

# Laxmi India Finance Ltd.

July 28, 2025



Laxmi India Finance (LIF) is a non-deposit taking, middle-layer NBFC primarily engaged in financing Micro, Small and Medium Enterprises (MSMEs) and vehicle loans. The company also offers construction loans and other lending solutions to meet diverse credit needs. As of March 31, 2025, LIF operates through 158 branches spread across rural, semi-urban, and urban regions in Rajasthan, Gujarat, Madhya Pradesh, Chhattisgarh, and Uttar Pradesh. The company reported AUM of ₹12,770.18 million in FY25, with MSME loans contributing 76.34% and vehicle loans 16.12%. The total customer base stood at 35,568, comprising 18,596 active MSME customers and 12,423 active vehicle loan customers.

Investment Rationale:

Focus on MSME Financing

- MSME segment contributed 80.96% of revenue and 76.34% of AUM in FY25, maintaining dominance over FY23–25.
- Sanctioned loan size ranges from ₹0.05 million to ₹2.5 million; 100% of FY25 MSME borrowers fall under micro-enterprises.
- MSME AUM stood at ₹9,748.59 million as of FY25, serving 18,596 customers with an average LTV of 43.79%.
- NBFC-MSME segment AUM expected to grow at 20–22% CAGR to ₹6,000,000 million by FY27.
- LIF leverages tech-enabled underwriting and semi-urban presence to profitably tap underserved MSME borrowers.

Best-in-Class Asset Quality

- GNPA at 1.07% and NNPA at 0.48% in FY25; among the best in secured NBFC peer group.
- 98.81% of portfolio secured; negligible loan write-offs reflect strong collections and credit appraisal.
- 49.31% of secured borrowers had CIBIL >650; 37.10% new to formal secured credit—indicating effective underwriting.
- Loans backed by real estate or vehicles with prudent LTVs (MSME: 43.79%, Vehicle: 73.21%) reduce default probability.
- Risk framework supported by automated LOS, field verification, reference checks, and mandatory co-borrowers.

Deeper Regional Penetration in Semi-Urban and Rural Areas

- Credit to rural regions doubled from ₹7,260,000 million to ₹13,760,000 million between Mar’20–Dec’24.
- Semi-urban credit doubled from ₹12,380,000 million to ₹24,460,000 million in the same period.
- Rural credit growth at 17.5% in FY24, moderating to 9.9% in Dec’24; semi-urban growth at 8.4%.
- LIF leverages direct sales, DSAs, and digital channels to acquire customers efficiently across underpenetrated markets.
- Tailored product design, proximity-based servicing, and agile sourcing enable rural scale with low cost-to-income.

Geographic Expansion and Cross-Sell Strategy Driving Scalable Growth

- Operates 158 branches across 83 districts in 5 states with gross loan book per branch at ₹80.82 million in FY25.
- 23 branches added in FY25; district penetration at 30%, offering scope to deepen presence in existing markets.
- Evaluating selective M&A opportunities to drive inorganic growth and branch network expansion.
- Cross-selling MSME and vehicle loans aims to boost revenue per customer and improve lifetime value.
- Data-driven upsell and retention strategies enhance profitability while reducing sourcing costs and credit risk.

**Valuation and Outlook:** LIF is concentrating its business on MSME lending, which contributed between 75% and 84% of revenues from FY23 to FY25 and formed 76.34% of FY25 AUM at ₹9,748.59 million. The company focuses solely on micro-enterprise borrowers, backed by secured lending practices with an average LTV of 43.79%, and boasts best-in-class asset quality—GNPA of 1.07% and NNPA of 0.48%—despite 37% of borrowers being new to formal secured credit. With 98.81% of AUM secured and negligible write-offs, LIF’s disciplined credit architecture supports sustainable growth. The NBFC-MSME segment is expected to grow at a 20–22% CAGR to over ₹60,00,000 million AUM by FY27, and LIF is well-positioned to capture this with a 3-year historical CAGR and strategic presence in rural and semi-urban India. The company operates 158 branches across 83 districts in 5 states, with average branch-level AUM of ₹80.82 million and 30% district penetration, leaving ample white space for expansion, especially in Tier 3 and Tier 4 markets. Moreover, rural credit grew from ₹72,60,000 million in March 2020 to ₹1,37,60,000 million in December 2024, while semi-urban credit rose from ₹1,23,80,000 million to ₹2,44,60,000 million, with FY24 rural credit growth at 17.5% and moderating to 9.9% in December 2024—underscoring structural tailwinds. LIF’s multi-channel sourcing strategy through direct sales, DSAs, and digital platforms enables agile customer acquisition, enhancing scalability and cost efficiency. Laxmi India Finance Ltd. is sustaining strong growth, asset quality, and profitability, but continued focus on risk management will be crucial as the company pursues further scale. We recommend to subscribe to the issue as a long term investment due to a strong management, securitised book and healthy growth rates driven by geographical expansion and cross selling opportunities.

