

Date: July 31, 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 ended June 30, 2024

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 ended June 30, 2024.

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



Reaching the Unreached

Five-Star Business Finance Limited

Investor Presentation | Q1FY2025

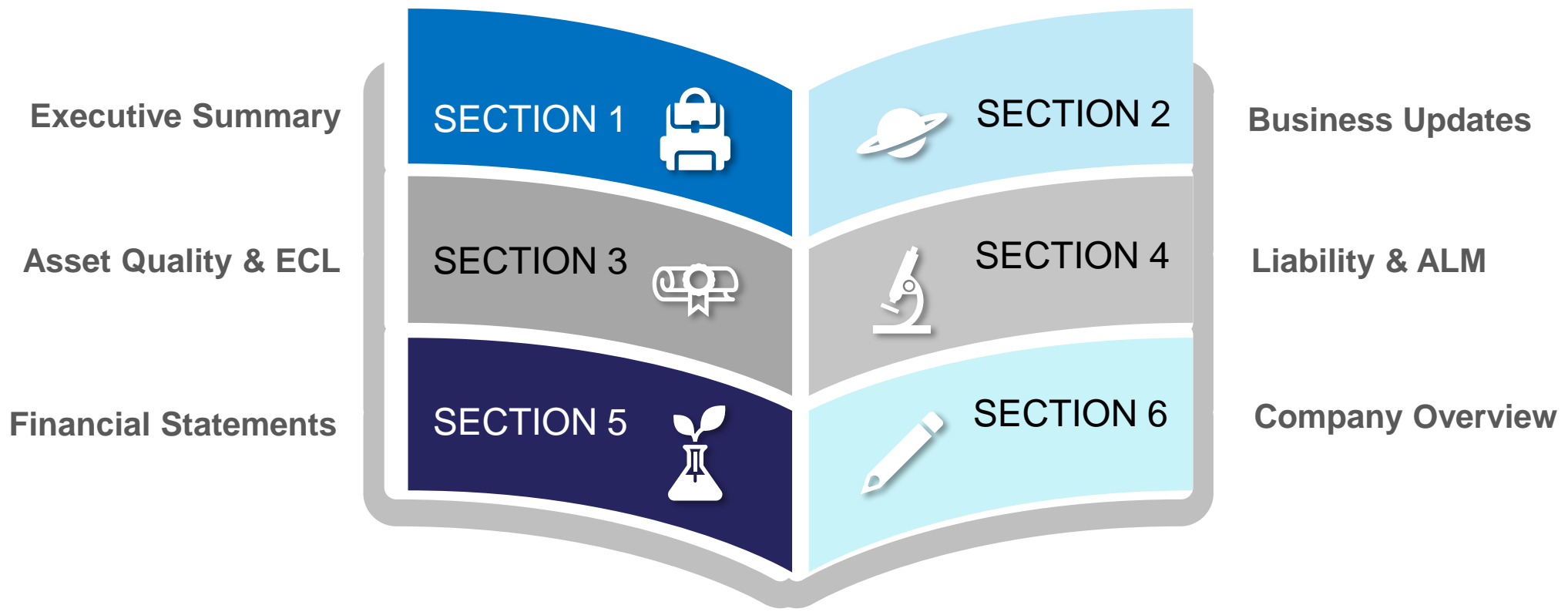


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This Presentation contains certain forward-looking statements concerning the Company’s future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and abroad, ability to attract and retain highly skilled professionals, time and cost overruns on contracts, our ability to manage our international operations, government policies and action regulations, interest and other fiscal costs generally prevailing in the economy. The Company does not undertake to make any announcement in case any of these forward-looking statement become materially incorrect in future or update any forward-looking statements made from time to time by or on behalf of the Company.

- 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.

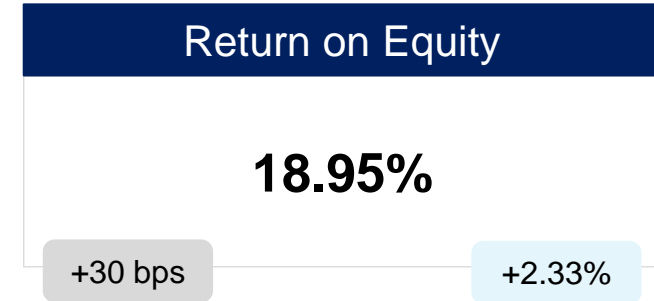
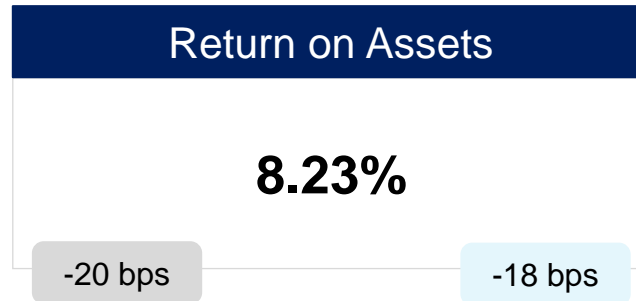
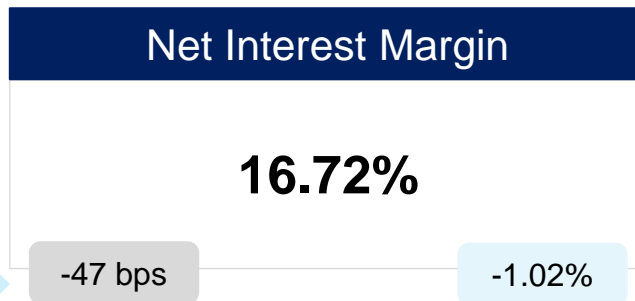
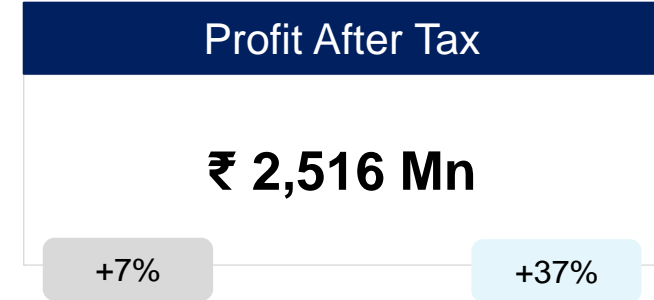
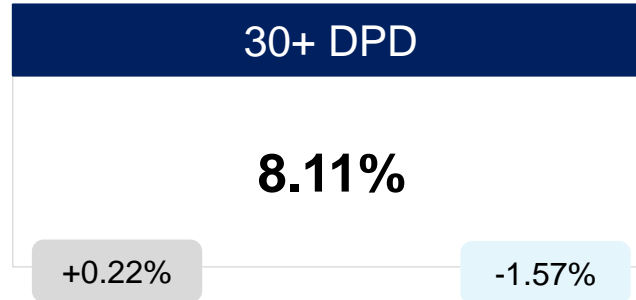
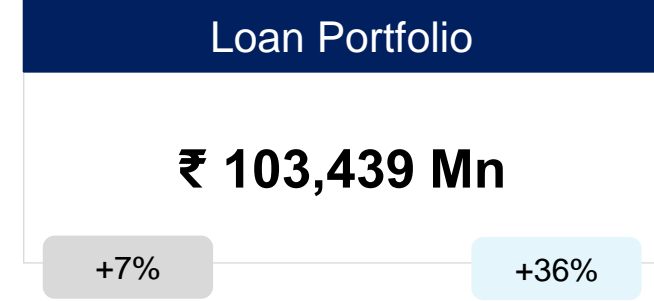
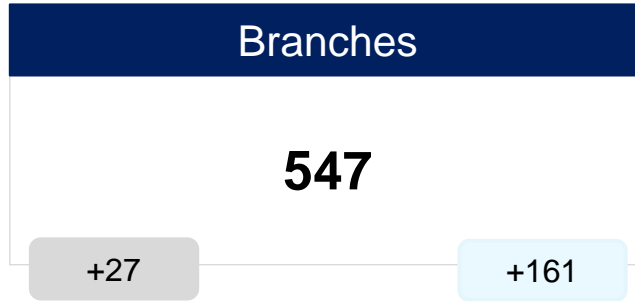


EXECUTIVE SUMMARY

Executive Summary | Q1FY25

q-o-q

y-o-y



Q1FY25 Performance – At a glance

Scale of Operations



₹103.4bn / ₹75.8bn
AUM in Q1FY25 / Q1FY24
36% growth Y-o-Y



₹13.2bn / ₹11.3bn
Amount Disbursed in
Q1FY25 / Q1FY24



37,442 / 33,735
Number of Disbursements in
Q1FY25 / Q1FY24



₹54.5bn
Net Worth

Distribution



547
Number of Branches



4,953
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)



₹0.35mn
Average ticket size for loans
disbursed in Q1FY25



409,298
Live accounts



40.5%
Average Portfolio LTV
(As of Jun 30, 2024)

Asset Quality



1.41%
Q1FY25
Gross Stage 3 Assets



0.68%
Q1FY25
Net Stage 3 Assets



0.61%
Q1FY25 Credit Cost to
Average Total Assets



0.46% / 58.23%
Total Restructured Portfolio /
Provision Coverage on
restructured book

Liability Profile



42
Lender relationships



48.43%
Q1FY25
Capital Adequacy Ratio



Borrowing profile
Well-diversified profile with
fixed rate borrowings of
~35%



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

Profitability



₹2.5bn / ₹1.8bn
PAT for Q1FY25 / Q1FY24
37% growth Y-o-Y



16.72%
Net Interest Margin for
Q1FY25



8.23%
Return on Total Assets for
Q1FY25



18.95%
Return on Avg. Equity for
Q1FY25

Strong Financial Performance over the years



Five-Star Business Finance Limited | Investor Presentation – Q1FY25

| 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 Directors

Select other Directorships



Anand Raghavan
Shriram Life Insurance, Muthoot
Microfinance, SK Finance



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



Bhama Krishnamurthy
CSB Bank, CIFCO, Muthoot
Microfinance



Ramkumar Ramamoorthy
CIFCO, Catalincs Partners

Non-Executive Director

Select other Directorships



Thirulokchand Vasan
C K Entertainments

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

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

Chairperson – Audit Committee

T T Srinivasaraghavan Independent / Non-Executive Director

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

Chairperson – Risk Management Committee

Bhama Krishnamurthy Independent / Non-Executive Director

She has over three decades of experience in Financial Services with a sparkling career in Small Industries Development Bank of India (SIDBI). She served as Chief General Manager of SIDBI. Her other directorships include CSB Bank, CIFCO, and Muthoot Microfinance

Chairperson – Nomination & Remuneration Committee

Ramkumar Ramamoorthy Independent / Non-Executive Director

Associated with Cognizant India for over 22 years, before retiring as 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 Catalinco, a strategic advisory firm that helps small tech companies scale and grow

Chairperson – IT Strategy Committee

Thirulokchand Vasam 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

Experienced Management Team

NA 22

Lakshmipathy Deenadayalan
Chairman & MD

Education: Bachelor of Engineering
Experience: NA

21 9

Rangarajan Krishnan
CEO

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

22 9

Srikanth Gopalakrishnan
CFO

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

22 7+

Vishnuram Jagannathan
Chief Operating Officer

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

21 6+

Parthasarathy Srinivasan
Chief Credit Officer

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

26 7+

Sathya Ganesh
Chief Business Officer

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

32 3

Vanamali Sridharan
Chief Technology Officer

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

26 4

Jayaraman Sankaran
Chief Risk Officer

Education: B.Com, CA
Experience: Redington India

23+ 7

Prashanth Sreenivasan
Chief Treasury Officer

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

25+ 2+

Ramesh Kannah
Chief Legal Officer

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

18 2+

Naveen Raj
Chief Audit Officer

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

28 1+

Sai Suryanarayana
Chief People Officer

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 ₹7,033 Mn in Q1FY25 as against ₹6,685 Mn in Q1FY24. AUM was up 36% Y-o-Y at ₹103,439 Mn as of June 30, 2024 as against ₹75,833 Mn as of June 30, 2023.
2. Disbursements during the quarter was at ₹13,182 Mn as against ₹11,318 Mn during Q1FY24.
3. Active loans at 0.41 Mn as of June 30, 2024 as against 0.32 Mn as of June 30, 2023.
4. The Company added 27 branches during the quarter. Total branch count stood at 547 as against 386 branches as of June 30, 2023.
5. Total Headcount stood at 9,358 as against 7,538 as of June 30, 2023.

Collections & Asset Quality

1. Overall Collections efficiency for the quarter stood at 98.5% as against 99.5% for Q4FY24. Unique loan collections % (Due One Collect One or D1C1) stood at 97.2% for the quarter as against 97.8% for Q4FY24.
2. Current portfolio as a % of the overall portfolio stood at 86.71%.
3. Gross & Net Stage 3 assets stood at 1.41% and 0.68% respectively as of June 30, 2024 as against 1.41% and 0.79% as of June 30, 2023.
4. Overall Stage 2 assets stood at ₹6,938 Mn (6.71%) as of June 30, 2024 as against ₹6,270 Mn (8.27%) as of June 30, 2023.
5. The Provision coverage on Stage 3 assets stood at 52.08% and the provision coverage on the overall portfolio stood at 1.63%.

