

Date: October 29, 2025

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 half year ended September 30, 2025.

Dear Sir/ Madam

In terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed of herewith a copy of the Investor Presentation of the Company on the unaudited financial results for the quarter and half year ended September 30, 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, Website : www.fivestargroup.in
CIN : L65991TN1984PLC010844



Reaching the Unreached

Five-Star Business Finance Limited

Investor Presentation | Q2FY2026

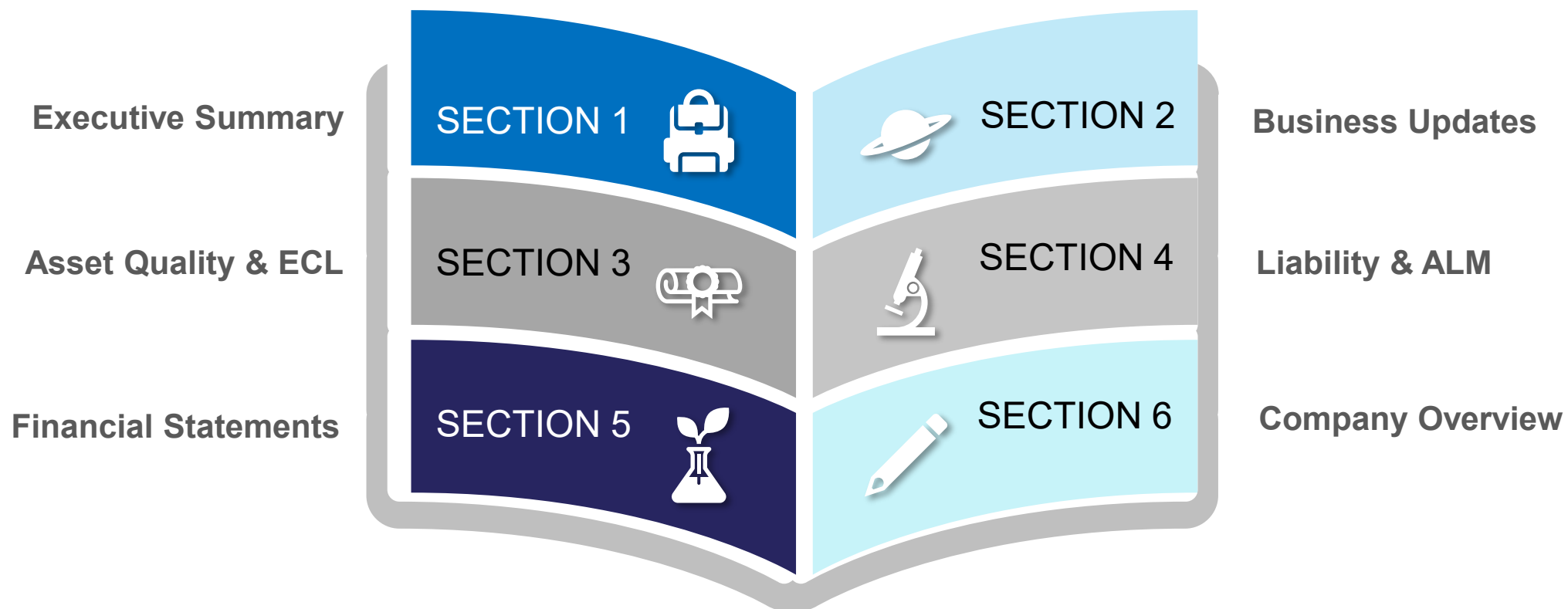


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This Presentation contains certain forward-looking statements concerning the Company’s future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from 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 | Q2FY26

q-o-q

y-o-y

Branches

800

+33

+140

Loan Disbursement

₹ 11,959 Mn

-7%

-4%

Loan Portfolio

₹ 128,471 Mn

+3%

+18%

Gross NPA

2.64%

+18 bps

+1.17%

30+ DPD

12.17%

+86 bps

+3.73%

Profit After Tax

₹ 2,861 Mn

+7%

+7%

Net Interest Margin

16.41%

-2 bps

-52 bps

Return on Assets

7.49%

+25 bps

-87 bps

Return on Equity

16.91%

+34 bps

-2.11%

Executive Summary | H1FY26

y-o-y

Branches

800

+140

Loan Disbursement

₹ 24,860 Mn

-3%

Loan Portfolio

₹ 128,471 Mn

+18%

Gross NPA

2.64%

+1.17%

30+ DPD

12.17%

+3.73%

Profit After Tax

₹ 5,524 Mn

+6%

Net Interest Margin

16.42%

-42 bps

Return on Assets

7.37%

-93 bps

Return on Equity

16.74%

-2.25%

Q2FY26 Performance – At a glance

Scale of Operations



₹128.5bn / ₹109.3bn
AUM in Q2FY26 / Q2FY25
18% growth Y-o-Y



₹12.0bn / ₹12.5bn
Amount Disbursed in
Q2FY26 / Q2FY25



30,763 / 35,914
Number of Disbursements in
Q2FY26 / Q2FY25



₹68.1bn
Net Worth

Distribution



800
Number of Branches



7,503
Business and Collections
Officers



Presence in 11
States / UT across India
(focused on expansion)



100% In-house
Sourcing & Collections

Granular Book



100% Secured
Loan Book
(95% against SORP)



₹0.39mn
Average ticket size for loans
disbursed in Q2FY26



488,260
Live accounts



39.4%
Average Portfolio LTV
(As of Sep 30, 2025)

Asset Quality



2.64%
Q2FY26
Gross Stage 3 Assets



1.46%
Q2FY26
Net Stage 3 Assets



1.34%
Q2FY26 Credit Cost to
Average Total Assets



0.23% / 45.37%
Total Restructured Portfolio /
Provision Coverage on
restructured book

Liability Profile



46
Lender relationships



51.04%
Q2FY26
Capital Adequacy Ratio



Borrowing profile
Well-diversified profile with
variable rate borrowings of
~65%



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

Profitability



₹2.9bn / ₹2.7bn
PAT for Q2FY26 / Q2FY25
7% growth Y-o-Y



16.41%
Net Interest Margin for
Q2FY26



7.49%
Return on Total Assets for
Q2FY26



16.91%
Return on Avg. Equity for
Q2FY26

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
Operational Information										
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
Financial Information										
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
Net Interest Income (NII)	332	633	1,504	3,320	5,717	7,252	9,578	12,653	17,298	22,025
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
Profit Before Tax (PBT)	203	312	786	2,184	3,493	4,764	6,042	8,047	11,159	14,306
Profit After Tax (PAT)	134	196	558	1,567	2,620	3,589	4,535	6,035	8,359	10,725
Total Comprehensive Income	134	196	558	1,563	2,608	3,582	4,513	6,013	8,341	10,696
Ratios										
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



Lakshmipathy Deenadayalan
Chairman & Managing Director

Independent / Non-Executive Directors

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



Anand Raghavan



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



Bhama Krishnamurthy
CIFCO, Muthoot Microfin



Ramkumar Ramamoorthy
CIFCO, Catalinco Partners

Thirulokchand Vasan
C K Entertainments



Executive Director



Srikanth Gopalakrishnan
Joint Managing Director & CFO

Profile of Board of Directors

Lakshmipathy Deenadayalan

Chairman & Managing Director

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

Anand Raghavan

Independent / Non-Executive Director

Chairperson – Audit Committee

Chartered Accountant with over 30 years of experience occupying senior position in Sundaram Finance and Ernst & Young LLP. His specializations include NBFC Regulations, Corporate Tax and Foreign Investment. 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



Lakshmipathy Deenadayalan
Chairman & MD

Education: Bachelor of Engineering



Srikanth Gopalakrishnan
JMD & CFO

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



Vishnuram Jagannathan
Chief Operating Officer

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



Parthasarathy Srinivasan
Chief Credit Officer

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



Sathya Ganesh
Chief Business Officer

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



Vanamali Sridharan
Chief Technology Officer

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



Jayaraman Sankaran
Chief Risk Officer

Education: B.Com, CA
Experience: Redington India



Prashanth Sreenivasan
Chief Treasury Officer

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



Ramesh Kannah
Chief Legal Officer

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



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 ₹3,893 Mn in Q2FY26 as against ₹5,833 Mn in Q2FY25. AUM was up 18% Y-o-Y at ₹128,471 Mn as of Sep 30, 2025 as against ₹109,272 Mn as of Sep 30, 2024.
2. Disbursements during the quarter was at ₹11,959 Mn as against ₹12,507 Mn during Q2FY25.
3. Active loans at 0.49 Mn as of Sep 30, 2025 as against 0.43 Mn as of Sep 30, 2024.
4. The Company added 33 branches during the quarter. Total branch count stood at 800 as against 660 branches as of Sep 30, 2024.
5. Total Headcount stood at 13,074 as against 10,366 as of Sep 30, 2024.

Collections & Asset Quality

1. Overall Collections efficiency for the quarter stood at 96.7% as against 96.3% for Q1FY26. Unique loan collections % (Due One Collect One or D1C1) stood at 95.1% for the quarter as against 95.1% for Q1FY26.
2. Current portfolio as a % of the overall portfolio stood at 81.67%.
3. Gross & Net Stage 3 assets stood at 2.64% and 1.46% respectively as of Sep 30, 2025 as against 1.47% and 0.71% as of Sep 30, 2024.
4. Overall Stage 2 assets stood at ₹12,245 Mn (9.53%) as of Sep 30, 2025 as against ₹7,623 Mn (6.98%) as of Sep 30, 2024.
5. The Provision coverage on Stage 3 assets stood at 45.19% and the provision coverage on the overall portfolio stood at 1.89%.

Liabilities

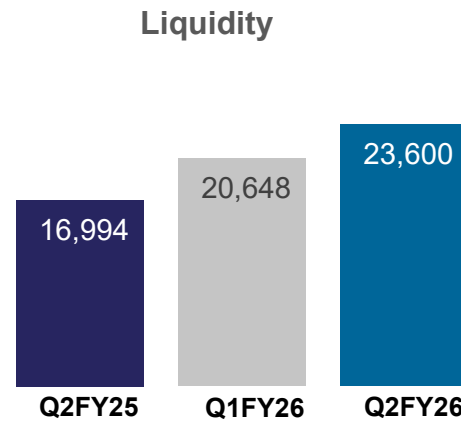
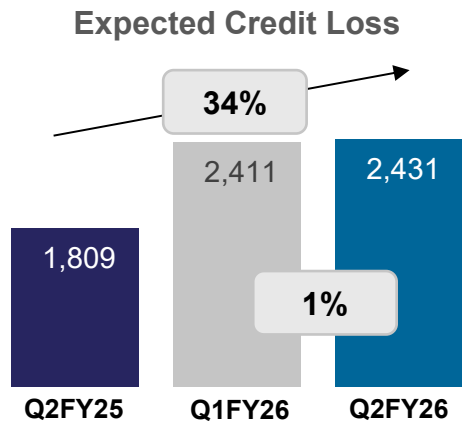
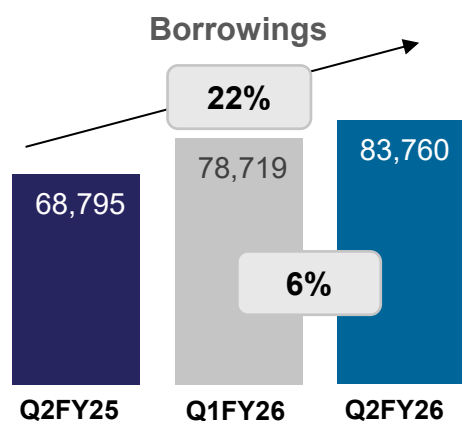
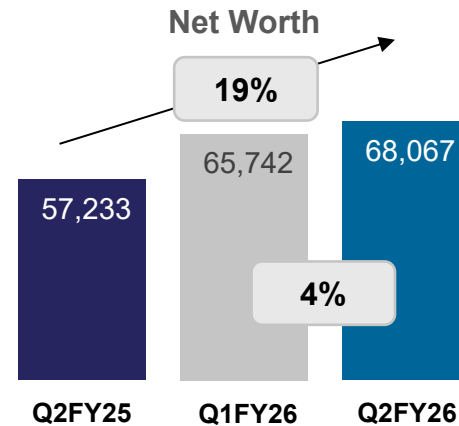
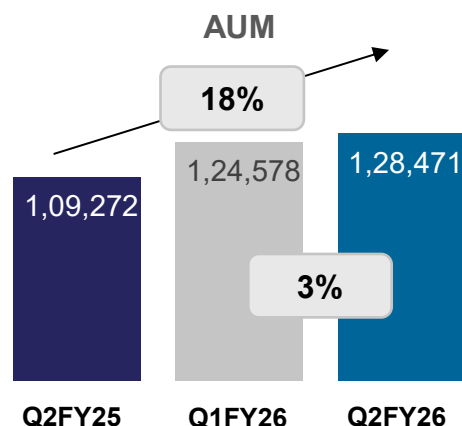
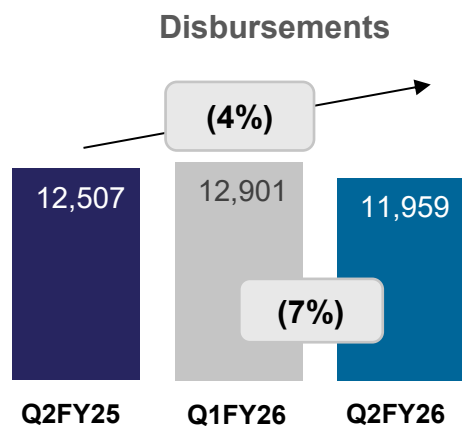
1. In Q2FY2026, the company received sanctions for incremental debt of ₹17,430 Mn, availing ₹10,680 Mn, at a weighted average rate of 8.34%, and all-inclusive cost of 8.56%.
2. As at the end of September 2025, the proportion of funding received from banks stood at 68% as compared to 64% in Q1FY26. During the quarter, JP Morgan Chase Bank invested in the PTCs of the Company for a funding of ₹6,430 Mn.
3. Liquidity buffer and Unavailed Sanction lines as of Sep 30, 2025 stood at about ₹23,600 Mn and 6,750 Mn respectively.