| Key Financial & Operating Metrics (Consolidated) |          |         |         |        |      |       |      |
|--|----------|---------|---------|--------|------|-------|------|
| In INR mn  | Revenue  | YoY (%) | NIM %   | PAT    | EPS  | ROE   | ROA  |
| FY23   | 1248.22  | 32.72   | 927.00% | 159.71 | 3.82 | 11.44 | 2.39 |
| FY24   | 1647.85  | 33.67   | 923.00% | 224.69 | 5.37 | 12.68 | 2.55 |
| FY25   | 2,313.12 | 41.92   | 973.00% | 360.04 | 8.61 | 15.68 | 3.00 |

www.smifs.com

Issue Snapshot

|                     |               |
|---------------------|---------------|
| Issue Open          | 29-Jul-25     |
| Issue Close         | 31-Jul-25     |
| Price Band          | INR 150 - 158 |
| Issue Size (Shares) | 1,04,53,575   |
| Market Cap (mln)    | INR 8258      |

Particulars

|                       |             |
|-----------------------|-------------|
| Fresh Issue (INR mln) | INR 1651.66 |
| OFS Issue (INR mln)   | INR 890.9   |
| QIB                   | 50%         |
| Non-institutionals    | 35%         |
| Retail                | 15%         |

Capital Structure

|                          |             |
|--------------------------|-------------|
| Pre Issue Equity         | 4,18,14,300 |
| Post Issue Equity        | 5,22,67,875 |
| Bid Lot                  | 94 Shares   |
| Minimum Bid amount @ 150 | INR 14100   |
| Maximum Bid amount @ 158 | INR 14852   |

Share Holding Pattern

|           | Pre Issue | Post Issue |
|-----------|-----------|------------|
| Promoters | 89.05%    | 60.45%     |
| Public    | 11.00%    | 39.55%     |

Particulars

|              |           |
|--------------|-----------|
| Face Value   | INR 5     |
| Book Value   | INR 80.94 |
| EPS, Diluted | INR 6.89  |

Objects of the Issue

1. Augmenting capital base- ₹1770 million

SUBSCRIBE

research@smifs.com



# Laxmi India Finance Ltd.

July 28, 2025



Laxmi India Finance (LIF) is a non-deposit taking, middle-layer NBFC primarily engaged in financing Micro, Small and Medium Enterprises (MSMEs) and vehicle loans. The company also offers construction loans and other lending solutions to meet diverse credit needs. As of March 31, 2025, LIF operates through 158 branches spread across rural, semi-urban, and urban regions in Rajasthan, Gujarat, Madhya Pradesh, Chhattisgarh, and Uttar Pradesh.

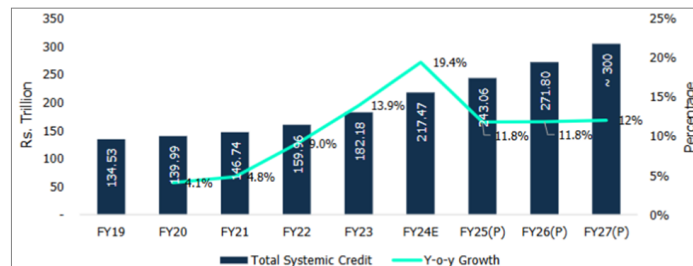
The company reported AUM of ₹12,770.18 million in FY25, with MSME loans contributing 76.34% and vehicle loans 16.12%. The total customer base stood at 35,568, comprising 18,596 active MSME customers and 12,423 active vehicle loan customers.

