



Reaching the Unreached

Five-Star Business Finance Limited

Investor Presentation | Q3FY2025

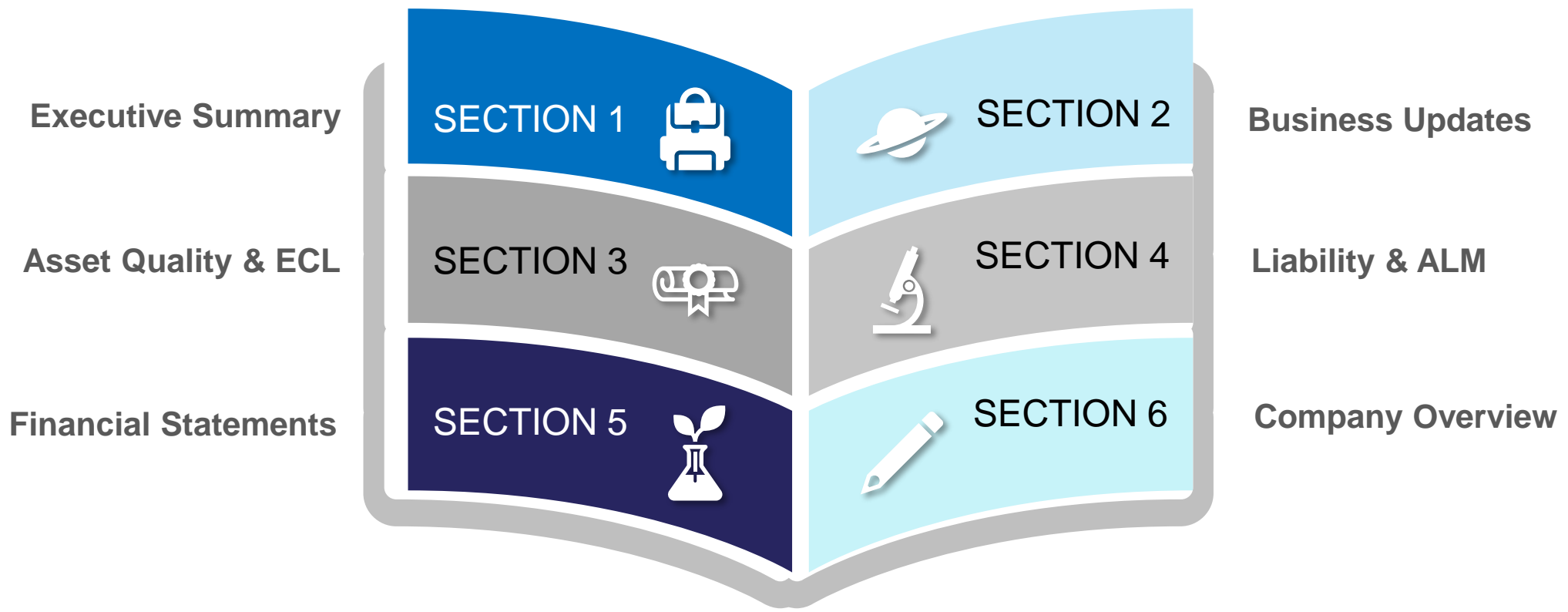


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- All amounts are given in ₹ Million unless specified otherwise.
- Gross NPA or Gross Stage 3 assets represents loans which are more than 90 days past due (till the quarter ended Sep 2022); for the quarters post Sep 2022, this has been computed as 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. This is expressed as a percentage of AUM.
- Net Stage 3 Assets % or Net NPA % computed as Gross Stage 3 assets reduced by Stage 3 ECL as a percentage of AUM reduced by Stage 3 ECL
- Number of loans stated in any of the slides includes securitized loans. AUM is inclusive of securitized portfolio.
- Total assets represents the period ending Balance Sheet assets. Total assets used for computations is gross of Impairment allowance on Loan assets.
- Average total assets represents the monthly average of Balance Sheet assets. Average Total assets used for computations is gross of Impairment allowance on Loan assets.

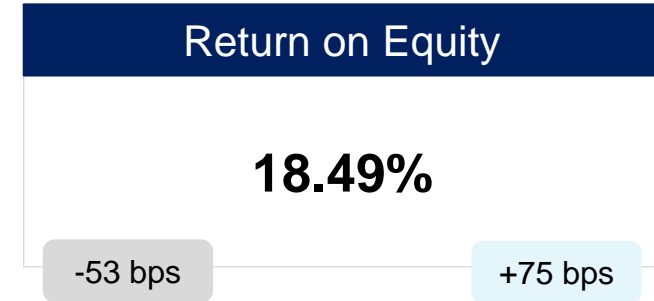
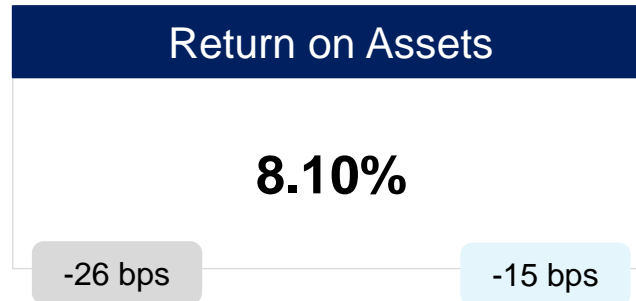
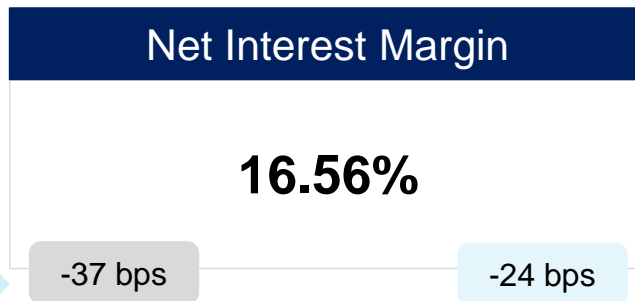
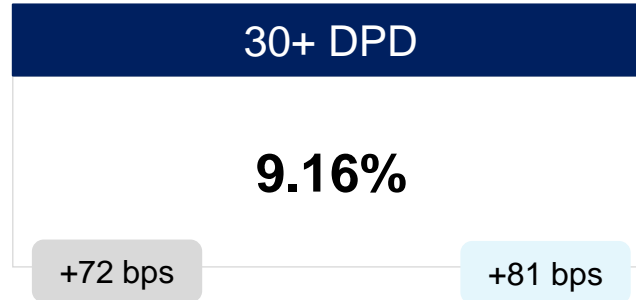
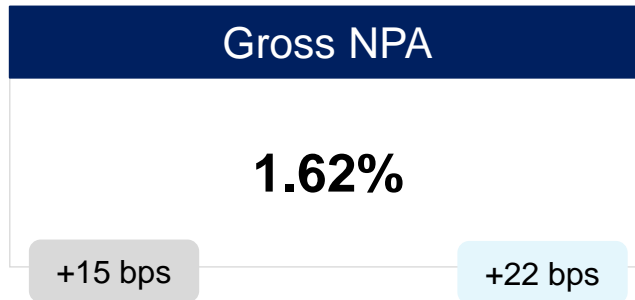
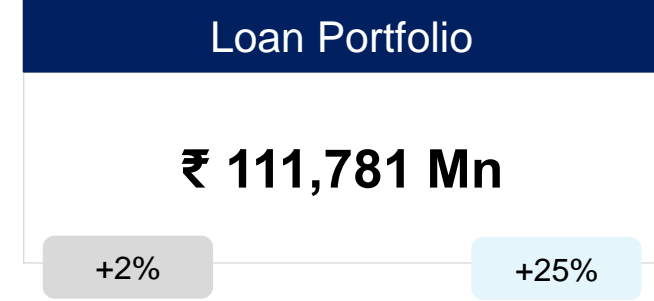
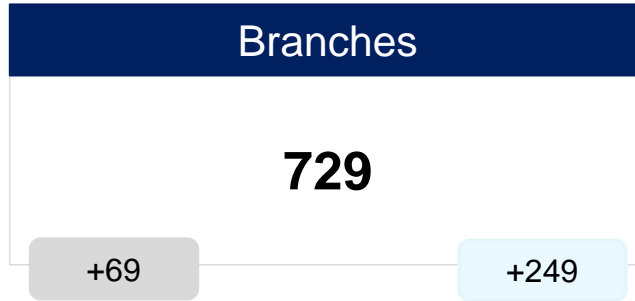


EXECUTIVE SUMMARY

Executive Summary | Q3FY25

q-o-q

y-o-y



Executive Summary | 9MFY25

y-o-y

Branches

729

+249

Loan Disbursement

₹ 35,097 Mn

-1%

Loan Portfolio

₹ 111,781 Mn

+25%

Gross NPA

1.62%

+22 bps

30+ DPD

9.16%

+81 bps

Profit After Tax

₹ 7,934 Mn

+32%

Net Interest Margin

16.73%

-63 bps

Return on Assets

8.23%

-13 bps

Return on Equity

18.81%

+1.65%

Q3FY25 Performance – At a glance

Scale of Operations



₹111.8bn / ₹89.3bn
AUM in Q3FY25 / Q3FY24
25% growth Y-o-Y



₹9.4bn / ₹12.1bn
Amount Disbursed in
Q3FY25 / Q3FY24



27,449 / 35,108
Number of Disbursements in
Q3FY25 / Q3FY24



₹60.2bn
Net Worth

Distribution



729
Number of Branches



6,092
Business and Collections
Officers



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 size for loans
disbursed in Q3FY25



441,625
Live accounts



39.3%
Average Portfolio LTV
(As of Dec 31, 2024)

Asset Quality



1.62%
Q3FY25
Gross Stage 3 Assets



0.81%
Q3FY25
Net Stage 3 Assets



0.69%
Q3FY25 Credit Cost to
Average Total Assets



0.37% / 54.66%
Total Restructured Portfolio /
Provision Coverage on
restructured book

Liability Profile



46
Lender relationships



51.21%
Q3FY25
Capital Adequacy Ratio



Borrowing profile
Well-diversified profile with
fixed rate borrowings of
~38%



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

Profitability



₹2.7bn / ₹2.2bn
PAT for Q3FY25 / Q3FY24
26% growth Y-o-Y



16.56%
Net Interest Margin for
Q3FY25



8.10%
Return on Total Assets for
Q3FY25



18.49%
Return on Avg. Equity for
Q3FY25

Strong Financial Performance over the years

Particulars (₹ Mn)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	I-GAAP	I-GAAP	I-GAAP	I-GAAP	IND-AS	IND-AS	IND-AS	IND-AS	IND-AS	IND-AS
Operational Information										
Number of branches	39	64	103	130	173	252	262	299	373	520
Loan disburseals	793	1,319	3,830	7,072	14,822	24,087	12,450	17,562	33,914	48,814
AUM	1,315	1,981	4,936	10,084	21,128	38,922	44,454	50,671	69,148	96,406
Number of employees	167	293	737	1,290	1,971	3,734	3,938	5,675	7,347	9,327
Financial Information										
Total Income	336	473	871	2,082	4,089	7,873	10,513	12,562	15,289	21,951
Interest expenses	104	141	238	578	769	2,156	3,261	2,984	2,636	4,653
Net Interest Income (NII)	232	332	633	1,504	3,320	5,717	7,252	9,578	12,653	17,298
Operating Expenses	76	122	293	625	1,060	1,731	2,136	3,081	4,405	5,585
Loan losses & Provisions	4	7	28	93	76	493	352	455	201	554
Profit Before Tax (PBT)	152	203	312	786	2,184	3,493	4,764	6,042	8,047	11,159
Profit After Tax (PAT)	99	134	196	558	1,567	2,620	3,589	4,535	6,035	8,359
Total Comprehensive Income	99	134	196	558	1,563	2,608	3,582	4,513	6,013	8,341
Ratios										
Cost to Income	34.48%	38.86%	50.79%	47.74%	34.22%	38.90%	34.31%	36.92%	36.40%	35.49%
Return on Total Assets	7.04%	6.87%	4.27%	5.82%	8.78%	7.31%	6.99%	7.16%	8.62%	8.42%
Return on Equity	16.65%	16.47%	12.40%	12.97%	15.14%	15.36%	16.85%	13.85%	15.03%	17.60%
Gross Stage 3 assets	1.81%	1.82%	2.47%	1.43%	0.89%	1.37%	1.02%	1.05%	1.36%	1.38%
Net Stage 3 assets	1.48%	1.53%	2.08%	0.95%	0.68%	1.13%	0.84%	0.68%	0.69%	0.63%
Provision Coverage Ratio - overall AUM	0.57%	0.54%	0.79%	0.97%	0.80%	1.58%	1.95%	2.03%	1.61%	1.64%
Provision Coverage Ratio - Stage 3	18.40%	16.34%	16.24%	33.89%	22.99%	17.67%	17.92%	34.91%	49.33%	54.27%
CRAR	52.17%	39.14%	43.78%	58.82%	64.09%	52.94%	58.86%	75.20%	67.17%	50.50%
Debt / Equity ratio	1.24	1.43	2.04	0.92	0.70	1.22	1.48	0.69	0.98	1.22

Distinguished Board of Directors

Promoter Director



Lakshmipathy Deenadayalan
Chairman & Managing Director

Independent / Non-Executive Directors

Select other Directorships



Anand Raghavan
Shriram Life Insurance, Muthoot
Microfin, SK Finance



T T Srinivasaraghavan
Sundaram Finance, Sundaram
Home Finance, R K Swamy



Bhama Krishnamurthy
CIFCO, Muthoot Microfin



Ramkumar Ramamoorthy
CIFCO, Catalincs Partners

Thirulokchand Vasan
C K Entertainments



Executive Directors



Rangarajan Krishnan
Joint Managing Director & CEO



Srikanth Gopalakrishnan
Joint Managing Director & CFO

Profile of Board of Directors

Lakshmipathy Deenadayalan

Chairman & Managing Director

Engineering graduate and was the MD of RKV Finance before joining Five Star. Pivoted the Company towards secured business lending and built the Company to its current size from scratch. Associated with multiple industry associations

Anand Raghavan

Independent / Non-Executive Director

Chairperson – Audit Committee

Chartered Accountant with over 30 years of experience occupying senior position in Sundaram Finance and Ernst & Young LLP. His specializations include NBFC Regulations, Corporate Tax and Foreign Investment and he is also a director on the Boards of Muthoot Microfinance, Shriram Life and SK Finance

T T Srinivasaraghavan

Independent / Non-Executive Director

Chairperson – Risk Management Committee

Graduate in Commerce and holds an MBA degree from the Gannon University, Pennsylvania. He began his career as a banker, before moving to Sundaram Finance in 1983, where he spent almost 4 decades including 18 years as its Managing Director. He is also on the Boards of Sundaram Finance, Sundaram Home and RK Swami

Bhama Krishnamurthy

Independent / Non-Executive Director

Chairperson – Nomination & Remuneration Committee
She was the Country Head and Chief General Manager of SIDBI. She has closely dealt with Multilateral and Bilateral Agencies in close co-ordination with the Government of India. She was also associated with drafting of CSR Policy guidelines for the Bank. She was the Chairperson at CSB Bank and her other directorships include CIFCO, and Muthoot Microfinance

Ramkumar Ramamoorthy

Independent / Non-Executive Director

Chairperson – IT Strategy Committee

Associated with Cognizant India for over 22 years, before retiring Chairman and MD, responsible for the company's India operations. Prior to joining Cognizant, Ramkumar worked for Tata Consultancy Services. He is now a Partner at Catalincs, a strategic advisory firm that helps small tech companies scale and grow, and is also on the Board of CIFCO

Trilokchand Vasani

Non-Executive Director

Thirulokchand is a Hotel Management Graduate with over 17 years of experience in the Hospitality business. His areas of expertise include Team Management, Customer satisfaction and Process Optimization

Rangarajan Krishnan

Joint Managing Director / CEO

Finance professional with over 20 years of experience in institutions like HDFC bank, Stanchart, IFC and Spark Capital. He is a commerce graduate and has 2 MBA degrees (Sri Sathya Sai Institute of Higher Learning and Indian School of Business)

