

Date: January 28, 2026

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 nine months ended December 31, 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 nine months ended December 31, 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

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CIN : L65991TN1984PLC010844



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

Chennai, January 28, 2026: The Board of Directors of Five-Star Business Finance Limited, has declared its unaudited financial results for the quarter and nine months ended December 31, 2025.

Results for the quarter ended December 31, 2025

Particulars	Q3FY26	Q3FY25	Y-o-Y	Q2FY26	Q-o-Q
AUM (Rs Cr)	12,964	11,178	16%	12,847	1%
Disbursements (Rs Cr)	976	941	4%	1,196	-18%
Gross Stage 3 Assets	3.18%	1.62%	1.56%	2.64%	0.54%
Net Stage 3 Assets	1.94%	0.81%	1.13%	1.46%	0.48%
PAT (Rs Cr)	277	274	1%	286	-3%
Net Interest Margin	16.04%	16.56%	-0.52%	16.41%	-0.37%
Return on Assets	7.00%	8.10%	-1.10%	7.49%	-0.49%
Return on Equity	15.80%	18.49%	-2.69%	16.91%	-1.11%

Results for the nine months ended December 31, 2025

Particulars	YTD FY26	YTD FY25	Y-o-Y
AUM (Rs Cr)	12,964	11,178	16%
Disbursements (Rs Cr)	3,462	3,510	-1%
Gross Stage 3 Assets	3.18%	1.62%	1.56%
Net Stage 3 Assets	1.94%	0.81%	1.13%
PAT (Rs Cr)	830	793	5%
Net Interest Margin	16.31%	16.73%	-0.42%
Return on Assets	7.26%	8.23%	-0.97%
Return on Equity	16.41%	18.81%	-2.40%

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

I am happy to inform that the actions taken over the last couple of quarters across underwriting and collections have ensured continued stability in softer bucket collections in Q3, which is an encouraging trend, as it would, over time, have a positive impact on the portfolio quality. We have seen the first reflections of this in Q3 where the current proportion of our portfolio has gone up from 81.67% in Sep'25 to 81.77% in Dec'25.

Our focus on collections is also reflected in our collection metrics with both unique customer collection efficiency and overall collection efficiency remaining stable at 95.1% and 96.6% respectively, almost the same as last quarter. We compute the overall and unique customer collection efficiency in the most conservative manner by including the entire stock of Stage 3 / NPA loans also into the computation. If the Stage 3 / NPA loans are excluded, the unique customer collection efficiency goes up from 96.51% in Q2FY26 to 97.26% in Q3FY26. Additionally, the unique customer collection on the current book has gone up from 98.51% in Q2FY26 to 99.01% in Q3FY26. It is also important to note that these metrics have been achieved without any major addition to the denominator and hence these metrics clearly

reflect the improvement in performance of the book in the softer buckets, showing signs of revival.

On the other hand, the slippages to Stage 3 / NPA continue to remain slightly elevated, which reflects persistence of some level of stress amongst our profile of borrowers. While this has caused some spike in our Stage 3 / NPA assets, I don't see any fundamental issue given the secured nature of our loans and I am confident that we will be able to roll back these customers or settle their loans without any principal loss through concerted collection efforts, and the improvements are expected to be visible in Q4 and thereafter. During Q3FY26, our recoveries from NPA / technical write offs amounted to about Rs 23 Crores, and given this trajectory, we are confident of maintaining a healthy recovery trend in the quarters to come. Despite the slightly elevated slippages, the credit cost has only gone up marginally from 1.34% in Q2FY26 to 1.44% in Q3FY26 reflecting adequate provision coverage on our loans.

Given our clear focus on collections and controlling the slippages, we have gone slow on disbursements leading to growth moderating even during the current quarter. Our focus clearly is on getting our collections strategy and actions completely in place before moving over to business acceleration. I am very confident that over the next couple of quarters, we should be back on track both on growth and asset quality.

We continue to invest in people and in physical infrastructure reflected in the addition of 35 branches and 678 Business & Collections Officers during Q3FY2026. In line with our collection focus, the number of Collections Officers increased to 2,452 as at Dec'25 as against 1,329 as at Dec'24. We are also, in parallel, building a full-fledged collection vertical, right up to senior people at HO, and this, once fully set up, would have a very positive impact on collections and asset quality.

Our disbursements during the quarter stood at Rs 976 Crores, which is about 18% lower compared to the previous quarter. This is in line with our strategy of getting our collections fully in place before accelerating our disbursements. The additional underwriting controls that have been implemented are helping us onboard the right customers, who would help maintain strong asset quality in the quarters to come.

On the borrowings, during the quarter, we availed incremental debt of Rs 460 Cr, and the cost of incremental debt came in at 8.19%, which is significantly lower than the cost of incremental debt borrowed during the previous quarter. Over the past 1 year, the cost of funds on the book has dropped by over 50 bps (from 9.63% for Q3FY25 to 9.12% for Q3FY26), and given our cost of incremental debt, we should see progressive improvement in the cost of funds in the quarters to come. This helps compensate for the lower yields and largely protects the spread. We continue to have a robust liquidity on the balance sheet of Rs 2,276 Cr.

For the quarter, we achieved a PAT of 277 Crores, 3% lower as compared to the PAT for the previous quarter. The drop is on account of one-offs in the last quarter coupled with a marginal impact due to the implementation of the New Labour Code. Without the impact of these, we would have almost been flat on our PAT sequentially. Our RoA and RoE continue to remain healthy at 7.00% and 15.80% respectively. With our concerted actions both on collection and growth fronts, I am very confident that the Company would get back stronger performance over the next 1-2 quarters.

Key Highlights for Q3FY26:

Financial Performance for the quarter:

1. Total income of Rs. 822 Cr; y-o-y growth of 12%
2. PBT of Rs.369 Cr; y-o-y growth of 1%
3. PAT of Rs.277 Cr; y-o-y growth of 1%

4. ROA at 7.00%; q-o-q decrease of 49 bps and y-o-y decrease of 110 bps.
5. ROE at 15.80%; q-o-q decrease of 111 bps and y-o-y decrease of 269 bps.

Distribution:

1. The Company has increased its branch presence to 835 branches across 11 states / UT.
2. During the quarter, the company opened 35 new branches.
3. Disbursals – The Company disbursed an amount of Rs 976 Cr in Q3FY26 as against Rs 941 Cr in Q3FY25.

Assets under Management:

1. AUM as of December 31, 2025 ended at Rs 12,964 Cr, growth of 16% on y-o-y basis and 1% 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 96.6% and 95.1% respectively.
2. 30+ DPD ended at 12.81% as of December 31, 2025.

Provisions:

1. ECL provision carried on books was 237 Cr (excluding ECL maintained on inter-corporate deposits), which translates to 1.83% of the overall AUM.
2. Stage 3 provision was at 164 Cr leading to a provision coverage ratio on stage 3 assets of 39.84%

Borrowings:

1. Total borrowings including debt securities are at Rs 8,199 Cr as on December'25.
2. The Company carries a liquidity of Rs 2,276 Cr as on December'25.
3. Cost of incremental debt during the quarter dropped sharply to 8.19% (as against the cost of incremental debt of 8.56% for the previous quarter).
4. Cost of funds on overall borrowing book for the quarter was at 9.12% as against 9.27% for the quarter ended September 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 835 branches catering to around 490,000 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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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.