Laxmi India Finance Limited

July 28, 2025

IPO Details

IPO Date	July 29, 2025 to July 31, 2025
Face Value	₹5 per share
Price Band	₹150 to ₹158 per share
Lot Size	94 Shares
Sale Type	Fresh Capital-cum-Offer for Sale
Total Issue Size	1,60,92,195 shares (aggregating up to ₹254.26 Cr)
Fresh Issue	1,04,53,575 shares (aggregating up to ₹165.17 Cr)
Offer for Sale	56,38,620 shares of ₹5 (aggregating up to ₹89.09 Cr)
Issue Type	Book building IPO
Listing At	BSE, NSE
Shareholding pre issue	4,18,14,300 shares
Share Holding Post Issue	5,22,67,875 shares
QIB Shares Offered	Not more than 50% of the Net Offer
Retail Shares Offered	Not less than 35% of the Net Offer
NII (HNI) Shares Offered	Not less than 15% of the Net Offer
Retail (Min & Max) shares	94 shares & 1,222 shares
Retail (Min & Max) application amount	₹14,852 & ₹1,93,076
S-HNI (Min shares & application amount)	1,316 shares & ₹2,07,928
S-HNI (Max shares & application amount)	6,298 shares & ₹9,95,084
B-HNI (Min shares & application amount)	6,392 shares & ₹10,09,936
Basis of Allotment	Fri, Aug 1, 2025
Initiation of Refunds	Mon, Aug 4, 2025
Credit of Shares to Demat	Mon, Aug 4, 2025
Listing Date	Tue, Aug 5, 2025
Cut-off time for UPI mandate confirmation	5 PM on July 31, 2025
Promoters	Mr. Deepak Baid, Prem Devi Baid, Aneesha Baid, Hirak vinimay Private Limited, Deepak Hitech Motors Private Limited, Prem dealers Private Limited and Vivan Baid Family Trust
Registrar	MUFG Intime India Private Limited (Link Intime)

Note 1: Application made using third party UPI or ASBA A/C is liable to be rejected. For apply please click on the Link https://ipo.adroitfinancial.com/ for any kind of assistance please contact to our helpdesk team at 0120-6826800 or mail us on ipo@adroitfinancial.com

Company Profile

Incorporated in 1996, Laxmi India Finance Limited is a non-deposit taking Non Banking Financial Company. The company offers MSME loans, vehicle loans, construction loans, and other lending products, supporting small businesses and entrepreneurs, with over 80% of MSME loans qualifying as Priority Sector Lending. As of March 31, 2025, the company operates 158 branches across Rajasthan, Gujarat, Madhya Pradesh, Chhattisgarh and U.P, with the highest number of branches in Rajasthan among its peers.
MSME Finance: The company provides secured loans against property for MSMEs.
Vehicle Finance: The company offers secured vehicle loans for purchasing used commercial vehicle, 2W and tractors.
Construction Loans: They offer secured loans to retail customers for purchasing residential property or constructing, renovating or extending their homes, with loan amounts up to Rs. 25 Lakh.
Laxmi India Finance Ltd.'s revenue increased by 42% and profit after tax (PAT) rose by 60% between the financial year ending with March 31, 2025 and March 31, 2024. Respectively.

Objects of the issue

- The company will not receive proceed of Rs. 89 crore, being offer-for-sale from existing shareholders.
- The proceeds from fresh issue of Rs. 165 crore, will be allocated to augmentation of their capital base to meet their future capital requirements towards onward lending.