Srikanth Gopalakrishnan

Joint Managing Director / CFO

Finance professional with over 20 years of experience. Started his career with Citigroup and was CFO of Asirvad Microfinance before joining Five Star. He has completed his B.Com and MBA from Sri Sathya Sai Institute of Higher Learning with gold medals in both the courses

Experienced Management Team

Lakshmipathy Deenadayalan
Chairman & MD

22 22

Education: Bachelor of Engineering

Rangarajan Krishnan
JMD & CEO

21 9

Education: B.Com, MBA, PGPM (ISB)
Experience: HDFC Bank, Stanchart, IFC, Spark Capital

Srikanth Gopalakrishnan
JMD & CFO

22 9

Education: B.Com, MBA
Experience: Citibank, Asirvad Microfinance

Vishnuram Jagannathan
Chief Operating Officer

22 7+

Education: B.Com, MBA
Experience: HDFC Bank, Deutsche Bank, HSBC

Parthasarathy Srinivasan
Chief Credit Officer

21 6+

Education: B.Com, CA
Experience: ICICI Bank, Stanchart, DBS Bank

Sathya Ganesh
Chief Business Officer

26 7+

Education: B.Com, M.Com, MBA
Experience: ICICI Bank, Cholamandalam, Shriram Housing

Vanamali Sridharan
Chief Technology Officer

32 3

Education: B.E, MBA
Experience: Stanchart (Dubai), Accenture, Equitas SFB, Suryoday SFB

Jayaraman Sankaran
Chief Risk Officer

26 4

Education: B.Com, CA
Experience: Redington India

Prashanth Sreenivasan
Chief Treasury Officer

23+ 7

Education: B.Com, MBA
Experience: TVS Credit, Marg Limited

Ramesh Kannah
Chief Legal Officer

25+ 2+

Education: LLB, MBA, CAIIB
Experience: HDFC Limited, ICICI Bank, Cholamandalam, Piramal Capital

Naveen Raj
Chief Audit Officer

18 2+

Education: B.Com, CA
Experience: BSR & Co (KPMG), Deloitte, Haskins & Sells

Sai Suryanarayana
Chief People Officer

28 1+

Education: B.Com, PGDPM
Experience: ITC Limited, Toyota Financial Services, ING Vysya Bank, AU SFB, Fincare SFB

BUSINESS UPDATES

Operations

1. Net Q-o-Q AUM growth of ₹2,509 Mn in Q3FY25 as against ₹6,664 Mn in Q3FY24. AUM was up 25% Y-o-Y at ₹111,781 Mn as of December 31, 2024 as against ₹89,308 Mn as of December 31, 2024.
2. Disbursements during the quarter was at ₹9,408 Mn as against ₹12,089 Mn during Q3FY24.
3. Active loans at 0.44 Mn as of December 31, 2024 as against 0.36 Mn as of December 31, 2023.
4. The Company added 69 branches during the quarter. Total branch count stood at 729 as against 480 branches as of December 31, 2023.
5. Total Headcount stood at 11,207 as against 8,714 as of December 31, 2023.

Collections & Asset Quality

1. Overall Collections efficiency for the quarter stood at 98.0% as against 98.4% for Q2FY25. Unique loan collections % (Due One Collect One or D1C1) stood at 96.7% for the quarter as against 97.0% for Q2FY25.
2. Current portfolio as a % of the overall portfolio stood at 84.92%.
3. Gross & Net Stage 3 assets stood at 1.62% and 0.81% respectively as of December 31, 2024 as against 1.40% and 0.65% as of December 31, 2023.
4. Overall Stage 2 assets stood at ₹8,431 Mn (7.54%) as of December 31, 2024 as against ₹6,208 Mn (6.95%) as of December 31, 2023.
5. The Provision coverage on Stage 3 assets stood at 50.20% and the provision coverage on the overall portfolio stood at 1.66%.

Liabilities

1. In Q3FY2025, the company received sanctions for incremental debt of ₹14,000 Mn, availing ₹10,450 Mn (inclusive of some unavailed sanctions from previous quarters), at a weighted average rate of 9.35%, all-inclusive cost of 9.56%). For 9MFY25, the company raised incremental debt of Rs.26,700 Mn availing 24,450 Mn (inclusive of some previous unavailed sanctions) at a weighted average rate of interest of 9.32% (all-inclusive cost of 9.53%).
2. The company has onboarded SIDBI, HDFC Mutual Fund, and HSBC Mutual Fund as lenders during the quarter.
3. As at the end of December 2024, the proportion of funding received from banks has come down to 65% from 70% in Q2FY25.
4. Liquidity buffer and Unavailed Sanction lines as of December 31, 2024 stood at about ₹21,447 Mn and ₹6,000 Mn respectively

Financials

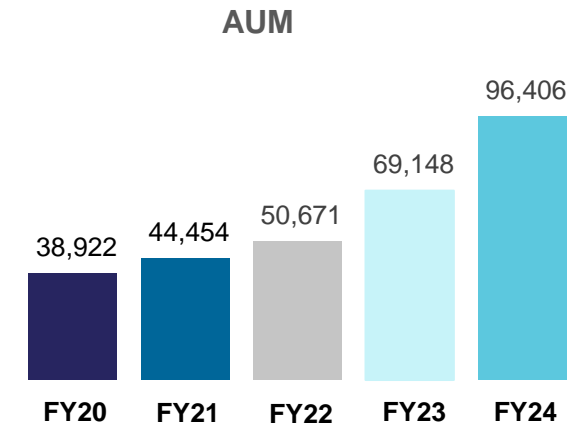
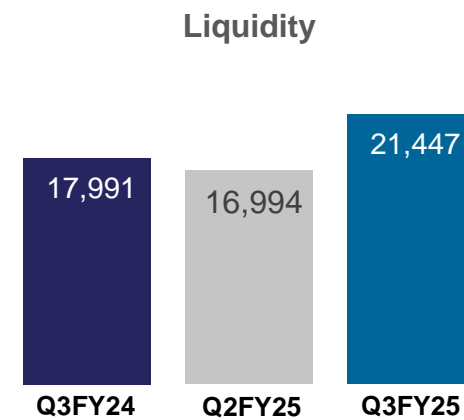
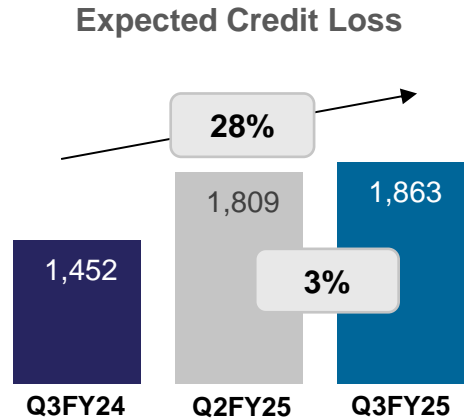
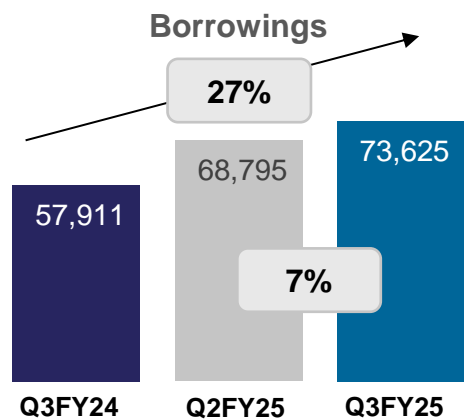
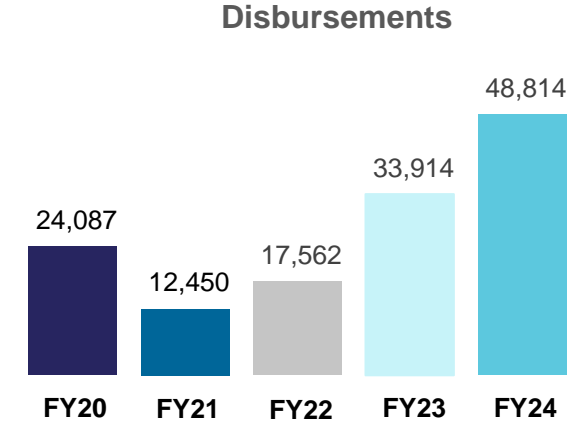
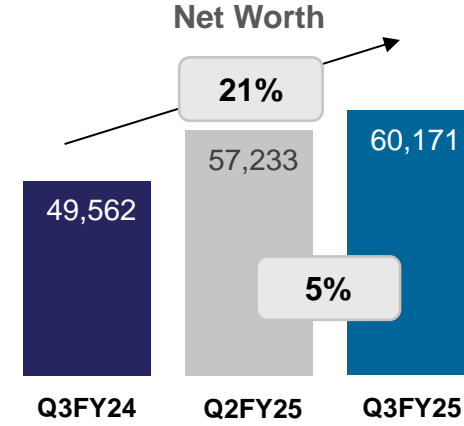
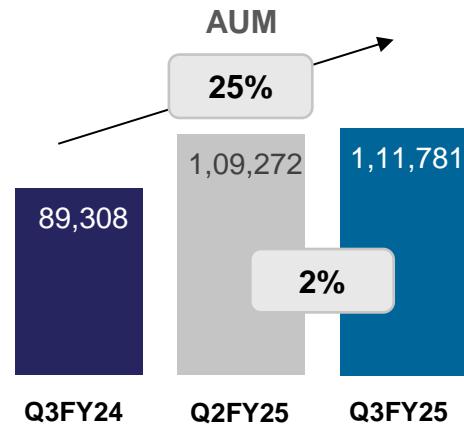
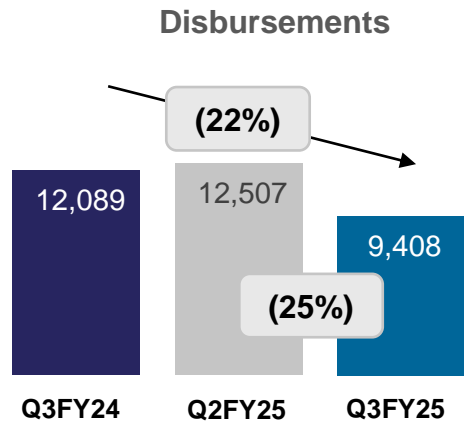
1. In Q3FY2025, Net total income (Total income less Cost of funds) grew by 27% to ₹5,597 Mn as against ₹4,413 Mn in Q3FY2024
2. PPOP for Q3FY2025 stood at ₹3,884 Mn, an increase of 29% as compared to Q3FY2024
3. As compared to Q3FY2024, PBT and PAT increased by 26% and 26% respectively and stood at ₹3,651 Mn and ₹2,739 Mn respectively for Q3FY2025
4. Cost to income (inclusive of credit cost) stood at 34.87% as compared to 34.42% for Q3FY2024. Excluding credit cost, Cost to income for Q3FY2025 was at 30.72% as compared to 32.11% for Q3FY2024.
5. Return on Average Total Assets was at 8.10% as compared to 8.25% for Q3FY2024
6. Return on Equity increased to 18.49% for Q3FY2025 as compared to 17.74% for Q3FY2024
7. Capital adequacy remained robust at 51.21%

Balance Sheet Indicators

Quarterly Data

Last 5 years data

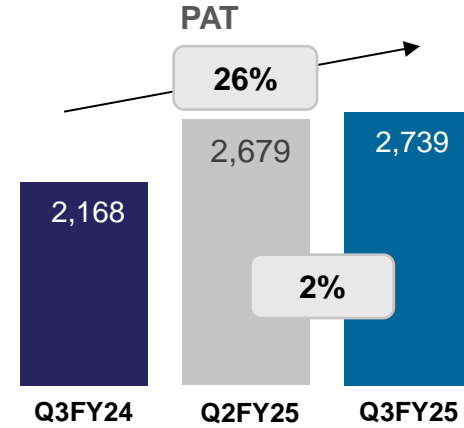
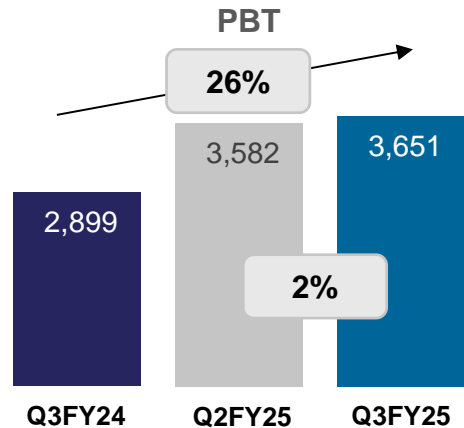
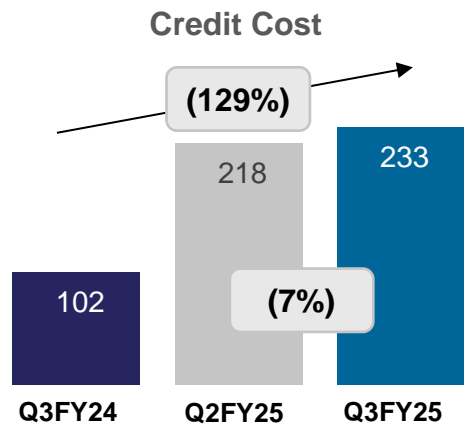
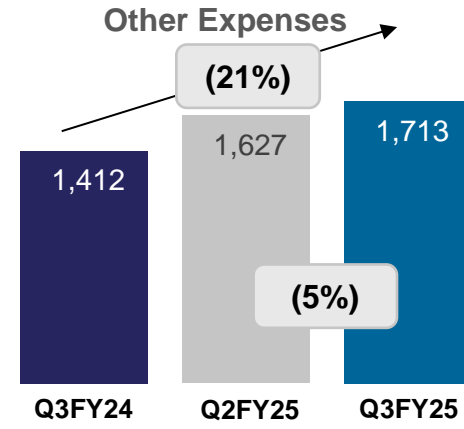
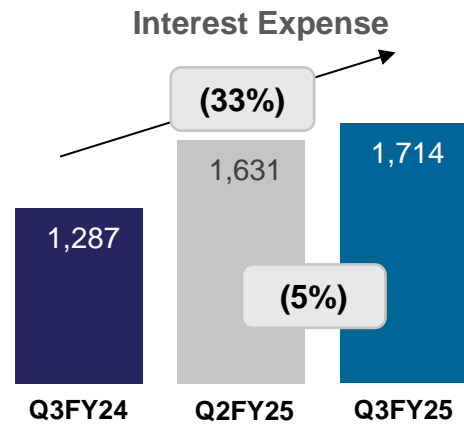
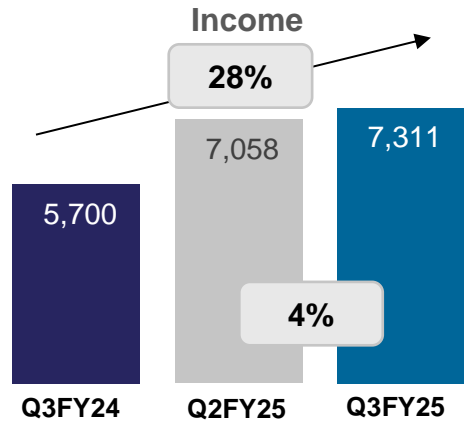
All amounts in ₹ Mn



ECL includes ECL maintained on Inter-Corporate Deposits
Liquidity does not include lien-marked FDs