## AUM Breakup:

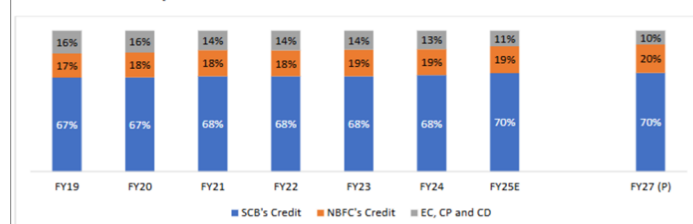
| Particulars         | Fiscal 2025      |                  |               | Fiscal 2024      |                 |               | Fiscal 2023      |                 |               |
|---------------------|------------------|------------------|---------------|------------------|-----------------|---------------|------------------|-----------------|---------------|
|                     | No. of Customers | AUM (in ₹)       | % of AUM      | No. of Customers | AUM (in ₹)      | % of AUM      | No. of Customers | AUM (in ₹)      | % of AUM      |
| MSME Loans          | 18,596           | 9,748.59         | 76.34         | 14,456           | 7,108.45        | 73.94         | 10,513           | 5,230.25        | 76.16         |
| Vehicle Loans       | 12,423           | 2,058.82         | 16.12         | 5,706            | 1,764.43        | 18.35         | 3,906            | 949.77          | 13.83         |
| Construction Loans  | 2,303            | 621.45           | 4.87          | 1,754            | 534.68          | 5.56          | 1,500            | 517.35          | 7.53          |
| Others:             |                  |                  |               |                  |                 |               |                  |                 |               |
| (a) Business Loans  | 387              | 54.69            | 0.43          | 449              | 97.04           | 1.01          | 442              | 117.11          | 1.71          |
| (b) Personal Loans  | 1,845            | 96.81            | 0.76          | 1,541            | 109.09          | 1.13          | 490              | 53.19           | 0.77          |
| (c) Wholesale Loans | 14               | 189.82           | 1.49          | -                | -               | -             | -                | -               | -             |
| <b>Total</b>        | <b>35,568</b>    | <b>12,770.18</b> | <b>100.00</b> | <b>23,906</b>    | <b>9,613.69</b> | <b>100.00</b> | <b>16,851</b>    | <b>6,867.67</b> | <b>100.00</b> |

## Industry Overview:

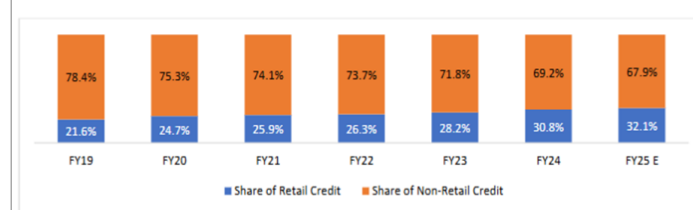
Systemic credit in India has grown steadily, from ₹134,500,000 million in FY19 to an estimated ₹236,000,000 million in FY25, and is projected to reach approximately ₹300,000,000 million by FY27, reflecting a healthy CAGR of 12%–13% between FY25 and FY27. The NBFC share in systemic credit has increased from 17% in FY19 to 19% in FY24 and is expected to reach 20% by FY27, highlighting the sector's increasing importance in catering to under-served segments like MSMEs and priority sector lending. Commercial credit to MSMEs has maintained an 11% CAGR between Sep-2019 and Sep-2023. Within this segment, NBFC MSME AUM is projected to grow at a CAGR of 20%–22% and surpass ₹6,000,000 million by FY27, presenting a strong tailwind for LIF's growth strategy.



