

Date: August 22, 2023

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: Submission of Business Responsibility and Sustainability Report for FY24

Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Business Responsibility and Sustainability Report for the financial year 2023-24.

A copy of the same is also available on the website of the Company www.fivestargroup.in.

Kindly take the above information on record.

Thanking you,

Yours faithfully,
For Five-Star Business Finance Limited

Shalini Baskaran
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



**Business
Responsibility &
Sustainability Report**

Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURE

Annexure E

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 2023-2024
10. Name of the Stock Exchange(s) where shares are listed	National Stock Exchange, Bombay Stock Exchange
11. Paid-up Capital	INR 292,449,220

Contact Person

12. Name of the Person	Ms Shalini Baskaran
Telephone	044-4610 6260
Email address	shalini@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 assurance provider	Not applicable since the company is not among the Top 150 Listed Entities by Market Capitalisation as on end of FY 2023-24
15. Type of assurance obtained	Not applicable since the company is not among the Top 150 Listed Entities by Market Capitalisation as on end of FY 2023-24

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 registered with the RBI as a non-deposit taking NBFC. The company provides secured financial solutions –“small” business loans - to micro-entrepreneurs and self-employed individuals who are largely devoid of access to the formal financial ecosystem, predominantly in urban and semi-urban markets. These loans are collateralized and secured mostly against the self-occupied residential property of the customers in a majority of cases (~95+%). The ticket size of loan typically varies from Rs.1 Lakh to Rs.10 lakh with majority of loans falling in <Rs.5 lakh range, offered with longer tenures of primarily 5-7 years, for the convenience of the customers. The company follows low Loan to Value (LTV) and Debt Burden Ratio (DBR) norms of 50% at the time of origination, which ensure that the loan is more than adequately provided for during the tenure of the loan.	100%

17. Products / Services sold by the entity

S. No.	Product / Service	NIC Code	% of Total Turnover contributed
1.	Small Business	64,920	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	520	520
International	0	0	0

19. a. No. of Locations

Market served by the entity	Locations
National (No. of States)	9
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 lending solutions primarily catering to **micro-entrepreneurs, small businesses and self-employed individuals**, who are largely cut off from the formal lending ecosystem, for their business and other 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)	9,322	9,034	97%	288	3%
2	Other than Permanent Employees (E)	5	5	100%	0	0%
3	Total Employees (D+E)	9,327	9,039	97%	288	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 women	
			No. (B)	% (B/A)
1	Board of Directors (Including the Board of Directors & Managing Director)	8	1	12.5%
2	Key Management Personnel	3	1	33.33%

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

Category	FY 2023 - 2024 (Turnover rate in current FY)			FY 2022 - 2023 (Turnover rate in previous FY)			FY 2020 - 2021 (Turnover rate in the year prior to previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
	Permanent Employees	49%	28%	49%	49%	40%	48%	42%	26%

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 219,510.08 lakhs
c. Net Worth (in Rs.)	INR 519,615.47 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 2023-24 (Current FY)			FY 2022-23 (Previous FY)		
			Number of complaints filed during 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://investargroup.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	108	0	-	91	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)	No; the Company has not identified any material ESG risks emanating from our value chain and hence has not extended the policies to include our value chain.								
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 2023-24. 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	<ul style="list-style-type: none"> Familiarisation programs Update on pillars of the company's business model as part of the Risk Management Committee meetings 	100%
Key Management Personnel	2	<ul style="list-style-type: none"> Session on Insider trading Management team was also part of the roadshows done during IPO, wherein investors were taken through in a thorough manner on the Company's business model, underwriting and various other aspects 	100%
Employees other than BODs and KMPs	70	Aspects covered in training include: <ul style="list-style-type: none"> Code of Conduct Prevention of Sexual Harassment Health and Safety Information Security Employee Benefits and Policies Grievance Redressal. 	97%

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
b. Non Monetary					
Type	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions		Brief of the case	Has an appeal been preferred? (Yes/No)
Imprisonment	Nil	Nil		Nil	Nil
Punishment	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 2023-24 (Current FY)	FY 2022-23 (Previous FY)
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 2023-24 and FY 2022-23

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 2023-24 and FY 2022-23.

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

Particulars	FY 2023-24	FY 2022-23
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

Particulars	Metrics	FY 2023-24	FY 2022-23
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

No specific awareness programmes to value chain partners were conducted during the financial year.

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 Code of Conduct for Board of Directors and Senior Management Personnel.

The Board members and SMPs, on an annual basis, provide an affirmation that they have complied with the Code of Conduct for the financial year under review and that there were no instances of conflict of interest during the year. The Board members and SMPs do not participate in agenda items at the Board/Committee Meetings in which they are an interested or deemed to be an interested party. The code may be viewed at the following link.

[Code-of-Conduct-for-Board-of-Directors-and-Senior-Management-Personnel.pdf \(fivestargroup.in\)](#)

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 the set R&D and Capex.