Financials

1. In Q2FY2026, Net total income (Total income less Cost of funds) grew by 15% to ₹6,265 Mn as against ₹5,427 Mn in Q2FY2025
2. PPOP for Q2FY2026 stood at ₹4,329 Mn, an increase of 14% as compared to Q2FY2025
3. As compared to Q2FY2025, PBT and PAT increased by 7% and 7% respectively and stood at ₹3,819 Mn and ₹2,861 Mn respectively for Q2FY2026
4. Cost to income (inclusive of credit cost) stood at 39.17% as compared to 34.18% for Q2FY2025. Excluding credit cost, Cost to income for Q2FY2026 was at 31.05% as compared to 30.17% for Q2FY2025.
5. Return on Average Total Assets was at 7.49% as compared to 8.36% for Q2FY2025
6. Return on Equity was at 16.91% for Q2FY2026 as compared to 19.02% for Q2FY2025
7. Capital adequacy remained robust at 51.04%

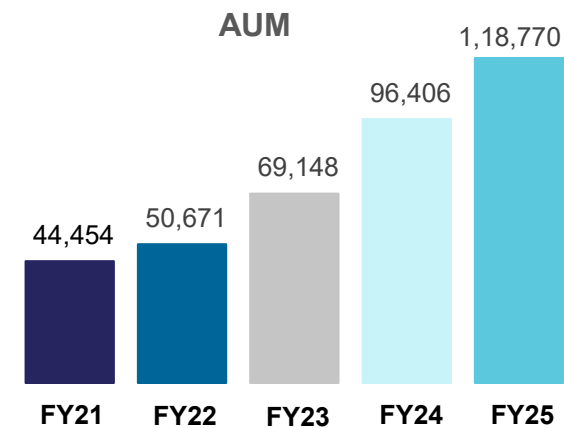
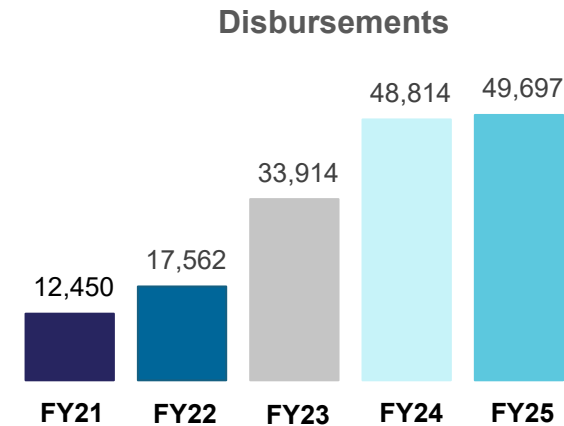
Balance Sheet Indicators

Quarterly Data



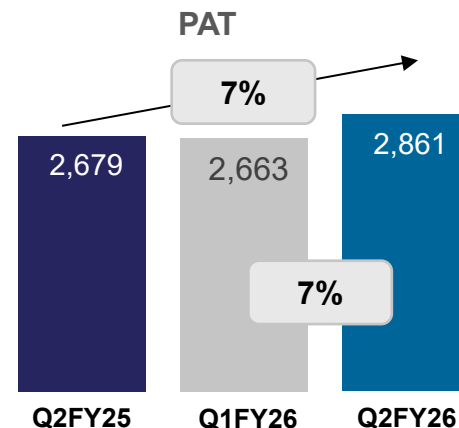
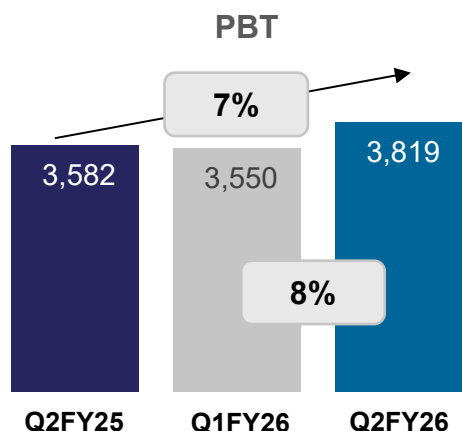
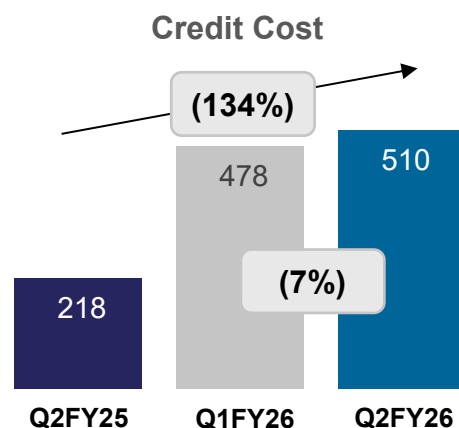
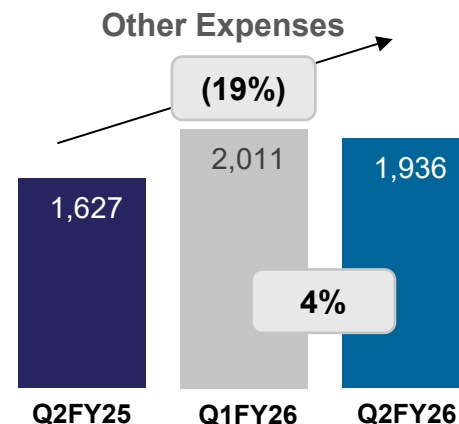
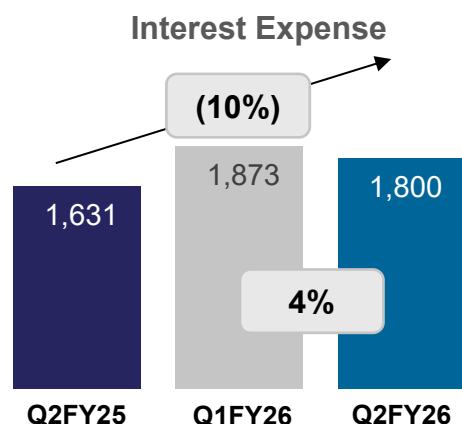
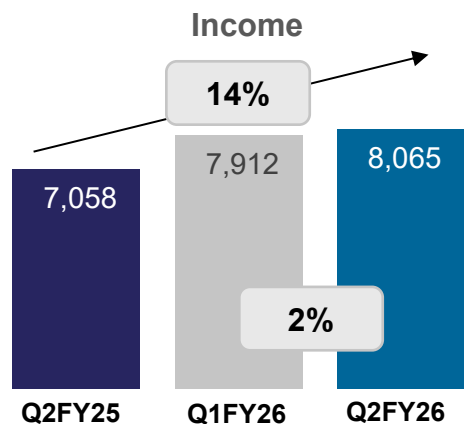
Last 5 years data

All amounts in ₹ Mn



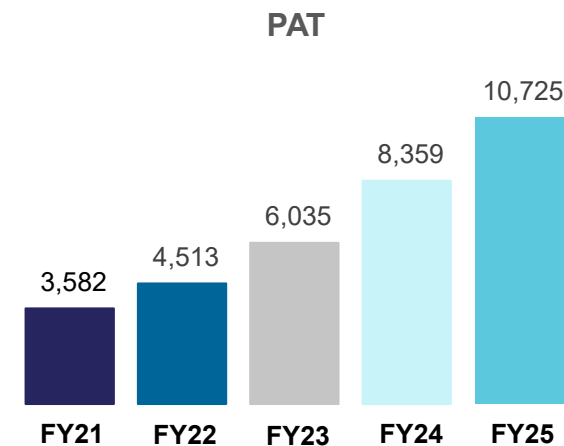
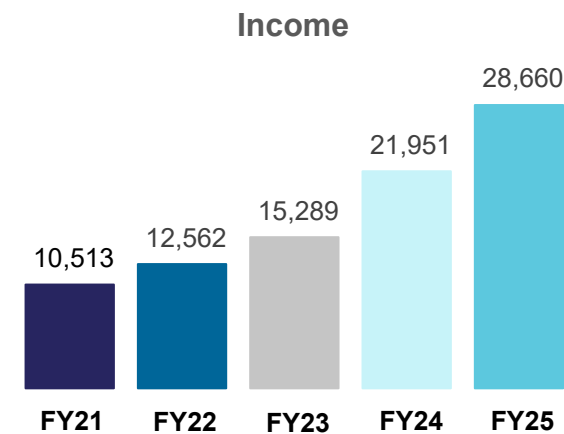
Liquidity does not include lien-marked FDs

Quarterly Data



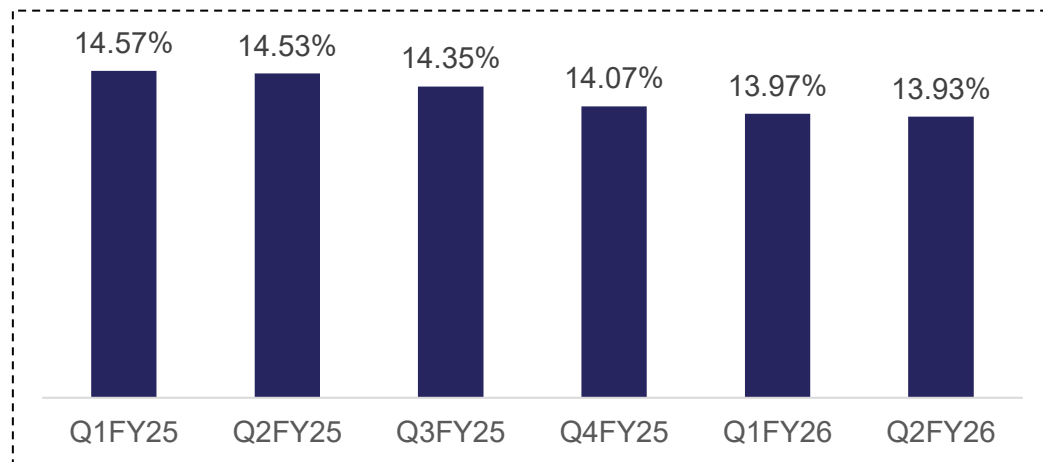
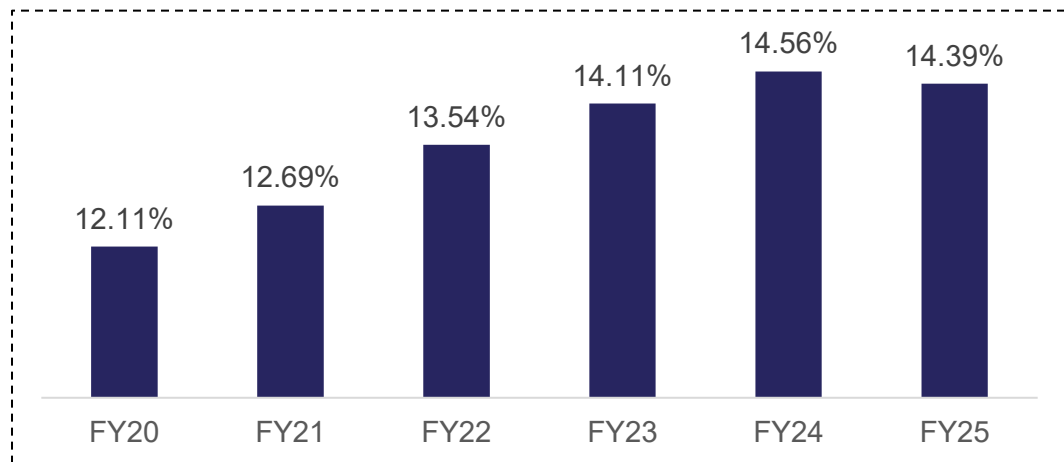
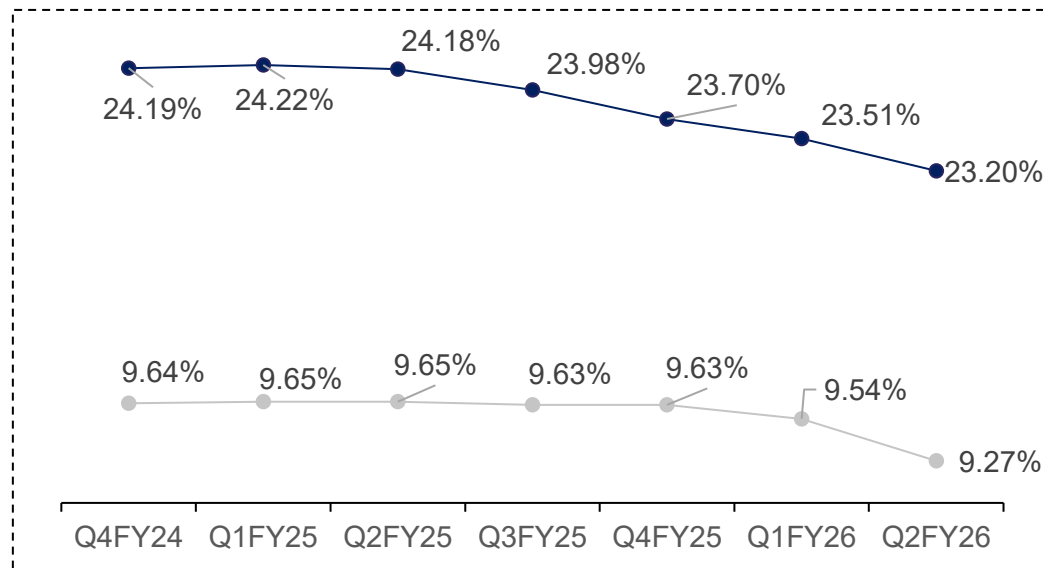
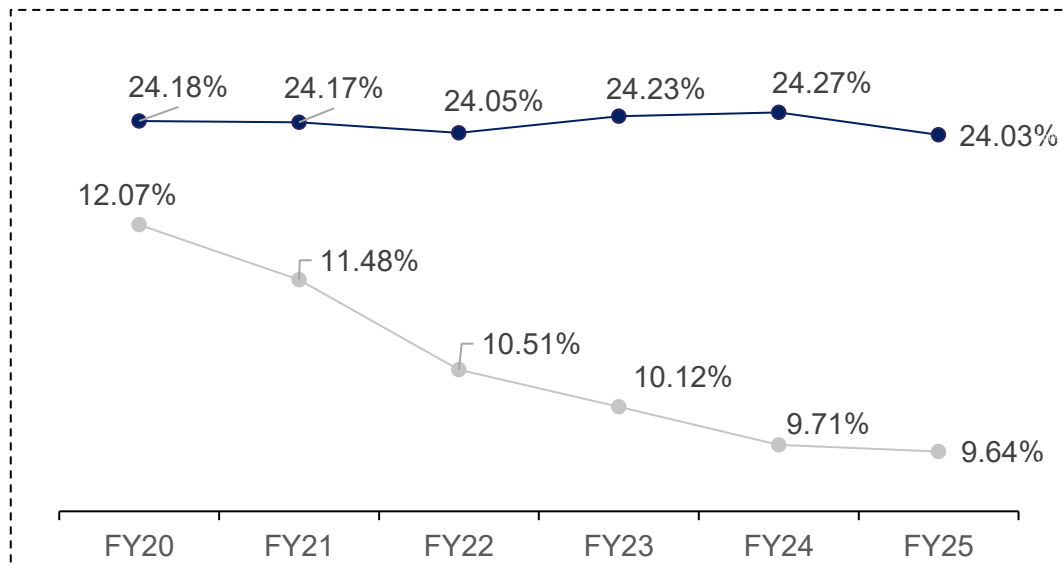
Last 5 years data