Liabilities

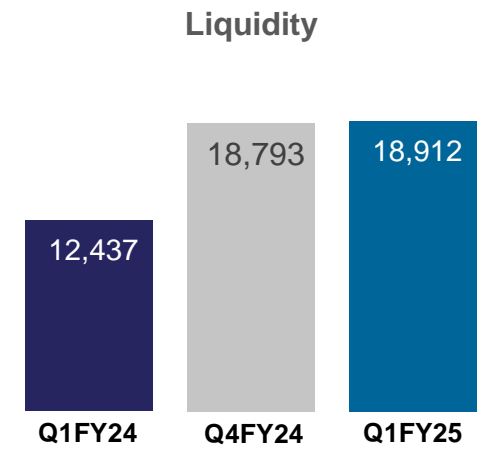
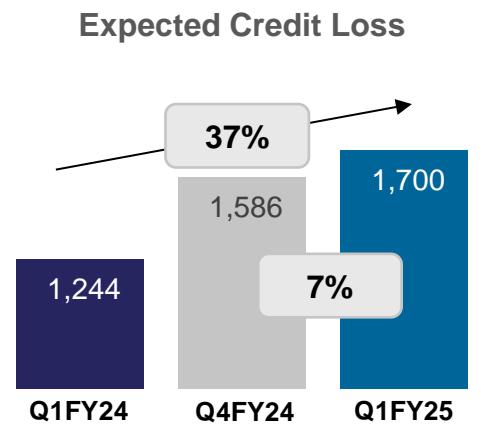
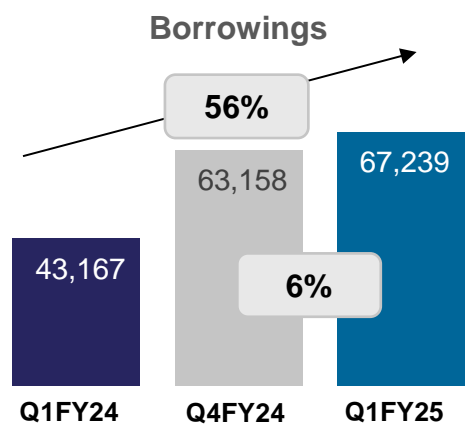
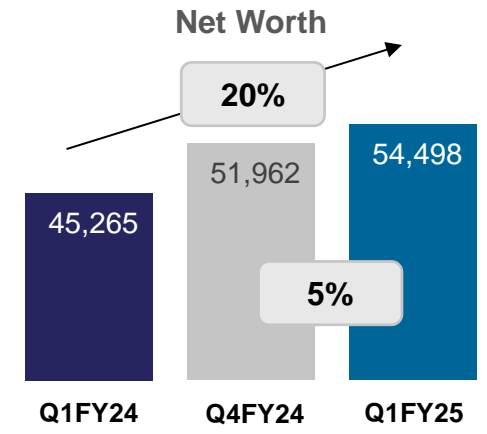
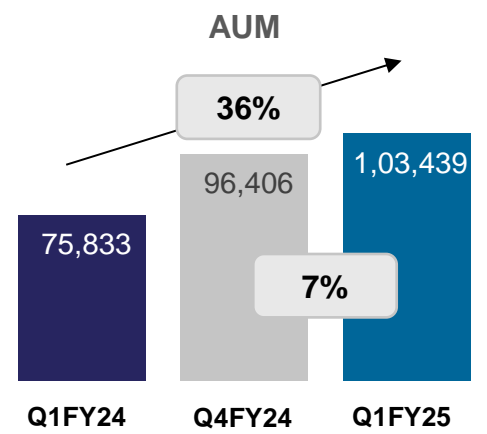
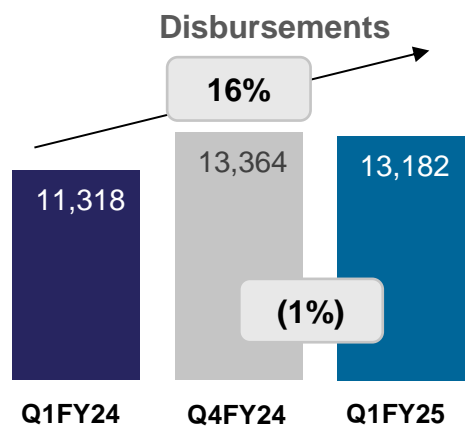
1. In Q1FY2025, the company received sanctions for incremental debt of ₹8,500 Mn, availing ₹8,250 Mn (inclusive of some un-availed sanctions from previous quarters), at a weighted average rate of interest of 9.30% (all-inclusive cost of 9.47%).
2. The Company has onboarded International Finance Corporation as a lender through issuance of Non-Convertible Debentures.
3. As at the end of June 2024, the proportion of funding received from banks has come down to 74% in Q1FY25 from 84% in Q1FY24.
4. Liquidity buffer and Unavailed Sanction lines as of June 30, 2024 stood at about ₹18,912 Mn and ₹4,000 Mn respectively

Financials

1. In Q1FY2025, Net total income (Total income less Cost of funds) grew by 32% to ₹5,112 Mn as against ₹3,874 Mn in Q1FY2024
2. PPOP for Q1FY20245 stood at ₹3,547 Mn, an increase of 36% as compared to Q1FY2024
3. As compared to Q1FY2024, PBT and PAT increased by 37% and 37% respectively and stood at ₹3,362 Mn and ₹2,516 Mn respectively for Q1FY2025
4. Cost to income (inclusive of credit cost) stood at 34.34% as compared to 36.63% for Q1FY2024. Excluding credit cost, Cost to income for Q1FY2025 was at 30.73% as compared to 32.71% for Q1FY2024.
5. Return on Average Total Assets was at 8.23% as compared to 8.41% for Q1FY2024
6. Return on Equity increased from 18.95% for Q1FY2025 as compared to 16.62% for Q1FY2024
7. Capital adequacy remained robust at 48.43%

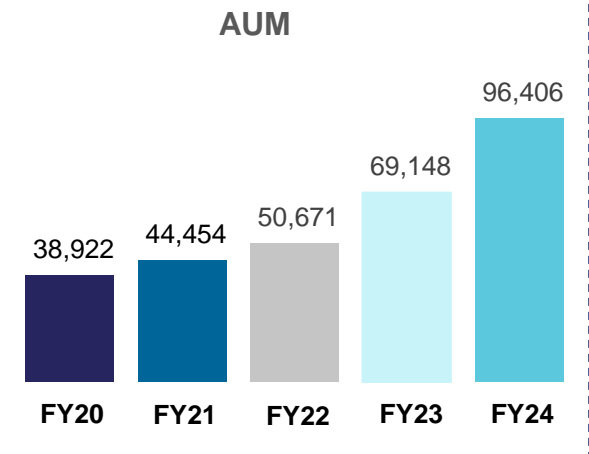
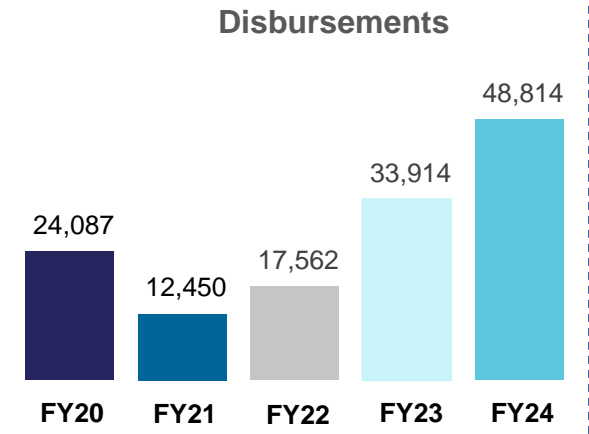
Balance Sheet Indicators

Quarterly Data



Last 5 years data

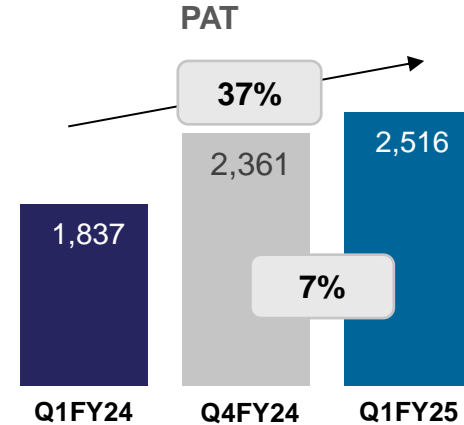
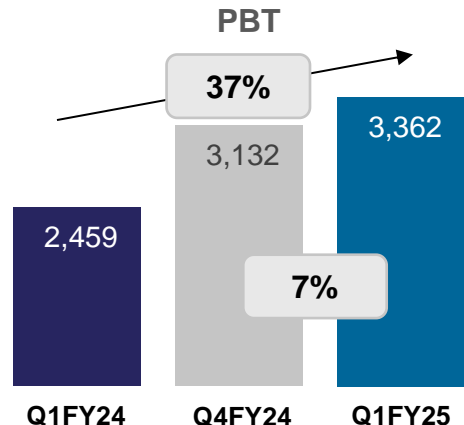
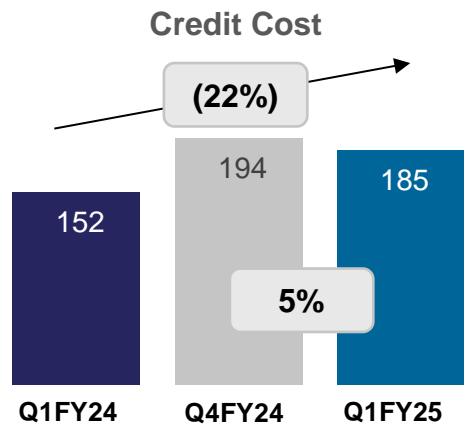
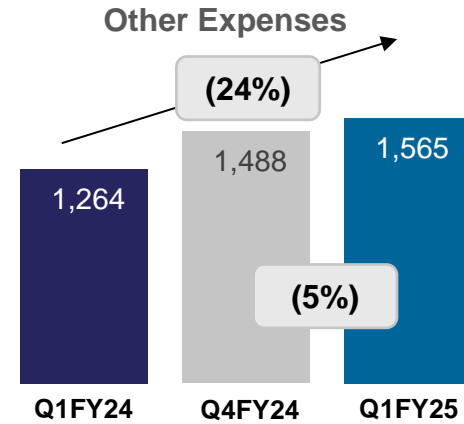
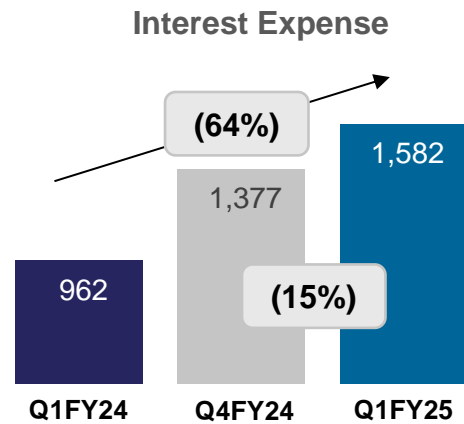
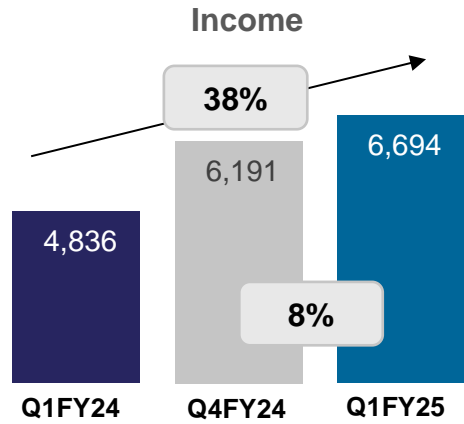
All amounts in ₹ Mn



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

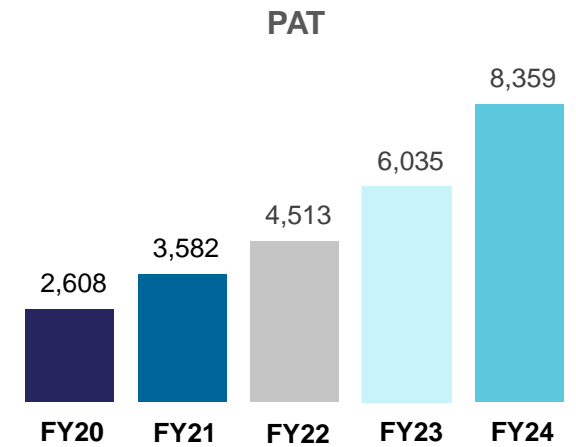
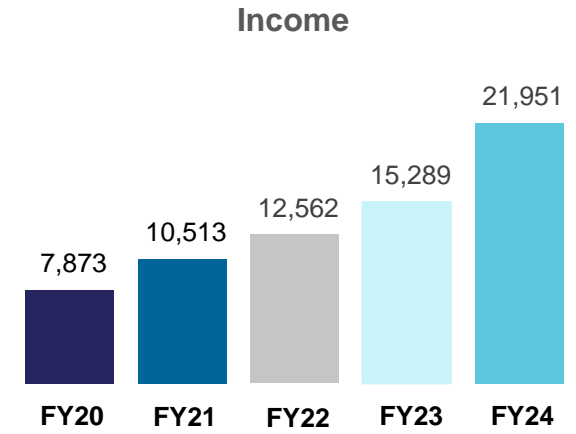
P&L Indicators

