



Business Finance Limited

Date: February 01, 2024

The National Stock Exchange of India Limited,
Exchange Plaza,
Bandra-Kurla Complex,
Bandra (E), Mumbai 400 051
Symbol: FIVESTAR

BSE Limited
Listing department,
First floor, PJ Towers,
Dalal Street, Fort Mumbai 400 001
Scrip code: 543663

**Sub: Investor Presentation on the Financial Results for the quarter and nine months ended
December 31, 2023**

Dear Sir/ Madam

In terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a copy of the Investor Presentation of the Company on the financial results for the quarter and nine months ended December 31, 2023.

This Investor Presentation is also available on the website of the Company at <https://fivestargroup.in/investors/>

Kindly take the above on record.

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



Five-Star Business Finance Limited

Investor Presentation

Q3FY2024

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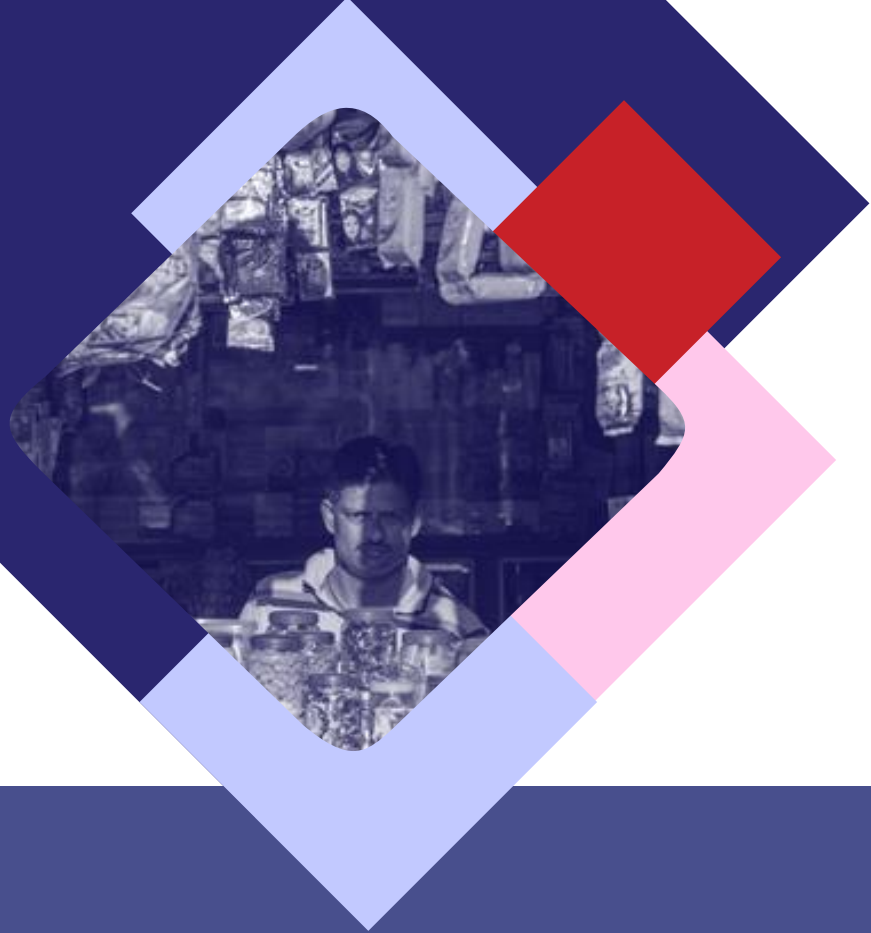
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Business Highlights

Section 2
Company Overview

Section 3
Executive Summary

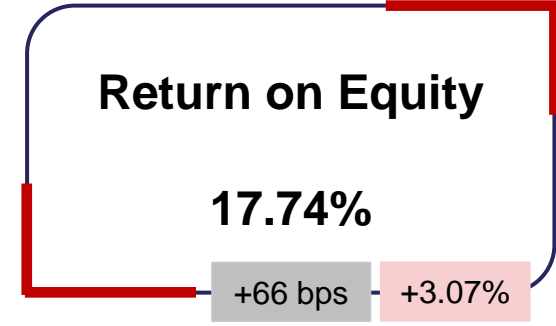
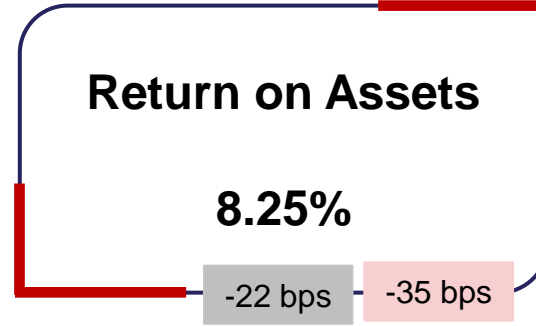
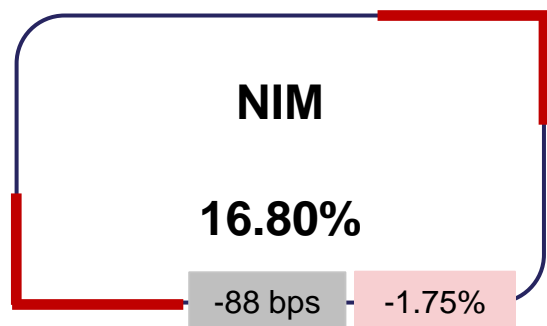
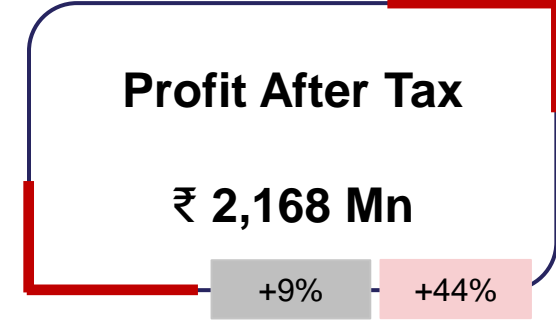
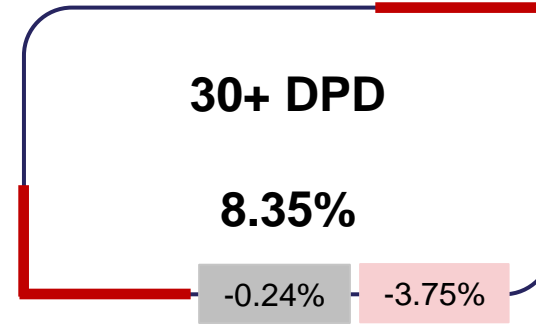
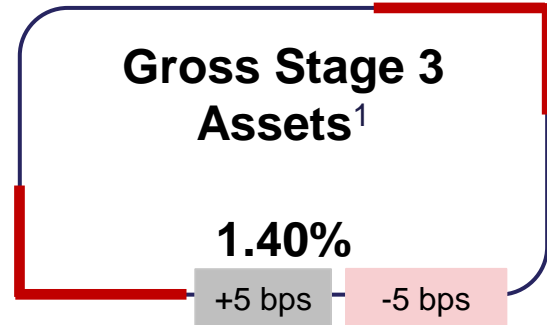
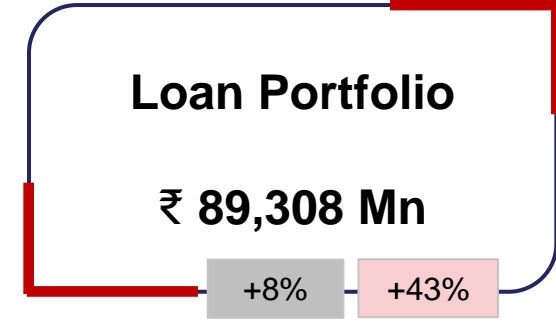
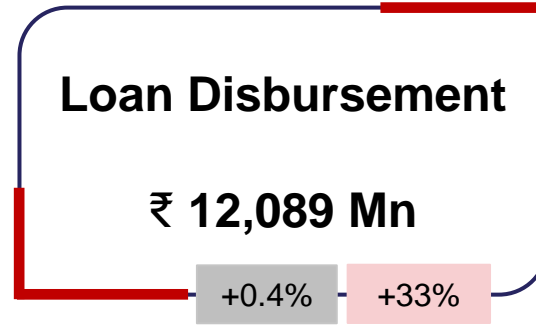
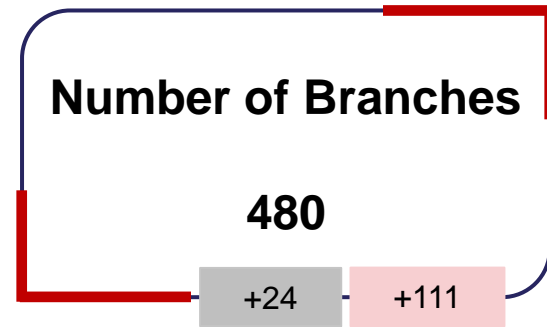
Section 4
*Financial Performance, Asset
Quality & ECL*

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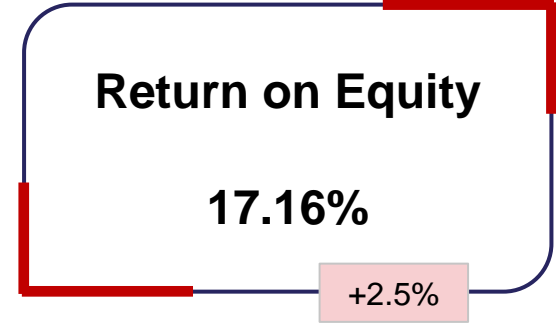
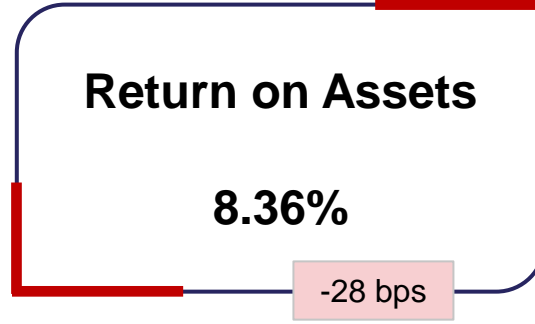
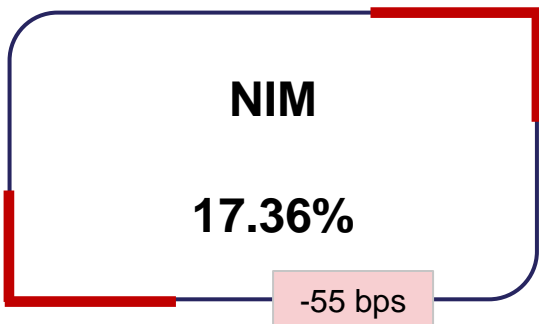
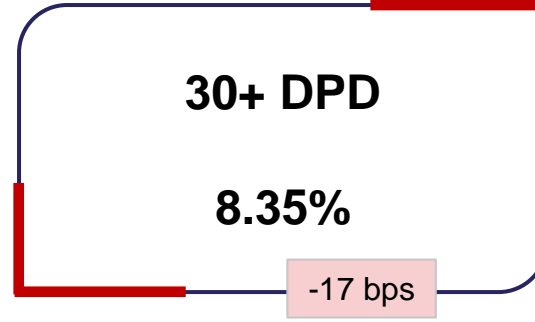
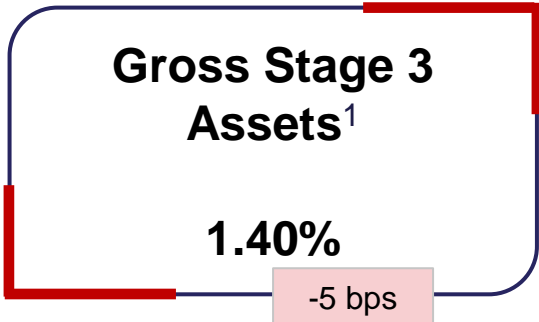
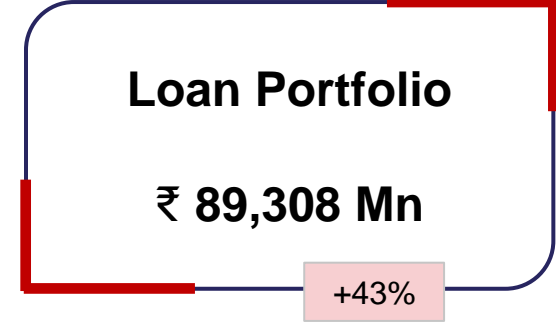
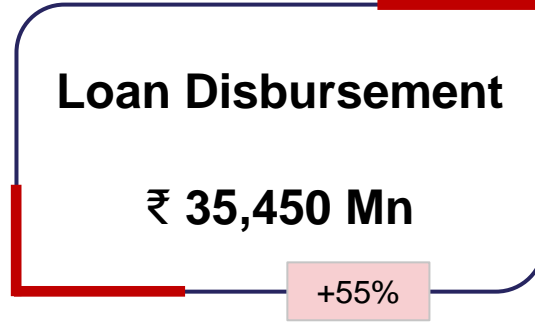
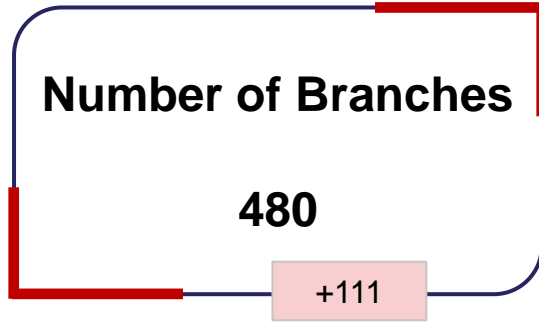
Section 1

Business Highlights



q-o-q y-o-y

Notes: 1. Gross Stage 3 Assets computed as per guidelines stipulated by RBI vide their circulars on Prudential Norms on Income recognition and Asset classification dated Nov 12, 2021 and Feb 15, 2022 (wherein implementation of upgradation norms were deferred to October 1, 2022) i.e loans that have crossed 90 days past due any time since October 1, 2022 and not cleared their arrears fully, expressed as a % of AUM



y-o-y

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Section 2

Company Overview

NBFC providing secured financial solutions to Small Business customers and Self-employed Individuals who are largely cut-off from formal lending ecosystem