All amounts in ₹ Mn



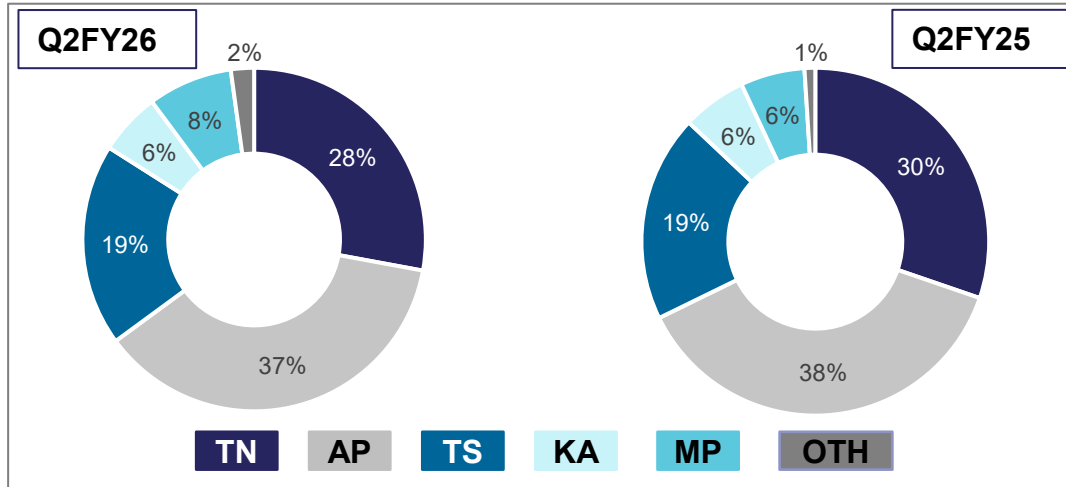
Consistent & Best-in-class Spreads

Portfolio Yield Cost of borrowing Spread

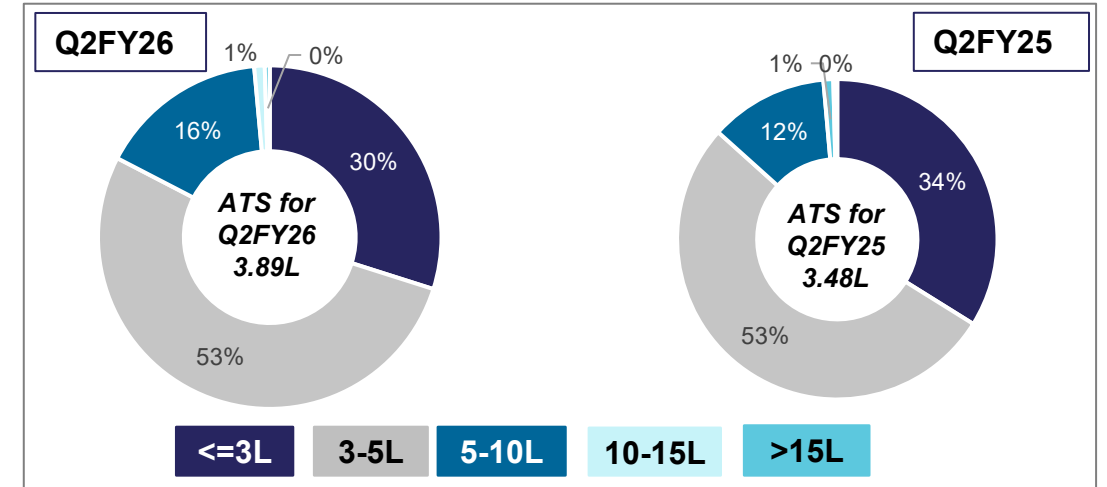


Well-diversified portfolio cuts

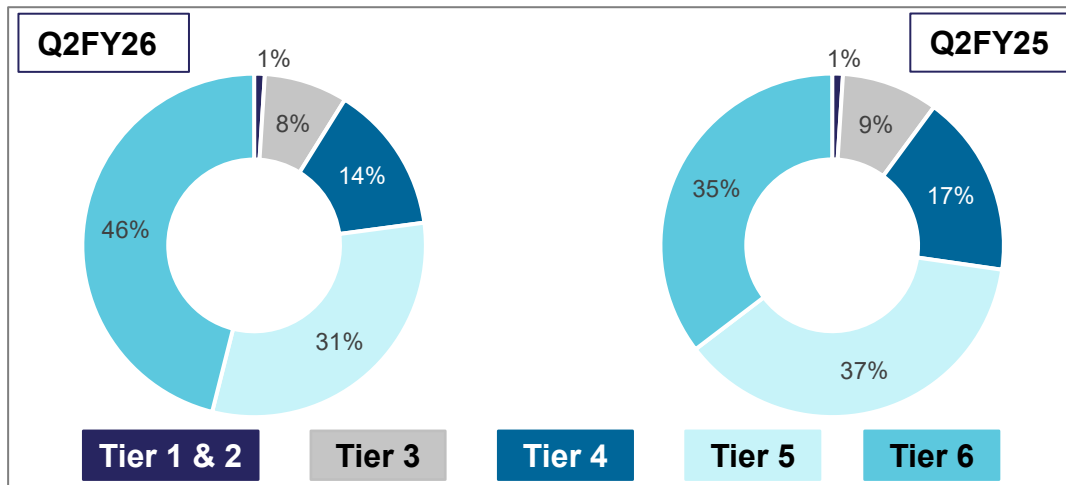
AUM by Geography



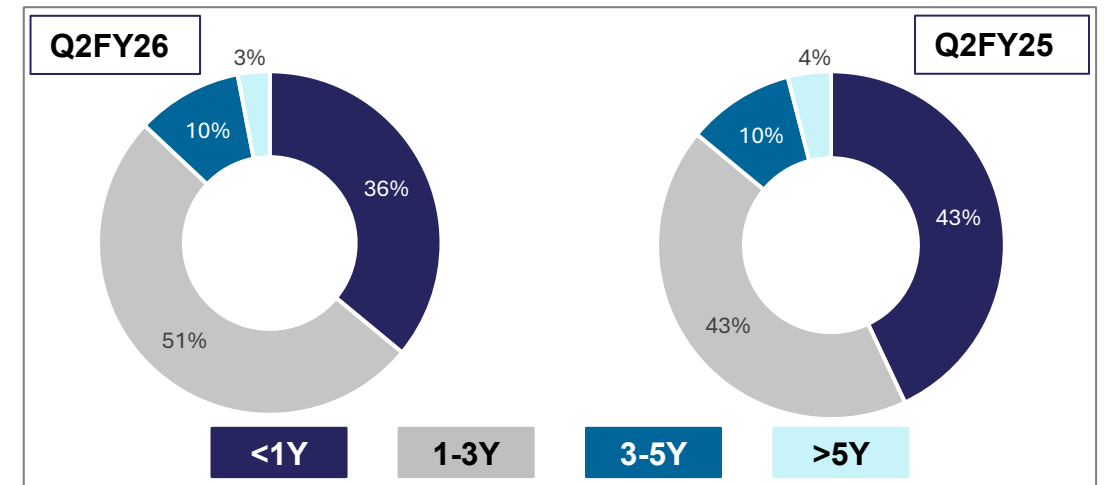
AUM by Ticket Size



AUM by Branch Tier



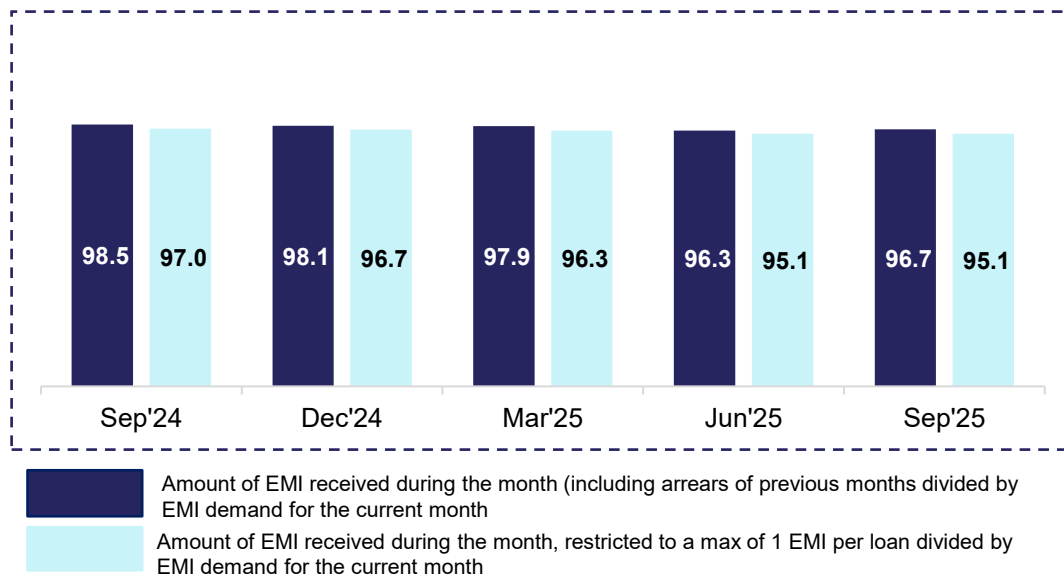
AUM by Vintage of loans



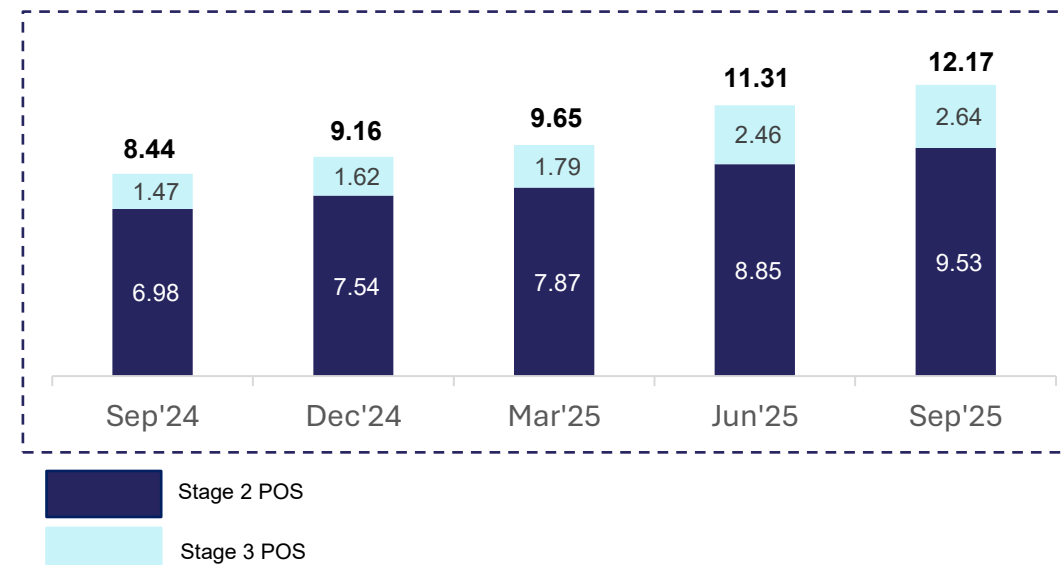
ASSET QUALITY & ECL

Asset Quality Indicators (1/2)

