

Date: January 28, 2026

**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 unaudited financial results for the quarter and nine months ended December 31, 2025.**

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 unaudited financial results for the quarter and nine months ended December 31, 2025.

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

Kindly take the above information on record.

**For Five-Star Business Finance Limited**

**Vigneshkumar SM**  
**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](mailto:info@fivestargroup.in), Website : [www.fivestargroup.in](http://www.fivestargroup.in)  
CIN : L65991TN1984PLC010844



# Five-Star Business Finance Limited

Investor Presentation | Q3FY2026



*Reaching the Unreached*



## Safe Harbour

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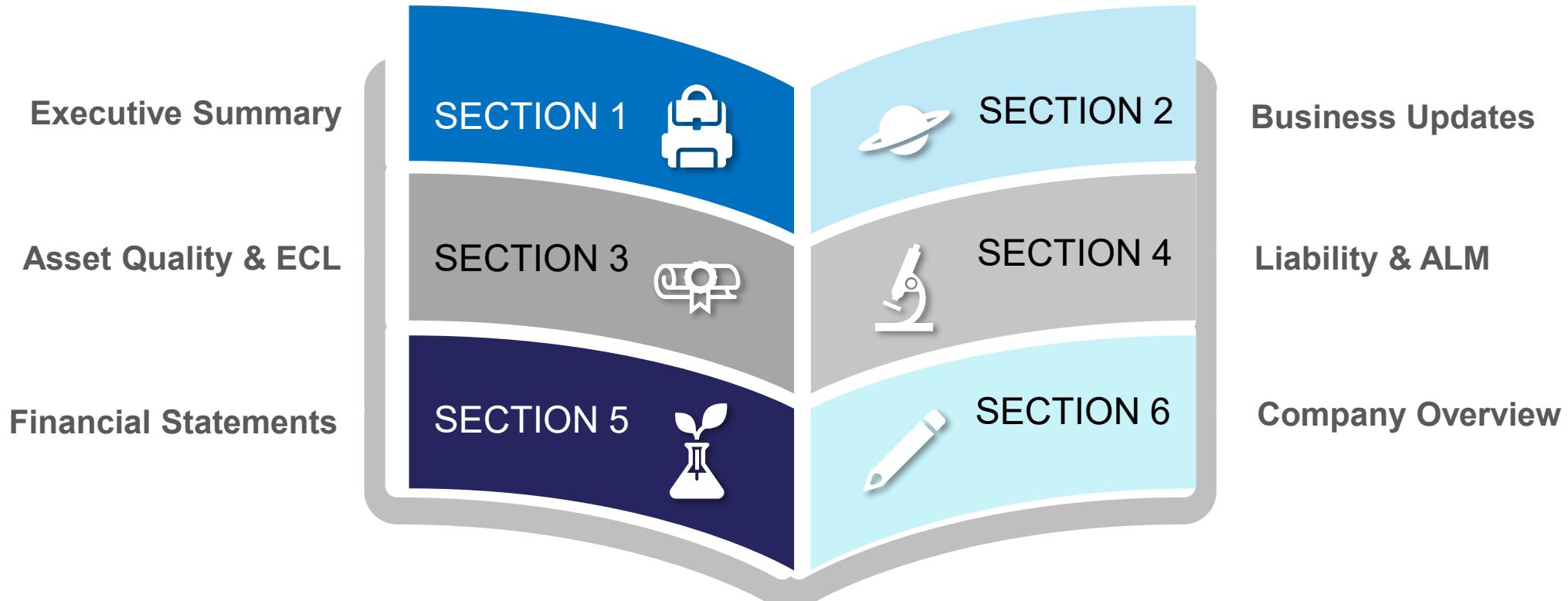
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# Glossary

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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

q-o-q

y-o-y

## Branches

**835**

+35

+106

## Loan Disbursement

**₹ 9,764 Mn**

-18%

+4%

## Loan Portfolio

**₹ 129,641 Mn**

+1%

+16%

## Gross NPA

**3.18%**

+54 bps

+1.56%

## 30+ DPD

**12.81%**

+64 bps

+3.65%

## Profit After Tax

**₹ 2,770 Mn**

-3%

+1%

## Net Interest Margin

**16.04%**

-37 bps

-52 bps

## Return on Assets

**7.00%**

-49 bps

-1.10%

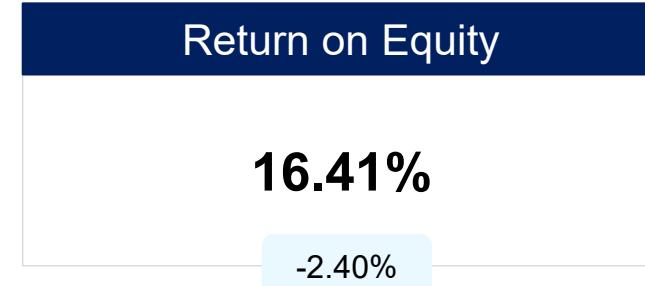
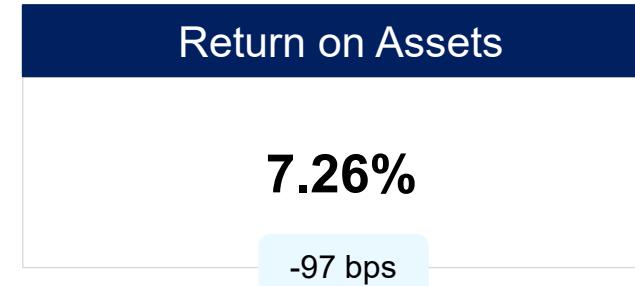
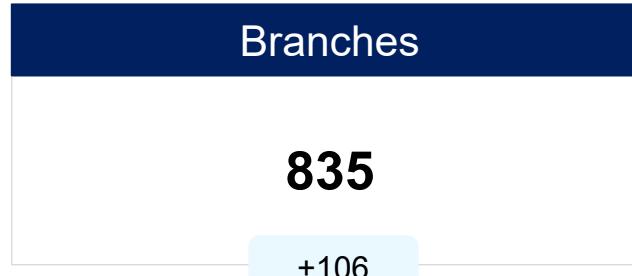
## Return on Equity

**15.80%**

-1.11%

-2.69%

y-o-y



# Q3FY26 Performance – At a glance

| Scale of Operations   | Distribution  | Granular Book  | Asset Quality  | Liability Profile   | Profitability   |
|---|---|--|--|---|---|
| <br><b>₹129.6bn / ₹111.8bn</b><br>AUM in Q3FY26 / Q3FY25<br>16% growth Y-o-Y | <br><b>835</b><br>Number of Branches   | <br><b>100% Secured</b><br>Loan Book (95% against SORP)                 | <br><b>3.18%</b><br>Q3FY26 Gross Stage 3 Assets   | <br><b>45</b><br>Lender relationships  | <br><b>₹2.8bn / ₹2.7bn</b><br>PAT for Q3FY26 / Q3FY25<br>1% growth Y-o-Y |
| <br><b>₹9.8bn / ₹9.4bn</b><br>Amount Disbursed in Q3FY26 / Q3FY25            | <br><b>8,181</b><br>Business and Collections Officers                        | <br><b>₹0.39mn</b><br>Average ticket size for loans disbursed in Q3FY26 | <br><b>1.94%</b><br>Q3FY26 Net Stage 3 Assets   | <br><b>51.63%</b><br>Q3FY26 Capital Adequacy Ratio   | <br><b>16.04%</b><br>Net Interest Margin for Q3FY26                      |
| <br><b>24,829 / 27,449</b><br>Number of Disbursements in Q3FY26 / Q3FY25     | <br><b>Presence in 11</b><br>States / UT across India (focused on expansion) | <br><b>491,782</b><br>Live accounts                                     | <br><b>1.44%</b><br>Q3FY26 Credit Cost to Average Total Assets  | <br><b>Borrowing profile</b><br>Well-diversified profile with variable rate borrowings of ~67% | <br><b>7.00%</b><br>Return on Total Assets for Q3FY26                    |
| <br><b>₹70.8bn</b><br>Net Worth  | <br><b>100% In-house</b><br>Sourcing & Collections                         | <br><b>39.5%</b><br>Average Portfolio LTV (As of Dec 31, 2025)        | <br><b>0.20% / 33.82%</b><br>Total Restructured Portfolio / Provision Coverage on restructured book | <br><b>AA-</b><br>Long term credit rating by ICRA, CARE and India Ratings                    | <br><b>15.80%</b><br>Return on Avg. Equity for Q3FY26                  |

# Last 10-years Financial Snapshot

| Particulars (₹ Mn)                     | FY2016     | FY2017     | FY2018       | FY2019       | FY2020       | FY2021       | FY2022       | FY2023        | FY2024        | FY2025        |
|--|------------|------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
|  | I-GAAP     | I-GAAP     | I-GAAP       | IND-AS       | IND-AS       | IND-AS       | IND-AS       | IND-AS        | IND-AS        | IND-AS        |
| <b>Operational Information</b>         |            |            |              |              |              |              |              |               |               |               |
| Number of branches                     | 64         | 103        | 130          | 173          | 252          | 262          | 299          | 373           | 520           | 748           |
| Loan disbursals                        | 1,319      | 3,830      | 7,072        | 14,822       | 24,087       | 12,450       | 17,562       | 33,914        | 48,814        | 49,697        |
| AUM                                    | 1,981      | 4,936      | 10,084       | 21,128       | 38,922       | 44,454       | 50,671       | 69,148        | 96,406        | 118,770       |
| Number of employees                    | 293        | 737        | 1,290        | 1,971        | 3,734        | 3,938        | 5,675        | 7,347         | 9,327         | 11,934        |
| <b>Financial Information</b>           |            |            |              |              |              |              |              |               |               |               |
| Total Income                           | 473        | 871        | 2,082        | 4,089        | 7,873        | 10,513       | 12,562       | 15,289        | 21,951        | 28,660        |
| Interest expenses                      | 141        | 238        | 578          | 769          | 2,156        | 3,261        | 2,984        | 2,636         | 4,653         | 6,635         |
| <b>Net Interest Income (NII)</b>       | <b>332</b> | <b>633</b> | <b>1,504</b> | <b>3,320</b> | <b>5,717</b> | <b>7,252</b> | <b>9,578</b> | <b>12,653</b> | <b>17,298</b> | <b>22,025</b> |
| Operating Expenses                     | 122        | 293        | 625          | 1,060        | 1,731        | 2,136        | 3,081        | 4,405         | 5,585         | 6,830         |
| Loan losses & Provisions               | 7          | 28         | 93           | 76           | 493          | 352          | 455          | 201           | 554           | 890           |
| <b>Profit Before Tax (PBT)</b>         | <b>203</b> | <b>312</b> | <b>786</b>   | <b>2,184</b> | <b>3,493</b> | <b>4,764</b> | <b>6,042</b> | <b>8,047</b>  | <b>11,159</b> | <b>14,306</b> |
| <b>Profit After Tax (PAT)</b>          | <b>134</b> | <b>196</b> | <b>558</b>   | <b>1,567</b> | <b>2,620</b> | <b>3,589</b> | <b>4,535</b> | <b>6,035</b>  | <b>8,359</b>  | <b>10,725</b> |
| Total Comprehensive Income             | 134        | 196        | 558          | 1,563        | 2,608        | 3,582        | 4,513        | 6,013         | 8,341         | 10,696        |
| <b>Ratios</b>                          |            |            |              |              |              |              |              |               |               |               |
| Cost to Income                         | 38.86%     | 50.79%     | 47.74%       | 34.22%       | 38.90%       | 34.31%       | 36.92%       | 36.40%        | 35.49%        | 35.05%        |
| Return on Total Assets                 | 6.87%      | 4.27%      | 5.82%        | 8.78%        | 7.31%        | 6.99%        | 7.16%        | 8.62%         | 8.42%         | 8.18%         |
| Return on Equity                       | 16.47%     | 12.40%     | 12.97%       | 15.14%       | 15.36%       | 16.85%       | 13.85%       | 15.03%        | 17.60%        | 18.68%        |
| Gross Stage 3 assets                   | 1.82%      | 2.47%      | 1.43%        | 0.89%        | 1.37%        | 1.02%        | 1.05%        | 1.36%         | 1.38%         | 1.79%         |
| Net Stage 3 assets                     | 1.53%      | 2.08%      | 0.95%        | 0.68%        | 1.13%        | 0.84%        | 0.68%        | 0.69%         | 0.63%         | 0.88%         |
| Provision Coverage Ratio - overall AUM | 0.54%      | 0.79%      | 0.97%        | 0.80%        | 1.58%        | 1.95%        | 2.03%        | 1.61%         | 1.64%         | 1.63%         |
| Provision Coverage Ratio - Stage 3     | 16.34%     | 16.24%     | 33.89%       | 22.99%       | 17.67%       | 17.92%       | 34.91%       | 49.33%        | 54.27%        | 51.31%        |
| CRAR                                   | 39.14%     | 43.78%     | 58.82%       | 64.09%       | 52.94%       | 58.86%       | 75.20%       | 67.17%        | 50.50%        | 50.10%        |
| Debt / Equity ratio                    | 1.43       | 2.04       | 0.92         | 0.70         | 1.22         | 1.48         | 0.69         | 0.98          | 1.22          | 1.26          |

# Distinguished Board of Directors

## Promoter Director



**Lakshmi Deenadayalan**  
Chairman & Managing Director

## Independent / Non-Executive Directors



**Anand Raghavan**

Select other Directorships Shriram Life Insurance, Muthoot Microfin, SK Finance, Aptus Value Housing



**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 Director



**Srikanth Gopalakrishnan**  
Joint Managing Director & CFO

# Profile of Board of Directors

## **Lakshmi 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. He is also a director on the Boards of Muthoot Microfinance, Shriram Life, SK Finance and Aptus Value Housing

## **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 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 Catalincs, a strategic advisory firm that helps small tech companies scale and grow, and is also on the Board of CIFCO

## **Trilokchand Vasan**

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

## **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



23

23

**Lakshmi Deenadayalan**  
Chairman & MD

**Education:** Bachelor of Engineering



23

10

**Srikanth Gopalakrishnan**  
JMD & CFO

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



23

8

**Vishnuram Jagannathan**  
Chief Operating Officer

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



22

7+

**Parthasarathy Srinivasan**  
Chief Credit Officer

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



27

8+

**Sathya Ganesh**  
Chief Business Officer

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



33

4

**Vanamali Sridharan**  
Chief Technology Officer

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



27

5

**Jayaraman Sankaran**  
Chief Risk Officer

**Education:** B.Com, CA  
**Experience:** Redington India



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8

**Prashanth Sreenivasan**  
Chief Treasury Officer

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



26

3

**Ramesh Kannah**  
Chief Legal Officer

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



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2

**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 ₹1,170 Mn in Q3FY26 as against ₹2,509 Mn in Q3FY25. AUM was up 16% Y-o-Y at ₹129,641 Mn as of Dec 31, 2025 as against ₹111,781 Mn as of Dec 31, 2024.
2. Disbursements during the quarter was at ₹9,764 Mn as against ₹9,408 Mn during Q3FY25.
3. Active loans at 0.49 Mn as of Dec 31, 2025 as against 0.44 Mn as of Dec 31, 2024.
4. The Company added 35 branches during the quarter. Total branch count stood at 835 as against 729 branches as of Dec 31, 2024.
5. Total Headcount stood at 13,854 as against 11,207 as of Dec 31, 2024.