Type	FY 2023-24 Current financial year	FY 2022-23 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 2023-24 Current financial year	FY 2022-23 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 2023-24 Current financial year			FY 2023-24 Current 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 2023-24 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	9,034	9,034	100%	9,034	100%	0	0%	NA	NA	NA	NA
Female	288	288	100%	288	100%	288	100%	NA	NA	NA	NA
Total	9,322	9,322	100%	9,322	100%	288	3%	NA	NA	NA	NA
Other than Permanent Employees											
Male	5	3	60%	5	60%	NA	NA	NA	NA	NA	NA
Female	0	0	0	0	0	NA	NA	NA	NA	NA	NA
Total	5	3	60%	5	60%	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 2023-24 Current financial year	FY 2022-23 Previous financial year
Cost incurred on well-being measures as a % of total revenue of the company	0.25	0.29

2. Details of retirement benefits, for Current FY and Previous financial year:

S.No	Benefits	FY 2023-24 Current financial year		FY 2022-23 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		9,323	Yes	7,343 (~100%)	Yes
2. Gratuity		9,323	Yes	7,302 (~99%)	Yes
3. ESI		5,237	Yes	4,849 (~66%)	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.

Yes, the Company ensures that our premises are accessible for differentially abled employees (corporate office). The Company's premises have elevators, and / or ramps wherever possible. The Company is committed to ensuring that its office spaces are in alignment with the guidelines provided in the Act. However, our branches in tier 3, tier 4, tier 5 and tier 6 cities may not always have such facilities as all our branches are rented facilities and we may not be able to undertake structural modifications.

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, we follow the principles of equal opportunity and endeavor to provide equitable growth and development opportunities to all. This policy may be viewed at the following link: [Equal-Opportunity-Policy.pdf](#)

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 2023-24	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	4	7	57%	1	1	100%
Total	4	7	57%	1	1	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 our employees have access to Grievance Redressal mechanism irrespective of hierarchy. A Whistle-Blower Policy has been formulated for employees and Directors to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct policy. The Company has zero tolerance for sexual harassment at the workplace and is compliant with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.
Other than Permanent Employees	Yes	Grievances reported, if any, are addressed within ten working days.

7. Membership of employees and workers in association(s) or Unions recognized by the listed entity:

Category	FY 2023-24 (Current FY)			FY 2022-23 (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	9,034	0	0%	7,078	0	0%
Female	288	0	0%	224	0	0%
Total	9,322	0	0%	7,302	0	0%
Permanent Workers						
Male	5	0	0%	37	0	0%
Female	0	0	0%	8	0	0%
Total	5	0	0%	45	0	0%

8. Details of training given to employees and workers:

a. Details of Skill training given to employees and workers.

Category	FY 2023-24 (Current FY)			FY 2022-23 (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 & Non-Permanent Employees						
Male	9,039	8,700	98%	7,115	7,000	98%
Female	288	250	87%	232	200	86%
Total	9,327	9,150	98%	7,347	7,200	98%

b. Details of training on Health and Safety given to employees and workers.

Category	FY 2023-24 (Current FY)			FY 2022-23 (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 & Non-Permanent Employees						
Male	9,039	5,946	66%	7,115	4,742	66%
Female	288	126	44%	232	141	61%
Total	9,327	6,072	65%	7,347	4,883	66%

9. Details of performance and career development reviews of employees and worker:

Category	FY 2023-24 (Current FY)			FY 2022-23 (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 had a career review (D)	% (D/C)
Permanent Employees						
Male	9,039	5,948	65.80%	7,115	4,293	60.34%
Female	288	206	71.53%	232	147	63.36%
Other	0	0	0.00%	0	0	0.00%
Total	9,327	6,154	65.98%	7,347	4,440	60.43%

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? Significant health and safety risks identified for our employees relate to Road Safety only. Suitable remedial measures have been instituted.
- 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 are covered under Company provided Group Medical Insurance.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2023-24 Current financial year	FY 2022-23 Previous financial year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.5	0.75
Total recordable work-related injuries	Employees	11	12
No. of fatalities	Employees	2	1
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 2023-24 Current financial year			FY 2022-23 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)

No. While the company has not enrolled for any life insurance scheme, for those covered under PF and ESI coverage is available as per the respective statute.

(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

On a monthly basis, the company reconciles the accounts with the legal fees that Value Chain Partners must pay in order to claim credit. The partner is reminded to make the remittance on time. If there are any delinquencies in the same, adequate follow-up is done. The company withholds any money owed to the vendor up to the amount of overdue statutory dues. If after repeated reminders, statutory dues are not paid by the vendor, further operations with the vendor in question are suspended until the payment is duly completed.

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 2023-24 Current FY	FY 2022-23 Previous FY	FY 2023-24 Current FY	FY 2022-23 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 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	

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.

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 have been defined as an institution, individual(s) or a group of individuals who contribute or create value for the organization, in line with the organization's core vision and mission. Currently the Company has identified the following as key stakeholder groups: employees (across all management levels), investors, customers, lenders, and communities of beneficiaries (CSR-programs)

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 awareness	Ongoing	Terms of business; Providing awareness about the concept of NPA, Due date, FPC.
Investors	No	Earnings call, website disclosures	Quarterly	Various topics relating to Company's performance;
Communities	Yes	Through our CSR Contributions	Periodic basis	<p>Prior to the donation being accepted by the CSR committee based on completing the qualifying requirements stipulated by the Companies Act 2013, the Five-Star Team will visit and ascertain the concerns and needs of the people, particularly in the three areas of healthcare, livelihood, and education.</p> <p>Additionally, the business monitors whether expenditures are done appropriately, or contributions have reached the intended recipients. The results of these reviews and investments made are regularly shared with the CSR Committee.</p>
Employees	No	E-Mail	Ongoing	Organizational policies and process, compliance to code of conduct etc Performance reviews
Lenders	No	E-Mail	Ongoing	<p>The lenders are engaged on a frequent basis on</p> <ol style="list-style-type: none"> 1. Performance updates, both financial & operational 2. Ad hoc updates, basis any event in the Company or external environment <p>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.</p> <p>Communication on findings, upgrading of security or hypothecation, covenant compliance, etc. are all examples of periodic updates.</p> <p>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.</p>

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 constant and proactive engagement with its stakeholders to better communicate its strategies and performance. The Board is kept well informed on the progress made by various departments, and feedback on the same is sought from the Directors.