Financial Details

Particulars (Amount in Crores)	March-25	March-24	March-23
- Interest Income	231.31	164.79	124.82
- Fees & Commission	13.46	4.47	4.44
- Net gain on Fair Value changes	0.94	3.88	0.27
Total Revenue from Operations	**245.71**	**173.14**	**129.53**
Other Income	2.33	1.88	1.14
Total Income	**248.04**	**175.02**	**130.67**
Total Expenses	-	-	-
- Finance Costs	114.63	83.42	62.86
- Impairment on financial instruments	11.89	1.88	1.64
- Employee Benefits Expense	54.03	43.20	31.91
- Depreciation & Amortization Expense	1.90	1.53	1.08
- Other expenses	18.24	15.35	11.17
Net Interest Income	**116.69**	**81.37**	**61.97**
Net Interest Margin	**9.73%**	**9.23%**	**9.27%**
Profit/(Loss) Before Tax	**47.35**	**29.63**	**22.01**
Tax Expense	11.35	7.16	6.04
Profit/(Loss) After Tax	**36.00**	**22.46**	**15.97**
PAT Margin (%)	**14.65%**	**12.98%**	**12.33%**
Basic EPS (in Rs.)	8.78	6.11	5.02
Key Metrics	**March-25**	**March-24**	**March-23**
Gross Non Performing Asset %	1.07%	0.73%	0.58%
Net Non Performing Assets %	0.48%	0.33%	0.32 %
Number of branches	158	135	119
AUM (in crore)	1277	961	687
Average LTV on secured AUM	49.65%	48.85%	47.49%
CRAR (Capital Adequacy Ratio)	20.80%	21.81%	23.09%
Average cost of borrowings	12.02%	12.06%	12.24%
Spread	9.90%	8.81%	9.10%

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Competitive Strengths

- **MSME Loan focused:** In FY25, FY24 and FY23, of the total income generated, MSME financing constituted 80.96%, 75.37% and 83.64%, respectively. Their MSME financing vertical represented 76.34%, 73.94% and 76.16% of their overall AUM for FY25, FY24 and FY23, respectively. Their MSME loans typically vary in the range of Rs. 50,000 to Rs. 25 Lakh and are secured by mortgage of residential or commercial property. As on March 31, 2025, they had 18,596 MSME customers, and their secured MSME loans have an average LTV (Loan-to-value) ratio of 43.79%.
- **Diversified sources of capital:** As of March 31, 2025, LIFL's sources of capital comprised of 22 NBFCs & financial institutions, 10 private banks, 8 public sector banks and 7 small finance banks. They have established strong relationships with their lenders which has enabled them to maintain an average tenure of 4+ years with their top 5 lenders, secure repeat funding from 80% of lenders and increase credit limits by 7.20% YoY with their top 5 lenders. Their secured term loans comprised of 96.29%, 96.01% and 95.77% of their total borrowings in FY25, FY24, FY23, respectively.
- **Comprehensive risk management framework:** LIFL has a well-structured credit assessment and risk management framework to identify, monitor and manage risks inherent in their operations, which is evident with their percentage of written off loans to AUM ratio of 0.33%, 0.26% and 0.20% in FY25, FY24, FY23, respectively. Further, they focus on collateral-backed lending and as of March 31, 2025, 98.81% of their loan portfolio was secured.
- **Deeper regional penetration in semi-urban areas:** LIFL is very well focused in semi-urban and rural areas and as of March 31, 2025, 55.70% of their total branches were located in semi-urban areas, followed by 25.32% in Urban and 18.99% in Rural areas. For the FY25, 77.06% of their total disbursements were made via the direct channel (LIFL itself) and 22% were made through direct sales associates.
- **Strategically designed business model:** LIFL operates on a hub and branch business model, strategically designed to enhance efficiency, reduce costs and expand reach. At the core of the structure, are hub (disbursement) branches, which serve as hubs for files, can be checked and disbursement advice raised. Each hub facilitates disbursement of surrounding branches.