Quarterly Data



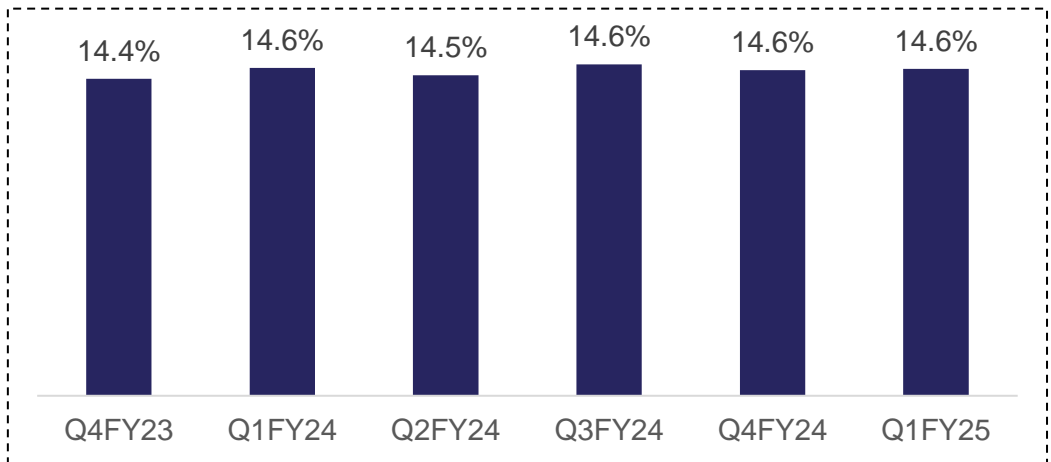
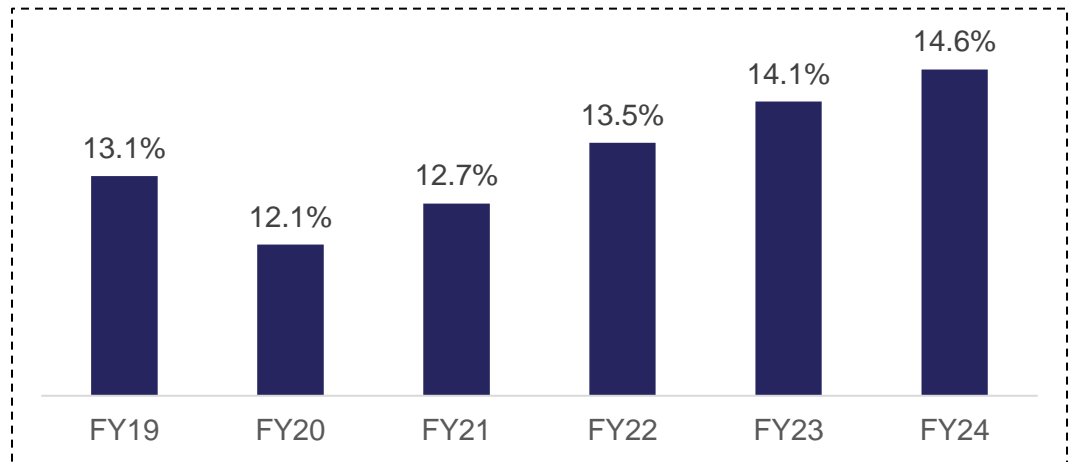
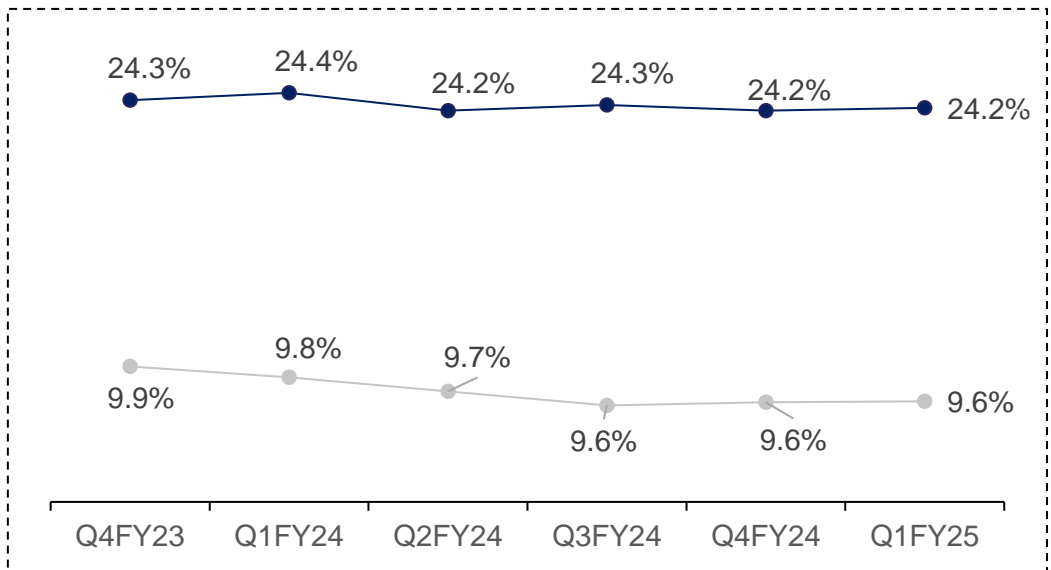
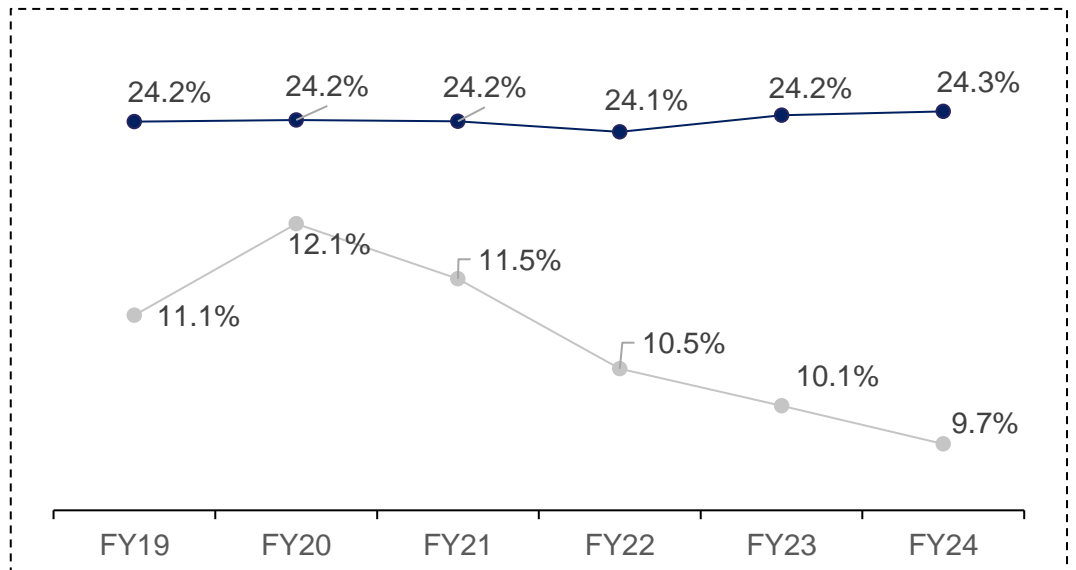
Last 5 years data

All amounts in ₹ Mn



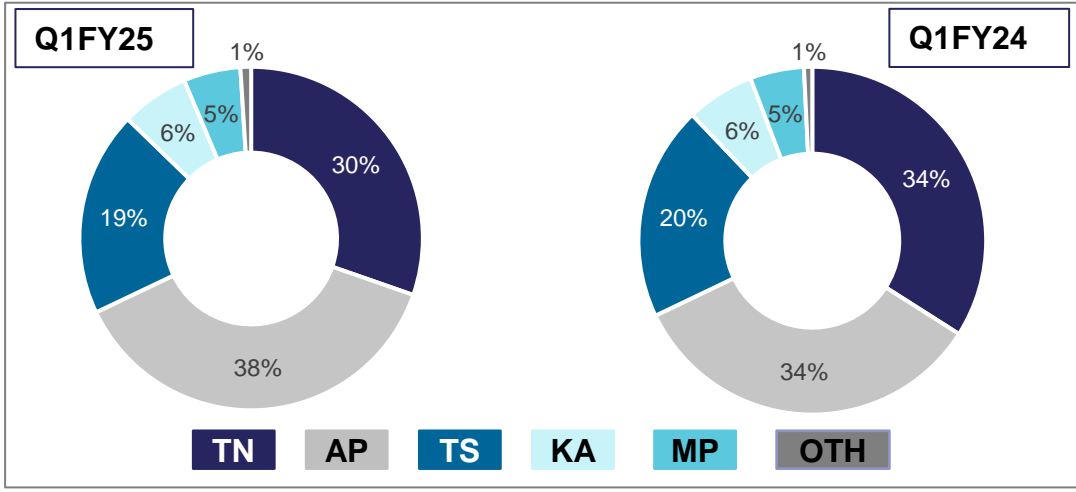
Consistent & Best-in-class Spreads

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

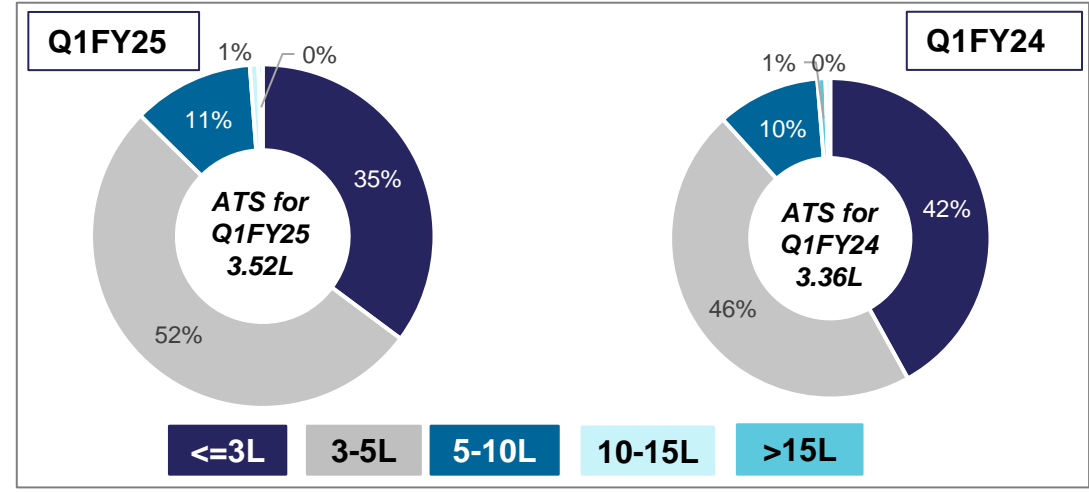


Well-diversified portfolio cuts

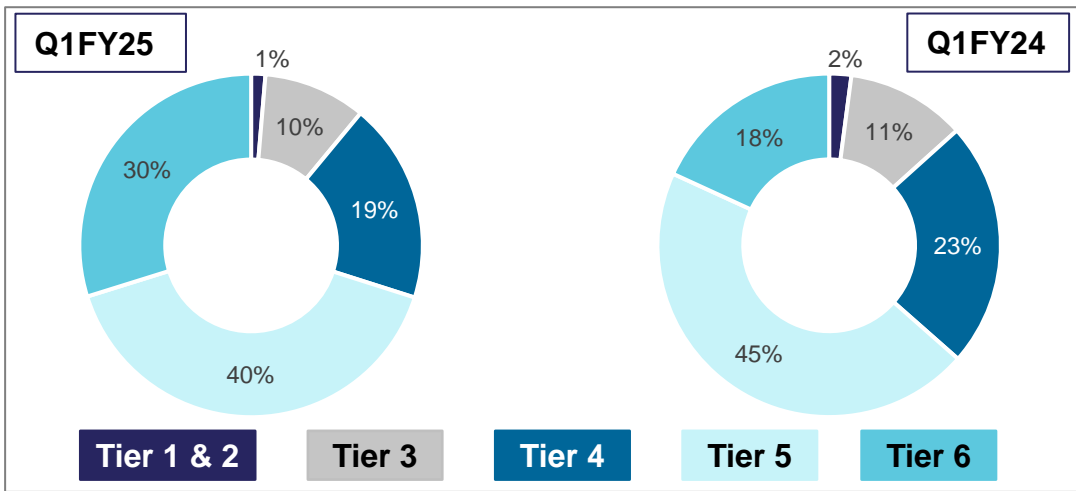
AUM by Geography



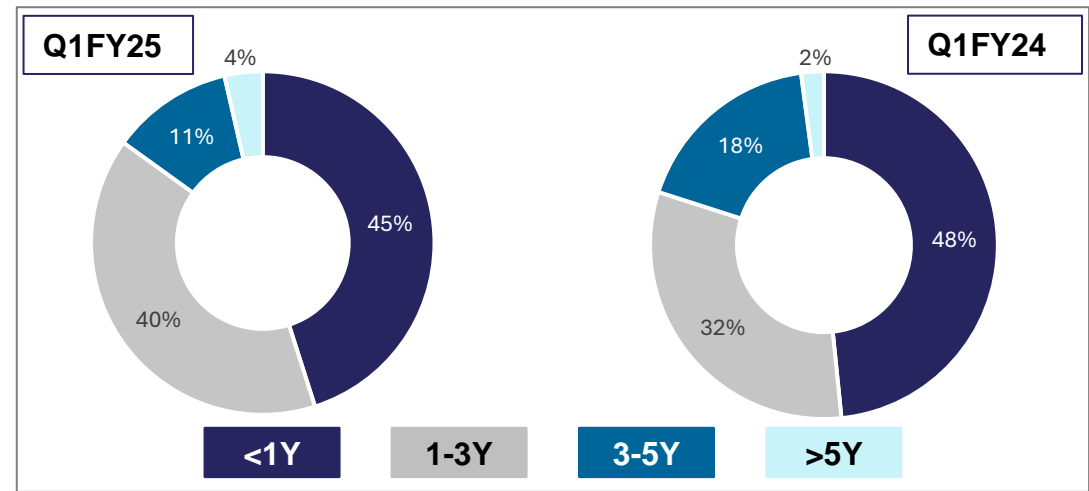
AUM by Ticket Size



AUM by Branch Tier



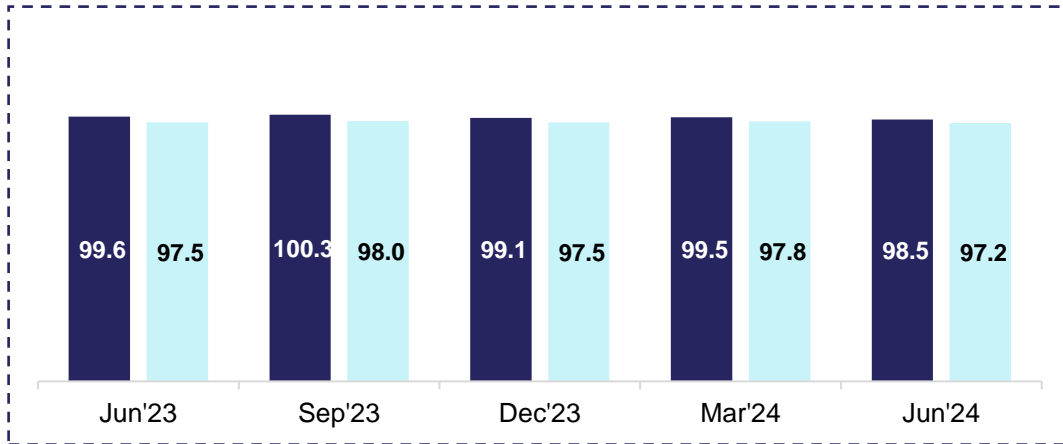
AUM by Vintage of loans



ASSET QUALITY & ECL

Asset Quality Indicators (1/2)

