		

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

The National Guidelines for Responsible Business Conduct (NGRBCs) as prescribed by the Ministry of Corporate Affairs advocates the following nine principles referred to as P1 to P9.

P1 - Business should conduct and govern themselves with Ethics, Transparency and Accountability

P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3 - Businesses should promote the wellbeing of all employees

P4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

P5 - Businesses should respect and promote human rights

P6 - Business should respect, protect, and make efforts to restore the environment

P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 - Businesses should support inclusive growth and equitable development

P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and Management Processes									
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

c. Web Link of the Policies, if available	Web links of the policies which cover the principles and core elements of the NGRBCs are as follows: **BRSR Policy:** Business-Responsibility-and-Sustainability-Reporting-Policy.pdf **POSH:** Policy-on-Prevention-of-Sexual-Harrasment.pdf **Code of Conduct:** Code-of-Conduct-for-Board-of-Directors-and-Senior-Management-Personnel.pdf **Whistle Blower Policy:** Whistle-Blower-Policy-Vigil-Mechanism.pdf **Investor Policy:** Investors – Five Star.pdf **Risk Management Policy:** Risk-Management-Policy.pdf **CSR Policy:** Corporate-Social-Responsibility.pdf **Remuneration Policy:** Appointment-Remuneration-Evaluation-Policy.pdf **Board Diversity Policy:** Board-Diversity-Policy.pdf
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes. While the Company has not formally identified material ESG risks emanating from its value chain, the Company expects all value chain partners with whom it engages to adhere to fundamental principles aligned with its Business Responsibility and Sustainability Policy. These include ethical business practices, compliance with applicable laws, respect for human rights and environmental responsibility. The Company's policies are publicly available on its website. Further, under Principle 4, the Company has stated that it expects value chain partners to operate responsibly and in alignment with key sustainability principles. The Company remains committed to progressively strengthening its engagement with value chain partners on ESG matters in line with evolving regulatory requirements and industry practices.
4. Name of the national and international codes/ certifications/labels/standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance,Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Nil
5. Specific commitments, goals, and targets set by the entity with defined timelines, if any.	Five Star Business Finance has identified Material ESG issues in FY 2024-25. The Company is working towards identifying goals and targets and will be disclosed in future reports.
6. Performance of the entity against the specific commitments, goal, and targets along with reasons in case the same are not met.	The Company has been working extensively towards the goal of financial inclusion and serving the needs of the underserved. The Company is also committed to contributing to community development through its CSR activities Details of the same are presented in our ESG report.
Governance, Leadership, and Oversight	
7. Statement by director responsible for the business responsibility report, highlighting ESG-related challenges, targets, and achievements	Please refer the ESG Report for a statement from the Chairman & Managing Director, highlighting our ESG Goals, performance and outlook.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr Lakshmipathy Deenadayalan, Chairman & Managing Director, is the highest authority responsible for implementation and oversight of the Business Responsibility policies.
9. Does the entity have a specified Committee of the Board/ Director responsible for decision-making on sustainability-related issues? (Yes / No). If yes, provide details.	Mr Lakshmipathy Deenadayalan, Chairman & Managing Director, is the highest responsible for decision making in relation to sustainability related focus areas, goals and other issues.

10. Details of Review of NGRBCs by the Company:

Indicate whether the review was undertaken by the Director / Committee of the Board/ Any other Committee Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)	
Performance against the above policies and follow-up action	The aforementioned policies have been approved by the Board and its Committees. The same have also been reviewed by the Company's Senior Management. Performance against the policies is reviewed on annual basis.
Compliance with statutory requirements of relevance to the principles, and the rectification of any non-compliances	Audit Committee of the Board, along with the Management team review and ensure continued compliance with laws applicable to the Company. No non-compliances were observed/reported in this reporting period.

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency	P1	P2	P3	P4	P5	P6	P7	P8	P9
	No								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated	On the basis of the level of risk perceived being low, the company has not yet engaged any third party for assessments or evaluation.

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

ESSENTIAL INDICATORS

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	2	• Coporate Governance	100%
Key Management Personnel	2	• Coporate Governance • Inclusive growth and sustainability	100%
Employees other than BODs and KMPs	70	Aspects covered in training include: • Code of Conduct • Prevention of Sexual Harassment • Health and Safety • Information Security • Employee Benefits and Policies • Grievance Redressal • Customer Service and Fair Practices Code • Anti-Money Laundering (AML) and Known Your Customer (KYC) compliance • Data Privacy and Confidentiality	98%

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
		Five Star Business Finance Limited remains committed to continously expanding the scope of employee training to include emerging regulatory requirements, sustainability awarness and ethical business conduct	

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format.

a. Monetary					
Type	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	Nil	Nil	Nil	Nil	Nil
Settlement	Nil	Nil	Nil	Nil	Nil
Compounding fee	Nil	Nil	Nil	Nil	Nil
a. Non Monetary					
Imprisonment	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, as per Five Star's anti-corruption policy, it goes against the company's policy to give anything of value to anybody directly or indirectly in order to influence decisions, unlawfully obtain or maintain business, or otherwise benefit unjustly from business connections. Receiving or agreeing to receive anything of value that causes or would cause to breach the duties at Five Star is also prohibited. The web-link of the policy - Anti-Corruption-or-Anti-Bribery-Policy.pdf

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

No instances of corruption or bribery were observed or reported in the past two financial years.

Category	FY 2024-2025 Current Financial Year	FY 2023-2024 Previous Financial Year
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest:

Nil. There were no instances of conflict of interest reported in FY 2024-25 and FY 2023-24.

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not applicable; no cases of corruption or conflict of interest were reported in FY 2024-25 and FY 2023-24.

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

Particulars	FY 2024-2025	FY 2023-2024
Number of days of accounts payables *	NA	NA

The Company is in the business of offering financial services (Small business loans and mortgage loans) and hence Not Applicable

9. Open-ness of Business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2024-2025	FY 2023-2024
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	NA	NA
	b. Number of trading houses where purchases are made from	NA	NA
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	NA	NA
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	NA	NA
	b. Number of dealers / distributors to whom sales are made	NA	NA
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	NA	NA
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	NA	NA
	b. Sales (Sales to related parties / Total Sales)	NA	NA
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	NA	NA
	d. Investments (Investments in related parties / Total Investments made)	NA	NA

LEADERSHIP INDICATORS

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year

During the financial year, the Company did not conduct formal sustainability-specific awareness programmes for its value chain partners. However, the Company remains committed to enhancing engagement with value chain partners on sustainability issues and intends to explore such initiatives in future years as part of its ESG roadmap.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes. The Company has in place a Code of Conduct for Board of Directors and Senior Management Personnel (SMPs), which includes comprehensive provisions to manage and avoid conflicts of interest.

All Board members and SMPs are required to annually affirm compliance with the Code of Conduct.

Directors and SMPs are required to disclose any potential conflicts of interest and refrain from participating in discussions or decisions in which they have personal or financial interest.

The Code of Conduct is publicly accessible on the Company's website at Code-of-Conduct-for-Board-of-Directors-and-Senior-Management-Personnel.pdf (fivestargroup.in)

During the financial year under review, there were no reported instances of conflict of interest involving the Board or SMPs.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

ESSENTIAL INDICATORS

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

The company is in the business of offering financial services (small business loans and mortgage loans) and does not have significant scope for investing in R&D activities.

Type	FY 2024-25 Current financial year	FY 2023-24 Previous financial year	Details of improvement in social and environmental aspects
Research & Development (R&D)	NA	NA	NA
Capital Expenditure (CAPEX)	NA	NA	NA

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

No, given the nature of the Company's business, the Company sources materials only for running its operations. Accordingly, sustainable sourcing is not a key focus area of for the Company.

b. If yes, what percentage of inputs were sourced sustainably?

Not Applicable

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Product	Process to safely reclaim the product
a. Plastics (including packaging) **b. E-Waste** **c. Hazardous Waste**	Hazardous and e-waste are disposed through authorized recyclers, in accordance with the laws of the land.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.
Not Applicable

LEADERSHIP INDICATORS

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?
The company is in the business of providing secured lending solutions primarily catering to micro-entrepreneurs, small businesses and self-employed individuals hence the said assessment is not applicable

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency – (Yes/No)	Results communicated in public domain – (Yes/No) If yes, provide the web-link.
NA	NA	NA	NA	NA	NA

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Service	Description of the risk / concern	Action Taken
NA	NA	NA

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).
Since the company is in loan lending business, no inputs materials are used in the same.

Indicate input material	Recycled or re-used input material to total material	
	FY 2024-25 Current financial year	FY 2023-24 Previous financial year
NA	NA	NA

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2024-25 Current financial year			FY 2023-24 Previous financial year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (Including packaging)	NA	NA	NA	NA	NA	NA
E-waste	NA	NA	NA	NA	NA	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other waste	NA	NA	NA	NA	NA	NA

The company is in the business of providing secured lending solutions primarily catering to micro-entrepreneurs, small businesses and self-employed individuals, utilisation of packaging materials and wastes generated thereof is negligible.

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
NA	NA

The company is in the business of providing secured lending solutions primarily catering to micro-entrepreneurs, small businesses and self-employed individuals hence reclaiming products and their packaging materials does not arise.

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

ESSENTIAL INDICATORS

1. a. Details of measures for the well-being of employees:

FY 2024-25 Category	Total (A)	% of employees covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent Employees											
Male	11,571	11,571	100%	11,571	100%	0	0%	NA	NA	NA	NA
Female	358	358	100%	358	100%	358	100%	NA	NA	NA	NA
Total	11,929	11,929	100%	11,929	100%	358	3%	NA	NA	NA	NA
Other than Permanent Employees											
Male	5	4	80%	5	100%	NA	NA	NA	NA	NA	NA
Female	0	0	0	0	0	NA	NA	NA	NA	NA	NA
Total	5	4	80%	5	100%	NA	NA	NA	NA	NA	NA

b. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format

Particulars	FY 2024-2025 Current Financial Year	FY 2023-2024 Previous Financial Year
Cost incurred on well-being measures as a % of total revenue of the company	0.27	0.25

2. Details of retirement benefits, for Current FY and Previous financial year:

S.No	Benefits	FY 2024-25 Current Financial Year		FY 2023-24 Previous Financial Year	
		No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)
1.	PF	11,930 (100%)	Yes	9,323 (100%)	Yes
2.	Gratuity	11,930 (100%)	Yes	9,323 (100%)	Yes
3.	ESI	6,913 (57%)	Yes	5,237 (~56%)	Yes
4.	Others	NA	NA	NA	NA

3. Accessibility of workplaces: Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

The Company is committed to creating an inclusive and accessible workplace for differently abled employees in line with the Rights of Persons with Disabilities Act, 2016.The Company's corporate office premises are equipped with facilities such as elevators and /or ramps wherever feasible, to enhance accessibility. However, certain branch offices located in Tier 3 to Tier 6 cities operate from rented premises, where structural modifications may not always be possible due to property constraints. Despite this, the Company strives to provide reasonable facilities to ensure accessibility for all employees wherever practicable.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web link to the policy.

Yes. The Company adheres to the principles of equal opportunity and is committed to fostering a workplace that provides equitable growth and development opportunities to all employees, including persons with disabilities. The Company has formulated an Equal Opportunity Policy in accordance with the Rights of Persons with Disabilities Act, 2016. The policy can be accessed at Equal Opportunity Policy.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Total number of people returned after parental leave in FY 2024-25	Total Number of people who took parental leave in FY 2023-24	Return to work rate	Total Number of people retained for 12 months after returning from parental leave	Total number of people returned from parental leave in prior FY	Retention Rate
Permanent Employees						
Male	NA	NA	NA	NA	NA	NA
Female	11	30	37%	4	4	100%
Total	11	30	37%	4	4	100%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

Category	Yes / No	Details of the mechanism in brief
Permanent Employees	Yes	All permanent employees of Five Star have access to a well-established Grievance Redressal Mechanism, regardless of their hierarchical level. The Company has implemented a Whistle-Blower Policy that enables employees and Directors to report concerns related to unethical behaviour, actual or suspected fraud or violations of the Company's Code of Conduct without fear of retaliation. Additionally, the Company maintains a zero-tolerance policy towards sexual harassment in the workplace. The Company is fully compliant with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, including the constitution of an Internal Complaints Committee (ICC) to address complaints in a confidential and timely manner.
Other than Permanent Employees	Yes	Grievances reported by employees other than Permanent Employees are addressed within ten working days to ensure timely and fair resolution

7. Membership of employees and workers in association(s) or Unions recognized by the listed entity:

Category	FY 2024-25 (Current FY)			FY 2023-24 (Previous FY)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Permanent Employees						
Male	11,571	0	0%	9,034	0	0%
Female	358	0	0%	288	0	0%
Total	11,929	0	0%	9,322	0	0%
Permanent Workers						
Male	5	0	0%	5	0	0%
Female	0	0	0%	0	0	0%
Total	5	0	0%	5	0	0%

8. Details of training given to employees and workers:

a. Details of Skill training given to employees and workers.

Category	FY 2024-25 (Current FY)			FY 2023-24 (Previous FY)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who received Skill Training (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who received Skill Training (D)	% (D/C)
Permanent Employees						
Male	11,571	11,500	99%	9,039	8,900	98%
Female	358	320	89%	288	250	87%
Total	11,929	11,820	99%	9,327	9,150	98%

b. Details of training on Health and Safety given to employees and workers.

Category	FY 2024-25 (Current FY)			FY 2023-24 (Previous FY)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who received training on Health and Safety measures (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who received training on Health and Safety measures (D)	% (D/C)
Permanent Employees						
Male	11,571	7,312	63%	9,039	5,946	66%
Female	358	128	36%	288	126	44%
Total	11,929	7,440	62%	9,327	6,072	65%

9. Details of performance and career development reviews of employees and worker:

Category	FY 2024-25 (Current FY)			FY 2023-24 (Previous FY)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who had a career review (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who had a career review (D)	% (D/C)
Permanent Employees						
Male	9,039	7,667	85%	7,115	5,948	84%
Female	288	277	96%	232	206	89%
Total	9,327	7,944	85%	7,347	6,154	84%

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No)	No
a.1. What is the coverage of such system?	Not Applicable
b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?	The primary occupational risk identified at Five Star relates to Road Safety, given that certain employees are required to travel for business purposes, including customer visits and field operations. The Company has implemented the following measures to mitigate such risks: 1. Employee training on safe driving practices 2. Insurance coverage for employees engaged in travel-related work 3. Periodic communication on road safety guidelines Five Star continuously evaluates workplace risks and is committed to maintaining a safe working environment for all employees.
c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Yes/No)	Not Applicable
d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)	Yes. All employees of the Company are covered under a Group Medical Insurance policy, which includes non-occupational healthcare services. The Company strives to support the health and well-being of its employees beyond occupational risks.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2024-2025	FY 2023-2024
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	**Employees**	0.6	0.5
Total recordable work-related injuries	**Employees**	17	11
No. of fatalities	**Employees**	6	2
High consequence work-related injury or ill-health (excluding fatalities)	**Employees**	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Fire extinguishers are placed at appropriate places to ensure safety environment, At the time of on boarding the new joiners are briefed on the process to be followed at the time of evacuation due to fire/natural calamities. Hand sanitizers are provided at the entry points and also will be provided to employees on need basis.

13. Number of Complaints on the following made by employees and workers:

Topic	FY 2024-25 Current financial year			FY 2023-24 Previous financial year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	NA	0	0	NA
Health & Safety	0	0	NA	0	0	NA

14. Assessments for the year:

Topic	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	No such assessments have been undertaken in the current year; no such statutory requirements.
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Significant health and safety risks identified for our employees relate to Road Safety only. Suitable remedial measures have been instituted.

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of

(A) Employees (Y/N)

The company has not enrolled for any life insurance scheme. However, for those covered under PF and ESI, coverage is available as per the respective statute. Additionally the company has covered its employees against personal accident via group personal accident insurance.

(B) Workers (Y/N) - No

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners

The Company follows robust monitoring practices to ensure that value chain partners fulfil their statutory obligations as under :

(a)Monthly reconciliation of accounts related to statutory dues for services rendered by value chain partners

(b)Regular reminders to partners regarding timely remittance of statutory dues

(c) Withholding of payments to vendors equivalent to any overdue statutory amounts

(d) Suspension of operations with vendors who fail to meet statutory compliance despite repeated reminders

These measures are designed to ensure compliance with applicable laws and protect the Company from regulatory risks associated with non-compliance by third parties.

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Particulars	Total No. of affected employees / workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2024-25 Current FY	FY 2023-24 Previous FY	FY 2024-25 Current FY	FY 2023-24 Previous FY
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Details on assessment of value chain partners:

Topic	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	No specific assessment in respect of the value chain partners has been carried out.
Working Conditions	

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

No specific assessment in respect of the value chain partners has been carried out. Consequently, no corrective actions were required.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all their stakeholders

ESSENTIAL INDICATORS

1. Describe the processes for identifying key stakeholder groups of the entity:

At Five Star, stakeholders are defined as individuals, institutions or groups who contribute or create value to the organisation or derive value from Company's operations in alignment with its core vision and mission. Key stakeholder groups identified includes Employees at all levels, Investors, Customers, Lenders and Communities benefitting from CSR initiatives.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	Branch level communication Website disclosures	Ongoing	Terms of business; Awareness on NPA, Due date, Fair Practice Code.
Investors	No	Earnings call, website disclosures	Quarterly	Company performance updates, stragetic developments
Communities	Yes	Through CSR initiatives, field visits	Periodic	Identifying community needs (healthcare, livelihood, education) assessing CSR impact.
Employees	No	Internal communication, training sessions	Ongoing	Policies, performance reviews, compliance with Code of Conduct
Lenders	No	Reports, meetings, ad hoc updates	Ongoing	The lenders are engaged on a frequent basis on 1. Performance updates, both financial & operational 2. Ad hoc updates, basis any event in the Company or external environment The goal is to keep the lenders informed of all significant events through regular updates as well as ad hoc updates based on the occurrence of any significant event. Communication on findings, upgrading of security or hypothecation, covenant compliance, etc. are all examples of periodic updates. In addition to these, there will occasionally be one-on-one meetings with lenders, either during normal limit renewal or review or in response to any significant business-related or external environment incident. These typically include guidance for the short- to medium-term as well as performance updates.

LEADERSHIP INDICATORS

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Company encourages continuous and proactive engagement with its stakeholders to better communicate its strategies and performance. Feedback and insights gathered from stakeholders are shared with the Board through management presentations and specific Board agenda items addressing stakeholders concerns.

This ensures that the Board remains informed on material economic, environmental and social topics and can incorporate stakeholders' perspectives into strategic decision making.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, stakeholder consultations play a critical role in shaping the Company's identification and management of environmental and social topics. . As part of this process, during the materiality assessment conducted in FY 2024-25, feedback from stakeholders such as customers, employees and lenders was analysed to prioritise sustainability issues. This feed back has guided the Company in refining its ESG focus areas and integrating sustainability considerations into business strategy and policies. Please refer to the ESG Section of the Annual report 2024-25 for further details.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

During the financial year under review, the Company did not receive any specific complaints or concerns raised by vulnerable/ marginalized stakeholder groups.

However, the Company actively engages with vulnerable communities through its CSR initiatives focused on healthcare, livelihood and education. These engagements help identify needs and ensure that CSR interventions create meaningful impact.

PRINCIPLE 5: Businesses should respect and promote human rights

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2024-25 (Current FY) Total (A)	No. of employees / workers covered (B)	% (B/A)	FY 2023-24 (Previous FY) Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent	11,929	7,440	62%	9,322	6,067	65%
Other than Permanent	5	3	60%	5	5	100%
Total Employees	11,934	7,443	62%	9,327	6,072	65%

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2024-25 Current financial year					FY 2023-24 Previous financial year				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Total	11,929	1,014	8%	10,915	91%	9,322	1,089	12%	8,233	88%
Male	11,571	877	8%	10,694	92%	9,034	1,045	12%	7,989	88%
Female	358	137	38%	221	62%	288	44	15%	244	85%
Other than Permanent										
Total	5	2	40%	3	60%	5	0	0%	5	100%
Male	5	2	40%	3	60%	5	0	0%	5	100%
Female	0	0	0%	0	0%	0	0	0%	0	0%

3. Details of remuneration/salary/wages, in the following format:

a. Median Remuneration/Wages

FY 2024 - 25	Male			Female		
	Number	Median Remuneration of Men (Rs in lakhs)	Median Wages of Men (Rs in lakhs)	Number	Median Remuneration of Women (Rs in lakhs)	Median Wages of Women (Rs in lakhs)
Board of Directors (BoD)	4	12	0	1	7.5	0
Key Managerial Personnel	4	409.63	0	1	44.92	0
Employees other than BoD and KMP	12,007	3.96	0	361	3.13	0

Remuneration to Board of Directors represents Commission paid to Directors.

Includes female KMP effective upto February 26, 2025

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

Particulars	FY 2024-2025 Current Financial Year	FY 2023-2024 Previous Financial Year
Gross wages paid to females as % of total wages	2.43%	2.38%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. The Company has various Committees responsible for addressing human rights impacts and issues. The Internal Complaints Committee (ICC) addresses matters related to sexual harassment in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act). Additionally, the Company ensures that broader human rights concerns and any issues related to ethics, harassment, discrimination or other human rights violations are appropriately addressed through Company's Grievance Redressal Policy, Fair Practices Code, Code of Conduct and Whistle-Blower Policy.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company maintains a zero – tolerance policy against all forms of exploitative or forced labour, discrimination, harassment or any abuse. Employees grievances are addressed through POSH framework, the Code of Conduct and Whistle Blower Policy. As for customers, they can lodge complaints via calls, emails or letters under the Grievance Redressal Policy. All Complaints are resolved in a time-bound manner, overseen by senior management and the relevant committees.

6. Number of Complaints on the following made by employees and workers:

	FY 2024-25 Current financial year			FY 2023-24 Previous financial year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	NIL	NIL	NA	NIL	NIL	NIL
Discrimination at workplace	NIL	NIL	NA	NIL	NIL	NIL
Child Labour	NIL	NIL	NA	NIL	NIL	NIL
Forced Labour/ Involuntary Labour	NIL	NIL	NA	NIL	NIL	NIL
Wages	NIL	NIL	NA	NIL	NIL	NIL
Other human rights related issues	NIL	NIL	NA	NIL	NIL	NIL

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

Particulars	FY 2024-2025 Current Financial Year	FY 2023-2024 Previous Financial Year
Total Complaints reported under Sexual Harassment on of Women at Workspace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	Nil	Nil
Complaints on POSH as a % of female employees / workers	Nil	Nil
Complaints on POSH upheld	Nil	Nil

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Yes, A whistleblower policy and vigil system, a code of conduct for directors and senior management, a policy on combating sexual harassment, and a code of fair behavior are all in place as methods for reporting instances of discrimination and harassment. The complainant will be completely protected from any unfair practices such as retaliation, threats of termination or suspension of employment, disciplinary action, transfer, demotion, refusal of promotion, or similar actions, as well as any direct or indirect use of authority to obstruct the his/her right to continue performing his duties and functions, including additional protected disclosure. The Grievance Redressal Policy has also clearly laid out the hierarchy for escalation for the customers to ensure they are treated fairly and respectfully throughout the compliant resolution process.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes; the Company includes compliance requirements related to human rights in its agreements and contracts with vendors and partners. These requirements include (1) prohibition of child labour and forced / involuntary labour (2) compliance with applicable laws regarding health, safety and working conditions.

10. Assessments for the year:

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labor	Nil
Forced / Involuntary Labor	Nil
Sexual Harassement	100% as per POSH Policy
Discrimination at Workplace	Nil
Wages	Nil

11. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 10 above.

No such incidents were observed in the reporting year.

LEADERSHIP INDICATORS

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

During the financial year under review, the Company did not receive any significant human rights grievances that necessitated changes to business processes. The Company continues to uphold human rights principles across its operations, consistent with its Human Rights Policy.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

The Company fosters an environment where employees and directors are encouraged to report concerns related to wrongful conduct, ethical breaches or human rights issues via its Whistle-Blower Policy and Vigil Mechanism. The Audit Committee oversees the functioning of this mechanism and the employees, are facilitated with direct access to the Chairperson of the Audit Committee for raising significant concerns.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes. The Company ensures that its corporate office premises are accessible to differently abled employees and visitors, including facilities like elevators and/or ramps wherever feasible. However, certain branches in Tier 3 to Tier 6 cities operate from rented premises where structural modifications are not always possible. Nevertheless, the Company remains committed to progressively improving accessibility in compliance with the Rights of Persons with Disabilities Act, 2016.

4. Details on assessment of value chain partners:

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Sexual Harassment **Discrimination at worplace** **Child Labour** **Forced Labour / Involuntary Labour** **Wages** **Others - Please specify**	The Company expects all its value chain partners to comply with regulations regarding health, safety and working conditions. The Environment & Social Policy includes a prohibited activities list which excludes child labor, forced labour and other unethical practices from financing eligibility. No specific percentage assessments have been conducted yet.

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

No corrective actions were necessitated during the year, as specific assessments of value chain partners on human rights and working conditions have not yet been conducted.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

ESSENTIAL INDICATORS

1. Details of total energy consumption (in Joules or multiples) and energy intensity,

Parameter	Unit	FY 2024-2025	FY 2023-2024
For Renewable Sources			
Total Electricity Consumption (A) (GJ)		18335.83	11515.19
Total Fuel Consumption (B) (GJ)		16.56	15.99
Energy Consumption through other sources (C) (GJ)		0	0
Total energy consumed from renewable sources (A+B+C) (GJ)		18335.83	11531.18
For Non-Renewable Sources			
Total Electricity Consumption (D)			
Total Fuel Consumption (E)			
Energy Consumption through other sources (F)			
Total energy consumed from non-renewable sources (D+E+F)			
Energy intensity per rupee of turnover (Total energy consumed/Revenue from operations)(GJ per million INR)		0.64	0.53
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/Revenue from operations adjusted for PPP)		**NA**	**NA**
Energy intensity in terms of physical output		**NA**	**NA**
Energy intensity (optional) – the relevant metric may be selected by the entity		NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any. –

No; The Company's business does not fall under the scope of the Designated consumers (DCs) category as per the Government of India's Performance, Achieve and Trade (PAT) Scheme.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	Unit	FY 2024-2025	FY 2023-2024
Water withdrawal by source (in kilolitres) (i) Surface water (ii) Groundwater (iii) Third party water (iv) Seawater / desalinated water (v) Others **Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)** **Total volume of water consumption (in kilolitres)** **Water intensity per rupee of turnover** (Total water consumption/Revenue from operations) **Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)** (Total water consumption/Revenue from operations adjusted for PPP) **Water intensity in terms of physical output** Water intensity (optional) – the relevant metric may be selected by the entity	Water usage at our offices is minimal and limited primarily to only personnel use (e.g., toilets, pantries etc). Due to the nature of operations, water usage is not separately tracked or measured, especially in shared or rented premises. Accordingly, data on water withdrawal, consumption, intensity and discharge is not applicable for the Company's current operations.		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.
No

4. Provide the following details related to water discharged:

Parameter	Unit	FY 2024-2025	FY 2023-2024
Water discharge by destination and level of treatment (in kilolitres) (i) Surface water - No treatment - With treatment - Please specify level of treatment (ii) Groundwater - No treatment - With treatment - Please specify level of treatment (iii) Third party water - No treatment - With treatment - Please specify level of treatment (iv) Seawater / desalinated water - No treatment - With treatment - Please specify level of treatment (v) Others - No treatment - With treatment - Please specify level of treatment **Total water discharged (in kilolitres)**	Water consumption (and consequently discharge) at our offices is minimal and is limited to only personnel use (i,e., in toilets, pantries etc). Hence this is currently not being measured/tracked.		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.
NA

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.
The Company has not implemented a Zero Liquid Discharge mechanism, as water usage is minimal and limited to domestic consumption in office facilities.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:
Not applicable. the Company operates is in the financial service sector and does not engage in manufacturing or industrial processes that generate air emission.

Parameter	Please specify unit	FY 2024-2025	FY 2023-2024
NOx	mg/m3	NA	NA
SOx	mg/m3	NA	NA
Particulate matter (PM)	mg/m3	NA	NA
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	mg/m3	NA	NA
Others – please specify	PPM	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.
No

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2024-2025	FY 2023-2024
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	**tCO2e**	1.11	1.08
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	**tCO2e**	3646.79	2,578.94
Total Scope 1 and Scope 2 emissions per rupee of turnover (in Rs.)	**tCO2e**	3647.91	2,580.01
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations adjusted for PPP)		NA	NA
Total Scope 1 and Scope 2 emission intensity in terms of physical output		NA	NA
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide detail

Currently, the company does not have specific projects aimed at reducing Green House Gas (GHG) emission, given the low environment footprint inherent to its service-based operations.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2024-2025	FY 2023-2024
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	The company does not generate any significant amount of waste in our corporate head office or our branch offices. Quantity of waste generated is currently not being tracked. Will be reported in future years.	
E-waste **(B)**		
Bio-medical waste **(C)**		
Construction and demolition waste **(D)**		
Battery waste **(E)**		
Radioactive waste **(F)**		
Other Hazardous waste. Please specify, if any. **(G)**		
Other Non-hazardous waste generated **(H)**. Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)		
Total (A+B + C + D + E + F + G+ H)		
Waste intensity per rupee of turnover (Total waste consumed/Revenue from operations)		
(Total waste consumed/Revenue from operations adjusted for PPP)		
Waste intensity in terms of physical output		
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste	The company does not generate any significant amount of waste in our corporate head office or our branch offices. Quantity of waste generated is currently not being tracked. Will be reported in future years.	
(i) Recycled		
(ii) Re-used		
(iii) Other recovery operations		
Total		
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste	The company does not generate any significant amount of waste in our corporate head office or our branch offices. Quantity of waste generated is currently not being tracked. Will be reported in future years.	
(i) Incineration		
(ii) Landfilling		
(iii) Other disposal operations		
Total		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

As a financial services company, the Company's operations do not involve significant use of hazardous or toxic chemicals. Waste generated is minimal and primarily includes office waste and e-waste. Hazardous or e-waste is disposed of responsibly through authorised recyclers in compliance with applicable laws. Formal waste management strategy has not been adopted due to negligible volume of waste produced.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Not Applicable. The Company does not have operations or offices located in or around ecologically sensitive areas such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, coastal zones, or biodiversity hotspots.