Key Risk Factors

- **Substantial capital requirement for the business:** LIFL requires substantial capital for their business and any disruption in their sources of funding could adversely affect their liquidity, business, cash flows, results of operations and financial condition. As of March 31, 2025, their top 10 lenders funded 53.94% of LIFL's total borrowings, followed by top 20 lenders' share of 80.4%. Any negative change or effect in their relationship with lenders may pose significant risk for their funding requirements.
- **MSME Sector focused:** Their business is primarily focused on MSMEs and any adverse development in this sector or in government policies affecting this sector would directly affect their business, cash flows and results of operations. Any amendments or introduction of new laws may alter the operating environment for MSMEs, potentially impacting their business.
- **Low Provision Coverage Ratio:** For the FY25, FY24 and FY23, their provision coverage ratio (PCR) stood at 55.18%, 54.41% and 45.60%, which is on the lower end, considering current industry standards. However, this is well countered by their secured loan book – which is 98.81% of the total book and their GNPA% consistently being recorded at around 1% And NPA% around 0.5%.
- **Operating in a regulated environment:** The RBI's guidelines and regulations on NBFCs also impact their operations and any changes to these guidelines can affect their lending practices, capital requirements and liquidity. They are subject to periodic inspections by the RBI on their operations, risk management systems, internal controls, regulatory compliance and credit monitoring systems, pursuant to which the RBI issues observations, directions and monitorable action plans on issues related to, among other things, any operational risks and regulatory non-compliances.
- **Geographical concentration of business:** As on March 31, 2025, Rajasthan contributed a staggering 80% to LIFL's total AUM, followed by Madhya Pradesh's share of 12.57% and Gujarat's 6.93%. This geographic concentration exposes them to regional economic, social and political risks that could adversely affect their business, cash flows and results of operations. Local economic conditions, cultural factors and infrastructure vary significantly across regions, influencing business operations and access to financing. Furthermore, 57.59% of their branches are located in Rajasthan, followed by Madhya Pradesh's share of 22.15% and Gujarat's 15.19%.

Comparison with Listed Peers

Name of the Companies	Market Price	Face Value (per Share)	P/E Ratio	EPS (Basic)	EPS (Diluted)	RoNW (%)	NAV (per Share)
Laxmi India Finance Limited	NA	5	NA	8.78	8.78	15.66	61.57
Peers:							
MAS Financial Services Limited	319.75	10	16.97	17.48	17.48	14.71	142.50
Five Star Business Finance Limited	680.50	1	20.62	36.61	36.50	18.60	214.13
SBFC Finance Limited	113.10	10	34.38	3.21	3.15	11.39	29.40
Ugro Capital Limited	173.49	10	11.65	15.68	14.71	8.68	222.57
CSL Finance Limited	308.05	10	10.56	31.64	31.29	14.18	241.21
AKME Fintrade (India) Limited	7.15	10	0.94	8.28	8.28	11.09	89.56
Moneyboxx Finance Limited	164.80	10	476.67	0.39	0.39	0.53	79.85

Summary

Laxmi India Finance Limited, incorporated in 1996, is a non-deposit taking NBFC focused on MSME, vehicle, and construction loans. Over 80% of its MSME portfolio qualifies as Priority Sector Lending. As of March 31, 2025, it operated 158 branches across five states, with the highest presence in Rajasthan. It offers secured loans against property for MSMEs, used vehicle and tractor loans, and home construction loans up to Rs. 25 lakh. In FY25, revenue grew 42% and PAT surged 60% year-on-year.

India's microfinance sector is expected to grow steadily due to rising financial inclusion efforts, favourable regulatory frameworks and high demand from underserved rural and semi-urban populations. With the gross loan portfolio predicted to nearly double from Rs. 4.3 lakh crore in FY24 to Rs. 9 lakh crore by FY28, the industry is anticipated to register a CAGR of 18-20% over FY24-28. A maturing credit culture, improved rural incomes, and expanded reach of NBFC-MFIs and SFBs will all help to support growth. All things considered, the sector's transformation into a more structured, technologically advanced, and customer-focused ecosystem is encouraging for its future course.

The company has their concentration in the north-western India, they aim to diversify by expanding their reach in other parts of India. Furthermore, in the districts they operate in, they have an average district level penetration of 30% and they expect to continue to grow and increase their footprints in the existing areas and portfolio.

LIFL has a good LTV of 50%, which keeps their lending risk low, and using this framework, they have grown well in the last couple of years.

By raising the capital via the route of IPO, the business will be able to enhance their lending further and grow their loan book further and in turn elevate the undeserved and untapped businesses, boosting the Indian economy.
On the valuation front, LIFL is fairly valued and is set to accelerate their growth in the growing economy of India.

The valuation is in line with peers who are lending in the MFI space, and given the RBI tightening norms and the rate cuts happening, the sector is better placed to weather the storms seen in the last few quarters.

Therefore, it is recommended to **"Subscribe"** to the IPO for long-term investment, considering its valuation and growth potential.

DISCLAIMER

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