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, the stakeholder consultations are one of the key inputs to determining the Company's material topics. As part of this process, the Company looked at the aspects each stakeholder highlighted during the engagement and prioritized them using a matrix to arrive at key material topics. Please refer the ESG report 2023-24 for further details.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

Not applicable; Currently, the Company has not received any complaints or flagging of concerns from vulnerable/ marginalized stakeholder groups.

PRINCIPLE 5: Businesses should respect and promote human rights

ESSENTIAL INDICATORS

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 2023-24 Current financial year			FY 2022-23 Previous financial year		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent	9,322	6,067	65%	7,302	4,821	66%
Other than Permanent	5	5	100%	45	37	86%
Total Employees	9,327	6,072	65%	7,347	4,883	66%

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2023-24 Current financial year					FY 2022-23 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	9,322	1,089	12%	8,233	88%	7,302	345	5%	6,957	95%
Male	9,034	1,045	12%	7,989	88%	7,078	309	4%	6,769	96%
Female	288	44	15%	244	85%	224	36	16%	188	84%
Other than Permanent										
Total	5	0	0%	5	100%	45	2	4%	43	96%
Male	5	0	0%	5	100%	37	2	5%	35	95%
Female	0	0	0%	0	0%	8	0	0%	8	100%

3. Details of remuneration/salary/wages, in the following format:

a. Median Remuneration/Wages

FY 2023 - 24	Number	Male		Number	Female	
		Median Remuneration of Men (Rs in lakhs)	Median Wages of Men (Rs in lakhs)		Median Remuneration of Women (Rs in lakhs)	Median Wages of Women (Rs in lakhs)
Board of Directors (BoD)	4	7.5	0	1	7.5	0
Key Managerial Personnel	3	467.76	0	1	26.62	0
Employees other than BoD and KMP	9,381	2.67	0	287	2.61	0

Remuneration to Board of Directors represents Commission paid to Directors.

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

Particulars	FY 2023-24 Current financial year	FY 2022-23 Previous financial year
Gross wages paid to females as % of total wages	2.38%	2.46%

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, there are various committees responsible for human rights impacts and issues in the Company. For instance, the Company has zero tolerance for sexual harassment at workplace and is compliant with the provisions relating to the constitution of Internal Complaints Committees under the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013. Additionally, Grievance Redressal Policy is in place for any other human rights impacts/ issue.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company has zero tolerance and prohibits all forms of exploitative or forced labour, and any type of abuse. The Company is guided by the POSH Act (2013), Code of Conduct as well as Whistle-blower Policy to provide redressal on any grievances. As for customers, under Grievance Redressal Policy, complaints can be submitted through calls, emails, or letters to the concerned grievance redressal officer.

6. Number of Complaints on the following made by employees and workers:

	FY 2023-24 Current financial year			FY 2022-23 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	NA
Discrimination at workplace	Nil	Nil	NA	Nil	Nil	NA
Child Labour	Nil	Nil	NA	Nil	Nil	NA
Forced Labour/Involuntary Labour	Nil	Nil	NA	Nil	Nil	NA
Wages	Nil	Nil	NA	Nil	Nil	NA
Other human rights related issues	Nil	Nil	NA	Nil	Nil	NA

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

Particulars	FY 2023-24 Current financial year	FY 2022-23 Previous financial year
Total Complaints reported under Sexual Harassment on of Women at Workplace (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 during resolution of their issues.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes; the Company includes compliance to relevant laws (avoidance of child and forced labour) as a pre-requisite in its agreements and contracts with vendors and other partners.

10. Assessments for the year:

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	Nil
Forced Labour/Involuntary Labour	Nil
Sexual Harassment	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 9 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.

The Company is of the belief that it has upheld basic principles of human rights in all its dealings in alignment with its Human Rights Policy. Hence, no significant change is necessitated with respect to the business process.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

The Company has incorporated a culture where its employees and directors feel free to raise any concerns about wrongful conduct, with the help of its Whistle Blower Policy. The said policy provides a Vigilance Mechanism to channelize reporting of instances of wrongful conduct. The Audit Committee oversees the Vigil Mechanism. Employees have been facilitated direct access to the Chairperson of the Audit Committee if need be.

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 our premises are accessible for differentially abled employees (corporate office). The Company's premises have elevators, and / or ramps wherever possible. The Company is committed to ensuring that its office spaces are in alignment with the guidelines provided in the Act. However, our branches in tier 3, tier 4, tier 5 and tier 6 cities may not always have such facilities as all our branches are rented facilities and we may not be able to undertake structural modifications.