## Collections & Asset Quality

1. Overall Collections efficiency for the quarter stood at 96.6% as against 96.7% for Q2FY26. Unique loan collections % (Due One Collect One or D1C1) stood at 95.1% for the quarter as against 95.1% for Q2FY26.
2. Current portfolio as a % of the overall portfolio stood at 81.77%.
3. Gross & Net Stage 3 assets stood at 3.18% and 1.94% respectively as of Dec 31, 2025 as against 1.62% and 0.81% as of Dec 31, 2024.
4. Overall Stage 2 assets stood at ₹12,486 Mn (9.63%) as of Dec 31, 2025 as against ₹ 8,431 Mn (7.54%) as of Dec 31, 2024.
5. The Provision coverage on Stage 3 assets stood at 39.84% and the provision coverage on the overall portfolio stood at 1.83%.

## Liabilities

1. In Q3FY2026, the company received sanctions for incremental debt of ₹12,250 Mn, availing ₹4,600 Mn, at a weighted average rate of 8.09%, and all-inclusive cost of 8.19%.
2. As at the end of December 2025, the proportion of funding received from banks stood at 69% as compared to 68% in Q2FY26.
3. During Q3FY26, the Company has signed a loan agreement for a \$100 Mn. facility with Asian Development Bank (ADB), one of the largest and most eminent DFIs globally.
4. Liquidity buffer and Unavailed Sanction lines as of Dec 31, 2025 stood at about ₹22,764 Mn and 14,400 Mn respectively.

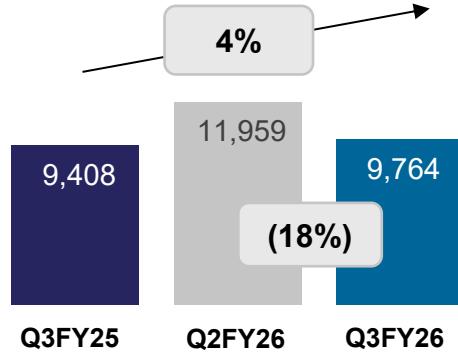
## Financials

1. In Q3FY2026, Net total income (Total income less Cost of funds) grew by 13% to ₹6,337 Mn as against ₹5,597 Mn in Q3FY2025
2. PPOP for Q3FY2026 stood at ₹4,259 Mn, an increase of 10% as compared to Q3FY2025
3. As compared to Q3FY2025, PBT and PAT increased by 1% and 1% respectively and stood at ₹3,688 Mn and ₹2,770 Mn respectively for Q3FY2026
4. Cost to income (inclusive of credit cost) stood at 41.93% as compared to 34.87% for Q3FY2025. Excluding credit cost, Cost to income for Q3FY2026 was at 32.93% as compared to 30.72% for Q3FY2025.
5. Return on Average Total Assets was at 7.00% as compared to 8.10% for Q3FY2025
6. Return on Equity was at 15.80% for Q3FY2026 as compared to 18.49% for Q3FY2025
7. Capital adequacy remained robust at 51.63%

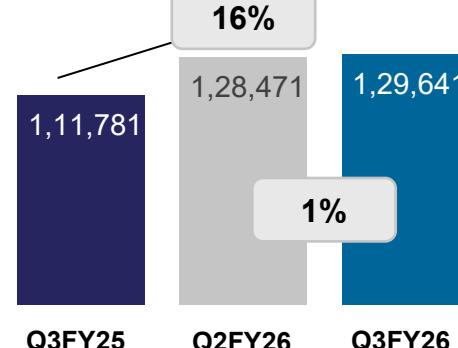
# Balance Sheet Indicators

## Quarterly Data

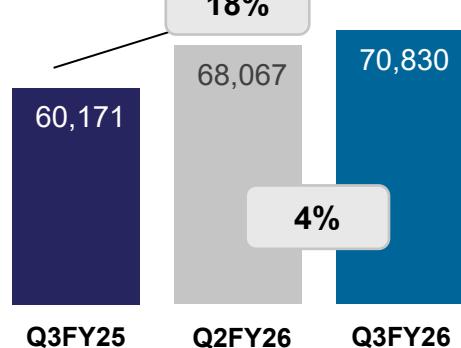
### Disbursements



### AUM



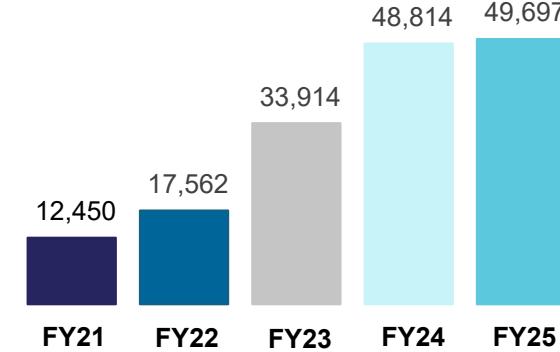
### Net Worth



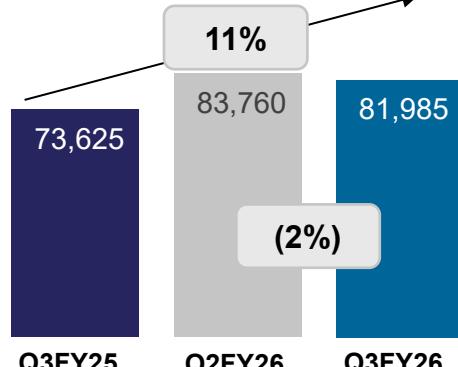
## Last 5 years data

All amounts in ₹ Mn

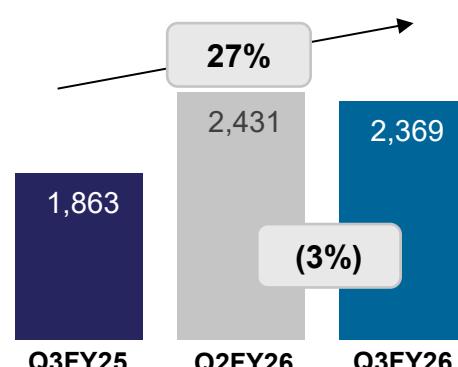
### Disbursements



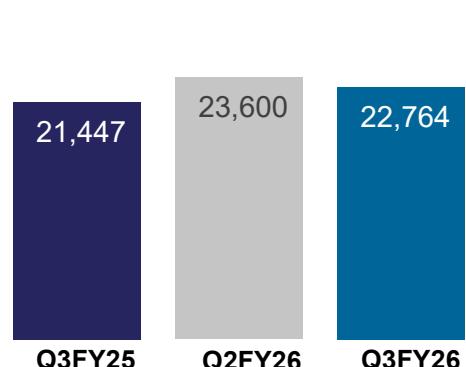
### Borrowings



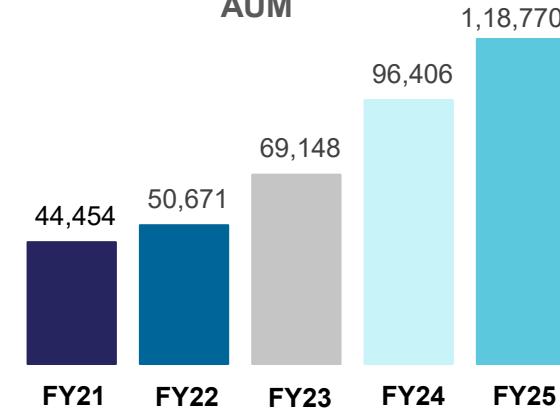
### Expected Credit Loss



### Liquidity

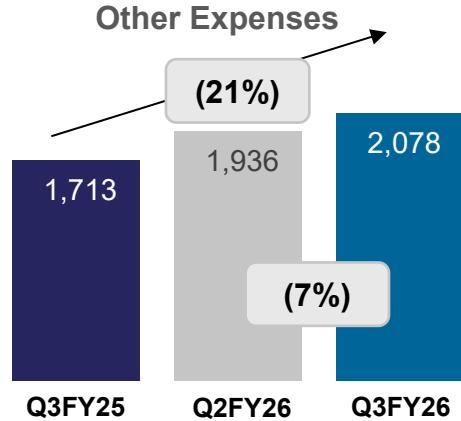
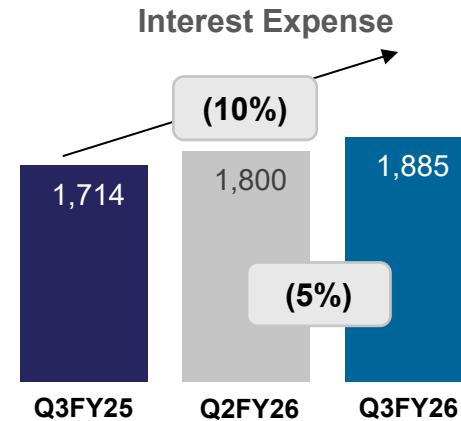
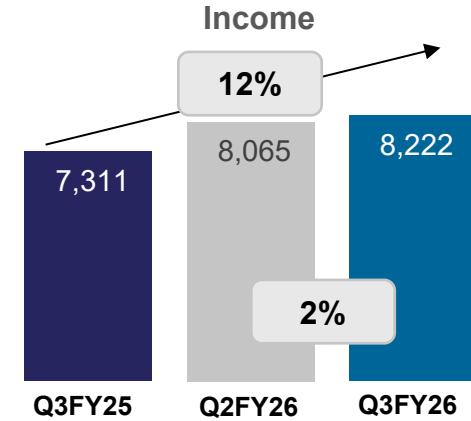


### AUM



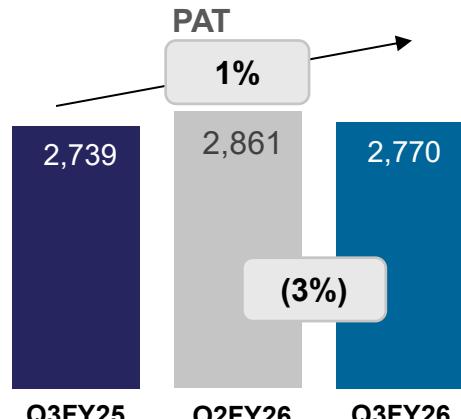
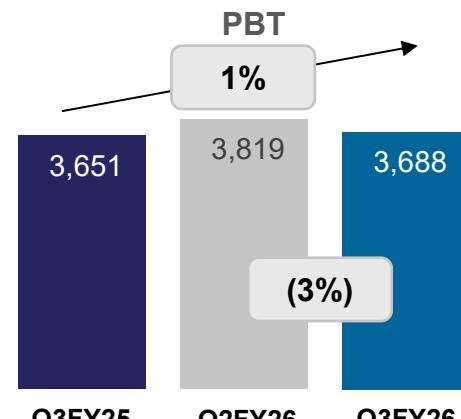
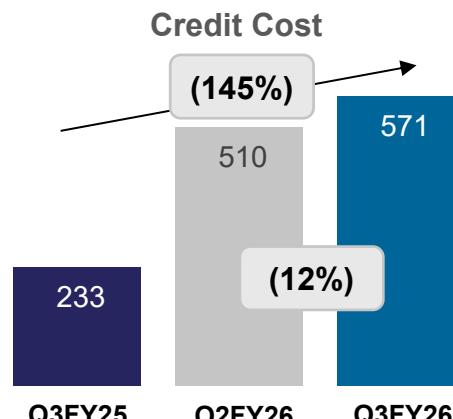
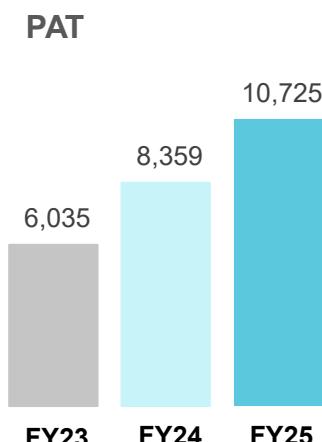
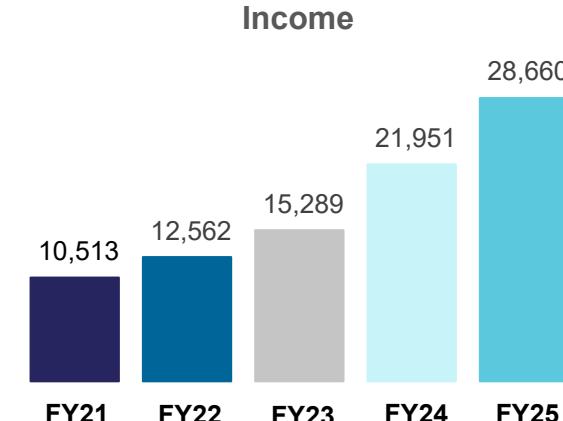
Liquidity does not include lien-marked FDs

