

Date: October 29, 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 and half year ended September 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 and half year ended September 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, October 29, 2025: The Board of Directors of Five-Star Business Finance Limited, has declared its unaudited financial results for the quarter and six months ended September 30, 2025.

Results for the quarter ended September 30, 2025

Particulars	Q2FY26	Q2FY25	Y-o-Y	Q1FY26	Q-o-Q
AUM (Rs Cr)	12,847	10,927	18%	12,458	3%
Disbursements (Rs Cr)	1,196	1,251	-4%	1,290	-7%
Gross Stage 3 Assets	2.64%	1.47%	1.17%	2.46%	0.18%
Net Stage 3 Assets	1.46%	0.71%	0.75%	1.25%	0.21%
PAT (Rs Cr)	286	268	7%	266	7%
Net Interest Margin	16.41%	16.93%	-0.52%	16.43%	-0.02%
Return on Assets	7.49%	8.36%	-0.87%	7.24%	0.25%
Return on Equity	16.91%	19.02%	-2.11%	16.57%	0.34%

Results for the half-year ended September 30, 2025

Particulars	H1FY26	H1FY25	Y-o-Y
AUM (Rs Cr)	12,847	10,927	18%
Disbursements (Rs Cr)	2,486	2,569	-3%
Gross Stage 3 Assets	2.64%	1.47%	1.17%
Net Stage 3 Assets	1.46%	0.71%	0.75%
PAT (Rs Cr)	552	520	6%
Net Interest Margin	16.42%	16.84%	-0.42%
Return on Assets	7.37%	8.30%	-0.93%
Return on Equity	16.74%	18.99%	-2.25%

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

As we had updated in the last quarter, we have seen a stable performance from Five Star during the current quarter, across various metrics. The downtrend that we witnessed in Q1FY26 has been arrested in the current quarter, and from here onwards, we believe that we would see some green shoots emerging in Q3 and a much stronger performance in Q4.

We have taken several strategies and actions towards this across sourcing, credit underwriting, collections and risk oversight. These are marked out as focus areas for us in the quarters to come, and we believe these will pave the way for building a bigger and stronger portfolio in the coming quarters.

While our asset quality and credit cost have seen marginal impact in the current quarter as compared to the previous quarter, these still stack up better than many of our peers operating in the small ticket secured / unsecured loans space. As I had said in the past also, we believe that a trend reversal is likely on the horizon and is expected to play out over the next couple of quarters.

Our investment in physical infrastructure and people continues as can be seen from the addition of 33 branches and 769 Business & Collections Officers during Q2FY2026. During this quarter, we disbursed Rs 1,196 Crores of loans as against INR 1,290 Crores in Q1FY2026, and the drop in disbursements can be attributed to the additional controls that have been implemented for the first time during this quarter towards onboarding the right customers. With our system getting attuned to these changes, we should start seeing increase in disbursements and increased AUM growth in the quarters to come.

Our collections from unique customers and overall collections have remained stable compared to the previous quarter. Collections from unique customers stood at 95.1%, the same as last quarter, and we saw an improvement in the overall collections efficiency which went up from 96.3% in Q1FY26 to 96.7% in Q2FY26. These metrics show early signs of revival, though in a gradual manner.

During the quarter, we availed incremental debt of Rs 1,068 Cr and the cost of incremental debt came in at 8.56%, which is marginally lower than the cost of incremental debt borrowed during the previous quarter. Cost of funds on the book has dropped by about 27 bps, and given our cost of incremental debt, we should see improvement in the cost of funds for the full year. With incremental yields on assets coming in lower than the book yields, we expect to bridge a good portion of the yield drop through drop in cost of funds. We continue to have a robust liquidity on the balance sheet of Rs 2,360 Cr.

For the quarter, we achieved a PAT of 286 Crores, 7% higher as compared to the PAT for the previous quarter. Even during these extremely challenging times, we have been able to achieve healthy return ratios, as can be evidenced in the increase in RoA from 7.24% in Q1FY26 to 7.49% in the current quarter and increase in RoE from 16.57% in the previous quarter to 16.91% in the current quarter.

Key Highlights for Q2FY26:

Financial Performance for the quarter:

1. Total income of Rs. 807 Cr; y-o-y growth of 14%
2. PBT of Rs.382 Cr; y-o-y growth of 7%
3. PAT of Rs.286 Cr; y-o-y growth of 7%
4. ROA at 7.49%; q-o-q increase of 25 bps and y-o-y decrease of 87 bps.
5. ROE at 16.91%; q-o-q increase of 34 bps and y-o-y decrease of 211 bps.

Distribution:

1. The Company has increased its branch presence to 800 branches across 11 states / UT.
2. During the quarter, the company opened 33 new branches.
3. Disbursals – The Company disbursed an amount of Rs 1,196 Cr in Q2FY26 as against Rs 1,251 Cr in Q2FY25.

Assets under Management:

1. AUM as of September 30, 2025 ended at Rs 12,847 Cr, growth of 18% on y-o-y basis and 3% on q-o-q basis.
2. AUM is well distributed across 0.49 mn active loans

Collections & Asset Quality:

1. Overall Collection efficiency and Unique customer collection efficiency for the quarter stood at 96.7% and 95.1% respectively.
2. 30+ DPD ended at 12.17% as of September 30, 2025.

Provisions:

1. ECL provision carried on books was 243 Cr (excluding ECL maintained on inter-corporate

deposits), which translates to 1.89% of the overall AUM.

2. Stage 3 provision was at 153 Cr leading to a provision coverage ratio on stage 3 assets of 45.19%

Borrowings:

1. Total borrowings including debt securities are at Rs 8,376 Cr as on September'25.
2. The Company carries a liquidity of Rs 2,360 Cr as on September '25.
3. Cost of incremental debt during the quarter dropped sharply to 8.56% (as against the cost of incremental debt of 8.59% for the previous quarter).
4. Cost of funds on overall borrowing book for the quarter was at 9.27% as against 9.54% for the quarter ended June 30, 2025.

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 800 branches catering to around 488,000 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.