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not Applicable. Given its nature of business, the Company is not required to undertake environmental impact assessments under applicable laws.

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Based on the nature of business its operations, the Company complies with all applicable environmental norms. Laws and regulations, including:

- Water (Prevention and Control of Pollution) Act
- Air (Prevention and Control of Pollution) Act
- Environment Protection Act and associated rules

No non-compliances have been reported during the year.

LEADERSHIP INDICATORS

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area – Not Applicable

(ii) Nature of operations - Not Applicable

(iii) Water withdrawal, consumption and discharge:

Parameter	Unit	FY 2024-2025	FY 2023-2024
Water withdrawal by source (in kilolitres)			
(i) Surface water			
(ii) Groundwater			
(iii) Third party water			
(iv) Seawater / desalinated water			
(v) Others			
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)			
Total volume of water consumption (in kilolitres)	Not applicable. The Company does not have facilities located in water-stressed areas. Water usage remains minimal and restricted to personnel consumption in office premises.		
Water intensity per rupee of turnover (Total water consumption/Revenue from operations)			
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/Revenue from operations adjusted for PPP)			
Water intensity in terms of physical output			
Water intensity (optional) – the relevant metric may be selected by the entity			
Water discharge by destination and level of treatment (in kilolitres)			
(i) Surface water			
- No treatment			
- With treatment - Please specify level of treatment			
(ii) Groundwater			
- No treatment			
- With treatment - Please specify level of treatment			
(iii) Third party water	Not applicable. The Company does not have facilities located in water-stressed areas. Water usage remains minimal and restricted to personnel consumption in office premises.		
- No treatment			
- With treatment - Please specify level of treatment			
(iv) Seawater / desalinated water			
- No treatment			
- With treatment - Please specify level of treatment			
(v) Others			
- No treatment			
- With treatment - Please specify level of treatment			
Total water discharged (in kilolitres)			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not Applicable

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

There are no Scope 3 emissions from upstream and downstream value chains of the company.

Parameter	Unit	FY 2024-2025	FY 2023-2024
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	-	-
Total Scope 3 emissions per rupee of turnover		-	-
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity		-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent external assurance has been carried out for Scope 3 emissions data.

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable. As the Company has no operations in ecologically sensitive areas, there are no significant direct or indirect impacts on biodiversity.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Not Applicable. Given the low resource intensity of its operations, the Company has not undertaken specific projects related to resource efficiency, emissions reduction or waste minimization beyond standard office management practices.

5. Does the entity have a business continuity and disaster management plan?

Yes. Five Star Business Finance Limited has a comprehensive Business Continuity Policy aimed at ensuring minimal disruption to critical operations. The policy is closely linked with the IT Diaster Recovery Plan and Cyber Crisis Management Plan. These plans enables Company's staff to address the disturbance to core Business applications, systems and networks, helps prioritize efforts and ensures swift restoration of IT system and Critical Business Processes, safeguarding customer services and stakeholder interests.

This would also involve general contigency procedures outlining the overall generic steps involved in the response recovery resumption and return phases.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

The company being a financial institution, does not generate significant environmental impact through its value chain activities.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Not applicable. Five Star has not conducted formal environmental assessments of its value chain partners, given the nature of its service-based business.

8. How many green credits have been generated or procured:

Not applicable. Five Star, being a financial services Company, does not generate or procure green credits.

PRINCIPLE 7: Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

1. a) Number of affiliations with trade and industry chambers/ associations.

One

b) List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Finance Companies Association(India)	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities

Not applicable as no issues or adverse orders, related to anti-competitive conduct by the Company were raised by regulatory authorities.

LEADERSHIP INDICATORS

1. Details of public policy positions advocated by the entity:

The company has not advocated any public policies. Hence assessing its position is not applicable.

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

ESSENTIAL INDICATORS

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.
Not applicable. No social impact assessments were required under applicable laws for the Company during the year.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:
Not applicable. Five Star has not undertaken any projects requiring rehabilitation or resettlement measures.

3. Describe the mechanisms to receive and redress grievances of the community
The Company undertakes CSR initiatives through contributions to reputed and recognized institutions such as the Ramakrishna Mission, the Single Teachers' School (Part of the Ramakrishna Mission). These institutions conduct community needs assessments, identify grievances and communicate community concerns back to the Company. The Company's CSR Committee reviews updates on such engagements regularly to ensure effective implementations.

4. Percentage of input material (inputs to total inputs by value) sourced from local or small-scale suppliers:

Parameter	FY 2024-2025	FY 2023-2024
Directly sourced from MSMEs/ Small producers **Sourced directly from within the district and neighboring districts**	The Company procures a limited number of material other than those that are part of the IT infrastructure. Hence, currently such procurements are not tracked.	

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY 2024-2025	FY 2023-2024
Rural	6.68%	3.23%
Semi - Urban	3.99%	3.49%
Urban	5.91%	5.99%
Metropolitan	1.21%	1.46%

(Place categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

LEADERSHIP INDICATORS

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):
Not applicable. No social impact assessments were required and therefore no mitigation measures were necessary during the year.

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:
Kindly refer leadership indicator no. 6 for CSR projects identified under designated aspirational district (ADP).

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)
No, The Company currently does not have a preferential procurement policy targeting marginalized or vulnerable groups.

(b) From which marginalized /vulnerable groups do you procure?
Not Applicable.

(c) What percentage of total procurement (by value) does it constitute?
Not Applicable.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:
The company does not own or hold any intellectual properties, based on traditonal konwledge. Therefore, hence there are no benefits derived or shared from such properties.

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.
No adverse orders have been received and no corrective actions are pending in relation to intellectual property disputes involving traditional knowledge.

6. Details of beneficiaries of CSR Projects:

S.No.	CSR Project (Name of the Partner	No. of Persons Benefited from the Project	% of Beneficiaries from Vulnerable and marginalised groups
1.	Kalpavriksham	1500	80%
2.	Samarthanam Trust For the Disabled	300	100%
3.	Sri Matha Trust	150	100%
4.	Arch Development Foundation	1500	80%
5.	India Vision Institute	5000	100%
6.	India Vision Institute	5000	100%
7.	Maithree	175	80%
8.	Maithree	200	80%
9.	Tamilnadu Differently Abled Federation Charitable Trust	1000	100%
10.	The United Educational and Social Welfare Trust	110	100%
11.	Hope Charitable Trust	400	100%
12.	Tamilnadu Differently Abled Federation Charitable Trust	20	100%
13.	Ramakrishna Mission Students Home	270	100%
14.	Aram Charitable Trust	50	100%
15.	Paradise Home	200	100%
16.	Multipurpose Integrated Developmental Society	100	100%
17.	TNS India Foundation	100	100%
18	Orion Educational Society	100	100%
19	Kadamai Education and Social Welfare Trust	600	100%
20	SEVALAYA	190	100%
21	TN Kidney Foundation	30000	100%
22	Sri Matha Trust	150	100%
23	Kadamai Education and Social Welfare Trust	600	100%
24	The Leprocy Mission Trust India	500	100%
25	The Leprocy Mission Trust India	500	100%
26	Multipurpose Integrated Developmental Society Trust (Part of Aspirational District)	120	100%
27	New Mighty Grace Charitable Trust	1000	100%
28	Satya Special School	1200	100%
29	Divine Light Movement Charitable Trust	60	100%
30	ADHIPARASAKTHI CHARITABLE MEDICAL EDUCATIONAL AND CULTURAL TRUST	3000	100%
31	Ekam Foundation	500	100%
32	THUVAKKAM WELFARE ASSOCIATION (Part of Aspirational District)	2000	100%
33	The United Educational and Social Welfare Trust	110	100%
34	Orion Educational Society	100	100%
35	AIM for Seva	650	100%
36	The Leprosy Mission Trust India	2000	100%
37	Satya Special School General	1200	100%
38	Divine Light Movement Charitable Trust	1500	100%
39	Womens Indian Association	500	100%
40	Nithilyam Spastic Children Welfare Trust	500	100%
41	Hope Public Charitable Trust	1000	100%
42	The United Educational and Social Welfare Trust	110	100%
43	India Vision Institute	5000	100%
44	Orion Educational Society	200	100%
45	Tamilnadu Differently Abled Federation Charitable Trust	12	100%
46	Maithree	175	100%
47	Indira Arumugam Charity Trust	1500	100%
48	All India Movement For Seva	1500	100%
49	Annai Trust	1910	100%
50	Ramakrishna Mission Students Home	1000	100%
51	Samarthanam Trust For the Disabled	100	100%

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in responsible manner

ESSENTIAL INDICATORS

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Five Star has a structured Grievance Redressal Mechanism in line with applicable RBI Master Directions as detailed hereunder:-

- Customer complaints can be lodged through calls, emails or written communication at branches.
- Responses are provided within 10 working days of receipt.
- A defined escalation matrix is in place:
  - First Level : Grievance Redressal Officer
  - Second Level: Principal Nodal Officer
- The Customer Service Committee of the Board periodically reviews the efficacy of the grievance redressal mechanism.
- If customers remain unsatisfied, they can directly approach the Reserve Bank of India for redressal.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information.

Type	As a percentage to total turnover
Environment and Social parameters relevant to product	**NA**
Safe and responsible usage	**NA**
Recycling and/or safe disposal	**NA**

3. Number of consumer complaints

	FY 2024-25 Current Financial Year			FY 2023-24 Previous Financial Year		
	Received during the year	Pending resolution at the end of year	Remarks	Received during the year	Pending resolution at the end of year	Remarks
Data privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	-
Delivery of essential services	-	-	-	-	-	-
Restrictive Trade Practices	-	-	-	-	-	-
Unfair Trade Practices	-	-	-	-	-	-
Others	-	-	-	-	-	-

4. Details of instances of product recalls on account of safety issues

	Number	Reason for recall
Voluntary recalls	Not Applicable	
Forced recalls		

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, Policy on Cyber Security and Risks related to Data Privacy

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not applicable since no such incidents were reported.

7. Provide the following information relating to data breaches:

a. Number of instances of data breaches - Nil

b. Percentage of data breaches involving personally identifiable information of customers - Nil

c. Impact, if any, of the data breaches – NA

LEADERSHIP INDICATORS

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

The information on various products and services of the Company is available on:

- Branch office/Registered office
- SERVICES – Five Star (fivestargroup.in)

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

At Five Star, the consumers are educated on digital banking and paperless transaction through the front-end employees at our branches. The consumers are also encouraged to visit the Company's website through which digital transaction/banking services may be availed. A welcome kit is being sent to customers as part of the customer onboarding process to familiarize them with various aspects of products or services offered by the Company.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

The firm notifies its clients through SMS on their registered mobile number in the event of any disruption or termination of vital services. Details about the impact of the disruption or discontinuation are also posted at the branches. The Company will proactively engage with its customers and ensure that they do not suffer on account of disruption of services. If the disruption is due to technological failure, then the Company shall resort to manual means to fulfill the needs of the customers. If the tech disruption is expected to be long lasting, COB plan would be triggered to ensure that the customers are not put to significant difficulties.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable)? If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Not applicable - there is no product information mandated by law. Given the nature of the business, there is limited applicability of this indicator.

ESG @ Five Star

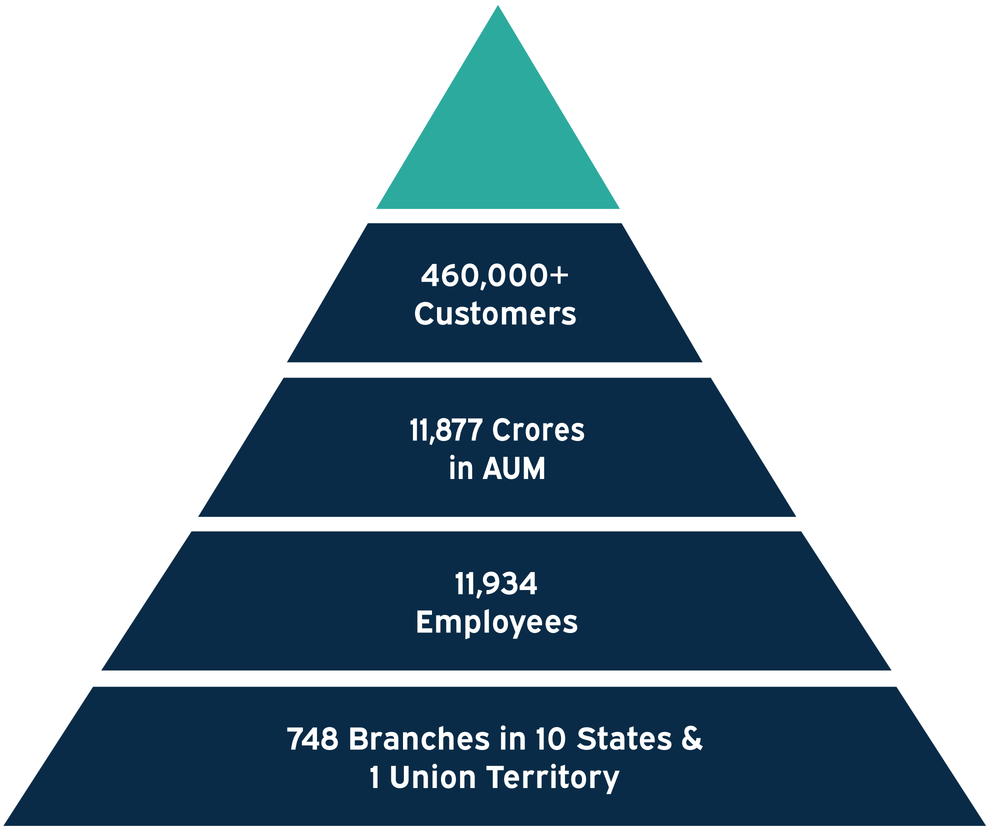
Fostering Financial Inclusion

About Five Star

Five-Star Business Finance Limited is registered as a Systemically Important Non-deposit taking Non-banking Financial Company ('SI-ND-NBFC') with the Reserve Bank of India. The Company came into existence in 1984. After about two decades of providing loans to micro-entrepreneurs and self-employed individuals for their business, asset creation and oth=er requirements which has benefitted lakhs of customers, we stand tall as an industry leader.

Five Star has been attempting to bridge the credit gap in the market over the last couple of decades, extending financial service to the un-banked and under-banked sections of the society. This in turn, contributes to narrowing the socio-economic divide between urban and semi-urban/rural parts (to a large extent consisting of underprivileged segments of society) and helps achieve higher living standards.

With years of experience and a sound understanding of the financing industry, Five Star strives to grow even farther while staying true to its vision.



Presence and Reach

We have significant presence in Tamil Nadu (including corporate headquarters in Chennai), Andhra Pradesh, Telangana, Karnataka, and Madhya Pradesh. We have also started making early in-roads in the states of Maharashtra, Uttar Pradesh, Chhattisgarh, Rajasthan and Gujarat.

It is significant to note that a large part of our branch presence is in tier 3, tier 4, tier 5 and tier 6 cities and towns, which are semi-urban and rural geographies with rapid population growth, largely devoid of access to formal sources of financial services.

A formidable workforce of over 11,900 employees work tirelessly to help the organization continue on its stellar growth path. Of these, around 9,000 employees are field agents, who help take our business to prospective and existing customers in every nook and corner of geographies where we are present.

Vision

Reaching the Unreached through suitable credit solutions.

Mission

Provide appropriate credit solutions to the hitherto unreached segment of the market by developing a niche underwriting model, built towards evaluating the twin strengths of the borrowers' intention to repay and ability to repay, with the ultimate objectives of increasing customers satisfaction and maximising stakeholders returns

What does 'ESG' mean to us?

There is increasing awareness that businesses do not operates in silos. Social and environmental value created by organizations has come to be recognized as being critical and continue to gain importance, indicating a paradigm shift from the traditional metrices that defined business successes only in financial terms. Corporates world-over have also recognized that they have an important role to play in fostering social equity and creating opportunities for development of members of the communities in which they operate. There is increasing realization that business growth is intricately interlinked with the growth and wellbeing of communities. Likewise, on the environmental front, every individual or business is exposed to the risks emanating from irreversible climate change and its consequences, to varying extents.

Financing businesses have the distinction of being uniquely positioned to contribute to sustainable development by empowering people and businesses to meet their growth aspirations. This is even more true in our case, given that for a substantial part of our customer base, hitherto, there may not have been access to structured financial services.

We recognize the importance of taking cognizance of ESG related risks and opportunities for continued business success. Keeping this in minds, in FY 2024-25, we undertook extensive stakeholder engagements to determine 'material' ESG issues.

Stakeholder Engagement & Materiality Assessment

Five Star accords paramount importance to setting high standards in corporate governance and creating social value. We recognize that there are a host of stakeholders with whom the organization interacts on a day-to-day basis, who are impacted by the organization and its operations.

The table below summarizes our key stakeholders and existing channels of engagement and topics of interest.

Stakeholder group	How we engage with them	Frequency of engagement	Key Discussions
Shareholders / Investors	• Quarterly Investor Calls, Presentations and meetings • Annual General Meetings • Press releases • Dedicated investor grievance redressal channels	• Annual • Quarterly • On an as-needed basis (for grievances)	• Resilient business model and long-term profitability • Corporate reputation • Transparency in corporate governance and disclosures • Financial performance • Risk management • Business ethics and compliance
Employees	• Employee Communication • Employee Engagement Activities • Webinars, learning and development programmes with feedback • Employee web portal • Policies and guidelines	• Continuous • Periodic (newsletters and other communications from the management)	• Business goals, continuity & strategy • Human rights, treating people with respect and dignity • Ethics and compliance to codes and policies • Learning and development • Professional growth
Customers	• Transparent documentation of the terms of business • Publication of customer-relevant information on our website • Customer grievance portal	• Continuous • Need-based	• Customer focus • Financial inclusion • Transparency in operations • Resolution of customer grievances in a timely manner
Local community / NGO	• CSR programmes and initiatives • Needs assessment by implementation partners	• Continuous • Need-based	• Community development • Local employment
Regulatory bodies	• Structured engagement through meetings • Contribution by Management and Directors on matters of policy • Regulatory filings	• Continuous • Need-based	• Compliance with applicable rules and regulations • Corporate Governance & ethics • Contribution to sustainable development

Materiality Assessment

It is important to understand ESG issues that may be of relative priority to each stakeholder groups and which also have the potential to impact the organization in its journey to excellence.

During the reporting year, we undertook a materiality assessment exercise to strengthen stakeholder relationships and understand their views on a host of ESG issues relevant to Five Star. The study also reviewed industry trends, regulatory requirements and performance of peers to firm up on issues that may be material to us.

Our approach to the materiality assessment process and the material issues identified are highlighted below:

- Collation of global, sectoral and core business priorities
- Stakeholder Identification and prioritisation
- Interviews, and meetings - inputs from all stakeholder groups on issues of priority
- Mapping business objectives and risks to material issues
- Comprehensive analysis to arrive at Materiality Matrix

Rationale for identifying if the issue is the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
Material Issue Identified: 1. Financial Inclusion **Is it a Risk / Opportunity: Opportunity**		
Five Star sees an opportunity to contribute to India's growth story by meeting the financial services needs of underserved segments. Access to structured finance could be a game-changer for MSMEs, entrepreneurs and small businesses which employ millions of people.	N.A	**Positive:** Making financial services accessible offers strong growth prospects for the Company while also contributing to the national aspirations of achieving financial inclusion.
Material Issue Identified: 2. Corporate Governance **Indicate Whether Risk / Opportunity: Risk**		
Financial services is an industry that is highly regulated and compliance driven. Multiple risks may arise from ongoing/ quick changes in the markets and the regulatory environment for the sector.	Five Star stands for good corporate governance and ethical business practises and has created strong governance frameworks and polices. Please refer the Corporate Governance Report for details of how our Corporate Governance structures work effectively to safeguard the organization from compliance and other risks.	**Negative:** Non-compliance/ any negative sentiments about our Corporate Governance may adversely affect our ability to raise fresh capital and threaten business continuity. In our case, the corollary has been observed to be true, i.e., recognition for strong corporate governance has been facilitating fresh investments in Five Star from financing partners from world-wide
Material Issue Identified: 3. Employee Wellbeing **Indicate Whether Risk / Opportunity: Opportunity**		
We view employees as the Company's most valued asset and accord top priority to ensuring their wellbeing.	N.A	**Positive:** Our motivated workforce has been one of the cornerstones for our continued success. Our on-field employees are the principal touch-points for our customers; business prospects and the reputation of our brand are significantly influenced by how our employees engage with the customers. For this reason, employees receive appropriate trainings and are also rewarded by schemes such as 'Lakshathipathi'. Please refer the ensuing Social section for details.
Material Issue Identified: 4. Stakeholder Engagement **Indicate Whether Risk / Opportunity: Risk**		
In its functioning, Five Star engages with a host of stakeholders, each with different sets of priorities, governed by different sets of rules/conventions for engagement.	The Company has put in place strong governance systems for engagement with stakeholders. Customer and investor grievances are accorded high priority and are regularly reviewed by Senior Management and the Board. An open work culture ensures that employees can voice concerns freely without fear of reprisal.	**Negative:** Weakness in stakeholder engagement & management might have a detrimental effect on the Company's brand, market standing, and clientele. Each stakeholder group is to be handled with due care, responding to their reasonable expectations and maintaining legal compliance.
Material Issue Identified: 5. Digitization **Indicate Whether Risk / Opportunity: Opportunity**		
Digitization of business operations can contribute to improving service delivery quality and efficiency for last-mile solutions, including customer service and experience. Use of technology and linked data systems has the potential to facilitate smooth client base growth.	N.A	**Positive:** Digitization has been paving the way for efficient, convenient and secure business with customers.

Rationale for identifying if the issue is the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
Material Issue Identified: 6. Risk Management **Indicate Whether Risk / Opportunity: Opportunity**		
To achieve our business objectives and provide long-term value for all our stakeholders, Five Star has recognised effective risk management as a key enabler. The Company has identified key risk categories and suitable safeguards. It is also in the process of identifying and integrating key ESG risks into the overall risk management framework.	A Risk Management Committee (RMC), is responsible for all important and practical facets of risk management The current risk management framework is intended to make it easier to detect, handle, and mitigate emerging risks quickly and effectively. This framework's primary goals and guiding principles include promoting strategic and data-driven decision-making, facilitating supervision, and monitoring, and guaranteeing effective checks and balances. Please refer the Risk Management section of the Annual Report for further details.	**Positive:** Framework for risk management and effective risk supervision provided by the Risk Committee has helped the Company tide through challenges included the COVID-19 pandemic, with efficiency. Effective risk management helped the business resume on its growth path in quick time.

Governance

At Five Star Business Finance, we believe that a sound corporate governance is integral to building long-term value for our stakeholders. Our operations are guided by an effective Board, that comprises industry stalwarts with decades of experience to their credit.

The key pillars of our governance paradigm are accountability, transparency, fairness, and righteous behaviour. We have ensured that an effective governance framework is put in place based on these principles to safeguard the long-term interests of all our stakeholders including minority and individual shareholders. This is epitomized by the fact that several of our Board Committees (Audit Committee, Nomination and Remuneration committee, Risk Management Committee, IT Strategy Committee, Stakeholder Relationship Committee etc) are headed by Independent Directors.

Board Level Committees

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Business and Resource Committee
- Asset Liability Committee
- Risk Management Committee
- IT Strategy Committee
- Stakeholders Relationship Committee
- Customer Service Committee
- Review Committee for Wilful Defaulter

Our strong governance framework enables us to improve our operational efficiency, boost financial returns, and reduce risks while ensuring compliance with applicable regulations. Periodic internal reviews are carried out to validate the functioning of the Management and the governance structures of the Company, including the Board and its committees. This goes a long way in ensuring that the organization adheres to its stated goals and business objectives, while staying true to its vision and mission.

We have a comprehensive set of policies and guidelines that govern our actions. These policies provide a clear framework for decision making and are backed up by appropriate risk management frameworks to ensure compliance. In-line with the materiality assessment conducted and recognizing the rising importance of the ESG in our business, we have developed an ESG policy that has been reviewed and approved by our Board. The policy can be accessed in the link: ESG-Policy.pdf

The following sections discuss briefly some of our priority areas under Governance (including issues that may not have featured in the list of 'material' issues, but have been deemed as significant by the Management.

Risk Management

At Five Star, we recognise multiple risks including strategic, regulatory, and operational risks that can put our finances, human resources, physical, informational, and intellectual property assets as well as our reputation at risk. Like any other business, our business is also exposed to various internal and external risks, and we ensure that these risks are identified through a structured process. We have placed the 'unlent' segment as our top priority and have developed a clear strategy to analyse and mitigate the potential risks arising from such a business proposition.

We have identified the below mentioned risks as primary and have clear policies and procedures in place for monitoring and mitigation of the same.

Our business priority is to connect with consumers residing largely outside of major cities and have the willingness to use trustworthy, established loan channels to fund their business or personal needs.

The independent risk assessment, tracking, and control tasks are facilitated by Five Star's independent risk governance structure.

The Risk Management Policy has been posted on the website of the Company and is available on the web link: Risk-Management.pdf

Business Ethics & Transparency

At Five Star, we submit any cases relating to ethics & transparency to the Audit Committee which monitors them until satisfactory resolution. These are also documented rigorously and included in the minutes of the Audit Committee’s meetings. We have a well entrenched compliance framework managed by a capable team that ensures the Company's policies and business practices are in line with our established code. The stakeholders can file complaints about any unethical practices, misconduct, or grievances. We proactively maintain an ethics helpline that allows our employees to voice concerns or any incident of non-compliance. Every employee must immediately report to the management ethics helpline any real or potential breach of the Code, as well as any event of misconduct, misdemeanour, or act not in the best interests of the Company.

Digitization

We are striving to digitise every aspect of our business as a means to facilitating ease of conducting business. Our front-facing employees' interactions with consumers are used to raise awareness of digital repayment options available, thereby reducing the need for handling/ transacting in physical cash. We take delight in observing a rise in online transactions during the previous fiscal year.

Data Privacy & Security

At Five Star, we have made significant progress in the recent years in data protection and cybersecurity. To reduce risks brought about by increasing complexities in the cyberspace, we have embraced cutting-edge technology, such the Amazon cloud platform, periodic Information Technology audits, vulnerability assessments and penetration testing carried out by an independent third party agency. We are increasingly switching to SaaS models, hosting partners like Salesforce or Oracle to minimise the risks. As already stated, an independent information technology audit was conducted during the previous fiscal year.

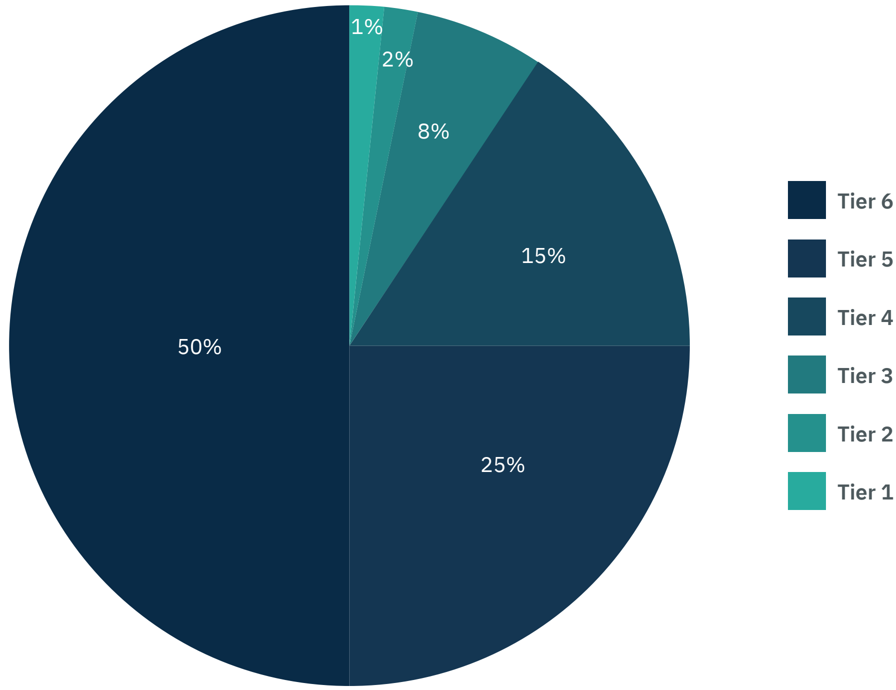
Social

Financial Inclusion

Our organisational motto has been "Reaching the Unreached" or in other words “Lending to the Unlent”. By providing financial services to the ‘unbanked and under-banked’ segments of society, we open the door to financial inclusion and economic empowerment to the masses. Our loans range from INR 1 lakh to 10 lakhs with the average ticket size being around INR 3 to 5 lakhs and help our customers cover their business or personal needs.

The consumers of Five Star predominantly avail loans for meeting their business requirements. They are typically first-time borrowers to the secured borrowing space in the formal financial ecosystem, who may not have been focused upon by large banks or other financial institutions. While about 25% of our customers are completely new-to-credit, we are the first formal lender providing a loan of the size mentioned above, to more than 75% of our customers and this is probably their first experience of availing a secured borrowing from a structured financial organization.

To cater to such customers, a significant part of our branch presence is in Tier-3 and below cities and towns, which have limited presence of other structured players.

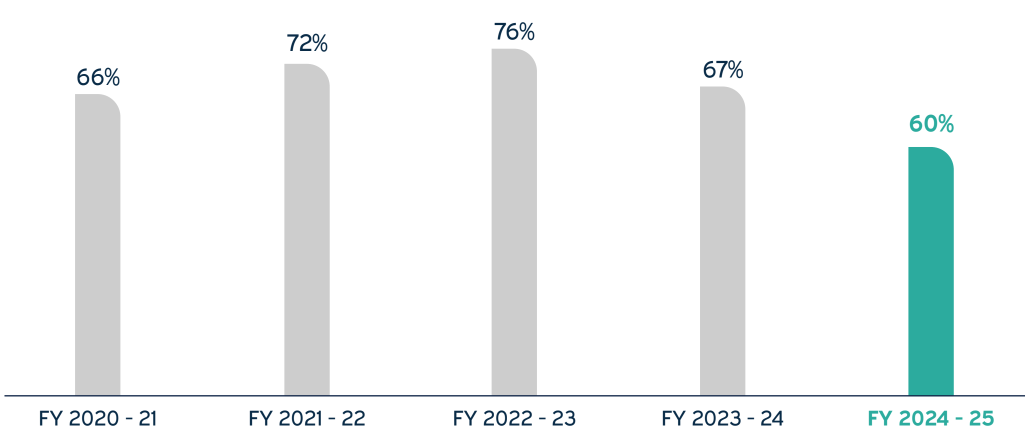


Branch Presence across India

Our unwavering focus on such a customer base has resulted in a steady increase in the Asset Under Management (AUM) from the Low-Income Group. This reiterates our belief on our core business strategy and also creates positive societal value.