## Quarterly Data

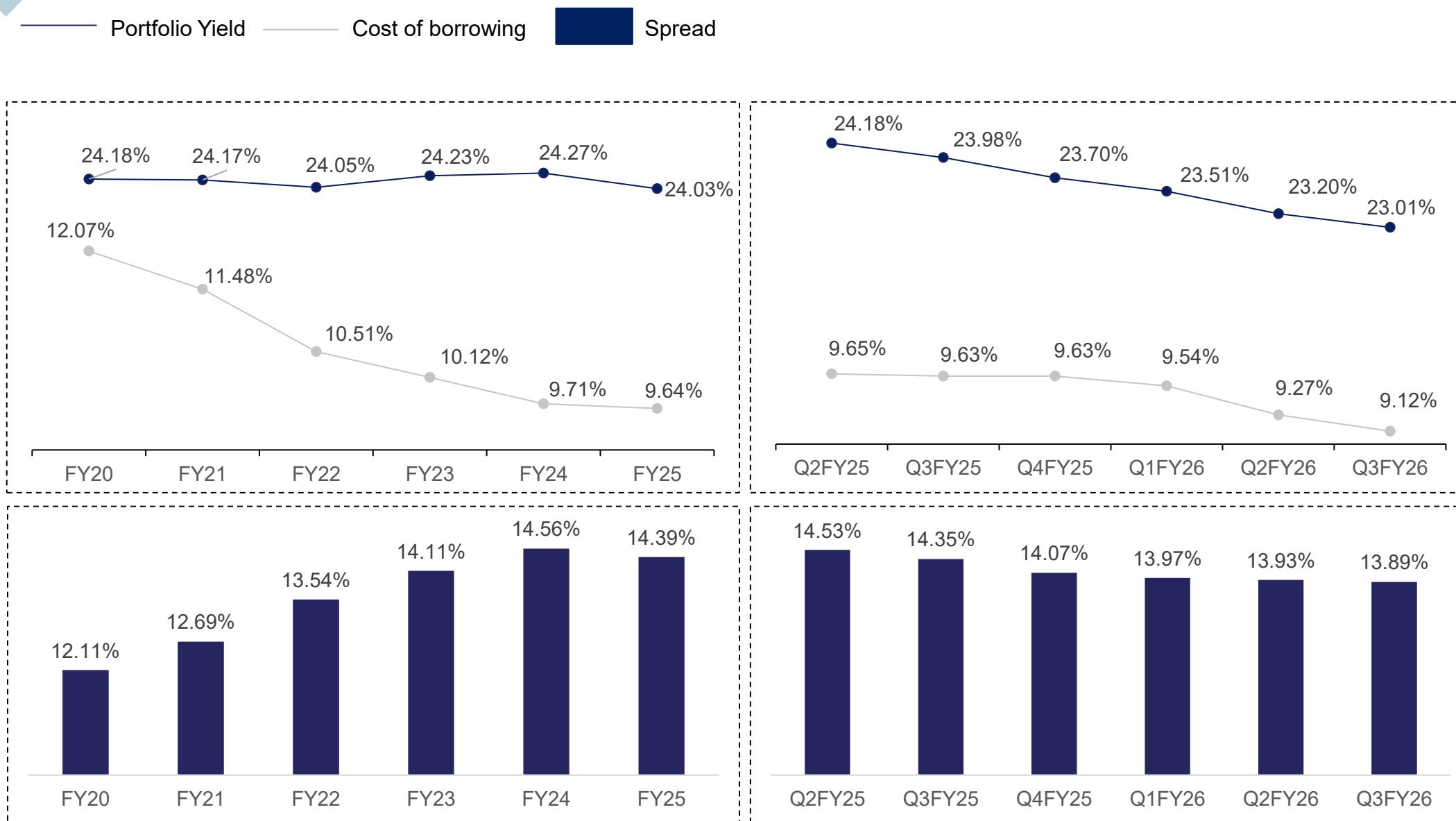


## Last 5 years data

All amounts in ₹ Mn

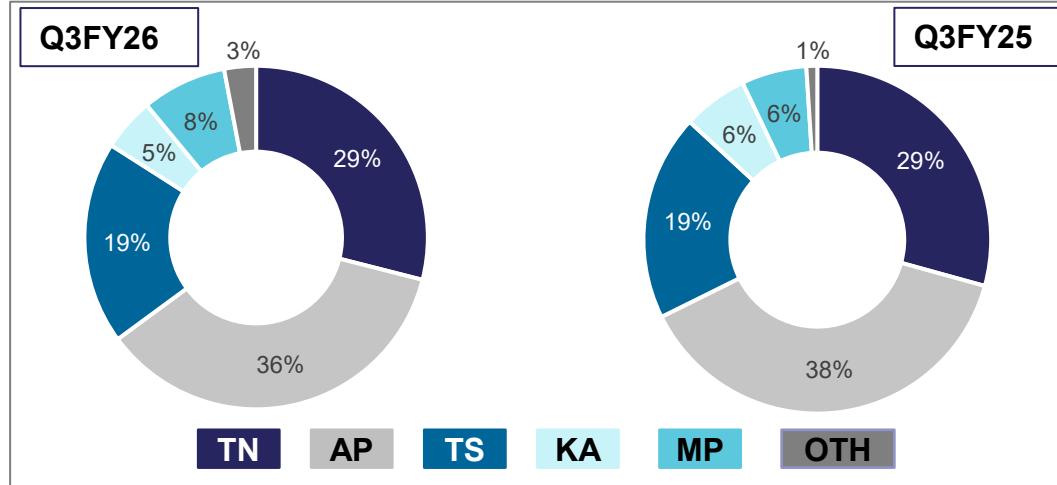


# Consistent & Best-in-class Spreads

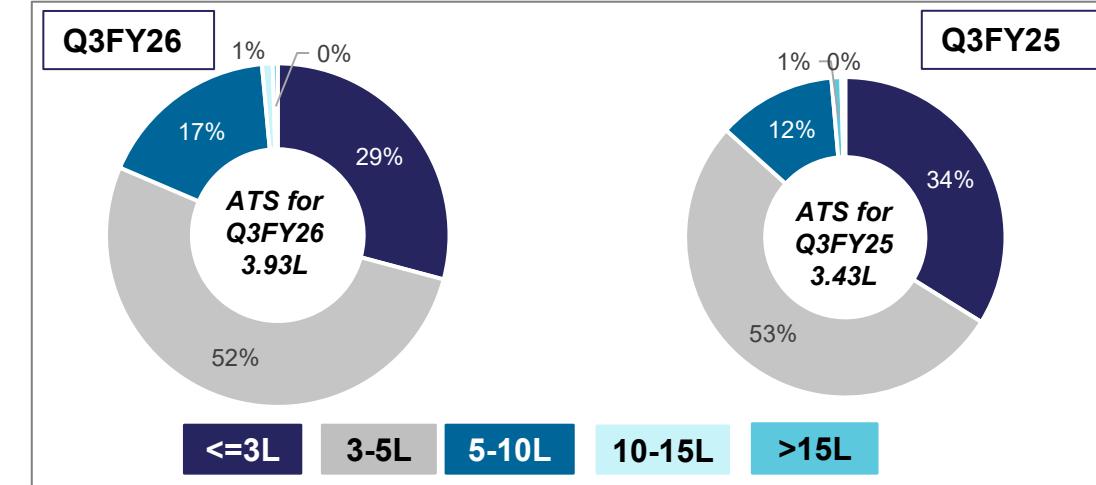


# Well-diversified portfolio cuts

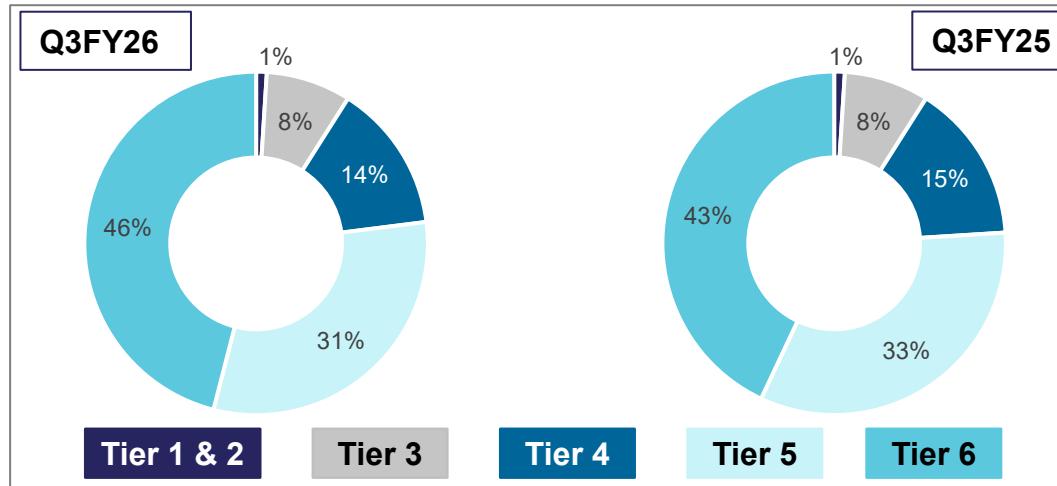
## AUM by Geography



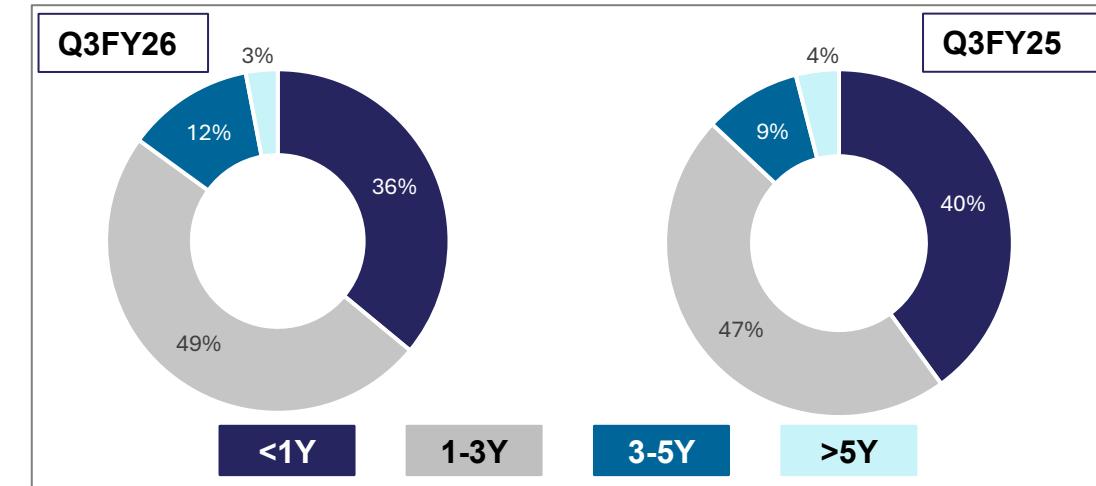
## AUM by Ticket Size



## AUM by Branch Tier



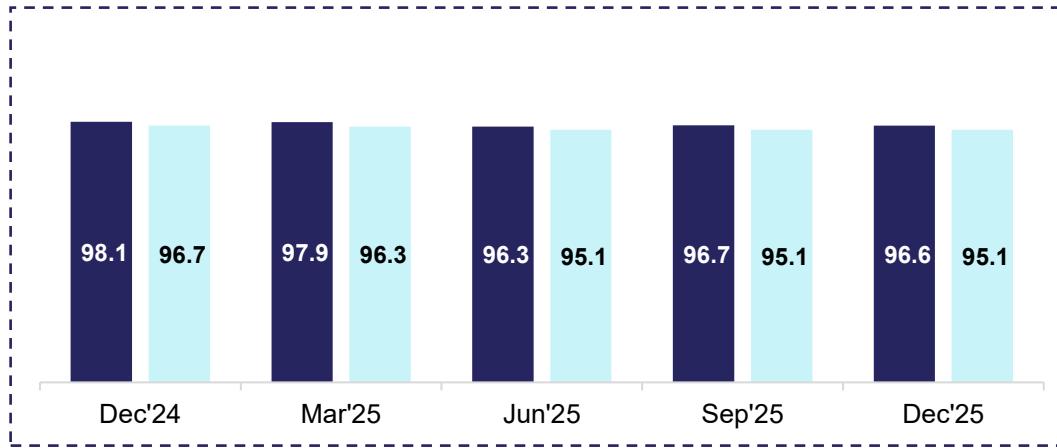
## AUM by Vintage of loans



# ASSET QUALITY & ECL

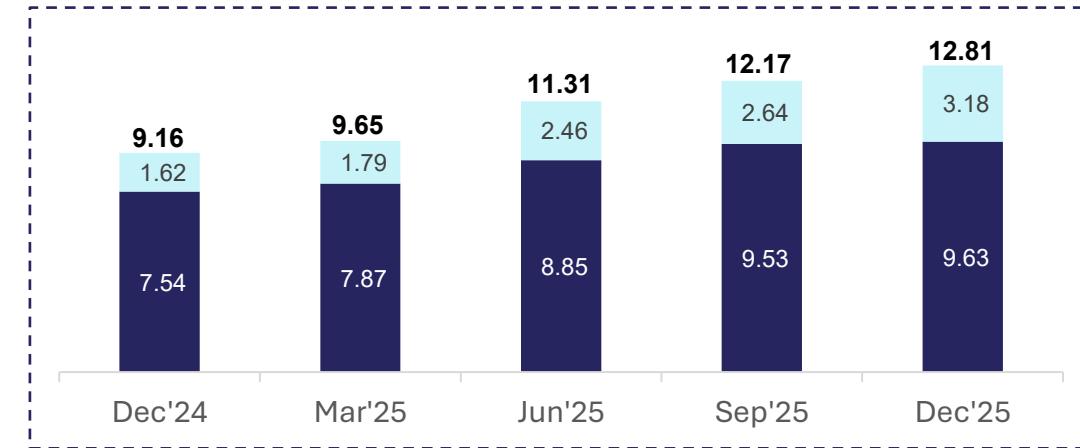
# Asset Quality Indicators (1/2)