480 branches

9 States + 1 UT

3.6 lakh loans

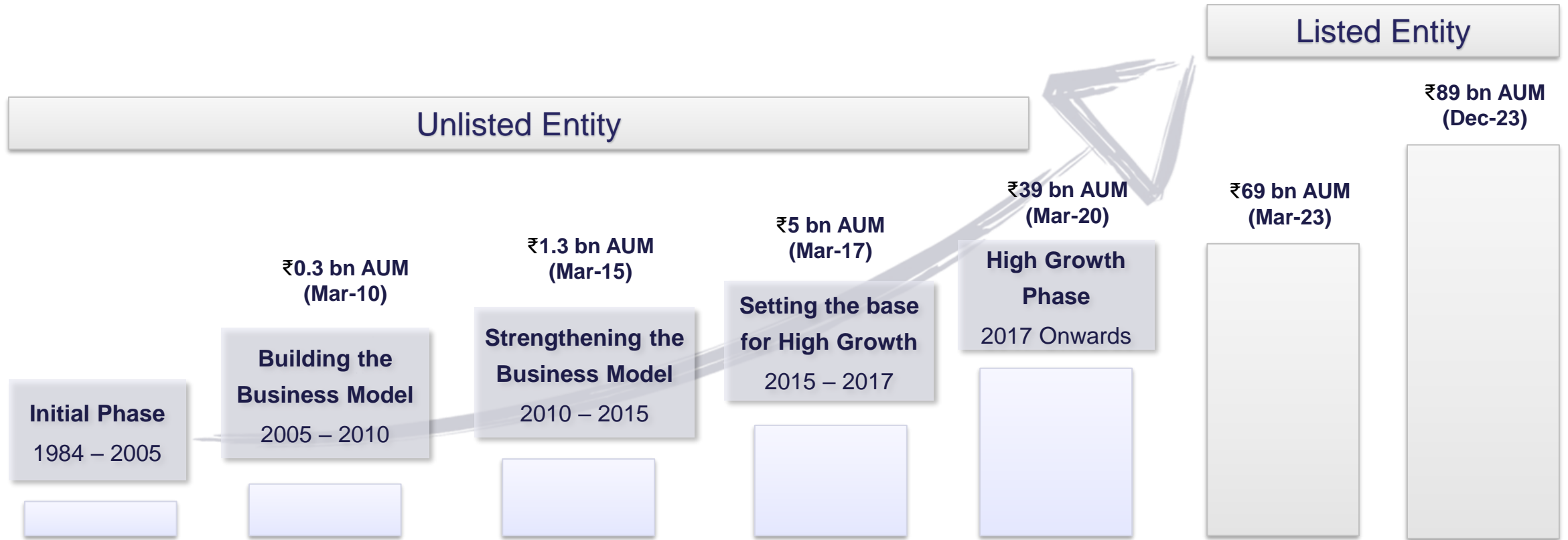
8,714 employees

Registered as NBFC-ND-SI with
the Reserve Bank of India

2 decades of lending to Small
Business Loan customers

Proprietary Underwriting &
Collections model fine-tuned
over 2 decades of experience

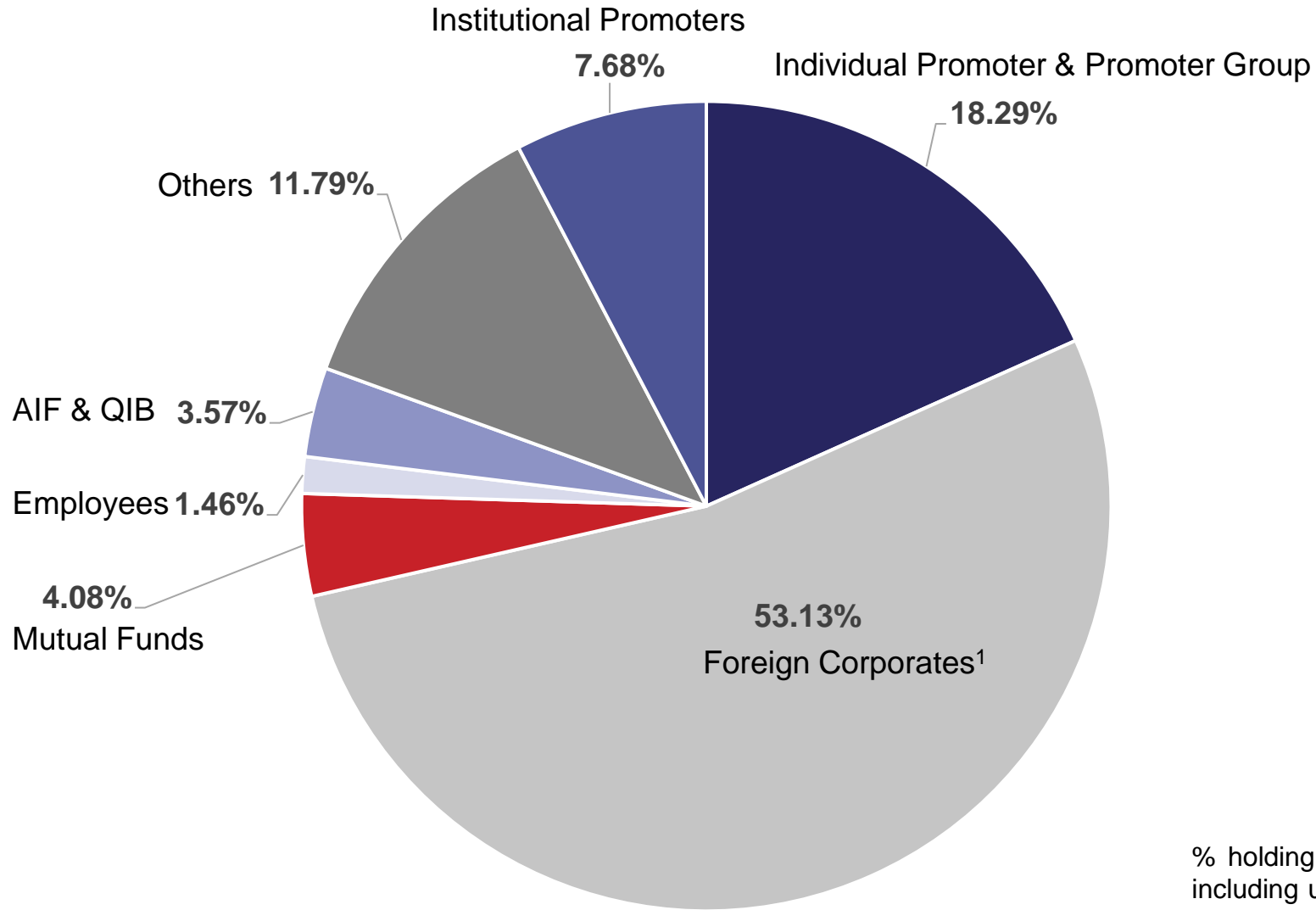
- ★ Built to take advantage of the large addressable market and credit gap
- ★ Deep understanding of customer behavior; strong knowledge of the local market and regional dynamics
- ★ Success and growth of Five-Star are outcomes of the last two decades of operating in the segment
- ★ Recognized market potential well ahead of time
- ★ Proven track record to access capital with a well thought strategy; strong investments in professional team



Strong Growth trajectory over the last 39 years of operations

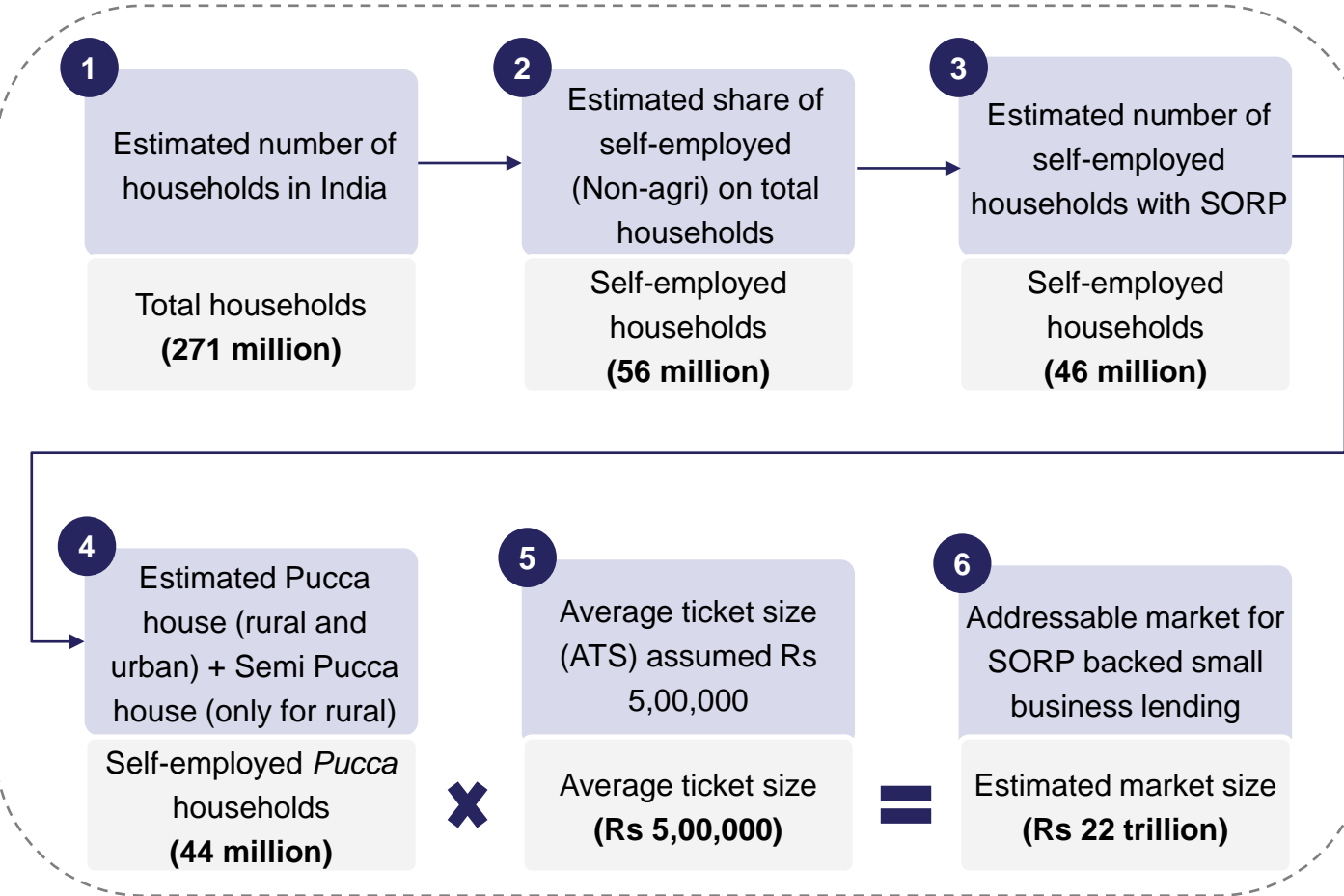
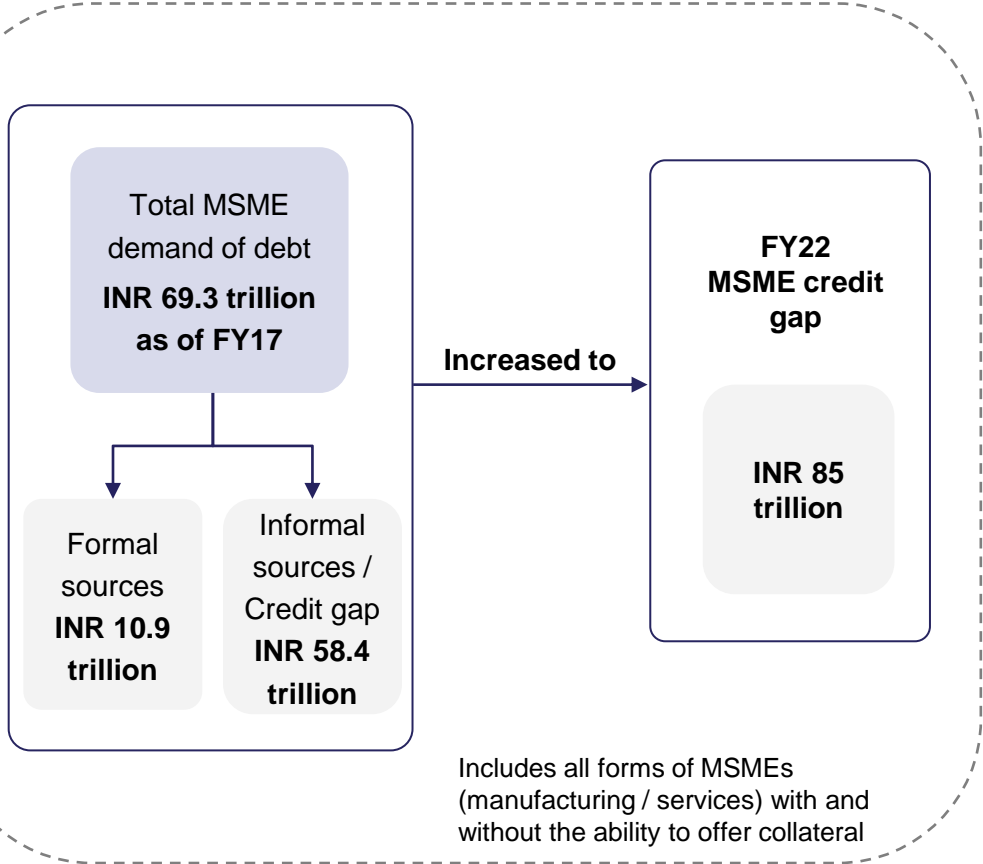
	FY15		FY23
Number of Branches	39	~10x	373
Loans to borrowers ('000)	5	~60x	294
Relationship Officers	59	~70x	4,003 ¹
Disbursements (₹ Mn) p.a.	793	>40x	33,914
Assets Under Management (AUM) (₹ Mn)	1,315	>50x	69,148
Total Income (₹ Mn)	336	>45x	15,289
Profit After Tax (₹ Mn)	99	>60x	6,035
Net Worth (₹ Mn)	713	>60x	43,395
Gross Stage 3 Assets	1.81% ²		1.36% ³

Five Star has grown >50x in AUM between FY15A - FY23A with the same ticket size on the back of a 10x growth in branch network across economic cycles and significantly stressful periods like COVID-1 and COVID-2

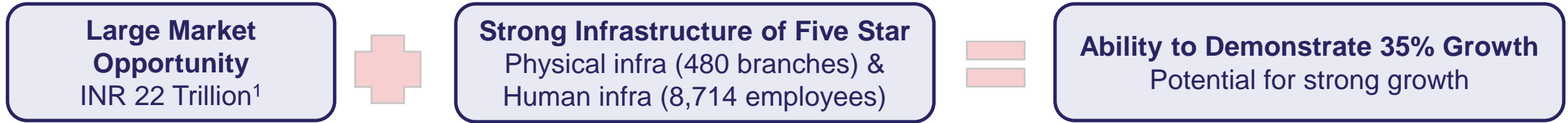


% holding computed on a fully diluted basis, including ungranted, unvested and vested but unexercised options

Overall MSME Credit Gap → **Target Addressable Market for Five Star**



Notes: 1. As per the industry report in the Company's Offer documents



Growth Level 1

Increased branch network & penetration – Ability to open about 70 – 80 branches every year



Growth Level 2






















Increased FOS even in the existing branch networks – Proven ability to increase average number of FOS in the existing branches