Given the favourable demography of the country, the credit business has large potential, particularly funding the demand from micro-entrepreneurs and self-employed individuals

In an effort to increase the women participation in businesses and major financial transactions (in order to empower them), the company has also been encouraging women to come forward as primary borrowers in family-run establishments.



Asset Under Management from Lower Income Group

Giving people from less fortunate circumstances access to formal credit and financial services safeguards them from exploitation and empowers them to fight the cycle of poverty, fosters inclusive progress and social peace.

The knowledge and experience gained so far in our journey along with the strong brand credentials established in this segment augurs well for the next leg of growth for the Company towards building a robust portfolio.

Customer Relationship Management

The success of Five Star is based on the confidence and steadfastness of our clients, and prioritizing meeting client needs. The organisation has made efforts in this direction through campaigns for financial literacy, product creation, innovation, and personnel training and development.

We have established robust systems for customer grievance management. As a standard practice, we respond to customers within 10 days from receiving their complaints. In case the customer feels their grievances may not have been handled appropriately, they have the option of escalating their concerns to the Grievance Redressal Officer. The Grievance Redressal officer is mandated to respond again within 10 working days. Issues that have not been resolved at this level too, may then be escalated to the Head of Risk & Compliance, who also serves as the Company's Principal Nodal Officer.

Grievance Redressal Mechanism

- Number: 044 - 2346 0957 / 044 - 2346 0958 / 78258 55555
- Email: customercare@fivestargroup.in
- Customers can get in touch with the branch and voice their compliants to the personnel. The compliant must be entered in the Branch's Compliant Register.
- Customers can file written compliants with branch manager of the branch where they obtained the loan by submitting a letter

In rare cases of non-resoultion at Company level, complainants may also reach out to the Reserve Bank of India, which oversees operations of non-banking financial institutions.
However, most of the complaints are resolved at the Company level itself, which is a sign of our strong grievance redressal mechanism. A very small percentage of complaints get escalated to the regulator and even these relate to lack of understanding from the customers' part, and the Company has been able to provide satisfactory responses to the regulator leading to closure of such complaints.

We also have an Internal Ombudsman, who is an independent person looking at the merit of the complaints received, and resolutions provided thereon. We have not had any instance of the Ombudsman disagreeing with the view of the Company on the merits of complaints received at the Ombudsman office or from the regulator.

Talent Management and Retention

Our team of high-performing personnel are closely correlated with the organization's consistency in providing the best-in-class services. Our employees are our biggest assets and have been instrumental to our success since inception.

We select the ideal candidate from the market to ensure that top talents comprise our workforce at all levels. Recruitment in the Company is undertaken by a highly experienced team of Human Resource Personnel who identify and onboard candidates dynamically.

We are an equal opportunity employer and hire employees for permanent and contract positions. All our employees are on-roll employees and we do not engage any off the roll employees, as this may jeopardise their career prospects. For any senior and mid-level recruitment, internal applicants are primarily explored; the role extends to the external job market when the position does not get filled internally. In the last financial year, 756 number of employees were promoted to the managerial positions internally.
Currently, 11,934 people (permanent and non-permanent) are employed by the Company in a variety of roles across our branch offices and regional offices and head office. The Company acts in a manner that demonstrates accountability for the security, safety and wellbeing of the employees.

Employee Benefits

All our employees receive competitive salaries and other benefits in-line with industry best practices.

Our employees at all levels are protected by various health and life insurance policies for a secure future. The ESIC programme, which is supported by the government, covers over 60% of the workforce. All permanent employees of Five Star, regardless of their position, are protected by a family floater health insurance plan with a coverage of upto INR 5 lakhs in addition to the ESIC scheme.

In the event of a medical emergency or casualty, employees working as collection agents are entitled to receiving the basic pay component of their salary for the duration of the treatment period under a group personal accident policy.

1. ESIC Scheme

2. Health Insurance

All the employees are covered under Health Insurance at a base flaoter of INR 5 Lakhs irrespective of desgination and heirarchy

3. Accidental Insurance

All the field agents on the field are covered under group accident policy

4. Maternity Benefits

The female employees are covered under Maternity benefits. The Company witnessed 37% women returning to work in FY 2024 - 25, following their maternity benefits

Employees are eligible to receive a gift voucher for INR 10,000 on the occasion of their marriage.

To retain top talent, the Company has also initiated certain incentive schemes as a means to appreciating employees' relentless contribution to the organization's success.

Lakshathipathi Scheme

The senior employees are given Rs. 1 lakh on successful completion of 3 years at Five Star.

The scheme was introduced in 2018 - 175 employees were covered by the scheme with benefits ranging from 100,000 to 500,000.
2022 scheme - 200 employees are eligible for 100,000/- on completion of 3 years.

Employee Stock Option Schemes

We have made available three Employees Stock Option Schemes, namely

- Five-Star Associate Stock Option Scheme 2015 (ASOP 2015)
- Five-Star Associate Stock Option Scheme 2018 (ASOP 2018)
- Five-Star Associate Stock Option Scheme 2023 (ASOP 2023)

318 employees have been granted ESOPs under the above schemes.

Diversity, Equity, and Inclusion

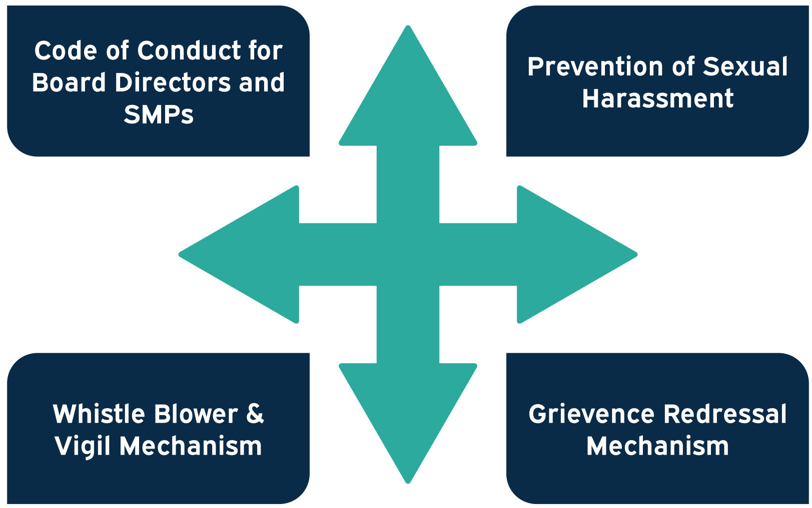
Five Star has put in pace a Diversity, Inclusion and Equal Opportunities Policy. The goal of this policy is to create a diverse, engaged, and equitably treated workforce. We support the diversity of our workforce and advance equality by making sure that no one is treated less favourably than another in any matter pertaining to employment based on ethnic origin, nationality, disability, age, gender, religion, marital status, family responsibilities, sexual orientation, social class, or other distinction unrelated to the requirements of the job. We reject all types of unjust and illegal discrimination.

Diversity, Inclusion and Equity policy is available in the following weblink: Diversity-Inclusion-and-Equity-Policy.pdf.

While we have significant number of women employees in our corporate office, the overall percentage of women in the organization not being high is attributable to the fact that a majority of the organisation's employees are field officers. While the Company is open to hiring women candidates for such positions, the job demands – i.e., job being predominantly travel based, having to securely carry cash from customers to the branch and having to work odd-hours at times – seem to be detrimental to women actively joining our ranks. We are actively working towards enhancing the number of women employees, where possible, in the face of such challenges.

Human Rights

Since inception, Five Star has grown and thrived based on a culture of treating people with respect, empathy and dignity. We ensure that our interaction with all stakeholders including employees and customers respect the core principles and practises of Human Rights. We have a zero-tolerance policy regarding all forms of discrimination and harassment (including sexual harassment) at the workplace. Suitable trainings are provided to employees regarding important human rights issues.



No cases of sexual harassement or any other forms of human rights violations have been reported in the current year.

Community Engagement

Community Engagement Corporate Social Responsibility (CSR) is essential to our organisation as we seek to establish Five Star's credentials as a good corporate citizen. We have adopted a CSR strategy that enables us to improve the lives of the communities we impact. Our social initiatives are centred around four focus areas—Education, Skill Development, Health and Hygiene and Community Conservation. The CSR Committee of the Board coordinates and monitors our CSR functions to ensure the successful implementation of our initiatives and creating desired positive impact. The committee meets at least once every quarter to discuss progress and the way forward. The Board receives a quarterly status report on the execution of CSR programmes. As part of our annual CSR action plan, we have undertaken activities in the following areas under the Schedule VII of the Companies Act:

- Livelihood – Eradicating hunger, poverty, and malnutrition, promoting healthcare including preventive healthcare, sanitation and making available safe drinking water
- Education – Promoting education, including special education and employment enhancing vocation skills especially among children, women, and livelihood enhancement projects
- Health – Providing equal opportunity for all people to access good medical and healthcare facilities

Promoting Education

- Education and Maintenance of 270 Orphan Polytechnic Students staying and studying in the Chennai Gurukula of Ramakrishna Mission Student Home for One Year
- Helping and transform the future of thousands of tribal rural students thru All India Movement for Seva - Construction of Girls Toilet Block in 2nd Floor - Swami Dayananda Rotary Matriculation Sec School, Kalpakkam, Chengalpattu and School Bus for Swami Dayananda Vidhyasram, Dharmapuri - Rural Community
- Financial Support Maithree Foundation for Education of 100 children and Skilling of 75 Young Adults with special needs with Intellectual and Development Disability (PwIDD) for One Year and Purchase of Van (2 Nos) for Transportation of Special Children
- For setting up a Interactive Computer Lab & Smartscreen for Govt Schools (4 Schools @ Chennai) thru Arch Development Foundation with an aim of inculcating scientific temper in students of Govt. schools
- Construction of Classrooms with basic furniture for a underserved area Govt school @ kithaganur village kr puram, Bengaluru thru New Mighty Grace Charitable Trust for upliftment of Rural Students
- Financial Support to Satya Special School for transportation of Special Children with special needs with Intellectual and Development Disability (PwIDD) @ Pondicherry
- Financial Support to Nithilyam Spastic Children Welfare Trust for transportation of Special Children with special needs with Intellectual and Development Disability (PwIDD) @ Coimbatore
- Renovation/Construction with Maruti Ecoo Vehicle for School drop & pickup for Orphan Students thru Divine Light Movement Charitable Trust, Chennai
- Financial Support to Indira Arumugam Charity Trust for transportation of Special Children and underprivileged Students @ Mangadu,Chennai
- Construction of School (NIOS) for Special Children at Annamedu Village, Thiruvallur thru our implementation partner Hope Public Charitable Trust for upliftment of Rural Community and Special Children with intellectual and Development Disability
- Education and Maintenance of 100 Orphan, Single Parent students and also physical disability students of Chennai thru Samarthanam Trust For the Disabled for One Year

Promoting Healthcare

- Project Femicare + Mobile (Bus) Mammogram Unit thru Kalpavriksham, Chennai and this project aims to create awareness on Cancer among Rural and Urban Community and also to perform Mobile Mammogram to screen breast Cancer, to do onsite biopsy of breast masses and Pap Smear to screen for Cervical Cancer and many other small procedures regarding Cancer
- Sponsored for construction of free Cancer Survivors and abandoned old age people Asylum with Lift and Solar facility at Mamandur, Chengalpattu thru Sri Matha Trust with a aim to ensure continuous service to poor Cancer victims

- Conduct comprehensive Vision/Eye Screening for the marginalised communities and School children from Government Schools to Identify refractive errors and provide spectacles in need. Operational Expenses of Mobile Eye Health Van (MEHV) to provide access to Advanced Eye Health for Underserved communities in Chennai and the project implemented by India Vision Institute
- Four Dialysis machines for TANKER Foundation with a aim to ensure that poor and needy people to get free treatment for kidney failure at their centers in Chennai and Tirupur
- Financial Support to purchase of Advanced Laparoscopy Stryker 4K Monitor system to ADHIPARASAKTHI CHARITABLE MEDICAL EDUCATIONAL AND CULTURAL TRUST, Melmaruvathur,Chengalpattu District with a aim that around 400 villages will get benefited to get high class treatment in Urology and also reduce huge travel time of patients
- Project undertaken at Ramanathapuram one of the Aspirational District of Tamilnadu by sponsoring around 770 essential medical equipment to 2 PHCs and 24 Health Sub Centers thru THUVAKKAM WELFARE ASSOCIATION with a commitment in bridging the healthcare segment gaps and in #Savelives
- The Burden of Maternal and Child Deaths: An Ever-present Pandemic. This project aims to reduce preventable deaths amongst the most vulnerable mothers and children in the selected block of Kolli Hills, Namakkal District thru our partner EKAM FOUNDATION for a period of one year by conduction awareness program, providing health and organic food etc.
- Rehabilitation on Wheels for the persons with disabilities in the remote villages of Karaikal, Pondicherry – Physically and Intellectually challenged children to address and will provide essential therapy services to these children in their own village and the project implemented by Satya Special School
- Rehabilitation on Wheels for the LEPROSY affected persons in Rural Villages of Kallakurichi District to address and will provide essential therapy services to these peoples in their own village and the project implemented by The Leprosy Mission Trust India

Promoting Livelihood

- To Provide Food (Annadhaanam) to around 110 orphans who are disabled and elders at The United Educational & Social Welfare Trust, Coimbatore
- “Stand Without Legs” project by Tamilnadu Differently Abled Federation Charitable Trust Bunk Shell shop (Small Petty shop) to physically disabled to create livelihood for their families to lead a respectful life in the society and also, they will be the role model for other differently abled community.
- An accessible Vehicle/school Bus to cater to the transportation needs of Children with intellectual disability for attending the skill development training and to attend interviews post training of Samarthanam Trust For the Disabled
- Equipment’s, Sleeping Beds with pillow, bedsheets, Toilet Construction along with Ambulance Purchase for Newly Opened Residential Home for Intellectual Disability Children of Hope Public Charitable Trust
- Renovation of Home for Girl Child in Chennai of Aram Charitable Trust where around 50+ orphaned girl children with intellectual Disability will benefit from the same
- Construction of Residential Home with Lift and Solar Panel for orphan children with intellectual disability & Autism of Paradise Home. Here students will be given residential care and skill training for their independent living
- Setting up a Solar Power Plant, Solar Water Heater, Solar Street Lights to Senior Citizens Home, Chengalpattu Unit and Home for orphans, poor and destitute children at Kasuva Campus of SEVALAYA
- Rapid Expansion of Hospitals and healthcare facility requires more skilled GENERAL DUTY ASSISTANT. Through this project initiative, we aim to transform lives, empower communities and drive inclusive growth thru our partner Orion Educational Society in Hyderabad, Telangana & Tirupathi, Andhra Pradesh
- Rapid Expansion of Hospitals and healthcare facility requires more skilled GENERAL DUTY ASSISTANT. Through this project initiative, we aim to transform lives, empower communities and drive inclusive growth thru our partner Multipurpose Integrated Developmental Society in North Chennai and Kancheepuram District, Tamilnadu
- Empowering Women through Apparel Training at Amathur village in Virudhunagar oe of the Aspirational District of Tamilnadu thru our partner Multipurpose Integrated Developmental Society. This aligned training program equip youth in Skill Development, Employment an Sustainable Development
- Purchase of tools and equipment for Driver cum Mechanic Skill Development center of The Leprosy Mission Trust India, Vadatharasalur, Kallakurichi District of Tamilnadu where people affected by Leprosy including dependents and other marginalized, orphan, woman will get training and placed.
- Installation of Smart classroom with Laptops, Tablet, Video Conferencing equipment along with other needed furniture for the center of The Leprosy Mission Trust India, Vizianagaram Aspirational District of Andhrapradesh where people affected by Leprosy including dependents and other marginalized, orphan, woman will get training and placed.
- Campus to tech-enabled Financial Careers (C2FC) project thru TNS India Foundation - The key objective of this project will be to identify poor and underprivileged community final year students and to prepare beneficiaries (students) for their entry into formal workforce by giving training in tech enabled services along with soft skill training and will be placed in leading organization.
- Purchase of equipment for Skill Development Centre (Sewing Machine, Feed of Arm Machine & Furniture etc) of Kadamai Education and Social Welfare Trust at Chindadripet and Kasimedu of North Chennai where woman community will be trained and will become entrepreneur
- Borewell - For Safe Drinking Water & Community Shed for study and other purposes - For Irular Community at Kalpakkam, Chengalpattu (17 Villages) thru Divine Light Movement Charitable Trust
- Tailoring equipment & Laptop purchase for skill development Unit of Womens Indian Association
- Purchase of Vehicle for Educational, Rural and other Activities for Ramakrishna Mission Students Home
- Upliftment of Kaani Tribal Village in the Western Ghats of Tamil Nadu by installing Solar Lamps covering 300 families in Kani Kudiiruppu near Ambasamuthiram,Tamilnadu where there is no facility of electricity till date. This project implemented thru Annai Trust

Ongoing Projects

- Ongoing project – Education Fees Sponsorship to 100 college students thru our implementation partner Team Everest in Tamil Nadu for the past 3 years

Environment

A key component of sustainable development is the environmental wellbeing. While environmental issues were traditionally thought to be less important than economic considerations, recent challenges such as climate change and water scarcity have been global in nature, not sparing any industry sectors, including financial services.

We maintain compliance with all applicable environmental regulations and aim to ensure that the environmental risks are identified and managed judiciously through all stages of operations.

Energy and Emission Management

Our direct energy consumption includes the usage of fuel such as diesel in DG set in headquarter (Chennai) and central hub offices in Andhra Pradesh and Karnataka. Indirect energy consumption includes the electricity purchased from the grid. Effective energy control and usage will not only help us to reduce our carbon footprint but also allow us to reduce costs, improve business sustainability and mitigate risks arising from the evolving climate situation.

S.No.	Source of Energy	Unit	FY 2024 - 25	FY 2023 - 24
1	Diesel (DG sets, Own Vehicles)	GJ	16.56	15.99
2	Electricity Purchased from Grid	GJ	18,335.83	11,515.19

S.No.	GHG Emissions (tCO2e)	FY 2024 - 25	FY 2023 - 24
1	Scope 1	1.11	1.08
2	Scope 2	3646.79	2,578.94

Waste Management

We strive to increase operational eco-efficiency in our business by moving towards digital and paper-less transactions.

All e-wastes from our operations are duly disposed through authorized recyclers in-line with regulatory requirements. Our operations do not otherwise carry any other significant risks or opportunities in the space of waste management.

Water Management

Our water consumption is minimal and limited to personnel use only (i.e., for use in toilets, pantries etc). We ensure there is no water wastage at our corporate head office and have installed water efficient fixtures. We are in the process of installing systems to track and report on water usage.

Statement of disclosure under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies

Annexure F

(Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) & (ii) Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2024-25 & the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2024-25:

Name of the Directors	Designation	% increase of remuneration in FY 2024 - 25 as Compared to FY 2023 – 24	Ratio of remuneration to Median Remuneration of Employees
Lakshmipathy Deenadayalan	Chairman & Managing Director	14.46	224:1
Rangarajan Krishnan	Joint Managing Director & Chief Executive Officer	19.49^	81:1
Srikanth Gopalakrishnan	Joint Managing Director & Chief Financial Officer	18.75^	46:1
Anand Raghavan	Independent Director	60*	4:1
Srinivasaraghavan T T	Independent Director	60*	4:1
Bhama Krishnamurthy	Independent Director	60*	4:1
Ramkumar Ramamoorthy	Independent Director	60*	4:1
Vasan Thirulokchand	Non-Executive Director	60*	4:1

*Excluding sitting fees

^Increase in remuneration excluding stock options

Name of the Key Managerial Personnels	Designation	% increase of remuneration in FY 2024 - 25 as Compared to FY 2023 – 24
Shalini Baskaran	Company Secretary (upto February 26, 2025)	30^
Vigneshkumar SM	Company Secretary (w.e.f February 27, 2025)	26

^Increase in remuneration excluding stock options

(iii). The percentage increase in the median remuneration of employees in the financial year 2024-25: 2.60% as compared to the financial year 2023-24.

The number of permanent employees on the rolls of the Company as of March 31, 2025 and March 31, 2024, was 11,934 and 9,322 respectively.

(iv).Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

(v). The average percentile increase in salaries of employees other than the managerial personnel for the financial year 2024-25 was 18.57% and increase in managerial remuneration was 18.16%.

(vi). Affirmation that the remuneration is as per the remuneration policy of the company:

(vii). The Company affirms that remuneration is as per the Director’s Appointment, Remuneration & Evaluation policy adopted by the Company for Directors, Key Managerial Personnel and other Employees.

Financial Statements

Independent Auditor's Report

To the Members of Five-Star Business Finance Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Five-Star Business Finance Limited** (the "Company"), which comprise the Balance Sheet as at March 31, 2025, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. we have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	Auditor's Response
Provision for Expected Credit Losses ("ECL") on Loans: As at March 31, 2025, the Company has reported gross loan assets of Rs. 1,188,012 lakhs measured at amortised cost against which an impairment loss of Rs. 19,333 lakhs has been recorded. The Company recognized impairment provision for loan assets based on the Expected Credit Loss ("ECL") approach laid down under 'Ind AS 109 - Financial Instruments'. As part of our risk assessment, we determined that the estimation of ECL on financial instruments involves significant management judgement, estimates and assumptions which could have a material impact on the financial statements. The elements of estimating ECL which involves increased level of audit focus are the following: Segmentation of loan portfolio based on homogeneity, qualitative and quantitative factors used in staging of the loan assets, techniques used to determine probability of default (PD), Exposure at Default (EAD) and loss given default (LGD) based on the historical trends, judgements used in projecting macro-economic factors and probability weights applied to reflect future economic conditions, consideration of management overlays as part of its ECL computation, to reflect an increased risk of deterioration in relevant macro-economic factors. Such overlays are based on various uncertain variables which could result in actual credit loss being different than that being estimated. (Refer note 6 to the financial statements)	**Principle Audit Procedures:** 1. We examined Board Policies approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on lending exposures measured at amortised cost. 2. We evaluated the design and operating effectiveness of controls relevant to ECL, including the judgements and estimates. 3. These controls, among others, included controls over the allocation of assets into stages including management's monitoring of stage effectiveness, credit monitoring and macro-economic scenarios. 4. We tested the completeness of loans included in the Expected Credit Loss calculations as of March 31, 2025 by reconciling it with the balances as per loan register as on that date. 5. We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage and tested the appropriateness of the segmentation. 6. For samples of exposure, we tested the appropriateness of determining EAD, PD and LGD. 7. For forward looking assumptions used in ECL calculations, we held discussions with management, assessed the assumptions used and the probability weights assigned to the possible outcomes. 8. We assessed the appropriateness of the scenarios used and calculation of the management overlay and validated the assumptions using the data provided by the Company. 9. The mathematical accuracy of the ECL computation by using the same input data as used by the Company.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report including Annexures, Management Discussion & Analysis, Business Responsibility & Sustainability Report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.
- When we read the Director's report including Annexures, Management Discussion & Analysis, Business Responsibility & Sustainability Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information.

Responsibilities of Management and Board of Directors for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and 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 intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 these financial statements.

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 financial statements, 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 financial controls 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 management.
- Conclude on the appropriateness of management's 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 statements 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 financial controls 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The financial statements of the Company for the year ended March 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on April 30, 2024.

Our opinion on the financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act we report, that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except for our comments as stated in (i)(vi) below.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2025 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164(2) of the Act.
   f) The modification/s relating to the maintenance of accounts and other matters connected therewith, is as stated in paragraph (b) above.
   g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
   i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position as at the year end in its financial statements - Refer Note 36 to the financial statements.
      ii. The Company has made provision at the year end, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 6 and 15 to the financial statements.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
      iv. (a) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 50(v)(i) to the financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

          (b) The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the Note 50(v)(ii) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

          (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
      v. As stated in Note 22 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. Such dividend proposed is in accordance with section 123 of the Act, as applicable.
      vi. Based on our examination, which included test checks, the Company has used an accounting software for maintaining its books of account for the year ended March 31, 2025, which has a feature of recording audit trail (edit log) facility and the audit trail has operated throughout the year for all relevant transactions recorded in the software, except that in respect of one accounting software, the audit trail feature was not enabled at the database level to log any direct data changes during the period from April 1, 2024 to May 23, 2024. Consequent to this,

we are unable to comment whether there were any instances of the audit trail feature being tampered with during this period.

Further, during the course of our audit, we did not come across any instance of the audit trail feature being tampered with, in respect of the accounting software for the period for which the audit trail feature was enabled and operating.

Additionally, the audit trail that was enabled and operated for the year ended March 31, 2024, has been preserved by the Company as per the statutory requirements for record retention, as stated in Note 51 to the financial statements.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No: 008072S

G.K. Subramaniam
Partner
Membership No: 109839
UDIN: 25109839BMOFUP4228

Place: Mumbai
Date: April 29, 2025

Annexure A to the Independent Auditors' Report

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls with reference to financial statements of **Five-Star Business Finance Limited** (the "Company") as at March 31, 2025 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2025, based the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No: 008072S

G.K. Subramaniam
Partner
Membership No: 109839
UDIN: 25109839BMOFUP4228

Place: Mumbai
Date: April 29, 2025

Annexure B to the Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a)

A. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, capital work-in-progress and investment property.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a program of verification of property, plant and equipment, so as to cover all the items once every three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the program, certain property, plant and equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanation given to us, no material discrepancies were noted on such verification.

(c) Based on the examination of the registered sale deed provided to us, we report that, the title deeds of all the immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment, capital work-in-progress and investment property are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its property, plant and equipment and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii)

(a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising book debt statements and other stipulated financial information filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters.

(iii) The company's principle business is to give loans and is a registered NBFC, accordingly, reporting under clause (iii)(a) is not applicable.

(a) The Company's principal business is to give loans, and hence reporting under clause 3(iii)(a) of the Order is not applicable.

(b) The investments made, security given and the terms and conditions of the grant of all the loans and advances in the nature of loans, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest. The Company has not provided any guarantees during the year.

(c) In respect of loans and advances in the nature of loans (together referred to as 'loan assets'), the schedule of repayment of principal and payment of interest has been stipulated. Note no. 2.5(iv) to the financial statements explains the Company's accounting policy relating to impairment of financial assets which include loan assets. In accordance with that policy, loan assets with balance as at March 31, 2025, aggregating INR 21,231 lakhs were categorised as credit impaired ('Stage 3') and INR 93,416 lakhs were categorised as those where the credit risk has increased significantly since initial recognition ('Stage 2'). Disclosures in respect of such loans have been provided in Note no. 6 to the financial statements. Additionally, out of loans and advances in the nature of loans with balances as at the year-end aggregating INR 1,073,363 lakhs, where credit risk has not significantly increased since initial recognition (categorised as "Stage 1"), overdues in the repayment interest and/or principal aggregating INR 69,712 lakhs were also identified. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.

(d) The total amount overdue for more than ninety days, in respect of loans and advances in the nature of loans, as at the year-end is INR 20,924 lakhs. Reasonable steps are being taken by the Company for recovery of the principal and interest.

(e) The provisions of paragraph 3(iii)(e) of the Order are not applicable to the Company as its principal business is to give loans.

(f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances during the year in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.

(iv) According to information and explanation given to us, the Company has not advanced loans or made investments in or provided guarantees or security to parties covered by section 185 and section 186 is not applicable to the Company. Hence reporting under paragraph 3(iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals in regard to the Company. Hence, reporting under clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company. Hence, reporting under clause 3(vi) of the Order is not applicable.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-tax, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities though there has been a slight delay in respect of remittance of Provident Fund and Professional Tax. There were no undisputed amounts payable in respect of Goods and Services Tax, Employees' State Insurance, Provident Fund, Income-tax, cess and other material statutory dues in arrears as at March 31, 2025 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2025 on account of disputes are given below:

Name of the statute	Nature of the dues	Amount (In ₹ lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income-Tax Act, 1961	Income-tax	33.68	AY 2018-19	Commissioner of Income-tax (Appeals)
Tamil Nadu Goods and Services Tax Act, 2017	Input tax credit	13.21	FY 2020-21	Deputy Commissioner Appeals

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income-tax Act, 1961 (43 of 1961) during the year.

(ix) According to the information and explanations given to us, in respect of borrowings:

(a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application in respect of term loans raised towards the end of the year.

(d) On an overall examination of the maturity profile of financial assets and financial liabilities provided in Note 47 to the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause 3(ix)(e) of the Order is not applicable.

(f) The Company does not have any subsidiary or associate or joint venture and hence reporting on clause 3(ix)(f) of the Order is not applicable.

(x)

(a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) The Company has made preferential allotment of shares during the year. For such allotment of shares, the Company has complied with the requirements of Section 42 and 62 of the Companies Act, 2013, and the funds raised have been, applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application. The Company has not made any preferential allotment or private placement of (fully or partly or optionally) convertible debentures during the year.

(xi)

(a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the company by its officers or employees has been noticed or reported during the year other than those disclosed in Note 49(AE) to the financial statements.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements, etc. as required by the applicable accounting standards.

(xiv)

(a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company for the year.

(xv) According to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence, provisions of section 192 of the Act are not applicable.

(xvi)

(a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

(b) During the year, the Company has not conducted any Non-Banking Financial activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India (RBI) as per the Reserve Bank of India Act, 1934. Further, the Company has not conducted any Housing Finance activities and is not required to obtain CoR for such activities from the RBI.

(c) The Company is not a Core Investment Company ('CIC') and hence reporting under paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year. Hence, reporting under clause 3(xviii) of the Order is not applicable.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, Asset Liability Maturity (ALM) pattern, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx)

(a) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

(b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount as at the end of the immediately preceding previous financial year, to a Special account within a period of 30 days from the end of the said financial year in compliance with the provision of section 135(6) of the Act.