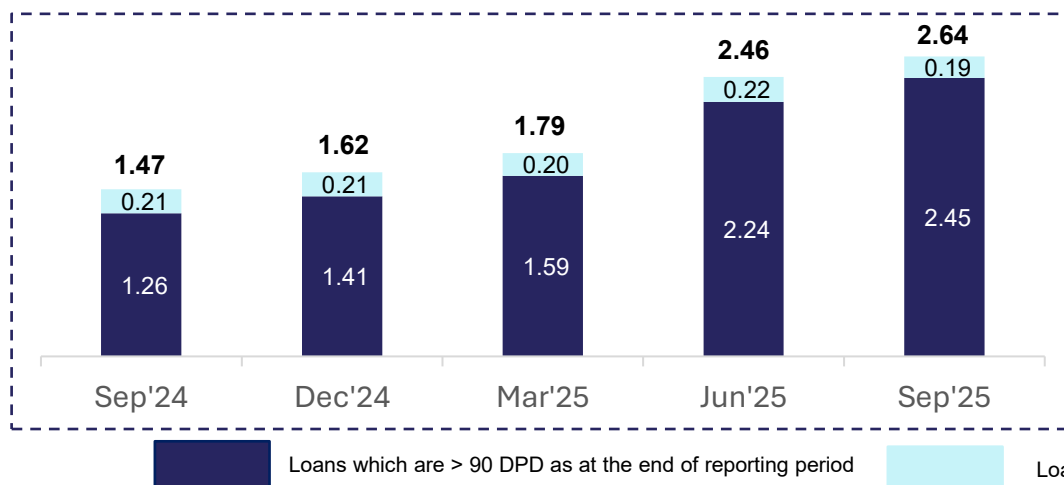
Collections Efficiency (%)*



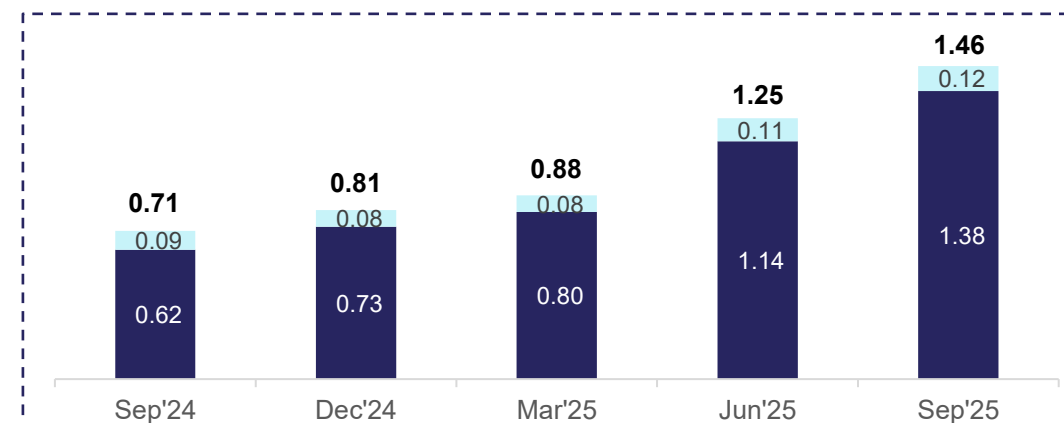
30+ (%)



Gross Stage 3 Assets (%)



Net Stage 3 Assets (%)



* Excludes demand and collections on all loans written off including loans written off during current quarter

Asset Quality Indicators (2/2)

Amount in ₹ Mn	As at Sep 2025		As at June 2025		As at Sep 2024	
Bucket	AUM	% AUM	AUM	% AUM	AUM	% AUM
Current (Stage-1)	104,920	81.67%	102,704	82.44%	93,974	86.00%
1-30 (Stage-1)	7,919	6.16%	7,783	6.25%	6,071	5.56%
31-60 (Stage-2)	5,887	4.58%	5,532	4.44%	4,165	3.81%
61-90 (Stage-2)	6,359	4.95%	5,489	4.41%	3,458	3.16%
90+ (Stage-3)	3,388	2.64%	3,070	2.46%	1,604	1.47%
Total	128,471		124,578		109,272	
Stage 1 Assets	112,838	87.83%	110,487	88.69%	100,045	91.56%
Stage 2 Assets	12,245	9.53%	11,021	8.85%	7,623	6.98%
Stage 3 Assets	3,388	2.64%	3,070	2.46%	1,604	1.47%

ECL Provisioning

Amount in ₹ Mn				
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
ECL Provision %	0.26%	4.94%	45.19%	1.89%
As of June 30, 2025	Stage 1	Stage 2	Stage 3	Total
Loans Outstanding (Gross)	110,487	11,021	3,070	124,578
ECL Provision	319	557	1,536	2,411
Loans Outstanding (Net)	110,168	10,464	1,535	122,167
ECL Provision %	0.29%	5.05%	50.02%	1.94%
As of Sep 30, 2024	Stage 1	Stage 2	Stage 3	Total
Loans Outstanding (Gross)	100,045	7,623	1,604	109,272
ECL Provision	399	569	831	1,799
Loans Outstanding (Net)	99,646	7,054	773	107,474
ECL Provision %	0.40%	7.46%	51.80%	1.65%

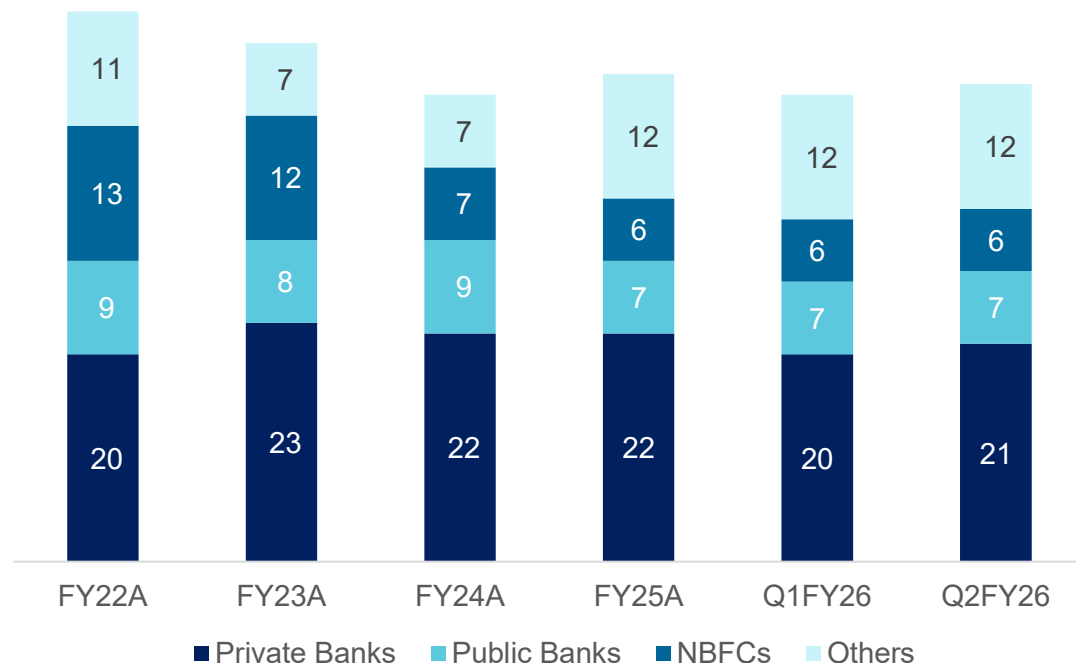
Amount in ₹ Mn	Q2FY2026	Q2FY2025	Q2FY2024	Q2FY2023
Loan Portfolio	128,471	109,272	82,644	57,324
Gross Stage 3 assets	3,388	1,604	1,118	660
Gross Stage 3 assets %	2.64%	1.47%	1.35%	1.15%
Gross Stage 3 assets % - 1 year Lag	3.10%	1.94%	1.95%	1.42%
Gross Stage 3 assets % - 2 years Lag	4.10%	2.80%	2.41%	1.68%

LIABILITY & ALM

Well-diversified Liability Franchise (1/2)

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

Number of lenders



Diversified borrowing relationship with **46 lending** partners

Lenders to the Company

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

Long Term Credit Rating

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

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

NIL Commercial Paper exposure

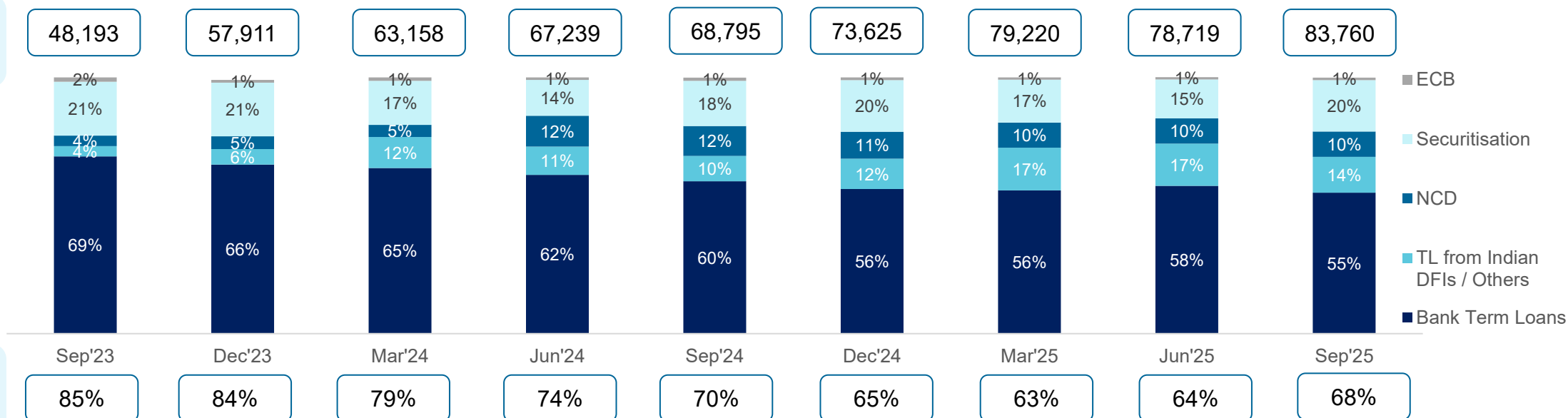
Short Term Credit Rating

CARE A1+

Diversified borrowing mix across lender category and product category

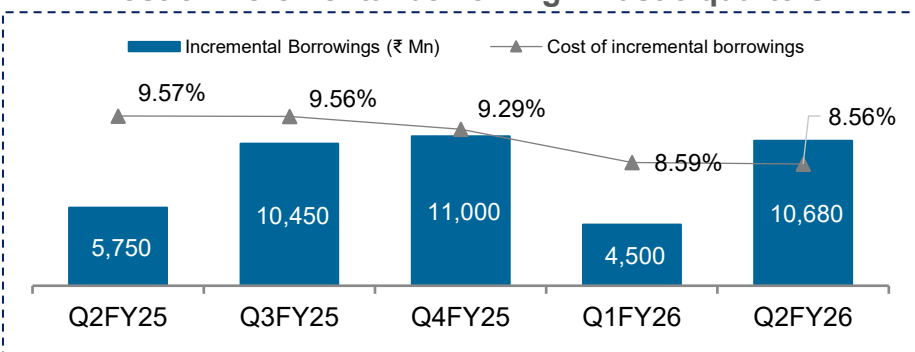
Borrowing exposure and Cost of borrowing