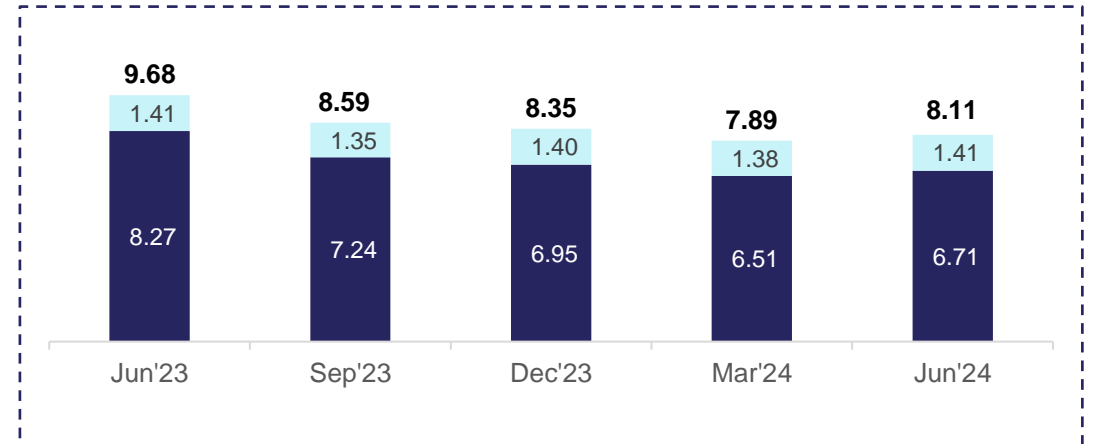
Collections Efficiency (%)



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

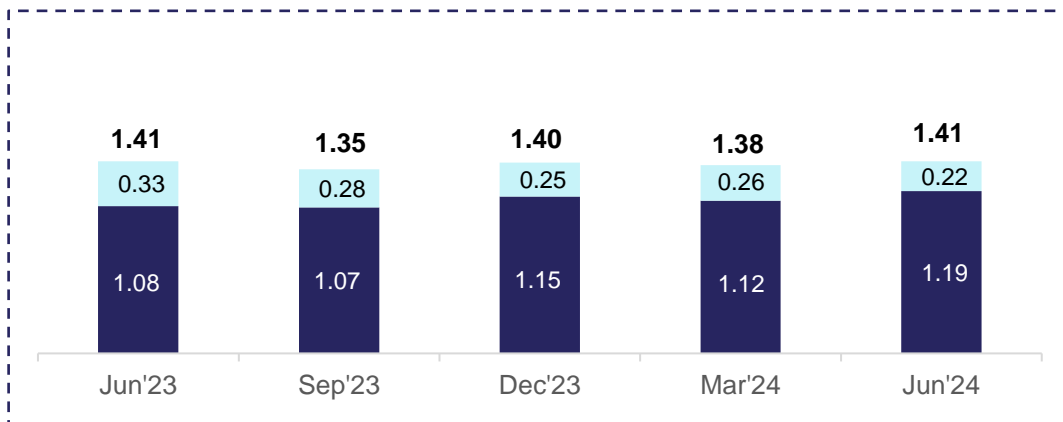
30+ (%)



Dark Blue Bar: Stage 2 POS

Light Blue Bar: Stage 3 POS

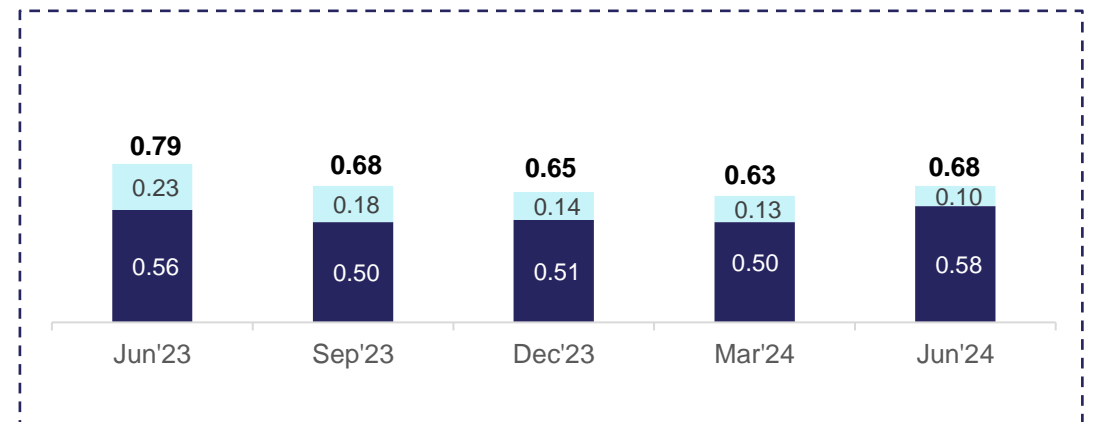
Gross Stage 3 Assets (%)



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 Jun 2024 | | As at Mar 2024 | | As at Jun 2023 | |
|-------------------|----------------|--------|----------------|--------|----------------|--------|
| | AUM | % AUM | AUM | % AUM | AUM | % AUM |
| Current (Stage-1) | 89,696 | 86.71% | 84,247 | 87.39% | 64,281 | 84.77% |
| 1-30 (Stage-1) | 5,351 | 5.17% | 4,555 | 4.72% | 4,210 | 5.55% |
| 31-60 (Stage-2) | 3,815 | 3.69% | 3,462 | 3.59% | 3,130 | 4.13% |
| 61-90 (Stage-2) | 3,122 | 3.02% | 2,814 | 2.92% | 3,140 | 4.14% |
| 90+ (Stage-3) | 1,454 | 1.41% | 1,328 | 1.38% | 1,072 | 1.41% |
| Total | 103,439 | | 96,406 | | 75,833 | |
| Stage 1 Assets | 95,047 | 91.89% | 88,802 | 92.11% | 68,491 | 90.32% |
| Stage 2 Assets | 6,938 | 6.71% | 6,276 | 6.51% | 6,270 | 8.27% |
| Stage 3 Assets | 1,454 | 1.41% | 1,328 | 1.38% | 1,072 | 1.41% |

ECL Provisioning

| Amount in ₹ Mn | | | | |
|---------------------------|--------------|--------------|---------------|--------------|
| As of June 30, 2024 | Stage 1 | Stage 2 | Stage 3 | Total |
| Loans Outstanding (Gross) | 95,047 | 6,938 | 1,454 | 103,439 |
| ECL Provision | 380 | 552 | 757 | 1,689 |
| Loans Outstanding (Net) | 94,667 | 6,386 | 697 | 101,750 |
| ECL Provision % | 0.40% | 7.96% | 52.08% | 1.63% |
| As of March 31, 2024 | Stage 1 | Stage 2 | Stage 3 | Total |
| Loans Outstanding (Gross) | 88,802 | 6,276 | 1,328 | 96,406 |
| ECL Provision | 350 | 507 | 721 | 1,578 |
| Loans Outstanding (Net) | 88,452 | 5,769 | 607 | 94,828 |
| ECL Provision % | 0.39% | 8.08% | 54.27% | 1.64% |
| As of June 30, 2023 | Stage 1 | Stage 2 | Stage 3 | Total |
| Loans Outstanding (Gross) | 68,491 | 6,270 | 1,072 | 75,833 |
| ECL Provision | 278 | 493 | 474 | 1,244 |
| Loans Outstanding (Net) | 68,214 | 5,777 | 598 | 74,589 |
| ECL Provision % | 0.41% | 7.86% | 44.19% | 1.64% |

Loan outstanding and ECL provision does not include the impact of Inter-Corporate deposits

| Amount in ₹ Mn | Q1FY2025 | Q1FY2024 | Q1FY2023 | Q1FY2022 |
|--------------------------------------|----------|----------|----------|----------|
| Loan Portfolio | 103,439 | 75,833 | 52,965 | 45,794 |
| Gross Stage 3 assets | 1,454 | 1,072 | 591 | 767 |
| Gross Stage 3 assets % | 1.41% | 1.41% | 1.12% | 1.68% |
| Gross Stage 3 assets % - 1 year Lag | 1.92% | 2.02% | 1.29% | 1.98% |
| Gross Stage 3 assets % - 2 years Lag | 2.75% | 2.34% | 1.53% | 3.16% |

Increase in Gross Stage 3 assets in Q1FY24 and Q1FY25 is on account of transition to new IRAC norms

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

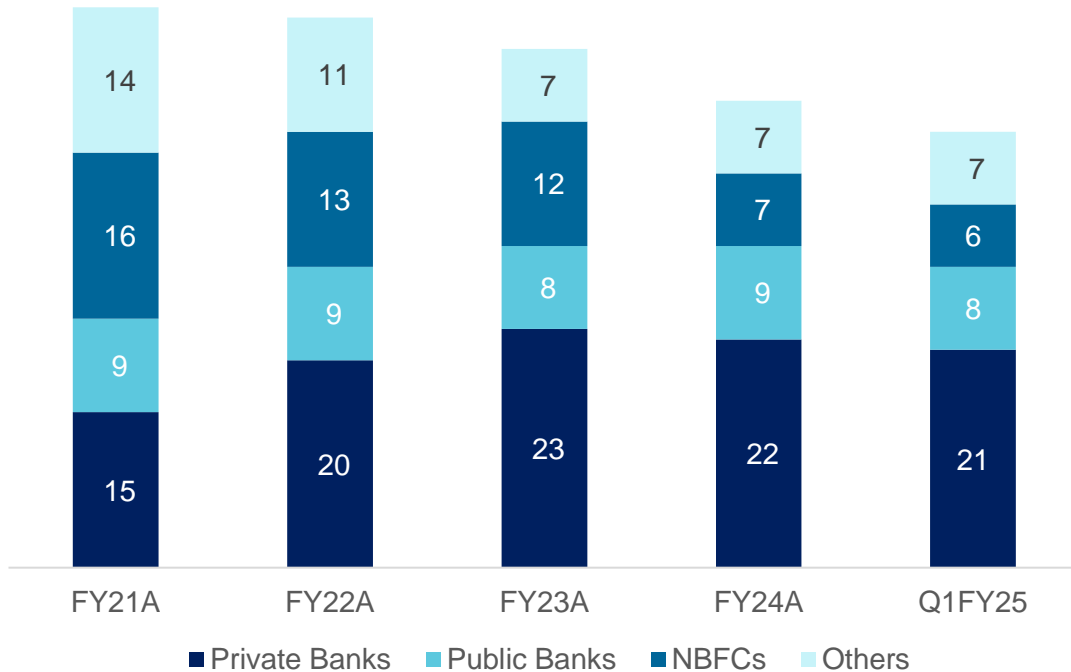
2-year lag Gross Stage 3 assets computed as Gross Stage 3 assets as at the end of a period as a % of the loan portfolio 2 years ago

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 **42 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 Punjab National Bank 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 Royal Sundaram General Insurance Bajaj Finance Sundaram Finance L&T Finance A K Capital |

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

Short Term Credit Rating

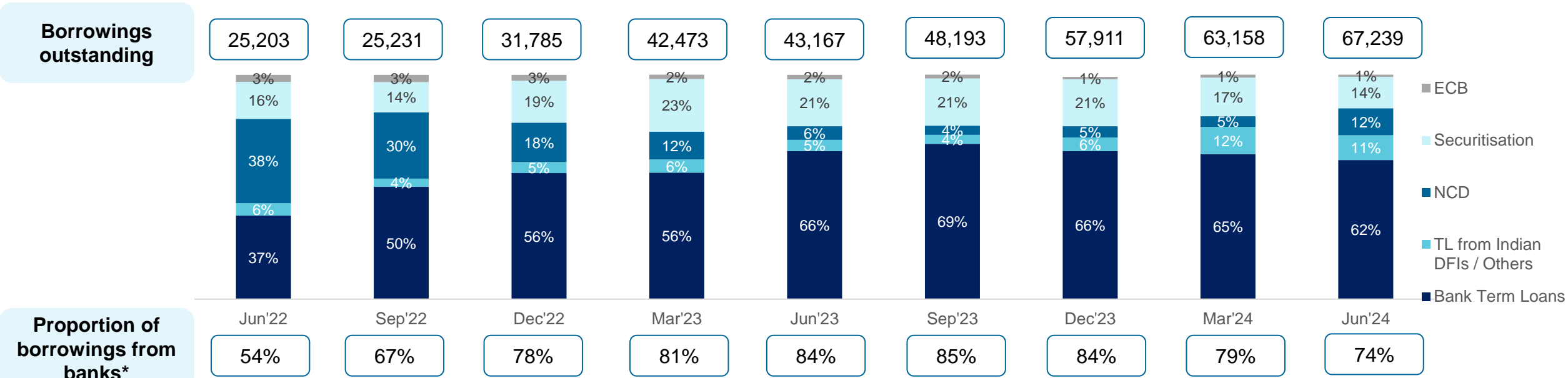
CARE A1+

NIL Commercial Paper exposure

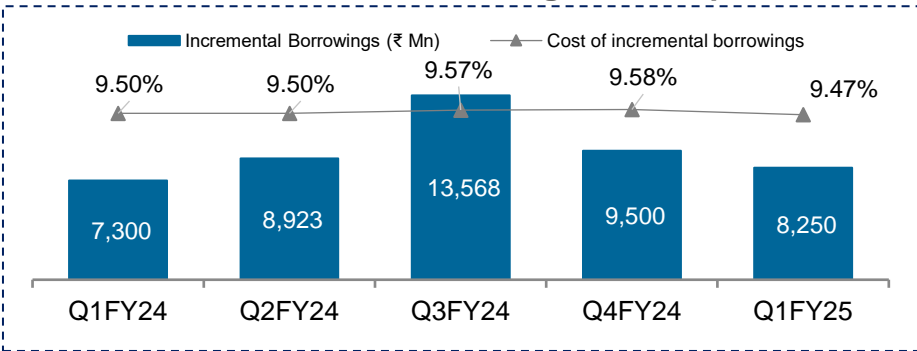
Well-diversified Liability Franchise (2/2)