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No: 008072S

G.K. Subramaniam
Partner
Membership No: 109839
UDIN: 25109839BMOFUP4228

Place: Mumbai
Date: April 29, 2025

Balance Sheet as at March 31, 2025

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

Particulars	Note	As at March 31, 2025	As at March 31, 2024
Assets			
Financial Assets			
Cash and cash equivalents	4	149,716.05	153,439.93
Bank balances other than cash and cash equivalents	5	65,797.86	13,727.54
Derivative financial instruments	15	676.16	434.46
Loans	6	1,168,679.03	968,507.25
Investments	7	21,222.30	10,768.73
Other financial assets	8	8,113.00	5,680.88
Total Financial Assets		**1,414,204.40**	**1,152,558.79**
Non-financial Assets			
Current tax asset (Net)	9	326.24	251.82
Deferred tax asset (Net)	34	8,721.08	7,273.29
Investment property	10	3.56	3.56
Property, plant and equipment	12	2,412.35	2,053.86
Right of use asset	38	5,510.10	3,407.75
Capital work-in-progress	13	6,236.10	-
Other intangible assets	14	713.24	968.54
Other non-financial assets	11	3,929.38	2,360.31
Total Non Financial Assets		**27,852.05**	**16,319.13**
Total Assets		**1,442,056.45**	**1,168,877.92**
Liabilities and Equity			
Financial Liabilities			
Derivative financial instruments	15	964.12	60.87
Payables			
Trade payables	16		
Total outstanding dues of micro enterprises and small enterprises		115.36	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,556.50	2,531.63
Debt securities	17	78,178.40	29,535.38
Borrowings (other than debt securities)	18	714,020.99	602,049.13
Other financial liabilities	19	9,463.96	9,976.69
Total Financial Liabilities		**805,299.33**	**644,153.70**
Non-financial Liabilities			
Current tax liabilities (Net)	9A	865.79	1,748.86
Provisions	20	3,443.50	2,091.79
Other non-financial liabilities	21	1,987.16	1,268.10
Total Non- Financial Liabilities		**6,296.45**	**5,108.75**
Total Liabilities		**811,595.78**	**649,262.45**

Balance Sheet as at March 31, 2025

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

Particulars	Note	As at March 31, 2025	As at March 31, 2024
Equity			
Equity share capital	22	2,944.27	2,924.49
Other equity	23	627,516.40	516,690.98
Total Equity		**630,460.67**	**519,615.47**
Total Liabilities and Equity		**1,442,056.45**	**1,168,877.92**
See accompanying notes to the financial statements	2 and 3		

In terms of our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No: 008072S

G.K. Subramaniam
Membership No: 109839

Place: Mumbai
Date: April 29, 2025

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : L65991TN1984PLC010844

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Independent Director
DIN : 00243485

G Srikanth
Joint Managing Director &
Chief Financial Officer
DIN: 10636810

K Rangarajan
Joint Managing Director &
Chief Executive Officer
DIN: 07289972

Vigneshkumar. S. M
Company Secretary
ACS: A44671

Place: Chennai
Date: April 29, 2025

Statement of Profit and Loss for the Year ended March 31, 2025

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

Particulars	Note	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue from Operations			
Interest income	24	276,627.72	211,658.46
Fees and commission income	25	3,216.52	2,191.84
Net gain on fair value changes	26	4,939.72	4,434.43
Total revenue from operations(I)		**284,783.96**	**218,284.73**
Other income (II)	27	1,818.43	1,225.35
Total Income (III) = (I) + (II)		**286,602.39**	**219,510.08**
Expenses			
Finance Costs	28	66,798.07	46,849.57
Impairment on financial instruments	29	8,896.52	5,536.42
Employee benefits expense	30	52,110.47	42,858.94
Depreciation and amortization	31	3,037.91	2,457.12
Other expenses	32	12,699.99	10,214.45
Total Expenses (IV)		**143,542.96**	**107,916.50**
Profit before tax (V) = (III) - (IV)		**143,059.43**	**111,593.58**
Tax Expense			
Current Tax	33	37,160.64	29,883.16
Deferred tax	33	(1,350.20)	(1,881.21)
Total tax expenses (VI)		**35,810.44**	**28,001.95**
Profit for the year (A) = (V) - (VI)		**107,248.99**	**83,591.63**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans (net)	41	(391.93)	(71.13)
Income tax relating to items that will not be reclassified to profit or loss	33.1	98.64	17.90
Subtotal (i)		**(293.29)**	**(53.23)**
Items that will be reclassified to profit or loss			
The effective portion of gain and loss on hedging instruments in a cash flow hedge	48	4.18	(165.20)
Income tax relating to items that will be reclassified to profit or loss	33.1	(1.05)	41.58
Subtotal (ii)		**3.13**	**(123.62)**
Other comprehensive loss for the year (B)= (i) +(ii)		**(290.16)**	**(176.85)**
Total comprehensive income for the year (A) + (B)		**106,958.83**	**83,414.78**

Statement of Profit and Loss for the Year ended March 31, 2025

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

Particulars	Note	For the year ended March 31, 2025	For the year ended March 31, 2024
Earnings per equity share (face value INR 1 each)			
- Basic (in rupees)		36.61	28.64
- Diluted (in rupees)	39	36.50	28.39
The accompanying notes are integral part of the financial statements	2 and 3		

In terms of our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No: 008072S

G.K. Subramaniam
Membership No: 109839

Place: Mumbai
Date: April 29, 2025

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : L65991TN1984PLC010844

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Independent Director
DIN : 00243485

G Srikanth
Joint Managing Director &
Chief Financial Officer
DIN: 10636810

K Rangarajan
Joint Managing Director &
Chief Executive Officer
DIN: 07289972

Vigneshkumar. S. M
Company Secretary
ACS: A44671

Place: Chennai
Date: April 29, 2025

Statement of Cash Flows for the Year ended March 31, 2025

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Cash flow from Operating Activities		
Profit Before Tax	**143,059.43**	**111,593.58**
Adjustments for:		
Interest on loans	(269,292.32)	(206,861.17)
Interest on deposit with banks	(6,369.49)	(4,145.23)
Interest on investment in government securities	(965.91)	(652.06)
Finance costs	66,798.07	46,849.57
Impairment on financial instruments	8,896.52	5,536.42
Depreciation and amortisation	3,037.91	2,457.12
Loss on sale of property, plant and equipment (net)	8.17	2.15
Net gain on fair value changes on mutual fund investments	(4,939.72)	(4,434.43)
Gain recognised on derecognition of leases	(11.87)	(5.58)
Employee stock option expenses	1,776.92	1,554.33
Operating cash flow before working capital changes	**(58,002.29)**	**(48,105.30)**
Changes in Working Capital		
Adjustments for (increase) / decrease in operating assets		
Loans	(207,357.10)	(285,617.12)
Other financial assets	(2,494.92)	(2,521.57)
Other non-financial assets	(1,116.87)	(856.18)
Adjustments for increase / (decrease) in operating liabilities		
Trade payables	140.23	528.42
Provision	959.78	862.49
Other financial liabilities	(2,637.19)	3,287.00
Other non financial liabilities	719.06	(556.27)
Net cash used in operations	**(269,789.30)**	**(332,978.53)**
Finance cost paid	(64,168.80)	(51,177.38)
Interest income received	267,581.12	200,654.21
Direct taxes paid (net)	(38,118.11)	(28,732.39)
Net Cash Used in Operating Activities (A)	**(104,495.09)**	**(212,234.09)**
Cash flow from Investing Activities		
Purchase of property, plant and equipment (including capital work-in-progress, intangible assets and capital advances)	(8,271.88)	(2,239.11)
Proceeds from sale of property, plant and equipment	5.10	7.65
Redemption of mutual funds (net)	4,939.72	4,434.43
Purchase of government securities	(20,426.54)	-
Redemption of government securities	9,943.07	3,810.00
Interest income on deposit from banks/ others	7,339.69	4,770.21
Deposits placed (with)/withdrawn from banks (net)	(52,044.71)	10,232.64
Net Cash flow from Investing Activities (B)	**(58,515.55)**	**21,015.82**

Statement of Cash Flows for the Year ended March 31, 2025

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Cash flow from Financing Activities		
Proceeds on issue of equity shares	19.78	10.83
Proceeds from securities premium on issue of shares	1,300.42	682.06
Proceeds on issue of share warrants	789.25	-
Proceeds from borrowings (including debt securities)	354,500.00	392,911.82
Repayment of borrowings (including debt securities)	(195,846.14)	(181,920.11)
Repayment of lease liabilities (excluding interest)	(1,476.55)	(1,062.20)
Net Cashflow from Financing Activities (C)	**159,286.76**	**210,622.40**
Net increase/(decrease) in cash and cash equivalent [A+B+C]	**(3,723.88)**	**19,404.13**
Cash and Cash Equivalents at the beginning of the Year	**153,439.93**	**134,035.80**
Cash and Cash Equivalents at the end of the year	**149,716.05**	**153,439.93**

Notes

Components of Cash and Cash Equivalents

1. Cash and cash equivalents

Cash on hand	1,013.71	993.93
Balances with banks		
(i) In current accounts	10,977.60	15,158.76
(ii) In other deposit accounts (original maturity less than 3 months)	137,724.74	137,287.24
See accompanying notes to the financial statements	**149,716.05**	**153,439.93**

In terms of our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No: 008072S

G.K. Subramaniam
Membership No: 109839

Place: Mumbai
Date: April 29, 2025

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : L65991TN1984PLC010844

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Independent Director
DIN : 00243485

G Srikanth
Joint Managing Director &
Chief Financial Officer
DIN: 10636810

K Rangarajan
Joint Managing Director &
Chief Executive Officer
DIN: 07289972

Vigneshkumar. S. M
Company Secretary
ACS: A44671

Place: Chennai
Date: April 29, 2025

Statement of Changes in Equity for the Year ended March 31, 2025

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

Particulars	Number of Shares	For the year ended March 31, 2025	Number of Shares	For the year ended March 31, 2024
A. Equity share capital				
Balance at the beginning of the current year	**292,449,220**	**2,924.49**	**291,366,120**	**2,913.66**
Changes in equity share capital during the year				
Add: Issue, subscribed and fully paid during the year				
1. Issue of equity shares under employee stock option	1,977,880	19.78	1,083,100	10.83
Balance at the end of the current year	**294,427,100**	**2,944.27**	**292,449,220**	**2,924.49**

Particulars	Reserves and Surplus					Other Comprehensive income	Money received against the share warrants	Total
	Statutory Reserve	Securities Premium	Share option Outstanding Account	General Reserve	Retained Earnings	Effective portion of Cashflow Hedges		
B. Other Equity								
Balance as at April 01, 2024	**55,900.85**	**234,158.90**	**5,634.70**	**719.60**	**220,608.74**	**(331.81)**	**-**	**516,690.98**
The effective portion of gain and loss on hedging instruments in a cash flow hedge	-	-	-	-	-	3.13	-	3.13
Proceeds on issue of share warrants	-	-	-	-	-	-	789.25	789.25
Proceeds from securities premium on issue of equity shares	-	1,300.42	-	-	-	-	-	1,300.42
Profit for the year	-	-	-	-	107,248.99	-	-	107,248.99
Transfer to statutory reserve	21,449.80	-	-	-	21,449.80	-	-	-
Remeasurement of defined benefit plan	-	-	-	-	(293.29)	-	-	(293.29)
Employee stock option expenses	-	-	1,776.92	-	-	-	-	1,776.92
Transfer to securities premium on exercise of ESOP	-	4,075.69	(4,075.69)	-	-	-	-	-
Balance as at March 31, 2025	**77,350.65**	**239,535.01**	**3,335.93**	**719.60**	**306,114.64**	**(328.68)**	**789.25**	**627,516.40**
Balance as at April 01, 2023	**39,182.52**	**231,436.81**	**6,120.40**	**719.60**	**153,788.67**	**(208.19)**	**-**	**431,039.81**
The effective portion of gain and loss on hedging instruments in a cash flow hedge	-	-	-	-	-	(123.62)	-	(123.62)
Proceeds from securities premium on issue of equity shares	-	682.06	-	-	-	-	-	682.06
Profit for the year	-	-	-	-	83,591.63	-	-	83,591.63
Transfer to statutory reserve	16,718.33	-	-	-	(16,718.33)	-	-	-
Remeasurement of defined benefit plan	-	-	-	-	(53.23)	-	-	(53.23)
Employee stock option expenses	-	-	1,554.33	-	-	-	-	1,554.33
Transfer to securities premium on exercise of ESOP	-	2,040.03	(2,040.03)	-	-	-	-	-
Balance as at March 31, 2024	**55,900.85**	**234,158.90**	**5,634.70**	**719.60**	**220,608.74**	**(331.81)**	**-**	**516,690.98**

In terms of our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No: 008072S

G.K. Subramaniam
Membership No: 109839

Place: Mumbai
Date: April 29, 2025

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : L65991TN1984PLC010844

D Lakshmipathy
Chairman & Managing Director
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DIN: 10636810

K Rangarajan
Joint Managing Director & Chief Executive Officer
DIN: 07289972

Vigneshkumar. S. M
Company Secretary
ACS: A44671

Place: Chennai
Date: April 29, 2025

Notes forming part of the Financial Statements for the Year ended March 31, 2025

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

1. Corporate Information

Five-Star Business Finance Limited ("the Company") (CIN:L65991TN1984PLC010844), is a public limited company domiciled in India, and incorporated under the provisions of Companies Act applicable in India. The registered office of the company is located at New No 27, Old No 4, Taylor's Road, Kilpauk, Chennai 600010. The Company's shares are listed in stock exchanges in India.

The Company is a systemically important non-deposit taking Non-Banking Finance Company (NBFC). The Company has received the Certificate of Registration dated June 9, 2016 in lieu of Certificate of Registration dated December 3, 2002 from the Reserve Bank of India ("RBI") to carry on the business of Non Banking Financial Institution without accepting public deposits ("NBFC-ND"). The Company is primarily engaged in providing loans for business purposes, house renovation / extension purposes and other mortgage purposes.

2. Statement of Compliance and Basis of preparation

2.1. Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended notified under Section 133 of Companies Act, 2013, (the 'Act') as amended from time to time and other relevant provisions of the Act. Any directions issued by the RBI or other regulators are implemented as and when they become applicable.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

These financial statements were authorised for issue by the Company's Board of Directors on April 29, 2025.

Details of the Company's accounting policies are disclosed in note 3.

2.2. Presentation of financial statements

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, theMaster Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued vide notification no. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 ('the NBFC Master Directions') and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13 March 2020 and RBI/2020-21/15 DOR (NBFC).CC.PD.No.116/22.10.106/2020-21 dated 24 July 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI.

The financial statements are presented in Indian Rupee (INR) which is also the functional currency of the Company. The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value. The financial statements are prepared on a going concern basis, as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

The Balance Sheet, the Statement of Profit and Loss and Statement of Changes in Equity are presented in the format prescribed under Division III of Schedule III as amended from time to time, for Non Banking Financial Companies ('NBFC') that are required to comply with Ind AS. The statement of cash flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented separately.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:-

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the company and / or its counterparties.

Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

2.3. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs (upto two decimals), unless otherwise indicated.

2.4. Basis of measurement

The financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, fair value through Profit and Loss (FVTPL) instruments, derivative financial instruments and certain other financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments).

2.5. Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

i) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

ii) Effective Interest Rate ("EIR") method

The Company's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and delayed interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iii) Impairment of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include :

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulae and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

iv) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

v) Share-based payments

The Company initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses Monte-Carlo simulation model for Employee Share Option Plan .The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 42.

vi) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

Further details about gratuity obligations are given in Note 41.

vii) Leases

The estimates and judgements related to leases include:

a) The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options.

b) The determination of the incremental borrowing rate used to measure lease liabilities.

viii) Other assumptions and estimation uncertainties

Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

i) Estimated useful life of property, plant and equipment and intangible assets;

ii) Recognition of deferred taxes.

iii) Upfront recognition of Excess Interest Spread (EIS) in relation to securitisation transactions.

3. Summary of Material Accounting Policies

3.1 Revenue Recognition from contracts with customers

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at transaction price i.e. the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Company consider the terms of the contract and its customary business practices to determine the transaction price. The Company applies the five-step approach for the recognition of revenue:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the group satisfies a performance obligation.

A. Effective Interest Rate ('EIR') Method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets.

When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Company continues to calculate interest income on the net amortized cost of the financial asset.

B. Dividend income

Dividend income is recognised when the Company's right to receive the payment is established and it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Fee income

Fees income such as legal inspection charges, are recognised on an accrual basis in accordance with term of contract with the customer. Cheque Bounce charges are recognised as income upon certainty of receipt.

E. Others

Penal charges and other operating income are recognized as income upon certainty of receipt.

The Company recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established

All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

3.2. Financial instrument - initial recognition

A. Date of recognition

Debt securities issued and borrowings (other than debt securities) are initially recognised when the funds reach the Company. Loans are recognised when funds are transferred to the customers account. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit and loss (FVTPL), transaction costs are added to, or subtracted from this amount.

C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

i). Amortised cost

ii). FVOCI

iii). FVTPL

D. Net gain on fair value changes:

The Company designates certain financial assets for subsequent measurement at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis in profit or loss

3.3. Financial assets and liabilities

A. Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows based on the existing business model:

(i) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Bank balances, Loans, Trade receivables and other financial investments that meet the above conditions are measured at amortised cost.

(ii) Financial assets at fair value through OCI (FVOCI)

Financial assets are measured at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset meets the SPPI test.

(iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified as measured at amortised cost/ FVOCI are measured at FVTPL.

B. Financial liabilities

i) Initial recognition and measurement

All financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method.

iii) Debt Securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the instrument.

The Company issues certain non-convertible debentures, the return of which is linked to performance of specified indices market indicators over the period of the debenture. Such debentures have a component of an embedded derivative which is fair valued at a reporting date. The resultant 'net unrealised loss or gain' on the fair valuation of these embedded derivatives is recognised in the statement of profit and loss. The debt component of such debentures is measured at amortised cost using yield to maturity basis.

iv) Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index or prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

3.4. Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition. Financial liabilities are never reclassified. The Company did not reclassify any of its significant financial assets or liabilities in the year ended March 31, 2025 and March 31, 2024.

3.5.Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes unless the new loan is deemed to be Purchased or originated credit impaired (POCI)

When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

B. Derecognition of financial assets other than due to substantial modification

i) Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

ii) Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6. Impairment of financial assets

A. Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

Expected credit losses are measured through a loss allowance at an amount equal to:

i). The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

ii). Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:

When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3:

Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD):

Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Exposure at Default (EAD):

Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Loss Given Default (LGD):

Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

Stage 1:

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Significant increase in credit risk

The Company monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime ECLs rather than 12mECLs.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward looking information.

Stage 3:

For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a back- stop if amounts are overdue for 90 days or more.

Loan Commitments

When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

C. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

3.7. Collateral repossessed

The Company generally does not use the assets repossessed for internal operations. The underlying loans in respect of which collaterals have been repossessed with an intention to realize by way of sale are considered as Stage 3 assets and the ECL allowance is determined based on the estimated net realisable value of the repossessed asset. Any surplus funds are returned to the borrower and accordingly collateral repossessed are not recorded on the balance sheet and not treated as assets held for sale.

3.8. Write-offs

Financial assets are written off when there is a significant doubt on recoverability in the medium term. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to the statement of profit and loss.

3.9. Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3;

Level 3 financial instruments: Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company evaluates the levelling in the hierarchy at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

3.10. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

3.11. Investment Property

Investment property represents property held to earn rentals or for capital appreciation or both. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an external independent valuer applying valuation models. Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

On transition to Ind AS (i.e. 1 April 2017), the Company has elected to continue with the carrying value of Investment property measured as per the previous GAAP and use that carrying value as the deemed cost of Investment property.

3.11.1. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method, and is generally recognised in the statement of profit and loss.

The Company follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. The estimated useful lives of items of property, plant and equipment are as follows:

Asset Category	Estimated Useful Life
Vehicles	8 Years
Furniture and fittings	10 Years
Office equipment	5 Years
Computers and accessories	3 Years
Servers	6 Years

Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower. Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.12. Intangible assets

i. Recognition & Measurement

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

On transition to Ind AS (i.e. 1 April 2017), the Company has elected to continue with the carrying value of all Intangible assets measured as per the previous GAAP and use that carrying value as the deemed cost of Intangible assets.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

Asset Category	Estimated Useful Life
Computer Software	5 Years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate on prospective basis.

3.13. Impairment of non-financial assets

The Company determines periodically whether there is any indication of impairment of the carrying amount of its non-financial assets. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken in to account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.14. Employee benefits

i. Post-employment benefits

Defined contribution plan

The Company's contribution to provident fund is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees. The Company has no obligation, other than the contribution payable to the provident fund.

Employees' State Insurance: The Company contributes to Employees State Insurance Scheme and recognizes such contribution as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

Defined benefit plans

Gratuity

"A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'),if any. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

ii. Other long-term employee benefits

Compensated absences

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

iii. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

iv. Share based payments

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

3.15. Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised not disclosed in the financial statements.

3.16. Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company recognises right-of-use assets at the commencement date of the lease (i.e.the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company determines the lease term as the initial period agreed in the lease agreement , together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the initial period agreed in the lease agreement.

3.17. Taxes

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Indirect taxes

Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

  The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.18. Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowings costs are recognized as an expense in the statement of profit and loss account on an accrual basis using the effective interest method.

3.19. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.20. Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit / loss after tax attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year.

Diluted earnings per equity share is computed and disclosed by dividing the net profit/ loss after tax attributable to the equity share holders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

3.21. Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non–cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

3.22. Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date

The Company enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Company designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

3.22.1. Hedge accounting policy

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

3.22.2. Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the statement of profit and loss.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind-AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationships exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

3.23. New and Amended Standards

There were no new standards introduced during the year ended March 31, 2025 and there were no amendments made to the accounting standards during the year, which has an impact on the entity.

Notes forming part of the Financial Statements for the Year ended March 31, 2025

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

Particulars	As at March 31, 2025	As at March 31, 2024
4. Cash and cash equivalents		
Cash on hand	1,013.71	993.93
Balances with banks		
(i) In current accounts	10,977.60	15,158.76
(ii) In deposit accounts (original maturity less than 3 months)	137,724.74	137,287.24
Total	**149,716.05**	**153,439.93**

Note: Short-term deposits are made for varying period up to three months, depending on the immediate cash requirements of the Company and earn interest at fixed rate based on the respective short term deposit rate.

Particulars	As at March 31, 2025	As at March 31, 2024
5. Bank Balances other than cash and cash equivalents		
Term deposit with bank	58,124.27	5,197.43
Term deposits :		
Held as credit enhancements for securitisation	6,673.59	8,530.11
Held as cash collateral against derivative financial instruments	1,000.00	-
Total	**65,797.86**	**13,727.54**

Term deposits and other balances with banks earns interest at fixed rate based on the daily bank deposit rates

Particulars	As at March 31, 2025	As at March 31, 2024
6. Loans		
At amotised cost		
A. Based on nature		
Term Loans		
Gross term loans	1,187,703.78	964,059.06
Inter-Corporate Deposits*	308.35	20,306.14
Gross loans	**1,188,012.13**	**984,365.20**
Less: Impairment loss allowance	19,333.10	15,857.95
Net loans	**1,168,679.03**	**968,507.25**
B. Based on security		
Secured by tangible assets^	1,187,703.78	964,059.06
Unsecured	308.35	20,306.14
Gross loans	**1,188,012.13**	**984,365.20**
Less: Impairment loss allowance	19,333.10	15,857.95
Net loans	**1,168,679.03**	**968,507.25**
C. Based on region		
Loans in India		
Public sector	-	-
Other than public sector	1,188,012.13	984,365.20
Gross loans	**1,188,012.13**	**984,365.20**
Less: Impairment loss allowance	19,333.10	15,857.95
Net Loans in India	**1,168,679.03**	**968,507.25**
Loans outside India	**-**	**-**
Less: Impairment loss allowance	-	-
Net Loans outside India	**-**	**-**
Net Loans	**1,168,679.03**	**968,507.25**

^Secured exposures are secured by registered mortgage of immovable property

The Company has not granted any loans or advances to promoters,directors, KMPs and the related parties (as defined under the Companies Act 2013)

*Inter Corporate Deposits as on March 31, 2025 include INR 265.37 lakhs (March 31, 2024 - INR 265.37 lakhs) provided as credit enhancement for securitisation transaction.

6.1. Analysis of changes in the gross carrying amount and the corresponding expected credit loss (ECL) allowances:

6.1.1. Reconciliation of gross carrying amount is given below:

Particulars	As at March 31, 2025				As at March 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross Term Loans								
Gross carrying amount opening balance	**888,021.08**	**62,753.99**	**13,283.99**	**964,059.06**	**618,839.65**	**63,249.70**	**9,393.86**	**691,483.21**
Exposure de-recognised / matured / repaid (Excluding Write off)	(213,725.13)	(17,516.32)	(2,221.99)	(233,463.44)	(158,836.89)	(17,193.64)	(1,734.37)	(177,764.90)
Transfer to Stage 1	3,705.70	(3,537.37)	(168.33)	-	4,653.53	(4,500.08)	(153.45)	-
Transfer to Stage 2	(55,500.63)	55,571.18	(70.55)	-	(22,146.73)	22,239.73	(93.00)	-
Transfer to Stage 3	(6,287.48)	(8,655.77)	14,943.25	-	(1,591.87)	(4,047.27)	5,639.14	-
Amount written off	-	-	(5,421.37)	(5,421.37)	(143.79)	(47.76)	(592.78)	(784.33)
New Assets Originated/ Incremental Accretion	456,841.95	4,801.02	886.56	462,529.53	447,247.18	3,053.31	824.59	451,125.08
Gross carrying amount closing balance	**1,073,055.49**	**93,416.73**	**21,231.56**	**1,187,703.78**	**888,021.08**	**62,753.99**	**13,283.99**	**964,059.06**
Inter-Corporate Deposits								
Gross carrying amount opening balance	**20,306.14**	**-**	**-**	**20,306.14**	**1,842.24**	**-**	**-**	**1,842.24**
Exposure de-recognised / matured / repaid (Excluding Write off)	(20,204.11)	-	-	(20,204.11)	(1,551.90)	-	-	(1,551.90)
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
Amount written off	-	-	-	-	-	-	-	-
New assets originated/ Incremental Accretions	206.32	-	-	206.32	20,015.80	-	-	20,015.80
Gross carrying amount closing balance	**308.35**	**-**	**-**	**308.35**	**20,306.14**	**-**	**-**	**20,306.14**

6.1.2. Reconciliation of ECL balance is given below:

Particulars	As at March 31, 2025				As at March 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross Term Loan								
Impairment loss allowance opening balance	**3,495.74**	**5,072.36**	**7,208.63**	**15,776.73**	**2,030.55**	**4,434.06**	**4,634.20**	**11,098.81**
New assets originated/ Incremental Accretions	4,956.34	2,895.50	4,762.34	12,614.18	3,181.70	2,428.78	2,617.13	8,227.61
Transfer to Stage 1	269.26	(252.71)	(16.55)	-	377.71	(354.09)	(23.62)	-
Transfer to Stage 2	(1,880.29)	1,886.11	(5.82)	-	(933.80)	954.02	(20.22)	-
Transfer to Stage 3	(2,070.33)	(3,279.11)	5,349.44	-	(378.98)	(1,223.71)	1,602.69	-
Reversal/Utilization/Write off	(1,103.76)	(1,551.32)	(6,403.96)	(9,059.04)	(781.44)	(1,166.70)	(1,601.55)	(3,549.69)
Impairment loss allowance closing balance	**3,666.96**	**4,770.83**	**10,894.08**	**19,331.87**	**3,495.74**	**5,072.36**	**7,208.63**	**15,776.73**
Inter Corporate Deposits								
Impairment loss allowance opening balance	**81.24**	**-**	**-**	**81.24**	**7.06**	**-**	**-**	**7.06**
New assets originated/ Incremental Accretions	0.81	-	-	0.81	80.15	-	-	80.15
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
Reversal/Utilization/ Write off	(80.82)	-	-	(80.82)	(5.97)	-	-	(5.97)
Impairment Loss Allowance- closing balance	**1.23**	**-**	**-**	**1.23**	**81.24**	**-**	**-**	**81.24**

Particulars	As at March 31, 2025	As at March 31, 2024

7. Investments

Investments in Government Securities (At amortized Cost)*		
Investment in Government of India Fixed Rate Bonds	-	4,615.30
Investment in Government of India STRIPS	21,222.30	6,153.43
Total	**21,222.30**	**10,768.73**

*Investments are made in India

7.1. Internal Rating Grade (Investments measured at amortised cost)

The table below shows the credit quality and the maximum exposure to credit risk based on the entity's internal credit rating system and year end stage classification

Particulars	As at March 31, 2025				As at March 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Grade								
Low Risk	21,222.30	-	-	21,222.30	10,768.73	-	-	10,768.73
Medium Risk	-	-	-	-	-	-	-	-
High Risk	-	-	-	-	-	-	-	-
Total	**21,222.30**	**-**	**-**	**21,222.30**	**10,768.73**	**-**	**-**	**10,768.73**

7.2. Movement in investments (Investments measured at Amortised cost)

Particulars	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening Balance	**10,768.73**	**-**	**-**	**10,768.73**	**14,461.42**	**-**	**-**	**14,461.42**
New assets purchased	20,426.54	-	-	20,426.54	-	-	-	-
Assets redeemed	(9,972.97)	-	-	(9,972.97)	(3,692.69)	-	-	(3,692.69)
Closing Balance	**21,222.30**			**21,222.30**	**10,768.73**	**-**	**-**	**10,768.73**

8. Other financial assets

Unsecured, considered good (At Amortized Cost)		
Security deposits	1,074.80	729.16
Other receivables*	7,038.20	4,951.72
Less: Impairment allowances	-	-
Total	**8,113.00**	**5,680.88**

*Other receivables as on March 31, 2025 include - INR 6,398.56 lakhs (March 31, 2024- INR 4,209.32) provided as credit enhancement for securitisation transaction.