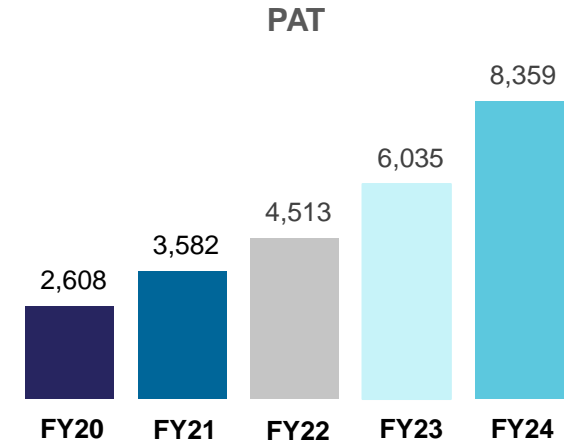
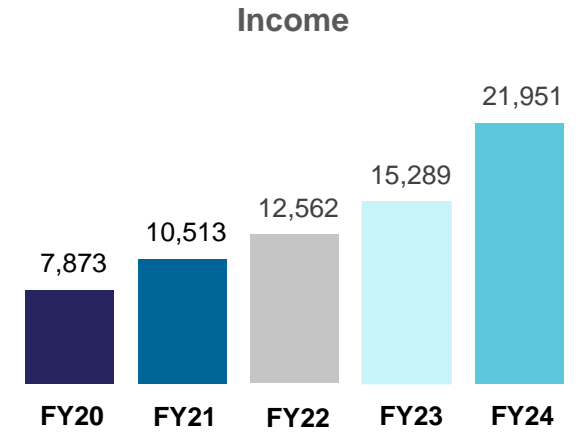
P&L Indicators

Quarterly Data



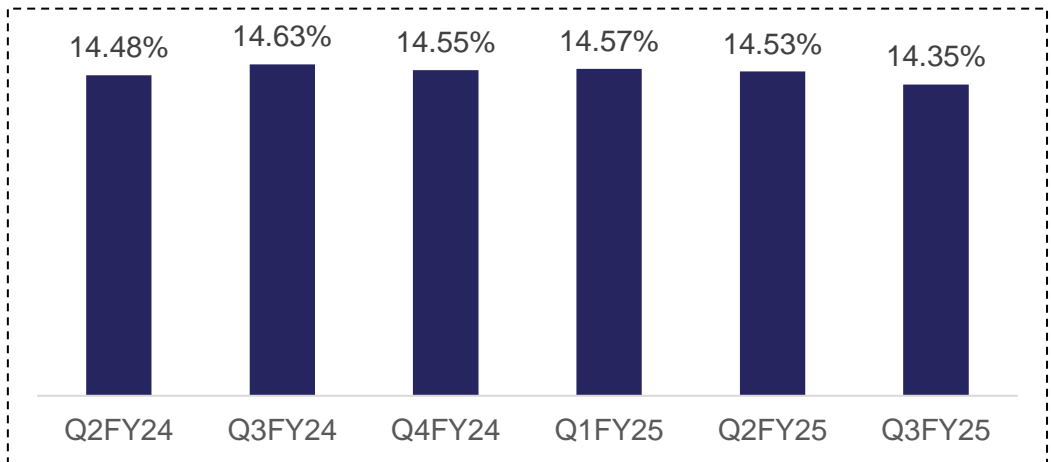
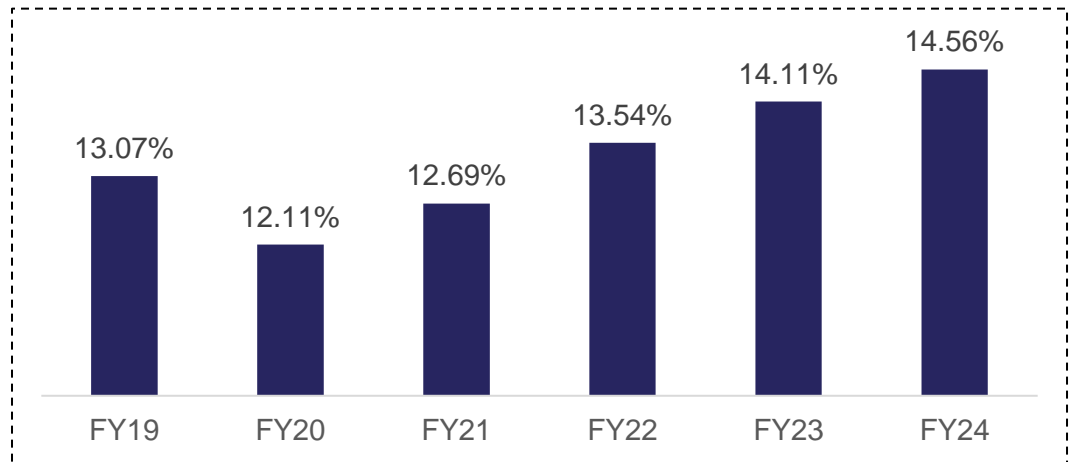
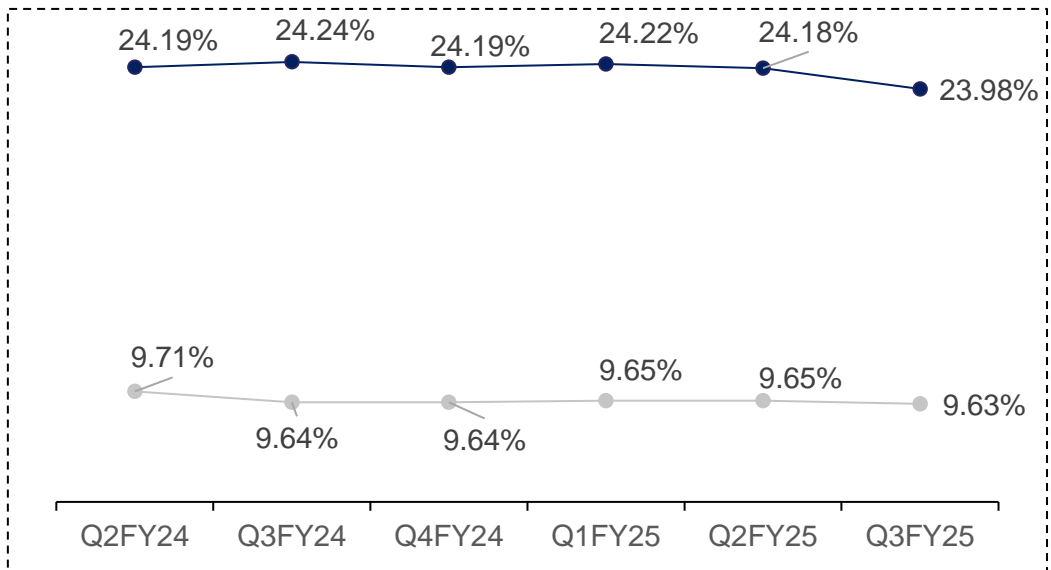
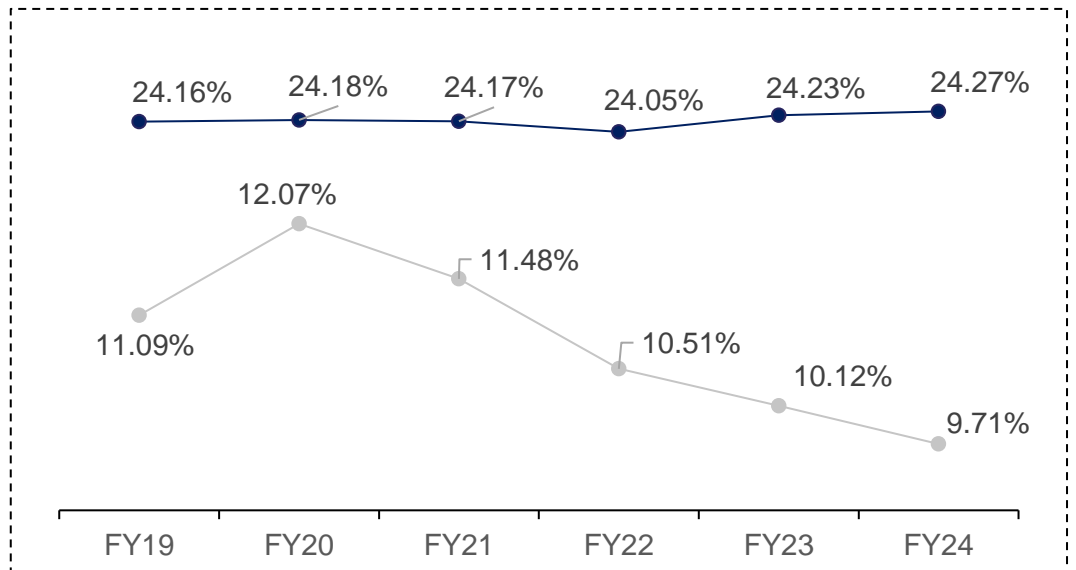
Last 5 years data