Growth Level 3

Increase in Average Ticket Size – ATS around 3 – 3.5 lakhs for the last many years; targeting inflationary increases and expected to operate in the range of 3.5 – 4 lakhs in the coming FY

Challenges in Lending to Small Business Customers & Self-Employed individuals

Institutionalized Lenders - Key Underwriting Parameters	Medium Enterprises	Small Enterprises	Small Business Owners and Self-Employed Customers
Verifiable income stream	 Assessed from formal contracts since predominantly B2B clients	 Typically assessed from VAT, sales tax, service tax records	 Predominantly backed by informal/ kaccha documents, daily noting
Formal documentation	 Formal & structured – records of IT returns available	 Semi-formal – Have banking habit to the extent of business transactions	 Highly Informal – Have minimal banking habits
Extent of ‘on the ground presence’ required	 Presence of formal, verifiable documents reduces requirement	 Moderate level of physical verification required	 Ability to conduct physical verifications essential
Credit history	 Well documented	 Moderate level of documentation	 Nil or negligible credit history for medium / high ticket loans
Credit discipline	 Low variance – usually high discipline	 Moderate variance – on average high discipline	 High variance in segment with both high & low credit discipline observable
Ability to offer collateral	 Significant business assets to offer as collateral	 Moderate ability to offer business collateral	 Negligible business collateral – ability to offer personal collateral varies
Assessment of collateral	 Simple to assess with supporting documentation	 Moderate – with some supporting documents available	 Complex with ability to carry out ecosystem checks required

Inability to verify income, lack of credit history & varying ability to offer collateral make profitable operation difficult for traditional financiers



Simple to Assess



Moderately Simple to Assess



Complex to Assess



Highly Complex to Assess

Customers targeted by Five Star

Customers from semi-urban and fast-growing rural geographies

Customers with income derived from 'every day' services

100% of loans backed by collateral

Mandatory family co applicants, usually spouse and offspring

Rationale for customer selection

→ Good potential & easier reach; fewer legal issues on collateral

→ Resilience to business cycles & macro events

→ Self-occupied property and thereby high customer equity

→ Social pressure to service the loan without delays



Five Star's capabilities

- Credit appraisal of informal income with minimum documentation
- 'On the ground' presence - ability to conduct physical verifications
- Ability to utilize ecosystem checks as proxies for formal records in databases

Five Star operates profitably with strong portfolio quality (in the company's customer segment) by carefully selecting customers that 'fit' its assessment capabilities

Deep Understanding of Customer Segment & Conservative Lending Practices

20 years of operations
ATS of ~ 3-5 lakhs
Conservative DBR / LTV norms

Compelling Economics & Best in Class Return Metrics

Yields of ~24%; Spreads of ~12-13%
Industry leading ROA at >8% with ROE at ~15%

Industry Leading Asset Quality

Gross Stage 3 Assets of < 1.5%
Net Stage 3 Assets of <1%
even on a steady-state basis

Well Capitalized & Low Leverage

Current D/E of ~1x
Can target a strong AUM growth trajectory at 3-3.5x leverage

Strong Board & Experienced Management Team

Board with significant industry experience
Experienced Management team of 21 members

High Governance Focus

Statutory Auditor – S.R.Batliloi & Associates
LLP
Internal Auditor – Sundaram & Srinivasan
Independent Directors heading Audit Committee,
Risk Management Committee, Nomination &
Remuneration Committee, IT Strategy
Committee

Customer Selection

- Lending to the same segment for 35+ years
- Seen customer behaviour across cycles
- 100% in-house sourcing
- Strong focus on Tier 3 to Tier 6 cities



Typical Customer Profile

- Small business owners and self-employed individuals
- Everyday cash and carry businesses with bias towards services
- Family's collective loan decisioning
- Typical family cashflows (gross) ~ ₹ 25,000 to ₹ 40,000 per month and typical collateral value of ₹1 Mn (land and building)

Product Offering

- 100% of the book backed by a hard collateral, of which ~95% is SORP
- Average LTV and DBR¹ of ~50% at the time of sanction
- EMI typically of 7-10 days of borrowers' family cashflows (gross)



Typical Product Features

- Loans provided for business expansion, home renovation / improvement and other mortgage purposes (marriage, education, emergency etc)
- Typical ticket sizes between ₹ 0.2 Mn to ₹1 Mn
- IRR of ~24%-26% with loan tenure of 2 to 7 years



Shops / small businesses are typically the last to get hit in an economic cycle, and the first to bounce back

Customer centric model underpinned by calibrated sourcing and distribution strategy and robust underwriting and collections practices

Customer centric business model



Product

- Term Loan with average tenure of 5-7 years
- Interest rate range of 24%-26%
- Loans for business, asset creation and other economic purposes
- Fully secured by property, ~95% being SORP



Well-diversified Presence

- Primary States: Tamil Nadu, AP, Telangana, Karnataka, Madhya Pradesh
- Other States / UT: Maharashtra, Chhattisgarh, UP, Rajasthan, Pondicherry
- 480 branches; 8,714 employees
- Contiguous expansion. Cautious approach to newer states

Comprehensive credit assessment and robust risk management



Sourcing and Underwriting

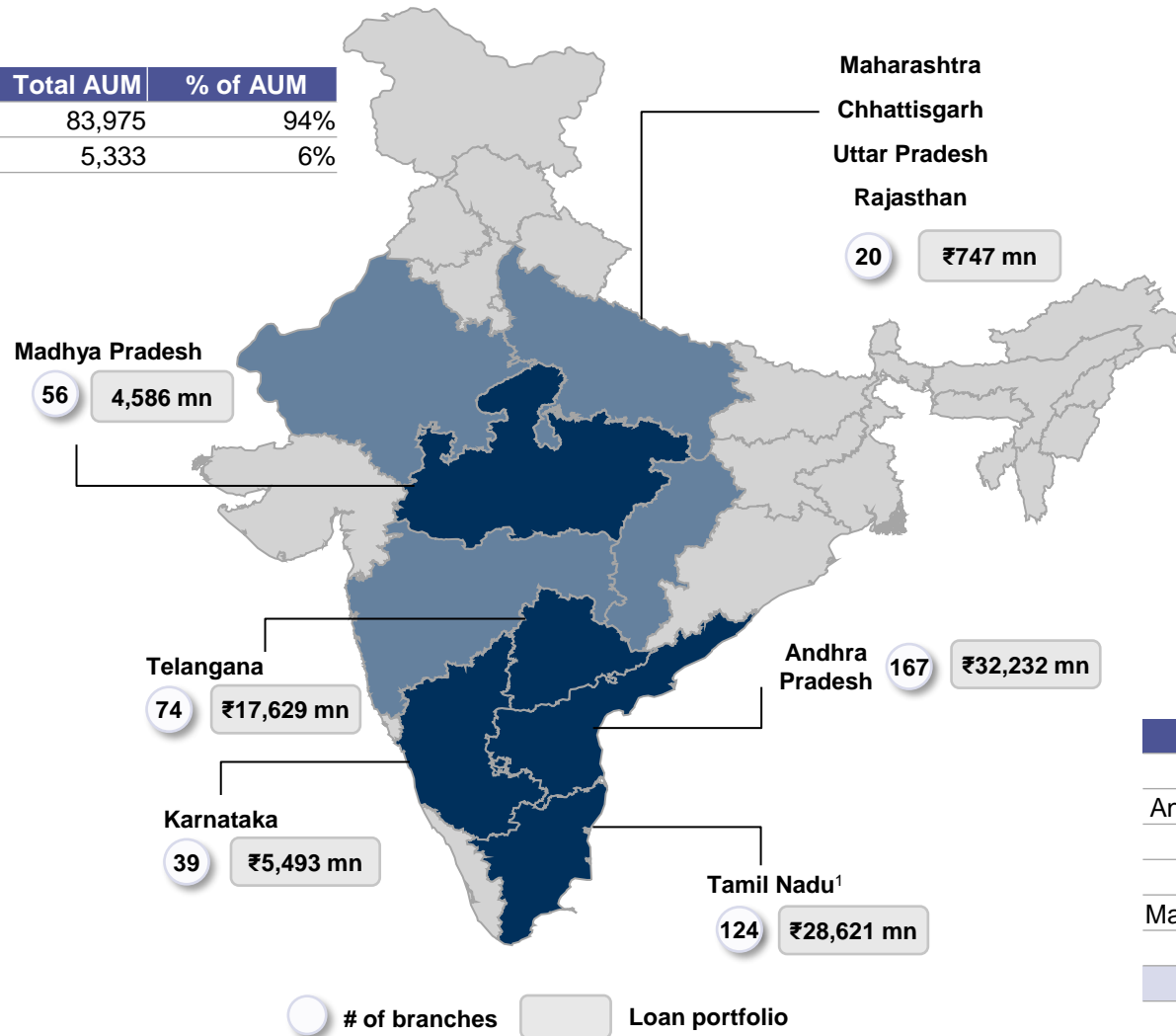
- 100% in-house sourcing and processing with focus on service-oriented business
- Assessment based on 3 Cs (Character, Cash flow and Collateral)
- Two levels of check each in business and in credit; conservative credit policies
- Assignment of co-applicants – Loans to the family and not individuals



Collections

- Strong on-ground collection infrastructure and supervisory follow up to cater to new to formal credit customer segment
- Relatively higher softer delinquencies; consistently low on 90+ DPD
- <2% IRR loss on majority of settled loans which were 90+ DPD on settlement¹

Geography	# branches	Total AUM	% of AUM
South India	404	83,975	94%
Rest of India	76	5,333	6%



Vintage-wise average AUM (in ₹Mn) per branch (as of December 2023)

Branch Vintage	No of branches	Average AUM
<=1 year	111	37
1 – 3 years	107	129
3 – 5 years	102	211
5 – 7 years	79	298
>7 years	81	326
Total	480	186

Cluster strategy adopted, on a need basis, to facilitate growth in matured branches (explained in the following slides)

State-wise portfolio break-up

State	No of branches	Q3FY2024	FY2023	FY2022	FY2021	FY2020
Tamil Nadu	124	32%	35%	39%	41%	43%
Andhra Pradesh	167	36%	33%	29%	28%	28%
Telangana	74	20%	20%	19%	18%	19%
Karnataka	39	6%	7%	7%	7%	7%
Madhya Pradesh	56	5%	5%	5%	4%	3%
Others	20	1%	1%	1%	1%	1%
Total	480					

Strong South India presence coupled with clear aim to expand in non-South in the next few years

A key component of Distribution Strategy is following a Cluster approach to growth. This is achieved through...

Taking advantage of the market opportunity

- When a branch reaches a reasonable size threshold (typically about 500 - 1,000 accounts), an evaluation is made, if it is worthwhile to open new branches in the region/ cluster to take advantage of the market opportunity

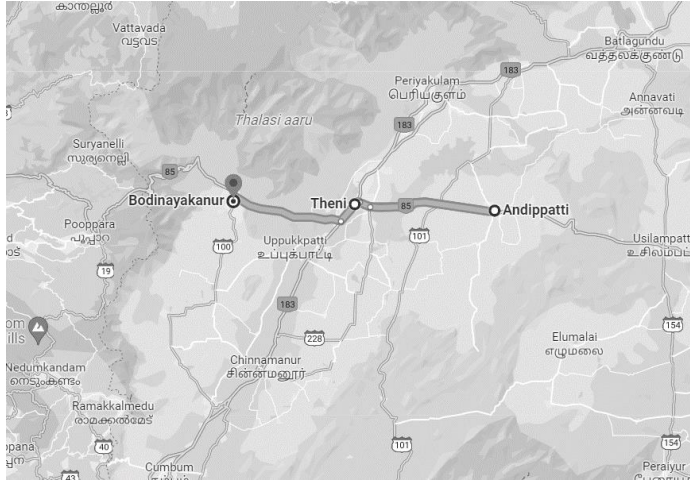
Following a Cluster Approach to expansion and growth

- If the market opportunity is available, more branches are opened in the same cluster
- Where possible, a set of accounts is transferred from the existing branch to the newer branches that are opened
- The approach to growth is then cluster led and not branch led

Advantages of transferring accounts from the older branch to a new branch

- Customer convenience – The newly opened branch would be nearer to the customer location than before
- Risk Management – Avoiding single branch dependency/ failure in case of potential issues at a particular location
- Comprehensive growth – With lesser burden of collections, the older branch charts on a continued growth path. The newer branches help additional growth at cluster level

Cluster Strategy Illustration – Theni Cluster (Tamilnadu)



Parent Branch:

Theni (Opened in Aug 2014)

Child Branches:

1. Bodinayakkanur (Bodi)
2. Andipatti
3. Periyakulam

1. **Bodinayakkanur:** 16 KM from Theni. Opened in Jul 2018. 18 accounts got transferred from Theni to Bodinayakkanur on the day of opening.
2. **Andipatti:** 16 KM from Theni. Opened in Sep 2022. 300 accounts got transferred from Theni to Andipatti on the day of branch opening.
3. **Periyakulam:** 16 KM from Theni. Opened in Sep 2023. 180 accounts got transferred from Theni to Periyakulam in the quarter following the month of branch opening.

Date	Theni	Bodi	Andipatti	Periyakulam	Theni Cluster
Aug 2014	-	-	-	-	-
Jul 2018	523	-	-	-	523
Jul 2018 (After transfer to Bodi)	505	18	-	-	523
Sep 2022	1,638	1,059	-	-	2,697
Sep 2022 (After transfer to Andipatti)	1,338	1,059	300	-	2,697
Dec 2023 quarter	1,756	1,488	592	-	
Dec 2023 quarter (After transfer to Periyakulam)	1,576	1,488	592	180	
Dec 2023 (Accounts)	1,576	1,488	592	213	3,869
Dec 2023 (Portfolio in ₹ Mn)	347	345	139	57	888

Standalone Theni Branch has only 1,576 accounts with a portfolio of ₹347 Mn. However, Theni cluster has grown to 3,869 accounts with a total portfolio of ₹888 Mn.

Cluster Strategy Illustration – Kakinada Cluster (Andhra Pradesh)



Parent Branch:

Kakinada
(Opened in Jul 2016)

Child Branches:

1. Jaggampeta
2. Kathipudi
3. Sarpavaram

1. **Jaggampeta:** 52 KM from Kakinada. Opened in Oct 2020. 340 accounts got transferred from Kakinada to Jaggampeta on the day of branch opening.
2. **Kathipudi:** 35 KM from Kakinada. Opened in Jan 2022. 168 accounts got transferred from Kakinada to Kathipudi on the day of branch opening.
3. **Sarpavaram:** 5 KM from Kakinada. Opened in Sep 2022. 524 accounts got transferred from Kakinada to Sarpavaram on the day of branch opening.