9. Current tax assets (net)

Advance income tax paid net of provision for tax	326.24	251.82
Total	**326.24**	**251.82**

9A. Current tax liabilities (Net)

Provision for tax net of advance income tax paid	865.79	1,748.86
Total	**865.79**	**1,748.86**

10. Investment Property

Land

Cost or deemed cost (Gross carrying amount)

Balance at the beginning of the year	3.56	3.56
Acquisitions/disposal	-	-
Balance at the end of the year	**3.56**	**3.56**
Accumulated depreciation		
Balance at the beginning of the year	-	-
Depreciation for the year	-	-
Balance at the end of the year	**-**	**-**
Net carrying amounts	**3.56**	**3.56**
Fair value	**8.88**	**8.23**

Particulars	As at March 31, 2025	As at March 31, 2024

The fair value of the Company's investment property at March 31, 2025 has been arrived at on the basis of a valuation carried out at that date by N Thandapani, independent valuer not connected with the Company. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. N Thandapani is a registered valuer as defined under Rule 2 of the Companies (Registered Valuers and Valuation) Rules 2017. There were no immovable property where the title deeds of the property are not held in the name of the Company.

Price per square feet is the significant unobservable input iused for the fair valuation of the immovable property. The fair value changes by INR 0.89 Lakhs as at March 31, 2025, at a sensitivity of 10%.(March 31, 2024 - INR 0.83 lakhs).

In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

There is no impairment in respect of investment property.

11. Other non-financial assets

Capital advances	539.67	87.47
Prepaid expenses	2,682.35	1,951.68
Balance with government authorities	707.36	321.16
Total	**3,929.38**	**2,360.31**

12. Property, plant and equipment

Particulars	Furniture & fittings	Computers & Accessories	Office Equipment	Vehicles	Leasehold Improvements	Total
Cost or deemed cost (gross carrying amount)						
As at April 01, 2023	**1,262.07**	**1,961.95**	**699.87**	**39.05**	**458.25**	**4,421.19**
Additions	455.24	744.74	332.12	-	0.50	1,532.60
Disposals	38.26	27.60	78.36	15.78	-	159.99
As at March 31, 2024	**1,679.05**	**2,679.09**	**953.63**	**23.27**	**458.75**	**5,793.80**
Additions	748.59	618.96	195.35	-	0.87	1,563.77
Disposals	29.12	34.97	17.17	-	-	81.26
As at March 31, 2025	**2,398.52**	**3,263.08**	**1,131.81**	**23.27**	**459.62**	**7,276.31**
Accumulated depreciation						
As at April 01, 2023	**588.85**	**1,428.18**	**427.03**	**34.53**	**399.59**	**2,878.18**
Depreciation	237.88	542.52	203.74	0.81	27.00	1,011.95
Depreciation on disposals	36.15	27.04	72.01	14.99	-	150.19
As at March 31, 2024	**790.58**	**1,943.66**	**558.76**	**20.35**	**426.59**	**3,739.94**
Depreciation	321.18	633.79	228.81	-	8.24	1,192.02
Depreciation on disposals	21.91	32.10	13.98	-	-	67.99
As at March 31, 2025	**1,089.85**	**2,545.35**	**773.59**	**20.35**	**434.83**	**4,863.97**
Net carrying amount						
As at March 31, 2024	**888.47**	**735.43**	**394.87**	**2.92**	**32.16**	**2,053.86**
As at March 31, 2025	**1,308.67**	**717.73**	**358.22**	**2.92**	**24.79**	**2,412.35**

Particulars	As at March 31, 2025	As at March 31, 2024
13. Capital work-in-progress		
Capital work-in-progress (CWIP)	6,236.10	-
Total	**6,236.10**	**-**

CWIP	As at March 31, 2025 Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	As at March 31, 2024 Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years
a) CWIP aging schedule								
Projects in progress	6,236.10	-	-	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-	-	-	-
Total	**6,236.10**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

b) There are no capital work-in-progress for which the completion is overdue or has exceeded its cost compared to the original plan.

Particulars	Software	Total
14. Other Intangible Assets		
Cost or deemed cost (gross carrying amount)		
As at April 01, 2023	**470.99**	**470.99**
Additions	1,161.87	1,161.87
Disposals	-	-
As at March 31, 2024	**1,632.86**	**1,632.86**
Additions	19.80	19.80
Disposals	-	-
As at March 31, 2025	**1,652.66**	**1,652.66**
Accumulated amortisation		
As at April 01, 2023	**373.28**	**373.28**
Amortisation	291.04	291.04
Amortisation on disposals	-	-
As at March 31, 2024	**664.32**	**664.32**
Amortisation	275.10	275.10
Amortisation on disposals	-	-
As at March 31, 2025	**939.42**	**939.42**
Net carrying amount		
As at March 31, 2024	**968.54**	**968.54**
As at March 31, 2025	**713.24**	**713.24**

Particulars	As at March 31, 2025 Notional Amount	Fair Value of Assets	Fair Value of Liabilities	As at March 31, 2024 Notional Amount	Fair Value of Assets	Fair Value of Liabilities
15. Derivative Financial Instruments (FVTOCI)						
Part I						
Other derivative - cross currency swap	9,322.80	676.16	-	11,841.00	434.46	60.87
Other derivative - forward contract	51,105.13	-	964.12	-	-	-
Total	**60,427.93**	**676.16**	**964.12**	**11,841.00**	**434.46**	**60.87**
Part II						
Included in above (Part-I) are derivatives held for hedging and risk management purposes as follows:						
Cash Flow Hedging-Cross Currency Swap	9,322.80	676.16	60.87	11,841.00	434.46	60.87
Forward contract	51,105.13	-	964.12	-	-	-
Total	**60,427.93**	**676.16**	**964.12**	**11,841.00**	**434.46**	**60.87**

The Notional amounts in the above table refers to the foreign currency borrowing on which the company has hedged the risk of foreign currency fluctuations.

The Company has entered into derivative financial instruments with scheduled banks. Derivatives are fair valued using inputs that are directly or indirectly observable in market place.

The Asset Liability Management Committee and Business Resource Committee periodically monitors and reviews the risks involved.

Particulars	As at March 31, 2025	As at March 31, 2024
16. Payables		
16.1. Trade payables		
Total outstanding dues of micro enterprises and small enterprises (MSME) (Refer note 37)	115.36	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Other than MSME)	2,556.50	2,531.63
Total	**2,671.86**	**2,531.63**

Particulars	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
16.2. Trade payables (Ageing Schedule)							
The following schedules reflect the ageing of trade payables with respect to the due date of payment							
As at March 31, 2025							
(i) MSME	-	112.94	2.42	-	-	-	115.36
(ii) Others	2,257.40	-	201.95	15.21	54.82	27.12	2,556.50
(iii) Disputed Dues - MSME	-	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-	-
Total	**2,257.40**	**112.94**	**204.37**	**15.21**	**54.82**	**27.12**	**2,671.86**
As at March 31, 2024							
(i) MSME	-	-	-	-	-	-	-
(ii) Others	2,025.09	-	375.33	27.37	52.00	51.84	2,531.63
(iii) Disputed Dues - MSME	-	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-	-
Total	**2,025.09**	**-**	**375.33**	**27.37**	**52.00**	**51.84**	**2,531.63**

Based on the information received from the suppliers, the management has identified the enterprises which has provided services to the Company and which qualify under the definition of micro, medium and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"). Such determination and identification is for the purpose of presentation under this disclosure has been done on the basis of the information received and available with the Company.

Particulars	As at March 31, 2025	As at March 31, 2024
17. Debt securities (refer note 17.1)		
At amortised cost		
Secured debentures		
15,000,000, (March 31, 2024 - 15,000,000) 12.75% redeemable, non-convertible debentures of INR 2.5 each	375.13	750.26
30,000,000, (March 31, 2024 - 30,000,000) 11.40% redeemable, non-convertible debentures of INR 10 each	-	3,027.06
4,900, (March 31, 2024 - 4,900) 9.20% redeemable, non-convertible debentures of INR 1 lakh each	4,944.46	4,945.57
10,000, (March 31, 2024 - 10,000) 9.10% redeemable, non-convertible debentures of INR 1 lakh each	10,267.09	10,268.64
10,500, (March 31, 2024 - 10,500) 9.50% redeemable, non-convertible debentures of INR 1 lakh each	10,800.62	10,802.67
50,000, (March 31, 2024 - Nil) 9.40% redeemable, non-convertible debentures of INR 1 lakh each	52,073.15	-
Total	**78,460.45**	**29,794.20**
Unamortised processing fee	(282.05)	(258.82)
Total	**78,178.40**	**29,535.38**
Debts securities in India	78,178.40	29,535.38
Debts securities outside India	-	-
Total	**78,178.40**	**29,535.38**

Debt securities aggregating to INR 373.33 Lakhs (INR 745.23 Lakhs in March 31, 2024) has been guaranteed by promoter, Mr. D. Lakshmipathy.

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2025	As at March 31, 2024
17.1. Details of terms of redemption/repayment and security provided in respect of debt securities					
Secured debentures					
15,000,000, (March 31, 2024 - 15,000,000) 12.75% redeemable, non-convertible debentures of INR 2.5 each	Principal payment frequency: Repayable yearly in 4 installments Coupon payment frequency: Quarterly	72 Months	March 31, 2023	375.13	750.26
30,000,000, (March 31, 2024 - 30,000,000) 11.40% redeemable, non-convertible debentures of INR 10 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Monthly	60 Months	April 11, 2024	-	3,027.06
4,900, (March 31, 2024 - 4,900) 9.20% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Yearly	38 Months	April 24, 2026	4,944.46	4,945.57
10,000, (March 31, 2024 - 10,000) 9.10% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Yearly	42 Months	December 15, 2026	10,267.09	10,268.64
10,500, (March 31, 2024 - 10,500) 9.50% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Yearly	36 Months	December 12, 2026	10,800.62	10,802.67
50,000, (March 31, 2024 - Nil) 9.40% redeemable, non-convertible debentures of INR 1 lakh each	Principal payment frequency: Entire principal repayable yearly in 3 installments Coupon payment frequency: Half Yearly	48 Months	April 22, 2026	52,073.15	-
				78,460.45	**29,794.20**

All debentures are secured by an exclusive first charge on book debts with security cover ranging from 1 to 1.25 times of the outstanding amount at any point in time.

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2025	As at March 31, 2024
17.1 Details of terms of redemption/repayment and security provided in respect of borrowings (other than debt securities)					
Term loans from banks					
Term Loan 1	Repayable in 57 Monthly installments	60 Months	September 30, 2019	-	35.26
Term Loan 2	Repayable in 60 Monthly installments	60 Months	January 30, 2020	-	446.88
Term Loan 3	Repayable in 60 Monthly installments	62 Months	January 30, 2020	-	3,049.27
Term Loan 4	Repayable in 60 Monthly installments	60 Months	April 30, 2020	-	754.12
Term Loan 5	Repayable in 57 Monthly installments	60 Months	June 25, 2020	-	807.47
Term Loan 6	Repayable in 46 Monthly installments	48 Months	November 25, 2020	-	271.74
Term Loan 7	Repayable in 18 Quarterly installments	60 Months	February 28, 2021	219.26	1,107.46
Term Loan 8	Repayable in 60 Monthly installments	60 Months	March 3, 2021	370.16	774.13
Term Loan 9	Repayable in 48 Monthly installments	48 Months	May 1, 2021	-	1,500.00
Term Loan 10	Repayable in 36 Monthly installments	36 Months	January 31, 2022	-	1,247.00
Term Loan 11	Repayable in 48 Monthly installments	48 Months	March 15, 2022	458.33	958.33
Term Loan 12	Repayable in 34 Monthly installments	36 Months	March 30, 2022	-	529.56
Term Loan 13	Repayable in 60 Monthly installments	60 Months	April 30, 2022	3,000.90	4,501.31
Term Loan 14	Repayable in 48 Monthly installments	48 Months	May 4, 2022	812.50	1,562.50
Term Loan 15	Repayable in 72 Monthly installments	74 Months	May 31, 2022	7,707.40	10,207.81
Term Loan 16	Repayable in 57 Monthly installments	60 Months	July 31, 2022	2,084.73	3,128.37
Term Loan 17	Repayable in 34 Monthly installments	36 Months	September 21, 2022	353.04	1,765.21
Term Loan 18	Repayable in 48 Monthly installments	48 Months	October 15, 2022	1,874.39	3,124.94
Term Loan 19	Repayable in 48 Monthly installments	48 Months	October 29, 2022	3,750.73	6,251.19
Term Loan 20	Repayable in 10 Quarterly installments	33 Months	December 30, 2022	-	800.21
Term Loan 21	Repayable in 46 Monthly installments	48 Months	December 31, 2022	2,907.26	4,876.00
Term Loan 22	Repayable in 60 Monthly installments	60 Months	December 31, 2022	10,666.57	14,666.57
Term Loan 23	Repayable in 57 Monthly installments	60 Months	January 3, 2023	2,631.69	3,684.39
Term Loan 24	Repayable in 48 Monthly installments	48 Months	January 6, 2023	2,187.76	3,438.13
Term Loan 25	Repayable in 48 Monthly installments	48 Months	January 26, 2023	6,562.50	10,312.50
Term Loan 26	Repayable in 81 Monthly installments	84 Months	January 28, 2023	3,333.94	4,074.89
Term Loan 27	Repayable in 60 Monthly installments	66 Months	March 26, 2023	5,824.75	7,831.26
Term Loan 28	Repayable in 16 Quarterly installments	48 Months	March 28, 2023	4,374.51	6,934.69
Term Loan 29	Repayable in 12 Quarterly installments	36 Months	March 31, 2023	1,750.44	4,084.39
Term Loan 30	Repayable in 60 Monthly installments	60 Months	April 30, 2023	12,003.55	16,004.73
Term Loan 31	Repayable in 20 Quarterly installments	60 Months	June 30, 2023	6,000.22	8,001.16
Term Loan 32	Repayable in 16 Quarterly installments	48 Months	June 30, 2023	4,999.84	7,564.39
Term Loan 33	Repayable in 54 Monthly installments	60 Months	June 21, 2023	4,456.55	6,123.17
Term Loan 34	Repayable in 10 Quarterly installments	33 Months	July 29, 2023	900.23	2,100.53

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2025	As at March 31, 2024
Term Loan 35	Repayable in 19 Quarterly installments	60 Months	September 30, 2023	4,738.03	6,318.41
Term Loan 36	Repayable in 78 Monthly installments	84 Months	October 31, 2023	19,229.20	23,076.30
Term Loan 37	Repayable in 33 Monthly installments	36 Months	September 16, 2023	4,259.53	7,910.99
Term Loan 38	Repayable in 20 Quarterly installments	60 Months	September 30, 2023	1,950.47	2,550.00
Term Loan 39	Repayable in 60 Monthly installments	60 Months	July 31, 2023	3,249.23	4,249.96
Term Loan 40	Repayable in 60 Monthly installments	60 Months	July 28, 2023	3,386.16	4,320.36
Term Loan 41	Repayable in 60 Monthly installments	66 Months	January 30, 2024	22,497.14	28,506.52
Term Loan 42	Repayable in 60 Monthly installments	60 Months	July 31, 2023	6,501.32	8,501.76
Term Loan 43	Repayable in 20 Quarterly installments	60 Months	October 3, 2023	700.17	900.00
Term Loan 44	Repayable in 19 Quarterly installments	60 Months	February 29, 2024	11,105.92	14,209.47
Term Loan 45	Repayable in 60 Monthly installments	63 Months	December 31, 2023	3,667.38	4,667.71
Term Loan 46	Repayable in 60 Monthly installments	60 Months	October 5, 2023	7,043.66	9,059.75
Term Loan 47	Repayable in 60 Monthly installments	60 Months	January 7, 2024	7,088.34	8,983.35
Term Loan 48	Repayable in 60 Monthly installments	63 Months	January 27, 2024	3,727.56	4,749.98
Term Loan 49	Repayable in 60 Monthly installments	63 Months	January 27, 2024	3,727.56	4,749.98
Term Loan 50	Repayable in 60 Monthly installments	60 Months	October 31, 2023	7,001.38	9,002.02
Term Loan 51	Repayable in 45 Monthly installments	48 Months	December 31, 2023	8,037.38	13,260.00
Term Loan 52	Repayable in 78 Monthly installments	84 Months	May 31, 2024	42,945.77	49,999.27
Term Loan 53	Repayable in 19 Quarterly installments	60 Months	July 1, 2024	5,921.05	7,500.00
Term Loan 54	Repayable in 60 Monthly installments	60 Months	January 31, 2024	3,750.78	4,751.07
Term Loan 55	Repayable in 19 Quarterly installments	60 Months	October 1, 2024	18,947.37	22,500.00
Term Loan 56	Repayable in 23 Quarterly installments	72 Months	September 30, 2024	8,700.28	1,500.39
Term Loan 57	Repayable in 60 Monthly installments	60 Months	April 30, 2024	3,999.72	5,001.29
Term Loan 58	Repayable in 16 Quarterly installments	48 Months	June 28, 2024	7,500.00	10,009.95
Term Loan 59	Repayable in 60 Monthly installments	60 Months	April 7, 2024	7,999.51	9,999.99
Term Loan 60	Repayable in 60 Monthly installments	60 Months	April 29, 2024	800.00	1,000.00
Term Loan 61	Repayable in 60 Monthly installments	63 Months	July 27, 2024	4,251.08	-
Term Loan 62	Repayable in 60 Monthly installments	60 Months	July 27, 2024	11,900.00	-
Term Loan 63	Repayable in 12 Quarterly installments	36 Months	December 28, 2024	4,091.88	-
Term Loan 64	Repayable in 60 Monthly installments	60 Months	October 27, 2024	4,500.00	-
Term Loan 65	Repayable in 16 Quarterly installments	48 Months	December 27, 2024	4,375.00	-
Term Loan 66	Repayable in 60 Monthly installments	60 Months	October 31, 2024	11,252.63	-
Term Loan 67	Repayable in 24 Monthly installments	24 Months	November 16, 2024	5,546.04	-
Term Loan 68	Repayable in 60 Monthly installments	60 Months	November 25, 2024	4,583.33	-
Term Loan 69	Repayable in 60 Monthly installments	60 Months	January 31, 2025	11,877.59	-
Term Loan 70	Repayable in 78 Monthly installments	84 Months	June 30, 2025	15,064.82	-

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2025	As at March 31, 2024
Term Loan 71	Repayable in 78 Monthly installments	84 Months	August 30, 2025	34,382.95	-
Term Loan 72	Repayable in 84 Monthly installments	84 Months	April 27, 2025	20,000.00	-
Term Loan 73	Repayable in 15 Quarterly installments	48 Months	September 30, 2025	5,000.00	-
Total				**444,531.48**	**409,798.08**

All the above loans are secured by an exclusive first charge on book debts with security cover ranging from 1.10 to 1.25 times of the outstanding amount at any point in time.
As at March 31, 2025, the rate of interest across term loans from banks was in the range of 8.00% p.a to 12.50% p.a (March 31, 2024- 8.25% p.a to 12.50% p.a).

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2025	As at March 31, 2024
Term loans from others					
Term loans from others 1	Repayable in 60 Monthly installments	60 Months	May 1, 2019	-	2.78
Term loans from others 2	Repayable in 20 Quarterly installments	63 Months	September 1, 2019	-	65.00
Term loans from others 3	Repayable in 16 Quarterly installments	48 Months	June 1, 2021	-	624.98
Term loans from others 4	Repayable in 48 Monthlyinstallments	48 Months	December 5, 2022	3,565.02	5,702.89
Term loans from others 5	Repayable in 61 Quarterly installments	61 Months	May 5, 2023	3,102.63	4,108.88
Term loans from others 6	Repayable in 11 Quarterly installments	36 Months	July 1, 2023	1,907.05	4,453.25
Term loans from others 7	Repayable in 60 Monthly installments	60 Months	February 5, 2024	4,048.84	4,895.39
Term loans from others 8	Repayable in 48 Monthly installments	48 Months	February 5, 2024	5,346.45	7,231.64
Term loans from others 9	Repayable in 60 Monthly installments	60 Months	January 31, 2024	3,954.97	4,796.29
Term loans from others 10	Repayable in 21 Quarterly installments	63 Months	June 30, 2024	36,000.00	45,071.75
Term loans from others 11	Repayable in 20 Quarterly installments	60 Months	March 10, 2025	23,885.99	-
Term loans from others 12	Repayable in 20 Quarterly installments	60 Months	June 10, 2025	25,032.53	-
Term loans from others 13	Repayable in 18 Quarterly installments	63 Months	June 30, 2025	20,021.48	-
Term loans from others 14	Repayable in 48 Monthly installments	48 Months	May 5, 2025	5,004.44	-
Total				**131,869.40**	**76,952.85**

All the above loans are secured by an exclusive first charge on book debts with security cover ranging from 1.10 to 1.25 times of the outstanding amount at any point in time.
As at March 31, 2025, the rate of interest across term loans from others was in the range of 9.00% p.a to 9.90% p.a (March 31, 2024 - 9.00% p.a to 11.75% p.a).

Particulars	Repayment terms	Tenor	Earliest installment date	As at March 31, 2025	As at March 31, 2024
Borrowings Under Securitization*					
Borrowings Under Securitization 1	Repayable in 60 Monthly installments	60 Months	May 15, 2020	-	64.77
Borrowings Under Securitization 2	Repayable in 60 Monthly installments	60 Months	July 15, 2020	-	390.28
Borrowings Under Securitization 3	Repayable in 55 Monthly installments	55 Months	November 20, 2020	-	381.51
Borrowings Under Securitization 4	Repayable in 60 Monthly installments	61 Months	February 21, 2021	-	2,521.81
Borrowings Under Securitization 5	Repayable in 53 Monthly installments	53 Months	April 16, 2021	-	278.74
Borrowings Under Securitization 6	Repayable in 57 Monthly installments	57 Months	April 21, 2021	98.93	1,410.97
Borrowings Under Securitization 7	Repayable in 64 Monthly installments	64 Months	January 17, 2023	2,989.58	4,775.25
Borrowings Under Securitization 8	Repayable in 58 Monthly installments	58 Months	January 17, 2023	2,277.98	4,257.21
Borrowings Under Securitization 9	Repayable in 60 Monthly installments	60 Months	January 18, 2023	5,998.55	10,768.88
Borrowings Under Securitization 10	Repayable in 64 Monthly installments	64 Months	January 20, 2023	2,121.37	3,273.24
Borrowings Under Securitization 11	Repayable in 60 Monthly installments	60 Months	April 22, 2023	14,938.63	24,116.17
Borrowings Under Securitization 12	Repayable in 60 Monthly installments	64 Months	April 22, 2023	4,298.67	6,624.90
Borrowings Under Securitization 13	Repayable in 67 Monthly installments	67 Months	October 19, 2023	7,806.99	10,884.76
Borrowings Under Securitization 14	Repayable in 68 Monthly installments	68 Months	October 19, 2023	6,753.70	9,289.11
Borrowings Under Securitization 15	Repayable in 63 Monthly installments	63 Months	October 19, 2023	21,544.28	30,469.56
Borrowings Under Securitization 16	Repayable in 62 Monthly installments	62 Months	September 24, 2024	17,263.52	-
Borrowings Under Securitization 17	Repayable in 44 Monthly installments	44 Months	October 15, 2024	11,997.97	-
Borrowings Under Securitization 18	Repayable in 52 Monthly installments	52 Months	November 14, 2024	35,029.36	-
Total				**133,119.53**	**109,507.16**

*Refer Note No 48-AH, 5 for security and credit enhancement details pertaining to borrowings from securitisation arrangements.

As at March 31, 2025, the rate of interest across loans from Securitisation was in the range of 8.90% p.a to 9.90% p.a (March 31, 2024 - 8.80% p.a to 10.15% p.a).

Term loans from others parties (unsecured) - (External Commercial Borrowing)					
External Commercial Borrowing-1	Repayable in 5 Half yearly installments	60 months	March 31, 2025	6,838.85	8,340.50
Total				**6,838.85**	**8,340.50**

As at March 31, 2025, the rate of interest on External Commercial Borrowing was 4.20% p.a (March 31, 2024 - 4.20% p.a).

Particulars	As at March 31, 2025	As at March 31, 2024
18. Borrowings (other than debt securities) (refer note 17.1)		
At amortised cost		
Term loans (secured)		
From banks	444,531.48	409,798.08
From other financial institutions	131,869.40	76,952.85
Borrowings under Securitisation (secured)	133,119.53	109,507.16
Loans repayable on demand (secured)		
From banks	-	80.55
Term loans from others parties (unsecured)		
External Commercial Borrowings	6,838.85	8,340.50
Total	**716,359.26**	**604,679.14**
Less: Unamortised processing fee	(2,338.27)	(2,630.01)
Total	**714,020.99**	**602,049.13**
Borrowings in India	707,209.34	593,778.95
Borrowings outside India	6,811.65	8,270.18
Total	**714,020.99**	**602,049.13**

Loans repayable on demand includes the cash credit and working capital demand loans from banks which are secured by specific charge on identified receivables. As at March 31, 2025, the rate of interest across the cash credit and the working capital demand loans were in the range of 9.00% p.a. to 11.50% p.a. (8.75% p.a. to 10.20% p.a. on March 31, 2024). The Company has not defaulted in the repayment of the borrowings (including debt securities) and was regular in the repayments, including interests during the year.

Borrowings other than debt securities aggregating to INR 29,846.86 lakhs (INR 48,040.35 lakhs in March 31, 2024) has been guaranteed by promoter, Mr. D. Lakshmipathy.

The Company has used the borrowings from the bank and financial institution for the specified purpose as per the agreement with the lender.

The quarterly returns/statements of current assets filed by the Company with the banks or financial institutions in relation to the secured borrowings wherever applicable, are in agreement with the books of account.

Particulars	As at March 31, 2025	As at March 31, 2024
19. Other financial liabilities		
Lease Liability (Refer Note: 38)	5,724.38	3,599.93
Employee related payables	3,657.00	6,290.10
Others	82.58	86.66
Total	**9,463.96**	**9,976.69**
20. Provisions		
Provision for employee benefits		
Provision for gratuity (Refer Note:41)	1,724.74	808.92
Provision for compensated absences	1,718.76	1,282.87
Total	**3,443.50**	**2,091.79**
21. Other non-financial liabilities		
Statutory dues payable	1,945.16	1,129.84
Others*	42.00	138.26
Total	**1,987.16**	**1,268.10**

*Includes unspent corporate social responsibility fund amounting to INR 42.00 lakhs (March 31, 2024 - INR 138.26 lakhs) pertaining to the shortfall for the year ended March 31, 2023

Particulars	As at March 31, 2025	As at March 31, 2024
22. Equity share capital		
Authorised		
550,000,000 shares (March 31, 2024 - 550,000,000) of INR 1 each	5,500.00	5,500.00
Issued, subscribed and fully paid		
294,427,100 shares (March 31, 2024 - 292,449,220) of INR 1 each	2,944.27	2,924.49
Total	**2,944.27**	**2,924.49**

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number of shares	Amount in INR Lakhs	Number of shares	Amount in INR Lakhs
Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year				
As at beginning of the year	**292,449,220**	**2,924.49**	**291,366,120**	**2,913.66**
Equity Shares issued in exercise of employee stock options	1,977,880	19.78	1,083,100	10.83
As at the end of the year	**294,427,100**	**2,944.27**	**292,449,220**	**2,924.49**

Terms/rights attached to Equity Shares:

The Company has a single class of equity shares. Each holder is entitled to one vote per equity share. Accordingly all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the board of directors, if any, is subject to the approval of the shareholders at the General Meeting, except in the case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Equity Shares reserverd for issue under options

Information relating to Employee Stock Option Schemes including the details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 42.

As at March 31, 2025					
Name of Promoter	Number of Shares at the begnning of the year	Movement during the year	Numbers of Shares at the end of the year	% of Total Shares	% of Change during the year
Promoter Holdings					
Fully paid up shares					
(i) D. Lakshmipathy	30,690,678	76,652	30,767,330	10.45%	0.25%
(ii) L. Hema	20,890,600	-	20,890,600	7.10%	-
(iii) L. Shritha	200,000	-	200,000	0.07%	-
(iv) Matrix Partners India Investment Holding II LLC	4,647,890	(4,647,890)	-	-	-100.00%
(v) Peak XV Partners Investments V (earlier known as SCI Investments V)	18,277,542	(9,740,937)	8,536,605	2.90%	-53.29%
Total	**74,706,710**	**(14,312,175)**	**60,394,535**	**20.51%**	**-19.16%**
As at March 31, 2024					
Fully paid up shares					
(i) D. Lakshmipathy	30,690,678	-	30,690,678	10.49%	-
(ii) L. Hema	20,890,600	-	20,890,600	7.14%	-
(iii) L. Shritha	200,000	-	200,000	0.07%	-
(iv) Matrix Partners India Investment Holding II LLC	24,146,663	(19,498,773)	4,647,890	1.59%	-80.75%
(v) Peak XV Partners Investments V (earlier known as SCI Investments V)	22,845,487	(4,567,945)	18,277,542	6.25%	-19.99%
Total	**98,773,428**	**(24,066,718)**	**74,706,710**	**25.55%**	**-24.37%**

The determination/identification of promoters for the purpose of presentation under this disclosure has been done on the basis of information available with the Company.

The Board of Directors at its meeting held on August 17, 2024 and the Shareholders at the Annual General Meeting held on September 13, 2024 approved the issuance of up to 410,000 convertible Share Warrants (convertible into equity shares of the Company in the ratio of 1:1) of INR 1.00 each at a premium of INR 769.00 aggregating up to INR 3,157.00 lakhs on preferential basis pursuant to the applicable provisions of the Companies Act 2013, SEBI (Issue of Capital and Disclosure Requirements), Regulations, 2018 and SEBI (Listing Obligations and Disclosure Requirements), 2015.

The share warrants may be exercised in one or more tranches during the period commencing from the date of allotment of the warrants until expiry of 18 (Eighteen) months. The equity shares so allotted pursuant to exercise of share warrants shall rank pari passu with the existing equity shares of the Company.

The Company has received an in-principle approval from the stock exchanges viz BSE Limited and National Stock Exchange of India Limited on October 18, 2024. Subsequently, upon receipt of 25% of the proceeds during the year, the Company has allotted 410,000 share warrants on October 24,2024.

The Board of Directors of the Company have recommended a final dividend of INR 2.00 per share, (200% on the face value of Re 1/-) for the year ended March 31, 2025 which is subject to approval of the shareholders.