All amounts in ₹ Mn



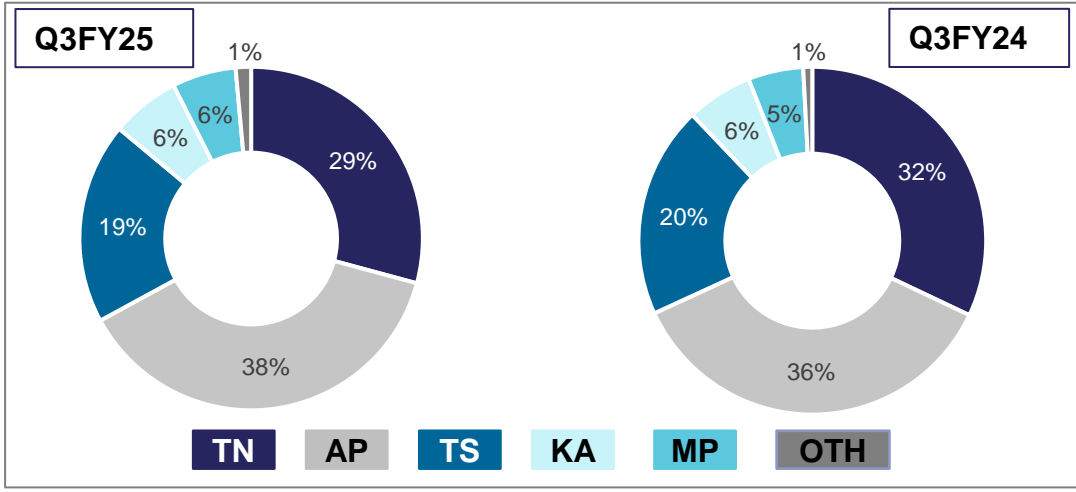
Consistent & Best-in-class Spreads

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

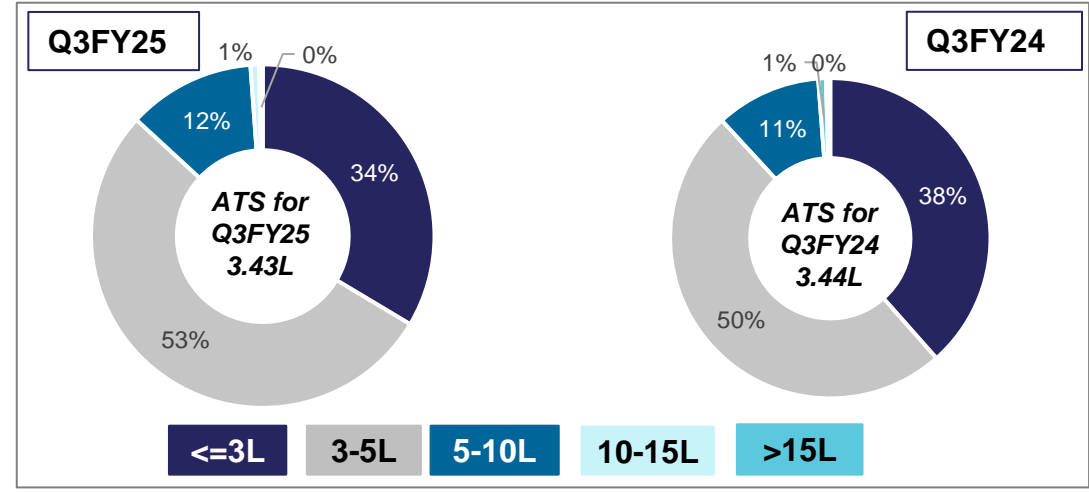


Well-diversified portfolio cuts

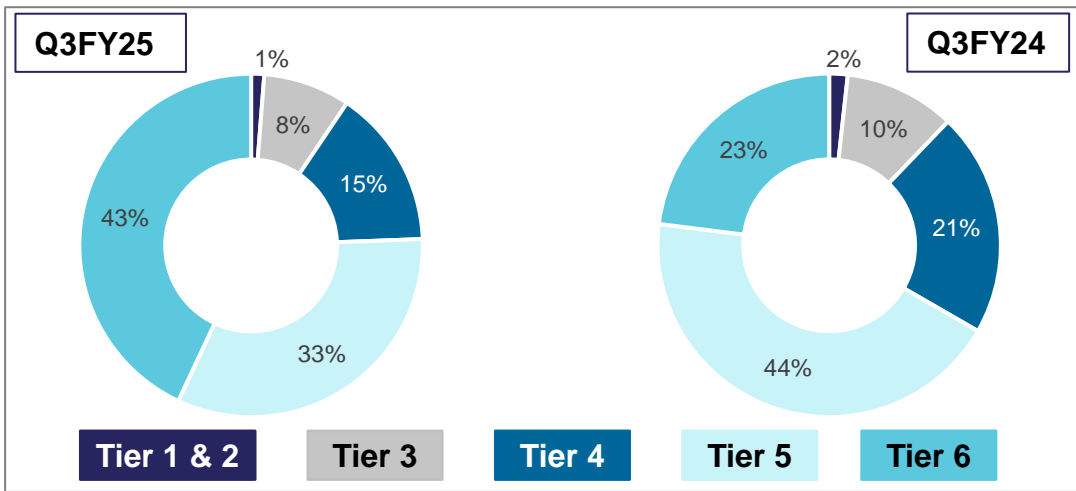
AUM by Geography



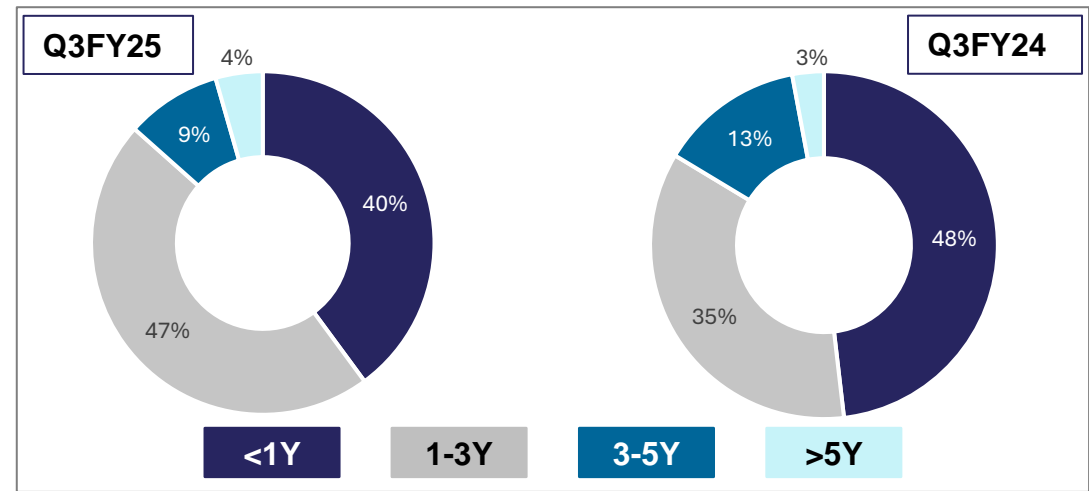
AUM by Ticket Size



AUM by Branch Tier



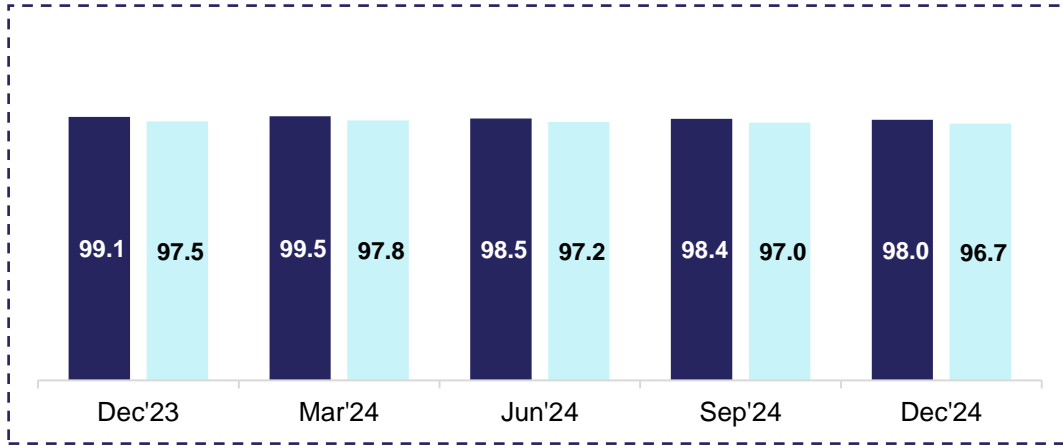
AUM by Vintage of loans



ASSET QUALITY & ECL

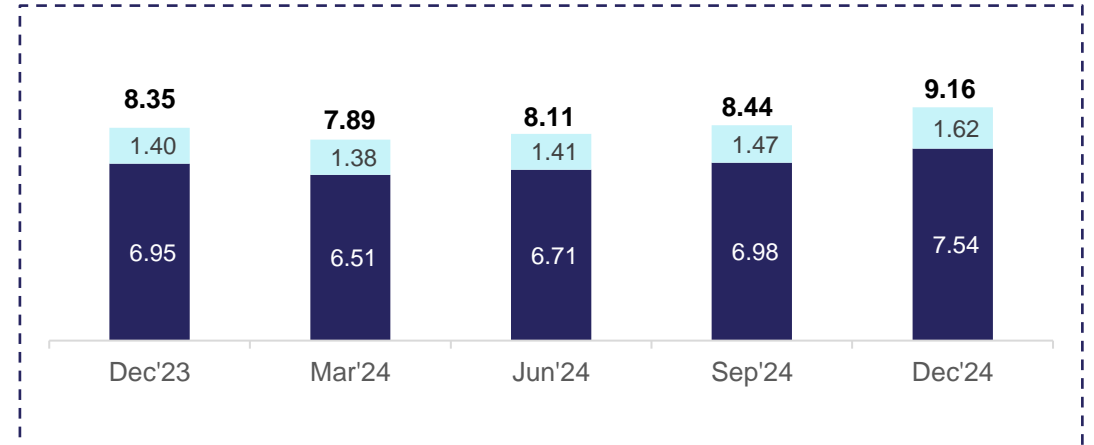
Asset Quality Indicators (1/2)

Collections Efficiency (%)



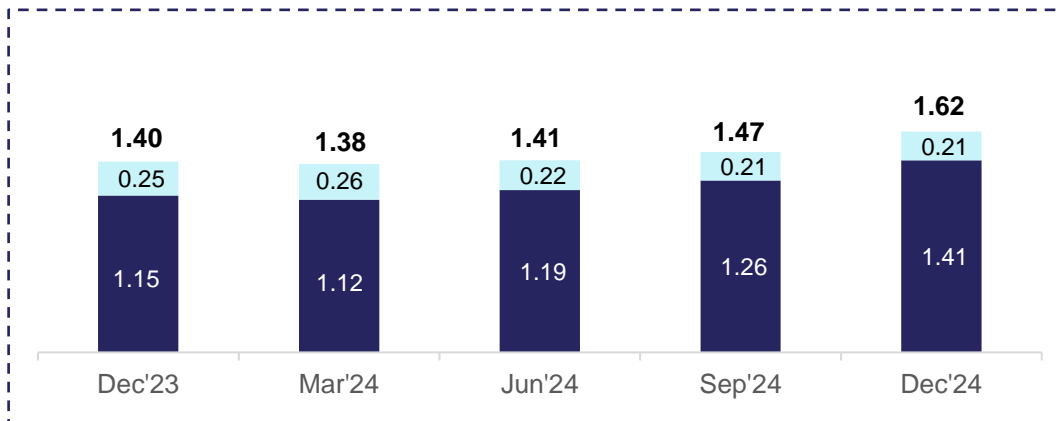
Dark Blue Bar: Amount of EMI received during the month (including arrears of previous months) divided by EMI demand for the current month
Light Blue Bar: Amount of EMI received during the month, restricted to a max of 1 EMI per loan divided by EMI demand for the current month

30+ (%)



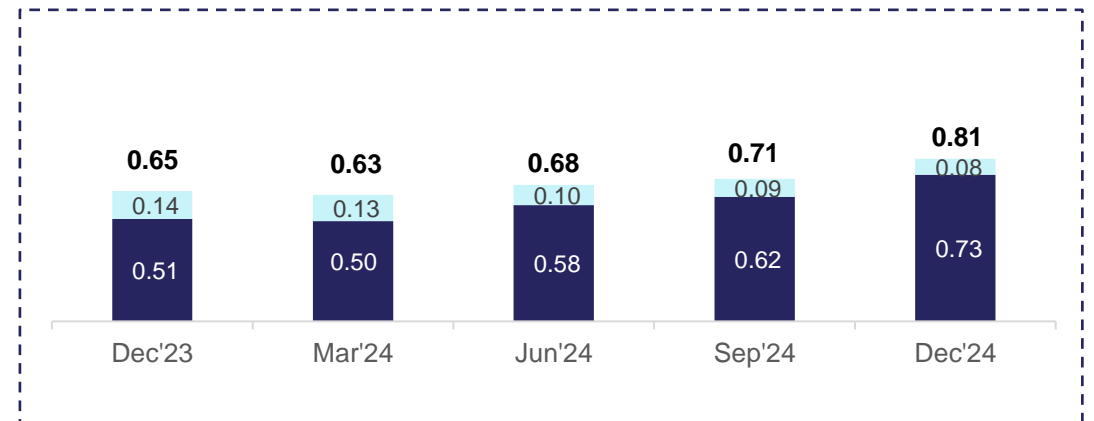
Dark Blue Bar: Stage 2 POS
Light Blue Bar: Stage 3 POS

Gross Stage 3 Assets (%)



Dark Blue Bar: Loans which are > 90 DPD as at the end of reporting period
Light Blue Bar: Loans which are <= 90 DPD as at the end of reporting period

Net Stage 3 Assets (%)



Asset Quality Indicators (2/2)

Amount in ₹ Mn	As at Dec 2024		As at Sep 2024		As at Dec 2023	
	AUM	% AUM	AUM	% AUM	AUM	% AUM
Current (Stage-1)	94,922	84.92%	93,974	86.00%	77,434	86.70%
1-30 (Stage-1)	6,620	5.92%	6,071	5.56%	4,415	4.94%
31-60 (Stage-2)	4,518	4.04%	4,165	3.81%	3,311	3.71%
61-90 (Stage-2)	3,913	3.50%	3,458	3.16%	2,897	3.24%
90+ (Stage-3)	1,808	1.62%	1,604	1.47%	1,251	1.40%
Total	111,781		109,272		89,308	
Stage 1 Assets	101,542	90.84%	100,045	91.56%	81,849	91.65%
Stage 2 Assets	8,431	7.54%	7,623	6.98%	6,208	6.95%
Stage 3 Assets	1,808	1.62%	1,604	1.47%	1,251	1.40%

ECL Provisioning

Amount in ₹ Mn				
As of December 31, 2024	Stage 1	Stage 2	Stage 3	Total
Loans Outstanding (Gross)	101,542	8,431	1,808	111,781
ECL Provision	384	562	907	1,853
Loans Outstanding (Net)	101,158	7,870	900	109,928
ECL Provision %	0.38%	6.66%	50.20%	1.66%
As of September 30, 2024	Stage 1	Stage 2	Stage 3	Total
Loans Outstanding (Gross)	100,045	7,623	1,604	109,272
ECL Provision	399	569	831	1,799
Loans Outstanding (Net)	99,646	7,054	773	107,474
ECL Provision %	0.40%	7.46%	51.80%	1.65%
As of December 31, 2023	Stage 1	Stage 2	Stage 3	Total
Loans Outstanding (Gross)	81,849	6,208	1,251	89,308
ECL Provision	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%

Loan outstanding and ECL provision does not include the outstanding / ECL on Inter-Corporate deposits

Lag NPA

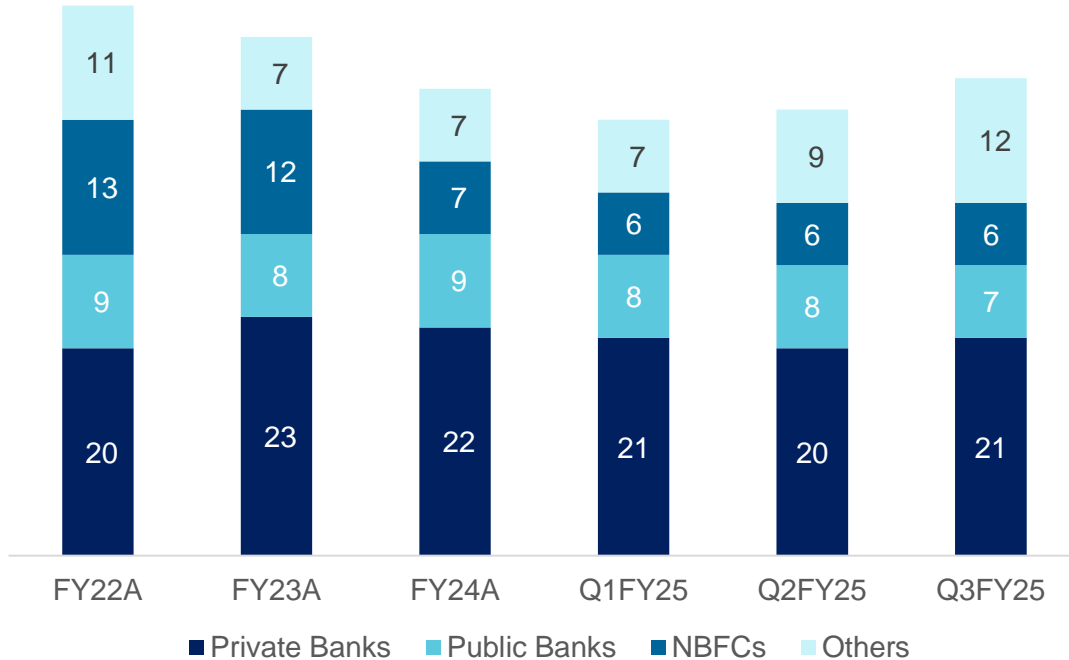
Amount in ₹ Mn	Q3FY2025	Q3FY2024	Q3FY2023	Q3FY2022
Loan Portfolio	111,781	89,308	62,424	47,676
Gross Stage 3 assets	1,808	1,251	907	606
Gross Stage 3 assets %	1.62%	1.40%	1.45%	1.27%
Gross Stage 3 assets % - 1 year Lag	2.02%	2.00%	1.90%	1.50%
Gross Stage 3 assets % - 2 years Lag	2.90%	2.62%	2.25%	1.86%

LIABILITY & ALM

Well-diversified Liability Franchise (1/2)

Liability franchise consists of a strong set of lenders who can support the company's plans

Number of lenders



Diversified borrowing relationship with **46 lending** partners

Lenders to the Company

Select Public Sector Banks	State Bank of India Bank of Baroda Union Bank of India Indian Bank Canara Bank Bank of India Bank of Maharashtra
Select Private Sector Banks	Kotak Mahindra Bank IndusInd Bank DBS Bank Axis Bank HDFC Bank Deutsche Bank ICICI Bank HSBC Yes Bank Bandhan Bank DCB Bank RBL Bank
Select Other Institutions	NABARD International Finance Corporation Swedfund SIDBI Kotak MF Nippon MF HDFC MF HSBC MF Royal Sundaram GI Bajaj Finance Sundaram Finance L&T Finance

Long Term Credit Rating

ICRA AA - Stable
 CARE AA - Stable
 India Ratings AA - Stable

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

NIL Commercial Paper exposure

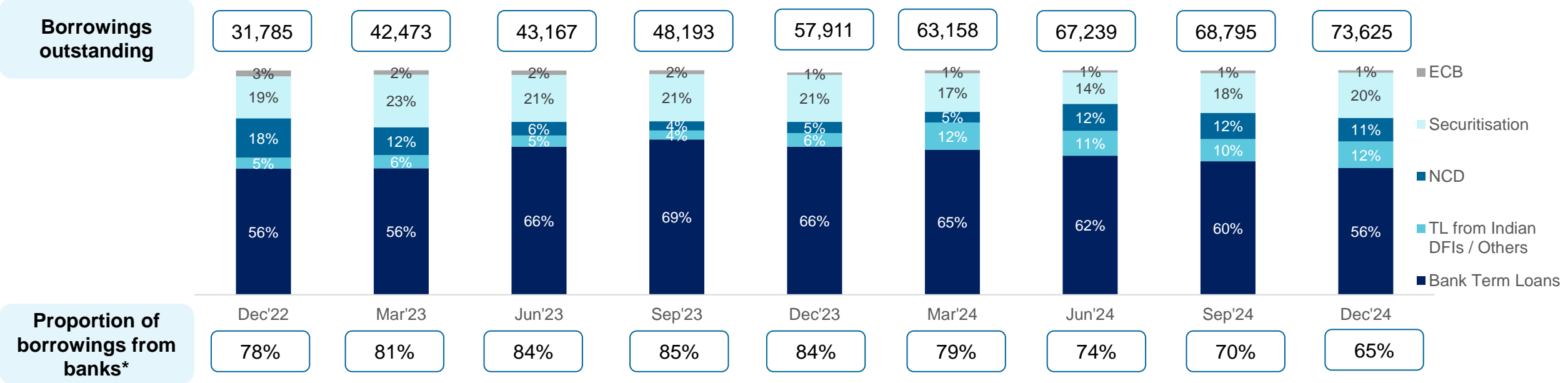
Short Term Credit Rating

CARE A1+

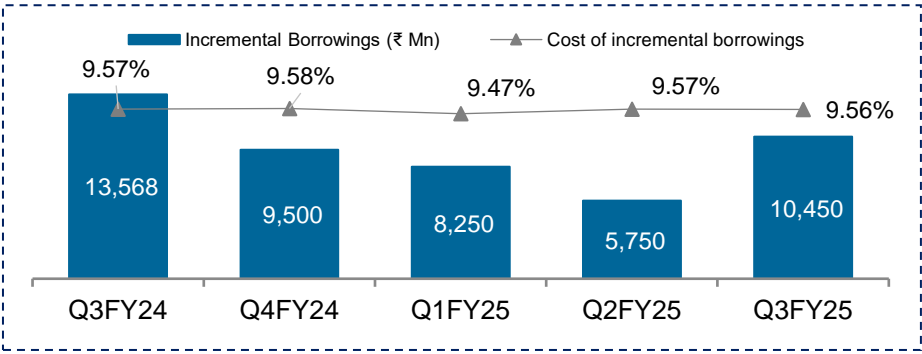
Well-diversified Liability Franchise (2/2)

Diversified borrowing mix across lender category and product category

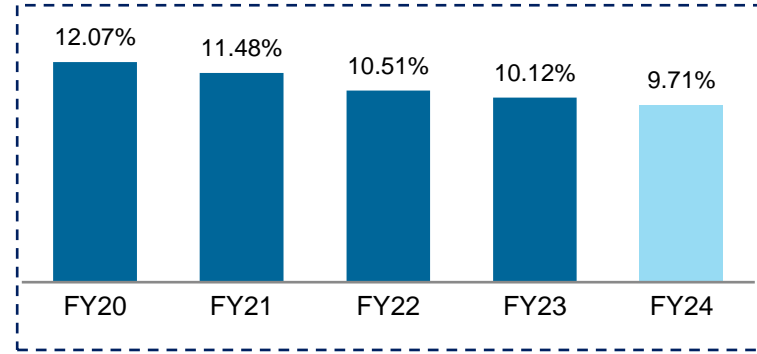
Borrowing exposure and Cost of borrowing



