

October 20, 2025

Five-Star Business Finance Limited: Rating withdrawn for PTCs issued under small business loan securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. Crore)	Amount O/s after last surveillance (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Dhruva-XII Northern Arc SBL 03 2021	PTC Series A1(b)	23.45	5.14	0.00	[ICRA]AAA(SO); Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the rating for pass through certificates (PTCs) issued under a small business loan receivables transaction originated by Five-Star Business Finance Limited {FSBFL; rated [ICRA]AA-(Stable)}, as tabulated above. All the payouts to the investors in the above-mentioned instrument has been made and no further payments are due to the investors.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn. The previous detailed rating rationale of the previous rating exercise is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	ICRA's Policy on Withdrawal of Credit Rating
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

Five-Star Business Finance Limited (FSBFL) is a Chennai-headquartered non-banking financial company (NBFC) extending secured loans to micro entrepreneurs and self-employed individuals, primarily in semi-urban markets. The company commenced operations in 1984, with a focus on consumer loans and vehicle finance. In 2005, it shifted its focus to small business loans with a typical loan ticket size of Rs. 2-10 lakh and an average ticket size of Rs. 3-5 lakh. Its loans are predominantly backed by self-occupied residential properties. As on June 30, 2025, FSBFL had 767 branches across 10 states and 1 Union Territory.

The company was listed on the NSE & BSE in November 2022. As of June 2025, the individual promoters & promoter group (Mr. Lakshmipathy Deenadayalan and his family) held 18.4% of the stake in the company, being the single largest shareholders.

Key financial indicators

Five-Star Business Finance Limited	FY2024	FY2025	Q1 FY2026
	Audited	Audited	Provisional
Total income	2,195	2,866	791
Profit after tax	836	1075	266
Total managed assets	11,847	14,614	14,971
Gross NPA	1.4%	1.8%	2.5%
CRAR	50.5%	50.1%	49.1%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust Name	Instrument	Current Rating (FY2026)		Chronology of Rating History for the Past 3 Years			
		Initial Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Date & rating in FY2026	Date and Rating in FY2025	Date and Rating in FY2024	Date and Rating in FY2023
				Oct 20, 2025	Dec 23, 2024	Jan 29, 2024	Feb 16, 2023
Dhruva-XII Northern Arc SBL 03 2021	PTC Series A1(b)	23.45	0.00	[ICRA] AAA(SO); withdrawn	[ICRA]AAA(SO)	[ICRA]AA+(SO)	[ICRA]AA+(SO)

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Dhruva-XII Northern Arc SBL 03 2021	PTC Series A1(b)	Moderately Complex

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure I: Instrument details

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
Dhruva-XII Northern Arc SBL 03 2021	PTC Series A1(b)	March 23, 2021	9.50%	March 21, 2027	0.00	[ICRA]AAA(SO); Withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

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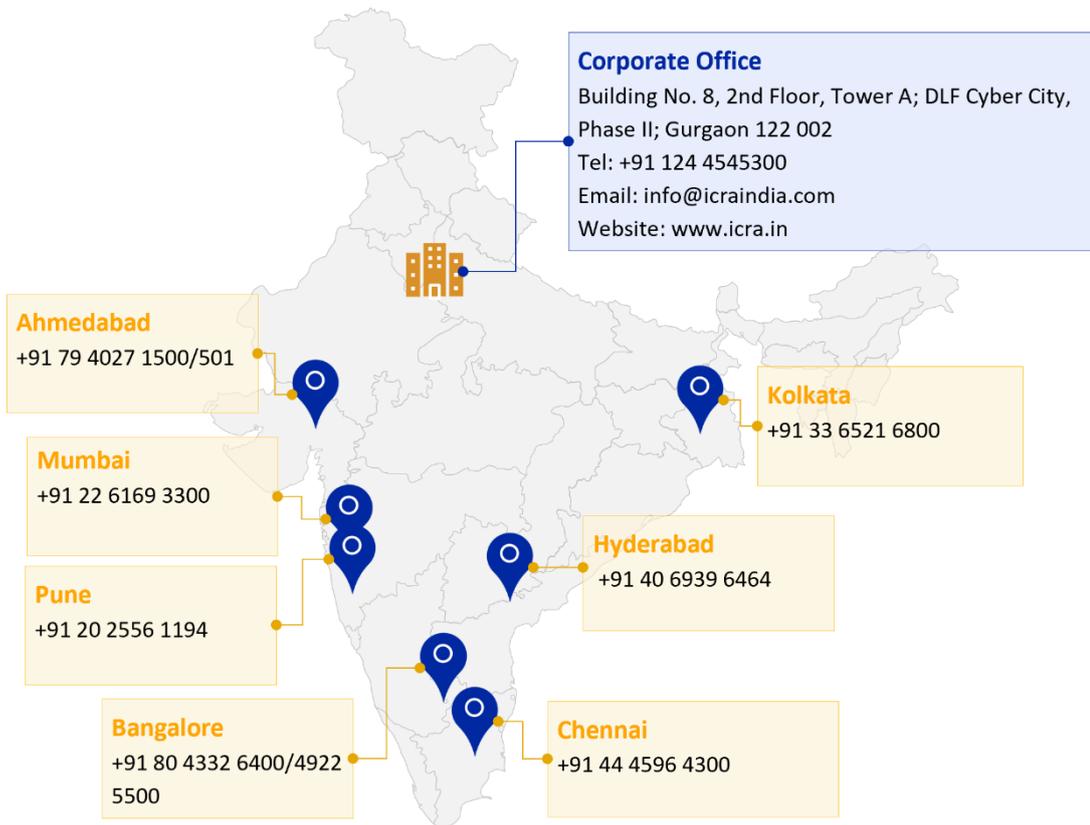
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