Name of shareholder	As at March 31, 2025		As at March 31, 2024	
	Number of shares	% of total shares in class	Number of shares	% of total shares in class
Details of shareholders holding more than 5% shares in the Company				
TPG Asia VII SF Pte. Ltd.	-	-	32,787,639	11.21%
Matrix Partners India Investment Holdings II, LLC	-	-	4,647,890	1.59%
D. Lakshmipathy	30,767,330	10.45%	30,690,678	10.49%
Norwest Venture Partners X - Mauritius	7,051,808	2.40%	15,098,476	5.16%
Peak XV Partners Investments V (earlier known as SCI Investments V)	8,536,605	2.90%	18,277,542	6.25%
L. Hema	20,890,600	7.10%	20,890,600	7.14%
Sirius II Pte Ltd	17,593,990	6.02%	17,593,990	6.02%

Particulars	As at March 31, 2025	As at March 31, 2024
23. Other Equity		
Money received against the share warrants	789.25	-
Statutory reserve	77,350.65	55,900.85
Share options outstanding account	3,335.93	5,634.70
Securities premium	239,535.01	234,158.90
General reserve	719.60	719.60
Retained earnings	306,114.64	220,608.74
Effective portion of Cashflow Hedges	(328.68)	(331.81)
Total	**627,516.40**	**516,690.98**

i. Statutory reserve

Particulars	As at March 31, 2025	As at March 31, 2024
Opening balance	55,900.85	39,182.52
Amount transferred from surplus in the statement of profit and loss	21,449.80	16,718.33
Closing balance	**77,350.65**	**55,900.85**

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of INR 21,449.80 lakhs (March 31, 2024: INR 16,718.33 lakhs), out of the profit after tax for the year ended March 31, 2025 to statutory reserves.

Five-Star Housing Finance Private Limited, the wholly owned subsidiary amalgamated with the Company with appointed date under the aforesaid Scheme as April 1, 2019. The erstwhile wholly owned subsidiary has surrendered its Certificate of Registration to carry on the business of housing finance institution to National Housing Bank (NHB) on June 5, 2020. The statutory reserves maintained by the wholly owned subsidiary under section 29C of the National Housing Bank Act, 1987 was subsumed in the statutory reserves maintained by the Company.
No appropriation of any sum from this reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.

ii. Share options outstanding account

Particulars	As at March 31, 2025	As at March 31, 2024
Opening balance	5,634.70	6,120.40
Share based payment expense	1,776.92	1,554.33
Less : Transfer to securities premium	(4,075.69)	(2,040.03)
Closing balance	**3,335.93**	**5,634.70**

The amount represents reserve created to the extent of granted options based on the Employees Stock Option Schemes. Under Ind AS 102, fair value of the options granted is to be expensed out over the life of the vesting period as employee compensation costs reflecting period of receipt of service. Also refer note 42.

iii. Securities premium

Particulars	As at March 31, 2025	As at March 31, 2024
Opening balance	234,158.90	231,436.81
Premium received on shares issued during the year	1,300.42	682.06
Transfer to securities premium on exercise of ESOP	4,075.69	2,040.03
Closing balance	**239,535.01**	**234,158.90**

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013. During the year ended March 31, 2025, securities premium was utilised to the extent of INR NIL lakhs (March 31, 2024 - INR NIL lakhs) towards share issue expenses, in line with Section 52 of the Companies Act 2013.

iv. General reserve

Particulars	As at March 31, 2025	As at March 31, 2024
Opening balance	719.60	719.60
Amount transferred from profit and loss	-	-
Closing balance	**719.60**	**719.60**

General reserve is a free reserve which can be utilised for any purpose as may be required.

Particulars	As at March 31, 2025	As at March 31, 2024
v. Retained earnings		
Opening balance	220,608.74	153,788.67
Profit for the year	107,248.99	83,591.63
Less: Transfer to Statutory reserve	(21,449.80)	(16,718.33)
Less: Re-measurements of defined benefit plan	(293.29)	(53.23)
Closing balance	**306,114.64**	**220,608.74**

Retained earnings are the profits/(loss) that the Company has earned/incurred till March 31, 2025, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date. The amount that can be distributed by the Company as dividends to its Equity shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013 and the regulations of Reserve Bank of India.

vi. Effective portion of Cashflow Hedges		
Opening balance	(331.81)	(208.19)
Additions	3.13	(123.62)
Closing balance	**(328.68)**	**(331.81)**

Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges, which shall be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Company accounting policies.

24. Interest income

On financial assets measured at amortised cost

Interest on loans	269,292.32	206,861.17
Interest on deposits with banks	6,369.49	4,145.23
Interest on Investment in Government Securities	965.91	652.06
Total	**276,627.72**	**211,658.46**

25. Fees and commission income

Legal and inspection fees	1,258.85	948.64
Others charges	1,957.67	1,243.20
Total	**3,216.52**	**2,191.84**

Other Charges comprises of charges collected from the customers in the nature of document storage charges, cheque dishonour charges and other charges as applicable.

All services that generate revenue from contract with customer are rendered at a point in time and are rendered in India.

26. Net gain on fair value changes

Net gain on financial instruments at fair value through profit or loss (FVTPL)

On trading portfolio

Mutual fund investments	4,939.72	4,434.43
Total	**4,939.72**	**4,434.43**

Fair value changes

Realised	4,939.72	4,434.43
Unrealised	-	-
Total	**4,939.72**	**4,434.43**

27. Other Income

Recovery of assets written off	1,120.19	953.27
Other non-operating income	698.24	272.08
Total	**1,818.43**	**1,225.35**

Particulars	As at March 31, 2025	As at March 31, 2024
28. Finance costs		
(On financial liabilities measured at amortised cost)		
Interest on borrowings		
- term loans from banks	35,923.69	30,396.87
- cash credits and overdraft	9.88	3.43
- securitisation	11,661.63	10,095.09
- term loans from others	11,620.63	3,122.91
Interest on debt securities	7,037.16	2,844.20
Other borrowing cost	95.94	69.55
Interest on lease liability	449.14	317.52
Total	**66,798.07**	**46,849.57**
29. Impairment on financial instruments		
On financial assets measured at amortised cost		
Impairment loss allowance on loans*	8,896.52	5,536.42
Total	**8,896.52**	**5,536.42**

*Includes write-off of INR 5,421.37 lakhs for the year ended March 31, 2025 (for the year ended March 31, 2024 INR 784.33 lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
30. Employee benefits expenses		
Salaries and wages	45,255.79	37,174.07
Contribution to Provident and Other funds (refer note 41)	3,725.45	2,877.71
Employee stock option expenses	1,776.92	1,554.33
Staff welfare expenses	1,352.31	1,252.83
Total	**52,110.47**	**42,858.94**
31. Depreciation and amortization		
Depreciation on property, plant and equipment (Refer note 12)	1,192.02	1,011.95
Amortisation of intangible assets (Refer note 14)	275.10	291.04
Depreciation on right of use asset (Refer note 38)	1,570.79	1,154.13
Total	**3,037.91**	**2,457.12**
32. Other expenses		
Rent expense	219.25	74.24
Rates and taxes	252.34	135.51
Electricity expenses	299.20	232.28
Repairs and maintenance	874.29	682.30
Communication costs	1,395.01	1,180.60
Printing and stationery	638.86	746.92
Advertisement and publicity	33.72	83.68
Directors fees, allowances and expenses	107.91	79.68
Auditor's fees and expenses (Refer note 32.1)	133.00	148.29
Legal and professional charges	1,780.48	1,469.87
Insurance	15.24	18.29
Corporate social responsibility expenses (Refer note 32.2)	1,703.68	1,274.50
Travel expenses	1,528.22	869.50
Information technology expenses	3,243.88	2,809.61
Loss on sale of property, plant and equipment	8.17	2.15
Bank charges	400.73	372.90
Miscellaneous expenses	66.01	34.13
Total	**12,699.99**	**10,214.45**

Particulars	As at March 31, 2025	As at March 31, 2024
32.1. Auditor's fees and expenses (excluding taxes)		
Statutory audit and certificates	83.00	108.00
Limited reviews (refer note below)	40.00	30.00
Tax audit	2.00	2.00
Reimbursement of expenses (refer note below)	8.00	8.29
Total	**133.00**	**148.29**

Note:Includes remuneration amounting to INR 10.00 Lakhs towards limited review and INR 6.07 lakhs towards reimbursement of expenses paid to the erstwhile auditors of the Company during the FY 2024 - 25.

32.2. Corporate social responsibility expenses (CSR)

(a) Amount required to be spent by the Company during the year	1,702.82	1,271.19
(b) Amount of expenditure incurred during the year		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	1,703.68	1,274.50
(c) Shortfall at the end of the year	-	-
(d) Total of previous shortfall*	41.93	138.19
(e) Reason for shortfall	Not Applicable	Not Applicable
(f) Nature of CSR activities	Contribution towards projects in the domain of education and healthcare	Contribution towards projects in the domain of education and healthcare
(g) Details of related party transactions	Nil	Nil

*The amount categorised as shortfall for the year ended March 31, 2023 aggregating to INR 431.43 Lakhs, is towards the ongoing projects under the activities mentioned in Schedule VII of the Companies Act, 2013 and the same was approved by the CSR Committee at its meeting held on December 23, 2022 and March 18, 2023.

The Company has incurred an amount of INR 0.07 lakhs in excess of the CSR liability as per Section 135 of the Companies Act, 2013 for the year ended March 31, 2023 which has been adjusted against the unspent CSR of INR 42 lakhs (As at March 31, 2024 - INR 138.26 lakhs).

Details of ongoing projects

In case of S. 135(6) (Ongoing Project)

Year	Opening Balance			Amount spent during the year from		Closing Balance	
	With Company	In Separate CSR Unspent A/c	Amount required to be spent during the year	Company's bank A/c	Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
2022-23	-	138.26	-	-	96.26	-	42.00

Particulars	As at March 31, 2025	As at March 31, 2024
33. Income tax		
i. Current tax		
In respect of current year	37,160.64	29,883.16
Total	**37,160.64**	**29,883.16**
ii. Deferred tax		
Attributable to–		
Origination and reversal of temporary differences	(1,350.20)	(1,881.21)
Total	**(1,350.20)**	**(1,881.21)**
Tax expense (i)+(ii)	**35,810.44**	**28,001.95**

Particulars	As at March 31, 2025	As at March 31, 2024
33.1. Deferred tax related to the items recognised in other comprehensive income during the year		
Tax impact on:		
Re-measurements of the defined benefit plan	98.64	17.90
The effective portion of gain and loss on hedging instruments in a cash flow hedge	(1.05)	41.58
Deferred tax charged to Other Comprehensive Income	**97.59**	**59.48**
33.2. Reconciliation of total tax expense		
Profit before tax	143,059.43	111,593.58
Applicable tax rate	25.17%	25.17%
Computed tax expense	36,005.20	28,085.87
Tax effect of:		
Permanent Differences		
Deduction u/s 80JJAA of the Income Tax Act, 1961	(640.75)	(406.41)
Disallowance related to CSR expenditure	428.57	320.77
Others	17.42	1.72
Income tax expense recognised in statement of profit and loss	**35,810.44**	**28,001.95**
Effective tax rate	**25.03%**	**25.09%**

Particulars	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
34. Reconciliation of deferred tax assets / (liability):				
The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense				
For the year ended March 31, 2025 :				
Difference between written down value of Property plant & equipment and intangible assets as per books of accounts and income tax	240.98	142.46	-	383.44
Employee benefits expenses	1,239.95	(115.90)	98.64	1,222.69
Effective portion of cash flow hedges	111.59	-	(1.05)	110.54
Impairment on financial instruments	2,331.96	242.45	-	2,574.41
Impact of effective interest rate adjustment on financial assets	4,037.11	804.58	-	4,841.69
Impact of effective interest rate adjustment on financial liabilities	(734.08)	237.62	-	(496.46)
Recognition of lease liabilities and right to use asset	45.78	38.99	-	84.77
Total	**7,273.29**	**1,350.20**	**97.59**	**8,721.08**
For the year ended March 31, 2024 :				
Difference between written down value of Property plant & equipment and intangible assets as per books of accounts and income tax	227.26	13.72	-	240.98
Employee benefits expenses	847.17	374.88	17.90	1,239.95
Effective portion of cash flow hedges	70.01	-	41.58	111.59
Impairment on financial instruments	1,783.84	548.12	-	2,331.96
Impact of effective interest rate adjustment on financial assets	2,628.96	1,408.15	-	4,037.11
Impact of effective interest rate adjustment on financial liabilities	(265.97)	(468.11)	-	(734.08)
Recognition of lease liabilities and right to use asset	41.33	4.45	-	45.78
Total	**5,332.60**	**1,881.21**	**59.48**	**7,273.29**

Particulars	As at March 31, 2025	As at March 31, 2024

35. Commitments

Estimated amount of contracts remaining to be executed on capital account (net off capital advances) and not provided for	83.51	34.78

36. Contingent liabilities

Claims against the Company not acknowledged as debt		
- Goods and Service Tax related matters (excluding penalties and interest)	24.93	-
Bank Guarantee to National Stock Exchange in connection with the IPO	-	1,660.10

Future cash flows in respect of the above matters are determinable only on receipt of judgements/decisions pending at the respective forum/authority. Management is hopeful of successful outcome in the appellate proceedings. The Company is advised that the cases are likely to be disposed off in favour of the Company and hence no provision is considered necessary therefore.

37. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Under Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with management and confirmation sought from suppliers on registration with specified authority under MSMED, principal amount, interest accrued and remaining unpaid and interest paid during the year to such enterprise is as follows.

The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period		
Principal	115.36	-
Interest	-	-
The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

38. Leases

The Company has taken office premises on lease for its operations. The Company’s obligations under its leases are secured by the lessor’s title to the leased assets. The Company also has certain leases with lease terms of 12 months or less. The Company applies the ‘short-term lease’ recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities included under financial liabilities and the movements during the year:

i). Movement in carrying value of right of use assets

Opening Balance	**3,407.75**	**2,846.17**
Additions during the year	3,790.65	1,830.43
Depreciation	(1,570.79)	(1,154.13)
Derecognition on termination of leases	(117.51)	(114.72)
Closing Balance	**5,510.10**	**3,407.75**

Particulars	As at March 31, 2025	As at March 31, 2024
ii). Movement in lease liabilities		
Opening Balance	**3,599.93**	**2,986.05**
Additions during the year	3,736.49	1,798.51
Interest on lease liabilities	449.14	317.52
Lease payments	(1,931.80)	(1,381.86)
Derecognition on termination of leases	(129.38)	(120.29)
Closing Balance	**5,724.38**	**3,599.93**
iii). Amounts recognised in statement of profit and loss		
Rent expense on short term leases (Refer note 32)	219.25	74.24
Interest on lease liabilities (Refer note 28)	449.14	317.52
Depreciation on Right of use asset	1,570.79	1,154.13
Gain recognised on derecognition on termination of leases	(11.87)	(5.58)
iv). Future lease commitments		
Future undiscounted lease payments to which leases is not yet commenced	-	-
v). Cash flows		
Total cash outflow for leases	2,151.05	1,456.10
vi). Maturity analysis of undiscounted lease liabilities		
Not later than one year	2,014.28	1,487.77
Later than one year and not later than five years	4,097.75	2,643.44
Later than five years	851.40	172.37

39. Earnings per share

Profit after tax	107,248.99	83,591.63
Weighted Average Number of Equity Shares in calculation of basic earnings per share	292,936,920	291,832,446
Dilution on account of ESOP and partly-paid up shares	878,402	2,559,639
Weighted Average Number of Equity Shares in calculation of diluted earnings per share	293,815,323	294,392,085
Face value per share (INR)	1.00	1.00
Basic earnings per share (INR)	36.61	28.64
Diluted earnings per share (INR)	36.50	28.39

40. Segment Information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chairman and Managing Director ('CMD') to make decisions about resources to be allocated to the segments and assess their performance. The CMD is considered to be the Chief Operating Decision Maker ('CODM') within the purview of Ind AS 108 Operating Segments.

The CDM considers the entire business of the Company on a holistic basis to make operating decisions and thus there are no segregated operating segments. The Company is primarily engaged in providing loans for business purposes, house renovation / extension purposes and other mortgage purposes. The CODM of the Company reviews the operating results of the Company as a whole and therefore not more than one reportable segment is required to be disclosed by the Company as envisaged by Ind AS 108 Operating Segments. Accordingly, amounts appearing in these financial statements relates to small business loans and loans for house renovations / extensions etc.

The Company does not have any separate geographic segment other than India. As such there are no separate reportable segments as per Ind AS 108 Operating Segments.

41. Employee benefits - post employment benefit plans

A. Defined contribution plans

The Company makes provident fund and employee state insurance scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised INR 2,290.08 lakhs (year ended March 31, 2024 - INR 1,779.31 lakhs) for provident fund contributions, and INR 524.13 lakhs (year ended March 31, 2024 - INR 421.75 lakhs) for employee state insurance scheme contributions (refer note 30) in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

B. Defined benefit plans

Gratuity

The Company operates a defined benefit plan (the Gratuity plan) covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as Actuarial risk, Investment risk, Liquidity risk, Market risk, Legislative risk. These are discussed as follows:

Actuarial risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:
Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption then the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/ retire from the Company there can be strain on the cash flows.

Market risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Funding:

The Company has funded their gratuity liability with the Five-Star Business Finance Limited Employees Gratuity Fund. Gratuity provision has been made based on the actuarial valuation.

Particulars	As at March 31, 2025	As at March 31, 2024
Reconciliation of net defined benefit (asset) / liability		
The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components.		
Present value of obligations	3,542.96	2,488.62
Fair value of plan assets	(1,818.22)	(1,679.71)
Liability recognised in the balance sheet	**1,724.74**	**808.92**
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	2,488.63	1,793.23
Benefits paid	(254.42)	(135.14)
Current service cost	844.57	631.28
Interest cost	177.81	128.13
Actuarial (gain)/loss recognized in other comprehensive income		
changes in financial assumptions	115.45	(2.46)
experience adjustments	170.92	73.58
Balance at the end of the year	**3,542.96**	**2,488.63**
Expense recognized in profit or loss		
Current service cost	844.57	631.28
Net Interest cost	57.80	27.46
Total	**902.37**	**658.74**
Remeasurements recognized in other comprehensive income		
Actuarial (gain)/loss on defined benefit obligation		
changes in financial assumptions	115.45	(2.46)
experience adjustments	170.92	73.58
Return on plan assets excluding interest income	105.56	-
Total	**391.93**	**71.12**
Changes in the fair value of plan assets		
Fair value of plan assets as at the beginning of the year	1,679.71	1,408.90
Expected return on plan assets	120.01	100.67
Contributions	350.00	305.28
Benefits paid and charges deducted from the fund	(225.94)	(135.14)
Return on plan assets, excluding amount recognised in net interest expense	(105.56)	-
Fair value of plan assets as at the end of the year	**1,818.22**	**1,679.71**
Net defined benefit (asset)/liability	**1,724.74**	**808.92**
Actuarial assumptions		
Discount rate	6.50%	7.15%
Future salary growth	15.00%	15.00%
Attrition rate	25.00%	25.00%
Mortality Rate	100% Indian Assured Lives Mortality (2012-14)	100% Indian Assured Lives Mortality (2012-14)
Retirement age	58	58

Particulars	As at March 31, 2025	As at March 31, 2024
Sensitivity Analysis		
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:		
Discount rate		
-1% increase	(174.89)	(117.57)
-1% decrease	191.82	128.68
Attrition rate		
-1% increase	(80.22)	(46.71)
-1% decrease	74.48	50.28
Future salary growth		
-1% increase	155.94	111.74
-1% decrease	(164.88)	(105.62)
Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown		
Additional Disclosures required under Ind AS 19		
Average Duration of Defined Benefit Obligations (in Years)	5.00	5.00
Projected undiscounted expected benefit outgo		
Year 1	523.20	443.30
Year 2	527.24	375.92
Year 3	552.77	371.21
Year 4	527.01	375.87
Year 5	482.56	336.59
Next 5 Years	2,611.74	1,864.42
Expected benefit payments for the next annual reporting year	523.20	443.30
The major categories and fair values of plan assets at the end of the reporting period for each category are as follows:		
Insured funds: 100%		
Others: Nil		

42. Share Based Payments

A. Description of schemes

The decision to introduce Five-Star Associate Stock Option Scheme, 2015 (hereinafter called “FIVE-STAR ASOP, 2015”) was taken by the Board of Directors at the meeting held on September 18, 2015 and was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on April 12, 2016. The total options issuable under the plan are upto 5,63,000 options.

Later, the Board of Directors issued another scheme, named Five-Star Associate Stock Option Scheme, 2018 (hereinafter called “FIVE-STAR ASOP, 2018”) at their meeting held on February 28, 2018 and was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on March 26, 2018. The total options issuable under the plan are upto 5,00,000 options.

Nomination and Remuneration Committee constituted by the Board of Directors of the Company administers the plans. Under these plans, the participants are granted options which vest as per the schedule provided in the grant letter given to each of the participants. The time period for exercise of these options is defined in the scheme document.

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. The Company has granted 25,25,000 options under this scheme during the year ended March 31, 2025.

Particulars	For the year ended March 31, 2025		For the year ended March 31, 2024	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
B. Reconciliation of outstanding share options				
Outstanding at beginning of year	68.51	2,999,230	66.91	4,105,130
Forfeited during the year	639.58	167,890	25.78	22,800
Exercised during the year	66.75	1,977,880	63.97	10,83,100
Granted during the year	710.75	2,525,000	-	-
Outstanding as at end of year	521.16	3,378,460	68.51	2,999,230
Exercisable Options	**68.33**	**695,402**	**65.84**	**1,416,556**

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2025 is INR 711.59 per share (March 31, 2024: INR 703.19 per share)

Particulars	As at March 31, 2025	As at March 31, 2024
For the options outstanding at the end of the year:		
Weighted average remaining contractual life (in years)	5.80	5.14
Range of exercise prices (INR)	1 - 710.75	1-236.44
C. Expense recognised in the statement of profit and loss		
Expense arising from equity-settled share-based payment transactions	1,776.92	1,554.33
D. Measurement of fair values		

The fair value of options have been estimated on the dates of each grant using the Black Scholes model. The various inputs considered in the pricing model for the stock options granted by the Company during the year are as follows:

Share price on Grant date (INR)	710.75	
Weighted average share price (INR)	710.75	
Exercise price (INR)	710.75	
Fair value of options at grant date (INR)	259.74 ; 320.27	Not Applicable
Expected volatility*	28.60% ; 27.91%	
Option term	3 years; 5 years	
Expected dividends	NIL	
Risk free interest rate	6.90% ; 6.94%	

*The Company was recently listed on the stock exchange, and hence, there is no appropriate past share price volatility data. Therefore, the volatility has been determined based on the observed historical volatility of listed competitors / comparable companies.

43. Related party disclosures

a. Name of the related parties and nature of relationship:

Key Management Personnel :

D. Lakshmipathy, Chairman and Managing Director

K. Rangarajan, Chief Executive Officer upto August 17, 2024 and Chief Executive Officer & Joint Managing Director from August 17, 2024

G. Srikanth, Chief Financial Officer upto August 17, 2024 and Chief Financial Officer & Joint Managing Director from August 17, 2024

B. Shalini, Company Secretary (upto February 26, 2025)

Vigneshkumar. S. M, Company Secretary (from February 27, 2025)

Bhama Krishnamurthy, Independent Director

T.T. Srinivasaraghavan, Independent Director

V. Thirulokchand, Non-executive Director

R Anand, Independent Director

Vikram Vaidyanathan, Non- Executive Director (upto April 30, 2024)

G. V. Ravishankar, Non- Executive Director (upto April 30, 2024)

Ramkumar Ramamoorthy, Independent Director

Director and relative of Key Management Personnel / Director

Hema Lakshmipathy, wife of D. Lakshmipathy

Shritha Lakshmipathy, Daughter of D. Lakshmipathy

Entities with Significant Influence over the Company

TPG Asia VII SF Pte. Ltd. (upto November 17, 2022)

Matrix Partners India Investment Holding II LLC (upto April 30, 2024)

Peak XV Partners Investments V (earlier known as SCI Investments V) (upto April 30, 2024)

Post Employment Benefit Funds

Five-Star Business Finance Limited Employees Gratuity Fund

Particulars	As at March 31, 2025	As at March 31, 2024
b. Key management personnel (KMP) compensation		
Short-term employee benefits		
D. Lakshmipathy	1,037.06	906.07
K.Rangarajan	381.46	319.24
G.Srikanth	217.68	183.32
B.Shalini	44.72	26.40
Vigneshkumar. S. M	1.62	-
Post employment benefits		
D Lakshmipathy	0.22	0.22
K Rangarajan	0.22	0.22
G Srikanth	0.22	0.22
B Shalini	0.20	0.22
Vigneshkumar. S. M	0.02	-
Share based payments		
K Rangarajan	586.50	662.99
G Srikanth	399.25	382.26
B Shalini	(3.91)	7.94
c. Details of related party transactions		
Reimbursement of Expenses (from)		
TPG Asia VII SF Pte. Ltd.	-	19.95
Matrix Partners India Investment Holding II LLC	-	20.50
Peak XV Partners Investments V (earlier known as SCI Investments V)	-	4.75
Issue of shares		
K Rangarajan	17.38	5.87
G Srikanth	1.30	3.00
B Shalini	0.05	0.04
Securities Premium		
K Rangarajan	1,154.58	390.15
G Srikanth	86.37	199.32
B Shalini	7.74	6.43
*excludes transfer from Share Based Payment reserve to Securities Premium on exercise of employee stock options		
Directors sitting fees		
R Anand	9.40	9.00
Bhama Krishnamurthy	9.40	9.20
V Thirulokchand	4.40	5.00
T T Srinivasaraghavan	7.60	6.00
Ramkumar Ramamoorthy	8.20	6.40

Particulars	As at March 31, 2025	As at March 31, 2024
Commission to Directors		
R Anand	12.00	7.50
Bhama Krishnamurthy	12.00	7.50
V Thirulokchand	12.00	7.50
T T Srinivasaraghavan	12.00	7.50
Ramkumar Ramamoorthy	12.00	7.50
Payment towards gratuity fund		
Five-Star Business Finance Limited Employees Gratuity Fund	1,807.60	311.96
Receipts from gratuity fund		
Five-Star Business Finance Limited Employees Gratuity Fund	227.06	-

Managerial remuneration above does not include gratuity and compensated absences, since the same are provided on actuarial basis for the Company as a whole and the amount attributable to the key managerial personnel cannot be ascertained separately.

Compensation to independent and non-executive directors represent commission and sitting fees paid.

d. Balance with Related Parties

Employee Benefits Payable		
D Lakshmipathy	252.10	220.59
K Rangarajan	90.90	67.88
G Srikanth	51.80	24.97
B Shalini	-	1.80
Director Commission Payable		
R Anand	10.80	6.75
Bhama Krishnamurthy	10.80	6.75
V Thirulokchand	10.80	6.75
T T Srinivasaraghavan	10.80	6.75
Ramkumar Ramamoorthy	10.80	6.75

In addition to the above note, the debt securities and borrowings other than debt securities aggregating to INR 30,220.19 lakhs (INR 48,785.58 as at March 31, 2024) has been guaranteed by the promoter, Mr. D. Lakshmipathy.

44. Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reporting period.

Capital management

The primary capital management objective is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years with regard to capital management. However, they are under constant review by the Board.

Particulars	As at March 31, 2025	As at March 31, 2024
i. Net Debt to Equity Ratio		
Consistent with the others in industry, the Company monitors the capital on the basis of gearing ratio (Net Debt divided by Equity). Under the terms of the major borrowing facilities, the Company is required to maintain the gearing ratio in line with the RBI guidelines or in a slightly more conservative manner. The actual gearing stipulated differs between the various lending agreements. The Company has complied with this covenant through out the year.		
Total Equity (A)	630,460.67	519,615.47
Debt Securities (B)	78,178.40	29,535.38
Borrowings other than Debt Securities (C)	714,020.99	602,049.13
Cash and Cash equivalents (D)	149,716.05	153,439.93
Net Debt (E = B+ C - D)	**642,483.34**	**478,144.58**
Net Debt to Equity Ratio (F = E / A)	**1.02**	**0.92**
ii. Regulatory capital		
The Company has to mandatorily comply with the capital adequacy requirements stipulated by Reserve Bank of India from time to time. Capital adequacy ratio or capital-to-risk weighted assets ratio (CRAR) is computed by dividing Company's Tier I and Tier II capital by risk weighted assets.		
Tier I Capital	577,253.82	472,582.70
Tier II Capital	-	-
Total Capital	**577,253.82**	**472,582.70**
Total Risk Weighted Assets	1,152,170.65	935,760.97
Capital Ratios		
CRAR - Tier I Capital%	50.10	50.50
CRAR - Tier II Capital%	-	-
CRAR%	50.10	50.50
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

The Company has CRAR of 50.10% as of March 31, 2025 as against the CRAR of 15% mandated by RBI.

Tier I capital comprises of shareholders' equity and retained earnings. Tier II Capital comprises of general provision and loss reserves (12 month expected credit losses). Credit enhancement relating to securitisation transactions have been reduced from Tier I and Tier II capital in accordance with RBI circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. Tier I and Tier II Capital have been reported based on Financial Statements of the Company and as prescribed by RBI guidelines. Risk weighted assets represents the weighted sum of Company's credit exposures based on their risk as prescribed by RBI guidelines.

45. Fair Value Measurement

Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value disclosures are provided in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

The Following methodologies and and assumptions were used to estimate the fair values of the financial assets or liabilities

i) The fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product

ii) The fair value of Debt securities, Borrowings other than Debt securities and subordinated liabilities have estimated by discounting expected future cash flows discounting rates.

iii) The fair values of Debt Securities and Borrowings other than Debt securities are estimated by discounted cash flow models that incorporate interest cost estimates considering all significant characteristics of the borrowing. They are classified as Level 3 fair values in the fair value hierarchy due to the use of unobservable inputs

iv) The fair value of investment in Government securities are derived from rate equal to the rate near to the reporting date of the comparable product.

v) The fair value of Derivatives are determined using inputs that are directly or indirectly observable in market place.