Borrowings outstanding

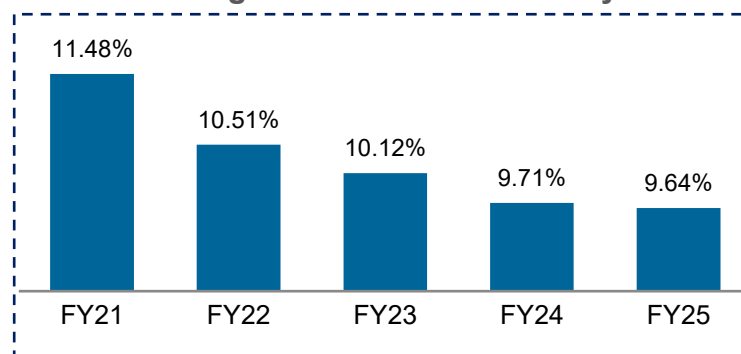


Proportion of borrowings from banks*

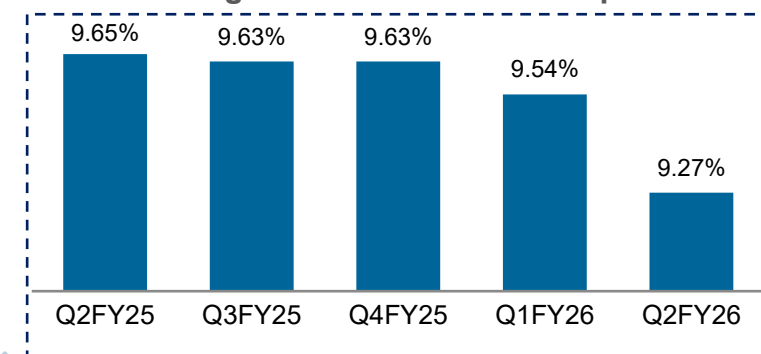
Cost of incremental borrowing – Last 5 quarters



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 Sep'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
Opening Liquidity	25,122	24,258	24,371	23,359	22,733	20,737	23,188	50,547
Add: Inflows from advances	1,523	1,551	1,625	5,054	11,264	44,893	43,276	17,754
Less: Outflows on borrowings	1,468	1,284	2,496	5,551	13,162	41,720	15,672	2,139
Add: Other inflows	132	84	31	66	59	129	50	5,116
Less: Other outflows	1,052	238	171	196	157	850	296	71,278
Cumulative mismatch	24,258	24,371	23,359	22,733	20,737	23,188	50,547	-

Strong Liquidity Position as of Sep'25

Amount in ₹ Mn	
Liquidity buffer as of Sep 2025	
Unencumbered cash & cash equivalents	23,600
Unavailed sanction from banks / FIs	6,750
Total Liquidity	30,350

Projected Cashflow Schedule	Q3FY26	Q4FY26	Q1FY27	Q2FY27
Opening Liquidity	30,350	31,996	33,932	34,105
Add: Principal collections & internal accruals	6,894	7,487	7,774	7,139
Less: Debt repayments	5,248	5,551	7,600	5,562
Closing Liquidity	31,996	33,932	34,105	35,683

FINANCIAL STATEMENTS

Balance Sheet

Particulars (₹ Mn)	Q2FY2026	Q1FY2026	Q2FY2025
Assets			
Cash & Cash equivalents	15,230	14,726	12,115
Bank balances other than cash & cash equivalents	7,017	4,439	1,195
Loans	126,072	122,198	110,010
- Loan portfolio	128,471	124,578	109,272
- Inter-Corporate Deposits	32	31	2,547
- Expected Credit Loss	(2,431)	(2,411)	(1,809)
Investments	2,197	2,159	2,053
Other financial assets	997	872	1,045
Non-Financial Assets	2,835	2,902	1,781
Total Assets	154,348	147,296	128,199
Liabilities & Equity			
Trade Payables	291	273	269
Debt Securities	7,945	7,763	7,966
Borrowings other than Debt Securities	75,815	70,955	60,829
Other Financial Liabilities	991	1,484	1,039
Non-Financial Liabilities	1,239	1,079	863
Total Equity	68,067	65,742	57,233
Total Liabilities & Equity	154,348	147,296	128,199

Profit & Loss Account

Particulars (₹ Mn)	Q2FY2026	Q2FY2025	Q1FY2026	Y-o-Y	Q-o-Q	H1FY2026	H1FY2025	Y-o-Y
Loan Portfolio	128,471	109,272	124,578	18%	3%	128,471	109,272	18%
Interest Income (1)	7,731	6,793	7,647	14%	1%	15,378	13,203	16%
- Interest on loan portfolio	7,331	6,419	7,137	14%	3%	14,468	12,460	16%
- Penal Interest	48	42	39	14%	23%	87	78	12%
- Interest on Inter-Corporate Deposits	6	37	1	(84%)	500%	6	76	(92%)
- Interest on Investments	133	112	263	20%	(49%)	397	235	68%
- Processing fee & other fees	214	184	207	17%	3%	420	355	18%
Net Gain on Fair value changes (2)	151	161	124	(6%)	22%	274	346	(21%)
Fee & Other income (3)	183	105	141	74%	30%	325	203	60%
- Fee income	112	67	96	67%	17%	209	132	58%
- Recovery of Bad debts	37	28	26	32%	42%	63	47	34%
- Other non-operating income	34	10	19	240%	79%	53	23	130%
Total Income (1+2+3)	8,065	7,058	7,912	14%	2%	15,977	13,752	16%
Interest Expenses	1,800	1,631	1,873	10%	(4%)	3,673	3,213	14%
Net Interest Income	6,265	5,427	6,039	15%	4%	12,304	10,539	17%
Operating Expenses	1,936	1,627	2,011	19%	(4%)	3,947	3,192	24%
Loan losses & Provisions	510	218	478	134%	7%	988	403	145%
Profit before Tax (PBT)	3,819	3,582	3,550	7%	8%	7,369	6,944	6%
Profit after Tax (PAT)	2,861	2,679	2,663	7%	7%	5,524	5,195	6%
Other Comprehensive Income	69	5	(15)	1280%	(560%)	53	(1)	(5400%)
Total Comprehensive Income	2,930	2,683	2,648	9%	11%	5,577	5,194	7%
Earnings Per Share (Basic)	9.72	9.16	9.04			18.76	17.76	
Earnings Per Share (Diluted)	9.69	9.07	9.02			18.71	17.60	
Book value per Share	228.85	191.72	219.93			228.85	191.72	

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	Q2FY2026	Q2FY2025	Q1FY2026	HY1FY2026	HY1FY2025
Interest Income (as a % of average portfolio)	23.20%	24.18%	23.51%	23.37%	24.22%
Interest Expenses (as a % of average borrowings)	9.27%	9.65%	9.54%	9.40%	9.65%
Net Interest Income %	13.93%	14.53%	13.97%	13.97%	14.57%
Total Income (as a % of average total assets)	21.12%	22.01%	21.52%	21.33%	21.98%
Interest Expense (as a % of average total assets)	4.71%	5.09%	5.10%	4.90%	5.13%
Net Interest Margin %	16.41%	16.93%	16.43%	16.42%	16.84%
Operating Expenses (as a % of average total assets)	5.07%	5.07%	5.47%	5.27%	5.10%
Loan losses & Provisions (as a % of average total assets)	1.34%	0.68%	1.30%	1.32%	0.64%
Profit before Tax (PBT) %	10.00%	11.17%	9.66%	9.84%	11.10%
Tax %	2.51%	2.82%	2.41%	2.46%	2.80%
Profit after Tax (PAT) or Return on average total assets	7.49%	8.36%	7.24%	7.37%	8.30%
Debt / Equity	1.23	1.20	1.20	1.23	1.20
Leverage (Total assets / Net worth)	2.27	2.24	2.24	2.27	2.24
Return on Equity	16.91%	19.02%	16.57%	16.74%	18.99%
Operating cost to income ratio	31.05%	30.17%	33.45%	32.23%	30.44%
Credit cost to income ratio	8.12%	4.01%	7.90%	8.01%	3.82%
Total Cost to income ratio	39.17%	34.18%	41.34%	40.24%	34.26%