## Collections Efficiency (%)\*



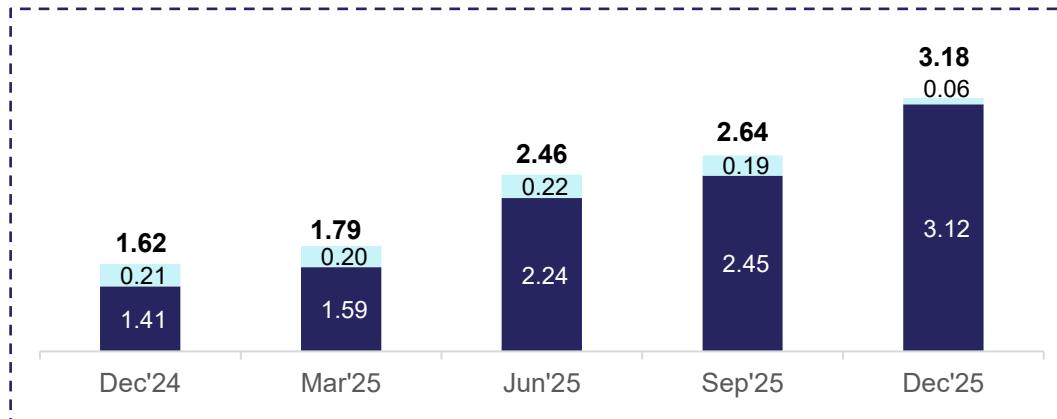
  Amount of EMI received during the month (including arrears of previous months divided by EMI demand for the current month)  
  Amount of EMI received during the month, restricted to a max of 1 EMI per loan divided by EMI demand for the current month

## 30+ (%)



  Stage 2 POS  
  Stage 3 POS

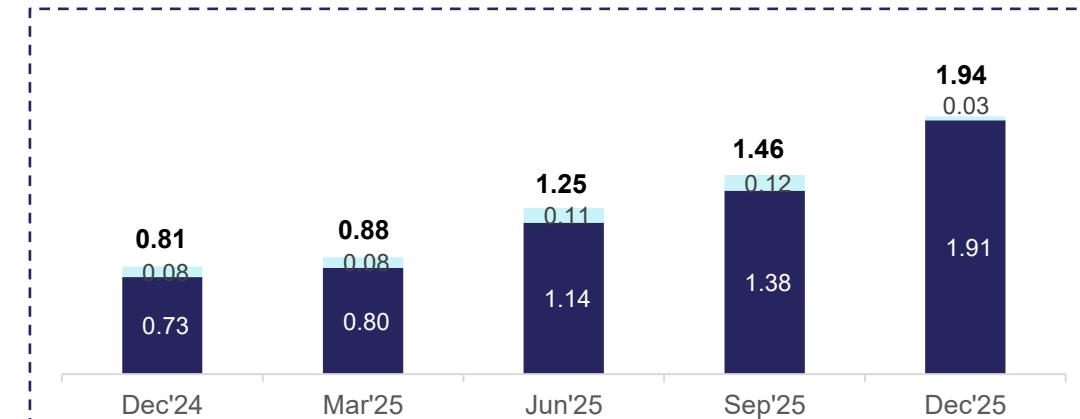
## Gross Stage 3 Assets (%)



Loans which are > 90 DPD as at the end of reporting period

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 2025 |        | As at Sep 2025 |        | As at Dec 2024 |        |
|-------------------|----------------|--------|----------------|--------|----------------|--------|
|                   | Bucket         | AUM    | % AUM          | AUM    | % AUM          | AUM    |
| Current (Stage-1) | 106,008        | 81.77% | 104,920        | 81.67% | 94,922         | 84.92% |
| 1-30 (Stage-1)    | 7,028          | 5.42%  | 7,919          | 6.16%  | 6,620          | 5.92%  |
| 31-60 (Stage-2)   | 5,884          | 4.54%  | 5,887          | 4.58%  | 4,518          | 4.04%  |
| 61-90 (Stage-2)   | 6,602          | 5.09%  | 6,359          | 4.95%  | 3,913          | 3.50%  |
| 90+ (Stage-3)     | 4,119          | 3.18%  | 3,388          | 2.64%  | 1,808          | 1.62%  |
| <b>Total</b>      | <b>129,641</b> |        | <b>128,471</b> |        | <b>111,781</b> |        |
| Stage 1 Assets    | 113,037        | 87.19% | 112,838        | 87.83% | 101,542        | 90.84% |
| Stage 2 Assets    | 12,486         | 9.63%  | 12,245         | 9.53%  | 8,431          | 7.54%  |
| Stage 3 Assets    | 4,119          | 3.18%  | 3,388          | 2.64%  | 1,808          | 1.62%  |

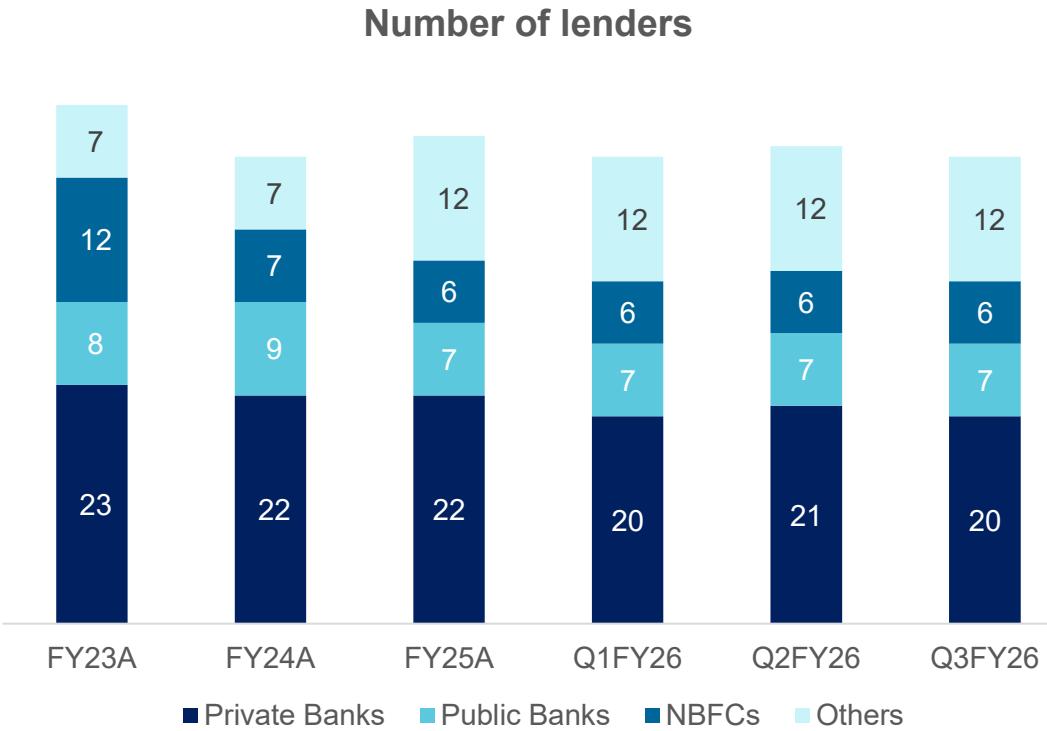
| Amount in ₹ Mn            |              | Stage 1      | Stage 2       | Stage 3      | Total |
|---------------------------|--------------|--------------|---------------|--------------|-------|
| As of Dec 31, 2025        |              |              |               |              |       |
| Loans Outstanding (Gross) | 113,037      | 12,486       | 4,119         | 129,641      |       |
| ECL Provision             | 235          | 494          | 1,641         | 2,369        |       |
| Loans Outstanding (Net)   | 112,802      | 11,992       | 2,478         | 127,272      |       |
| <b>ECL Provision %</b>    | <b>0.21%</b> | <b>3.95%</b> | <b>39.84%</b> | <b>1.83%</b> |       |
| As of Sep 30, 2025        |              | Stage 1      | Stage 2       | Stage 3      | Total |
| Loans Outstanding (Gross) | 112,838      | 12,245       | 3,388         | 128,471      |       |
| ECL Provision             | 295          | 605          | 1,531         | 2,431        |       |
| Loans Outstanding (Net)   | 112,543      | 11,640       | 1,857         | 126,040      |       |
| <b>ECL Provision %</b>    | <b>0.26%</b> | <b>4.94%</b> | <b>45.19%</b> | <b>1.89%</b> |       |
| As of Dec 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      |       |
| <b>ECL Provision %</b>    | <b>0.38%</b> | <b>6.66%</b> | <b>50.20%</b> | <b>1.66%</b> |       |

| Amount in ₹ Mn                       | Q3FY2026 | Q3FY2025 | Q3FY2024 | Q3FY2023 |
|--------------------------------------|----------|----------|----------|----------|
| Loan Portfolio                       | 129,641  | 111,781  | 89,308   | 62,424   |
| Gross Stage 3 assets                 | 4,119    | 1,808    | 1,251    | 907      |
| Gross Stage 3 assets %               | 3.18%    | 1.62%    | 1.40%    | 1.45%    |
| Gross Stage 3 assets % - 1 year Lag  | 3.68%    | 2.02%    | 2.00%    | 1.90%    |
| Gross Stage 3 assets % - 2 years Lag | 4.61%    | 2.90%    | 2.62%    | 2.25%    |

# LIABILITY & ALM

# Well-diversified Liability Franchise (1/2)

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



| <b>Lenders to the Company</b>      |  |
|------------------------------------|--|
| <b>Select Public Sector Banks</b>  | State Bank of India   Bank of Baroda   Union Bank of India   Indian Bank   Canara Bank   Bank of India   Bank of Maharashtra   |
| <b>Select Private Sector Banks</b> | Kotak Mahindra Bank   IndusInd Bank   DBS Bank   Axis Bank   HDFC Bank   Deutsche Bank   ICICI Bank   HSBC   Yes Bank   Bandhan Bank   Federal Bank   CSB Bank   JP Morgan Chase |
| <b>Select Other Institutions</b>   | NABARD   International Finance Corporation   Swedfund   SIDBI   Kotak MF   Nippon MF   HDFC MF   HSBC MF   Royal Sundaram GI   Bajaj Finance   Sundaram Finance   L&T Finance    |

Diversified borrowing relationship with **45 lending partners**

## Long Term Credit Rating

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

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

NIL Commercial Paper exposure

## Short Term Credit Rating

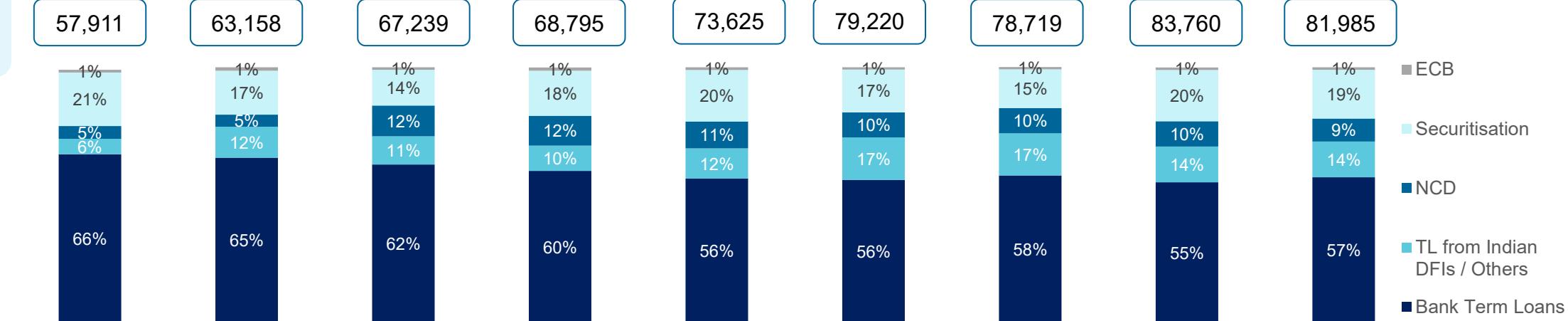
CARE A1+

# Well-diversified Liability Franchise (2/2)

## Diversified borrowing mix across lender category and product category

### Borrowing exposure and Cost of borrowing

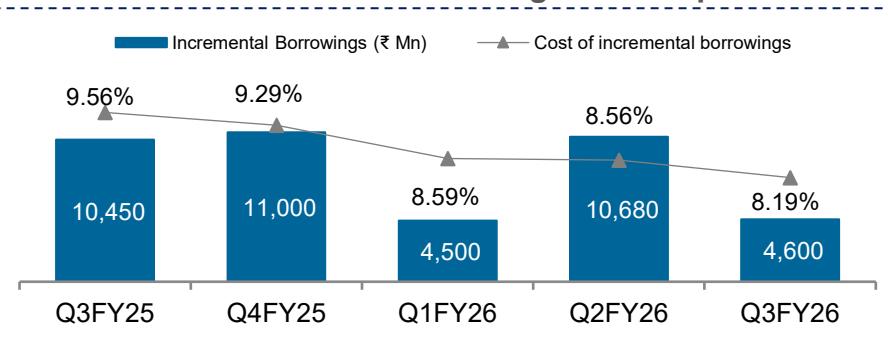
#### Borrowings outstanding



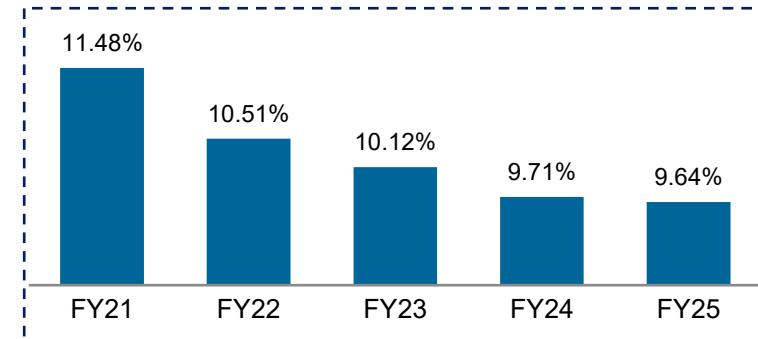
#### Proportion of borrowings from banks\*