Particulars	Level 1	Level 2	Level 3	Total
Fair Value of financial instruments recognised and measured at fair value				
As at March 31, 2025				
Financial Assets:				
Derivative Financial Instruments	-	676.16	-	676.16
Financial Liabilities:				
Derivative Financial Instruments	-	964.12	-	964.12
As at March 31, 2024				
Financial Assets:				
Derivative Financial Instruments	-	434.46	-	434.46
Financial Liabilities:				
Derivative Financial Instruments	-	60.87	-	60.87

46. Financial instruments by category

Particulars	Carrying amount			
	Amortised cost	Fair value through profit or loss	Other comprehensive income	Total carrying value
The carrying value and fair value of financial instruments by categories as of March 31, 2025 were as follows:				
Financial assets:				
Cash and cash equivalents	149,716.05	-	-	149,716.05
Bank balances other than cash and cash equivalents	65,797.86	-	-	65,797.86
Loans	1,168,679.03	-	-	1,168,679.03
Investments	21,222.30	-	-	21,222.30
Derivative financial instruments	-	-	676.16	676.16
Other financial assets	8,113.00	-	-	8,113.00
Total	**1,413,528.24**	**-**	**676.16**	**1,414,204.40**
Financial liabilities:				
Derivative financial instruments	-	-	964.12	964.12
Trade payables	2,671.86	-	-	2,671.86
Debt securities	78,178.40	-	-	78,178.40
Borrowings (Other than debt securities)	714,020.99	-	-	714,020.99
Other financial liabilities	9,463.96	-	-	9,463.96
Total	**804,335.21**	**-**	**964.12**	**805,299.33**
The carrying value and fair value of financial instruments by categories as of March 31, 2024 were as follows:				
Financial assets:				
Cash and cash equivalents	153,439.93	-	-	153,439.93
Bank balances other than cash and cash equivalents	13,727.54	-	-	13,727.54
Loans	968,507.25	-	-	968,507.25
Investments	10,768.73	-	-	10,768.73
Derivative financial instruments	-	-	434.46	434.46
Other financial assets	5,680.88	-	-	5,680.88
Total	**1,152,124.33**	**-**	**434.46**	**1,152,558.79**
Financial liabilities:				
Derivative financial instruments	-	-	60.87	60.87
Trade payables	2,531.63	-	-	2,531.63
Debt securities	29,535.38	-	-	29,535.38
Borrowings (Other than debt securities)	602,049.13	-	-	602,049.13
Other financial liabilities	9,976.69	-	-	9,976.69
Total	**644,092.83**	**-**	**60.87**	**644,153.70**

For all the Company's assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amounts approximates the fair value, except as stated below. Such estimation is determined based on inputs where one or more unobservable input is significant to the measurement of the instrument as a whole (level 3), except for cash and cash equivalents and bank balances other than cash and cash equivalents where such estimation is determined based on unadjusted quoted prices from active markets for identical assets (level 1). The fair value of investment, Loans, debt securities and borrowings other than debt securities as at March 31, 2025 amounted to INR 21,466.86 lakhs, INR 12,06,320.13 lakhs, INR 78,491.57 lakhs and INR 7,13,942.65 lakhs respectively.(As at March 31, 2024 amounted to INR 10,619.58 lakhs, INR 9,84,310.44 lakhs, INR 30,195.28 lakhs and INR 6,02,961.73 lakhs respectively). There is no transfers between different levels during the year.

Particulars	As at March 31, 2025	As at March 31, 2024
Transfer of financial assets		
The following table provides the summary of financial assets that have been transferred in such a way that the part or all of the transferred financial assets does not qualify for derecognition, together with the associated liabilities.		
The Company has securitised certain loans, however the Company has not transferred substantially the risks and rewards, hence these assets have not been derecognised in its entirety.		
Carrying amount of assets measured at amortised cost	159,302.96	132,488.72
Carrying amount of associated liabilities	132,592.88	108,900.96
Fair value of assets	160,266.57	134,172.00
Fair value of associated liabilities	132,360.03	109,397.39

47. Maturity Analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at March 31, 2025			As at March 31, 2024		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial Assets						
Cash and cash equivalents	149,716.05	-	149,716.05	153,439.93	-	153,439.93
Bank balances other than cash and cash equivalents	60,605.72	5,192.14	65,797.86	4,190.40	9,537.14	13,727.54
Loans	189,675.05	979,003.98	1,168,679.03	162,221.19	806,286.06	968,507.25
Investments	-	21,222.30	21,222.30	10,768.73	-	10,768.73
Derivative financial instruments	-	676.16	676.16	-	434.46	434.46
Other financial assets	935.92	7,177.08	8,113.00	940.40	4,740.48	5,680.88
	400,932.74	**1,013,271.66**	**1,414,204.40**	**331,560.65**	**820,998.14**	**1,152,558.79**
Non-Financial Assets						
Current tax assets (Net)	-	326.24	326.24	-	251.82	251.82
Deferred tax assets (Net)	-	8,721.08	8,721.08	-	7,273.29	7,273.29
Investment property	-	3.56	3.56	-	3.56	3.56
Property, plant and equipment	-	2,412.35	2,412.35	-	2,053.86	2,053.86
Right of use asset	-	5,510.10	5,510.10	-	3,407.75	3,407.75
Capital work-in-progress	-	6,236.10	6,236.10	-	-	-
Other intangible assets	-	713.24	713.24	-	968.54	968.54
Other non-financial assets	3,886.34	43.04	3,929.38	1,938.32	421.99	2,360.31
	3,886.34	**23,965.71**	**27,852.05**	**1,938.32**	**14,380.81**	**16,319.13**
Total Assets	**404,819.08**	**1,037,237.37**	**1,442,056.45**	**333,498.97**	**835,378.95**	**1,168,877.92**

Particulars	As at March 31, 2025			As at March 31, 2024		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Liabilities and Equity						
Financial Liabilities						
Derivative financial instruments	964.12	-	964.12	-	60.87	60.87
Payables						
Trade payables						
Total outstanding dues of micro and small enterprises	115.36	-	115.36	-	-	-
Total outstanding dues of creditors other than micro and small enterprises	2,556.50	-	2,556.50	2,531.63	-	2,531.63
Debt securities	2,526.42	75,651.98	78,178.40	4,019.20	25,516.18	29,535.38
Borrowings (other than debt securities)	194,828.52	519,192.47	714,020.99	151,973.62	450,075.51	602,049.13
Other financial liabilities	**5,657.59**	**3,806.37**	**9,463.96**	**7,582.37**	**2,388.52**	**9,976.69**
Total	**206,648.51**	**598,650.82**	**805,299.33**	**166,112.62**	**478,041.08**	**644,153.70**
Non-Financial Liabilities						
Current tax liabilities (Net)	865.79	-	865.79	1,748.86	-	1,748.86
Provisions	341.53	3,101.97	3,443.50	1,088.21	1,003.58	2,091.79
Other non-financial liabilities	1,987.16	-	1,987.16	1,268.10	-	1,268.10
Total	**3,194.48**	**3,101.97**	**6,296.45**	**4,105.17**	**1,003.58**	**5,108.75**
Total Liabilities	**209,842.99**	**601,752.79**	**811,595.78**	**170,217.79**	**479,044.66**	**649,262.45**
Net Assets / (Liabilities)			**630,460.67**			**519,615.47**

48. Financial risk management objectives and policies

The Company's principal financial liabilities primarily comprise of borrowings from banks, debentures and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loans, cash and cash equivalents that relate directly to its operations.

These activities exposes the Company to a variety of financial risks, as listed below apart from various operating and business risks, and the note below also explains how the Company manages such risks.

i) Market risk;
ii) Credit risk;
iii) Liquidity risk ; and
iv) Foreign Currency Risk
v) Information Technology Risk

This note explains the sources of risks arising from financial instruments which the entity is exposed to and how the Company manages the risk.

Risk management framework

The Company’s board of directors and risk management committee has overall responsibility for the establishment and oversight of the Company’s risk management framework. The board of directors and risk management committee along with the top management are responsible for developing and monitoring the Company’s risk management policies.

The Company’s risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company’s risk management committee oversees how management monitors compliance with the Company’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company’s performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

(i) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices which will affect the Companies income or the value of holdings of financial instruments. The Company does not have exposure to currency risk and security price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Interest rate risk

Interest rate risk primarily arises from borrowings with variable rates. The Company's borrowings are carried at amortised cost. The borrowings with fixed rates are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The interest rate profile of the Company's interest bearing financial instruments is as follows:

Particulars	As at March 31, 2025	As at March 31, 2024
Fixed rate instruments		
Financial assets	1,393,423.93	1,130,290.76
Financial liabilities	258,157.35	196,593.36
Total	**1,651,581.28**	**1,326,884.12**
Variable rate instruments		
Financial assets	-	-
Financial liabilities	534,042.04	434,991.15
Total	**534,042.04**	**434,991.15**

Particulars	Profit / loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Cash flow sensitivity analysis for variable-rate instruments:				
March 31, 2025				
Variable-rate instruments				
Cash flow sensitivity (net)	(4,337.84)	4,337.84	(3,246.01)	3,246.01
Total	**(4,337.84)**	**4,337.84**	**(3,246.01)**	**3,246.01**
March 31, 2024				
Variable-rate instruments				
Cash flow sensitivity (net)	(3,393.86)	3,393.86	(2,539.63)	2,539.63
Total	**(3,393.86)**	**(3,393.86)**	**(2,539.63)**	**(2,539.63)**

The sensitivity analysis above has been determined for borrowings where interest rates are variable. A 100 basis points increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

(ii) Credit risk

Loans and advances

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans advances and other financial assets. The carrying amount of financial assets represents the maximum credit exposure. The Company has Credit policy approved by the Board of Directors, and ECL policy approved by Board and Audit Committe which is subject to annual review. The ECL policy is based on the Ind AS 109 requirements and the regulatory requirements as prescribed by the Reserve Bank of India. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including periodical collateral revisions, as defined in the Credit policy. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The disclosure of maximum exposure to credit risk without taking into account any collateral held or other credit enhancements has not been provided for financial assets, as their carrying amount best represent the maximum exposure to credit risk. All the loans provided are secured against mortgage of land and/or building. The fair value of the collateral is determined on the guidelines prescribed in the collateral management policy as approved by the Board of Directors.

Impairment assessment - Expected credit loss ("ECL"):

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments. The Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

a. Probability of default ("PD")

b. Loss given default ("LGD")

c. Exposure at default ("EAD")

d. Discount factor ("D")

a. Probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from the internal data which is calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Vasicek Model was used to forecast the PD term structure over lifetime of loans. As per given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Company has worked out on PD based on the last six years historical data.

The PDs derived from the model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

The probability of default was calculated for 3 scenarios: best , worst and base. This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

Staging of loans:

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the loan has remained overdue for a period greater than 90 days.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the entire principal and interest overdue across all loan accounts of the customer are received. Such cured loans are classified as Stage 1 or 2 depending upon the days past due after such cure has taken place.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. The Company considers the credit risk to be directly proportional to the delinquency status i.e. days past due of the loan under consideration. No further adjustments are made in the PD.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months ECL
1-30 Days	Stage 1	12 Months ECL
31-90 Days	Stage 2	Lifetime ECL
90+ Days	Stage 3	Lifetime ECL

b. Loss given default

The credit risk assessment is based on a standardised loss given default (LGD) assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Company segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows.

Further recent data and forward-looking economic scenarios are used in order to determine the LGD rate for each of the homogeneous portfolios. When assessing forward-looking information, the expectation is based on multiple scenarios.

Under Ind AS 109, LGD rates are estimated for each of the homogeneous portfolios. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

c. Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account.

The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The Ind AS 109 PDs are then assigned to each economic scenario based on the outcome of models.

d. Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or Life-time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.The Company considers the credit risk to be directly proportional to the delinquency status i.e. days past due of the loan under consideration. No further adjustments are made in the PD.

When estimating ECLs on a collective basis for a group of similar assets the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition. (Refer Note-6.1 for analysis of changes in the gross carrying amount and the corresponding ECL allowances)

Grouping financial assets measured on a collective basis

The Company calculates ECL on a collective basis for all asset classes.
The Company combines these exposure into smaller homogeneous portfolios, based on the characteristics of the loans, as described below:
a). Geographic location
b). Ticket size

ECL computation:

Conditional ECL at DPD pool level was computed with the following method:
Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)
The Company measures ECL as the product of PD , LGD and EAD estimates for its Ind AS 109 specified financial assets.
The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities.
Proportion of expected credit loss provided for across the stage is summarised below:

Particulars	Provisions	As at March 31, 2025	As at March 31, 2024
Stage 1	12 month provision	0.34%	0.39%
Stage 2	Life time provision	5.11%	8.08%
Stage 3	Life time provision	51.31%	54.27%

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 3.5 Summary of significant accounting policies. ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components

The following tables outline the impact of multiple scenarios on the allowance based on macro-economic factors considered:

ECL Scenario	As at March 31, 2025	As at March 31, 2024
Best Case	18,171.98	15,197.42
Base Case	19,165.31	15,702.99
Worst Case	20,536.84	16,363.22

Analysis of credit concentration risks

The Company's concentrations of risk are managed by counterparty and geography. The maximum credit exposure to any individual client or counterparty as of March 31, 2025 was INR 44.53 Lakhs (March 31, 2024: INR 60.25 Lakhs).

The following table shows the risk concentration of loan portfolio by geography.

Geography	As at March 31, 2025	As at March 31, 2024
Tamil Nadu	340,339.47	300,961.73
Karnataka	72,907.71	60,554.37
Andhra Pradesh	446,979.04	355,175.06
Telangana	225,499.54	187,957.13
Others	101,978.02	59,410.77
Total	1,187,703.78	964,059.06

Note: The above risk concentration of loan portfolio excludes Inter-Corporate Deposits amounting to INR 308.35 lakhs as at March 31, 2025 (March 31, 2024- INR 20,306.14 lakhs).

Collateral

The Company holds collateral to mitigate credit risk associated with financial assets that are measured at amortised cost. The main types of collateral include residential and commercial properties and collateral can have a significant effect in mitigating the Company's credit risk.

Write Off

Financial assets are written off when the Company has no reasonable expectation of recovery or expected recovery in the medium term is not significant basis experience. Where the amount to be written off is greater than the accumulated loss allowance, the difference is recorded as an expense in the period of write-off.

Cash and bank balances

The Company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

Investments

Investments comprises of mutual funds and government securities in accordance with the investment policy. Govenment securitites have sovereign rating and mutual fund investments are made with counterparties with low credit risk. The credit worthiness is of these counterparties are evaluated on an ongoing basis.

Other Financial Assets

Other financial assets is primarily constituted by security deposits and other receivables. The Company does not expect any losses from non-performance by these counter-parties.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is bound to comply with the Asset Liability Management guidelines issued by Reserve Bank of India. The Company has Asset Liability Management policy approved by the board and has constituted Asset Liability Committee to oversee the liquidity risk management function of the Company. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's principal sources of liquidity are borrowings, cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

Particulars	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Exposure to liquidity risk					
The table below provides details regarding the undiscounted contractual maturities of financial liabilities and assets including interest as at March 31, 2025:					
Financial Liabilities					
Derivative Financial Instruments	964.12	964.12	-	-	-
Trade payables	2,671.86	2,671.86	-	-	-
Debt Securities	78,178.40	7,106.11	48,342.03	36,464.73	-
Borrowings (Other than Debt Securities)	714,020.99	254,657.40	226,268.70	352,526.60	29,331.99
Other financial liabilities	9,463.96	5,753.86	1,711.07	2,386.68	851.40
Total (A)	**805,299.33**	**271,153.35**	**276,321.80**	**391,378.01**	**30,183.39**
Financial Assets					
Cash and cash equivalents	149,716.05	149,716.05	-	-	-
Bank Balances other than cash and cash equivalents	65,797.86	61,642.99	2,655.99	2,808.84	-
Loans	1,168,679.03	461,306.93	426,398.97	959,290.79	211,700.96
Investments	21,222.30	-	-	24,963.30	-
Derivative Financial Instruments	676.16	-	-	676.16	-
Other Financial assets	8,113.00	940.31	4,786.58	2,954.09	72.94
Total (B)	**1,414,204.40**	**673,606.28**	**433,841.54**	**990,693.18**	**211,773.90**

The table below provides details regarding the undiscounted contractual maturities of financial liabilities and assets including interest as at March 31, 2024:

Particulars	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Liabilities					
Derivative Financial Instruments	60.87	-	-	60.87	-
Trade payables	2,531.63	2,537.43	-	-	-
Debt Securities	29,535.38	5,838.27	2,406.11	27,761.00	-
Borrowings (Other than Debt Securities)	602,049.13	202,130.22	180,717.49	328,690.54	20,628.95
Other financial liabilities	9,979.69	7,858.73	1,049.69	1,593.75	172.37
Total (A)	**644,153.70**	**218,364.65**	**184,173.29**	**358,106.16**	**20,801.32**
Financial Assets					
Cash and cash equivalents	153,439.93	153,439.93	-	-	-
Bank Balances other than cash and cash equivalents	13,727.54	4,104.88	3,487.46	5,428.21	1,390.28
Loans	968,507.25	387,868.69	347,462.49	790,046.99	192,639.01
Investments	10,768.73	10,938.88	-	-	-
Derivative Financial Instruments	434.46	-	-	434.46	-
Other Financial assets	5,680.88	950.08	182.70	4,692.34	182.63
Total (B)	**1,152,558.79**	**557,302.46**	**351,132.65**	**800,602.00**	**194,211.92**

(iv) Foreign Currency Risk

Foreign Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arise primarily on account of foreign currency borrowings. The Company manages this foreign currency risk by entering in to cross currency swaps . When a derivative is entered in to for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedged exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Company holds a derivative financial instrument of Cross currency swap to mitigate risk of changes in exchange rate in foreign currency

The Counterparty for the contracts are banks. Derivatives are fair valued using inputs that are directly or indirectly observable in market place.

Disclosure of Effects of Hedge Accounting

Cash Flow Hedge

Impact of hedging instrument on balance sheet is, as follows:

As on 31st March 2025

Foreign Exchange Risk on Cash Flow Hedge	No of Contracts	Nominal Value of Hedging Instrument INR Lakhs	Carrying Value INR Lakhs		Maturity Date	Changes in Fair Value of Hedging Instrument INR Lakhs	Changes in Value of Hedged Item used as a Basis for recognising hedge effectiveness	Line Item in Balance Sheet
		Liability	Asset	Liability				
Cross Currency Interest Rate Swap	2	9,322.80	676.16	-	March 30, 2022 to June 30, 2028	302.57	246.70	Hedged Item- Borrowings Hedging Instrument- Derivative Financial Instrument
Forward contract	2	51,105.13	-	964.12	April 30, 2025 to August 22, 2025	964.12	(746.99)	Hedged item - borrowings Hedging instrument- derivative financial instrument

Cash Flow Hedge	Change in the Value of hedging Instrument recognized in Other Comprehensive Income	Ineffectiveness recognised in Profit and Loss ₹ Lakhs	Amount reclassified from Cash Flow hedge reserve to Profit or Loss	Line item affected in statement of Profit and Loss because of the reclassification
Foreign Exchange risk and exchange rate risk	4.18	-	-	NA

As on 31st March 2024

Foreign Exchange Risk on Cash Flow Hedge	No of Contracts	Nominal Value of Hedging Instrument INR Lakhs	Carrying Value INR Lakhs		Maturity Date	Changes in Fair Value of Hedging Instrument INR Lakhs	Changes in Value of Hedged Item used as a Basis for recognising hedge effectiveness	Line Item in Balance Sheet
		Liability	Asset	Liability				
Cross Currency Interest Rate Swap	2	11,841.00	434.46	60.87	March 30, 2022 to June 30, 2028	27.50	193,69	Hedged Item- Borrowings Hedging Instrument- Derivative Financial Instrument (Asset)

Cash Flow Hedge	Change in the Value of hedging Instrument recognized in Other Comprehensive Income	Ineffectiveness recognised in Profit and Loss ₹ Lakhs	Amount reclassified from Cash Flow hedge reserve to Profit or Loss	Line item affected in statement of Profit and Loss because of the reclassification
Foreign Exchange risk and exchange rate risk	(165.20)	-	-	NA

(v) Information Technology Risk

Technology risk may arise from potential impact to IT systems and data because of hardware or software failure, human errors, as well as engineered cyber-attacks. In an era where technology is an imperative to drive efficiency, effectiveness and innovation, it becomes essential for the NBFC to have well-defined policies and procedures, necessary infrastructure and controls, and periodic audits to guard itself against any looming threats. The Company has implemented the Master Directions on Technology notified by the Reserve Bank of India and has put in place the necessary policies, procedures, controls and governance mechanisms to mitigate this risk. In addition, the Company also undergoes an IT audit by an independent firm on a yearly basis, has periodic vulnerability and penetration tests conducted by a third-party agency to identify and plug any loopholes in its technology infrastructure, process controls and remediation preparedness. The IT Strategy Committee of the Company (supported by IT Steering Committee and Information Security Committee) looks into all these aspects to protect the Company's technology and data assets, and ensure adequate preparedness to manage these risks.

49. Disclosures required as per RBI Circulars/Directives

A. Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Particulars	As at March 31, 2025		As at March 31, 2024	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side				
1. Loans and Advances availed by the non-banking financial company, inclusive of interest accrued thereon but not paid^				
a. Debentures				
i. Secured	78,460.45	-	29,794.20	-
ii. Unsecured	-	-	-	-
b. Deferred Credits	-	-	-	-
c. Term Loans*	709,520.41	-	596,258.09	-
d. Inter-corporate loans and borrowings	-	-	-	-
e. Commercial Paper	-	-	-	-
f. Public Deposits	-	-	-	-
g. Other loans				
i). Loans repayable on demand (secured) - From Banks	-	-	80.55	-
ii). Loans from related parties (unsecured)	-	-	-	-
iii). Term Loans from other parties (unsecured)	6,838.85		8,340.50	-
2. Break-up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :				
a. In the form of Unsecured debentures	-	-	-	-
b. In the form of party secured debentures i.e debentures	-	-	-	-
where there is a shortfall in the value of security				
c. Other public deposits	-	-	-	-

* includes borrowings under securitisation

^ The balances considered are without effective interest rate adjustments.

Particulars	As at March 31, 2025	As at March 31, 2024
Assets side		
3. Break-up of Loans and Advances, including Bills Receivables		
a. Secured(net of impairment loss allowance)	1,168,371.91	948,282.35
b. Unsecured	307.12	20,224.90
4. Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities		
(i). Leased assets including lease rentals under Receivables		
a. Financial lease	-	-
b. Operating lease	-	-
(ii). Stock on hire including hire charges under Receivables		
a. Assets on hire	-	-
b. Repossessed assets	-	-

Particulars	As at March 31, 2025	As at March 31, 2024
(iii). Other loans counting towards AFC activities		
a. Loans where assets have been repossessed (net)	-	-
b. Loans other than (i) above	-	-

5. Break-up of Investments

a. Current Investments

Particulars	As at March 31, 2025	As at March 31, 2024
1. Quoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities*	-	10,768.73
v. Others	-	-

* Includes investments in Treasury Bills, Government of India Strips and Government of India Fixed Rate Bonds.

Particulars	As at March 31, 2025	As at March 31, 2024
2. Unquoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities*	-	-
v. Others	-	-

b. Long-term Investments

Particulars	As at March 31, 2025	As at March 31, 2024
1. Quoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities*	21,222.30	-
v. Others	-	-
2. Unquoted		
i. Shares		
a. Equity	-	-
b. Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others	-	-

* Includes investments in Treasury Bills, Government of India Strips and Government of India Fixed Rate Bonds.

Particulars	Amount [Net of Provisions]			
	As at March 31, 2025		As at March 31, 2024	
	Total	Secured	Total	Secured
6. Borrower group-wise classification of assets financed in 3 and 4 above				
a. Related Parties	-	-	-	-
i. Subsidiaries	-	-	-	-
ii. Companies in the same group	-	-	-	-
iii. Other Related Parties	-	-	-	-
b. Other than Related Parties	1,168,679.03	1,168,371.91	968,507.25	948,282.33
Total	**1,168,679.03**	**1,168,371.91**	**968,507.25**	**948,201.11**

Category	As atMarch 31, 2025		As at March 31, 2024	
	Market value / breakup or Fair value or NAV	Book Value (Net of Provisions)	Market value / breakup or Fair value or NAV	Book Value (Net of Provisions)
7. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)				
a. Related Parties	-	-	-	-
i. Subsidiaries	-	-	-	-
ii. Companies in the same group	-	-	-	-
iii. Other Related Parties	-	-	-	-
b. Other than Related Parties	21,466.86	21,222.30	10,619.58	10,768.73
Total	**21,466.86**	**21,222.30**	**10,619.58**	**10,768.73**

Particulars	As at March 31, 2025	As at March 31, 2024
8. Other Informations		
a. Gross Non-Performing Assets (stage 3 assets)		
i. Related Parties	-	-
ii. Other than Related Parties	21,231.56	13,283.99
b. Net Non-Performing Assets (stage 3 assets)		
i. Related Parties	-	-
ii. Other than Related Parties	10,337.48	6,075.36
c. Assets acquired in satisfaction of debt	-	-

Disclosure pursuant to Reserve Bank of India Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023

B. Derivatives (Forward rate agreement / interest rate swap)

(i) Notional Principal of Swap Accounts	60,427.93	11,841.00
(ii) Losses which would be incurred of counter parties failed to fulfill their obligations under the agreement	-	-
(iii) Collateral required by the applicable NBFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from Swaps	-	-
(v) The fair value of the swap Book	(287.96)	373.59

The Company has hedged its foreign currency borrowings through cross currency swaps. For Accounting Policy & Risk Management Policy. (Refer note no. 3.22 and 48(iv))

Exchange traded interest rate derivatives

The Company has not traded in exchange traded interest rate derivative during the current and previous year.

Particulars	As at March 31, 2025	As at March 31, 2024
Disclosures on risk exposure in derivatives		
Qualitative Disclosure		
Details for qualitative disclosure are part of accounting policy as per financial statements. (refer note no. 3.22)		
(i) Derivatives (notional principal amount) for hedging	60,427.93	11,841.00
(ii) Marked to market positions		
(a) Asset	676.16	434.46
(b) Liability	964.12	60.87
(iii) Credit Exposure	-	-
(iv) Unhedged Exposures	-	-
C. Investments		
1. Value of Investments		
i. Gross value of investments		
a. In India	21,222.30	10,768.73
b. Outside India	-	-
ii. Provision for depreciation		
a. In India	-	-
b. Outside India	-	-
iii. Net value of investments		
a. In India	21,222.30	10,768.73
b. Outside India	-	-
2. Movement of provisions held towards depreciation on investments		
i. Opening balance	-	-
ii. Add : Provisions made during the year	-	-
iii. Less : Write-off / write-back of excess provisions during the year	-	-
iv. Closing balance	-	-
D. Exposure to Real Estate Sector		
1. Direct exposure		
i. Residential Mortgages*		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	1,184,716.72	960,483.80
ii. Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.).	2,987.06	3,575.26
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	-	-
b. Commercial Real Estate	-	-
2. Indirect Exposure	-	-
Total exposure to Real Estate sector (gross)	**1,187,703.78**	**964,059.06**

* Represents gross carrying amount as at the reporting date which are secured by underlying mortgaged properties.

Note: The above exposure excludes Inter-Corporate Deposits amounting to INR. 308.35 lakhs as at March 31, 2025 (INR. 20,306.14 lakhs as at March 31, 2024).

E. Customer Complaints

No. of complaints pending at the beginning of the year	13	-
No. of complaints received during the year	356	152
No. of complaints redressed during the year	355	139
No. of complaints pending at the end of the year	14	13

F. Exposure to Capital Market

The Company does not have any exposure to capital market and hence this disclosure is not applicable.

Particulars	As at March 31, 2025	As at March 31, 2024
G. Concentration of Advances		
Total Advances to twenty largest borrowers	777.17	744.27
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.07%	0.08%

Note: The above concentration of advances excludes inter-corporate deposits amounting to INR 308.35 lakhs as at March 31, 2025 (INR 20,306.14 lakhs as at March 31, 2024).

H. Concentration of exposures		
Total exposure to twenty largest borrowers	777.17	744.27
Percentage of exposures to twenty largest borrowers to Total exposure of the NBFC	0.07%	0.08%

The above exposure denotes gross carrying amount

Note: The above concentration of exposure excludes inter-corporate deposits amounting to INR 308.35 lakhs as at March 31, 2025 (INR 20,306.14 lakhs as at March 31, 2024).

I. Concentration of NPAs (Stage 3 assets)		
Total exposure to top four NPA accounts(Stage 3 assets)	95.29	86.23

J. Ratings assigned by Credit Rating Agencies

The Credit Analysis & Research Limited (CARE), CRISIL Limited (CRISIL) and ICRA Limited (ICRA) have assigned ratings for the various facilities availed by the Company, details of which are given below:

Commercial Paper		
- CARE	A1+	A1+
Long term Bank Facilities		
- CARE	AA-	AA-
- ICRA	AA-	AA-
- India Rating	AA-	AA-
Short term bank facilities		
- CARE	A1+	A1+
Non Convertible Debentures		
- India Rating	AA-	AA-
- ICRA	AA-	AA-

K. Sector-wise Gross NPAs (Stage 3 assets)		
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	-	-
Services*	2.11%	1.56%
Unsecured personal loans	-	-
Auto loans (commercial vehicles)	-	-
Other personal loans	1.41%	1.12%

* Represents small business loans given to borrowers involved in manufacturing/service sectors.

The above sector-wise NPA and advances is based on the data available with the company.

L. Movement of NPAs (Stage 3 assets)		
Gross NPAs to Net Advances (%)	**1.79%**	**1.38%**
Net NPAs to Net Advances (%)	**0.88%**	**0.63%**
Movement of NPAs (Gross)		
(a) Opening balance	13,283.99	9,393.85
(b) Additions during the year	15,829.81	6,463.74
(c) Reductions during the year*	(7,882.24)	(2,573.60)
(e) Closing balance	**21,231.56**	**13,283.99**

Particulars	As at March 31, 2025	As at March 31, 2024
Movement of Net NPAs		
(a) Opening balance	6,075.36	4,759.66
(b) Additions during the year	5,740.40	2,287.75
(c) Reductions during the year	(1,478.28)	(972.05)
(d) Closing balance	**10,337.48**	**6,075.36**
Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	7,208.63	4,634.19
(b) Provisions made during the year	10,089.41	4,175.99
(c) Write-off / write-back of excess provisions	(6,403.96)	(1,601.55)
(d) Closing balance	**10,894.08**	**7,208.63**

*Includes write-off of INR 5,421.37 lakhs for the year ended March 31, 2025 (for the year ended March 31, 2024 INR 784.33 lakhs).