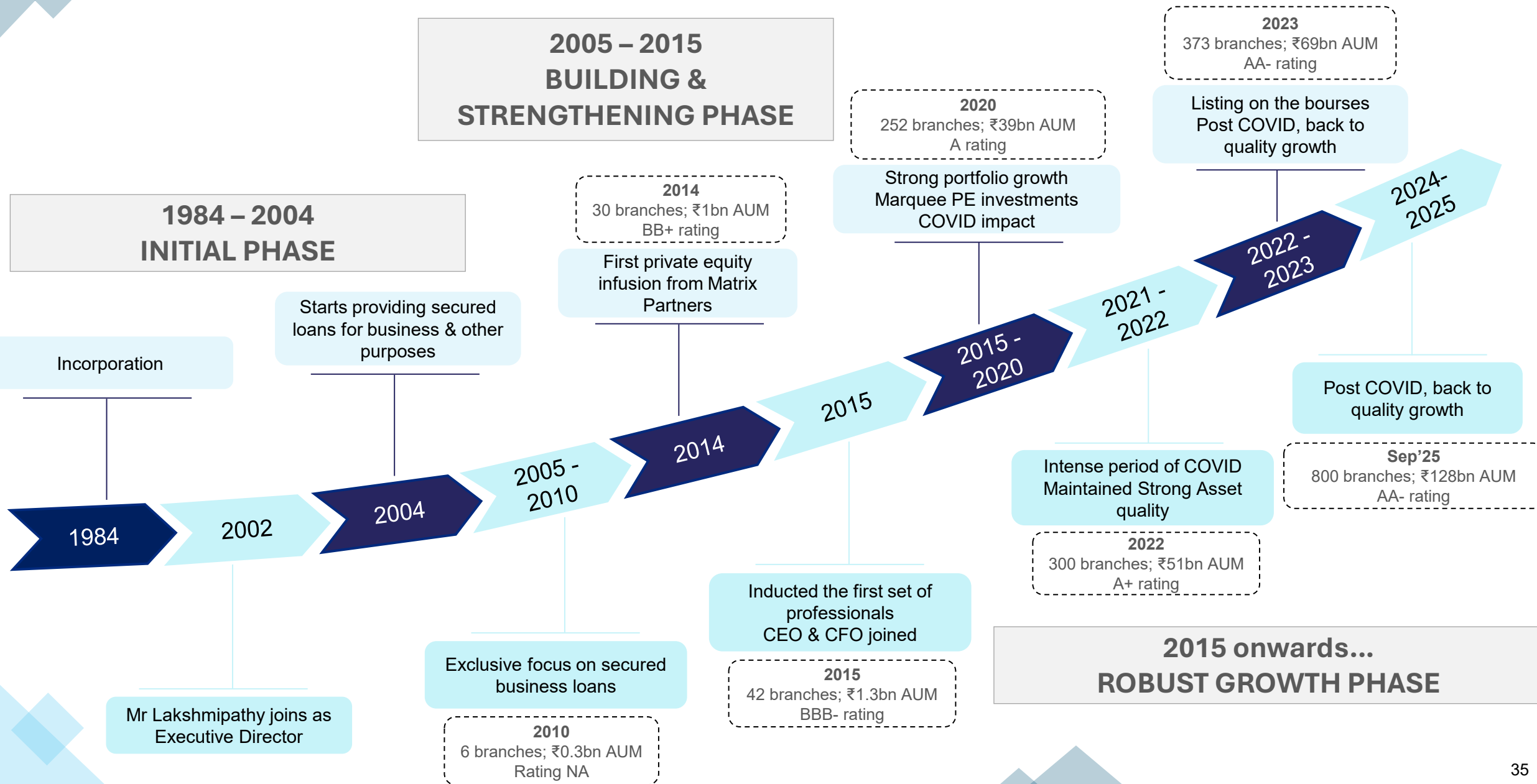
COMPANY OVERVIEW

Our Journey

1984 – 2004 INITIAL PHASE

2005 – 2015 BUILDING & STRENGTHENING PHASE

2015 onwards... ROBUST GROWTH PHASE



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, Gujarat

Property Backed Collateral

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



800

Branches

11

States / UT

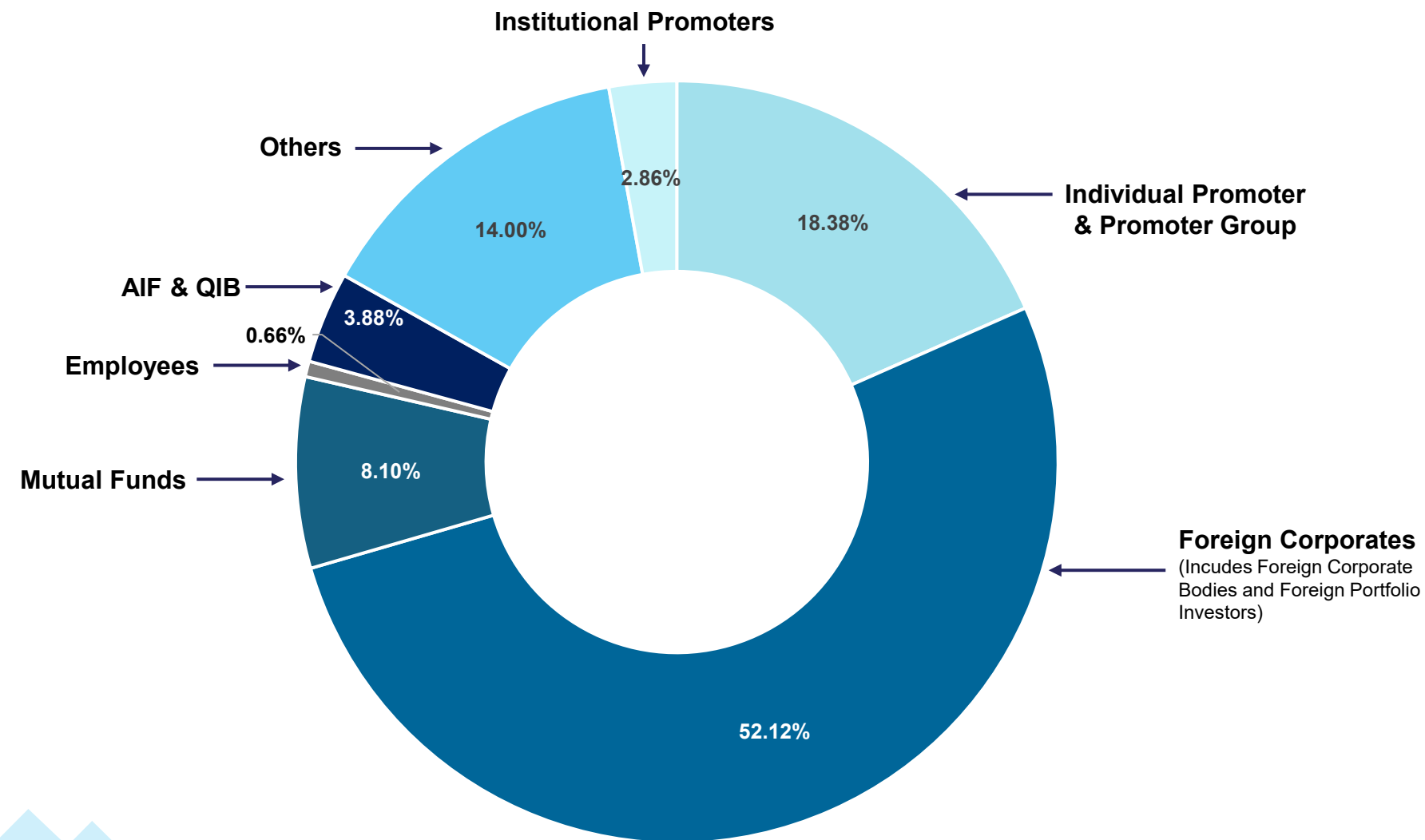
488,260

Loans

13,074

Employees

Current Shareholding



Top Institutional Investors* (ex-PE and Promoter)

Investor name	% stake**
Fidelity Investments	7.66%
Wasatch	4.95%
East Spring	4.22%
HDFC MF	5.37%
Nomura Asset Management	3.72%
Vanguard	2.61%
Goldman Sachs	2.39%
Wellington	2.37%
Norges Bank	1.42%
360 One	1.37%
Axis Max Life Insurance	1.23%

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

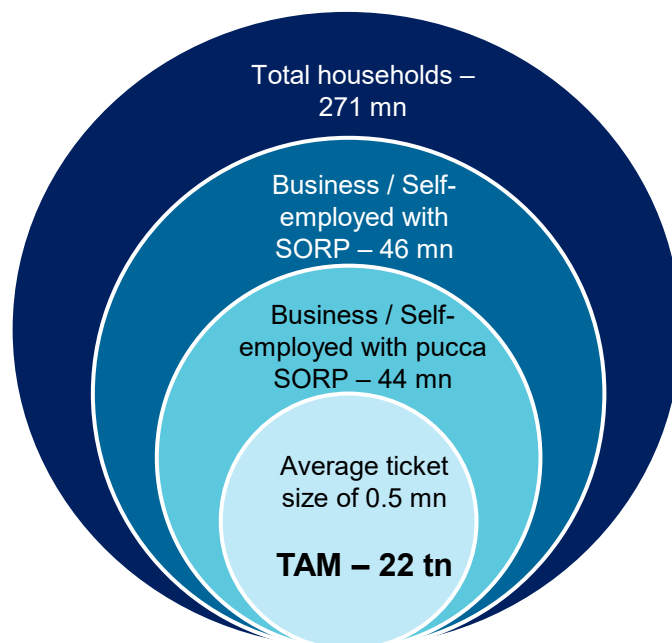
** Holding through various schemes & funds including advisory mandates

% 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

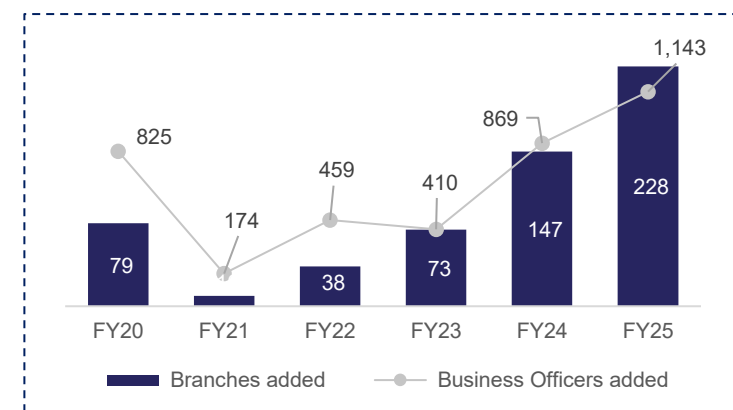
Five Star Growth Strategy

To address the large untapped market opportunity

Strategy 1 – Increase branch network, add more FOS supported by robust risk management framework

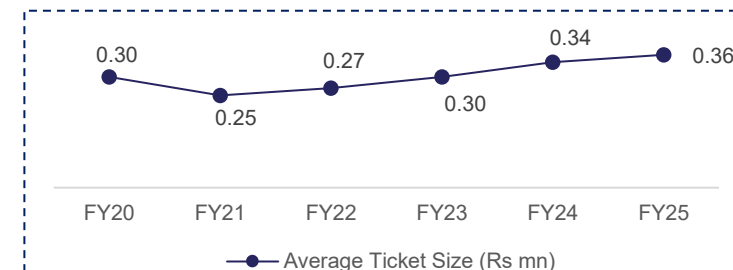
Average branches opened per year (excluding 2 years of COVID) – 132 branches
Split branches act as a robust risk management strategy

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



Strategy 2 – Increase Ticket size

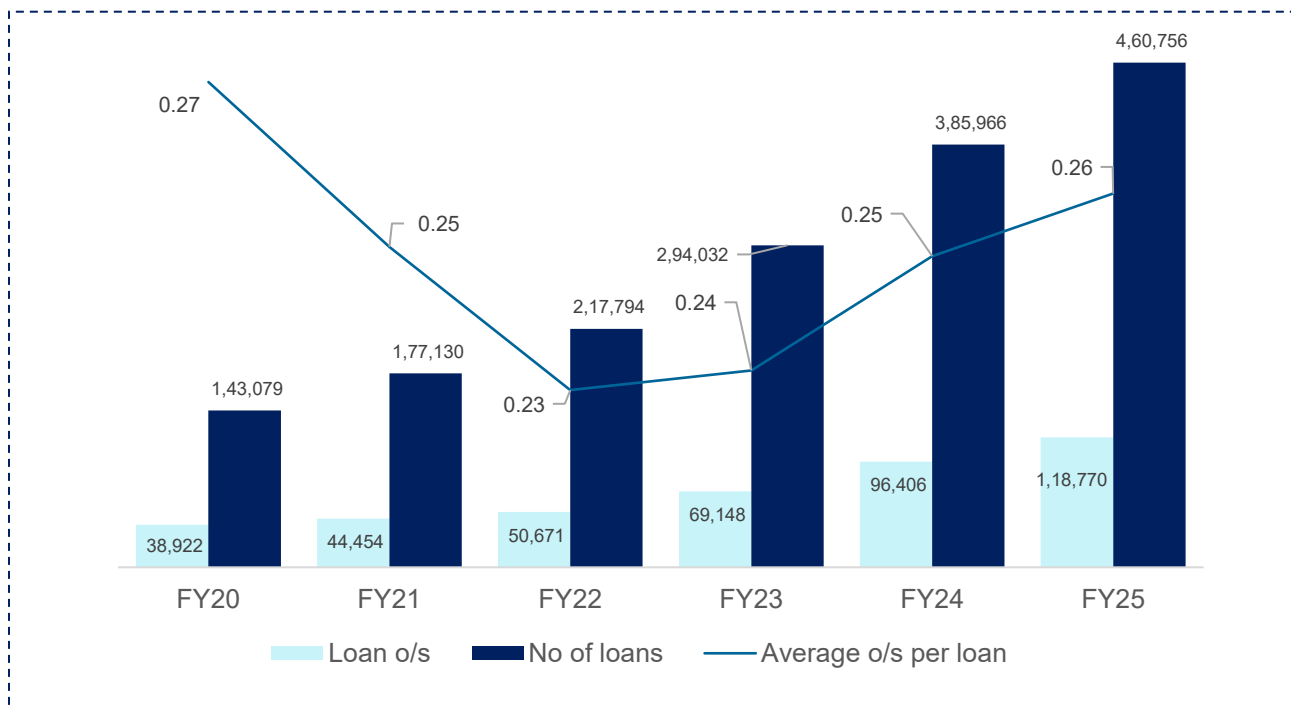
Average ticket size has remained almost constant over the last 4 years (excluding 2 years of COVID). Will be pushed up to factor in inflation and stronger customer selection in the coming years



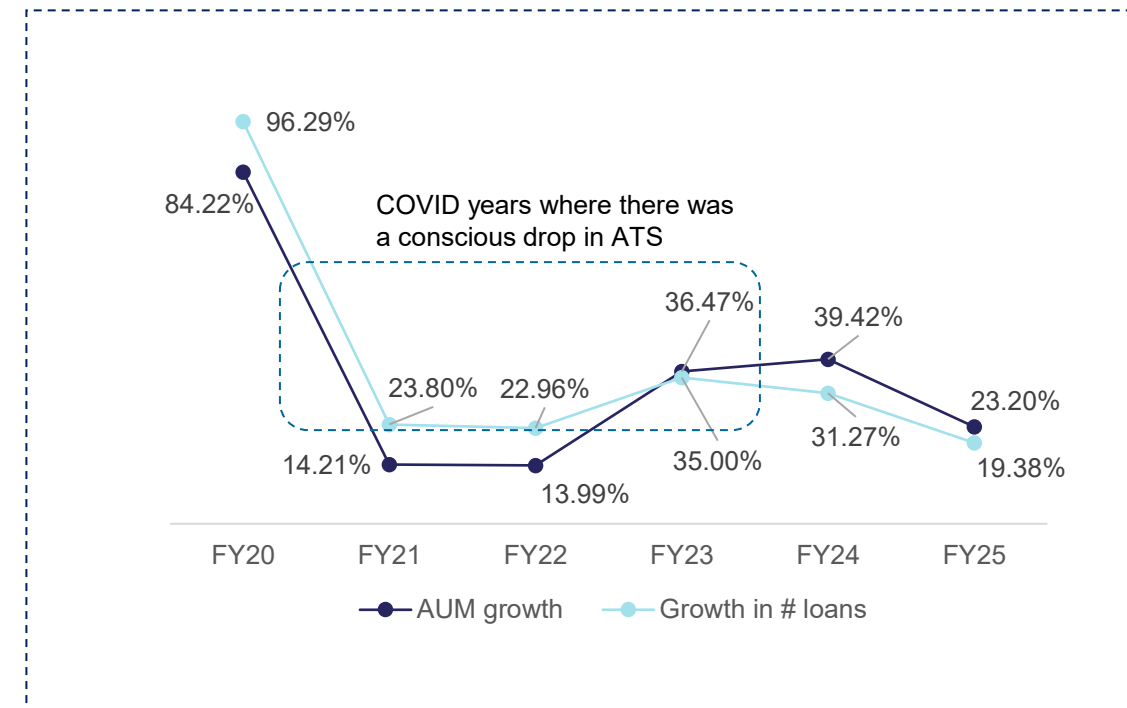
Average ticket size = Disbursals / No of loans disbursed