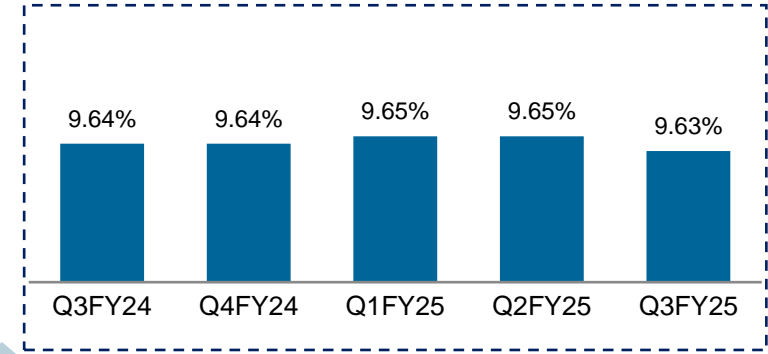
Cost of incremental borrowing – Last 5 quarters



Borrowing cost on book – Last 5 years



Borrowing cost on book – Last 5 quarters



* Proportion of borrowings from banks based on holdings as of the respective quarter-end

Cashflow Position as of Dec'24 – Cumulative

No Cumulative mismatches in any of the time buckets

Particulars	Up to 1M	1-2 M	2-3 M	3-6 M	6M – 1Y	1-3 Y	3-5 Y	>5 Y
Opening Liquidity	22,745	22,310	22,541	21,529	21,340	21,690	23,249	44,039
Add: Inflows from advances	1,408	1,460	1,186	4,343	9,504	39,671	37,650	15,653
Less: Outflows on borrowings	1,130	1,148	2,182	4,431	9,056	37,887	16,569	1,226
Add: Other inflows	147	86	19	31	47	188	25	4,511
Less: Other outflows	860	167	36	131	145	413	317	62,977
Cumulative mismatch	22,310	22,541	21,529	21,340	21,690	23,249	44,039	-

Strong Liquidity Position as of Dec'24

Amount in ₹ Mn

Liquidity buffer as of Dec 2024

Unencumbered cash & cash equivalents	21,447
--------------------------------------	--------

Unavailed sanction from banks / FIs	6,000
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Total Liquidity	27,447
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Projected Cashflow Schedule

Q4FY25

Q1FY26

Q2FY26

Q3FY26

Opening Liquidity	27,447	29,814	32,140	33,943
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Add: Principal collections & internal accruals	6,827	6,757	6,377	5,919
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Less: Debt repayments	4,460	4,431	4,574	4,482
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Closing Liquidity	29,814	32,140	33,943	35,380
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FINANCIAL STATEMENTS

Balance Sheet

Particulars (₹ Mn)	Q3FY2025	Q3FY2024	Q2FY2025
Assets			
Cash & Cash equivalents	14,271	15,308	12,115
Bank balances other than cash & cash equivalents	3,347	1,361	1,195
Loans	112,330	88,887	110,010
- Loan portfolio	111,781	89,308	109,272
- Inter-Corporate Deposits	2,411	1,031	2,547
- Expected Credit Loss	(1,863)	(1,452)	(1,809)
Investments	2,087	1,331	2,053
Other financial assets	869	583	1,045
Non-Financial Assets	2,651	1,584	1,781
Total Assets	135,554	109,052	128,199
Liabilities & Equity			
Trade Payables	329	282	269
Debt Securities	7,722	2,977	7,966
Borrowings other than Debt Securities	65,902	54,934	60,829
Other Financial Liabilities	871	964	1,039
Non-Financial Liabilities	559	333	863
Total Equity	60,171	49,562	57,233
Total Liabilities & Equity	135,554	109,052	128,199

Profit & Loss Account

Particulars (₹ Mn)	Q3FY2025	Q3FY2024	Q2FY2025	Y-o-Y	Q-o-Q	9MFY2025	9MFY2024	Y-o-Y
Loan Portfolio	111,781	89,308	109,272	25%	2%	111,781	89,308	25%
Interest Income (1)	7,112	5,495	6,793	29%	5%	20,316	15,173	34%
- Interest on loan portfolio	6,621	5,179	6,419	28%	3%	19,080	14,356	33%
- Penal Interest	34	35	42	(3%)	(19%)	111	117	(5%)
- Interest on Inter-Corporate Deposits	46	3	37	1,433%	24%	123	6	1,950%
- Interest on Investments	219	134	112	63%	96%	454	298	52%
- Processing fee & other fees	193	145	184	33%	5%	547	397	38%
Net Gain on Fair value changes (2)	81	139	161	(42%)	(50%)	428	357	20%
Fee & Other income (3)	118	66	105	77%	11%	319	229	39%
- Fee income	80	40	67	100%	19%	212	135	57%
- Recovery of Bad debts	23	18	28	28%	(18%)	70	76	(8%)
- Other non-operating income	14	8	10	75%	40%	38	18	111%
Total Income (1+2+3)	7,311	5,700	7,058	28%	4%	21,063	15,760	34%
Interest Expenses	1,714	1,287	1,631	33%	5%	4,927	3,308	49%
Net Interest Income	5,597	4,413	5,427	27%	3%	16,136	12,452	30%
Operating Expenses	1,713	1,412	1,627	21%	5%	4,905	4,065	21%
Loan losses & Provisions	233	102	218	128%	7%	636	360	77%
Profit before Tax (PBT)	3,651	2,899	3,582	26%	2%	10,595	8,028	32%
Profit after Tax (PAT)	2,739	2,168	2,679	26%	2%	7,934	5,999	32%
Other Comprehensive Income	(13)	(6)	5	117%	(360%)	(14)	(17)	(18%)
Total Comprehensive Income	2,726	2,162	2,683	26%	2%	7,920	5,982	32%
Earnings Per Share (Basic)	9.36	7.42	9.16			27.12	20.57	
Earnings Per Share (Diluted)	9.35	7.37	9.07			26.95	20.38	
Book value per Share	201.29	166.03	191.72			201.29	166.03	

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 and share warrants) as at the end of the reporting period.

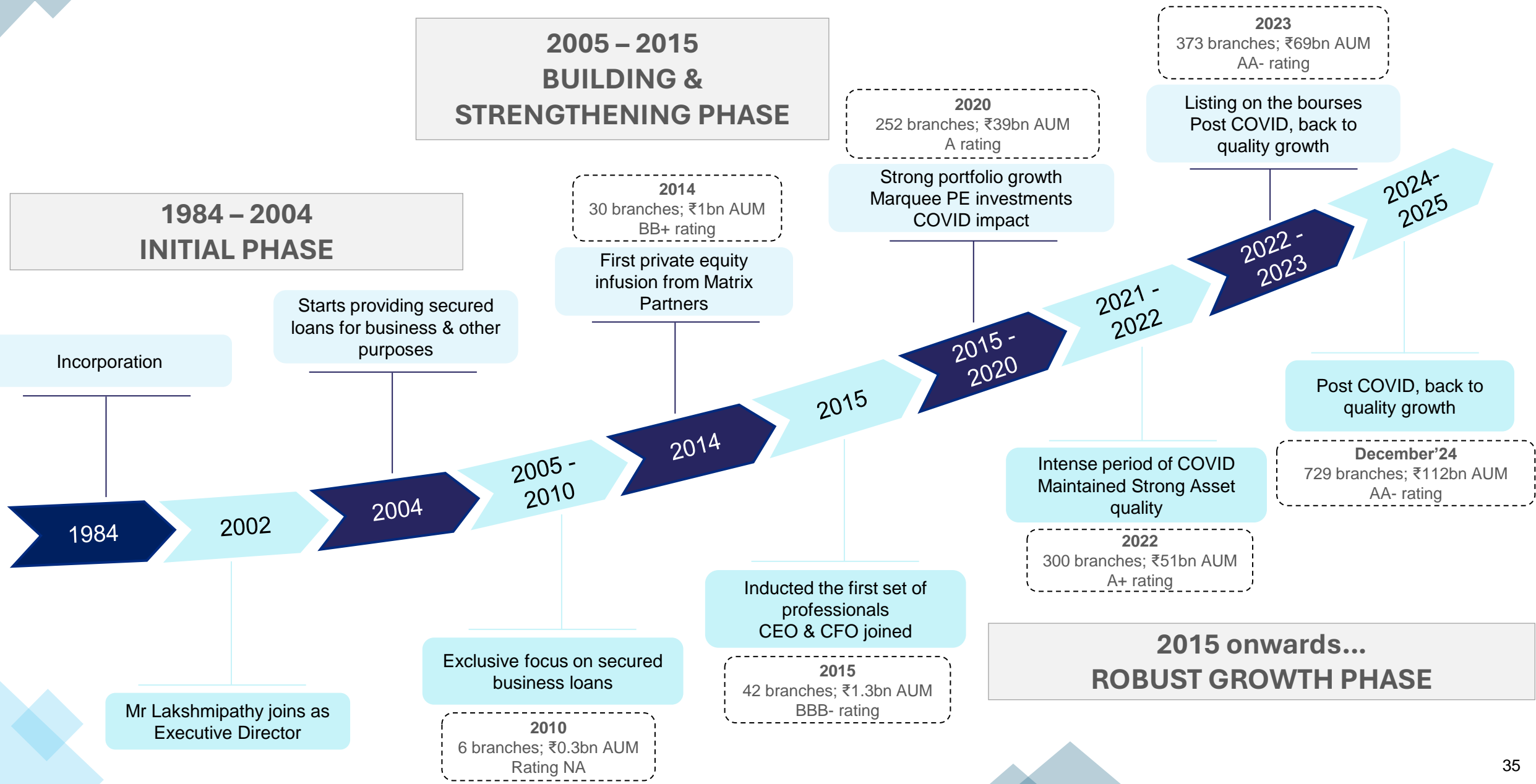
Quarterly EPS is not annualised. EPS has been computed in accordance with IND AS 33

RoE Tree

Particulars	Q3FY2025	Q3FY2024	Q2FY2025	9MFY2025	9MFY2024
Interest Income (as a % of average portfolio)	23.98%	24.25%	24.18%	24.17%	24.29%
Interest Expenses (as a % of average borrowings)	9.63%	9.64%	9.65%	9.64%	9.71%
Net Interest Income %	14.35%	14.61%	14.53%	14.53%	14.58%
Total Income (as a % of average total assets)	21.63%	21.69%	22.01%	21.84%	21.97%
Interest Expense (as a % of average total assets)	5.07%	4.90%	5.09%	5.11%	4.61%
Net Interest Margin %	16.56%	16.80%	16.93%	16.73%	17.36%
Operating Expenses (as a % of average total assets)	5.07%	5.37%	5.07%	5.09%	5.67%
Loan losses & Provisions (as a % of average total assets)	0.69%	0.39%	0.68%	0.66%	0.50%
Profit before Tax (PBT) %	10.80%	11.03%	11.17%	10.99%	11.19%
Tax %	2.70%	2.78%	2.82%	2.76%	2.83%
Profit after Tax (PAT) or Return on average total assets	8.10%	8.25%	8.36%	8.23%	8.36%
Debt / Equity	1.22	1.17	1.20	1.22	1.17
Leverage (Total assets / Net worth)	2.25	2.20	2.24	2.25	2.20
Return on Equity	18.49%	17.74%	19.02%	18.81%	17.16%
Operating cost to income ratio	30.72%	32.11%	30.17%	30.53%	32.77%
Credit cost to income ratio	4.16%	2.31%	4.02%	3.94%	2.88%
Total Cost to income ratio	34.87%	34.42%	34.18%	34.47%	35.65%

COMPANY OVERVIEW

Our Journey



Who we are

- ★ NBFC providing secured financial solutions to Small Business customers and Self-employed Individuals who are largely cut-off from formal lending ecosystem
- ★ Deep understanding of customer behavior and strong knowledge of market and regional dynamics, having been operating in this segment for over the last 2 decades
- ★ Proprietary Underwriting & Collections model fine-tuned over 2 decades of experience



Target Customer Segment

Customers with informal income derived from everyday 'services'

Ticket Size & Income Profile

Average Ticket size of ₹3 – 5 lakhs
Household gross income of ₹25,000 – 40,000



Target Geography

Currently Southern India (TN, AP, Telangana & Karnataka), and MP, Maharashtra, UP, Chhattisgarh, Rajasthan

Property Backed Collateral

All loans are secured against borrower property – usually self occupied residential property



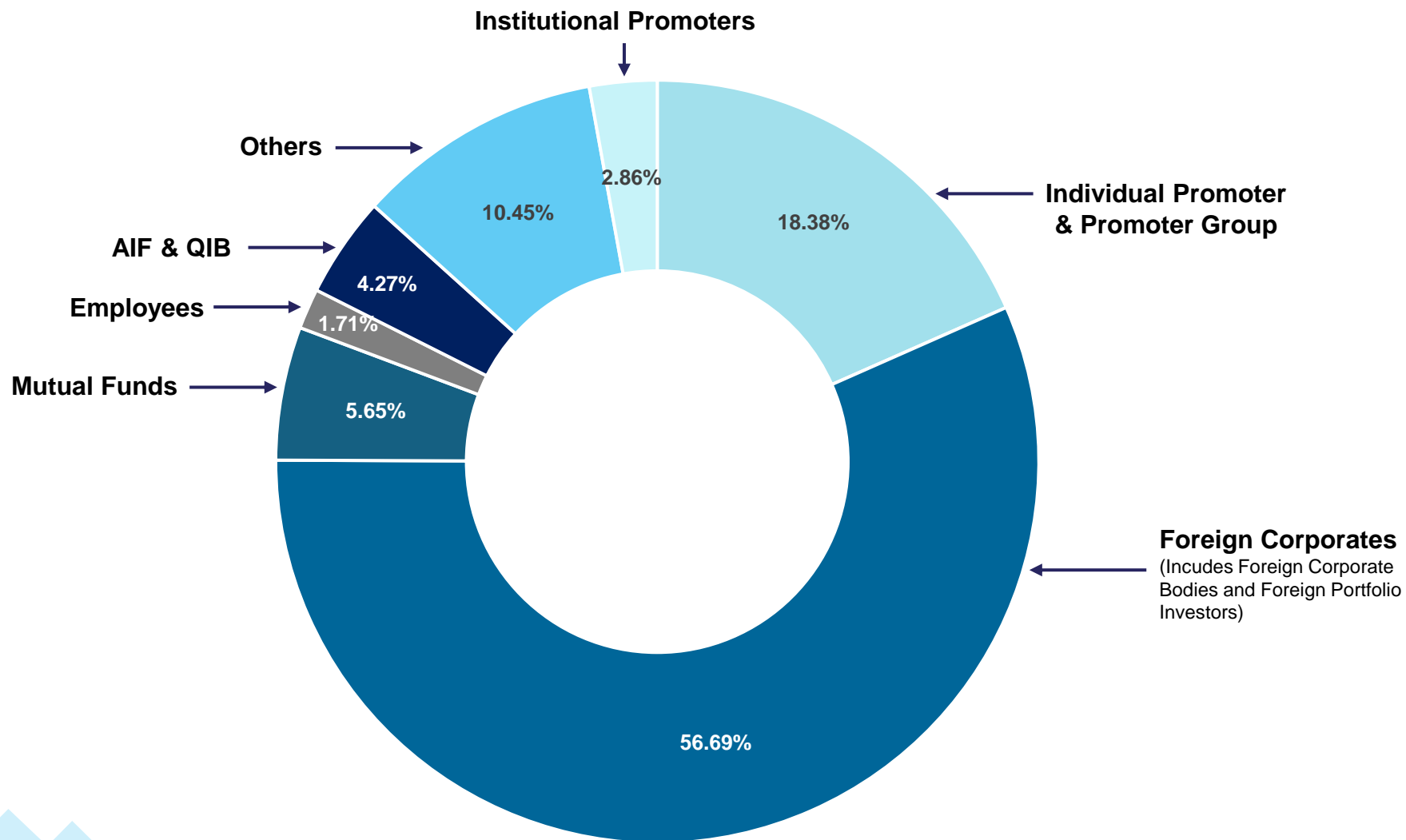
729
Branches

10
States / UT

441,625
Loans

11,207
Employees

Current Shareholding



Top Institutional Investors* (ex-PE and Promoter)

