

Date: July 28, 2025

The National Stock Exchange of India Limited,
Exchange Plaza,
Bandra-Kurla Complex,
Bandra (E), Mumbai 400 051
Symbol: FIVESTAR

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

Sub: Investor Press Release on the Financial and Operational Performance of the Company for the quarter ended June 30, 2025

Dear Sir/ Madam

In terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Investor Press Release on the financial and operational performance of the Company for the quarter ended June 30, 2025

This Investor Press Release is also available on the website of the Company at <https://fivestargroup.in/investors/>

Kindly take the above information on record.

For Five-Star Business Finance Limited

Vigneshkumar SM
Company Secretary & Compliance Officer

Five-Star Business Finance Limited

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



FIVE-STAR BUSINESS FINANCE LIMITED
New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai 600010
CIN: L65991TN1984PLC010844

Chennai, July 28, 2025: The Board of Directors of Five-Star Business Finance Limited, has declared its unaudited financial results for the quarter ended June 30, 2025.

Results for the quarter ended June 30, 2025

Particulars	Q1FY26	Q1FY25	Y-o-Y	Q4FY25	Q-o-Q
AUM (Rs Cr)	12,458	10,344	20%	11,877	5%
Disbursements (Rs Cr)	1,290	1,318	-2%	1,460	-12%
Gross Stage 3 Assets	2.46%	1.41%	1.05%	1.79%	0.67%
Net Stage 3 Assets	1.25%	0.68%	0.57%	0.88%	0.37%
PAT (Rs Cr)	266	252	6%	279	-5%
Net Interest Margin	16.43%	16.72%	-0.29%	16.84%	-0.41%
Return on Assets	7.24%	8.23%	-0.99%	8.04%	-0.80%
Return on Equity	16.57%	18.95%	-2.38%	18.36%	-1.79%

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

The effect of overleverage crisis on secured portfolio that we witnessed during the last quarter continued during 1QFY26 as well, at slightly heightened intensity, leading to impact on asset quality metrics of Five Star. As a Company focused on “Quality Growth”, our efforts were skewed more towards addressing the asset quality, leading to slightly muted growth on a y-o-y basis.

We have consistently maintained very strong asset quality over the last many years; compared against this backdrop, there was an uptick in our DPD and NPA numbers during the quarter. However, viewed in isolation, our NPA numbers shall stack up better than many of our peers operating in the small ticket secured / unsecured loans space. We also believe that a trend reversal is likely on the horizon and is expected to play out over the next couple of quarters, with likely normalization by 2HFY26.

We continue to invest in physical infrastructure which forms the foundation on which the business and collections functions are anchored. We added 19 branches during Q1FY2026 leading to a strong branch network of 767 branches across 10 states and 1 union territory. During this quarter, we disbursed Rs 1,290 Crores of loans as against INR 1,460 Crores in Q4FY2025, clearly reflecting a philosophy of cautious but quality growth.

On the collections and asset quality fronts, the numbers were muted for the quarter, as can be seen from the table above. We are taking all measures to ensure quick turnaround and bring back our asset quality to be one of the best in the industry.

During the quarter, we availed incremental debt of Rs 450 Cr and the cost of incremental debt came in at 8.59%, which is significantly lower by 70 bps than the cost of incremental debt borrowed during the previous quarter. Cost of funds on the book has almost dropped by about 10 bps, and given our cost of incremental debt, we are confident of bringing this to much lower levels in the quarters to come. We continue to have a robust liquidity on the balance sheet of Rs 2,065 Cr.

For the quarter, we achieved a PAT of 266 Crores, 6% higher as compared to the PAT for Q1FY25. The normalisation in our credit cost in the quarters to come shall have a positive impact on our profitability.

Key Highlights for Q1FY26:

Distribution:

1. The Company has increased its branch presence to 767 branches across 11 states / UT.
2. During the quarter, the company opened 19 new branches.
3. Disbursals – The Company disbursed an amount of Rs 1,290 Cr in Q1FY26 as against Rs 1,318 in Q1FY25.

Assets under Management:

1. AUM as of June 30, 2025 ended at Rs 12,458 Cr, growth of 20% on y-o-y basis and 5% on q-o-q basis.
2. AUM is well distributed across 0.48 mn active loans

Collections & Asset Quality:

1. Overall Collection efficiency and Unique customer collection efficiency for the quarter stood at 96.3% and 95.1% respectively.
2. 30+ DPD ended at 11.31% as of June 30, 2025.

Provisions:

1. ECL provision carried on books was 241 Cr (excluding ECL maintained on inter-corporate deposits), which translates to 1.94% of the overall AUM.
2. Stage 3 provision was at 154 Cr leading to a provision coverage ratio on stage 3 assets of 50.02%

Borrowings:

1. Total borrowings including debt securities are at Rs 7,872 Cr as on June'25.
2. The Company carries a liquidity of Rs 2,065 Cr as on June'25.
3. Cost of incremental debt during the quarter dropped sharply to 8.59% (as against the cost of incremental debt of 9.29% for the previous quarter).
4. Cost of funds on overall borrowing book for the quarter was at 9.54% as against 9.63% for the quarter ended March 31, 2025.

Financial Performance for the quarter:

1. Total income of Rs. 791 Cr; y-o-y growth of 18%
2. PBT of Rs.355 Cr; y-o-y growth of 6%
3. PAT of Rs.266 Cr; y-o-y growth of 6%
4. ROA at 7.24%; q-o-q decrease of 80 bps and y-o-y decrease of 99 bps.
5. ROE at 16.57%; q-o-q decrease of 179 bps and y-o-y decrease of 238 bps.

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

Five-Star Business Finance Limited is a Non-Banking Finance Company (NBFC-ND-SI) registered with Reserve Bank of India with a network of 767 branches catering to around 480,000 active live accounts in Tamil Nadu (including the Union Territory of Puducherry), Andhra Pradesh, Telangana, Karnataka, Madhya Pradesh, Maharashtra, Uttar Pradesh, Chhattisgarh, Rajasthan and Gujarat. The Company primarily offers small loans for business purposes, asset creation and other economic purposes to small business customers and self-employed individuals after due underwriting of their cashflows and backed by the collateral of their house property.

For more information contact:

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DISCLAIMER:

Certain statements that are made in the Investor Release may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like significant changes in economic environment in India and overseas, tax laws, inflation, litigation, etc. Actual results might differ substantially from those expressed or implied. Five-Star Business Finance Limited will not be in any way responsible for any action taken based on such statements and discussions; and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.