Diversified borrowing mix across lender category and product category

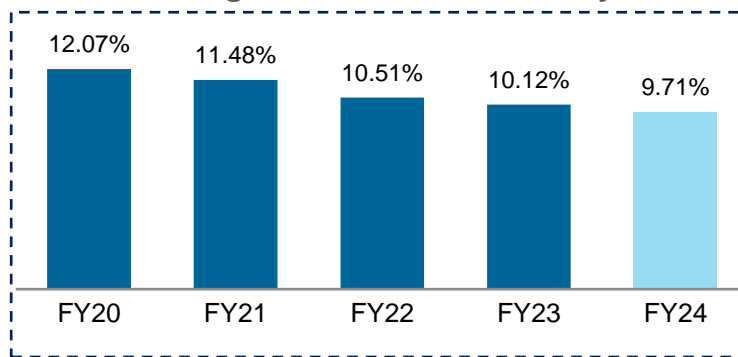
Borrowing exposure and Cost of borrowing



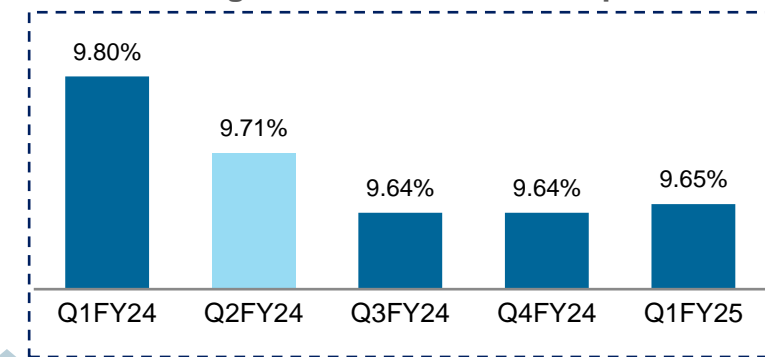
Cost of incremental borrowing – Last 5 quarters



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 Jun'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 | 19,988 | 19,066 | 19,226 | 18,680 | 18,360 | 18,836 | 21,473 | 38,729 |
| Add: Inflows from advances | 1,248 | 1,175 | 1,193 | 3,851 | 8,415 | 36,231 | 34,396 | 16,172 |
| Less: Outflows on borrowings | 1,124 | 1,083 | 1,633 | 3,996 | 7,790 | 33,530 | 16,500 | 1,465 |
| Add: Other inflows | 93 | 87 | 18 | 57 | 38 | 337 | 417 | 3,499 |
| Less: Other outflows | 1,138 | 19 | 123 | 232 | 188 | 401 | 1,056 | 56,936 |
| Cumulative mismatch | 19,066 | 19,226 | 18,680 | 18,360 | 18,836 | 21,473 | 38,729 | - |

Strong Liquidity Position as of Jun'24

Amount in ₹ Mn

Liquidity buffer as of Jun 2024

| | |
|--------------------------------------|--------|
| Unencumbered cash & cash equivalents | 18,912 |
|--------------------------------------|--------|

| | |
|-------------------------------------|-------|
| Unavailed sanction from banks / FIs | 4,000 |
|-------------------------------------|-------|

Total Liquidity

22,912

Projected Cashflow Schedule

Q2FY25

Q3FY25

Q4FY25

Q1FY26

| | | | | |
|-------------------|--------|--------|--------|--------|
| Opening Liquidity | 22,912 | 24,873 | 26,354 | 28,391 |
|-------------------|--------|--------|--------|--------|

| | | | | |
|--|-------|-------|-------|-------|
| Add: Principal collections & internal accruals | 5,801 | 5,477 | 6,074 | 6,041 |
|--|-------|-------|-------|-------|

| | | | | |
|-----------------------|-------|-------|-------|-------|
| Less: Debt repayments | 3,840 | 3,996 | 4,037 | 3,753 |
|-----------------------|-------|-------|-------|-------|

Closing Liquidity

24,873

26,354

28,391

30,679

FINANCIAL STATEMENTS

Balance Sheet

| Particulars (₹ Mn) | Q1FY2025 | Q1FY2024 | Q4FY2024 | FY2024 | FY2023 |
|--|----------------|---------------|----------------|----------------|---------------|
| Assets | | | | | |
| Cash & Cash equivalents | 15,405 | 8,435 | 15,344 | 15,344 | 13,404 |
| Bank balances other than cash & cash equivalents | 1,359 | 1,249 | 1,373 | 1,373 | 2,405 |
| Loans¹ | 104,289 | 74,776 | 96,851 | 96,851 | 68,222 |
| - Loan portfolio | 103,439 | 75,833 | 96,406 | 96,406 | 69,148 |
| - Inter-Corporate Deposits | 2,550 | 187 | 2,031 | 2,031 | 184 |
| - Expected Credit Loss | (1,700) | (1,244) | (1,586) | (1,586) | (1,111) |
| Investments | 660 | 3,556 | 1,077 | 1,077 | 1,446 |
| Other financial assets | 583 | 395 | 612 | 612 | 356 |
| Non-Financial Assets | 1,656 | 1,294 | 1,632 | 1,632 | 1,196 |
| Total Assets | 123,952 | 89,705 | 116,888 | 116,888 | 87,028 |
| Liabilities & Equity | | | | | |
| Trade Payables | 248 | 200 | 254 | 254 | 201 |
| Debt Securities | 7,787 | 2,615 | 2,954 | 2,954 | 5,248 |
| Borrowings other than Debt Securities | 59,452 | 40,552 | 60,205 | 60,205 | 37,224 |
| Other Financial Liabilities | 1,094 | 549 | 1,003 | 1,003 | 608 |
| Non-Financial Liabilities | 873 | 524 | 511 | 511 | 352 |
| Total Equity | 54,498 | 45,265 | 51,962 | 51,962 | 43,395 |
| Total Liabilities & Equity | 123,952 | 89,705 | 116,888 | 116,888 | 87,028 |

Profit & Loss Account

| Particulars (₹ Mn) | Q1FY2025 | Q1FY2024 | Q4FY2024 | Y-o-Y | Q-o-Q | FY2024 | FY2023 | Y-o-Y |
|---|--------------|--------------|--------------|------------|--------------|---------------|---------------|-------------|
| Loan Portfolio | 103,439 | 75,833 | 96,406 | 36% | 7% | 96,406 | 69,148 | 39% |
| Interest Income (1) | 6,411 | 4,637 | 5,992 | 38% | 7% | 21,166 | 14,988 | 41% |
| - Interest on loan portfolio | 6,040 | 4,401 | 5,581 | 37% | 8% | 19,938 | 13,970 | 43% |
| - Penal Interest | 36 | 35 | 44 | 3% | (18%) | 161 | 155 | 4% |
| - Interest on Inter-Corporate Deposits | 40 | 3 | 22 | 1,233% | 82% | 28 | 63 | (56%) |
| - Interest on Investments | 124 | 84 | 182 | 48% | (32%) | 480 | 421 | 14% |
| - Processing fee & other fees | 171 | 114 | 163 | 50% | 5% | 559 | 379 | 47% |
| Net Gain on Fair value changes (2) | 185 | 112 | 86 | 65% | 115% | 443 | 83 | 434% |
| Fee & Other income (3) | 98 | 86 | 113 | 14% | (13%) | 342 | 218 | 56% |
| - Fee income | 65 | 54 | 84 | 20% | (23%) | 219 | 138 | 59% |
| - Recovery of Bad debts | 19 | 28 | 19 | (32%) | 0% | 95 | 74 | 30% |
| - Other non-operating income | 14 | 5 | 9 | 180% | 56% | 27 | 7 | 274% |
| Total Income (1+2+3) | 6,694 | 4,836 | 6,191 | 38% | 8% | 21,951 | 15,289 | 44% |
| Interest Expenses | 1,582 | 962 | 1,377 | 64% | 15% | 4,685 | 2,663 | 76% |
| Net Interest Income | 5,112 | 3,874 | 4,814 | 32% | 6% | 17,266 | 12,626 | 37% |
| Operating Expenses | 1,565 | 1,263 | 1,488 | 24% | 5% | 5,553 | 4,378 | 27% |
| Loan losses & Provisions | 185 | 152 | 194 | 22% | (5%) | 554 | 202 | 176% |
| Profit before Tax (PBT) | 3,362 | 2,459 | 3,132 | 37% | 7% | 11,159 | 8,047 | 39% |
| Profit after Tax (PAT) | 2,516 | 1,837 | 2,361 | 37% | 7% | 8,359 | 6,035 | 39% |
| Other Comprehensive Income | (5) | (18) | (1) | (72%) | 400% | (18) | (22) | (18%) |
| Total Comprehensive Income | 2,511 | 1,819 | 2,360 | 38% | 6% | 8,341 | 6,013 | 39% |
| Earnings Per Share (Basic) | 8.60 | 6.30 | 8.07 | | | 28.64 | 20.71 | |
| Earnings Per Share (Diluted) | 8.53 | 6.24 | 8.01 | | | 28.39 | 20.49 | |
| Book value per Share | 182.56 | 153.17 | 174.06 | | | 174.06 | 146.84 | |

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.

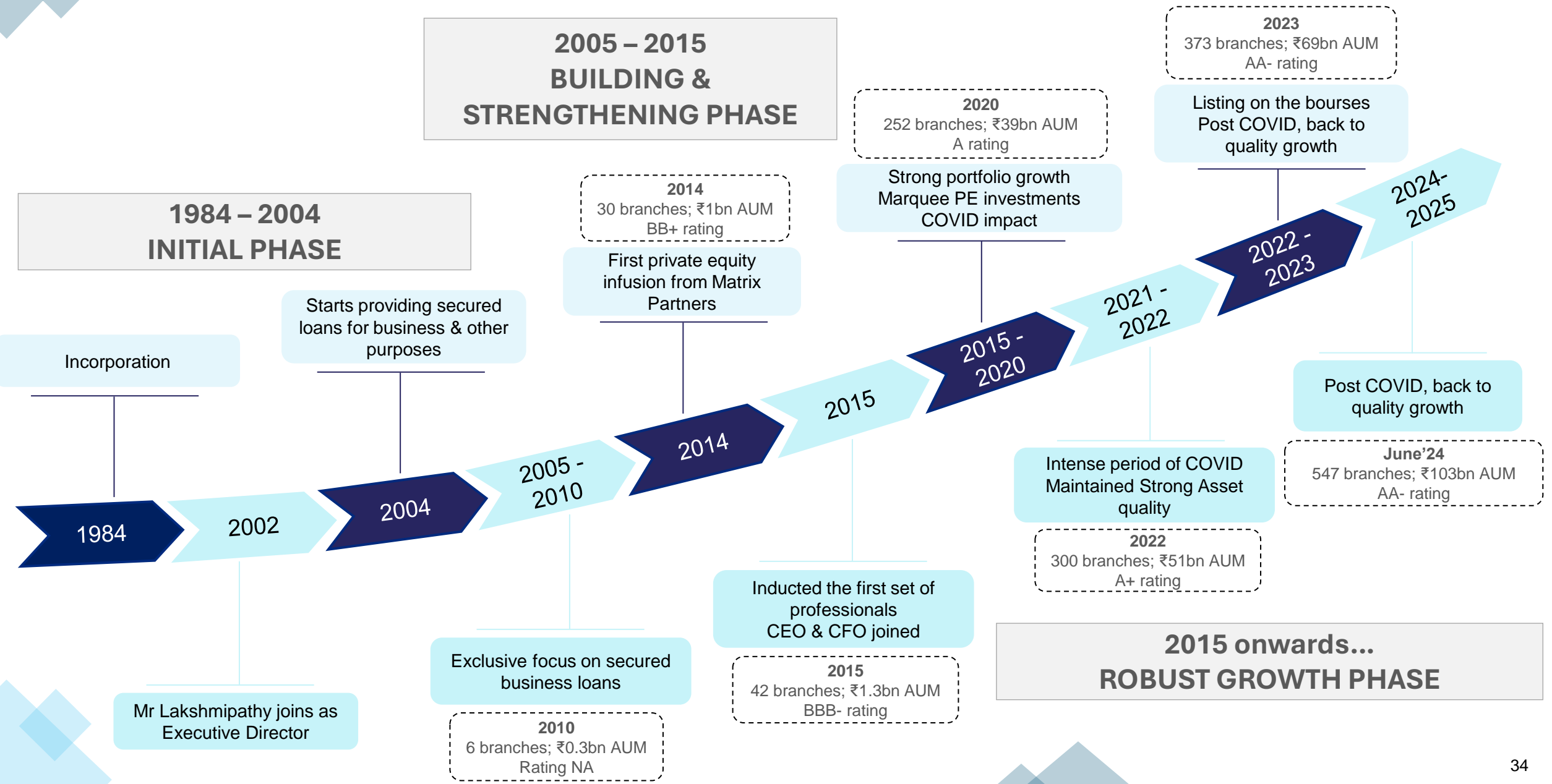
Quarterly EPS is not annualised. EPS has been computed in accordance with IND AS 33