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

Growth 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

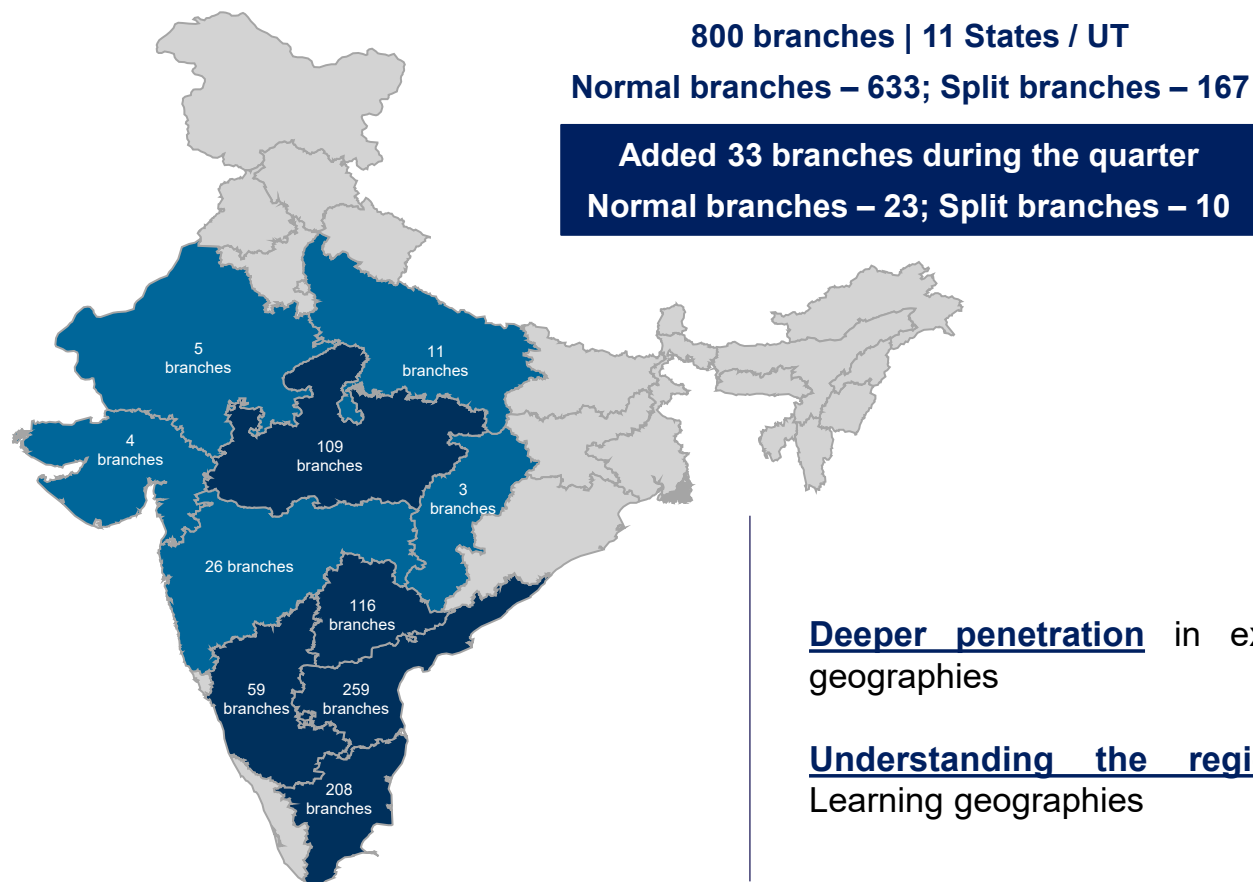
- ★ **Who are our customers** – Small Business Owners and Self-employed individuals involved in everyday cash and carry businesses with a service bias
Minimal impact of macro downcycles
- ★ **How & wherefrom do we source our customers** – 100% in-house sourcing with a strong focus on Tier 3 to Tier 6 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

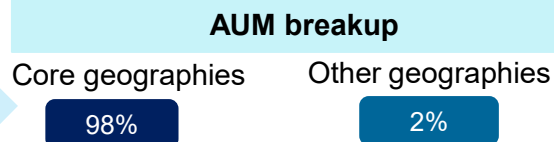


State-wise portfolio break-up							
State	No of branches	Q2FY26	FY25	FY24	FY23	FY22	FY21
Tamil Nadu	208	28%	29%	31%	35%	39%	41%
Andhra Pradesh	259	37%	38%	37%	33%	29%	28%
Telangana	116	19%	19%	19%	20%	19%	18%
Karnataka	59	6%	6%	6%	7%	7%	7%
Madhya Pradesh	109	8%	7%	5%	5%	5%	4%
Others	49	2%	2%	1%	1%	1%	1%
Total	800						

Average AUM per branch based on branch vintage

Vintage	No of branches	Average AUM
<= 1 year	143	95
1 – 3 years	308	133
3 – 5 years	91	199
5 – 7 years	106	205
> 7 years	152	224
Total	800	161

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



Cluster Strategy – Ideal Branch Structure

Evolution of Branch Structure at Five-Star

Till FY2016

Normal Branch Strategy

5-6 Relationship Officers

Manage both Business & Collections

Ability to onboard good quantum of business over a period

Pros & Cons

Optimal # accounts per RO – helped manage risk

Ability to scale with the number of officers is limited

2017 – 2023

Super Branch Strategy

Add more ROs - 10-12 ROs per branch

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

Helps maintain optimal # accounts per RO

Pros & Cons

Offered tremendous potential for scalability

Can lead to concentration risk from AUM & people perspectives

2023 till date...

Cluster / Ideal Branch Strategy

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

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

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

Advantages

Helps de-risk without any material cost / headcount increase

Facilitates career progression, workload management, control attrition

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

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

Difficulties in evaluating the Addressable Market Segment



Five Star's capabilities

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

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

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

Branch Appraisal

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

Credit Appraisal

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

Inherent Controls

Focus on Service oriented businesses

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

Loans to the family / household

- Ensures collective decision-making and avoids potential problems

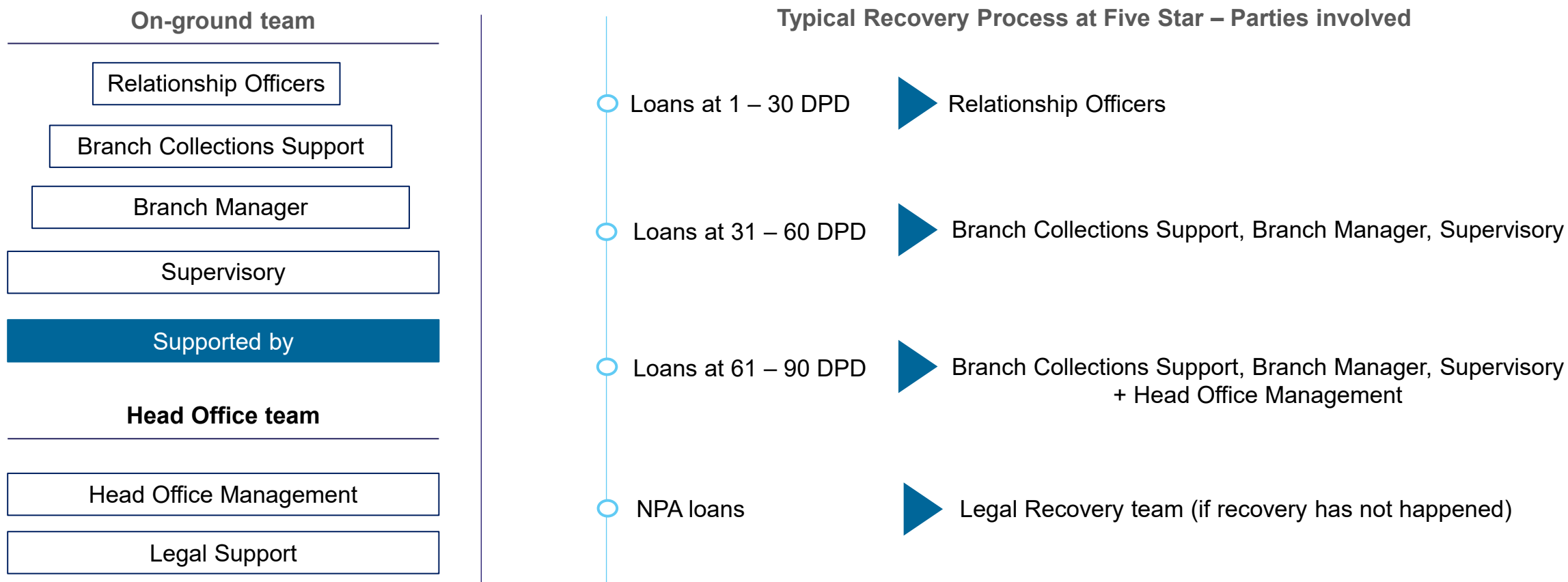
Independent verification & approval

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

Registered Mortgage

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

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

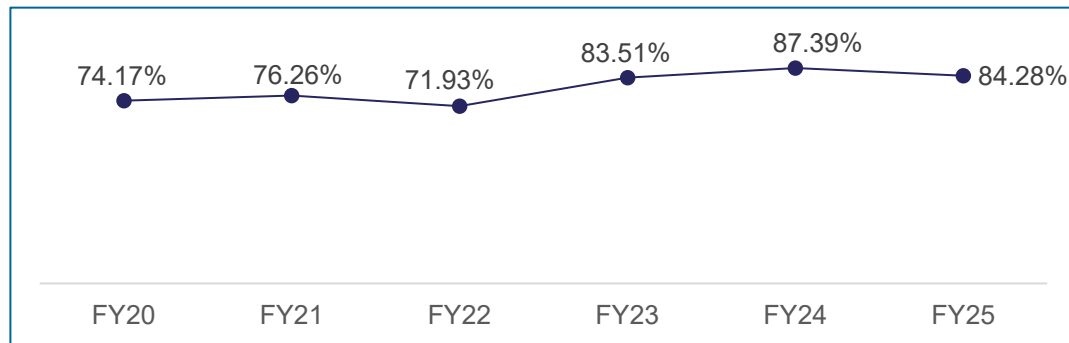


Concerted efforts, along with necessary legal measures, ensure strong recovery and robust asset quality

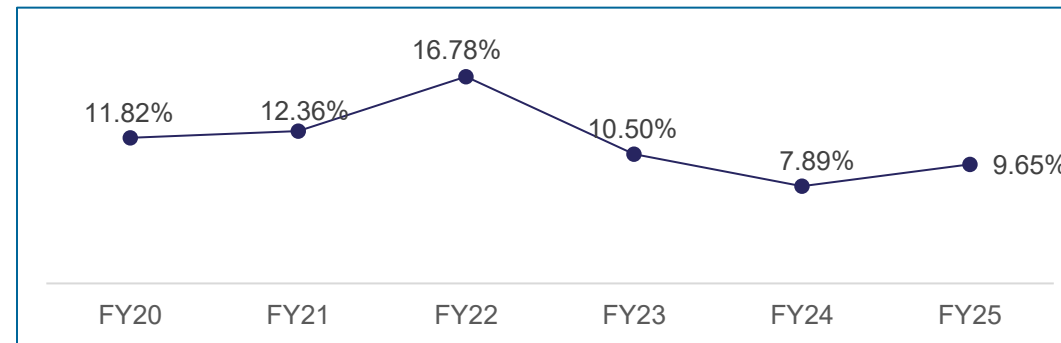
Strong on-ground Collections infrastructure (2/2)

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

Current Portfolio



30+ Portfolio



Overall Portfolio Profile

	FY20	FY21	FY22	FY23	FY24	FY25
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

FY2017 – FY2022

Till FY2017

- Manual underwriting process with minimal technology involvement

From FY2023



- 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



Looking Ahead



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



- Data analytics and machine learning

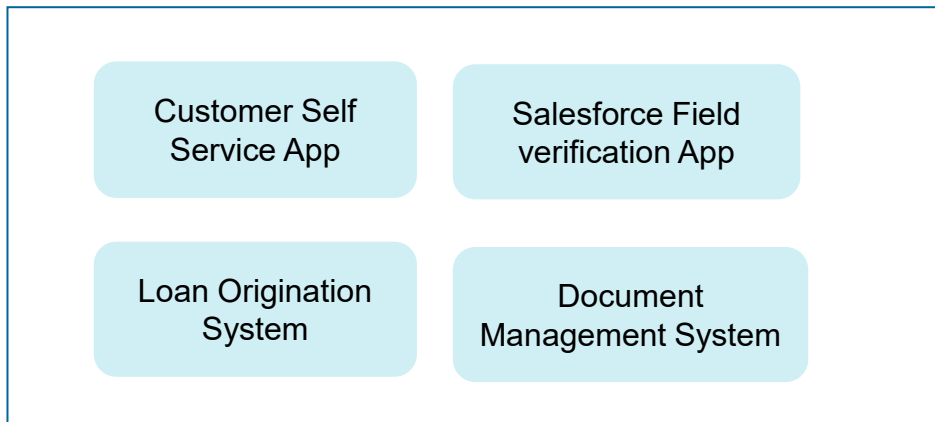


- Robust Customer Credit Scoring model

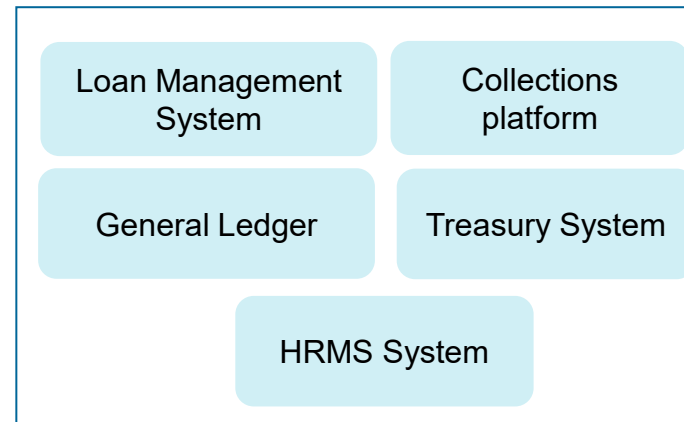
- Continue to improve the tech stack by bringing in stronger applications to support the growth strategy