4. Details on assessment of value chain partners:

Particulars	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	
Discrimination at worplace	
Child Labour	
Forced Labour / Involuntary Labour	
Wages	
Others - Please specify	The Company expects all its value chain partners to follow existing regulations with regard to health, safety and working conditions. Our Environment & Social Policy has a prohibited activities list which lays down certain activities that do not qualify for financing which include child labor, forced labor, etc

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.

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 2023-24	FY 2022-23
For Renewable Sources			
Total Electricity Consumption (A) (GJ)		11515.19	9,646.75
Total Fuel Consumption (B) (GJ)		15.99	19.03
Energy Consumption through other sources (C) (GJ)		0	0
Total energy consumed from renewable sources (A+B+C) (GJ)		11531.18	9,665.78
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)		0.53	0.63
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; company's business does not qualify under Designated consumers under the Performance, Achieve and Trade Scheme.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
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			
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			

Water consumption 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. Furthermore, several of our office locations are shared, rental premises and it is usually not possible to measure/apportion our water consumption separately.

4. Provide the following details related to water discharged:

Parameter	Unit	FY 2023-24	FY 2022-23
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.

Considering the nature of business, the Company's usage of water is restricted to human consumption purposes only. The Company has not implemented a mechanism for zero liquid discharge.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Not applicable as the Company is in the service industry and there are no process emissions.

Parameter	Please specify unit	FY 2023-24	FY 2022-23
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	Please specify unit	FY 2023-24	FY 2022-23
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO2e	1.08	1.2
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO2e	2,578.94	2,170.52
Total Scope 1 and Scope 2 emissions per rupee of turnover (in Rs.)	tCO2e	2,580.01	2,171.72
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 any project related to reducing Green House Gas emission reductions as its emissions are not significant.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24	FY 2022-23
Total Waste generated (in metric tonnes)		

Plastic waste (A)

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

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.

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Category of waste

(i) Recycled

(ii) Re-used

(iii) Other recovery operations

Total

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.

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

Category of waste

(i) Incineration

(ii) Landfilling

(iii) Other disposal operations

Total

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.

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.

The Company has not put in place a specific strategy for waste management as it does not generate a significant amount of wastes. Hazardous/e-wastes are disposed responsibly through authorized recyclers.

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

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not Applicable

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:

Not Applicable

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 2023-24	FY 2022-23
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 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 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.

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.

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 2023-24	FY 2022-23
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

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

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

5. Does the entity have a business continuity and disaster management plan?

Yes, The Business Continuity Policy of Five-star Business Finance ensures that the core IT system functions as soon as possible after any incident that disturbs the organizations Business operations. The Business Continuity program is linked closely to the IT Disaster Recovery Process and also works back closely with other specialised processes including the Cyber Crisis Management Plan. The plan enables Fivestar Business staff to address the disturbance to core Business applications, systems and networks, helps prioritise efforts and ensures that the recovery begins as quickly as possible in a methodical manner.

This would also involve general contingency 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 have any adverse impact to the environment from its value chain.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Not applicable

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. There were no social impact assessments required to be taken by the Company by applicable laws.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:

Not applicable. No such projects where Rehabilitation and Resettlement is required are being undertaken by the Company.

3. Describe the mechanisms to receive and redress grievances of the community

The Company undertakes CSR initiatives by contributing to reputed and recognized institutions such as the Ramakrishna Mission, the Single Teachers' School (Part of the Ramakrishna Mission), the MS Swaminathan Research Foundation. The Company also supports other organizations with donations to worthwhile purposes such as education, sustainable livelihood, or healthcare. These organizations supported by the Company undertake the needs assessments and understand the grievances of the communities, which is in-turn communicated to us and then support is extended. A summary of such activities supported is delivered to the CSR Committee of the Board on a regular basis. The Company also monitors whether expenditures have been made in the appropriate location and at the appropriate time.

4. Percentage of input material (inputs to total inputs by value) sourced from local or small-scale suppliers:

Parameter	FY 2023-24	FY 2022-23
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 2023-24	FY 2022-23
Rural	3.23%	0.51%
Semi - Urban	3.49%	1.08%
Urban	5.99%	9.21%
Metropolitan	1.46%	0.69%

(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. There were no social impact assessments required to be taken by the Company by applicable laws.

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

There are no CSR Projects undertaken in designated aspirational districts under Aspirational Districts Programme(ADP).

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

There are no preferential procurement policy from suppliers comprising marginalized/vulnerable groups.

(b) From which marginalized /vulnerable groups do you procure?

Since there are no procurements from such groups this question is not applicable.

(c) What percentage of total procurement (by value) does it constitute?

Since there are no procurements from such groups this question is 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, 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.

There are no adverse orders pursuant to which any corrective actions are pending.

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.	Thirumalai Charity Trust	Community in large - Hence not quantifiable	60%
2.	Ramakrishna Mission Student Home	300	100%
3.	M.S Swaminathan Research Foundation	400	100%
4.	Maithree Foundation	175	100%
5.	The United Educational & Social Welfare Trust	110	100%
6.	Akshaya Trust	60	100%
7.	All India Movement for SEVA	2,137	60%
8.	All the Children	80	100%
9.	India Vision Institute	20,284	100%
10.	Samabhavana	1,250	100%
11.	Swami Vivekananda Medical Mission	Community in large - Hence not quantifiable	60%
12.	Sri Arunodhayam Charitable Trust	950	100%
13.	Rehoboth	369	100%
14.	HOPE Public Charitable TRUST	100	100%
15.	Akshaya Pathra Foundation	58,000	50%
16.	Tamilnadu Differently Abled Federation Charitable Trust	7	100%
17.	MS Swaminathan Research Foundation	1,890	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. –

Consumer complaints are addressed by a Grievance Redressal Committee, which is led by senior management personnel. According to the Grievance Redressal Policy, there are a number of ways to receive consumer complaints. For example, customers can call, email, or write to the branch and register their complaints.