Date	Kakinada	Jaggampeta	Kathipudi	Sarpavaram	Kakinada Cluster
Jul 2016	-	-	-	-	-
Oct 2020	1,621	-	-	-	1,621
Oct 2020 (after transfer to Jaggampeta)	1,281	340	-	-	1,621
Jan 2022	1,665	606	-	-	2,271
Jan 2022 (after transfer to Kathipudi)	1,497	606	168	-	2,271
Sep 2022	2,068	931	171	-	3,170
Sep 2022 (after transfer to Sarpavaram)	1,544	931	171	524	3,170
Dec 2023 (Accounts)	2,119	1,674	855	830	5,478
Dec 2023 (Portfolio in ₹ Mn)	595	430	253	231	1,509

Standalone Kakinada Branch has only 2,119 accounts with a portfolio of ₹595 Mn. However, Kakinada cluster has grown to 5,478 accounts with a total portfolio of ₹ 1,509 Mn.

Robust investments in technology to efficiently manage the lending process, increase productivity and decrease costs

Till FY2017

- Manual underwriting process with minimal technology involvement

FY2017 till FY 2022

- Significant investments in technology over the last 5 years
- Moved to FinnOne Neo (ERP solution) with automated workflow and rule engine configuration
- Moved to a completely paperless underwriting model with all data available on cloud

From FY 2023

- Strengthened the senior management team for IT and augmented the team to 46 IT personnel as on date
- Total IT spend (capex + opex, ex-HC) for FY23 and 9MFY24 was ₹193 mn and ₹280 mn respectively
- Focus on strategic projects on embarking into new Loan Origination System, HRMS, Collections Module and Customer Scoring Model

Ongoing Investments to help build a scalable and efficient model...



API infrastructure to leverage strengths of third-party service providers / fintechs



Data analytics and machine learning



Robust customer credit scoring model

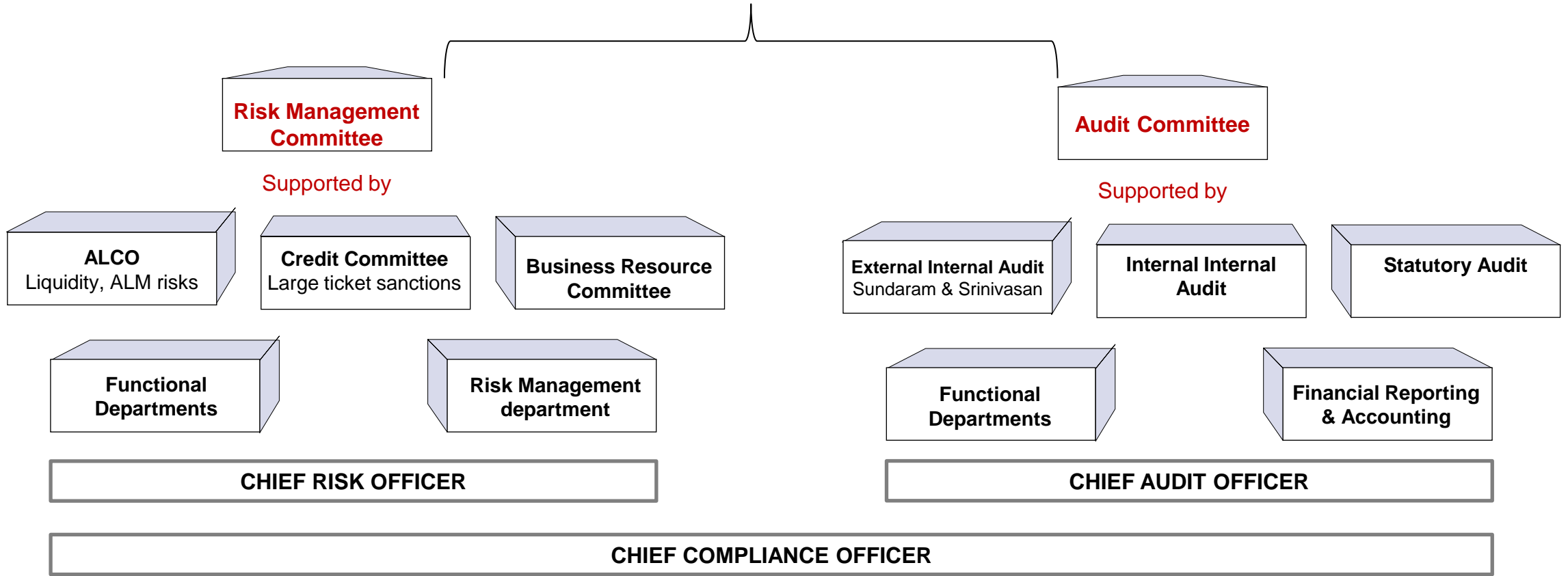
...to lead to a reduction in turnaround time from login to loan sanction

Utilizing technology for processing of loan applications and analysing credit risks

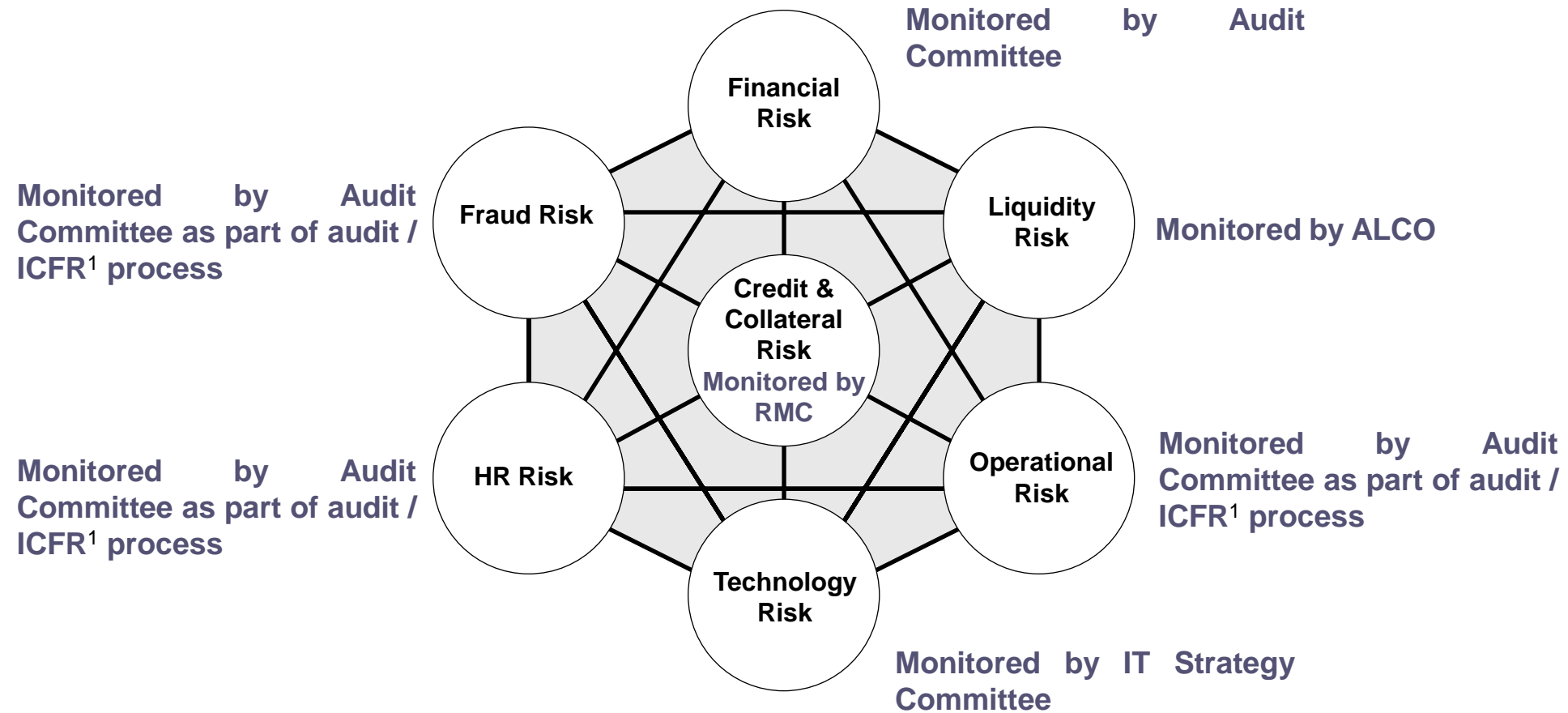
Faster decision making

Better customer service and engagement and faster turnaround time

Board of Directors



Robust Risk Management Architecture with strong oversight at various levels



All the risks are monitored by Board Committees / as part of the Audit processes

Non-Operational risks like Compliance risk, Reputation risk are monitored by the Board

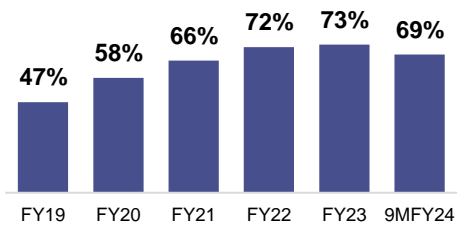
Sustainable Business Model Built Around Societal Impact



Financial Inclusion

- Caters to the underserved market of small business loans
- Meets demand which is majorly catered by informal sources
- Employment opportunities in semi-urban and rural areas
- Focus on hiring local talent

Majority of AUM from LIG



- ✓ Provides business loans
- ✓ Lower interest rate

Economic upliftment

Corporate Social Responsibility

- CSR Committee is focused on improving education, health and livelihood

Social Impact achieved through...

Branch Presence

- Significant branch presence in Tier 3 to Tier 6 towns

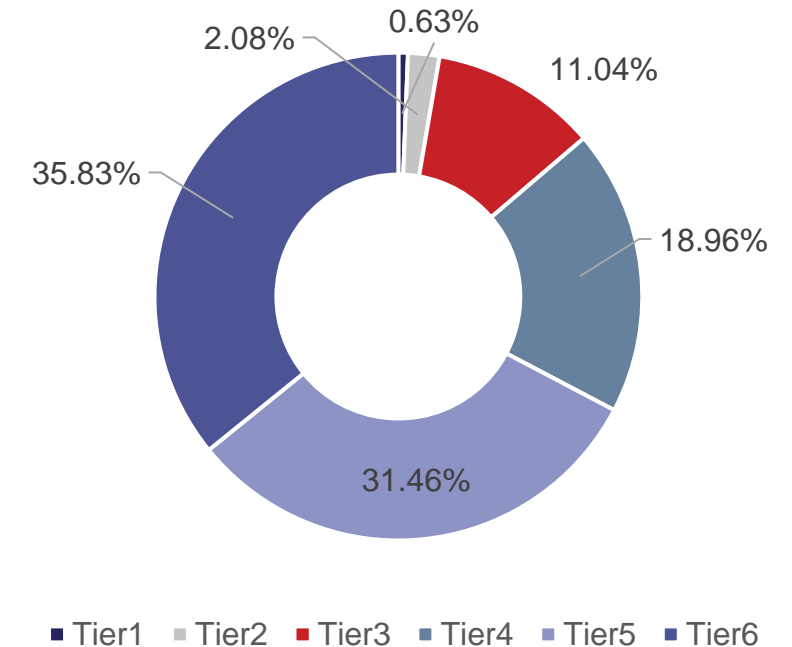
Customers ignored by banks / larger FIs

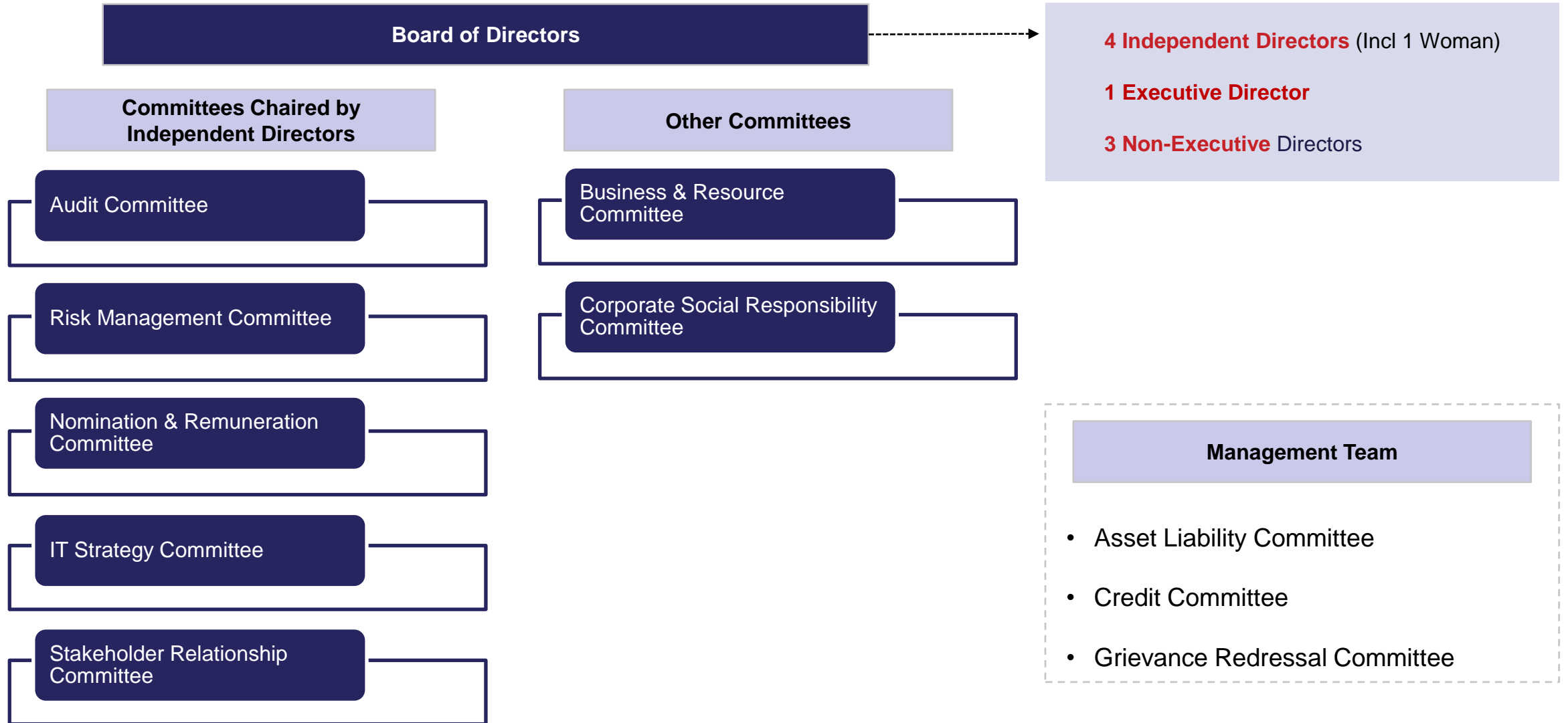
- Low-income borrowers
- Customers with strong incomes from everyday services but lacking the documentary evidence of such incomes
- Fully Collateralised loan

Lending for business purposes

- Predominant portion of lending towards business purposes (income generation)
- Displace unorganised institutions (money lenders) – First time borrowers to formal lending

Significant Branch presence in Tier 3 to Tier 6 towns - semi-urban and fast-growing rural geographies