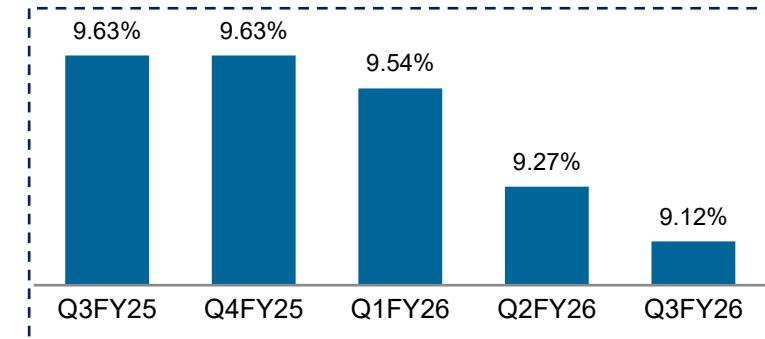
#### Cost of incremental borrowing – Last 5 quarters



#### 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'25 – 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          |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Opening Liquidity</b>     | <b>24,197</b> | <b>23,748</b> | <b>24,155</b> | <b>22,930</b> | <b>20,332</b> | <b>18,586</b> | <b>24,629</b> | <b>52,955</b> |
| Add: Inflows from advances   | 1,594         | 1,749         | 1,503         | 5,138         | 11,532        | 45,494        | 43,728        | 17,263        |
| Less: Outflows on borrowings | 1,275         | 1,318         | 2,761         | 7,663         | 13,193        | 39,015        | 15,212        | 1,496         |
| Add: Other inflows           | 97            | 173           | 55            | 45            | 96            | 107           | 48            | 5,301         |
| Less: Other outflows         | 863           | 196           | 22            | 119           | 182           | 543           | 238           | 74,024        |
| <b>Cumulative mismatch</b>   | <b>23,748</b> | <b>24,155</b> | <b>22,930</b> | <b>20,332</b> | <b>18,586</b> | <b>24,629</b> | <b>52,955</b> | <b>-</b>      |

# Strong Liquidity Position as of Dec'25

| Amount in ₹ Mn                         |               |
|--|---------------|
| <b>Liquidity buffer as of Dec 2025</b> |               |
| Unencumbered cash & cash equivalents   | 22,764        |
| Unavailed sanction from banks / FIs    | 14,400        |
| <b>Total Liquidity</b>                 | <b>37,164</b> |

| Projected Cashflow Schedule                    | Q4FY26        | Q1FY27        | Q2FY27        | Q3FY27        |
|--|---------------|---------------|---------------|---------------|
| Opening Liquidity                              | 37,164        | 39,470        | 39,458        | 41,163        |
| Add: Principal collections & internal accruals | 7,661         | 7,651         | 7,383         | 6,918         |
| Less: Debt repayments                          | 5,354         | 7,663         | 5,678         | 7,515         |
| <b>Closing Liquidity</b>                       | <b>39,470</b> | <b>39,458</b> | <b>41,163</b> | <b>40,566</b> |

# FINANCIAL STATEMENTS

# Balance Sheet

| Particulars (₹ Mn)                               | Q3FY2026       | Q2FY2026       | Q3FY2025       |
|--|----------------|----------------|----------------|
| <b>Assets</b>                                    |                |                |                |
| Cash & Cash equivalents                          | 17,138         | 15,230         | 14,271         |
| Bank balances other than cash & cash equivalents | 4,163          | 7,017          | 3,347          |
| <b>Loans</b>                                     | <b>127,305</b> | <b>126,072</b> | <b>112,330</b> |
| - <i>Loan portfolio</i>                          | 129,641        | 128,471        | 111,781        |
| - <i>Inter-Corporate Deposits</i>                | 32             | 32             | 2,411          |
| - <i>Expected Credit Loss</i>                    | (2,369)        | (2,431)        | (1,863)        |
| Investments                                      | 2,235          | 2,197          | 2,087          |
| Other financial assets                           | 962            | 997            | 869            |
| Non-Financial Assets                             | 3,113          | 2,835          | 2,651          |
| <b>Total Assets</b>                              | <b>154,915</b> | <b>154,348</b> | <b>135,554</b> |
| <b>Liabilities &amp; Equity</b>                  |                |                |                |
| Trade Payables                                   | 281            | 291            | 329            |
| Debt Securities                                  | 7,699          | 7,945          | 7,722          |
| Borrowings other than Debt Securities            | 74,285         | 75,815         | 65,902         |
| Other Financial Liabilities                      | 939            | 991            | 871            |
| Non-Financial Liabilities                        | 881            | 1,239          | 559            |
| Total Equity                                     | 70,830         | 68,067         | 60,171         |
| <b>Total Liabilities &amp; Equity</b>            | <b>154,915</b> | <b>154,348</b> | <b>135,554</b> |

# Profit & Loss Account

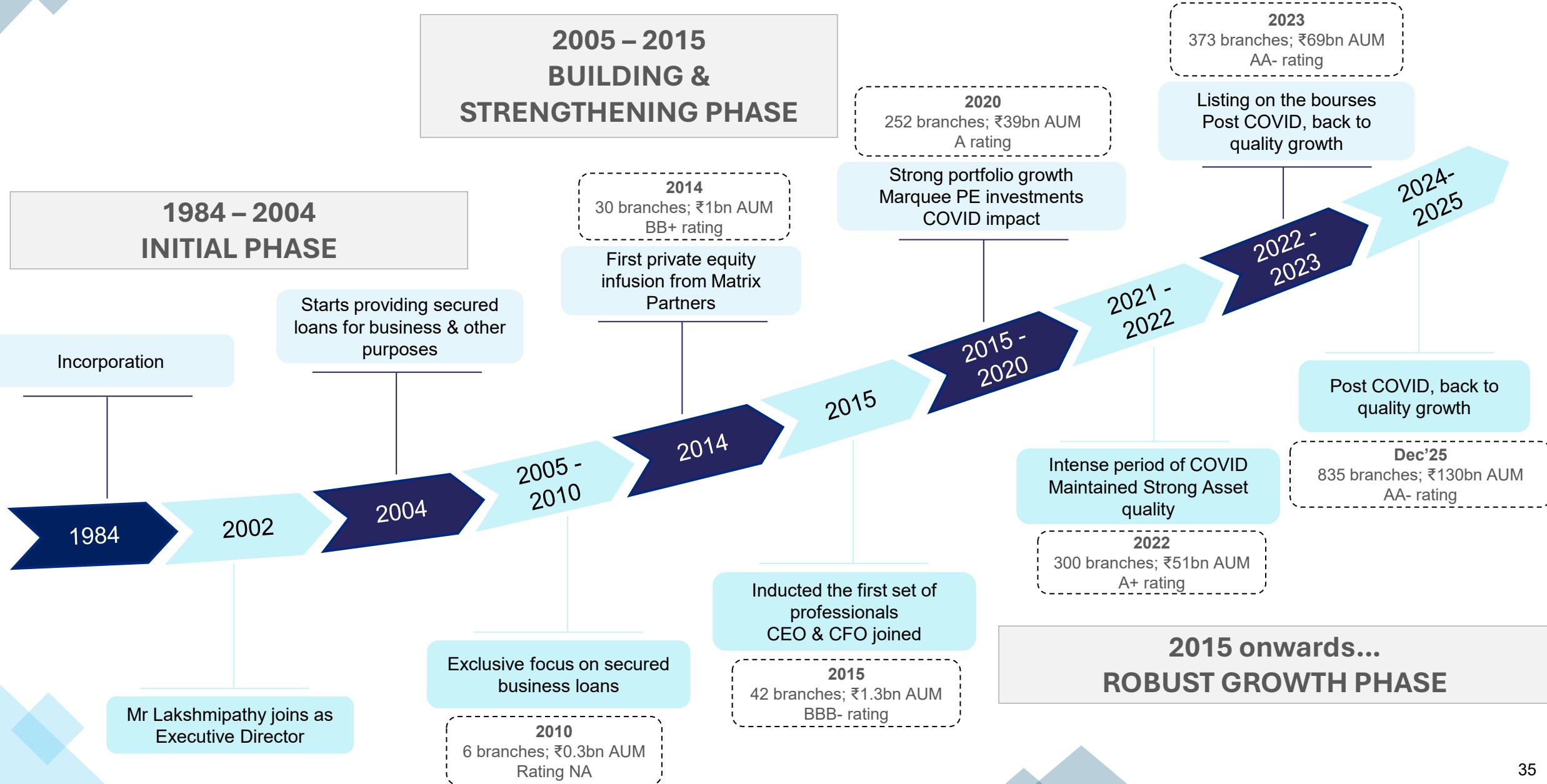
| Particulars (₹ Mn)                            | Q3FY2026     | Q3FY2025     | Q2FY2026     | Y-o-Y       | Q-o-Q        | 9MFY2026      | 9MFY2025      | Y-o-Y        |
|---|--------------|--------------|--------------|-------------|--------------|---------------|---------------|--------------|
| Loan Portfolio                                | 129,641      | 111,781      | 128,471      | 16%         | 1%           | 129,641       | 111,781       | 16%          |
| <b>Interest Income (1)</b>                    | <b>7,974</b> | <b>7,116</b> | <b>7,743</b> | <b>12%</b>  | <b>3%</b>    | <b>23,372</b> | <b>20,321</b> | <b>15%</b>   |
| - <i>Interest on loan portfolio</i>           | 7,408        | 6,621        | 7,331        | 12%         | 1%           | 21,875        | 19,080        | 15%          |
| - <i>Penal Interest</i>                       | 48           | 38           | 60           | 26%         | (20%)        | 155           | 116           | 34%          |
| - <i>Interest on Inter-Corporate Deposits</i> | 1            | 46           | 6            | (98%)       | (83%)        | 7             | 123           | (94%)        |
| - <i>Interest on Investments</i>              | 291          | 219          | 133          | 33%         | 119%         | 687           | 455           | 51%          |
| - <i>Processing fee &amp; other fees</i>      | 228          | 193          | 214          | 18%         | 7%           | 648           | 547           | 18%          |
| <b>Net Gain on Fair value changes (2)</b>     | <b>76</b>    | <b>81</b>    | <b>151</b>   | <b>(6%)</b> | <b>(50%)</b> | <b>351</b>    | <b>428</b>    | <b>(18%)</b> |
| <b>Fee &amp; Other income (3)</b>             | <b>171</b>   | <b>113</b>   | <b>172</b>   | <b>53%</b>  | <b>(1%)</b>  | <b>477</b>    | <b>315</b>    | <b>51%</b>   |
| - <i>Fee income</i>                           | 100          | 76           | 101          | 32%         | (1%)         | 289           | 207           | 40%          |
| - <i>Recovery of Bad debts</i>                | 41           | 23           | 37           | 86%         | 11%          | 104           | 70            | 49%          |
| - <i>Other non-operating income</i>           | 30           | 14           | 34           | 114%        | (12%)        | 84            | 38            | 121%         |
| <b>Total Income (1+2+3)</b>                   | <b>8,222</b> | <b>7,311</b> | <b>8,065</b> | <b>12%</b>  | <b>2%</b>    | <b>24,199</b> | <b>21,063</b> | <b>15%</b>   |
| Interest Expenses                             | 1,885        | 1,714        | 1,800        | 10%         | 5%           | 5,558         | 4,927         | 13%          |
| <b>Net Interest Income</b>                    | <b>6,337</b> | <b>5,597</b> | <b>6,265</b> | <b>13%</b>  | <b>1%</b>    | <b>18,641</b> | <b>16,136</b> | <b>16%</b>   |
| Operating Expenses                            | 2,078        | 1,713        | 1,936        | 21%         | 7%           | 6,025         | 4,905         | 23%          |
| Loan losses & Provisions                      | 571          | 233          | 510          | 145%        | 12%          | 1,559         | 636           | 145%         |
| <b>Profit before Tax (PBT)</b>                | <b>3,688</b> | <b>3,651</b> | <b>3,819</b> | <b>1%</b>   | <b>(3%)</b>  | <b>11,057</b> | <b>10,595</b> | <b>4%</b>    |
| <b>Profit after Tax (PAT)</b>                 | <b>2,770</b> | <b>2,739</b> | <b>2,861</b> | <b>1%</b>   | <b>(3%)</b>  | <b>8,295</b>  | <b>7,934</b>  | <b>5%</b>    |
| Other Comprehensive Income                    | (54)         | (13)         | 69           | 315%        | (178%)       | (2)           | (14)          | (86%)        |
| <b>Total Comprehensive Income</b>             | <b>2,716</b> | <b>2,726</b> | <b>2,930</b> | <b>0%</b>   | <b>(7%)</b>  | <b>8,293</b>  | <b>7,920</b>  | <b>5%</b>    |
| Earnings Per Share (Basic)                    | 9.41         | 9.36         | 9.72         |             |              | 28.17         | 27.12         |              |
| Earnings Per Share (Diluted)                  | 9.38         | 9.35         | 9.69         |             |              | 28.09         | 26.95         |              |
| Book value per Share                          | 236.95       | 201.29       | 228.85       |             |              | 236.95        | 201.29        |              |

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.