The Company's customer service department or the applicable branch managers will reply within 10 days of receiving the complaint. The Company secretary (who is also the Redressal Officer) and Nodal Officer (Head of Risk & Compliance) are the first level and second level points of contact for the escalation, respectively, according to a matrix that is also accessible to customers. Customers may speak with the regulatory authority for non-banking financial companies at the Reserve Bank of India directly if they receive an unsatisfactory response.

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 2023-24 Current financial year			FY 2022-23 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		
Forced recalls		Not Applicable

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

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.

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.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

The firm notifies its clients through SMS to the 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.



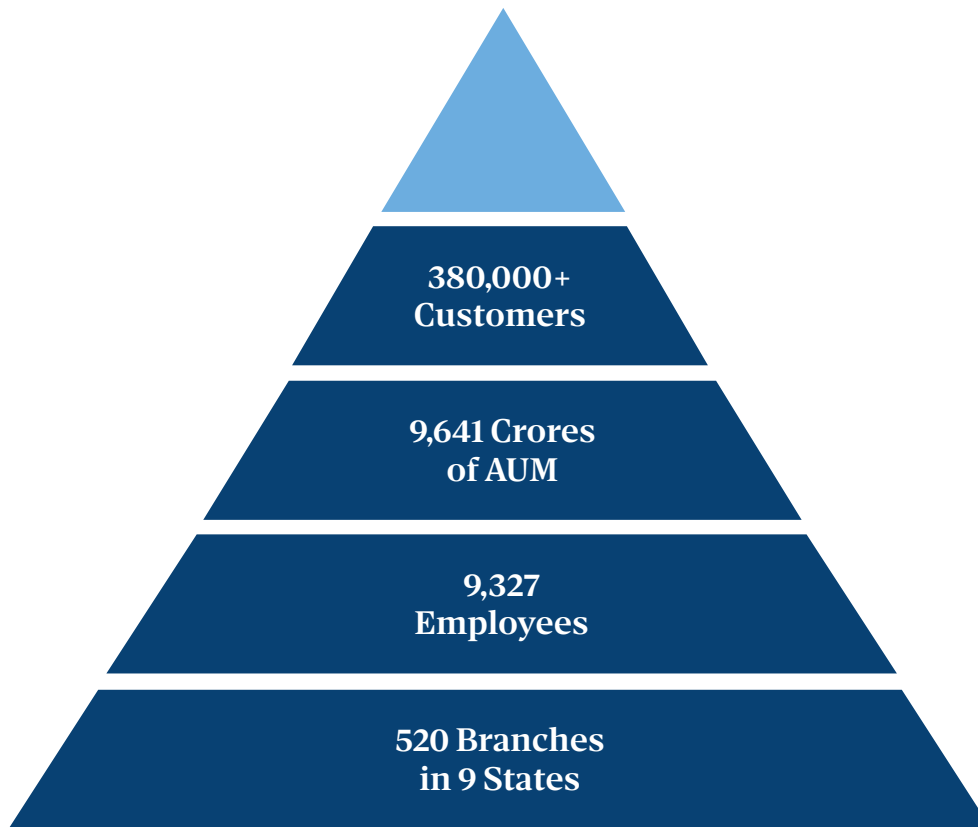
ESG @ Five Star

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 other 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.



Presence and Reach

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.

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 and Rajasthan.

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 9,000 employees work tirelessly to help the organization continue on its stellar growth path. Of these, around 8,000 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 operate 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 metrics 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 2023-24, 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	<ul style="list-style-type: none"> Quarterly Investor Calls, Presentations and meetings Annual General Meetings Press releases Dedicated investor grievance redressal channels 	<ul style="list-style-type: none"> Annual Quarterly On an as-needed basis (for grievances) 	<ul style="list-style-type: none"> Resilient business model and long-term profitability Corporate reputation Transparency in corporate governance and disclosures Financial performance Risk management Business ethics and compliance
Employees	<ul style="list-style-type: none"> Employee Communication Employee Engagement Activities Webinars, learning and development programmes with feedback Employee web portal Policies and guidelines 	<ul style="list-style-type: none"> Continuous Periodic (newsletters and other communications from the management) 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Transparent documentation of the terms of business Publication of customer-relevant information on our website Customer grievance portal 	<ul style="list-style-type: none"> Continuous Need-based 	<ul style="list-style-type: none"> Customer focus Financial inclusion Transparency in operations Resolution of customer grievances in a timely manner
Local community / NGO	<ul style="list-style-type: none"> CSR programmes and initiatives Needs assessment by implementation partners 	<ul style="list-style-type: none"> Continuous Need-based 	<ul style="list-style-type: none"> Community development Local employment
Regulatory bodies	<ul style="list-style-type: none"> Structured engagement through meetings Contribution by Management and Directors on matters of policy Regulatory filings 	<ul style="list-style-type: none"> Continuous Need-based 	<ul style="list-style-type: none"> Compliance with applicable rules and regulations Corporate Governance & ethics Contribution to sustainable development