Distinguished Board of Directors



Lakshmiopathy Deenadayalan
Chairman & Managing Director



Anand Raghavan
Independent Director
Chair – Audit Committee



T T Srinivasaraghavan
Independent Director
Chair – Risk Management Committee



Bhama Krishnamurthy
Independent Director
Chair – Nomination & Remuneration Committee



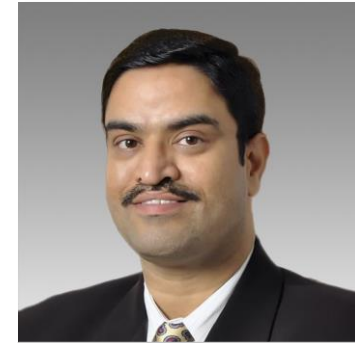
Ramkumar Ramamoorthy
Independent Director
Chair – IT Strategy Committee



Vikram Vaidyanathan
Non-Executive Director¹



G V Ravishankar
Non-Executive Director²



Trilokchand Vasam
Non-Executive Director

Experienced Management team



Lakshmipathy D
Managing Director



Rangarajan Krishnan
Chief Executive Officer



Srikanth Gopalakrishnan
Chief Financial Officer



Vishnuram Jagannathan
Chief Operating Officer



Parthasarathy Srinivasan
Chief Credit Officer



Sathya Ganesh
Chief Business Officer



Vanamali Sridharan
Chief Technology Officer



Jayaraman Sankaran
Chief Risk Officer



Ramesh Kannah
Chief Legal Officer



Naveen Raj
Chief Audit Officer



Prashanth Sreenivasan
Chief Treasury Officer



Sai Suryanarayana
Chief People Officer

Consistent Financial Performance over the years¹

Particulars (₹ Mn)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Operational Information									
Number of branches	39	64	103	130	173	252	262	299	373
Loan disbursals	793	1,319	3,830	7,072	14,822	24,087	12,450	17,562	33,914
AUM	1,315	1,981	4,936	10,084	21,128	38,922	44,454	50,671	69,148
Number of employees	167	293	737	1,290	1,971	3,734	3,938	5,675	7,347
Financial Information									
Total Income	336	473	871	2,082	4,089	7,873	10,513	12,562	15,289
Interest expenses ²	104	141	238	578	769	2,156	3,261	2,984	2,636
Net Interest Income (NII)	232	332	633	1,504	3,320	5,717	7,252	9,578	12,653
Operating Expenses ³	76	122	293	625	1,060	1,731	2,136	3,081	4,405
Loan losses & Provisions	4	7	28	93	76	493	352	455	201
Profit Before Tax (PBT)	152	203	312	786	2,184	3,493	4,764	6,042	8,047
Profit After Tax (PAT)	99	134	196	558	1,567	2,620	3,589	4,535	6,035
Total Comprehensive Income	99	134	196	558	1,563	2,608	3,582	4,513	6,013
Ratios									
Cost to Income	34.48%	38.86%	50.79%	47.74%	34.22%	38.90%	34.31%	36.92%	36.40%
Return on Total Assets	7.04%	6.87%	4.27%	5.82%	8.78%	7.31%	6.99%	7.16%	8.62%
Return on Equity	16.65%	16.47%	12.40%	12.97%	15.14%	15.36%	16.85%	13.85%	15.03%
Gross Stage 3 assets ⁴	1.81%	1.82%	2.47%	1.43%	0.89%	1.37%	1.02%	1.05%	1.36% ⁵
Net Stage 3 assets ⁶	1.48%	1.53%	2.08%	0.95%	0.68%	1.13%	0.84%	0.68%	0.69%
Provision Coverage Ratio - overall AUM	0.57%	0.54%	0.79%	0.97%	0.80%	1.58%	1.95%	2.03%	1.61%
Provision Coverage Ratio - Stage 3	18.40%	16.34%	16.24%	33.89%	22.99%	17.67%	17.92%	34.91%	49.33%
CRAR	52.17%	39.14%	43.78%	58.82%	64.09%	52.94%	58.86%	75.20%	67.17%
Debt / Equity ratio	1.24	1.43	2.04	0.92	0.70	1.22	1.48	0.69	0.98

Notes: 1. Financials from FY2019 are as per Ind-AS and earlier years as per I-GAAP; 2. Does not include interest on lease liabilities; 3. Includes interest on lease liabilities; 4. Gross Stage 3 Assets represents loans which are more than 180 days past due till FY2016 and loans which are more than 90 days past due thereafter till March 2022, as a percentage of the overall loan portfolio; 5. Computed as per guidelines stipulated by RBI vide their circulars on Prudential Norms on Income recognition and Asset classification dated Nov 12, 2021 and Feb 15, 2022 (wherein implementation of upgradation norms were deferred to October 1, 2022) i.e loans that have crossed 90 days past due any time since October 1, 2022 and not cleared their arrears fully, expressed as a % of AUM 6. Net Stage 3 Assets computed as Gross Stage 3 assets reduced by Stage 3 ECL as a percentage of AUM reduced by Stage 3 ECL



Section 3

Executive Summary – Q3FY2024

Scale of Operations



₹89.3bn / ₹62.4bn
AUM in Q3FY24 / Q3FY23
43% growth Y-o-Y



₹12.1bn / ₹9.1bn
Amount Disbursed in
Q3FY24 / Q3FY23



35,108 / 30,140
Number of Disbursements in
Q3FY24 / Q3FY23



₹49.6bn
Net Worth

Distribution



480
Number of Branches



4,562
Business and Collections
Team



Presence in 10
States / UT across India
(focused on expansion)



100% In-house
Sourcing & Collections

Granular Book



100% Secured
Loan Book
(95% against SORP)



₹0.34mn
Average ticket size¹ for
loans disbursed in Q3FY24



362,748
Live accounts²



39.3%
Average LTV³
(As of Dec 31, 2023)

Asset Quality



1.40%
Q3FY24⁴
Gross Stage 3 Assets



0.65%
Q3FY24⁵
Net Stage 3 Assets



0.39%
Q3FY24 Credit Cost to
Average Total Assets⁶



0.59% / 50.66%
Total Restructured Portfolio /
Provision Coverage on
restructured book

Liability Profile



46
Lender relationships



53.26%
CRAR⁷ – Sufficient
capital



Borrowing profile
Well-diversified profile with
fixed rate borrowings of
~29%



AA-
Long term credit rating by
ICRA, CARE and India
Ratings

Profitability



₹2.2bn / ₹1.5bn
PAT for Q3FY24 / Q3FY23
44% growth Y-o-Y



16.80%
Net Interest Margin⁸ for
Q3FY24

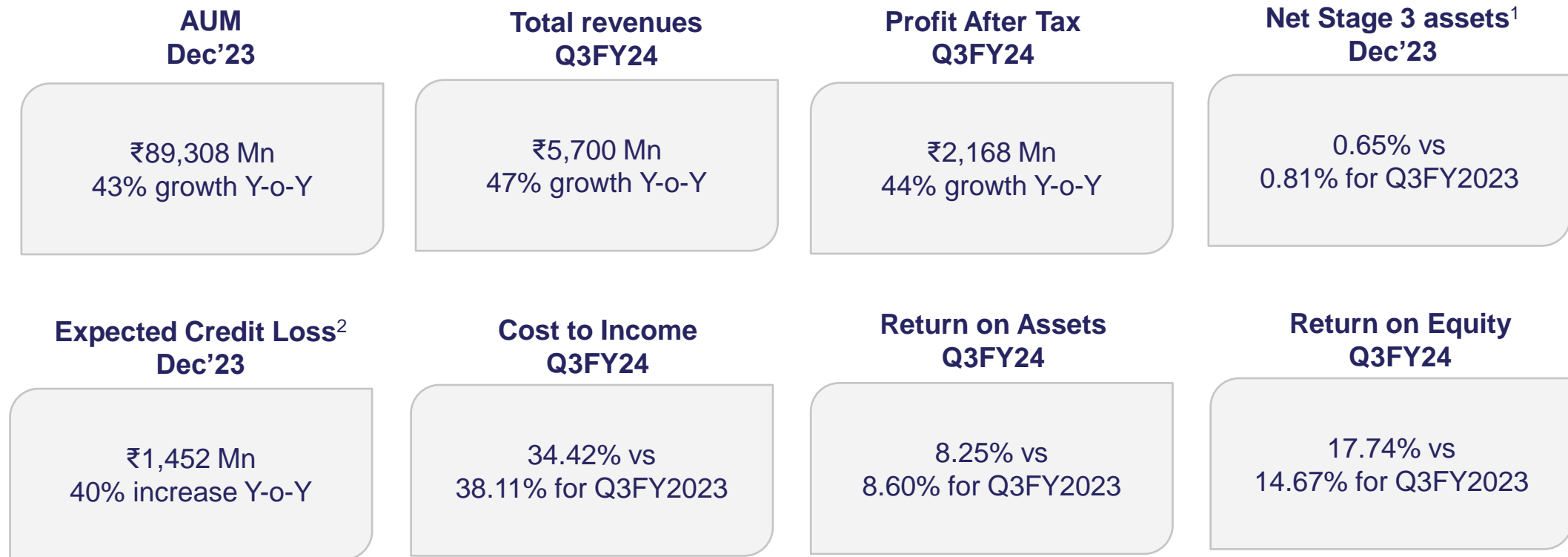


8.25%
Return on Total Assets for
Q3FY24

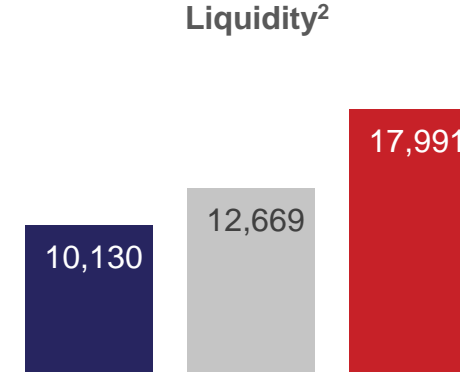
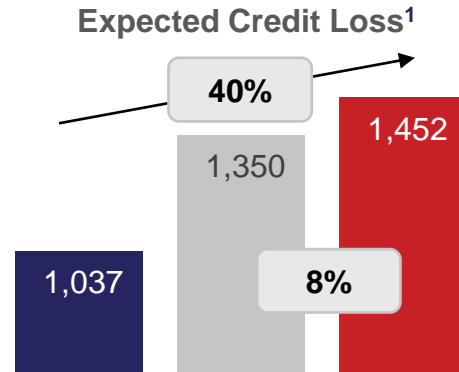
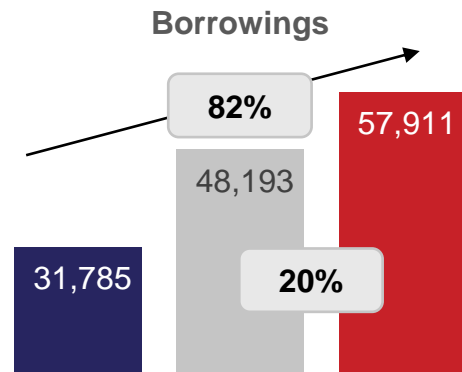
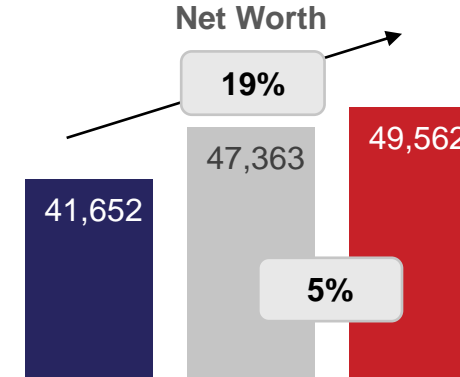
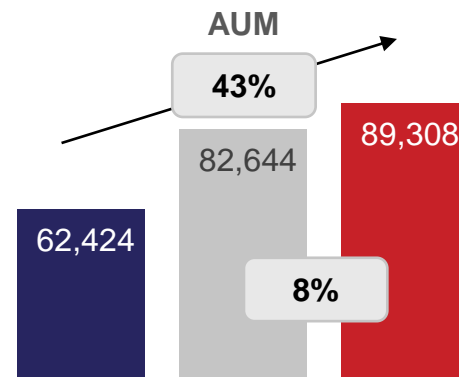
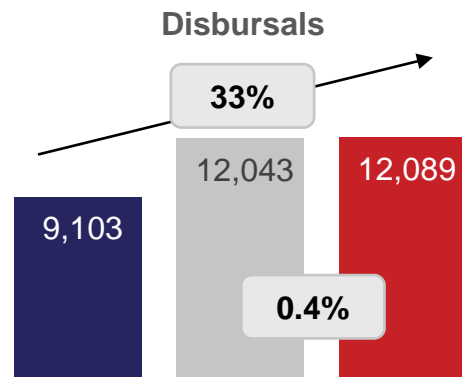


17.74%
Return on Avg. Equity⁹ for
Q3FY24

- Q3FY2024 maintained the momentum across Growth, Profitability and Quality. Growth momentum was sustained without any compromise on profitability or quality.
- Robust disbursements coupled with strong asset quality showing betterment across various DPD buckets
- Y-o-Y growth of 43% on AUM and Gross Stage 3 Assets of 1.40%

