



FIVE-STAR BUSINESS FINANCE LIMITED
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CIN: L65991TN1984PLC010844

Chennai, April 28, 2026: The Board of Directors of Five-Star Business Finance Limited, has declared its unaudited financial results for the quarter and year ended March 31, 2026.

Results for the quarter ended March 31, 2026

Particulars	Q4FY26	Q4FY25	Y-o-Y	Q3FY26	Q-o-Q
AUM (Rs Cr)	13,225	11,877	11%	12,964	2%
Disbursements (Rs Cr)	1,213	1,460	-17%	976	24%
Gross Stage 3 Assets	3.37%	1.79%	1.58%	3.18%	0.19%
Net Stage 3 Assets	2.00%	0.88%	1.12%	1.94%	0.06%
PAT (Rs Cr)	269	279	-4%	277	-3%
Net Interest Margin*	20.07%	20.72%	-0.65%	19.57%	0.50%
Return on Average AUM	8.37%	9.87%	-1.50%	8.53%	-0.16%
Return on Equity	15.09%	18.36%	-3.27%	15.80%	-0.71%

Results for the year ended March 31, 2026

Particulars	FY26	FY25	Y-o-Y
AUM (Rs Cr)	13,225	11,877	11%
Disbursements (Rs Cr)	4,676	4,970	-6%
Gross Stage 3 Assets	3.37%	1.79%	1.58%
Net Stage 3 Assets	2.00%	0.88%	1.12%
PAT (Rs Cr)	1,099	1,073	2%
Net Interest Margin*	19.86%	20.46%	-0.60%
Return on Average AUM	8.68%	9.96%	-1.28%
Return on Equity	16.06%	18.68%	-2.62%

*Net Interest Margin computed as a % of Average AUM

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

FY2025-26 will go down as one of the most challenging years for Five Star. The asset quality headwinds faced by MFIs and unsecured loan lenders over the last couple of years crept into the portfolios of secured loans lenders, especially those providing small ticket loans. As a Company providing loans to small business owners and self-employed individuals, with a higher proportion of MFI overlap, this resulted in increased DPDs and NPA for Five Star during the course of this financial year; however the actions taken by us over the last few quarters have helped us tide over these challenges and I am very happy to state that the worst is behind us and the coming quarters will see us moving in one direction i.e. **“Onwards and Upwards”**.

The current quarter has been very encouraging with collection efficiencies across buckets showing excellent improvements and getting back to robust levels. I want to share few collection metrics that clearly show this trend:

1. For the quarter ended March 31, 2026, we clocked a unique customer collection efficiency (excluding NPA loans) of 98.1%, which is the one of the best in the history of the Company.
2. Our x-bucket collections for the quarter came in at 99.3%, which has helped contain forward flows from x-bucket.
3. Our slippage ratio (defined as increase in NPAs + write offs as a % of the opening standard AUM) has dropped from 1.09% in Q3FY26 to 0.70% in Q4FY26. This has helped our NPA remain largely stable

between quarters at 3.37% for Q4FY26.

4. Credit cost has remained largely stable at 1.88% of average AUM for Q4FY26 compared to 1.76% for Q3FY26.
5. After quarters of continued drop, the current proportion of our portfolio has moved up almost by a percentage point, from 81.77% in Q3FY26 to 82.69% in Q4FY26.

With our collections strategies in place and our collection efforts showing strong traction, we started to refocus on disbursements and portfolio growth during the current quarter. While our full year disbursement of ₹4,676 Cr was slightly short compared to the previous year, our disbursement for the quarter came in at ₹1,213 Cr, an increase of 24% over the previous quarter. The trends across collections, disbursements and asset quality are clear and we will continue to build on the progress that we have made during the year, in the coming quarters and years.

As I had stated post our Q3 results, we were in the process of building a full-fledged collection vertical, right up to senior people at HO, and I am happy to state that this has gone fully operational starting from Q1FY27, and this would have a positive impact on collections and asset quality.

My sincere gratitude goes out to all our lenders who continued to support us during the current financial year. During the quarter ended March 31, 2026, we availed incremental debt of ₹928 Cr at an all-inclusive cost of 8.53%. The funding of \$100 Mn provided by Asian Development Bank, one of the largest developmental financial institutions across the globe, is a shot in the arm and we are hopeful that they would continue to support us in our endeavour to make funds available to lower-income group women borrowers. Our cost of funds for the quarter dropped from 9.12% in Q3FY26 to 8.95% in Q4FY26 and for the full year, we saw a drop in our cost of funds from 9.64% in FY2024-25 to 9.21% in FY2025-26. Despite dropping yields on incremental disbursements by about 200 bps, our spread dropped only by 50 bps compared to last financial year.

For the quarter, we achieved a PAT of ₹269 Cr, 3% lower as compared to previous quarter, primarily on account of staff related incentives that were given to spur business and collections. **I want to take this opportunity to reinforce the fact that we have managed to achieve AUM growth of 11% and PAT growth of 2% even during one of the most difficult years, which shows the strength of the business model and our execution capability.** Our RoAUM and RoE for FY2026 remain healthy at 8.68% and 16.06% respectively.

This year also saw Five Star face people related challenges with the exit of a Senior Management Professional, but our results for the year clearly indicate that this exit has had no impact on our performance, which is a testimony to the strength and depth of our team, both at the Management and Branch levels.

As we step into a new financial year, we are geared to get back on the track of growth and well-poised to achieve AUM growth of around 20% for FY27 and thereafter. As in the past, we will aim at achieving strong yet sustainable growth, quality and profitability through robust credit underwriting, strong collections, and proactive risk management backed by use of appropriate technology and AI and supported by a diversified and cost-effective funding profile.

The way we handled the challenges gives me immense confidence and clearly shows that we have emerged stronger and well-ready to scale new highs in the coming years.

Key Highlights for Q4FY26:

Financial Performance for the quarter:

1. Total income of Rs. 826 Cr; y-o-y growth of 9%
2. PBT of Rs.357 Cr; y-o-y decrease of 4%
3. PAT of Rs.269 Cr; y-o-y decrease of 4%
4. RoAUM at 8.37%; q-o-q decrease of 16 bps and y-o-y decrease of 150 bps.
5. RoE at 15.09%; q-o-q decrease of 71 bps and y-o-y decrease of 327 bps.

Distribution:

1. The Company has increased its branch presence to 844 branches across 11 states / UT.
2. During the quarter, the company opened 9 new branches.

3. Disbursals – The Company disbursed an amount of Rs 1,213 Cr in Q4FY26 as against Rs 1,460 Cr in Q4FY25.

Assets under Management:

1. AUM as of March 31, 2026 ended at Rs 13,225 Cr, growth of 11% on y-o-y basis and 2% on q-o-q basis.
2. AUM is well distributed across 0.50 mn active loans

Collections & Asset Quality:

1. Unique customer collection efficiency for the quarter stood at 98.1%.
2. 30+ DPD ended at 12.69% as of March 31, 2026.

Provisions:

1. ECL provision carried on books was 243 Cr (excluding ECL maintained on inter-corporate deposits), which translates to 1.84% of the overall AUM.
2. Stage 3 provision was at 185 Cr leading to a provision coverage ratio on stage 3 assets of 41.40%

Borrowings:

1. Total borrowings including debt securities are at Rs 8,200 Cr as on March'26.
2. The Company carries a liquidity of Rs 2,295 Cr as on March'26.
3. Cost of incremental debt during the quarter was 8.53%.
4. Cost of funds on overall borrowing book for the quarter was at 8.95% as against 9.12% for the quarter ended December 31, 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 844 branches catering to around 496,000 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.

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