Investor name	% stake**
Fidelity Investments	7.07%
HDFC MF	4.23%
Nomura Asset Management	4.00%
Wasatch	4.32%
East Spring	3.53%
Vanguard	2.86%
Goldman Sachs	2.66%
Ninety-One	2.50%
Wellington	2.22%
White Oak	1.67%
Capital Research	1.30%
Max Life Insurance	1.19%

* Culled from the names appearing in the Benpos received from RTA – may / may not not include holdings managed in other names

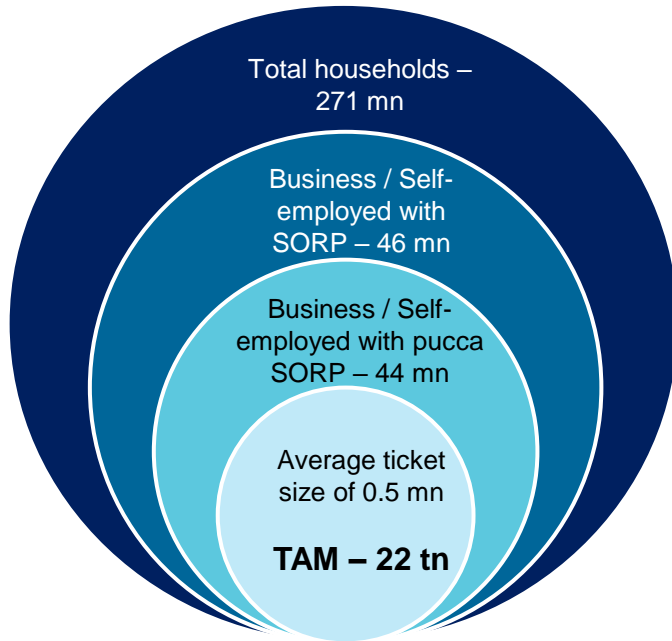
** Holding through various schemes & funds including advisory mandates

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

Large Market Opportunity to be served through multiple growth levers

Large Market Opportunity

**Fiscal 2024E MSME Credit Gap
104 trillion**



Total Addressable Target Market	22 tn
MSME loans o/s	372 bn
Total “Addressed” market	2%

Market Opportunity estimates by CRISIL
MSME loans o/s as of Sep'23 – Motilal Oswal Financial Services Research report on Five-Star

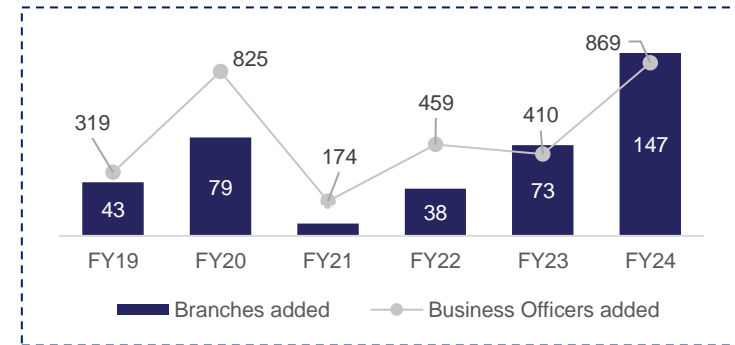
Five Star Growth Strategy

To address the large untapped market opportunity

Strategy 1 – Increase branch network & add more FOS

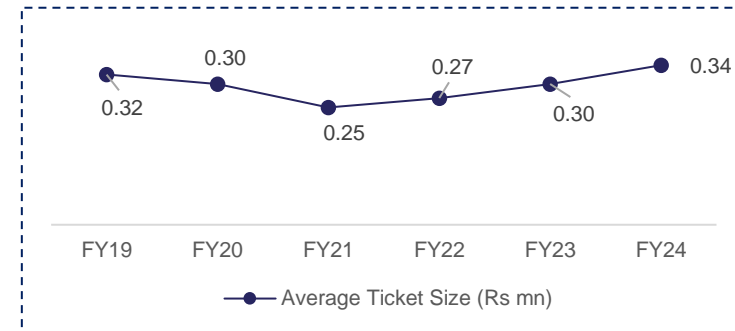
Average branches opened per year (excluding 2 years of COVID) – 86 branches

Average officers added per year (excluding 2 years of COVID) – 606 officers



Strategy 2 – Increase Ticket size for inflationary increases

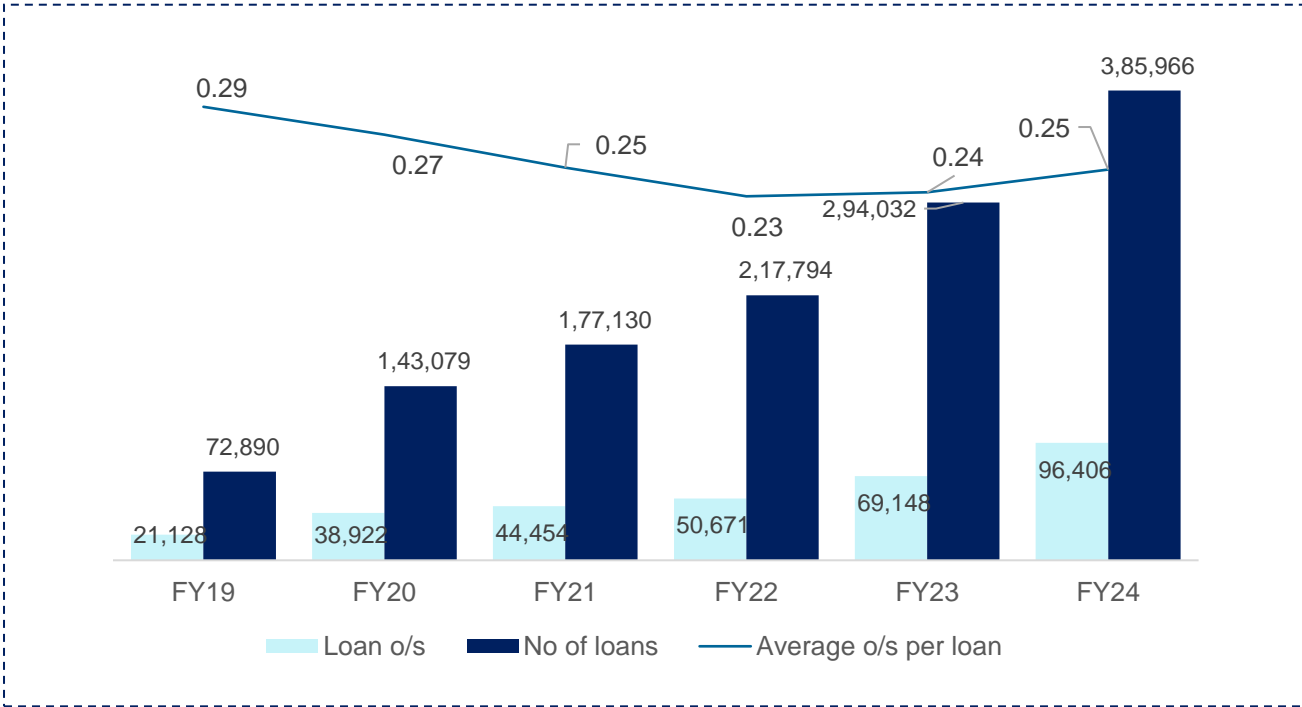
Average ticket size has remained almost constant over the last 4 years (excluding 2 years of COVID). Inflationary increases would push up the ticket size in the coming years



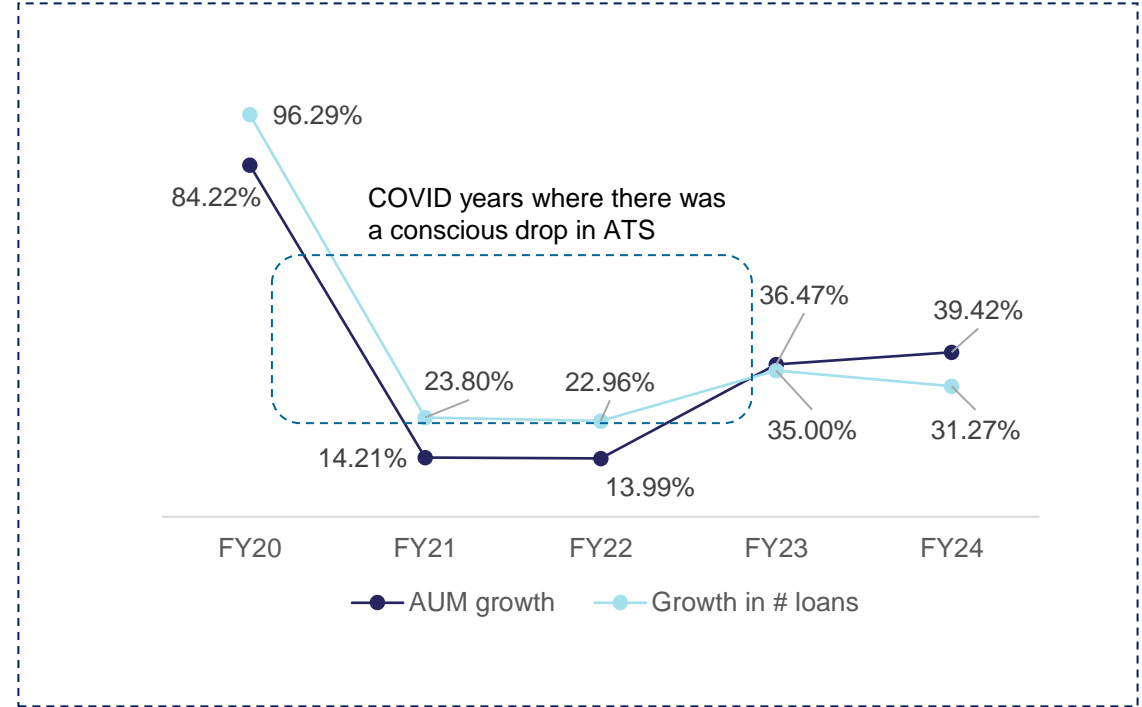
Average ticket size = Disbursals / No of loans disbursed

These 2 Strategies will lead to robust Portfolio Growth in the years to come

Growth Strategy shall be borrower led and not led by increase in ticket size



Average o/s per loan has remained almost flattish



Growth has been led predominantly by increase in loans rather than increase in average ticket size of disbursements, as evidenced by the narrow gap between AUM growth and growth in number of loans

While there will be ticket size increases, they will largely be inflationary

Well thought out customer & product strategies – helps us remain insulated even during periods of stress

Customer Strategy

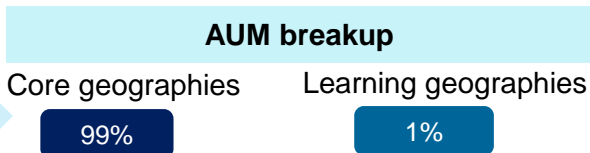
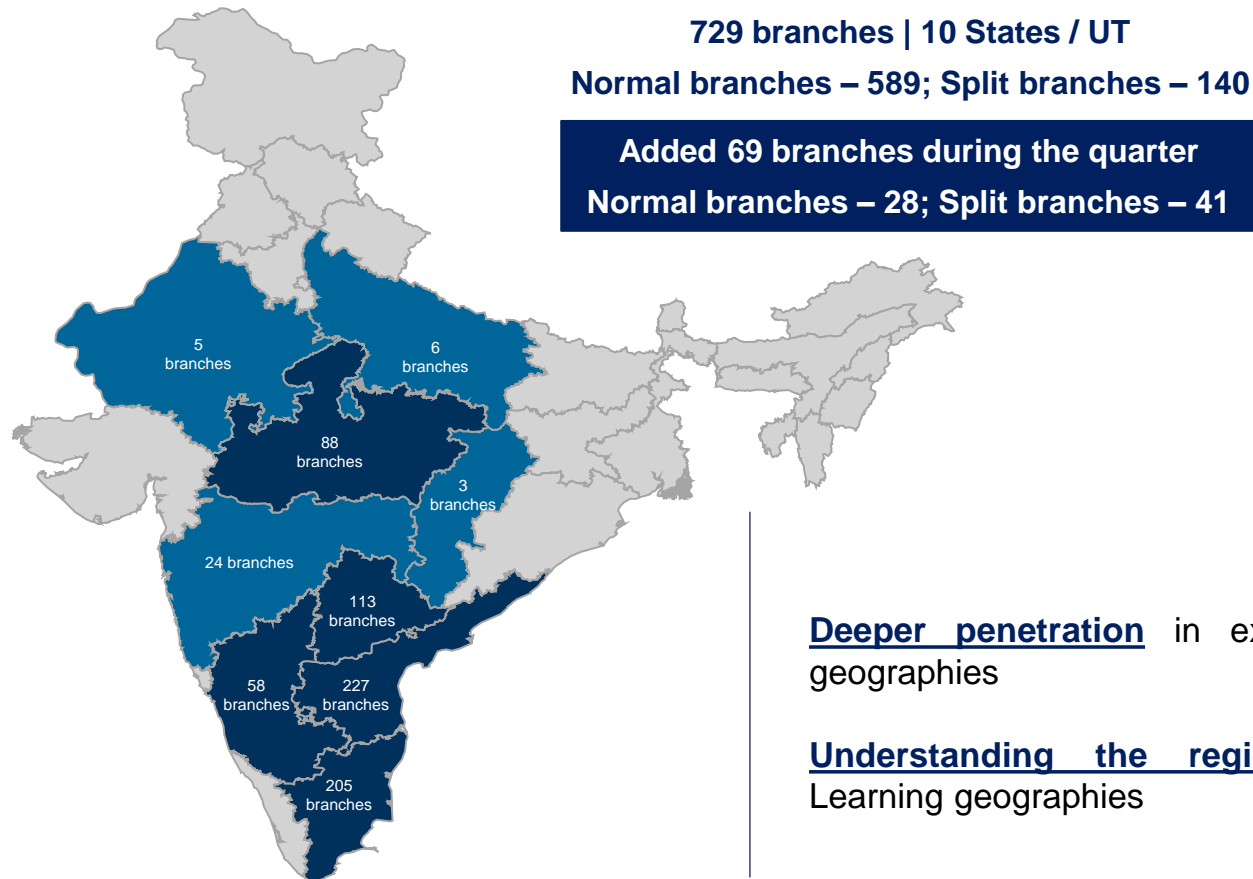
- ★ **Who are our customers** – Small Business Owners and Self-employed individuals involved in everyday cash and carry businesses with a service bias
Minimal impact of macro downcycles
- ★ **How & wherefrom do we source our customers** – 100% in-house sourcing with a strong focus on Tier 3 to Tier 6 cities
Under-penetrated market; high level of customer stickiness
- ★ **How are the loans given** – Loans given to the family / household, leading to a collective decision-making
Potential issues prevented due to collective decision-making

Product Strategy

- ★ **Loan purpose** – Loans provided for business expansion, home renovation / improvement and other mortgage purposes (marriage, education, emergency etc)
Meet all requirements of the borrower household
- ★ **Nature of our lending** – 100% backed by collateral, 95% being SORP
Helps prioritize our loan during difficult times
- ★ **Product characteristics** – Typical ticket sizes between 0.2 and 1 mn for a tenure of up to 7 years with LTV and Debt burden ratios of ~50% at the time of sanction
Thin EMIs help borrowers repay the loan without undue burden



Gradual growth in newer regions; significant ramp-up upon reaching the comfort state



State-wise portfolio break-up

State	No of branches	Q3FY25	FY24	FY23	FY22	FY21	FY20
Tamil Nadu	205	29%	31%	35%	39%	41%	43%
Andhra Pradesh	227	38%	37%	33%	29%	28%	28%
Telangana	113	19%	19%	20%	19%	18%	19%
Karnataka	58	6%	6%	7%	7%	7%	7%
Madhya Pradesh	88	6%	5%	5%	5%	4%	3%
Others	38	1%	1%	1%	1%	1%	1%
Total	729						

Deeper penetration in existing Core geographies

Understanding the region in the Learning geographies

Average AUM per branch based on branch vintage

State	No of branches	Average AUM
<= 1 year	249	93
1 – 3 years	200	143
3 – 5 years	43	191
5 – 7 years	123	205
> 7 years	114	233
Total	729	153

Approach would be to keep the Average AUM range-bound through a Cluster strategy

Map not to scale; Tamil Nadu numbers include Pondicherry as well

Cluster Strategy – Ideal Branch Structure

Evolution of Branch Structure at Five-Star

Till FY2016

Normal Branch Strategy

5-6 Relationship Officers

Manage both Business & Collections

Ability to onboard good quantum of business over a period

Pros & Cons

Optimal # accounts per RO – helped manage risk

Ability to scale with the number of officers is limited

2017 – 2023

Super Branch Strategy

Add more ROs - 10-12 ROs per branch

Beef up the Supervisory structure - 2 Asst BM and 1 Sr BM

Helps maintain optimal # accounts per RO

Pros & Cons

Offered tremendous potential for scalability

Can lead to concentration risk from AUM & people perspectives

2023 till date...