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

| Particulars   | Q3FY2026      | Q3FY2025      | Q2FY2026      | 9MFY2026      | 9MFY2025      |
|---|---------------|---------------|---------------|---------------|---------------|
| Interest Income (as a % of average portfolio)                   | 23.01%        | 23.98%        | 23.20%        | 23.27%        | 24.17%        |
| Interest Expenses (as a % of average borrowings)                | 9.12%         | 9.63%         | 9.27%         | 9.30%         | 9.64%         |
| <b>Net Interest Income %</b>                                    | <b>13.89%</b> | <b>14.35%</b> | <b>13.93%</b> | <b>13.97%</b> | <b>14.53%</b> |
|   |               |               |               |               |               |
| Total Income (as a % of average total assets)                   | 20.77%        | 21.63%        | 21.12%        | 21.17%        | 21.84%        |
| Interest Expense (as a % of average total assets)               | 4.73%         | 5.07%         | 4.71%         | 4.86%         | 5.11%         |
| <b>Net Interest Margin %</b>                                    | <b>16.04%</b> | <b>16.56%</b> | <b>16.41%</b> | <b>16.31%</b> | <b>16.73%</b> |
|   |               |               |               |               |               |
| Operating Expenses (as a % of average total assets)             | 5.28%         | 5.07%         | 5.07%         | 5.27%         | 5.09%         |
| Loan losses & Provisions (as a % of average total assets)       | 1.44%         | 0.69%         | 1.34%         | 1.36%         | 0.66%         |
| <b>Profit before Tax (PBT) %</b>                                | <b>9.32%</b>  | <b>10.80%</b> | <b>10.00%</b> | <b>9.67%</b>  | <b>10.99%</b> |
| Tax %   | 2.32%         | 2.70%         | 2.51%         | 2.42%         | 2.76%         |
| <b>Profit after Tax (PAT) or Return on average total assets</b> | <b>7.00%</b>  | <b>8.10%</b>  | <b>7.49%</b>  | <b>7.26%</b>  | <b>8.23%</b>  |
|   |               |               |               |               |               |
| Debt / Equity   | 1.16          | 1.22          | 1.23          | 1.16          | 1.22          |
| Leverage (Total assets / Net worth)                             | 2.19          | 2.25          | 2.27          | 2.19          | 2.25          |
| <b>Return on Equity</b>   | <b>15.80%</b> | <b>18.49%</b> | <b>16.91%</b> | <b>16.41%</b> | <b>18.81%</b> |
|   |               |               |               |               |               |
| Operating cost to income ratio                                  | 32.93%        | 30.72%        | 31.05%        | 32.47%        | 30.54%        |
| Credit cost to income ratio                                     | 8.99%         | 4.16%         | 8.12%         | 8.35%         | 3.93%         |
| <b>Total Cost to income ratio</b>                               | <b>41.93%</b> | <b>34.87%</b> | <b>39.17%</b> | <b>40.81%</b> | <b>34.47%</b> |

# COMPANY OVERVIEW



- ★ 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'



## Target Geography

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

## Ticket Size & Income Profile

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



## Property Backed Collateral

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



**835**

Branches

**11**

States / UT

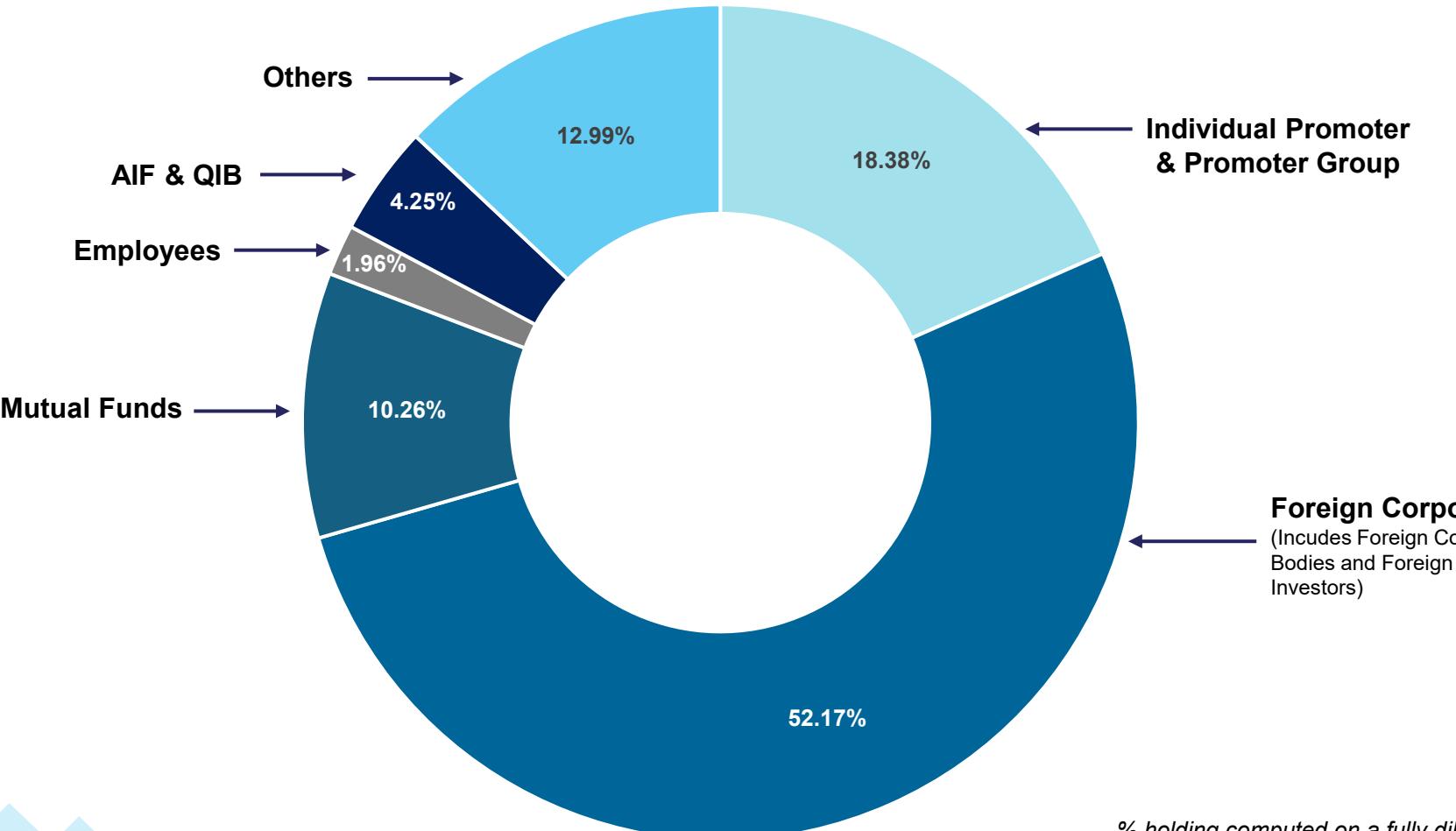
**491,782**

Loans

**13,854**

Employees

# Current Shareholding



## Top Institutional Investors\* (ex-PE and Promoter)

| Investor name           | % stake** |
|-------------------------|-----------|
| Fidelity Investments    | 7.78%     |
| HDFC MF                 | 5.72%     |
| Nomura Asset Management | 3.89%     |
| Wasatch                 | 3.56%     |
| East Spring             | 3.16%     |
| Vanguard                | 2.61%     |
| Goldman Sachs           | 2.24%     |
| Kotak MF                | 1.86%     |
| Motilal Oswal           | 1.56%     |
| 360 One                 | 1.37%     |

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

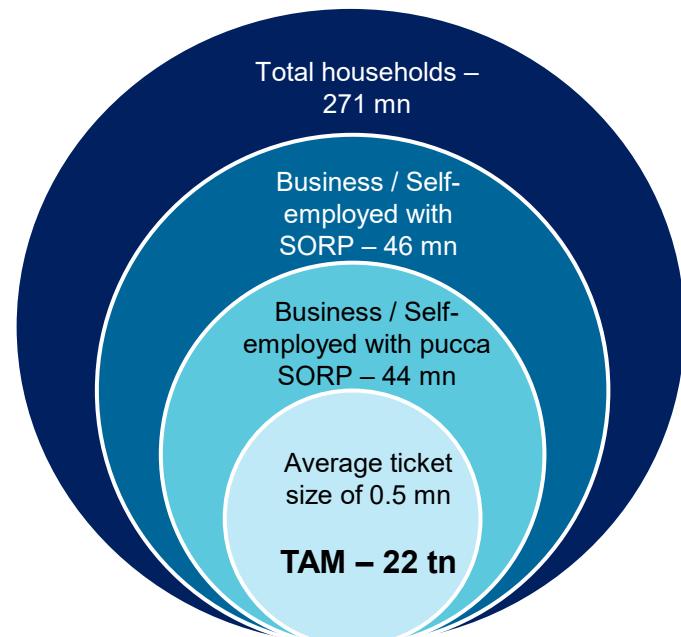
\*\* Holding through various schemes & funds including advisory mandates

% 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 supported by robust risk management framework**

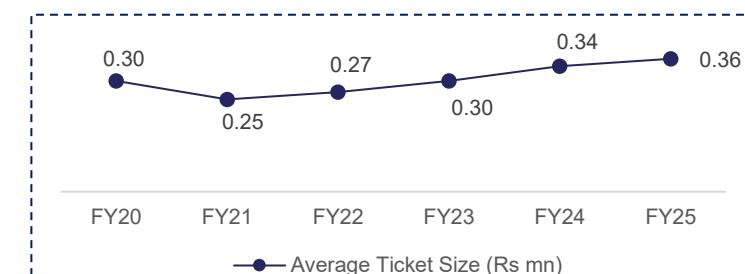
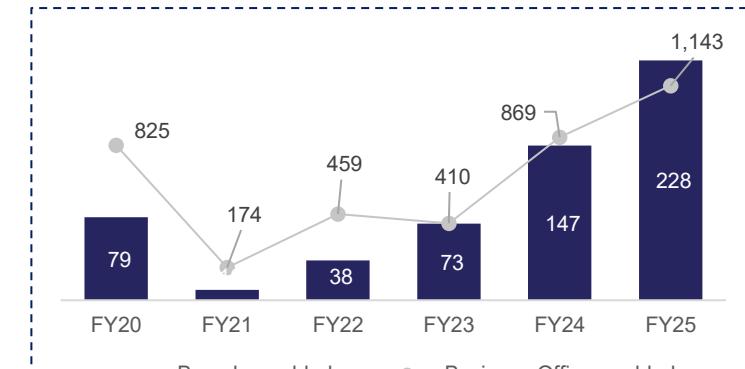
Average branches opened per year (excluding 2 years of COVID) – 132 branches

Split branches act as a robust risk management strategy

Average Business Officers added per year (excluding 2 years of COVID) – 812 officers

**Strategy 2 – Increase Ticket size**

Average ticket size has remained almost constant over the last 4 years (excluding 2 years of COVID). Will be pushed up to factor in inflation and stronger customer selection in the coming years