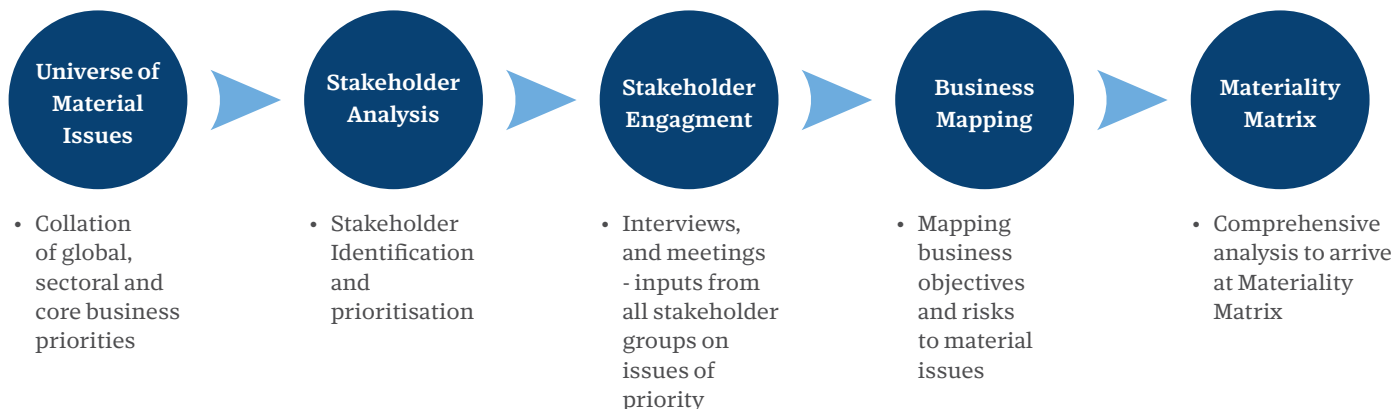
Materiality Assessment

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:



Material Issue Identified: 1. Financial Inclusion

Is it a Risk / Opportunity: Opportunity

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)
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

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)
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

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)
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

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)
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

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)
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.

Material Issue Identified: 6. Risk Management

Indicate Whether Risk / Opportunity: Opportunity

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)
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

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.

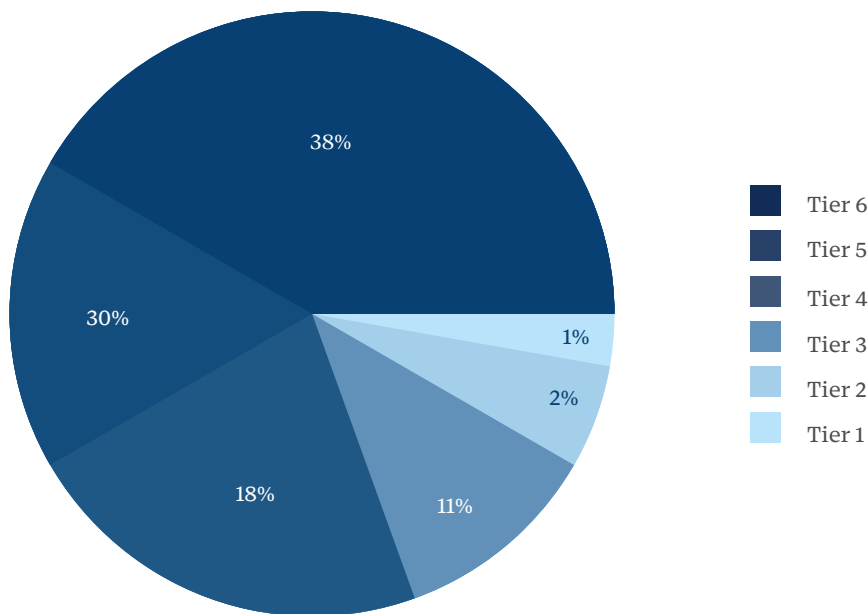
Social

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.



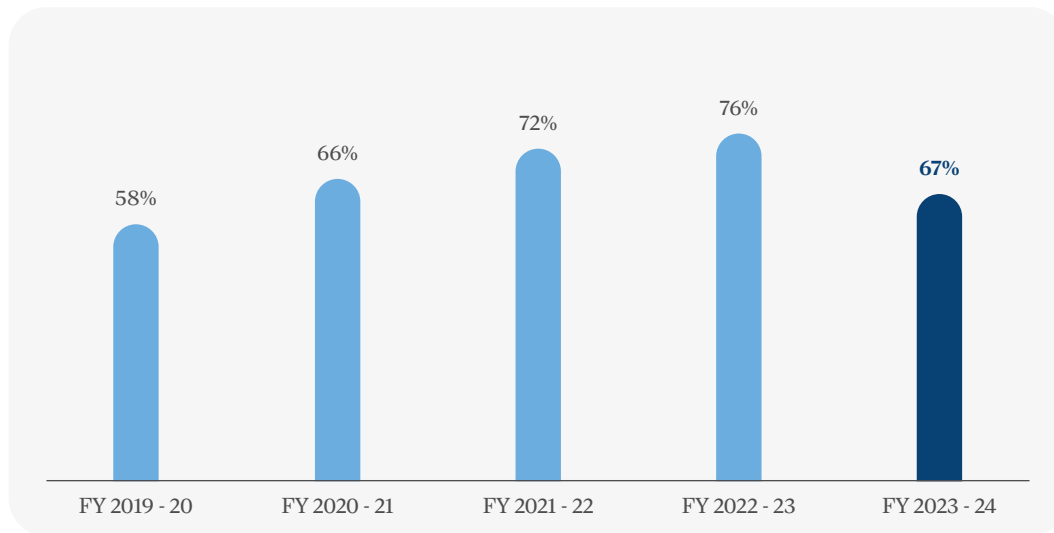
Branch Presence across India

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.