RoE Tree

| Particulars | Q1FY2025 | Q1FY2024 | Q4FY2024 | FY2024 | FY2023 |
|---|---------------|---------------|---------------|---------------|---------------|
| Interest Income (as a % of average portfolio) | 24.22% | 24.44% | 24.19% | 24.27% | 24.13% |
| Interest Expenses (as a % of average borrowings) | 9.65% | 9.80% | 9.64% | 9.71% | 10.12% |
| Net Interest Income % | 14.57% | 14.64% | 14.55% | 14.56% | 14.01% |
| Total Income (as a % of average total assets) | 21.90% | 22.15% | 22.11% | 22.11% | 21.84% |
| Interest Expense (as a % of average total assets) | 5.18% | 4.41% | 4.92% | 4.72% | 3.80% |
| Net Interest Margin % | 16.72% | 17.74% | 17.19% | 17.39% | 18.04% |
| Operating Expenses (as a % of average total assets) | 5.12% | 5.78% | 5.31% | 5.59% | 6.26% |
| Loan losses & Provisions (as a % of average total assets) | 0.61% | 0.70% | 0.69% | 0.56% | 0.29% |
| Profit before Tax (PBT) % | 11.00% | 11.26% | 11.19% | 11.24% | 11.50% |
| Tax % | 2.77% | 2.85% | 2.75% | 2.82% | 2.87% |
| Profit after Tax (PAT) or Return on average total assets | 8.23% | 8.41% | 8.43% | 8.42% | 8.62% |
| Debt / Equity | 1.23 | 0.95 | 1.22 | 1.22 | 0.98 |
| Leverage (Total assets / Net worth) | 2.27 | 1.98 | 2.25 | 2.25 | 2.01 |
| Return on Equity | 18.95% | 16.62% | 18.65% | 17.60% | 15.03% |
| Operating cost to income ratio | 30.73% | 32.71% | 31.04% | 32.29% | 34.82% |
| Credit cost to income ratio | 3.61% | 3.92% | 4.02% | 3.20% | 1.58% |
| Total Cost to income ratio | 34.34% | 36.63% | 35.06% | 35.49% | 36.40% |

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



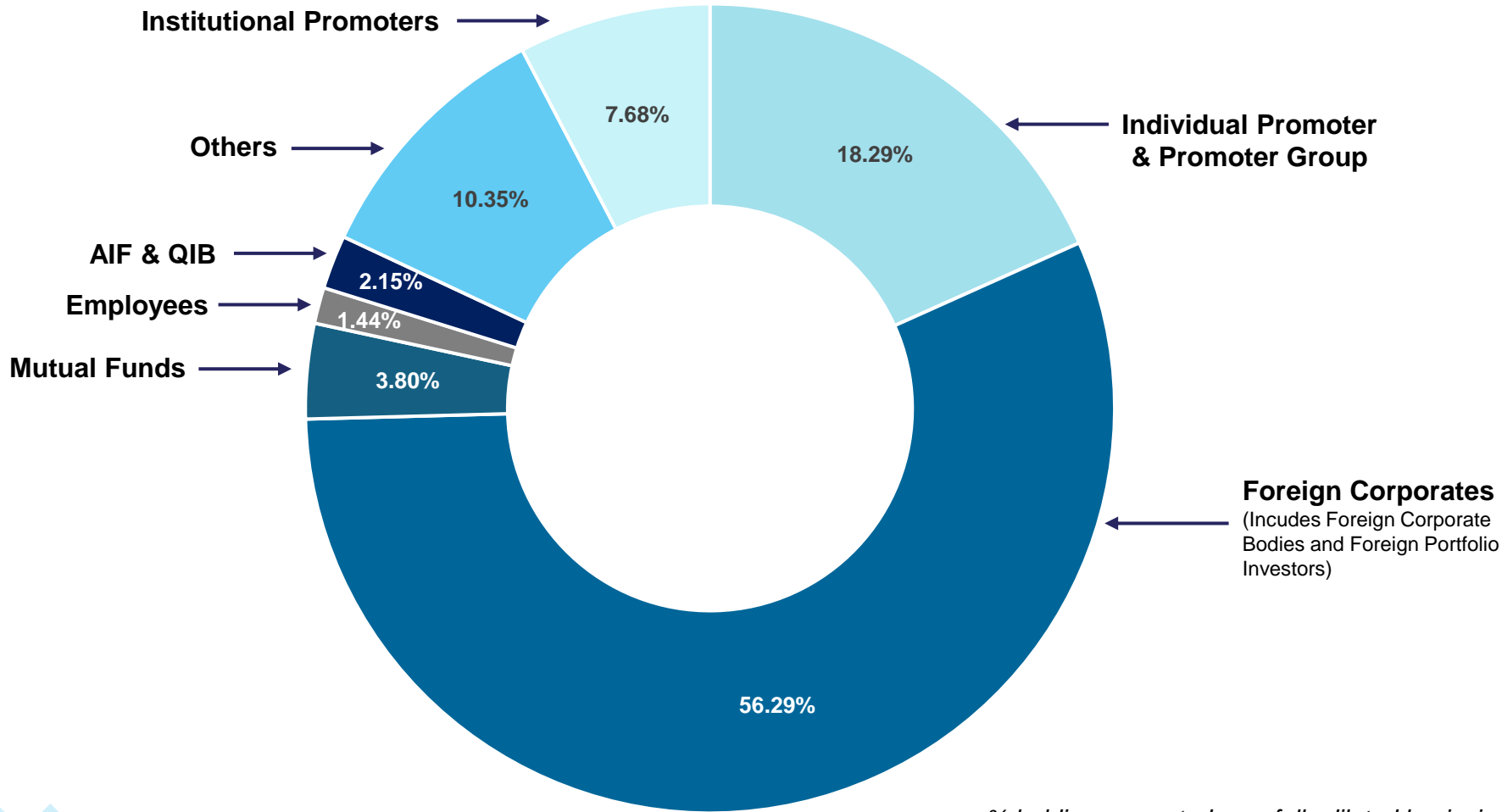
547
Branches

10
States / UT

409,298
Loans

9,358
Employees

Current Shareholding



Top 10 Institutional Investors (ex-PE and Promoter)

| Investor name | % stake* |
|--------------------------------|----------|
| Capital Research | 2.98% |
| Ninety-One | 2.92% |
| White Oak | 2.76% |
| HDFC MF | 2.72% |
| Fidelity Investments | 2.63% |
| Wellington | 2.60% |
| Goldman Sachs Asset Management | 2.03% |
| Norges Bank | 1.24% |
| Wasatch | 1.17% |
| Blackrock | 0.72% |

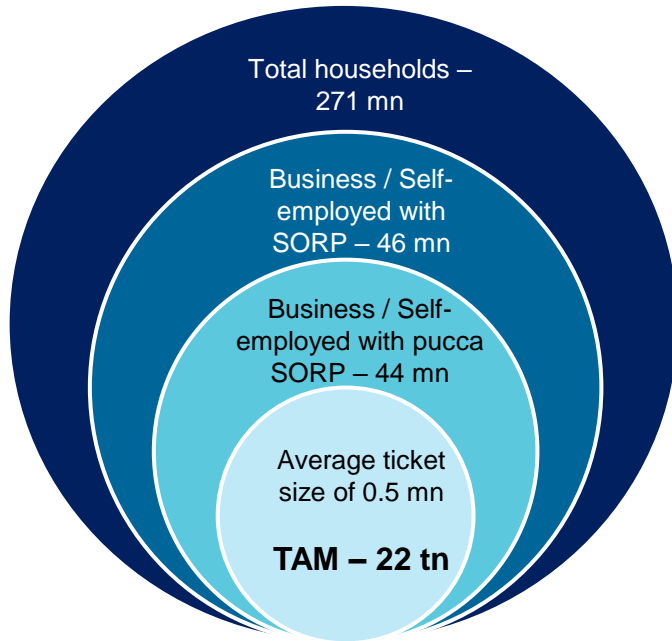
* Holding through various schemes & funds including advisory mandates

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

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

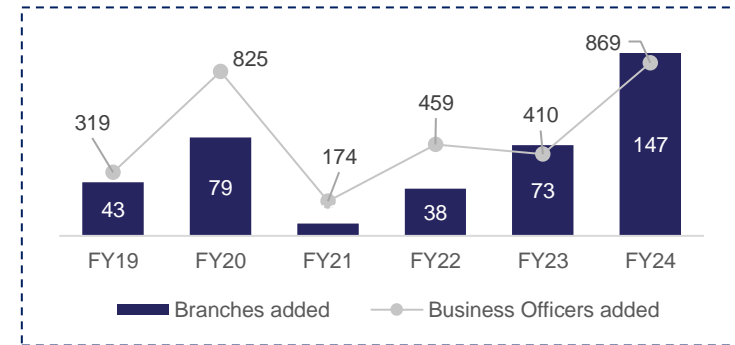
Five Star Growth Strategy

To address the large untapped market opportunity

Strategy 1 – Increase branch network & add more FOS

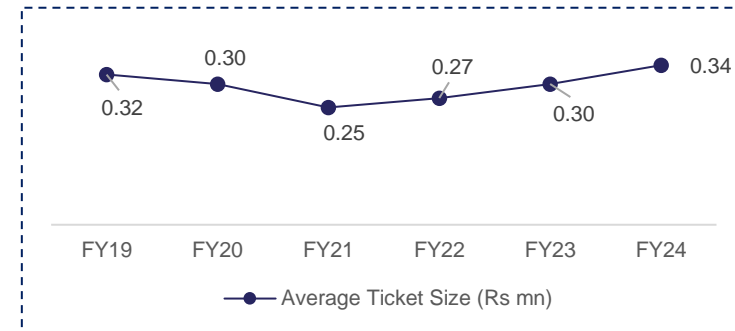
Average branches opened per year (excluding 2 years of COVID) – 86 branches

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



Strategy 2 – Increase Ticket size for inflationary increases

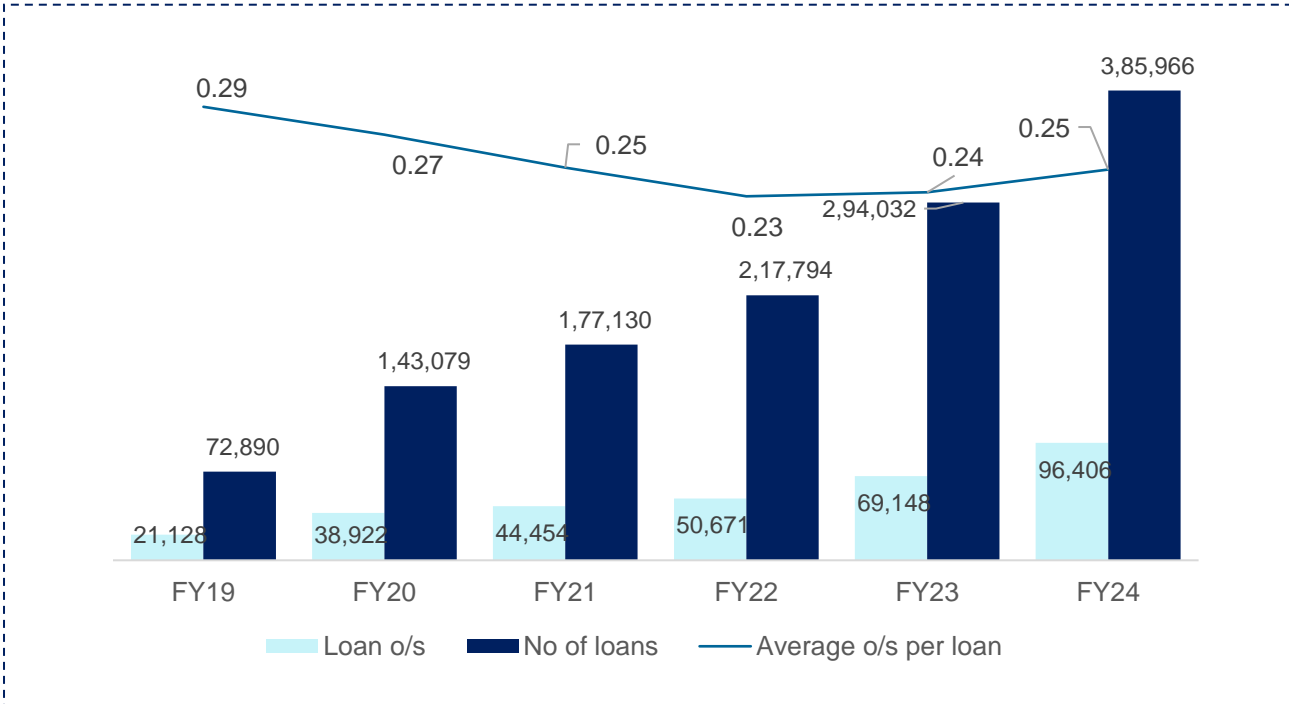
Average ticket size has remained almost constant over the last 4 years (excluding 2 years of COVID). Inflationary increases would push up the ticket size in the coming years