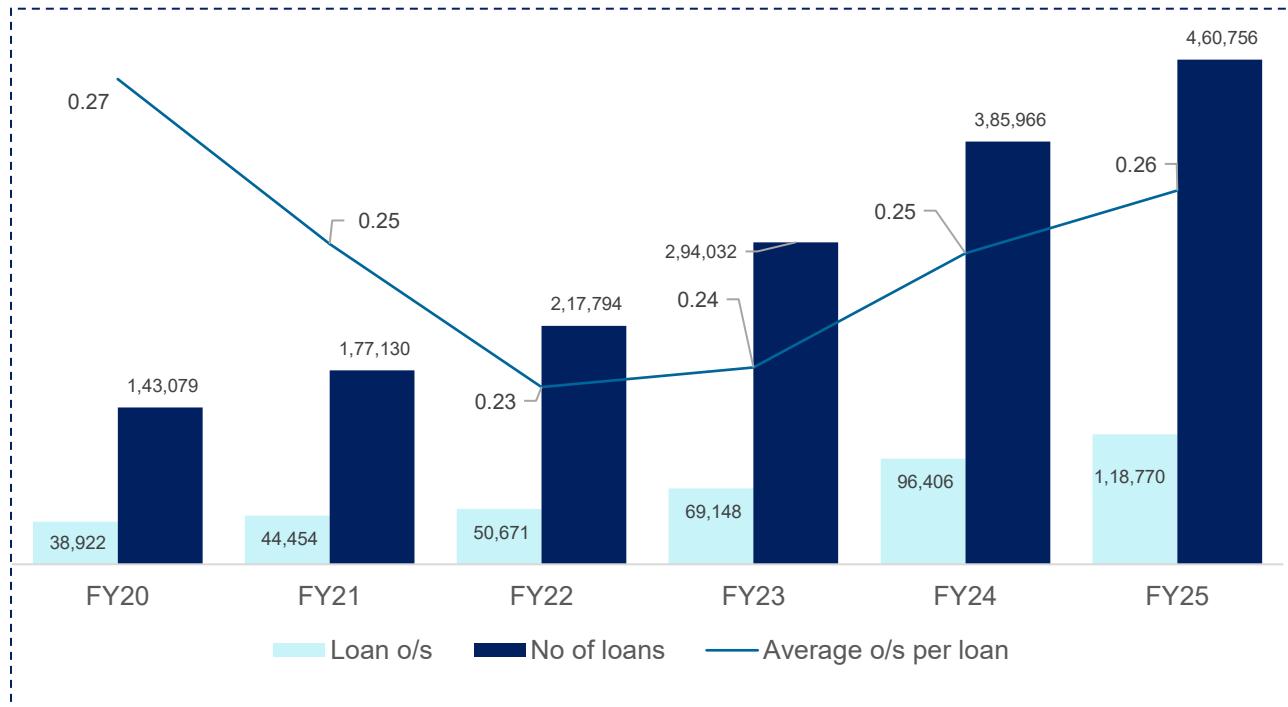


Average ticket size = Disbursals / No of loans disbursed

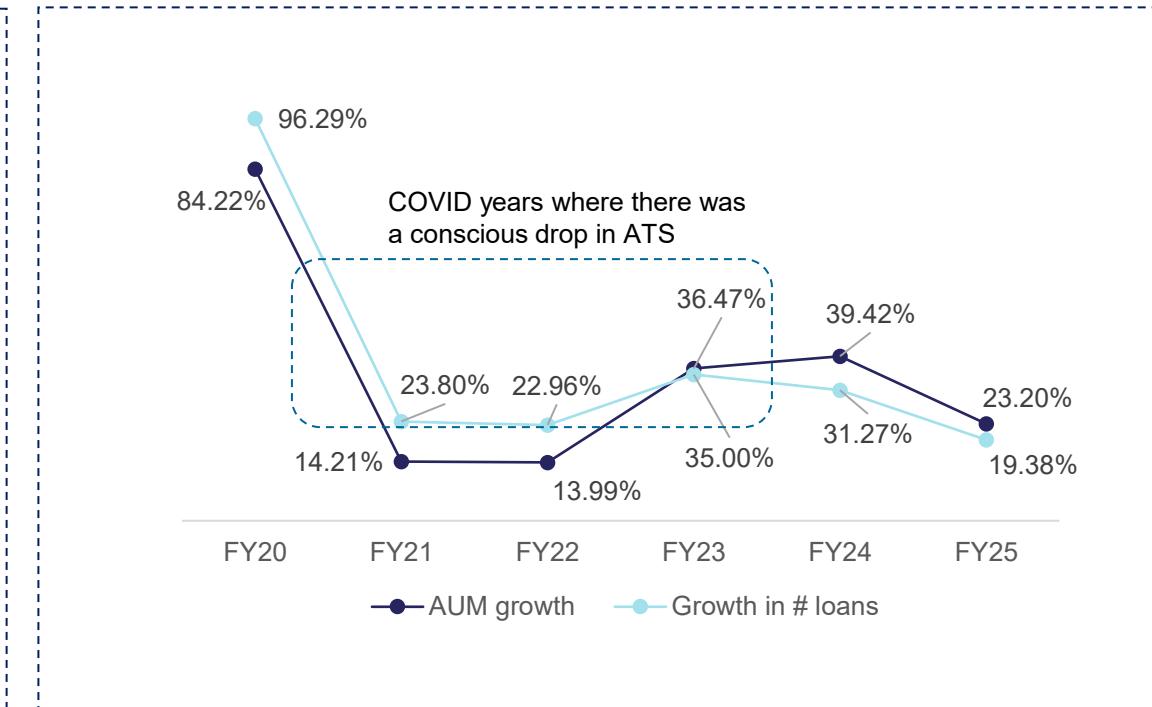
**These 2 Strategies will lead to robust Portfolio Growth in the years to come**

# Growth Opportunity & Levers (2/2)

Growth Strategy shall be borrower led coupled with appropriate 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 disbursals, as evidenced by the narrow gap between AUM growth and growth in number of loans

Average ticket size will be pushed up to factor in inflation and stronger customer selection

## 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

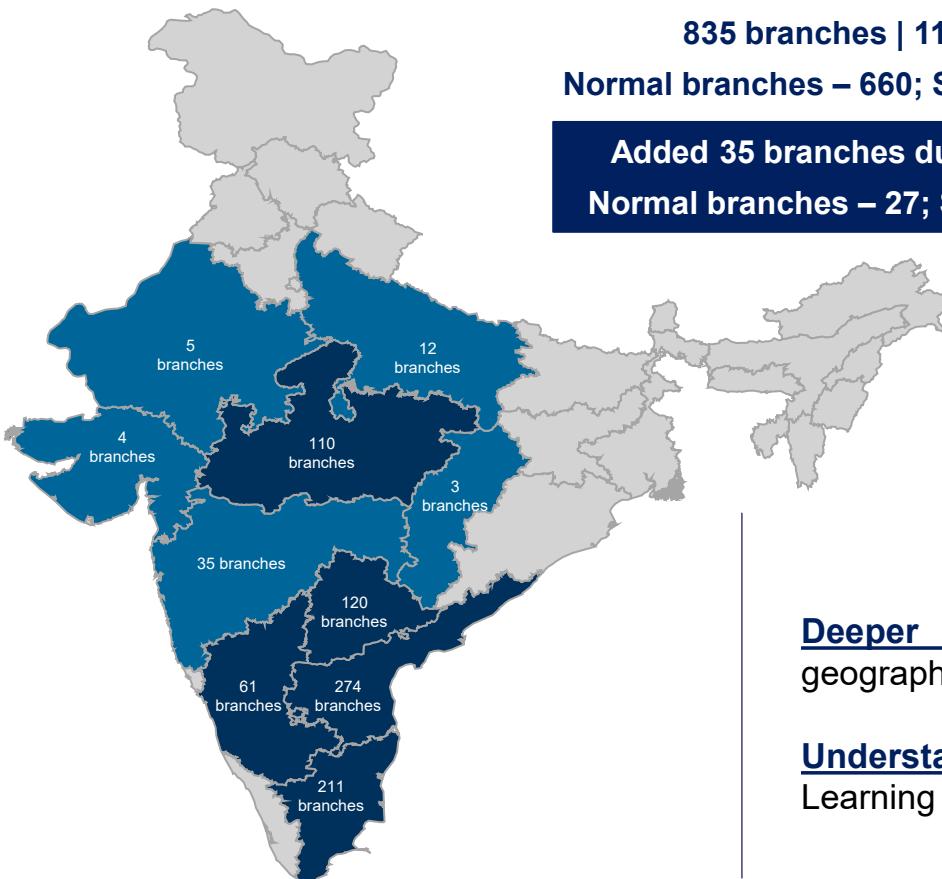
Helps prioritize our loan during difficult times

★ **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



**835 branches | 11 States / UT**

**Normal branches – 660; Split branches – 175**

**Added 35 branches during the quarter**

**Normal branches – 27; Split branches – 8**

**Deeper penetration** in existing Core geographies

**Understanding the region** in the Learning geographies

### State-wise portfolio break-up

| State          | No of branches | Q3FY26 | FY25 | FY24 | FY23 | FY22 | FY21 |
|----------------|----------------|--------|------|------|------|------|------|
| Tamil Nadu     | 211            | 29%    | 29%  | 31%  | 35%  | 39%  | 41%  |
| Andhra Pradesh | 274            | 36%    | 38%  | 37%  | 33%  | 29%  | 28%  |
| Telangana      | 120            | 19%    | 19%  | 19%  | 20%  | 19%  | 18%  |
| Karnataka      | 61             | 5%     | 6%   | 6%   | 7%   | 7%   | 7%   |
| Madhya Pradesh | 110            | 8%     | 7%   | 5%   | 5%   | 5%   | 4%   |
| Others         | 59             | 3%     | 2%   | 1%   | 1%   | 1%   | 1%   |
| <b>Total</b>   | <b>835</b>     |        |      |      |      |      |      |

### Average AUM per branch based on branch vintage

| Vintage      | No of branches | Average AUM |
|--------------|----------------|-------------|
| <= 1 year    | 109            | 67          |
| 1 – 3 years  | 360            | 130         |
| 3 – 5 years  | 107            | 197         |
| 5 – 7 years  | 101            | 196         |
| > 7 years    | 158            | 220         |
| <b>Total</b> | <b>835</b>     | <b>155</b>  |

Approach would be to keep the Average AUM range-bound through the **Split branch strategy**

## 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

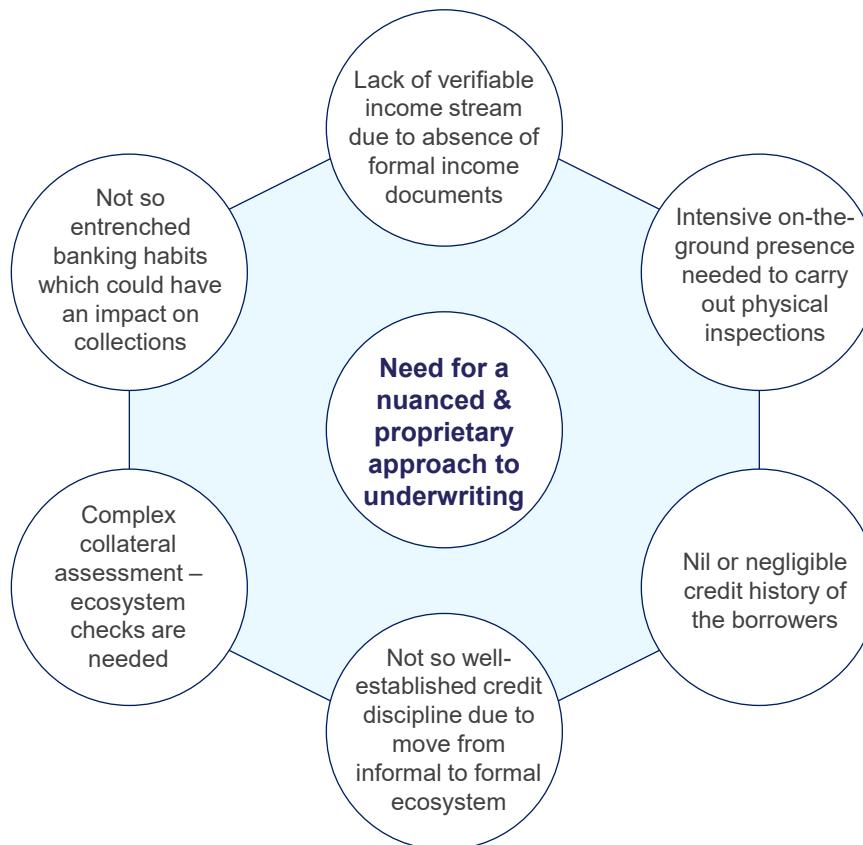
Helps de-risk without any material cost / headcount increase

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

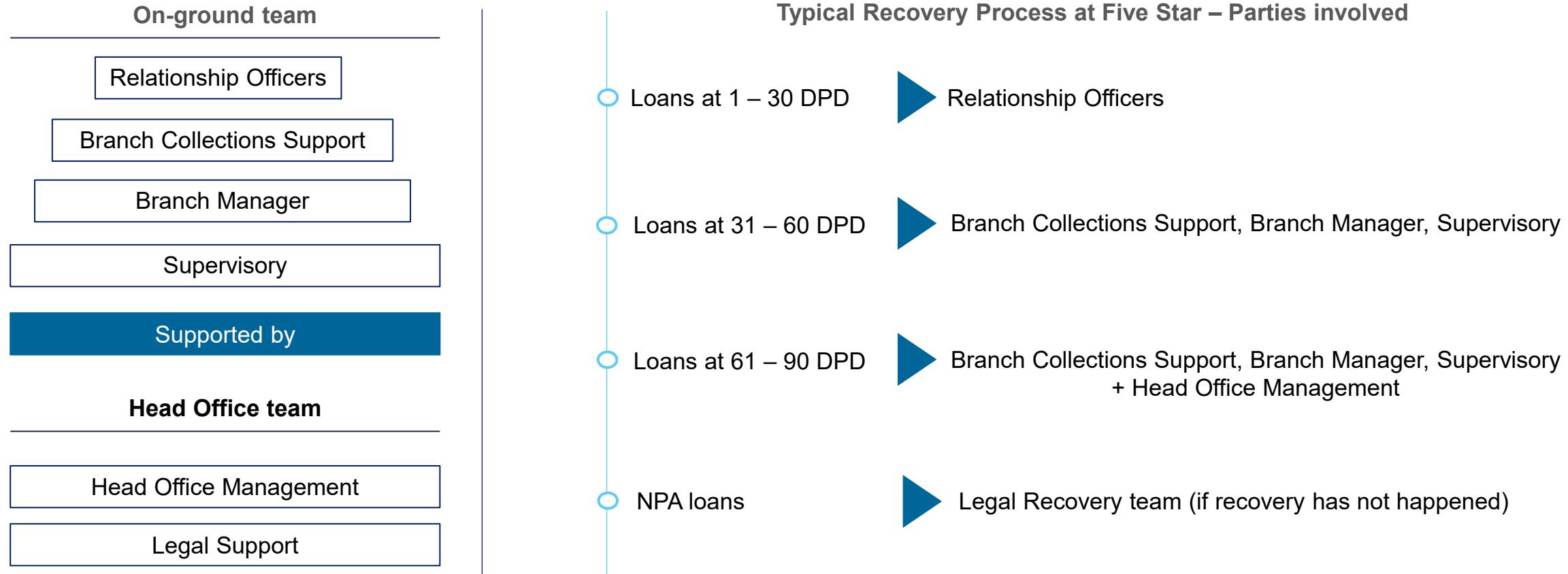
Independent verification & approval

- 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

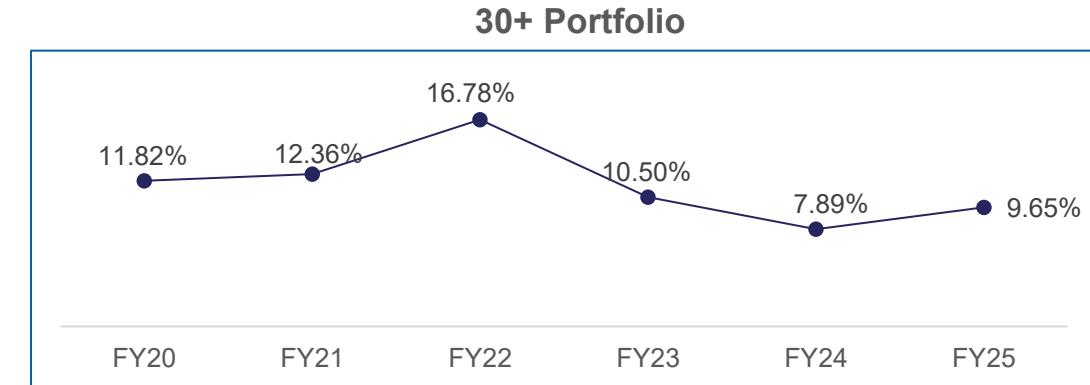
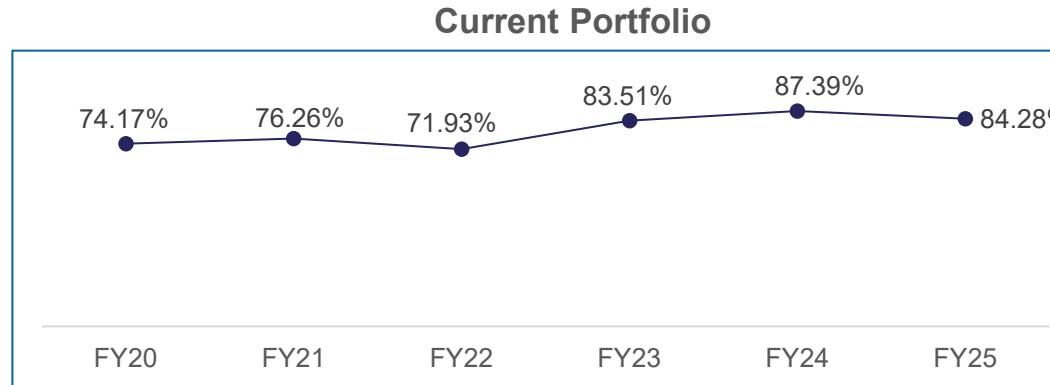
## First-time business loan borrowers migrating from informal to formal ecosystem necessitates multiple touchpoints