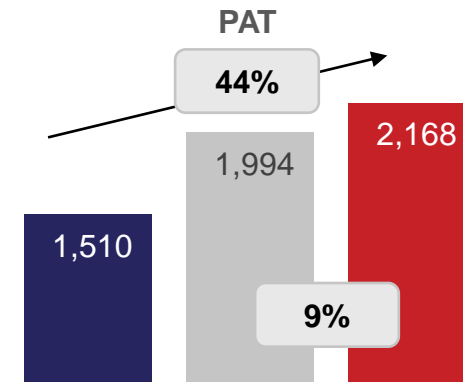
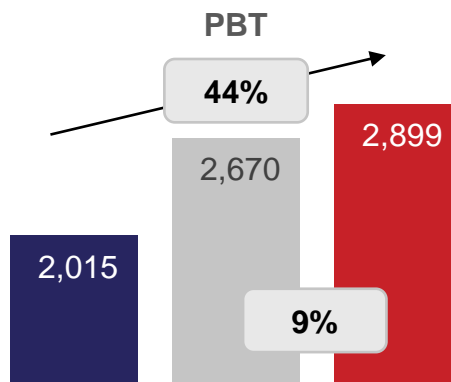
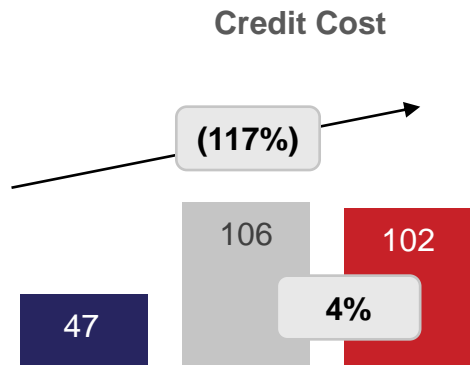
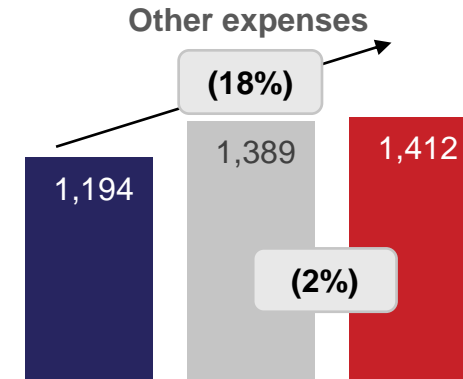
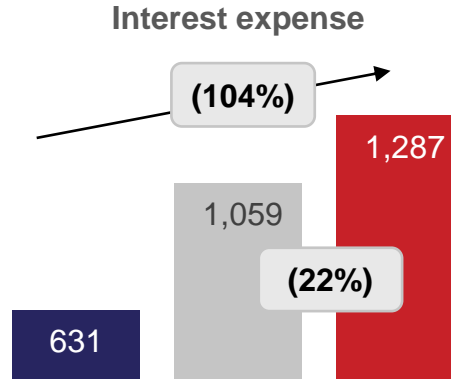
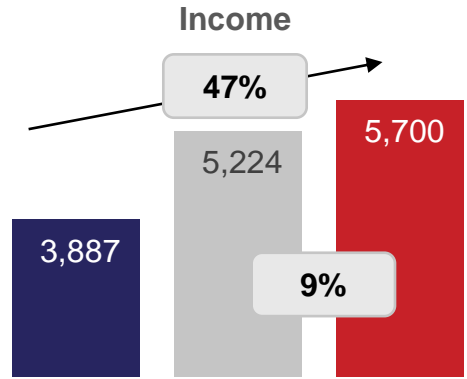


All amounts in ₹ Mn



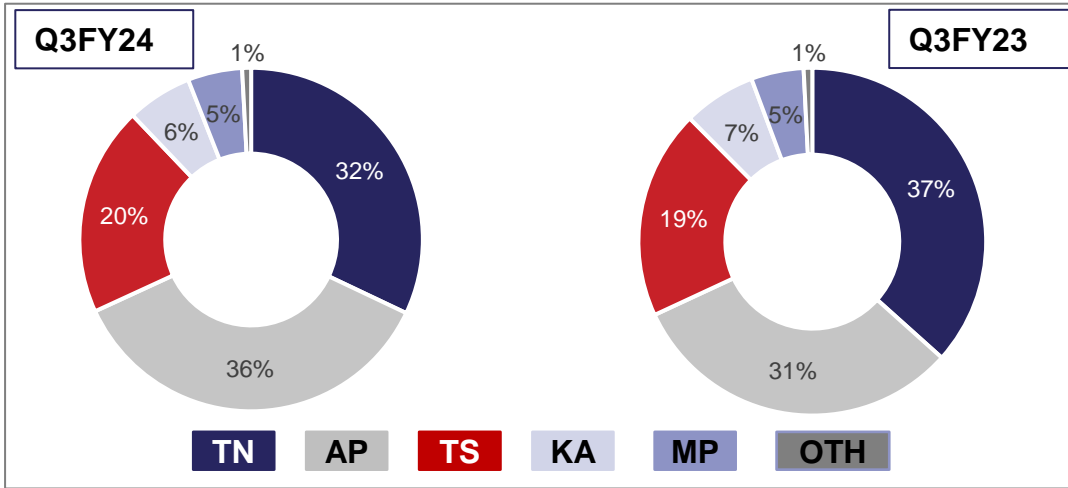
Q3FY23 Q2FY24 Q3FY24

All amounts in ₹ Mn

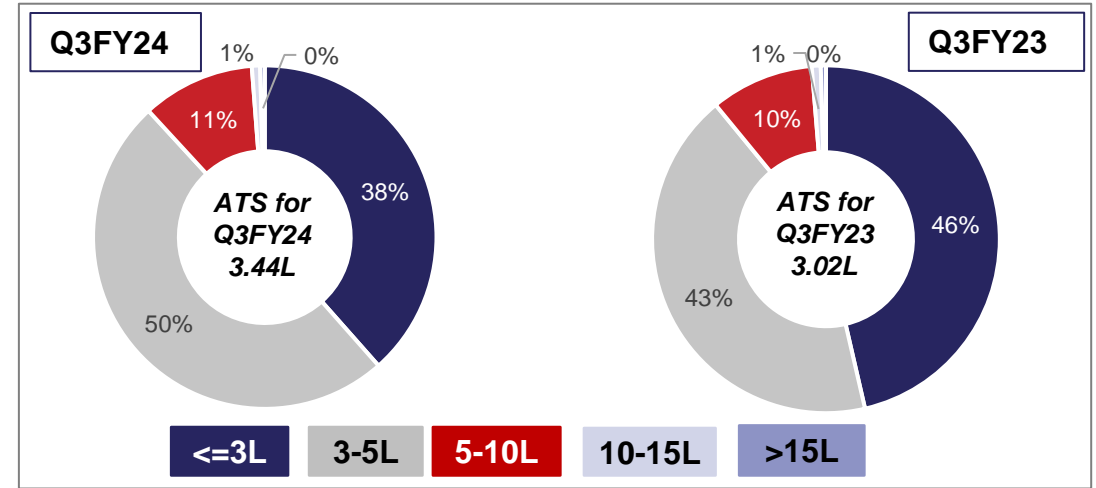


Q3FY23 Q2FY24 Q3FY24

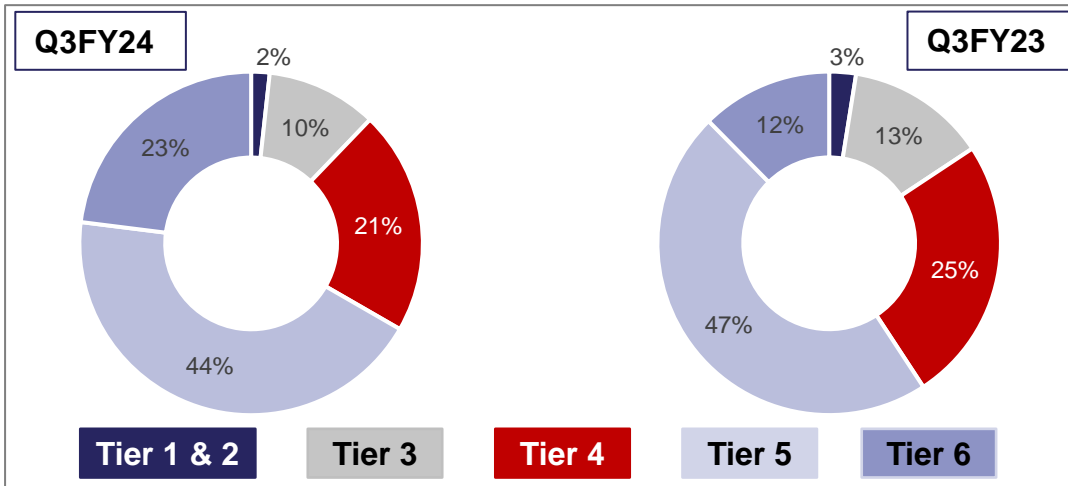
AUM by Geography



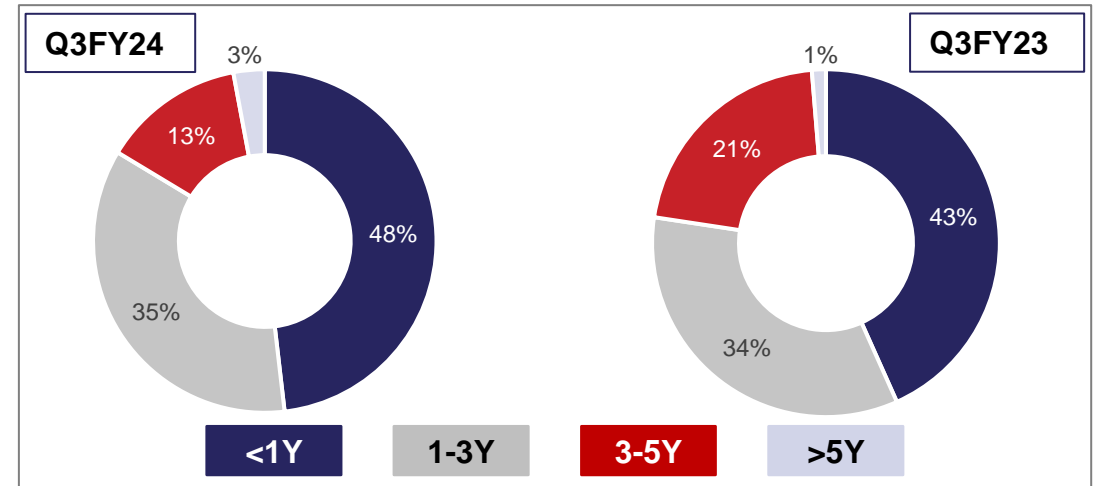
AUM by Ticket Size



AUM by Branch Tier¹



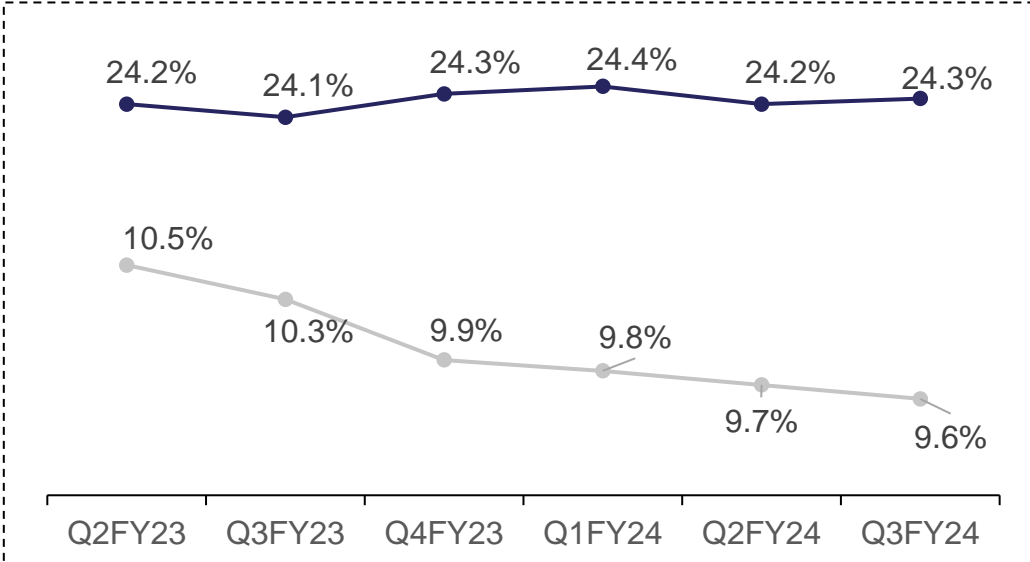
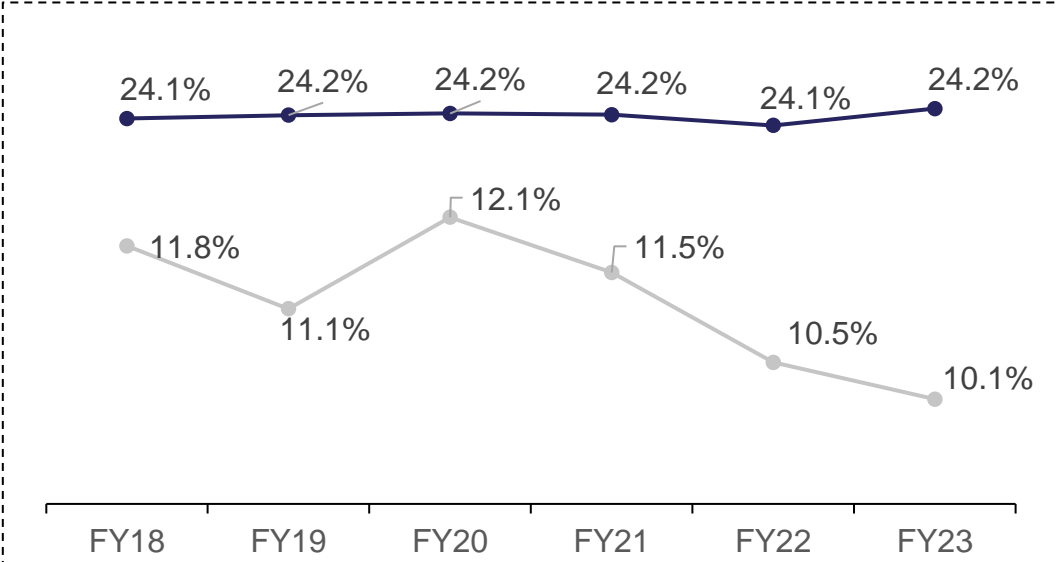
AUM by Vintage of loans



Notes: 1. Tier 6 - Population < 50K; Tier 5 - Population 50K - 1L; Tier 4 - Population 1 - 2L; Tier 3 - Population 2 - 10L; Tier 2 - Population 10 - 50L; Tier 1 - Population >50L

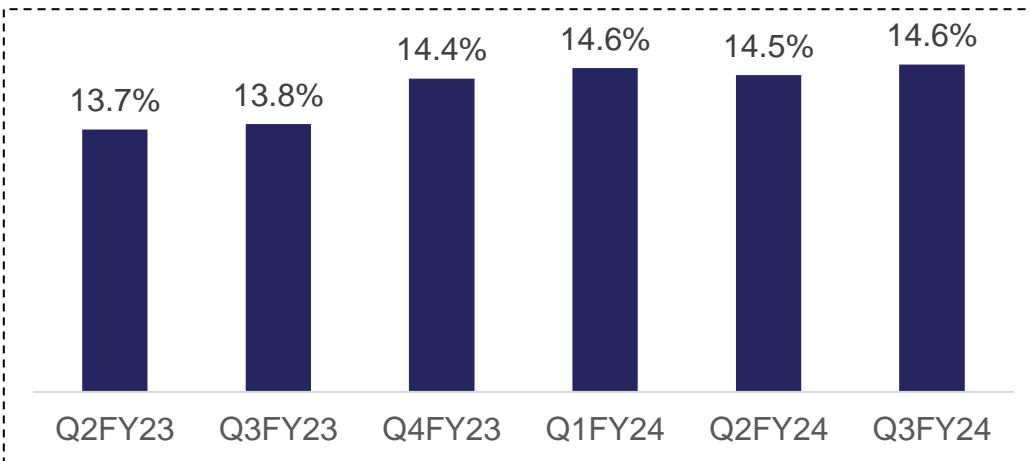
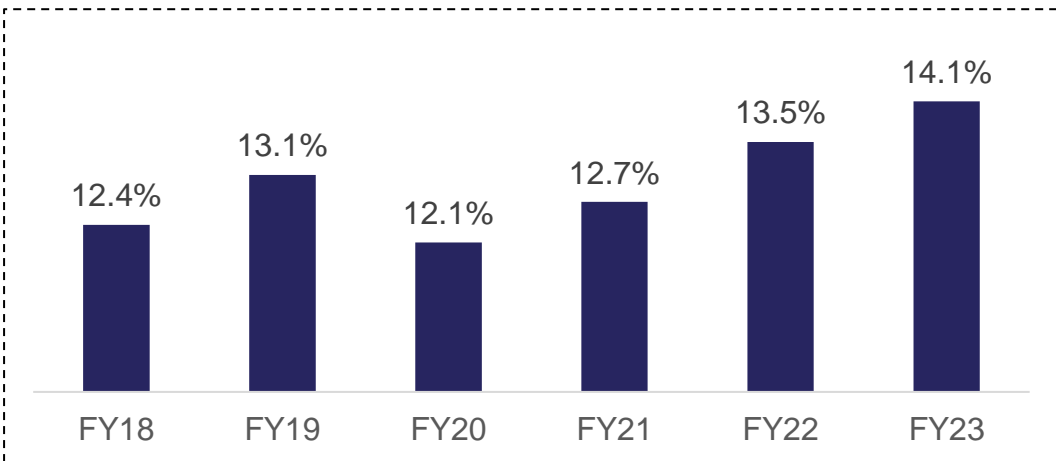
Consistent & Best-in-class Spreads