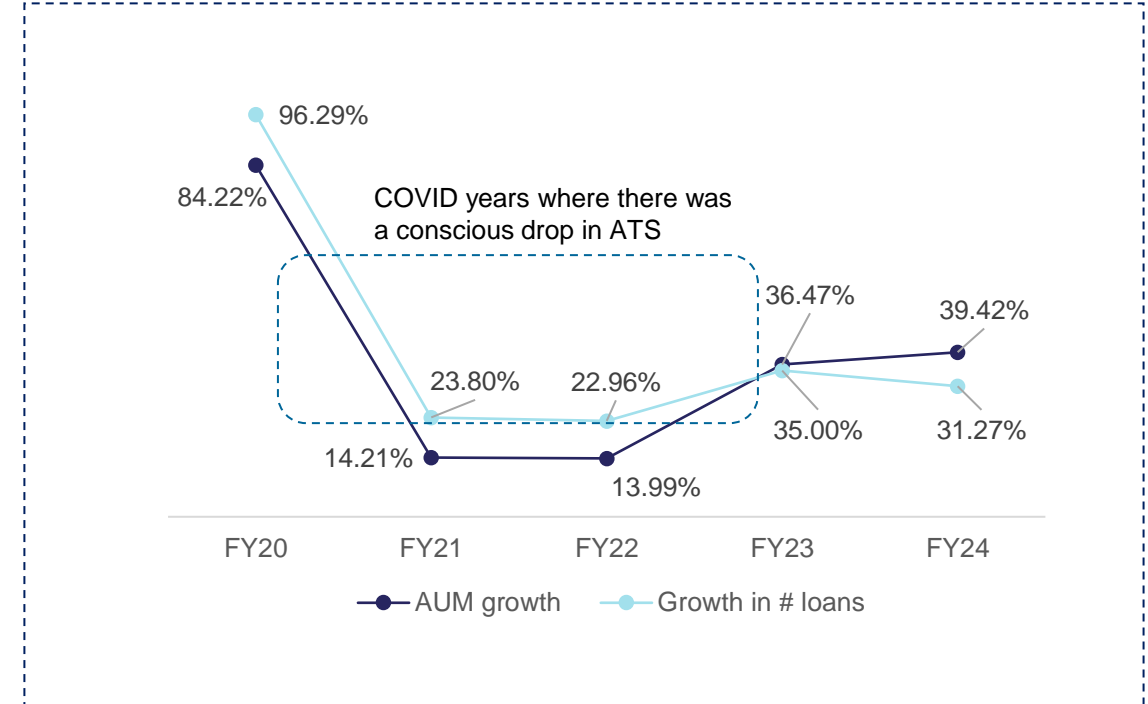
Average ticket size = Disbursals / No of loans disbursed

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

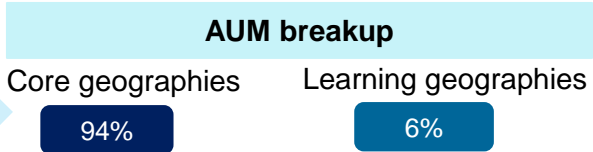
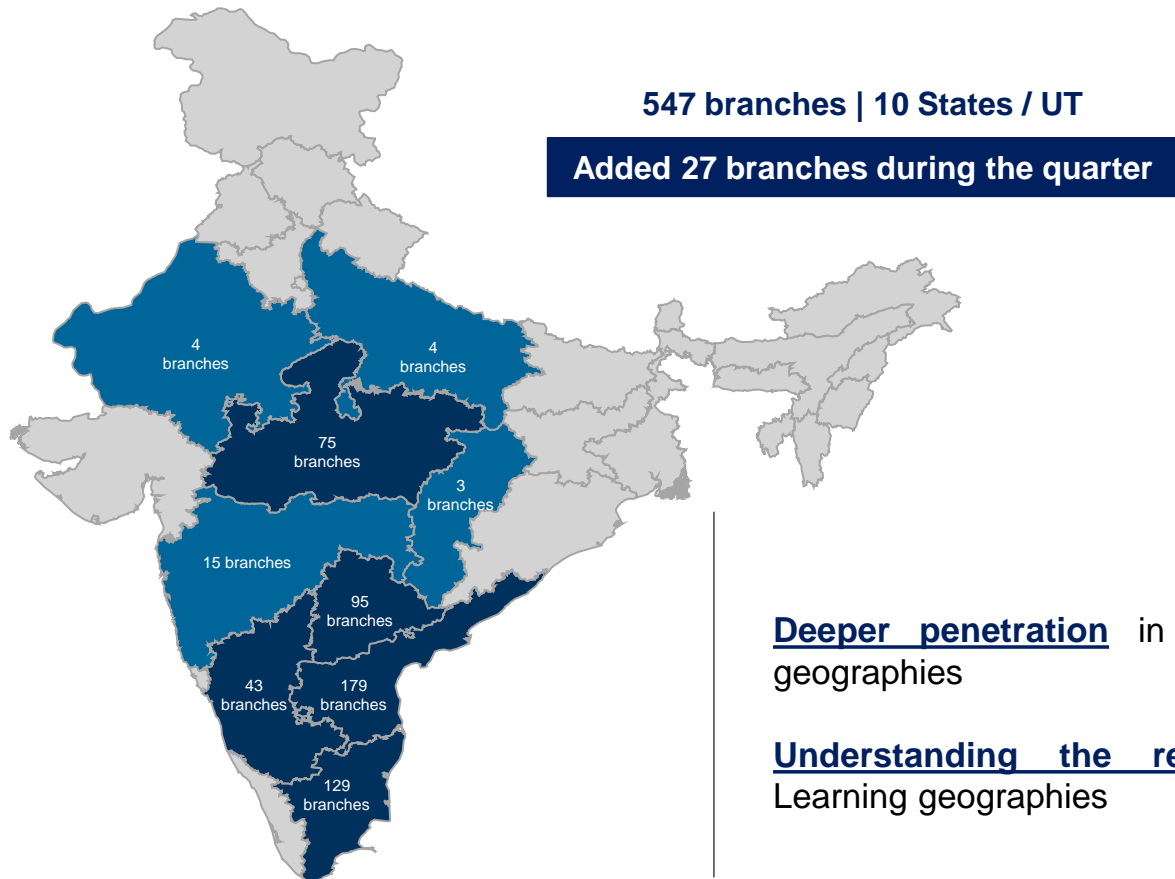
- ★ **Who are our customers** – Small Business Owners and Self-employed individuals involved in everyday cash and carry businesses with a service bias
Minimal impact of macro downcycles
- ★ **How & wherefrom do we source our customers** – 100% in-house sourcing with a strong focus on Tier 3 to Tier 6 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 | Q1FY25 | FY24 | FY23 | FY22 | FY21 | FY20 |
|----------------|----------------|--------|------|------|------|------|------|
| Tamil Nadu | 129 | 30% | 31% | 35% | 39% | 41% | 43% |
| Andhra Pradesh | 179 | 38% | 37% | 33% | 29% | 28% | 28% |
| Telangana | 95 | 19% | 19% | 20% | 19% | 18% | 19% |
| Karnataka | 43 | 6% | 6% | 7% | 7% | 7% | 7% |
| Madhya Pradesh | 75 | 5% | 5% | 5% | 5% | 4% | 3% |
| Others | 26 | 1% | 1% | 1% | 1% | 1% | 1% |
| Total | 547 | | | | | | |

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 | 161 | 71 |
| 1 – 3 years | 123 | 156 |
| 3 – 5 years | 74 | 239 |
| 5 – 7 years | 89 | 251 |
| > 7 years | 100 | 327 |
| Total | 547 | 189 |

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

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

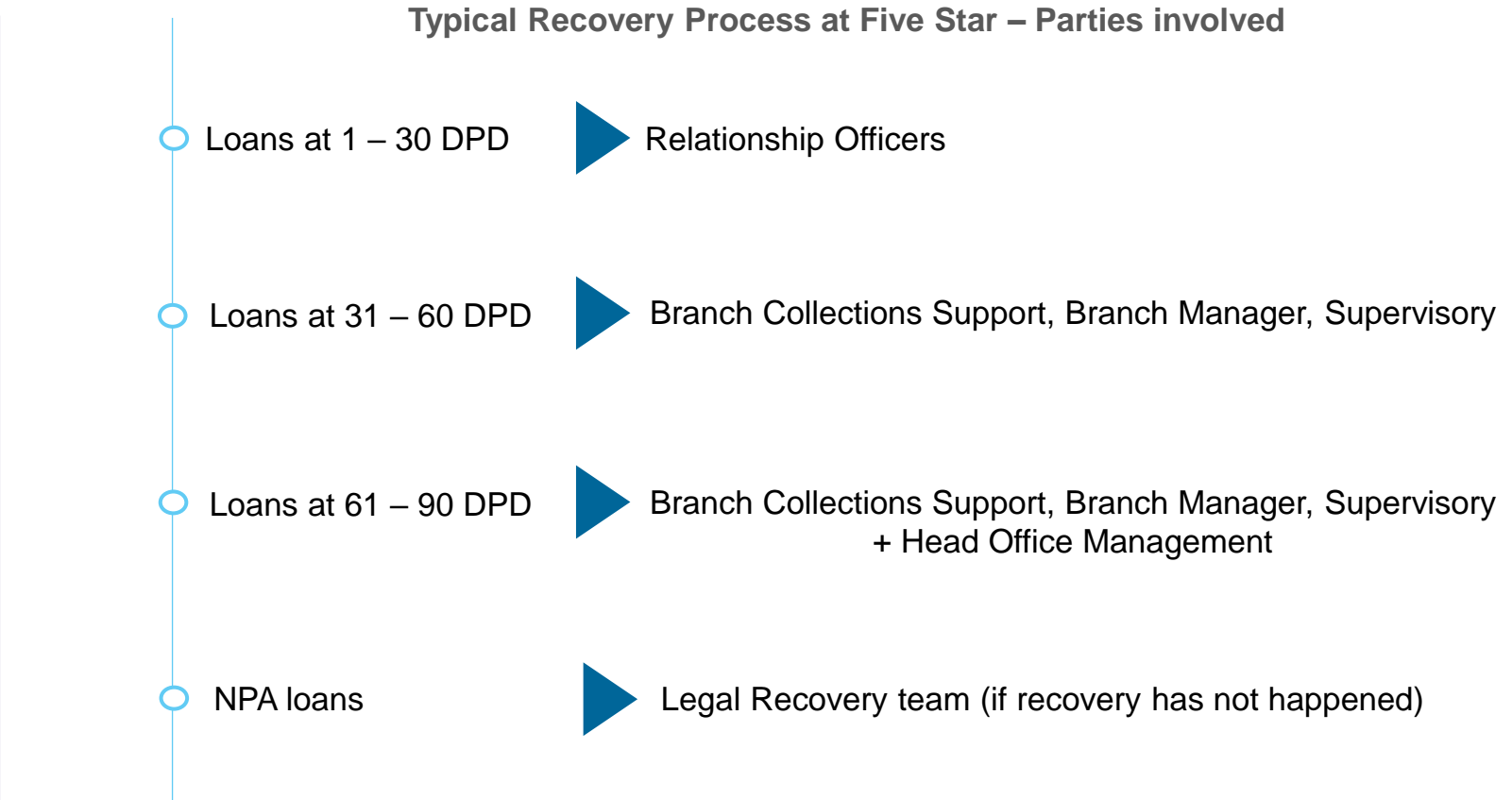
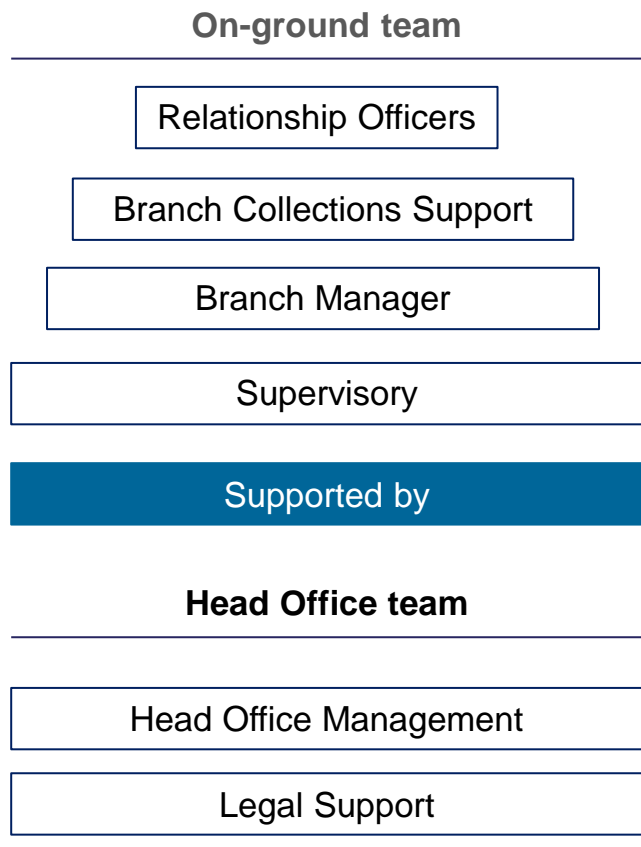
Independent verification & approval

- 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

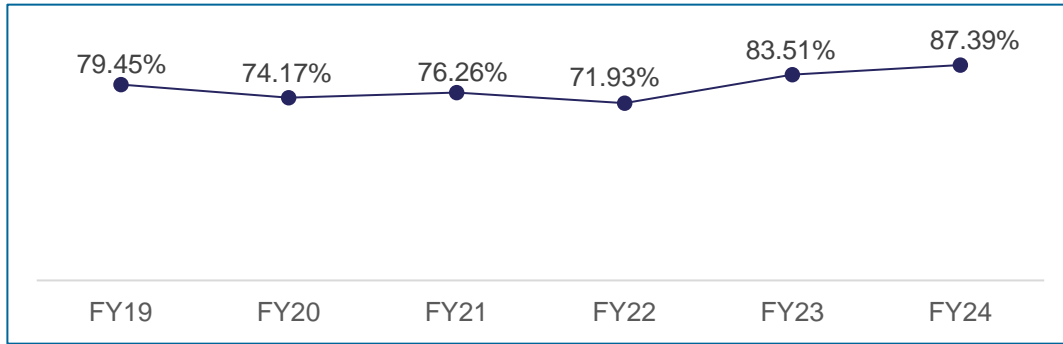


Concerted efforts, along with necessary legal measures, ensure strong recovery and robust asset quality