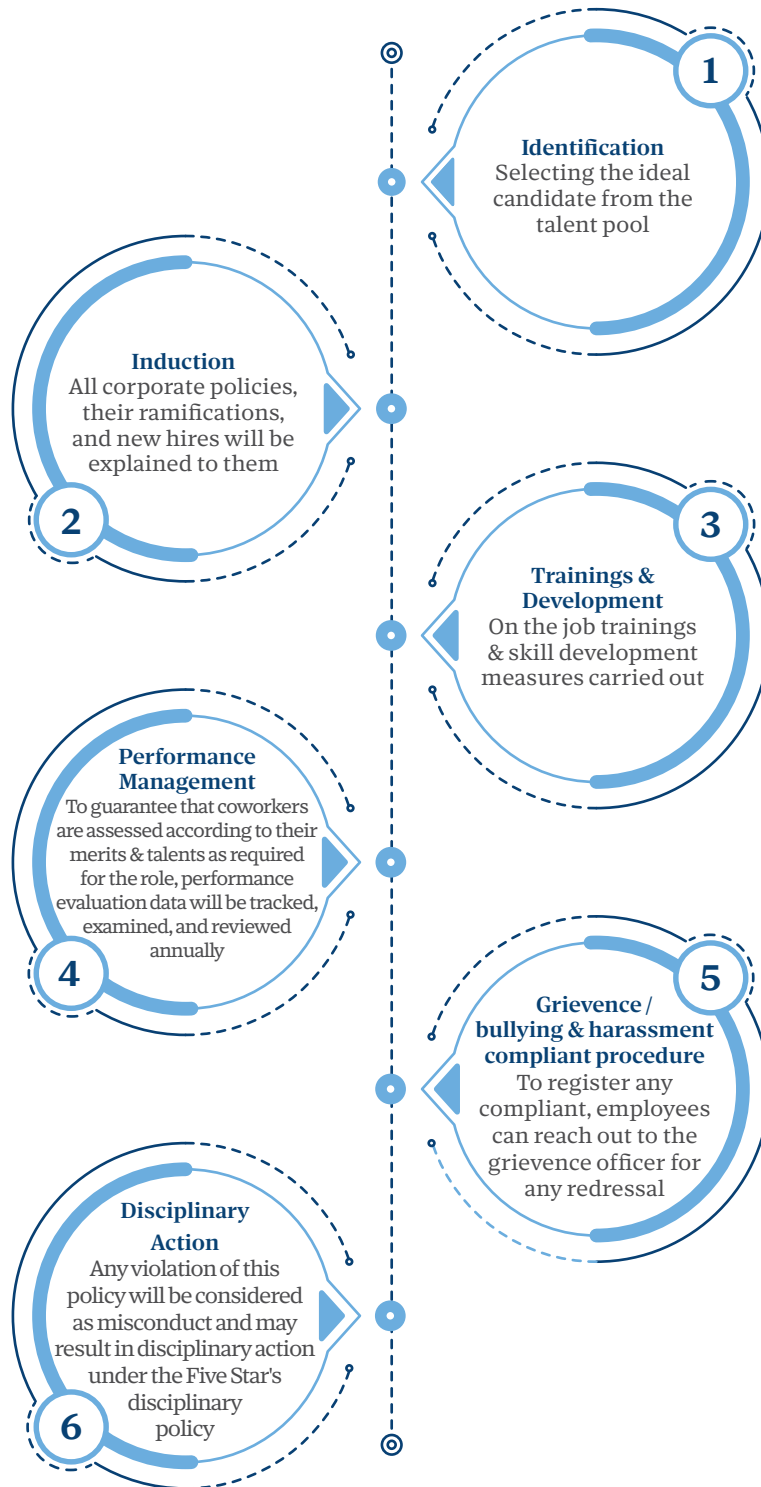
We also have an Internal Ombudsman, who is an independent person looking at the merit of the complaints received, and resolutions provided thereon. We have not had any instance of the Ombudsman disagreeing with the view of the Company on the merits of complaints received at the Ombudsman office or from 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, 9,327 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 floater of INR 5 Lakhs irrespective of designation and hierarchy

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 57% women returning to work in FY 2023 - 24, 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 two Employees Stock Option Schemes, namely

- Five-Star Associate Stock Option Scheme 2015 (ASOP 2015)
- Five-Star Associate Stock Option Scheme 2018 (ASOP 2018)

314 employees have been granted ESOPs under the above schemes.

Diversity, Equity, and Inclusion

Five Star has put in place 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](#).