—●— Portfolio Yield
 —●— Cost of borrowing
 Spread



No yield increases done even during a difficult interest rate cycle

Consistent reduction in cost of borrowing during a rising interest rate cycle



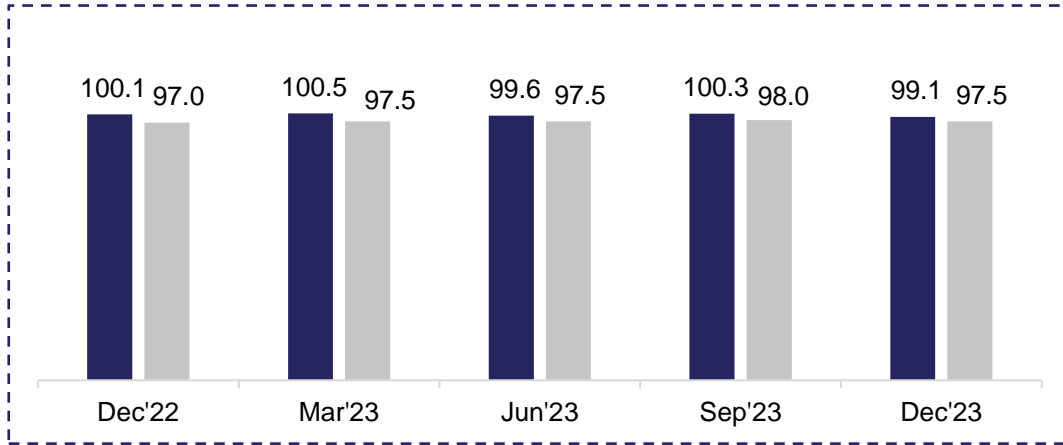
1. Net Q-o-Q AUM growth of ₹6,664 Mn in Q3FY24 as against ₹5,100 Mn in Q3FY23. AUM was up 43% Y-o-Y at ₹89,308 Mn as of December 31, 2023 as against ₹62,424 Mn as of December 31, 2022.
2. Disbursements during the quarter was at ₹12,089 Mn as against ₹9,103 Mn during Q3FY23.
3. Active loans at 0.36 Mn as against 0.27 Mn as of December 31, 2022.
4. The Company added 24 branches during the quarter. Total branch count stood at 480 as against 369 branches as of December 31, 2022.
5. Total Headcount stood at 8,714 as against 6,933 as of December 31, 2022.
6. Overall Collections efficiency for the quarter stood at 99.1% as against 100.3% for Q2FY24. Unique loan collections % (Due One Collect One or D1C1) stood at 97.5% for the quarter as against 98.0% for Q2FY24.
7. During Q3FY24, the company has received sanctions for incremental debt of ₹13,800 Mn availing ₹10,050 Mn (at a weighted average interest rate of 9.31% and all-inclusive cost of 9.57%¹), as against ₹11,842 Mn received during Q2FY24 (at a weighted average interest rate of 9.17% and all-inclusive cost of 9.50%²). For 9MFY24, the company has received sanctions for incremental debt of ₹34,541 Mn availing ₹29,791 Mn (at a weighted average interest rate of 9.22% and all-inclusive cost of 9.52%²). Liquidity buffer³ and Unavailed Sanction lines as of December 31, 2023 stood at about ₹17,991 Mn and ₹4,750 Mn respectively.
8. Gross⁴ & Net Stage 3 assets⁴ stood at 1.40% and 0.65% respectively as of December 31, 2023 as against 1.45% and 0.81% as of December 31, 2022.
9. Overall Stage 2 assets stood at ₹6,208 Mn (6.95%) as of December 31, 2023 as against ₹6,648 Mn (10.65%) as of December 31, 2022.
10. The Provision coverage on Stage 3 assets stood at 54.26% and the provision coverage on the overall portfolio stood at 1.62%.
11. Post tax profit grew by 44% to ₹2,168 Mn in Q3FY24 as compared to ₹1,510 Mn in Q3FY23.
12. Capital adequacy remained robust at 53.26%



Section 3

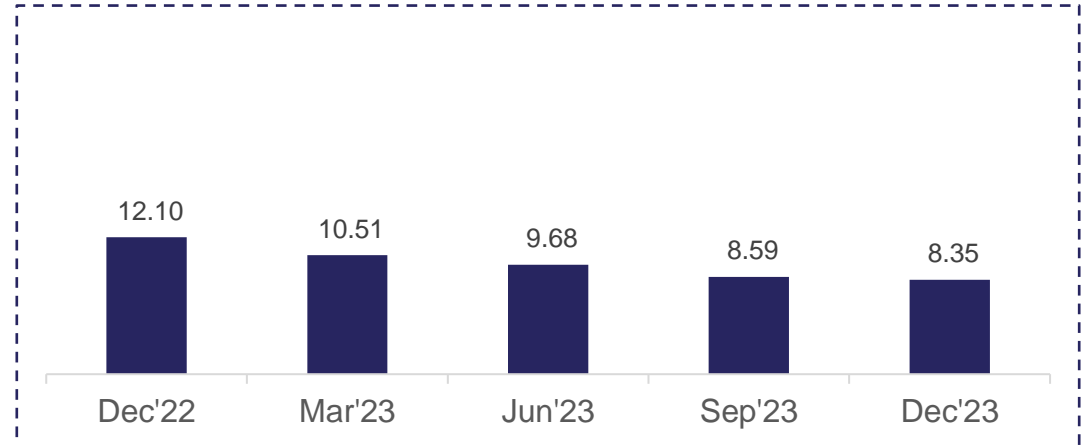
Asset Quality & ECL

Collections Efficiency (%)

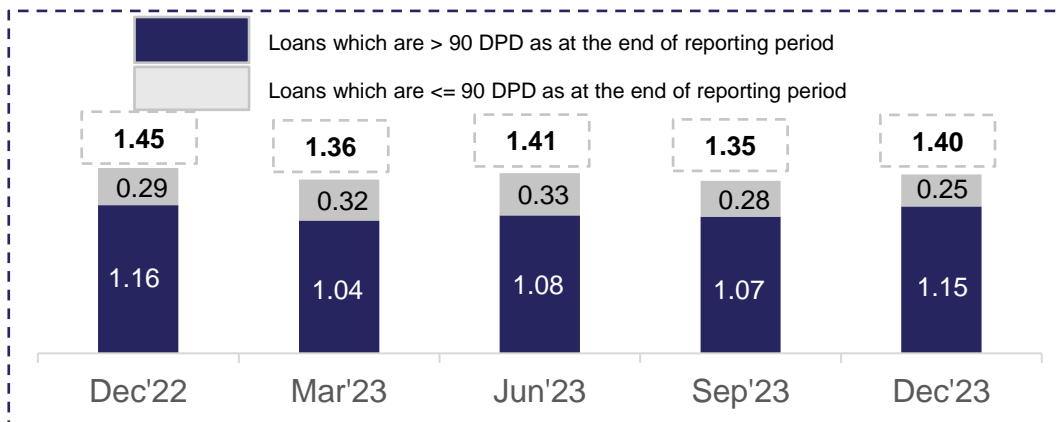


Amount of EMI received during the month (including arrears of previous months) divided by EMI demand for the current month
 Amount of EMI received during the month, restricted to a max of 1 EMI per loan divided by EMI demand for the current month

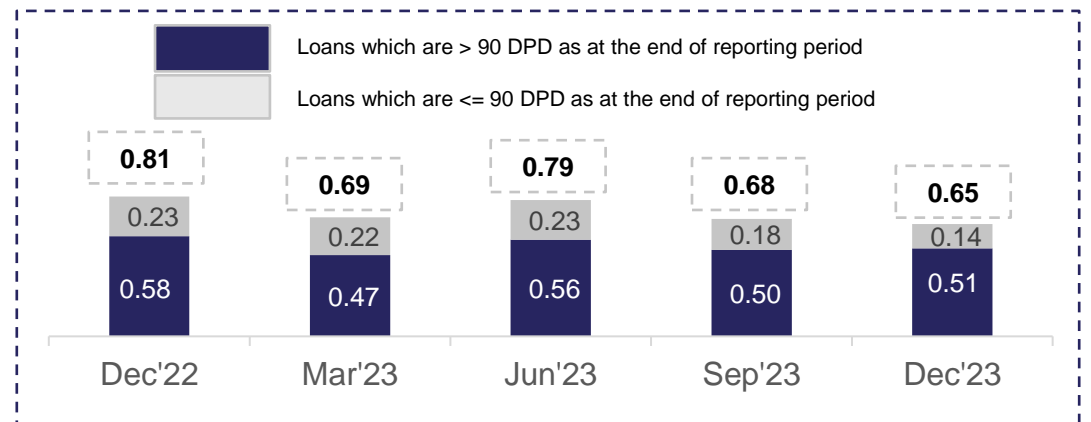
30+ (%)



Gross Stage 3 Assets (%)¹



Net Stage 3 Assets (%)¹



Notes: 1. Gross Stage 3 Assets computed as per guidelines stipulated by RBI vide their circulars on Prudential Norms on Income recognition and Asset classification dated Nov 12, 2021 and Feb 15, 2022 (wherein implementation of upgradation norms were deferred to October 1, 2022) i.e loans that have crossed 90 days past due any time on or after October 1, 2022 and not cleared their arrears fully, expressed as a % of AUM, and Net Stage 3 Assets computed as Gross Stage 3 assets reduced by Stage 3 ECL as a percentage of AUM reduced by Stage 3 ECL

Amount in ₹ Mn	As at Dec 2023 ¹		As at Sep 2023 ¹		As at Dec 2022 ¹	
	AUM	% AUM	AUM	% AUM	AUM	% AUM
Current (Stage-1)	77,434	86.70%	71,482	86.50%	50,484	80.87%
1-30 (Stage-1)	4,415	4.94%	4,060	4.91%	4,385	7.02%
31-60 (Stage-2)	3,311	3.71%	3,099	3.75%	3,384	5.42%
61-90 (Stage-2)	2,897	3.24%	2,885	3.49%	3,264	5.23%
90+ (Stage-3)	1,251	1.40%	1,118	1.35%	907	1.45%
Total	89,308		82,644		62,424	
Stage 1 Assets	81,849	91.65%	75,542	91.41%	54,869	87.90%
Stage 2 Assets	6,208	6.95%	5,984	7.24%	6,648	10.65%
Stage 3 Assets	1,251	1.40%	1,118	1.35%	907	1.45%

Amount in ₹ Mn				
As of December 31, 2023¹	Stage 1	Stage 2	Stage 3	Total
Loans Outstanding (Gross) ²	81,849	6,208	1,251	89,308
ECL Provision ³	293	476	679	1,447
Loans Outstanding (Net)	81,556	5,732	572	87,861
ECL Provision %	0.36%	7.66%	54.26%	1.62%
As of September 30, 2023¹	Stage 1	Stage 2	Stage 3	Total
Loans Outstanding (Gross) ²	75,542	5,984	1,118	82,644
ECL Provision ³	299	490	561	1,350
Loans Outstanding (Net)	75,243	5,494	557	81,294
ECL Provision %	0.40%	8.19%	50.17%	1.63%
As of December 31, 2022¹	Stage 1	Stage 2	Stage 3	Total
Loans Outstanding (Gross) ²	54,869	6,648	907	62,424
ECL Provision ³	149	481	406	1,037
Loans Outstanding (Net)	54,720	6,166	501	61,387
ECL Provision %	0.27%	7.24%	44.78%	1.66%

Amount in ₹ Mn	Q3FY2024	Q3FY2023	Q3FY2022	Q3FY2021
Loan Portfolio	89,308	62,424	47,676	40,311
Gross Stage 3 assets	1,251 ¹	907 ¹	606 ²	522 ²
Gross Stage 3 assets %	1.40%	1.45%	1.27%	1.29%
Gross Stage 3 assets % - 1 year Lag	2.00%	1.90%	1.50%	1.60%
Gross Stage 3 assets % - 2 years Lag	2.62%	2.25%	1.86%	2.98%

Increase in FY2023 and thereafter is on account of transition to new IRAC norms, which has resulted in slight increase in Gross Stage 3 assets

1-year lag Gross Stage 3 assets computed as Gross Stage 3 assets as at the end of a period as a % of the loan portfolio 1 year ago
2-year lag Gross Stage 3 assets computed as Gross Stage 3 assets as at the end of a period as a % of the loan portfolio 2 years ago



Section 4

Financial Performance – Q3FY2024

Balance Sheet

Particulars (₹ Mn)	Q3FY2024	Q3FY2023	Q2FY2024	FY2023
Assets				
Cash & Cash equivalents	15,308	7,317	10,154	13,404
Bank balances other than cash & cash equivalents	1,361	2,365	1,341	2,405
Loans¹	88,887	61,542	81,323	68,222
- Loan portfolio	89,308	62,424	82,644	69,148
- Inter-Corporate Deposits ¹	1,031	155	28	184
- Expected Credit Loss ²	(1,452)	(1,037)	(1,350)	(1,111)
Investments	1,331	1,447	2,216	1,446
Other financial assets ³	583	452	372	356
Non-Financial Assets	1,584	1,197	1,391	1,196
Total Assets	109,052	74,318	96,797	87,028
Liabilities & Equity				
Trade Payables	282	140	250	201
Debt Securities	2,977	5,578	1,936	5,248
Borrowings other than Debt Securities	54,934	26,207	46,256	37,225
Other Financial Liabilities ³	964	521	628	607
Non-Financial Liabilities	333	221	364	352
Total Equity	49,562	41,652	47,363	43,395
Total Liabilities & Equity	109,052	74,318	96,797	87,028