Regulator	Registration No.
M. Other Regulator - Registration details	
i. Ministry of Corporate Affairs	L65991TN1984PLC010844
ii. Reserve Bank of India	B-07.00286
iii. National Housing Bank*	05.0134.16

*Certificate of Registration has been surrendered to NHB on June 5, 2020

N. Disclosure of penalties imposed by RBI and other regulators

The Company has paid a penalty of INR 1,57,756 imposed by GST Authority, during the year ended March 31, 2025. There were no penalties imposed on the Company for the year ended March 31, 2024.

O. Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL)

The Company has not exceeded the single borrower limit (SGL)/ group borrower limit (GBL) during the year ended March 31, 2025 and March 31, 2024.

P. Overseas assets (for those with joint ventures and subsidiaries abroad)

The Company does not have any joint ventures and subsidiaries abroad during the year ended March 31, 2025 and March 31, 2024 and hence this disclosure is not applicable.

Q. Details of financing of parent company products

The Company does not have a parent company and hence this disclosure is not applicable.

R. Details of non-performing financial assets purchased/ sold

The Company has not purchased any non-performing assets during the financial year ended March 31, 2025 and March 31, 2024.

S. Details of unsecured advances

The Company has unsecured intercorporate deposits amounting to INR 308.35 lakhs as at March 31, 2025 (March 31, 2024 - INR 20,306.14 lakhs). The company has not financed any unsecured advances against intangible securities such as rights, licenses, authority etc. as collateral security.

T. Off-Balance Sheet SPVs sponsored

The Company does not have Off-Balance Sheet SPVs sponsored, which are required to be consolidated as per the accounting norms, during the financial year ended March 31, 2025 and March 31, 2024.

U. Remuneration to non-executive directors

The Company has incurred commission of INR 60.00 Lakhs and sitting fee of INR 39.00 lakhs during the year ended March 31, 2025, (March 31, 2024: commission - INR 37.50 lakhs, sitting fee - INR 35.60 lakhs)

V. Draw down from reserves

The Company has not made any draw down from reserves during the year ended March 31, 2025 and March 31, 2024.

Particulars	As at March 31, 2025	As at March 31, 2024
W. Provisions and Contingencies		
Category-wise Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss (including other comprehensive Income)		
Provisions for depreciation on investment	-	-
Provision towards non-performing assets*	9,106.82	3,358.76
Provision made towards income tax	37,160.64	29,883.16
Provision for compensated absences	1,636.78	1,358.66
Provision for gratuity	1,294.30	729.87
Provision for standard assets#	(210.30)	2,177.66

* Represents impairment loss allowance on stage 3 assets - Includes write-off of INR 5,421.37 lakhs (March 31, 2024 - INR 784.33 lakhs)
# Represents impairment loss allowance on stage 1 and stage 2 assets.

X. Gold Loan Portfolio

The Company has not provided loan against gold during the year ended March 31, 2025 and March 31, 2024.

Y. Related Party Transaction

Details of all material transactions with related parties are disclosed in Note 43

Z. Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items that have impact on the current year's profit and loss.

AA. Revenue Recognition

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

AB. Ind As 110 – Consolidated Financial Statements (CFS)

The Company does not have any Subsidiary, Associate or Joint venture and hence is not required to prepare Consolidated financial statement.

AC. Public disclosure on Liquidity Risk

S.No.	No. of Significant Counterparties	Amount (₹ in lakhs)	% of Total Liabilities
(i) Funding Concentration based on significant counterparty (borrowings)			
1	25	703,864.75	86.73%

(ii) Top 20 large deposits (amount in Rs. and % of total deposits): Not Applicable

(iii) Top 10 borrowings (amount in Rs. and % of total borrowings)

S.No.	Name of the Facility	Amount (₹ in lakhs)	% of Total Borrowings
1	Total of top 10 borrowings	312,220.00	39.41%

S.No.	Name of the Instrument/Product	Amount (₹ in lakhs)	% of Total Liabilities
(iv) Funding Concentration based on significant instrument/product			
1	Non-Convertible Debentures	78,178.40	9.63%
2	Term Loan	574,616.47	70.80%
3	Securitisation	132,592.88	16.34%
4	External commercial borrowings	6,811.65	0.84%

S.No.	Name of the Instrument/Product	Percentage
(v) Stock Ratios		
1	Commercial papers as a % of total public funds, total liabilities and total assets	Nil
2	Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets	Nil
3	Other short-term liabilities, if any as a % of total public funds	26.09%
4	Other short-term liabilities, if any as a % of total liabilities	25.46%
5	Other short-term liabilities, if any as a % of total assets	14.45%

(vi) Institutional set-up for liquidity risk management

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of availing funding in line with the tenor and repayment pattern of its receivables and monitors future cash flows and liquidity on a daily basis. The Company has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of unencumbered receivables which could be used to secure funding by way of assignment if required. The Company also has lines of credit that it can access to meet liquidity needs. These are reviewed by the Asset Liability Committee (ALCO) on a monthly basis. The ALCO provides strategic direction and guidance on liquidity risk management. A sub-committee of the ALCO, comprising members from the Treasury and Risk functions, monitor liquidity risks on a monthly basis and decisions are taken on the funding plan and levels of investible surplus, from the ALM perspective. This sets the boundaries for daily cash flow management.

Definitions:

"Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the total liabilities.

"Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the total liabilities.

Public funds includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of Commercial Papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue.

Total assets represents total assets as per the Balance Sheet netted off by intangible assets.

49. Disclosures required as per RBI Circulars/Directives

Disclosure pursuant to Reserve Bank of India Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023

AD. Asset Liability Management - Maturity pattern of certain items of assets and liabilities

As at March 31, 2025

Particulars	1-7 Days	8-14 Days	15-31 Days	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
Advances*	88.13	1.02	13,815.97	14,043.29	14,226.99	46,282.02	101,217.63	417,982.18	400,385.68	189,192.78	1,197,235.69
Investments	-	-	-	-	-	-	-	21,222.30	-	-	21,222.30
Borrowings	1,780.15	501.95	11,925.72	11,566.46	21,809.29	48,597.80	98,947.26	397,207.83	171,879.88	23,765.97	787,982.31
Foreign Currency Liabilities	-	-	-	-	-	1,709.35	1,709.35	3,418.70	-	-	6,837.40

*The above advances excludes Inter-Corporate Deposits amounting to INR 308.35 lakhs as at March 31, 2025

As at March 31, 2024

Particulars	1-7 Days	8-14 Days	15-31 Days	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
Advances*	4.25	0.83	10,064.24	10,906.51	11,085.18	35,635.29	78,030.73	338,978.49	318,850.87	169,977.45	973,533.84
Investments	-	-	-	10.80	4,244.98	6,512.94	-	-	-	-	10,768.73
Borrowings	1,532.90	3,264.08	8,121.85	10,759.34	15,839.99	37,739.73	77,076.81	292,020.55	160,395.98	19,381.61	626,132.84
Foreign Currency Liabilities	-	-	-	-	-	-	1,668.10	6,672.40	-	-	8,340.50

*The above advances excludes Inter-Corporate Deposits amounting to INR 20,306.14 lakhs as at March 31, 2024

Notes:

- The balances considered are without netting of impairment loss allowance (for stage 1 and stage 2 assets) and effective interest rate adjustments
- The classification of various components of assets and liabilities into different time buckets disclosed in the “Asset Liability Management - Maturity pattern of certain items of assets and liabilities” table above is based on RBI Directions.

AE. Disclosures in respect of fraud as per the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023

Particulars	Less than INR 1 Lakh		More than INR 1 Lakh less than INR 25 Lakh		Above INR 25 Lakh		Total	
	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs	Number of Instances	₹ in lakhs
Staff	1	0.97	-	-	-	-	1	0.97
Outsiders	-	-	-	-	-	-	-	-
Total	**1**	**0.97**	**-**	**-**	**-**	**-**	**1**	**0.97**
Type of fraud:								
Cash Mishandling	1	0.97	-	-	-	-	1	0.97
Theft/Burglary	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Total	**1**	**0.97**	**-**	**-**	**-**	**-**	**1**	**0.97**

49. Disclosures required as per RBI Circulars/Directives

AF. Disclosures Pursuant to Reserve Bank of India Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023

As per the guidelines on liquidity risk management framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20, all non-deposit taking NBFCs with asset size more than INR 5,000 crores are required to maintain liquidity coverage ratio (LCR) from December 1, 2022, with the minimum LCR to be 60%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024.

Particulars	Quarter ended 30 June 2024		Quarter ended 30 September 2024		Quarter ended 31 December 2024		Quarter ended 31 March 2025	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (comprise of cash on hand and demand deposits with Scheduled Commercial Banks and unencumbered Government Securities)	22,888.77	22,888.77	20,153.20	20,153.20	32,197.32	32,197.32	32,957.54	32,957.54
Cash outflows								
2. Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3. Unsecured wholesale funding	-	-	-	-	-	-	-	-
4. Secured wholesale funding	18,211.83	20,943.61	19,531.26	22,460.95	22,687.25	26,090.34	24,284.61	27,927.30
5. Additional requirements, of which	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures an other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss on funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding obligations	-	-	-	-	-	-	-	-
7. Other contingent funding obligations	7,391.83	8,500.60	7,990.15	9,188.67	7,882.27	9,064.61	8,071.84	9,282.61
8. Total cash outflows	**25,603.66**	**29,444.21**	**27,521.41**	**31,649.62**	**30,569.52**	**35,154.95**	**32,356.45**	**37,209.91**
Cash Inflows								
9. Secured Lending	30,565.17	22,923.88	31,900.76	23,925.57	34,210.40	25,657.80	34,518.23	25,888.67
10. Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11. Other cash inflows	141,434.72	106,076.04	118,847.05	89,135.29	91,192.45	68,394.34	93,375.73	70,031.80
12. Total cash inflows	**171,999.89**	**128,999.92**	**150,747.81**	**113,060.86**	**125,402.85**	**94,052.14**	**127,893.96**	**95,920.47**
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13. Total HQLA		**22,888.77**		**20,153.20**		**32,197.32**		**32,957.54**
14. Total Net cash outflows		**7,361.05**		**7,912.41**		**8,788.74**		**9,302.48**
15. Liquidity Coverage Ratio (%)		**311%**		**255%**		**366%**		**354%**

Particulars	Quarter ended 30 June 2023		Quarter ended 30 September 2023		Quarter ended 31 December 2023		Quarter ended 31 March 2024	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (comprise of cash on hand and demand deposits with Scheduled Commercial Banks and unencumbered Government Securities)	25,147.15	25,147.15	23,392.89	23,392.89	24,723.90	24,723.90	23,675.28	23,675.28
Cash outflows								
2. Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3. Unsecured wholesale funding	-	-	-	-	-	-	-	-
4. Secured wholesale funding	21,196.97	24,376.51	15,302.91	17,598.35	14,950.59	17,193.18	18,075.71	20,787.07
5. Additional requirements, of which	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures an other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss on funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding obligations	-	-	-	-	-	-	-	-
7. Other contingent funding obligations	6,641.61	7,637.85	5,919.44	6,807.36	6,840.30	7,866.34	7,974.12	9,170.23
8. Total cash outflows	**27,838.58**	**32,014.36**	**21,222.35**	**24,405.71**	**21,790.89**	**25,059.52**	**26,049.83**	**29,957.30**
Cash Inflows								
9. Secured Lending	21,761.66	16,321.25	23,746.75	17,810.06	25,729.97	19,297.48	27,837.29	20,877.97
10. Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11. Other cash inflows	90,193.58	67,645.18	89,566.44	67,174.83	116,682.42	87,511.81	104,475.96	78,356.97
12. Total cash inflows	**111,955.24**	**83,966.43**	**113,313.19**	**84,984.89**	**142,412.39**	**106,809.29**	**132,313.25**	**99,234.94**
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13. Total HQLA		**25,147.15**		**23,392.89**		**24,723.90**		**23,675.28**
14. Total Net cash outflows		**8,003.59**		**6,101.43**		**6,264.88**		**7,489.33**
15. Liquidity Coverage Ratio (%)		**314%**		**383%**		**395%**		**316%**

Notes:

1. The average weighted and unweighted amounts are calculated based on simple average of daily observations for the quarters ended June 30, 2024, September 30, 2024, December 31, 2024 and March 31, 2025. The weightage factor applied to compute weighted average value is constant for all the quarters.
2. Prior to introduction of LCR framework, the company used to maintain a substantial share of its liquidity in form of fixed deposits with banks and investment in mutual funds. Post the introduction of LCR framework, the Company has consciously worked towards increasing its investment in High Quality Liquid Assets (HQLA) as per the RBI guidelines.
3. Weighted values have been calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.
4. RBI has mandated minimum liquidity coverage ratio (LCR) of 60% to be maintained by December 2022, which is to be gradually increased to 100% by December 2024. The Company has LCR of 354% as of March 31, 2025 as against the LCR of 100% mandated by RBI.

Qualitative information:

1. The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio (LCR), which aim to ensure that an NBFC maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.
2. LCR = Stock of High-Quality Liquid Assets (HQLAs)/Total Net Cash Outflows over the next 30 calendar days.
3. HQLAs comprise of cash on hand, demand deposits with Scheduled Commercial Banks and Unencumbered government securities.
4. Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows - [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).
5. Other cash inflows" include mutual funds and callable fixed deposits maturing within 30 days.
6. The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Management Committee (ALCO) oversees the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/limits set by the Board.
7. The Company maintains a funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has prudential limits on investments in different instruments. There is no currency mismatch in the LCR. The above is periodically monitored by ALCO.

49. Disclosures required as per RBI Circulars/Directives

AG. 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 05, 2021 for the 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 year (A)	Of (A), aggregate debt that slipped into NPA during the year	Of (A) amount written off during the year	Of (A) amount paid by the borrowers during the year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the year
Personal Loans	1,375.10	138.14	-	243.54	993.42
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	2,425.91	393.32	-	421.17	1,611.42
Total	3,801.01	531.46	-	664.71	2,604.84

*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.

Particulars	As at March 31, 2025	As at March 31, 2024
AH. Disclosure pertaining to RBI Master Direction - RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021		
Details of Securitisation during the year Securitisation of Assets		
1. No of Special Purpose Vehicle's (SPV's) sponsored by the NBFC for securitisation transactions (Nos.)	13.00	13.00
2. Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	133,119.53	109,052.11
3. Total amount of exposures retained by the NBFC to comply with Minimum Retention Ratio (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
- First loss	44,758.62	34,545.83
- Others	-	-
4. Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	-	-
- Others (Receivables from SPV's for Assets De-recognised)	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
5. Sale consideration received for securitised assets and gain or loss on account of sale of Securitisation during the year	75,000.00	58,416.82
6. Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.		
- First loss	44,758.62	34,545.83
- Others	-	-
7. Performance of facility provided (Credit Enhancement)		
(a) Amount Paid	-	-
(b) Repayment received	-	-
(c) Outstanding Amount	44,758.62	34,545.83
8. Average default rate of portfolio*		
(a) Loan agaisnt property	0.03%- 0.80%	0.03%- 0.80%
9. Additional/top up loan given on the same underlying asset.		
- Amount (Lakhs)	6,595.27	5,419.47
- Number	3,760.00	3,223.00
10. Investor Complaints		
(a) Received	-	-
(b) Outstanding	-	-

The Company had additionally consummated 2 transactions during the financial year ended March 31, 2021 under the partial credit guarantee scheme of the Government of India. The above disclosure does not include the details pertaining to these transactions. The amount payable towards such transactions as at March 2025 aggregates to INR NIL lakhs. (As at March 31, 2024 - INR 454.24 lakhs) and first loss credit enhancement towards such transactions as at March 31, 2025 is INR NIL lakhs (As at March 31, 2024 - INR 5,870.37 lakhs)

*The period considered is from the date of initiation of the securitisation transactions till the period then ended.

AI. Disclosure pertaining to RBI Master Direction - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021

Details of Assignments during the year

Details of Assignments during the year

a) The Company has not transferred any loans during year ended March 31, 2025.

b) The Company has not acquired any loans (not in default) through assignment during the financial year ended March 31, 2025.

c) The Company has neither acquired nor transferred any stressed loans during the year ended March 31, 2025.

The securitised loans disclosed in the above notes (i.e 49-AH) do not qualify for de-recognition under Ind-AS. Nevertheless, the information in the notes is presented to ensure compliance with the RBI disclosure requirements.

The Company has neither entered into any assignment transaction nor sold financial assets to securitisation / reconstruction company for asset reconstruction. Hence the related disclosures are not applicable.

Disclosure pursuant to Reserve Bank of India Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016

Comparison between Ind AS 109 provisions and IRACP norms

Asset Classification as per RBI norms	Asset Classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
As at March 31, 2025						
Performing assets						
Standard assets	Stage 1	1,073,363.84	3,668.19	1,069,695.65	4,429.62	(761.43)
	Stage 2	93,416.73	4,770.83	88,645.90	508.40	4,262.43
Subtotal		**1,166,780.57**	**8,439.02**	**1,158,341.55**	**4,938.02**	**3,501.00**
Non -Performing assets*						
Substandard	Stage 3	15,313.15	5,494.07	9,819.08	1,304.43	4,189.64
		15,313.15	**5,494.07**	**9,819.08**	**1,304.43**	**4,189.64**
Doubtful						
Upto 1 year	Stage 3	4,342.89	3,824.49	518.40	654.70	3,169.79
1 to 3 years	Stage 3	1,541.69	1,541.69	-	332.68	1,209.01
More than 3 years	Stage 3	33.83	33.83	-	12.39	21.44
Subtotal for doubtful		**5,918.41**	**5,400.01**	**518.40**	**999.77**	**4,400.24**
Loss assets	Stage 3	-	-	-	-	-
Subtotal for NPA		**21,231.56**	**10,894.08**	**10,337.48**	**2,304.20**	**8,589.88**
Total		**1,188,012.13**	**19,333.10**	**1,168,679.03**	**7,242.22**	**12,090.88**
As at March 31, 2024						
Performing assets						
Standard assets	Stage 1	908,327.22	3,576.96	904,750.26	3,801.94	(224.98)
	Stage 2	62,753.99	5,072.36	57,681.63	472.70	4,599.66
Subtotal		**971,081.21**	**8,649.32**	**962,431.89**	**4,274.64**	**4,374.68**
Non -Performing assets*						
Substandard	Stage 3	5,769.87	1,545.62	4,224.25	473.65	1,071.97
Doubtful						
Upto 1 year	Stage 3	4,586.92	3,435.93	1,150.99	677.24	2,758.69
1 to 3 years	Stage 3	2,810.86	2,140.56	670.30	551.49	1,589.07
More than 3 years	Stage 3	116.34	86.52	29.82	44.75	41.77
Subtotal for doubtful		**7,514.12**	**5,663.01**	**1,851.11**	**1,273.48**	**4,389.53**
Loss assets	Stage 3	-	-	-	-	-
Subtotal for NPA		**13,283.99**	**7,208.63**	**6,075.36**	**1,747.13**	**5,461.50**
Total		**984,365.20**	**15,857.95**	**968,507.25**	**6,021.77**	**9,836.18**

AK. In terms of the requirement as per RBI notifications no. RBI/2019-20/170 DOR (NBFC).CC. PD No. 109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian accounting standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning) and accordingly, no amount is required to be transferred to impairment reserve.

On November 12, 2021, the Reserve Bank of India (RBI) had issued circular no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22, requiring changes to and clarifying certain aspects of income recognition, asset classification and provisioning norms (IRACP norms) pertaining to advances.

Effective October 1, 2022, the Company implemented the requirements on upgradation of accounts classified as NPA as clarified in RBI circular on prudential norms on income recognition, asset classification and provisioning pertaining to advances– clarifications dated November 12, 2021, February 15, 2022, on upgradation of accounts classified as NPA.

AL. Disclosures as per RBI/2022-23/26 DOR.ACC.REC.No/21.04.018/2022-23 dated April 19, 2022

S. No. Sectors	Current Year			Previous Year		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
i) Sector wise exposures *						
1. Agriculture and Allied Activities	-	-	0.00%	-	-	-
2. Industry	-	-	0.00%	-	-	0.00%
3. Services	-	-	0.00%	-	-	0.00%
Others	576,443.07	12,997.37	2.25%	525,149.78	8,651.68	1.65%
Total of Services	576,443.07	12,997.37	2.25%	525,149.78	8,651.68	1.65%
4. Personal Loans						
i) Housing Loans	62,566.87	498.83	0.80%	42,308.79	180.76	0.43%
Others	-	-	-	-	-	-
Total Personal Loans	62,566.87	498.83	0.80%	42,308.79	180.76	0.43%
5. Others (Specify)	548,693.84	7,735.36	1.41%	396,600.49	4,451.55	1.12%
Total	**1,187,703.78**	**21,231.56**	**1.79%**	**964,059.06**	**13,283.99**	**1.38%**

*The amounts disclosed above excludes inter-corporate deposits amounting to INR 308.35 lakhs as at March 31, 2025. (March 31, 2024 - INR 20,306.14 lakhs)

Particulars	Current Year	Previous Year
ii) Disclosure of complaints		
Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman		
Complaints received by the NBFC from its customers		
1. Number of complaints pending at beginning of the year	2	-
2. Number of complaints received during the year	106	32
3. Number of complaints disposed during the year	101	30
3.1. Of which, number of complaints rejected by the NBFC	-	-
4. Number of complaints pending at the end of the year	7	2
Maintainable complaints received by the NBFC from Office of Ombudsman		
5. Number of maintainable complaints received by the NBFC from Office of Ombudsman	250	120
5.1. Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	243	108
5.2. Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	1
5.3. Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6. Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

S. No.	Grounds of complaints 1	Number of complaints pending at the beginning of the year 2	Number of complaints received during the year 3	% increase/ decrease in the number of complaints received over the previous year 4	Number of complaints pending at the end of the year 5	Of 5, number of complaints pending beyond 30 days 6
Top five grounds of complaints received by the NBFCs from customers						
For the year ended 31 March 2025						
1	Foreclosure related	1	39	550%	2	-
2	Staff Interaction / Collection related-	9	101	120%	9	-
3	Loans and Advances- Dues and Charges	2	75	341%	2	-
4	Closure & NOC related	1	20	-33%	-	-
5	Moratorium related	-	16	78%	1	-
6	Others	-	105	139%	-	-
Total		**13**	**356**	**134%**	**14**	**-**
For the year ended 31 March 2024						
1	Foreclosure related	-	6	-25%	1	-
2	Staff Interaction / Collection related-	-	46	39%	9	-
3	Loans and Advances- Dues and Charges	-	17	113%	2	-
4	Closure & NOC related	-	30	200%	1	-
5	Moratorium related	-	9	-36%	-	-
6	Others	-	44	159%	-	-
Total		**-**	**152**	**69%**	**13**	**-**

S. No. Related Parties / Items	Directors		Key Management Personnel		Others*		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
(iii). Related Party Disclosures								
1. Short-term employee benefits	-	-	1,682.54	1,435.03	-	-	1,682.54	1,435.03
2. Post employment benefits	-	-	0.88	0.88	-	-	0.88	0.88
3. Share based payment	-	-	981.84	1,053.19	-	-	981.84	1,053.19
4. Reimbursement of Expenses (from)	-	-	-	-	-	45.20	-	45.20
5. Issue of shares	-	-	18.73	8.91	-	-	18.73	8.91
6. Securities Premium	-	-	1,248.69	595.90	-	-	1,248.69	595.90
7. Directors sitting fees	39.00	35.60	-	-	-	-	39.00	35.60
8. Commission to Directors	60.00	37.50	-	-	-	-	60.00	37.50
9. Payment to gratuity trust	-	-	-	-	1,807.60	311.96	1,807.60	311.96
10. Receipt from gratuity trust	-	-	-	-	227.06	-	227.06	-

* Comprises of transactions with entities with significant influence over the Company.

iv) Breach in Debt Covenants

There are no instances during the year ended March 31, 2025 and March 31, 2024 ,where the Company has breached the covenants on debt securities and on borrowings other than debt securities.

v) Divergence in Asset Classification and Provisioning

There has been no divergence in Gross NPAs as assessed by the Reserve Bank of India during the year ended March 31, 2025 and March 31, 2024.

AM.

S. No.	Type of Restructuring		Under CDR					Under SME Debt				
	Asset Classification											
		Details	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradation of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31 of the FY (closing figures*)	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-

*The amount outstanding towards restructured accounts as on March 31, 2025 includes the movement on account of incremental accretions and the repayments made during the year.

Others					Total				
Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1,340	192	220	-	1,752	1,340	192	220	-	1,752
3,801.00	409.47	788.98	-	4,999.45	3,801.00	409.47	788.98	-	4,999.45
1,790.58	328.32	615.30	-	2,734.20	1,790.58	328.32	615.30	-	2,734.20
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
9	4	-	-	13	9	4	-	-	13
37.46	19.15	-	-	56.61	37.46	19.15	-	-	56.61
29.95	14.78	-	-	44.73	29.95	14.78	-	-	44.73
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	207	126	-	333	-	207	126	-	333
-	531.46	263.70	-	795.16	-	531.46	263.70	-	795.16
-	266.63	211.81	-	478.44	-	266.63	211.81	-	478.44
-	21	118	-	139	-	21	118	-	139
-	65.58	432.60	-	498.18	-	65.58	432.60	-	498.18
-	50.39	333.22	-	383.61	-	50.39	333.22	-	383.61
976	216	284	-	1,476	976	216	284	-	1,476
2,604.84	442.28	508.59	-	3,555.71	2,604.84	442.28	508.59	-	3,555.71
646.26	442.14	508.56	-	1,596.96	646.26	442.14	508.56	-	1,596.96

50. Other statutory information

(i). The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii). The Company does not have transactions with companies struck off under Section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 except for the following:

(iii). The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv). The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v). The Company borrows funds from various Banks and financial institutions for the purpose of onward lending to end customers as per the terms of such borrowings. These transactions are part of the Company's normal lending activities, which is conducted after exercising proper due diligence including adherence to the terms of credit policies and other relevant guidelines.

Other than the nature of transactions described above.

(i). No funds have been advanced or loans or invested by the Company to or in any other person(s) or entity(ies) ("intermediaries") with the understanding that the Intermediary shall lend or invest in party identified by or on behalf of the Company ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vi). The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

(vii). The Company is not declared as wilful defaulter by any bank or financial institution or any other lender.

(viii). The Company is maintaining its book of account in electronic mode and these books of account are accessible at all times and the back-up of books of account has been kept in servers physically located in India on a daily basis from the applicability date of the Accounts Rules, i.e. August 5, 2022 onwards.

(ix). The title deeds of all immovable properties, (other than immovable properties where the company is the lessee and the lease agreements are duly executed in favour of the company) disclosed in the financial statements included in property, plant & equipment and capital work-in-progress are held in the name of the Company as at balance sheet date.

51. Audit Trail as per MCA Requirement

The Company uses separate accounting software for maintaining its books of account relating to general ledger and loan management.

Both these software applications have the feature of recording audit trail (edit log) facility and the same had been enabled during the year, except for a brief period between April 1, 2024 to May 23, 2024, when the audit trail for the loan management system (at the database level) was not enabled. The audit trail feature was also not tampered with during the year.

The Management has also ensured that adequate controls have been implemented during this period to ensure that effective functioning of internal financial controls with respect to the financial statements. Further, the audit trail that was enabled and operated for the year ended March 31, 2024, has been preserved by the Company as per the statutory requirements for record retention.

52. Analytical ratios

a) Liquidity Coverage Ratio (LCR)

As per the Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20, all non-deposit taking NBFCs with asset size more than INR 5,000 crores are required to maintain Liquidity Coverage Ratio (LCR) from December 1, 2022, with the minimum LCR to be 60%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024.

Particulars	High Quality Liquid Assets ("HQLA")	Net cash outflows	Current period	Previous reporting period	Variance	Reasons for variance (if above 25%)
Quarter ended March 31, 2025	32,957.54	9,302.48	354%	316%	12%	-
Quarter ended March 31, 2024	23,675.28	7,489.33	316%	342%	-8%	-

Particulars	Tier I Capital / Tier II Capital / Toal Capital	Risk-weighted assets	Current period	Previous reporting period	Variance	Reasons for variance (if above 25%)
b) Capital adequacy ratios						
As at March 31, 2025						
CRAR	577,253.82	1,152,170.65	50.10%	50.50%	-1%	NA
CRAR - Tier I Capital	577,253.82	1,152,170.65	50.10%	50.50%	-1%	
CRAR - Tier II Capital	-	-	-	-	-	
As at March 31, 2024						
CRAR	472,582.70	935,760.97	50.50%	67.17%	-25%	The decrease is on account of: (a) increase in Gross term loans and (b) increase in the risk weight of consumer credit advances from 100% to 125% vide RBI notification on consumer credit dated November 16, 2023
CRAR - Tier I Capital	472,582.70	935,760.97	50.50%	67.17%	-25%	
CRAR - Tier II Capital	-	-	-	-	-	

Particulars	Debt Securities	Borrowings (Other than debt securities
53. Change in liabilities arising from financing activities		
As at March 31, 2023	**52,483.00**	**372,244.91**
Cash flows (net)	(19,375.01)	230,366.72
Others*	(3,572.61)	(562.50)
As at March 31, 2024	**29,535.38**	**602,049.13**
Cash flows (net)	46,627.52	112,026.34
Others*	2,015.50	(54.48)
As at March 31, 2025	**78,178.40**	**714,020.99**

* Includes the effect of interest accrued but not due, amortization of processing fees etc.

54. The comparative figures for the year ended March 31, 2024 have been audited by the predecessor audit firm, where they have expressed an unmodified opinion on such financial statement vide their reports dated April 30, 2024.

In terms of our report attached
for **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No: 008072S

G.K. Subramaniam
Membership No: 109839

Place: Mumbai
Date: April 29, 2025

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : L65991TN1984PLC010844

D Lakshmipathy
Chairman & Managing Director
DIN : 01723269

R Anand
Independent Director
DIN : 00243485

G Srikanth
Joint Managing Director &
Chief Financial Officer
DIN: 10636810

K Rangarajan
Joint Managing Director &
Chief Executive Officer
DIN: 07289972

Vigneshkumar. S. M
Company Secretary
ACS: A44671

Place: Chennai
Date: April 29, 2025


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Five-Star Business Finance Limited
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