**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**



## Overall Portfolio Profile

|         | <b>FY20</b> | <b>FY21</b> | <b>FY22</b> | <b>FY23</b> | <b>FY24</b> | <b>FY25</b> |
|---------|-------------|-------------|-------------|-------------|-------------|-------------|
| Stage 1 | 88.18%      | 87.64%      | 83.22%      | 89.50%      | 92.11%      | 90.35%      |
| Stage 2 | 10.45%      | 11.34%      | 15.73%      | 9.15%       | 6.51%       | 7.87%       |
| Stage 3 | 1.37%       | 1.02%       | 1.05%       | 1.35%       | 1.38%       | 1.79%       |

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

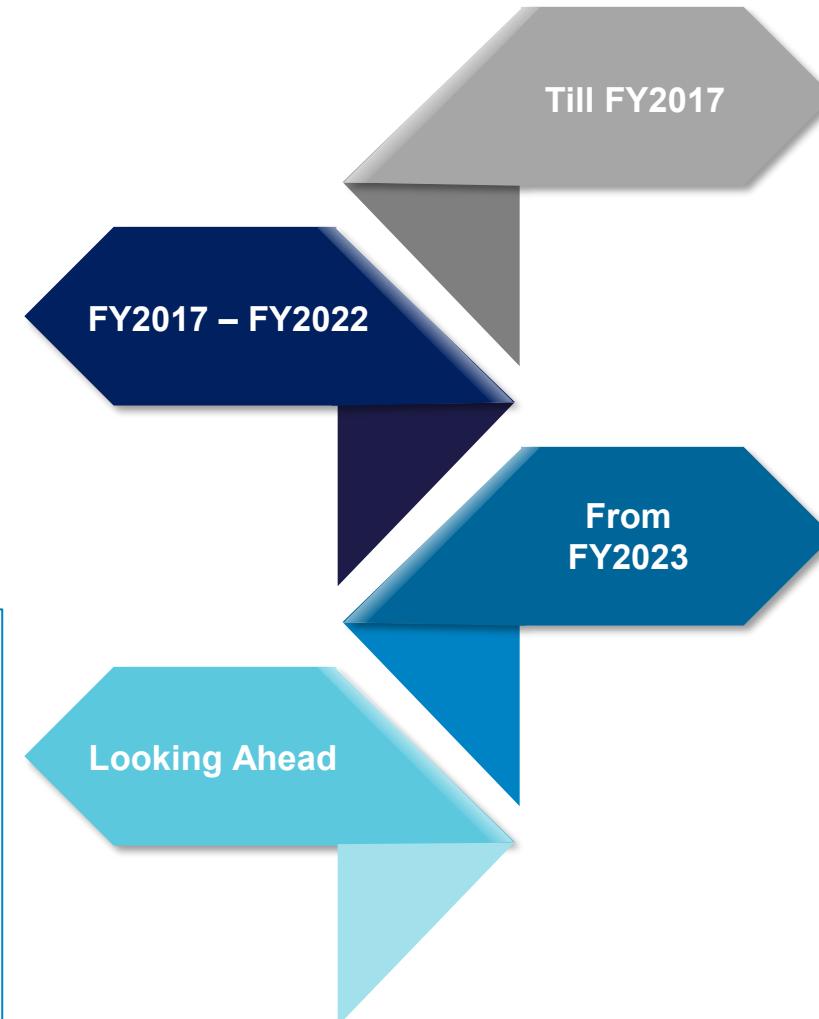
## Robust investments in technology to efficiently manage the lending process, increase productivity and decrease costs



- 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



- API infrastructure to leverage strengths of third-party service providers / fintechs
- Data analytics and machine learning
- Robust Customer Credit Scoring model
- Continue to improve the tech stack by bringing in stronger applications to support the growth strategy



- 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

## Comprehensive Tech stack to derive productivity and efficiency benefits

### Loan Origination & Underwriting

Customer Self Service App

Salesforce Field verification App

Loan Origination System

Document Management System

### Loan Servicing & Support Systems

Loan Management System

Collections platform

General Ledger

Treasury System

HRMS System

### Reporting / MIS

ML Models

Enterprise Data Lake & Reporting Platform

### 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

## 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

### 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

### Collections

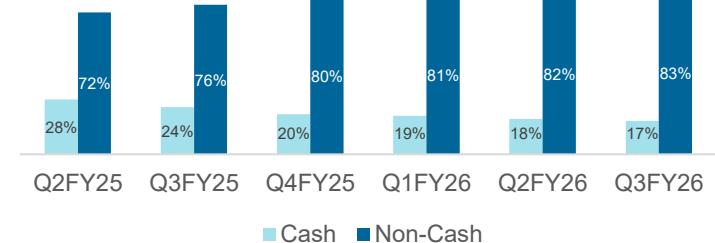
- Move from cash to digital means of collections
- All modes of collections made available to the borrowers – NACH, BBPS, UPI Auto-pay, etc
- Efficient cash handling with complete traceability



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

### Proportion of cash collections showing a consistently declining trend



TAT represents days between login & sanction

### 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:

#### Magnitude of Risk

Determined based on possible financial impact, reputational or compliance issues

#### Frequency of Risk

Determined based on internal controls, past occurrences, nature of process

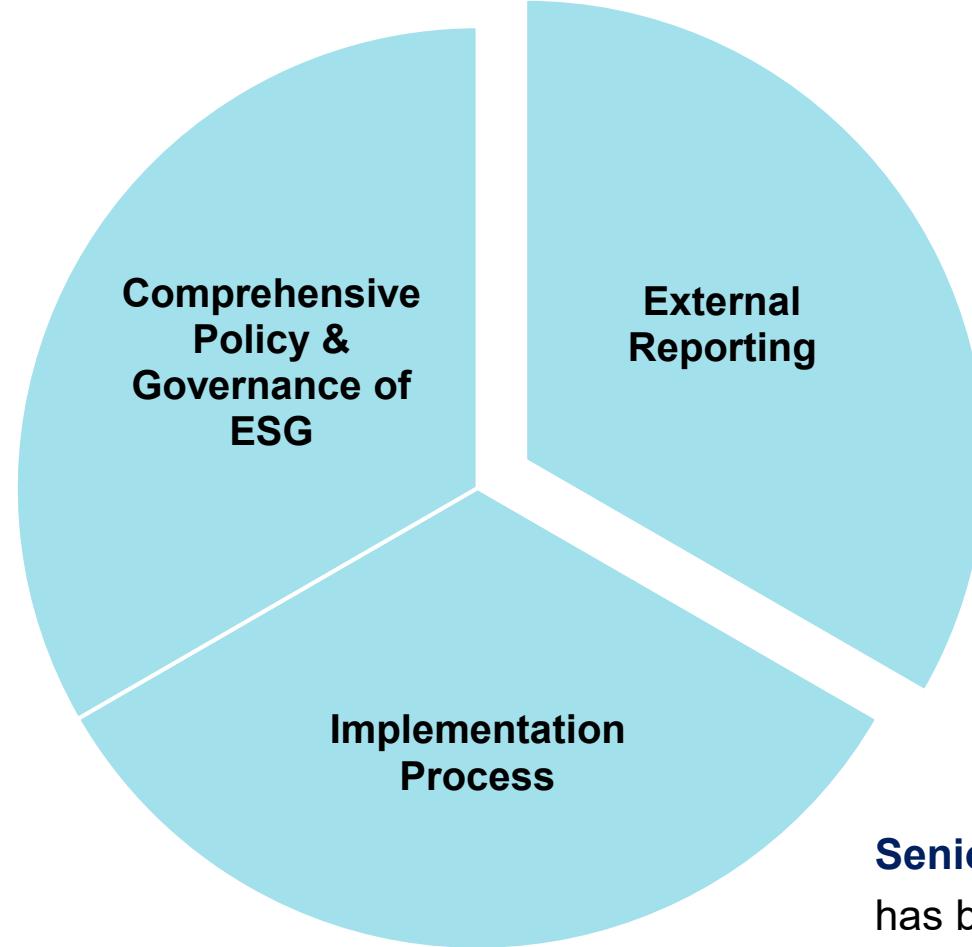
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|                          | High Frequency      | Medium Frequency    | Low Frequency       |
|--------------------------|---------------------|---------------------|---------------------|
| High Magnitude of risk   | Quarterly testing   | Quarterly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

#### Corporate Social Responsibility

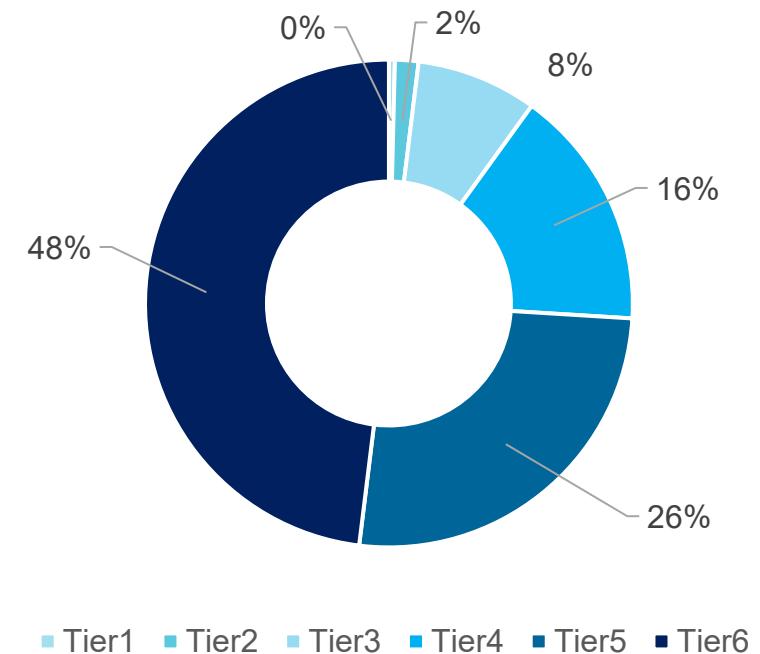
- Significant spends are made towards CSR
- CSR objectives are tailored towards improving education, healthcare and livelihood
- Right implementation partners are onboarded, and a strong monitoring mechanism is in place to ensure proper utilisation of funds

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

## 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**



## Strong Governance Framework

### Board of Directors

**1**  
Promoter Director

**4**  
Independent Directors  
(including 1 Woman  
Director)

**1**  
Executive 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.

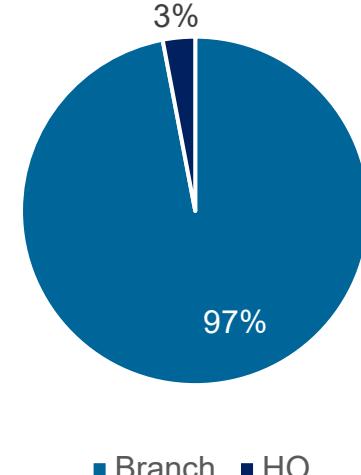
The Company has also implemented the following Policies (approved by the Board, at least annually) to promote ethical, transparent and responsible behaviour and to fix accountability:

- ★ 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  | 10,151          |
| - Relationship Officers | 8,181           |
| - Branch Managers       | 1,904           |
| Supervisors             | 210             |
| Credit                  | 1,159           |
| - Field Credit          | 798             |
| - Approval Credit       | 318             |
| - Credit Support        | 43              |
| Operations              | 1,247           |
| - Operations Officers   | 1,079           |
| - Head Office team      | 168             |
| Accounts                | 680             |
| - Cashiers              | 621             |
| - Head Office team      | 59              |
| Legal & MOD             | 252             |
| IA & Customer Care      | 66              |
| Technology              | 54              |
| Human Resources         | 46              |
| Administration          | 20              |
| Others                  | 14              |
| Heads of Departments    | 11              |
| Senior Management       | 10              |
| <b>Total Headcount</b>  | <b>13,854</b>   |

### Proportion of Headcount – Branch vs HO



■ Branch ■ 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](mailto:ir@fivestargroup.in)