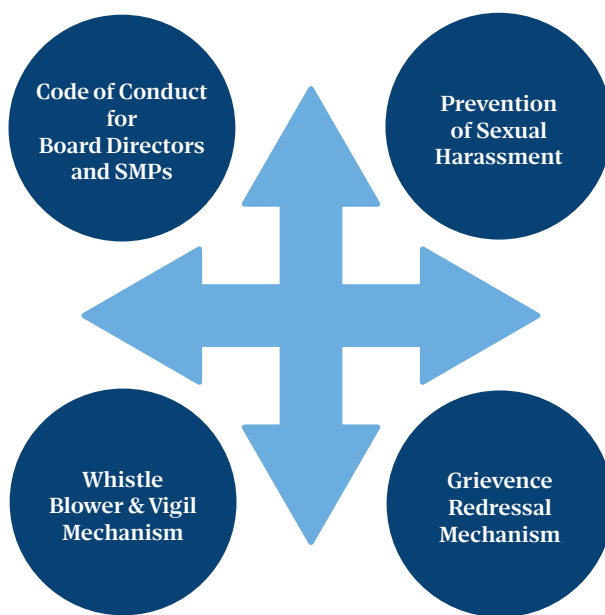
While we have significant number of women employees in our corporate office, the overall percentage of women in the organization not being high is attributable to the fact that a majority of the organisation's employees are field officers. While the Company is open to hiring women candidates for

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 harassment 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 300 Orphan Polytechnic Students staying and studying in the Chennai Gurukula of Ramakrishna Mission Student Home for One Year
- 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
- For setting up a Lab for “Every Child a Scientist” program launched by MSSRF with an aim of inculcating scientific temper in students of corporation schools
- For setting up Five Mini Science Centre (STEM Lab) at Government Schools by SAMABHAVANA. It is very educative innovative systemic instrument to revolutionize science and Mathematics education that makes learning accessible
- Helping and transform the future of thousands of tribal rural students thru All India Movement for Seva - Education expenses for 36 Girl students of Dayatirtha Chatralayam , Ambur , Construction of Compound Wall of Boys Chatralayam, Uttar Pradesh and Installation of Solar Power, smart class, tables, chairs etc for the students of Government School, Sembankudi & Theni
- Project undertaken at M.S.Swaminathan Research Foundation towards Fellowship program to create a cadre of young woman and men to work on the proven scientific pathways demonstrated by Prof.M.S.Swaminathan, The fellows are expected to foster discussions and collaborations that advance the principles of Evergreen revolution and sustainable agriculture, promote food security, and address SDG goals in the spirit his vision
- Setting the foundation for basic education and enhanced learning, health and livelihoods of Scheduled Irular Tribal families in Parangipettai block of Cuddalore district, Tamilnadu

Promoting Healthcare

- Project undertaken at Thirumalai Mission Hospital towards Construction of Hospital Building. This will have adequate facilities for accident/trauma care, critical care, surgeries, in-patient beds and research
- Conduct comprehensive Vision/Eye Screening for the marginalised communities and School children from Government Schools to Identify refractive errors and provide spectacles in need. 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
- Running Expenses of Swami Vivekananda Medical Mission Hospital Unit Ammini Diagnostic Centre at Shenoy Nagar, Chennai.
- Rehabilitation on Wheels for the persons with disabilities in the remote villages at PALLIPET TALUK – 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 Sri Arunodayam Charitable Trust
- Purchase of Rescue Vehicle, School Van & Ambulance to help and support them with the tremendous care the trust provides to nearly 300 destitute women who are mentally

challenged with no place to call home and for children with special needs and the project implemented by our partner REHOBOTH

Promoting Livelihood

- To Provide Food (Annadhaanam) to around 110 orphans who are disabled and elders at The United Educational & Social Welfare Trust, Coimbatore.
- Purchase of Double Decker Cots to Orphan Children and Intellectual Disabled which will benefit 100 children for ALL THE CHILDREN trust, Chennai.
- Refurbish / Reconstruction of the OldAgeHome of Akshaya Trust Valasaravakam, Chennai where around 50 Elders have lost their bedding, appliances, supplies etc due to Michaung Cyclone.
- Skill Development Centre for persons with disabilities of Sri Arunodayam Charitable Trust in remote villages at PALLIPET TALUK which addresses all the development like mental, Psychological, physical, emotional and social and thereby indeed becoming productive members of the society at their own pace.
- Construction of Residential Home for orphan children with intellectual disability & Autism of Tamilnadu Hope Public Charitable Trust. Here students will be given residential care and skill training for their independent living.
- “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.
- Funded for the Purchase of 1 vessel washer Machine (400 VPH) & steam generator (50 kg) to wash the utensils used to serve food for around 58000 students in Pondicherry by Akshaya Patra Foundation.

Ongoing Projects

- Ongoing project – Construction of Classrooms in Valluvar Gurukulam in Tamil Nadu for the past 2 years
- Ongoing project – Sponsorship to 100 college students in Team Everest in Tamil Nadu for the past 2 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 2023 - 24	FY 2022 - 23
1	Diesel (DG sets, Own Vehicles)	GJ	15.99	19.03
2	Electricity Purchased from Grid	GJ	11,515.19	9,646.75

S.No.	GHG Emissions (tCO2e)	FY 2023 - 24	FY 2022 - 23
1	Scope 1	1.08	1.2
2	Scope 2	2,578.94	2,170.52

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.