Quarterly & Yearly Profit & Loss Statement

Particulars (₹ Mn)	Q3FY2024	Q3FY2023	Q2FY2024	Y-o-Y	Q-o-Q	9MFY2024	9MFY2023	Y-o-Y	FY2023
Loan Portfolio	89,308	62,424	82,644	43%	8%	89,308	62,424	43%	69,148
Interest Income (1)	5,495	3,828	5,041	44%	9%	15,173	10,753	41%	14,988
- Interest on loan portfolio	5,179	3,612	4,776	43%	8%	14,356	10,073	43%	13,970
- Penal Interest ¹	35	41	46	(15%)	(24%)	117	113	4%	155
- Interest on Inter-Corporate Deposits	3	5	1	(40%)	200%	6	60	(90%)	63
- Interest on Investments ²	134	70	80	91%	68%	298	238	25%	421
- Processing fee & other fees ³	145	99	139	46%	4%	397	269	48%	379
Net Gain on Fair value changes (2)	139	18	106	672%	31%	357	47	660%	83
Fee & Other income (3)	66	41	77	61%	(14%)	229	96	139%	218
- Fee income ⁴	40	19	42	111%	(5%)	135	50	170%	138
- Recovery of Bad debts	18	20	30	(10%)	(40%)	76	41	85%	74
- Other non-operating income	8	2	5	300%	60%	18	5	260%	7
Total Income (1+2+3)	5,700	3,887	5,224	47%	9%	15,760	10,896	45%	15,289
Interest Expenses ⁵	1,287	631	1,059	104%	22%	3,308	1,889	75%	2,663
Net Interest Income	4,413	3,256	4,165	36%	6%	12,452	9,007	38%	12,626
Operating Expenses	1,412	1,194	1,389	18%	2%	4,065	3,075	32%	4,378
Loan losses & Provisions	102	47	106	117%	(4%)	360	128	181%	202
Profit before Tax (PBT)	2,899	2,015	2,670	44%	9%	8,028	5,805	38%	8,047
Profit after Tax (PAT)	2,168	1,510	1,994	44%	9%	5,999	4,346	38%	6,035
Other Comprehensive Income	(6)	(3)	8	100%	(175%)	(17)	(30)	(43%)	(22)
Total Comprehensive Income	2,162	1,507	2,002	43%	8%	5,982	4,317	39%	6,013
Earnings Per Share (Basic) ⁶	7.42	5.18	6.85			20.57	14.92		20.71
Earnings Per Share (Diluted) ⁶	7.37	5.15	6.77			20.38	14.76		20.49
Book value per Share ⁷	166.03	140.95	158.66			166.03	140.95		146.84

Note: 1. Denotes additional / penal interest (nomenclature shall be changed to penal charges w.e.f July 1, 2023) on unpaid instalments and accounted on receipt basis; 2. Denotes interest accrued on fixed deposits and government securities; 3. Includes processing fee, legal and documentation charges accounted on EIR basis and amortised over the life of the loans; 4. Denotes legal and documentation charges, cheque bounce charges, etc accounted on receipt basis; 5. Includes interest on lease liabilities; 6. EPS for the quarters is not annualized. EPS has been computed in accordance with IND AS 33.7. Book value per share computed by dividing the net worth as at the end of the reporting period by the number of shares (including ungranted, unvested and vested but unexercised options) as at the end of the reporting period

Particulars	Q3FY2024	Q3FY2023	Q2FY2024	9MFY2024	9MFY2023	FY2023
Interest Income (as a % of average portfolio)	24.25%	24.05%	24.19%	24.29%	24.11%	24.23%
Interest Expenses ¹ (as a % of average borrowings)	9.64%	10.26%	9.71%	9.71%	10.35%	10.12%
Net Interest Income %	14.61%	13.79%	14.48%	14.58%	13.76%	14.11%
Total Income (as a % of average total assets ²)	21.69%	22.15%	22.18%	21.97%	21.67%	21.84%
Interest Expense (as a % of average total assets ²)	4.90%	3.60%	4.50%	4.61%	3.75%	3.80%
Net Interest Margin %	16.80%	18.55%	17.68%	17.36%	17.91%	18.04%
Operating Expenses (as a % of average total assets ²)	5.37%	6.80%	5.90%	5.67%	6.12%	6.26%
Loan losses & Provisions (as a % of average total assets ²)	0.39%	0.27%	0.45%	0.50%	0.25%	0.29%
Profit before Tax (PBT) %	11.03%	11.48%	11.34%	11.19%	11.54%	11.50%
Tax %	2.78%	2.88%	2.87%	2.83%	2.90%	2.87%
Profit after Tax (PAT) or Return on average total assets²	8.25%	8.60%	8.47%	8.36%	8.64%	8.62%
Debt / Equity	1.17	0.76	1.02	1.17	0.76	0.98
Leverage (Total assets ³ / Net worth)	2.20	1.78	2.04	2.20	1.78	2.01
Return on Equity	17.74%	14.67%	17.08%	17.16%	14.66%	15.03%
Cost to income ratio	34.42%	38.11%	36.03%	35.65%	35.56%	36.40%

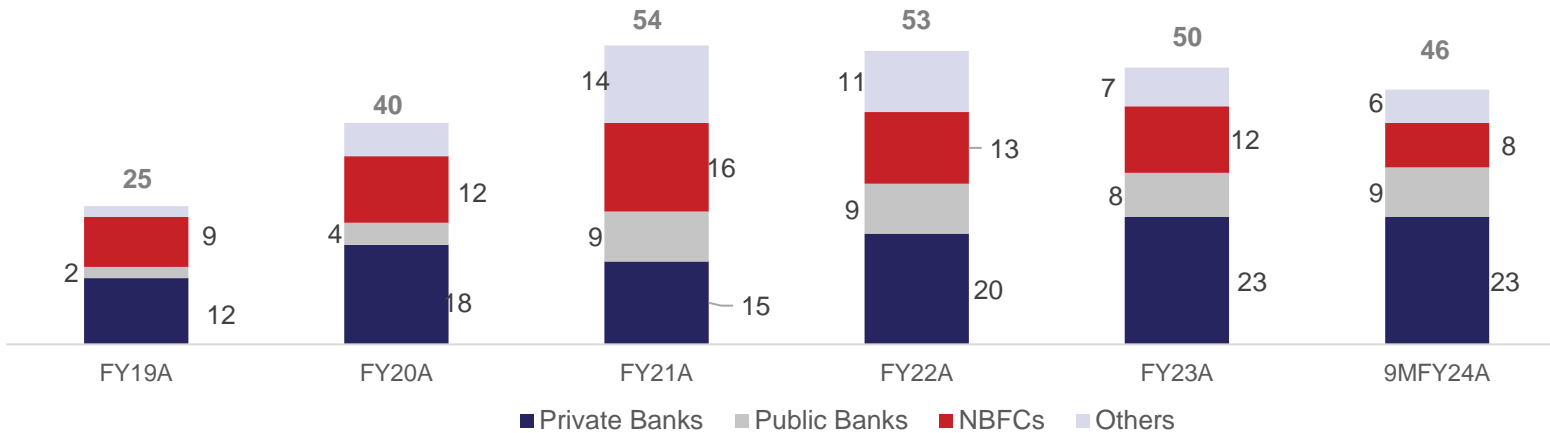


Section 5

Liability & ALM

Well diversified borrowing mix

Number of lenders in each category



Increased number of lending relationships from 25 as of Mar 2019 to 46 as of Dec 2023

Deepened relationships in the PSU and private bank category

Long Term Credit Rating

AA- from ICRA, CARE and India Ratings

Short Term Credit Rating

A1+ from CARE

The Company does not use short-term borrowing to fund its long-term assets

Lenders to the Company

Select Public Sector Banks



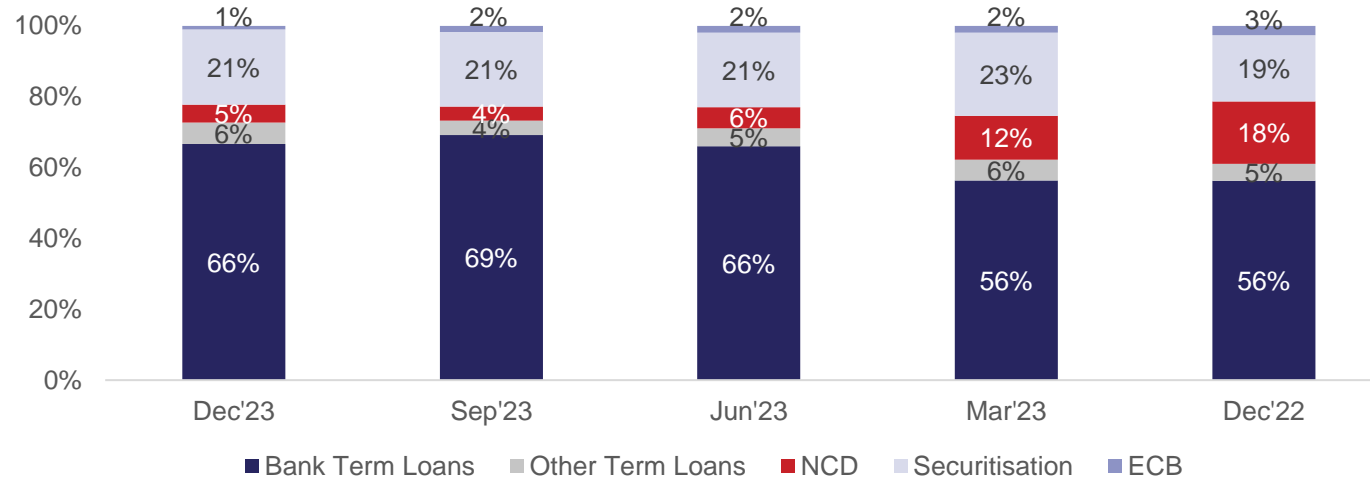
Select Private Sector Banks



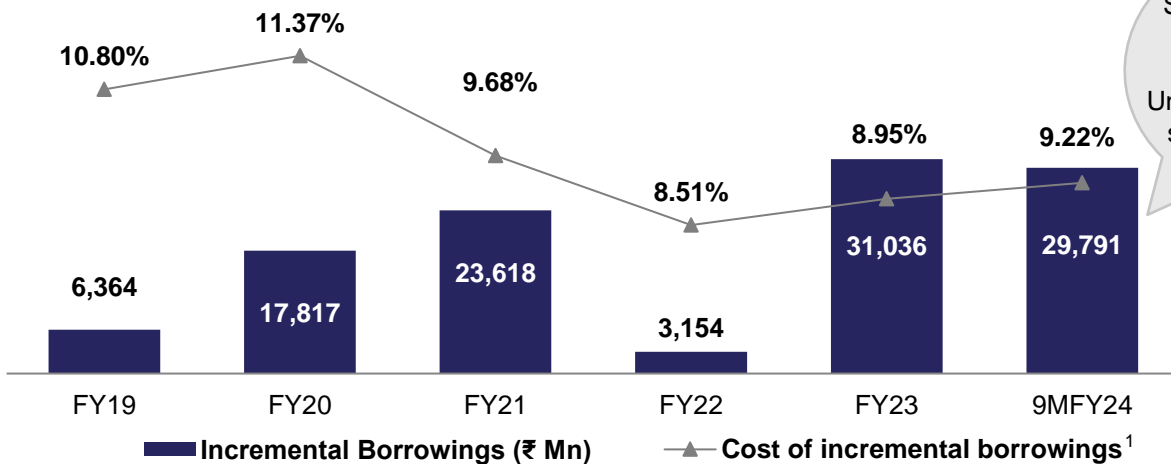
Select Other Institutions



Well diversified borrowing mix

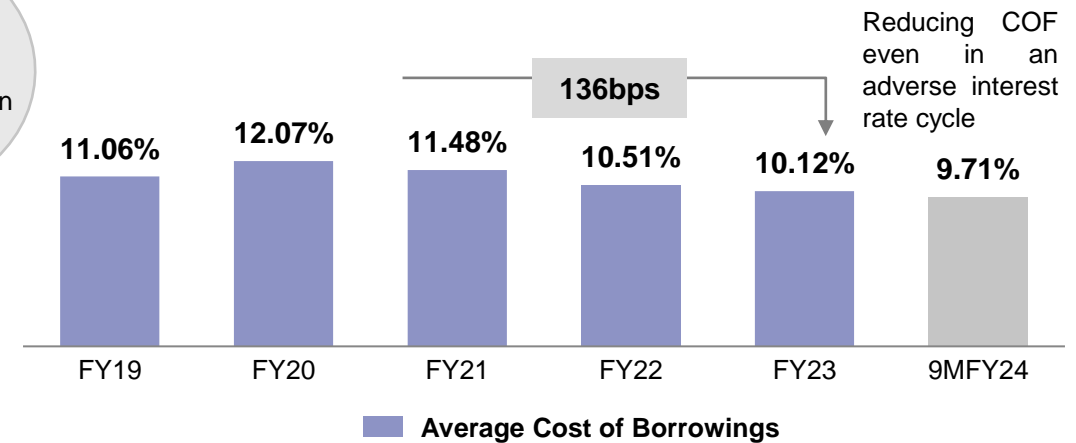


Cost of incremental borrowings



Sanctions received
34,541 Mn
Undrawn / Part drawn
sanctions on hand
4,750 Mn

Cost of funds on the book



Note: 1. Represents weighted average rate of interest on fresh borrowings in the relevant period, weights being availed amount of each borrowing during the period.

Cashflow Position as of Dec'23 – Cumulative

Particulars	Up to 1M	1-2 M	2-3 M	3-6 M	6M – 1Y	1-3 Y	3-5 Y	>5 Y
Opening Liquidity¹	19,044	18,178	18,076	17,664	17,265	17,512	21,301	36,359
Add: Inflows from advances ²	992	1,072	968	3,310	7,286	31,579	29,310	14,113
Less: Outflows on borrowings	966	1,072	1,358	3,734	6,941	27,513	14,334	2,168
Add: Other inflows	97	46	13	60	54	65	335	3,346
Less: Other outflows	989	148	35	35	152	342	253	51,650
Cumulative mismatch	18,178	18,076	17,664	17,265	17,512	21,301	36,359	-

No cumulative mismatch in any of the time buckets

The Company does not use short-term borrowings to fund its long-term assets, despite possible pricing benefits

Strong Liquidity Position as of Dec'23

Amount in ₹ Mn	
Liquidity buffer as of Dec 2023¹	
Unencumbered cash & cash equivalents ¹	17,991
Unavailed sanction from banks / FIs	4,750
Total Liquidity	22,741

Projected Cashflow Schedule	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Opening Liquidity	22,741	24,410	26,089	27,569
Add: Principal collections & internal accruals	5,066	5,414	4,956	4,753
Less: Debt repayments	3,397	3,734	3,476	3,464
Closing Liquidity	24,410	26,089	27,569	28,857

Thank You

For further information, you may please email to:

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