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

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

Loan Origination

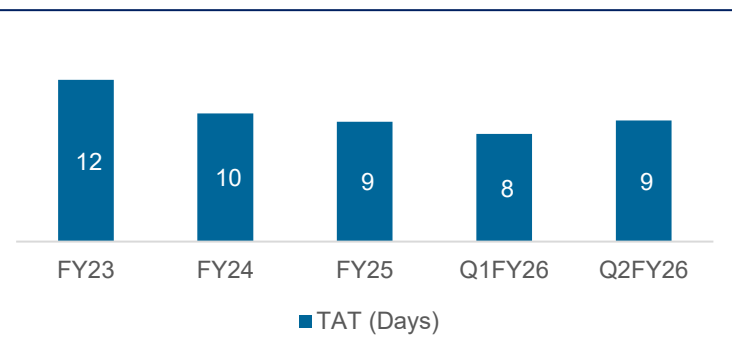
- Consistently improving TAT
- Increase in quantum and improved reliability of data collected
- Ability to collect data available with third-party service providers, through APIs

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

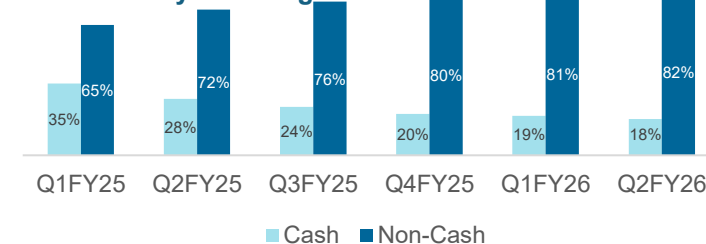


Expect to operate around 8-9 days of TAT in a steady state scenario

TAT represents days between login & sanction

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

Proportion of cash collections showing a consistently declining trend



Risk Management & Audit

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

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

Board of Directors

Risk Management Committee

Audit Committee

ALCO
(Liquidity & ALM risks)

Credit Committee
(Large ticket sanctions)

Business Resource
Committee
(Fund-raise)

Statutory Audit
(Deloitte Haskins &
Sells)

External Internal Audit
(Sundaram & Srinivasan)

Internal Internal Audit
(In-house Audit team)

Functional
Departments

Risk Management
Department

Functional
Departments

Financial Reporting &
Accounting

Chief Compliance Officer
+
Compliance Department

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

Risk Management Framework

Credit / Collateral / Portfolio Risk

Monitored by Risk Management Committee

Financial Risk

Monitored by Audit Committee

Liquidity Risk

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

Operational Risk

Monitored by Audit Committee as part of Audit / ICFR process

Technology Risk

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

HR / Attrition Risk

Monitored by Risk Management Committee

Fraud Risk

Monitored by Audit Committee as part of Audit / ICFR process

Risk based Internal Audit Framework

Strong framework laid down based on the twin principles of:

Magnitude of Risk

Determined based on possible financial impact, reputational or compliance issues

+

Frequency of Risk

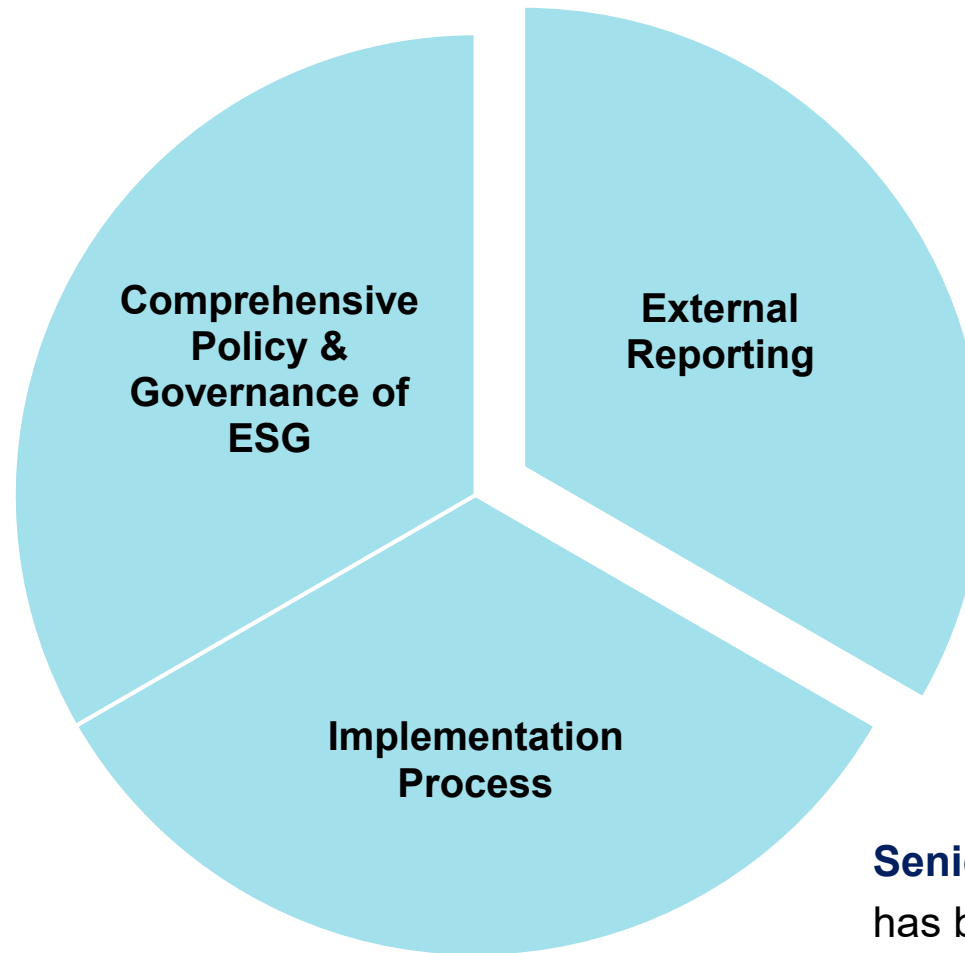
Determined based on internal controls, past occurrences, nature of process

	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

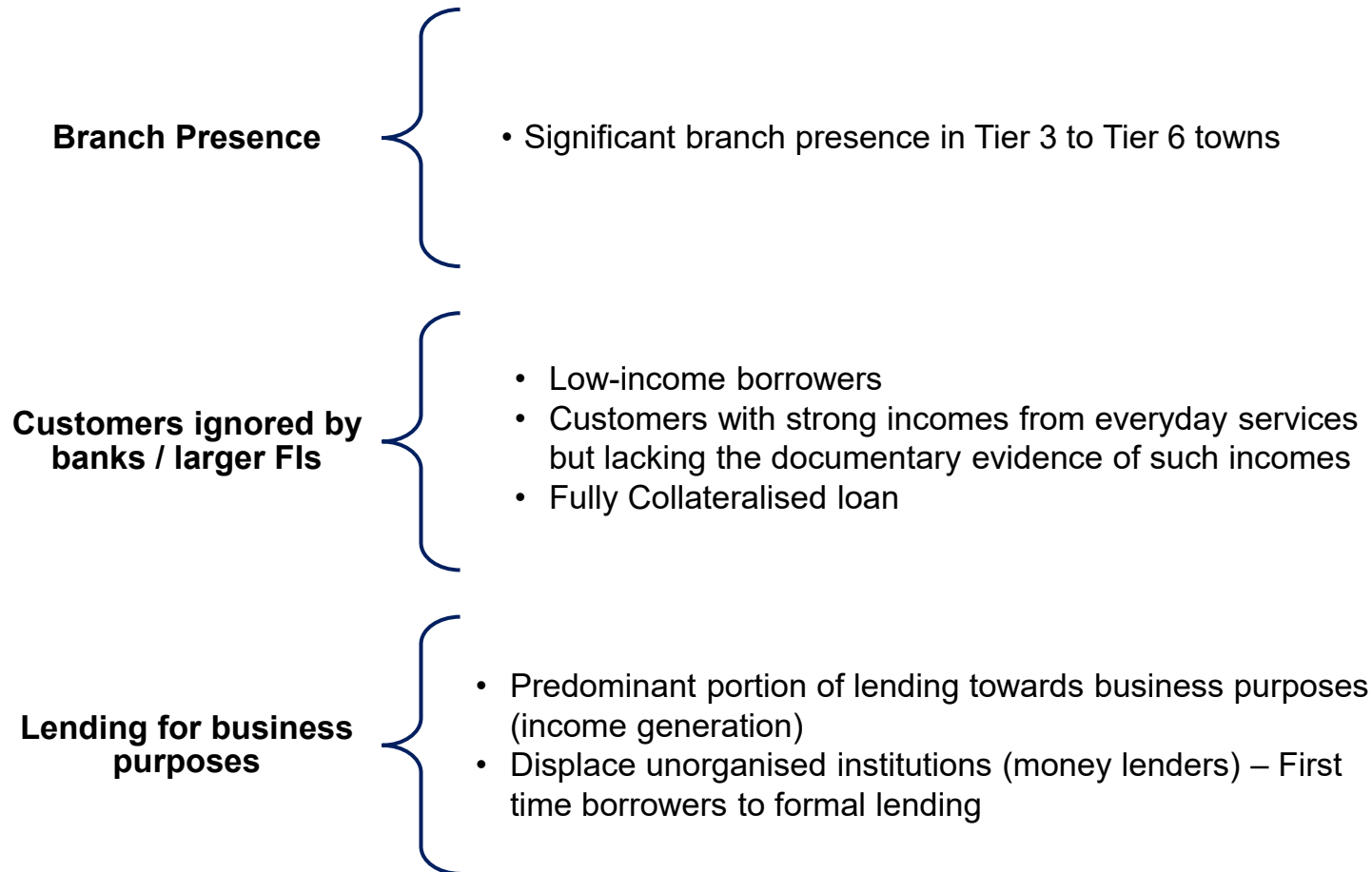
- Majority of AUM is provided to Low-income group customers, thereby fostering financial inclusion
- Loans for business and other purposes are provided at lower interest rates

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

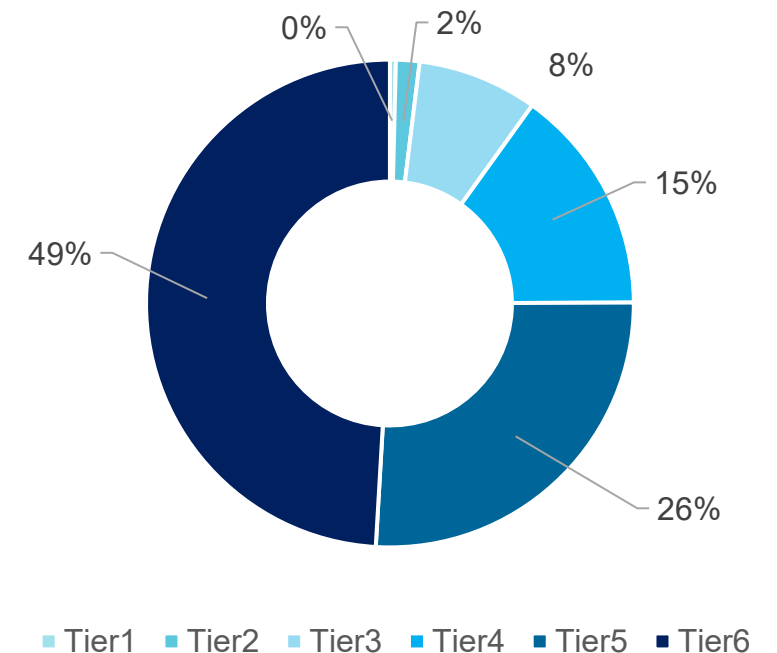
Corporate Social Responsibility

- 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



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
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.

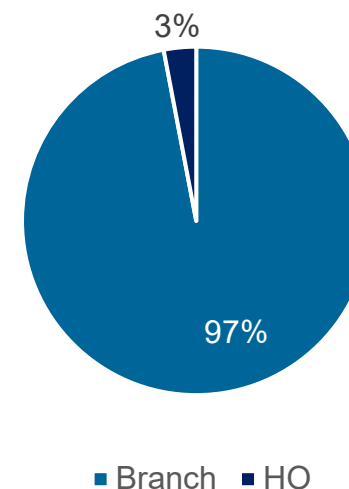
The Company has also implemented the following Policies (approved by the Board, at least annually) to promote ethical, transparent and responsible behaviour and to fix accountability:

- ★ 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	9,381
- Relationship Officers	7,503
- Branch Managers	1,878
Supervisors	142
Credit	1,158
- Field Credit	792
- Approval Credit	323
- Credit Support	43
Operations	1,245
- Operations Officers	1,073
- Head Office team	172
Accounts	697
- Cashiers	637
- Head Office team	60
Legal & MOD	230
IA & Customer Care	66
Technology	52
Human Resources	45
Administration	21
Others	16
Heads of Departments	11
Senior Management	10
Total Headcount	13,074

Proportion of Headcount – Branch vs HO



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

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

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

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

Thank You

For further information, you may please email to:

 ir@fivestargroup.in