Cluster / Ideal Branch Strategy

Add new branches near bigger branches when # accounts cross a certain threshold

5-6 ROs + appropriate collections support – Other ROs moved to the new branch

Move some accounts to the new branch – helps maintain optimal # accounts per RO

Advantages

Helps de-risk without any material cost / headcount increase

Facilitates career progression, workload management, control attrition

Constant evolution of branch structure to suit the prevalent conditions has resulted in strong business & collections momentum

Underwriting strategy fine-tuned over years of experience – to serve a “not so easy to underwrite TAM”

Difficulties in evaluating the Addressable Market Segment



Five Star’s capabilities

- ★ Credit appraisal of informal income with minimum documentation; Surrogates (lifestyle, ownership of assets, trade checks, etc) used to evaluate borrower cashflows, in the absence of verifiable income documents
- ★ ‘On the ground’ presence - ability to conduct physical verifications – mechanism has been created to ensure maker-checker controls in inspection process and operate at scale
- ★ 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

Multiple levels of appraisal – Final sanction can be provided only by the Independent Credit team

Branch Appraisal

- ★ **Pre-login assessment by the branch** – Basic verification of business, residence and background check on borrower
- ★ **Relationship Officer Inspection** – Visit to applicant's business / residence to assess business traction / income level through proxies
- ★ **Final assessment by Branch Manager** – Complete inspection undertaken across the 3 Cs – Character, Cashflow and Collateral and report submitted to the approval team

Credit Appraisal

- ★ **Field Credit Inspection** – Independent visit to applicants' residence and business for detailed inspection; independent report submitted to the approval team
- ★ **Approval Credit** – Loan sanctioned / rejected basis branch appraisal and field credit appraisal reports. Only team with approval powers
- ★ **Legal Appraisal** – Validation of the property documents done by Internal and External legal counsels

Inherent Controls

Focus on Service oriented businesses

- Last impacted by macro down-cycles and first to emerge from them

Loans to the family / household

- Ensures collective decision-making and avoids potential problems

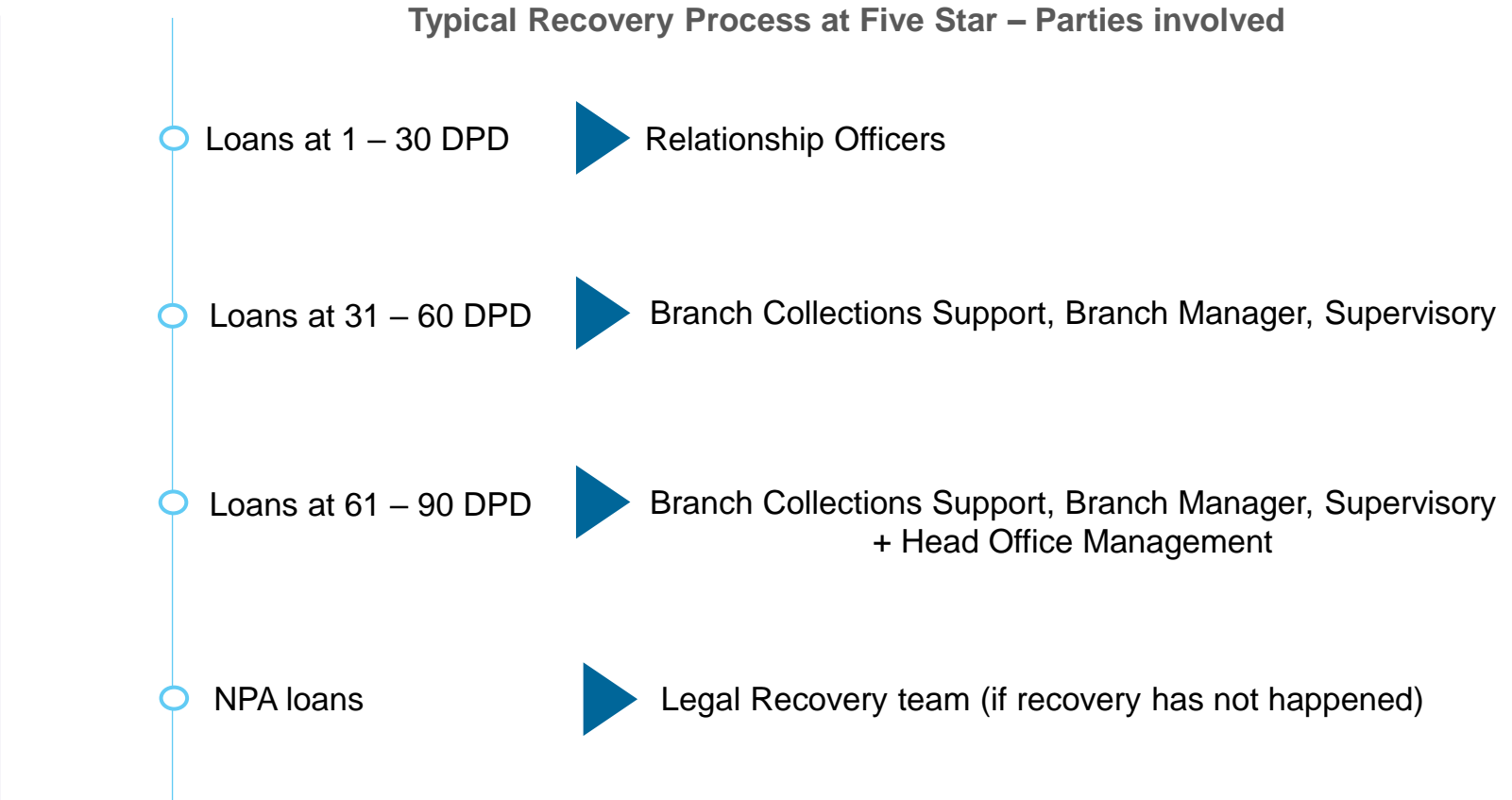
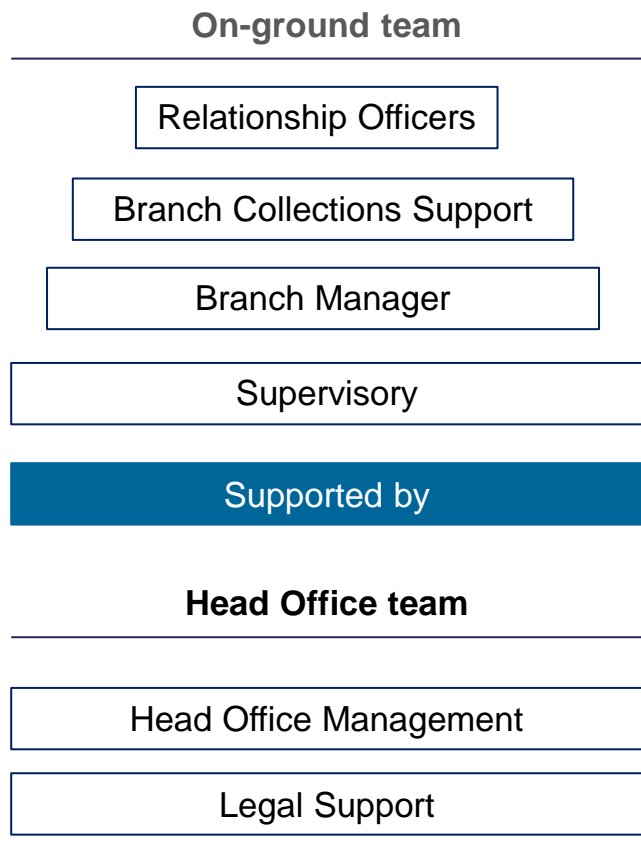
Independent verification & approval

- Approval powers only with the Credit team; no approval powers even with the Chief Business Officer

Registered Mortgage

- Mortgage on the collateral registered with the Sub-registrar office; helps avoid multiple loans against the same property

First-time business loan borrowers migrating from informal to formal ecosystem necessitates multiple touchpoints

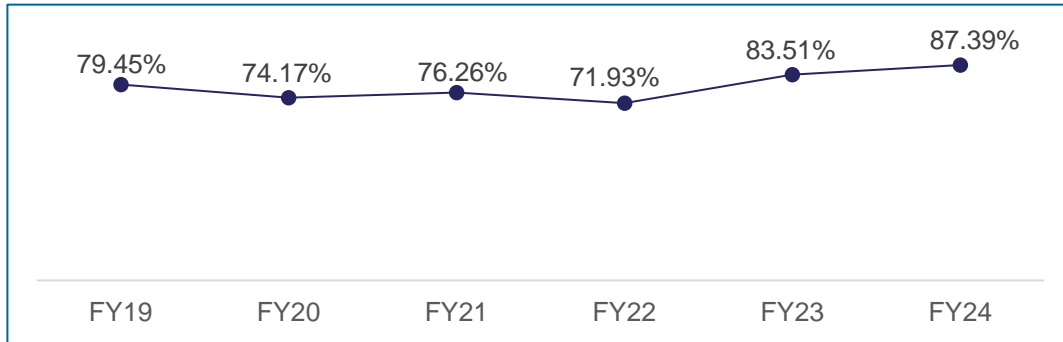


Concerted efforts, along with necessary legal measures, ensure strong recovery and robust asset quality

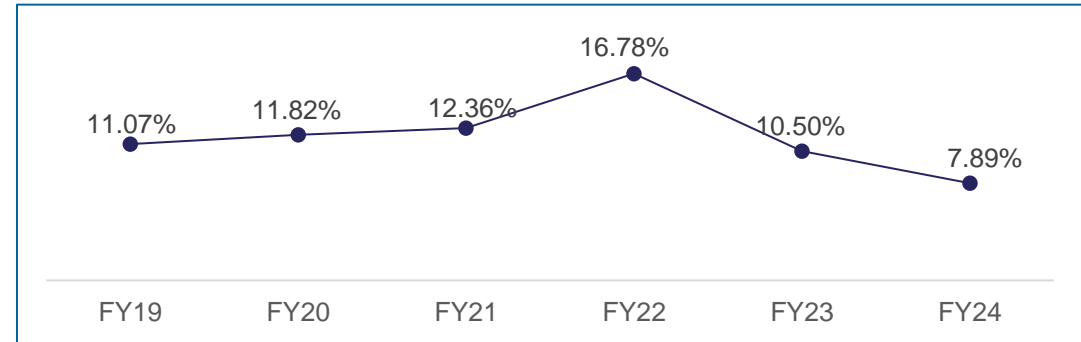
Strong on-ground Collections infrastructure (2/2)

Focus on Unique Customer Collections Efficiency has contributed to significant improvement in portfolio profile

Current Portfolio



30+ Portfolio



Overall Portfolio Profile

	FY19	FY20	FY21	FY22	FY23	FY24
Stage 1	88.92%	88.18%	87.64%	83.22%	89.50%	92.11%
Stage 2	10.19%	10.45%	11.34%	15.73%	9.15%	6.51%
Stage 3	0.88%	1.37%	1.02%	1.05%	1.35%	1.38%

Continuous evolution in Collections Strategy has contributed to continuous strengthening of the portfolio profile

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



- Moved to Finn One Neo (ERP solution) with automated workflow and rule engine configuration



- Moved to a completely paperless underwriting model with all data available on cloud



- Significant investments in technology during this period



- Manual underwriting process with minimal technology involvement



- Strengthened senior management team for IT and significantly augmented the team
- Significant IT spends during the last few years



- Complete data on cloud along with SaaS models for applications
- Focus on strategic projects and leveraging benefits from their implementation - Loan Origination System (Salesforce), General Ledger (Oracle), HRMS, Treasury system, Collections Module and Customer Scoring Model



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



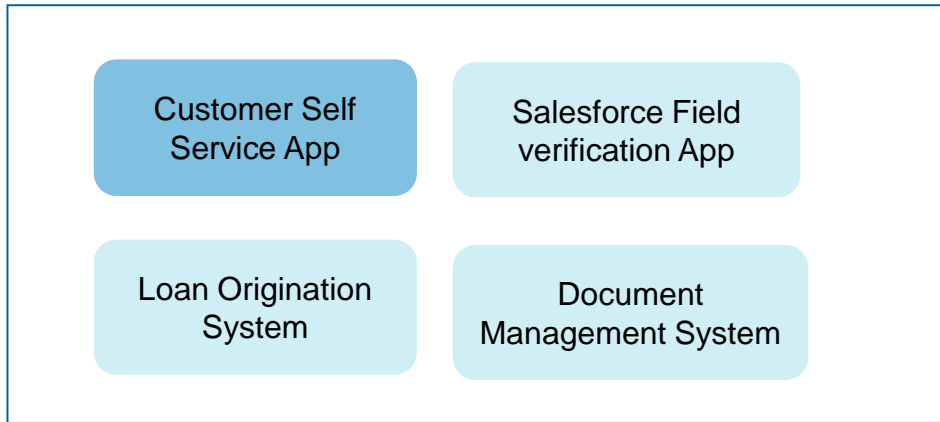
- Data analytics and machine learning



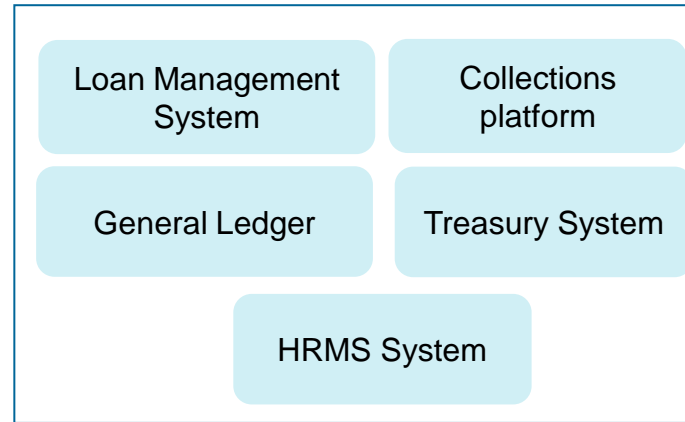
- Robust Customer Credit Scoring model

Comprehensive Tech stack to derive productivity and efficiency benefits

Loan Origination & Underwriting



Loan Servicing & Support Systems



Reporting / MIS



Enterprise API Integration Layer

Credit Bureau

KYC Validations

CERSAI / CKYC

Aadhar E-KYC

APIs for Loan Management

Personalized QR based payments

Bharat Bill Pay System (BBPS)