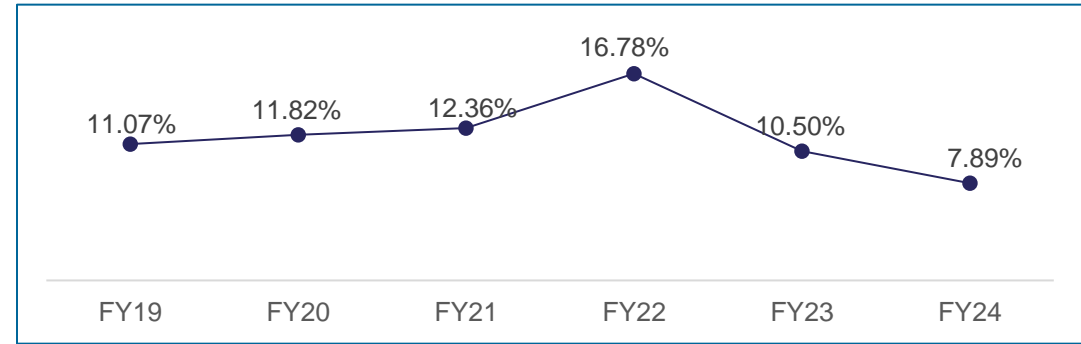
Strong on-ground Collections infrastructure (2/2)

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



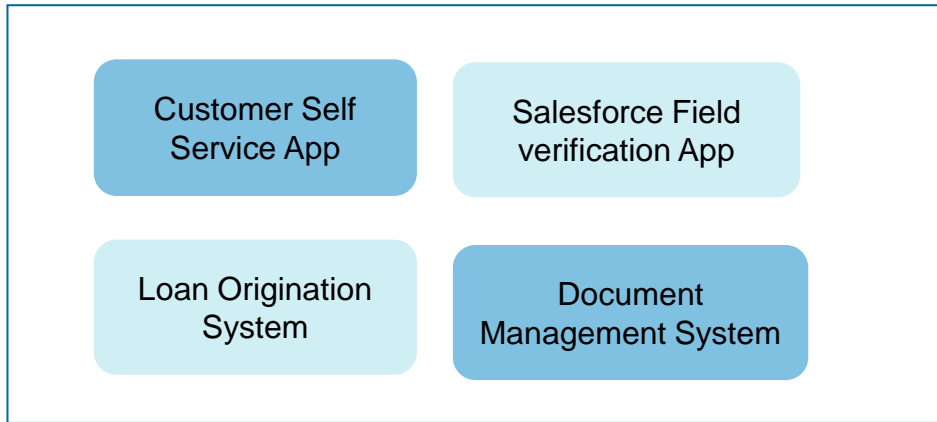
- Data analytics and machine learning



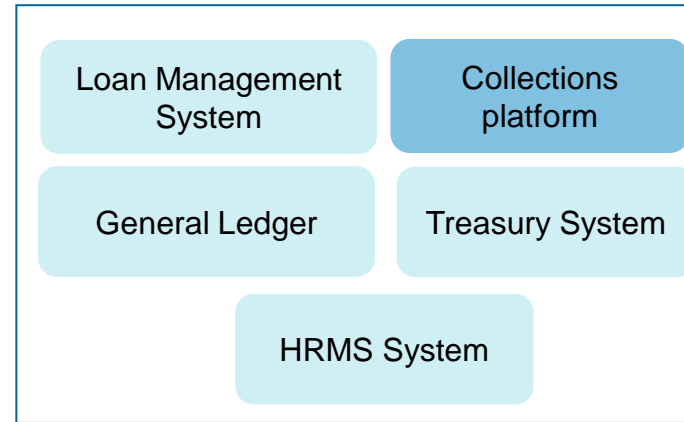
- Robust Customer Credit Scoring model

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

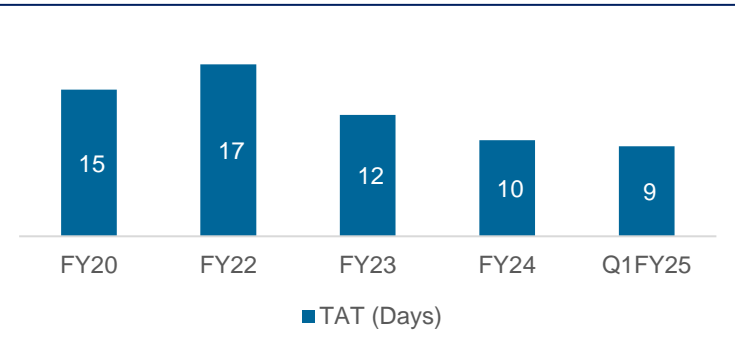
Functioning systems

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

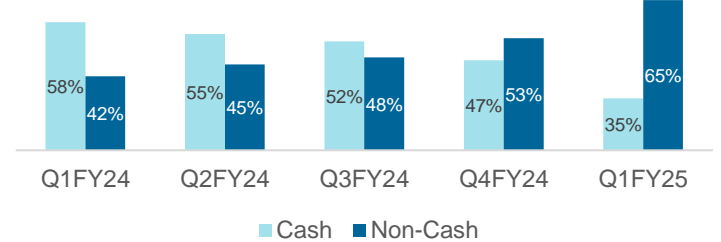
Expect to operate around 8-9 days of TAT in a steady state scenario

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

Current Statutory Auditor (till Q1FY25) is S.R.Batliboi & Associates LLP; Board has recommended appointment of Deloitte Haskins & Sells as the Statutory Auditor for a period of 3 years from Q2FY25 – this is subject to shareholder approval

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

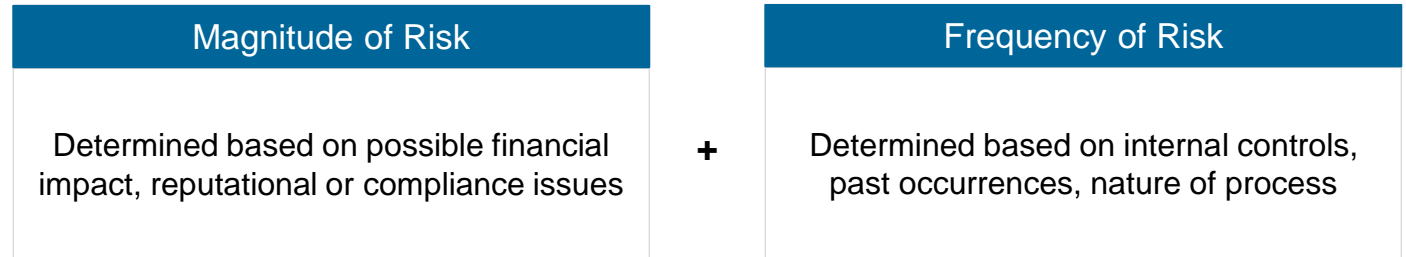
Monitored by Risk Management Committee

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:

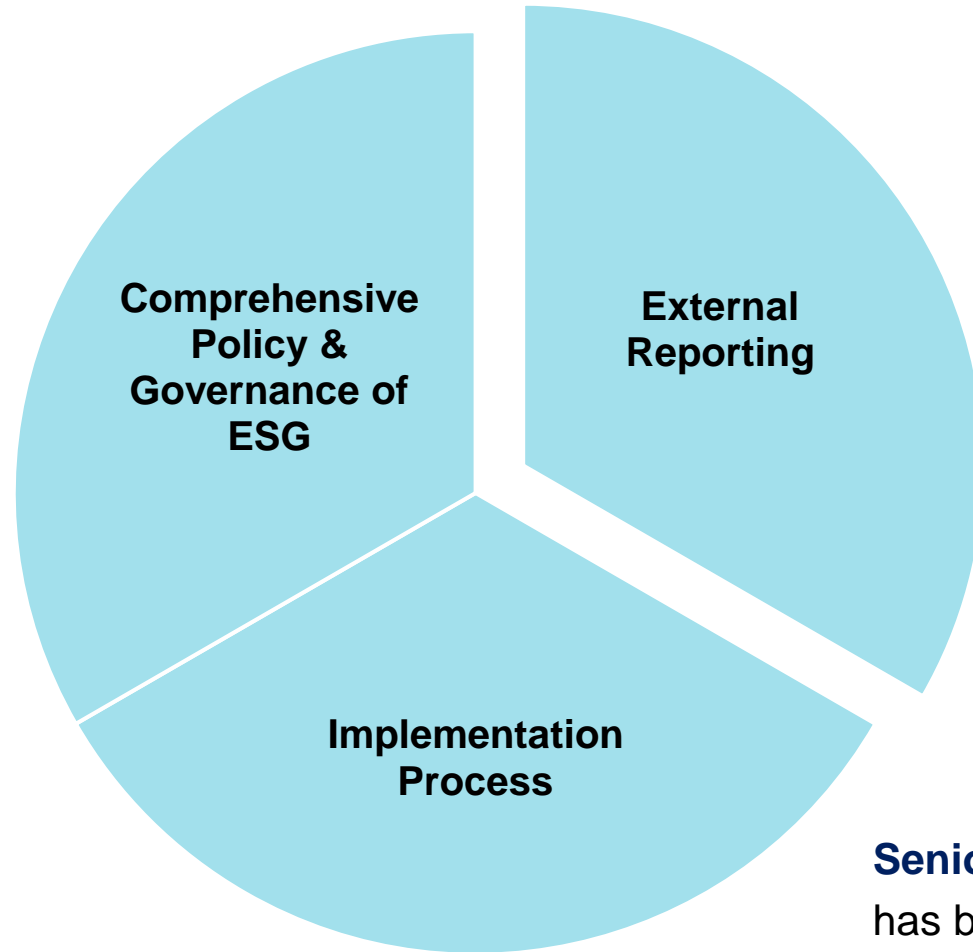


| | High Frequency | Medium Frequency | Low Frequency |
|--------------------------|---------------------|---------------------|---------------------|
| High Magnitude of risk | Quarterly testing | Quarterly testing | Half-yearly testing |
| Medium Magnitude of risk | Quarterly testing | Half-yearly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

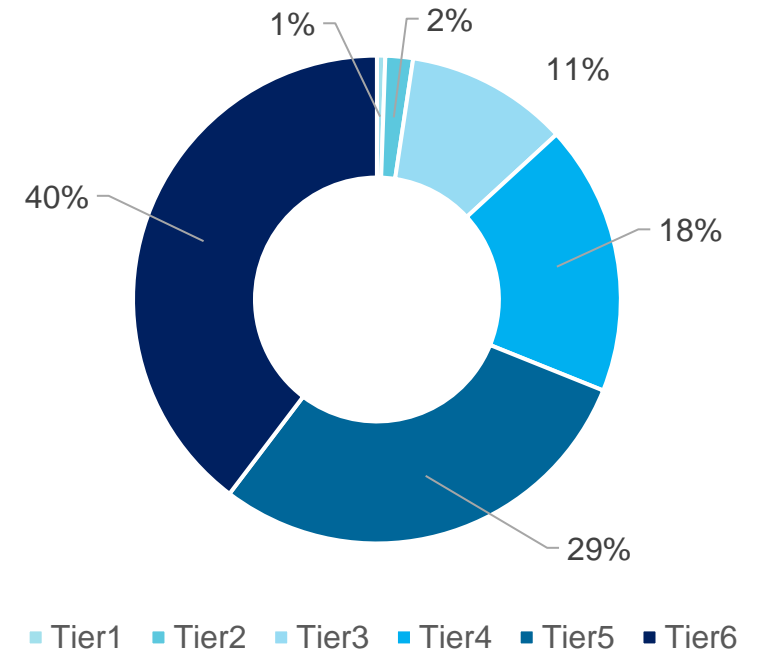
Corporate Social Responsibility

- 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; Tier4 – Population 1L – 2L; Tier 3 – Population 2L – 10L; Tier 2 – Population 10L – 50L; Tier 1 – Population > 50L

Strong Governance Framework

Board of Directors

1
Promoter Director

4
Independent Directors
(including 1 Woman Director)

1
Non-Executive Director

Board Committees

Audit Committee

Risk Management Committee

Nomination & Remuneration Committee

IT Strategy Committee

Stakeholder Relationship Committee

Customer Service Committee

Corporate Social Responsibility Committee

Business & Resource Committee

Chaired by Independent Directors

Chaired by Other Directors

Management Committees

Asset – Liability Committee

Credit Committee

Grievance Redressal Committee

IT Steering Committee

Information Security Committee

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.

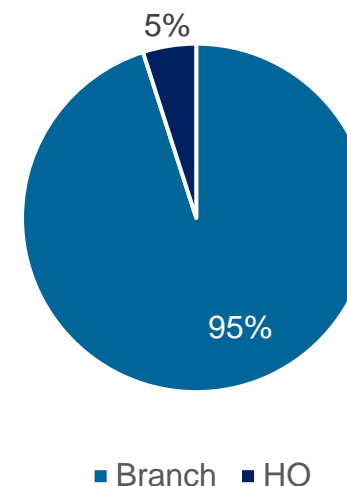
The Company has also implemented the following Policies (approved by the Board, at least annually) to promote ethical, transparent and responsible behaviour and to fix accountability:

- ★ 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 | 6,223 |
| - Relationship Officers | 4,953 |
| - Branch Managers | 1,270 |
| Supervisors | 126 |
| Credit | 927 |
| - Field Credit | 581 |
| - Approval Credit | 338 |
| - Credit Support | 8 |
| Operations | 963 |
| - Operations Officers | 782 |
| - Head Office team | 181 |
| Accounts | 782 |
| - Cashiers | 709 |
| - Head Office team | 73 |
| Legal & MOD | 132 |
| IA & Customer Care | 70 |
| Technology | 41 |
| Human Resources | 38 |
| Administration | 15 |
| Others | 18 |
| Heads of Departments | 9 |
| Senior Management | 12 |
| Total Headcount | 9,358 |

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

Key Differentiators

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

Current yields of ~24%; Steady state spreads of ~12-13% with industry leading ROA of ~7% and steady state ROE at 20%+

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 – Deloitte, Haskins & Sells
Internal Auditor – Sundaram & Srinivasan
Independent Directors heading Audit Committee, Risk Management Committee, Nomination & Remuneration Committee, IT Strategy Committee

Current Statutory Auditor (till Q1FY25) is S.R.Batlboi & Associates LLP; Board has recommended appointment of Deloitte Haskins & Sells as Statutory Auditor for a period of 3 years from Q2FY25 – this is subject to shareholder approval

Thank You

For further information, you may please email to:

 ir@fivestargroup.in