UPI Auto-pay

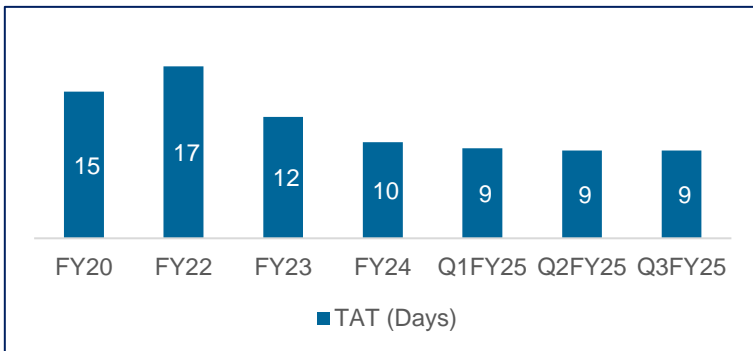
Functioning systems

Systems under development

Focused tech strategy / stack have helped achieved key benefits across functional verticals

Loan Origination

- Consistently improving TAT
- Increase in quantum and improved reliability of data collected
- Ability to collect data available with third-party service providers, through APIs



TAT represents days between login & sanction; FY21 data skewed due to COVID, hence not given

Credit Underwriting

- Fully rounded view of the borrower income, collateral value, title, income proxies available to process & approval credit at one place
- System led automated exception reporting - All deviation approvals captured in the system helping minimize risk of manual override

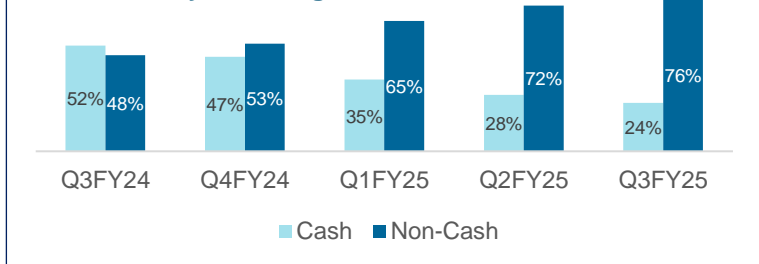
Expect to operate around 8-9 days of TAT in a steady state scenario

Aim to gradually keep reducing the proportion of cash in the coming quarters

Collections

- Move from cash to digital means of collections
- All modes of collections made available to the borrowers – NACH, BBPS, UPI Auto-pay, etc
- Efficient cash handling with complete traceability

Proportion of cash collections showing a consistently declining trend



Risk Management & Audit

- Effective monitoring and portfolio management of large volume underwriting process
- System driven risk metrics without manual override
- Complete maker-checker process and audit trails to fix accountability

Robust Risk Management and Risk-based Internal Audit Framework ensure strong oversight

Board of Directors

Risk Management Committee

Audit Committee

ALCO
(Liquidity & ALM risks)

Credit Committee
(Large ticket sanctions)

Business Resource
Committee
(Fund-raise)

Statutory Audit
(Deloitte Haskins &
Sells)

External Internal Audit
(Sundaram & Srinivasan)

Internal Internal Audit
(In-house Audit team)

Functional
Departments

Risk Management
Department

Functional
Departments

Financial Reporting &
Accounting

Chief Compliance Officer
+
Compliance Department

Robust Risk Management and Risk-based Internal Audit Framework ensure strong oversight

Risk Management Framework

Credit / Collateral / Portfolio Risk

Monitored by Risk Management Committee

Financial Risk

Monitored by Audit Committee

Liquidity Risk

Monitored by ALCO; Stress tests conducted under ICAAP methodology and reviewed by the Board annually

Operational Risk

Monitored by Audit Committee as part of Audit / ICFR process

Technology Risk

Monitored by IT Strategy Committee / IT Steering Committee / Information Security Committee

HR / Attrition Risk

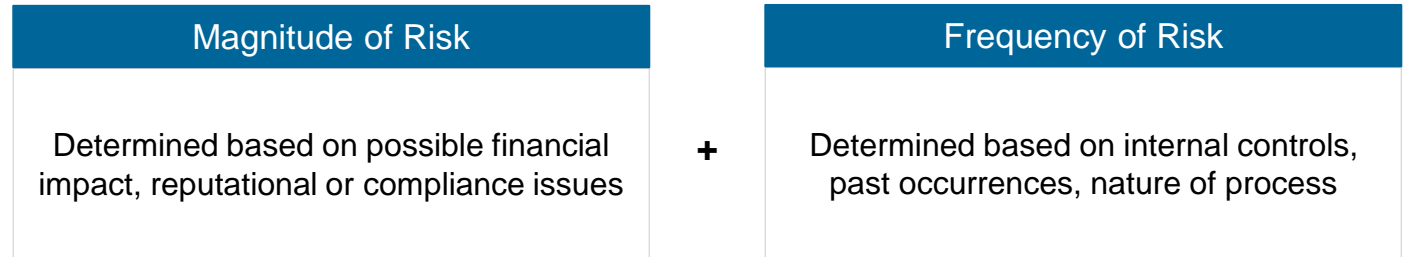
Monitored by Risk Management Committee

Fraud Risk

Monitored by Audit Committee as part of Audit / ICFR process

Risk based Internal Audit Framework

Strong framework laid down based on the twin principles of:

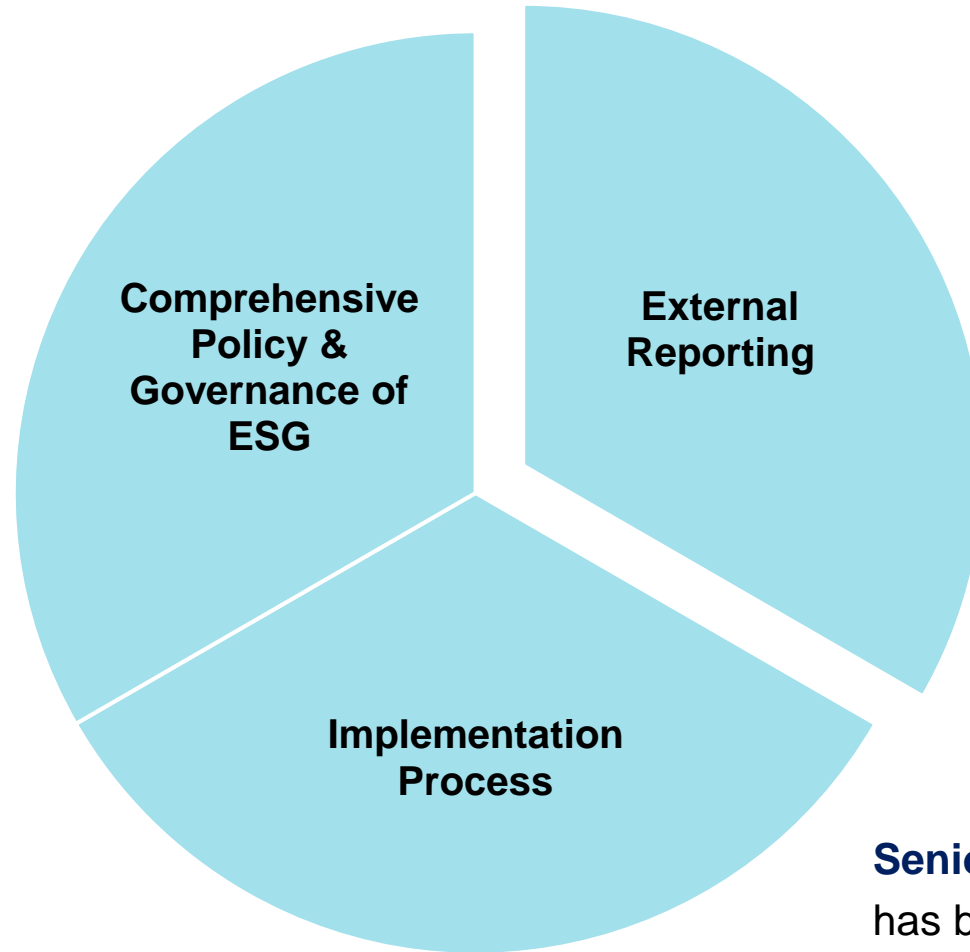


	High Frequency	Medium Frequency	Low Frequency
High Magnitude of risk	Quarterly testing	Quarterly testing	Half-yearly testing
Medium Magnitude of risk	Quarterly testing	Half-yearly testing	Annual testing
Low Magnitude of risk	Half-yearly testing	Annual testing	Annual testing

Clean Track Record | No Auditor Qualifications | Multiple RBI Inspections with NIL divergences | Fully automated Compliance tracking

ESG @ Five Star primarily revolves around the aspects of “S” (Social impact) and “G” (Governance)

Comprehensive ESG and BRSR policies approved by the Board
at least on an annual basis



Business Responsibility and Sustainability Report (BRSR) is published as part of the Annual Report

Senior Management team has been tasked to oversee the implementation

Social Impact Indicators – Financial Inclusion (“Reaching the Unreached”)

Company Vision

Reaching the Unreached through suitable credit solutions

Mission Statement

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 customer satisfaction and maximizing stakeholder returns

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

Catering to LIG customers

- Majority of AUM is provided to Low-income group customers, thereby fostering financial inclusion
- Loans for business and other purposes are provided at lower interest rates

Low-income group means households with earnings of ₹ 25,000 or lesser

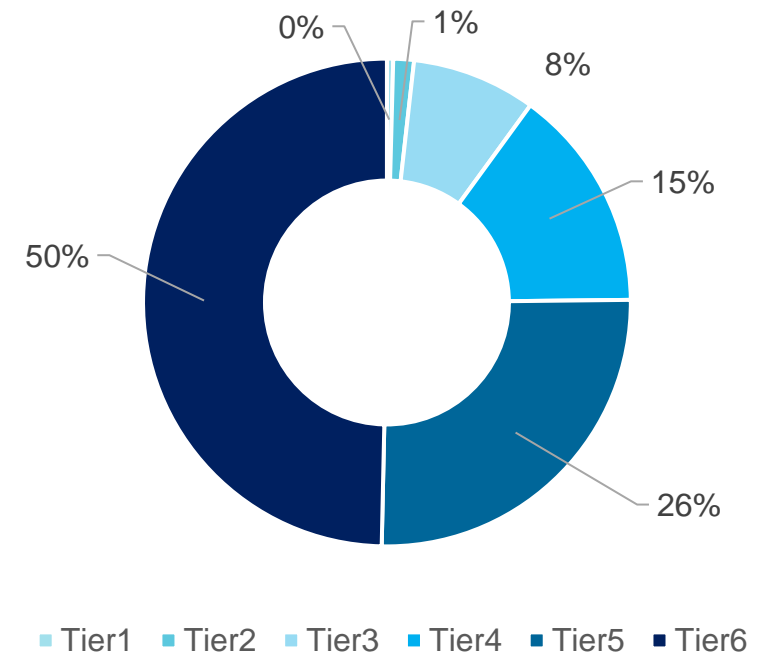
Corporate Social Responsibility

- Significant spends are made towards CSR
- CSR objectives are tailored towards improving education, healthcare and livelihood
- Right implementation partners are onboarded, and a strong monitoring mechanism is in place to ensure proper utilisation of funds

Social Impact Indicators – Branch Presence

- 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

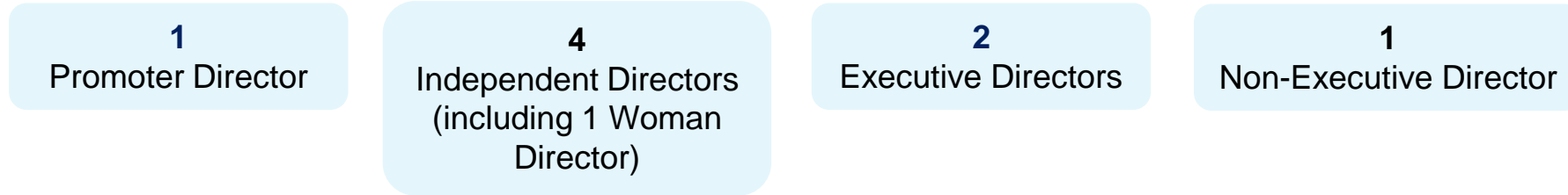
Significant Branch presence in Tier 3 to Tier 6 towns - semi-urban and fast-growing rural geographies



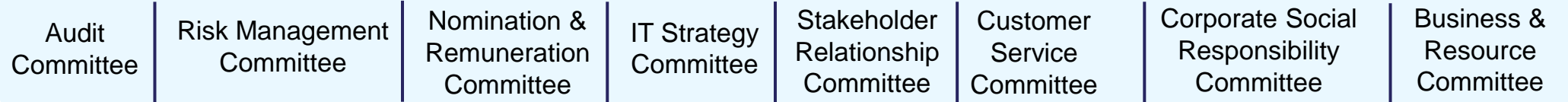
Tier 6 – Population < 50K; Tier 5 – Population 50K – 1L; Tier 4 – Population 1L – 2L; Tier 3 – Population 2L – 10L; Tier 2 – Population 10L – 50L; Tier 1 – Population > 50L

Strong Governance Framework

Board of Directors



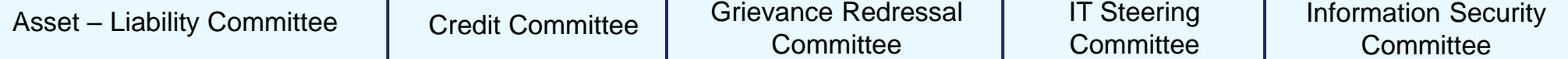
Board Committees



Chaired by Independent Directors

Chaired by Other Directors

Management Committees



High Independent Director representation | Varied level of Independent Director experience | High level of Independent Director participation in Committees | Most Board Committees chaired by Independent Directors

Robust Corporate Governance supported by Board approved Policies

The Board of Directors helps improve Corporate visibility, image and governance and provides strong comfort to external stakeholders.

The Board also helps in ensuring robust risk management strategies and provides independent oversight in the Organisation.

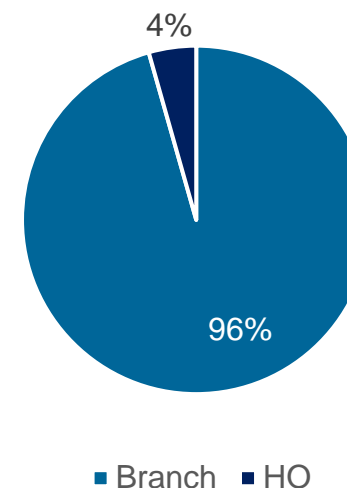
The Company has also implemented the following Policies (approved by the Board, at least annually) to promote ethical, transparent and responsible behaviour and to fix accountability:

- ★ Code of conduct for the Board of directors and Senior Management personnel [\(Link\)](#)
- ★ Guidelines on Corporate Governance [\(Link\)](#)
- ★ Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information [\(Link\)](#)
- ★ Grievance Redressal Policy [\(Link\)](#)
- ★ Know Your Customer (KYC) and Anti Money Laundering Policy [\(Link\)](#)
- ★ Fair Practice Code [\(Link\)](#)
- ★ Policy on Prevention of Sexual Harassment [\(Link\)](#)
- ★ Whistle Blower policy & Vigil mechanism [\(Link\)](#)
- ★ Business Responsibility and Sustainability Reporting policy [\(Link\)](#)

Strong & adequate Human Capital for the size and scale of operations

Function	No of employees
Business & Collections	7,521
- Relationship Officers	6,092
- Branch Managers	1,429
Supervisors	157
Credit	1,154
- Field Credit	809
- Approval Credit	336
- Credit Support	9
Operations	1,078
- Operations Officers	911
- Head Office team	167
Accounts	901
- Cashiers	831
- Head Office team	70
Legal & MOD	175
IA & Customer Care	73
Technology	48
Human Resources	41
Administration	19
Others	19
Heads of Departments	9
Senior Management	12
Total Headcount	11,207

Proportion of Headcount – Branch vs HO



Predominantly branch-led headcount, which helps in improved productivity, quality & profitability

Strong Supervisory layer (across branch and other support functions) to maintain strong control processes and ensure maker-checker mechanism

Support functions also staffed adequately to ensure robust controls in each of the processes

Management team consists of professionals with relevant experience and expertise to carry out their functional responsibilities

Thank You

For further information, you may please email to:

 ir@fivestargroup.in