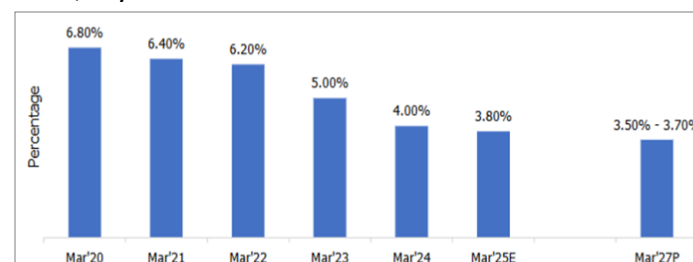
## Share of NBFC's in the Systemic Credit



## Retail Credit as % of Total Credit



## Asset Quality of NBFCs



## MSME financing products:

| Particulars                                       | Fiscal 2025 | Fiscal 2024 | Fiscal 2023 |
|---|-------------|-------------|-------------|
| AUM (₹ in million)                                | 9,748.59    | 7,108.45    | 5,230.25    |
| Sanctioned MSME Loans                             | 12,018.00   | 8,702.15    | 6,329.12    |
| Disbursements (₹ in million)                      | 53,07.02    | 3,496.52    | 2,387.55    |
| Average ticket size (₹ in million) <sup>(1)</sup> | 0.65        | 0.60        | 0.60        |
| Average tenure (in months)                        | 65.59       | 67.99       | 71.52       |
| Average yield (in %)                              | 21.97       | 21.75       | 21.46       |
| LTV Ratio   | 43.79       | 43.67       | 43.76       |

## MSME financing products:

| Particulars                          | Fiscal 2025 | Fiscal 2024 | Fiscal 2023 |
|--------------------------------------|-------------|-------------|-------------|
| <b>Commercial Vehicles</b>           |             |             |             |
| AUM (₹ in million)                   | 1,739.65    | 1,671.85    | 908.33      |
| Sanctioned commercial vehicles loans | 2,715.36    | 2,191.40    | 1,211.56    |
| Disbursements (₹ in million)         | 982.19      | 1,386.02    | 699.79      |
| Average ticket size (₹ in million)   | 0.43        | 0.44        | 0.36        |
| Average tenure (in months)           | 38.89       | 38.47       | 36.22       |
| Average yield (in %)                 | 20.55       | 20.70       | 20.84       |
| LTV Ratio                            | 72.22       | 71.79       | 71.07       |
| <b>Two-Wheelers</b>                  |             |             |             |
| AUM (₹ in million)                   | 161.87      | 0.75        | 1.13        |
| Sanctioned Two-wheelers loans        | 180.28      | 6.70        | 16.58       |
| Disbursements (₹ in million)         | 180.16      | 0.93        | 0.62        |
| Average ticket size (₹ in million)   | 0.04        | 0.06        | 0.05        |
| Average tenure (in months)           | 18.82       | 24.54       | 22.53       |
| Average yield (in %)                 | 15.06       | 23.83       | 23.32       |
| LTV Ratio                            | 80.78       | 81.01       | 79.55       |
| <b>Tractors</b>                      |             |             |             |
| AUM (₹ in million)                   | 70.71       | 63.10       | 40.31       |
| Sanctioned Tractors Loans            | 104.71      | 93.85       | 65.38       |
| Disbursements (₹ in million)         | 50.95       | 46.51       | 28.35       |
| Average ticket size (₹ in million)   | 0.30        | 0.27        | 0.24        |
| Average tenure (in months)           | 38.04       | 34.45       | 32.59       |
| Average yield (in %)                 | 20.64       | 20.60       | 21.36       |
| LTV Ratio                            | 76.79       | 75.82       | 74.05       |
| <b>Electric Vehicles</b>             |             |             |             |
| AUM (₹ in million)                   | 86.58       | 28.73       | -           |
| Sanctioned Electric Vehicles Loans   | 129.03      | 29.89       | -           |
| Disbursements (₹ in million)         | 103.03      | 29.89       | -           |
| Average ticket size (₹ in million)   | 0.11        | 0.13        | -           |
| Average tenure (in months)           | 19.54       | 18.92       | -           |
| Average yield (in %)                 | 22.84       | 25.43       | -           |
| LTV Ratio                            | 75.94       | 75.50       | -           |

## Construction Loans

| Particulars                        | Fiscal 2025 | Fiscal 2024 | Fiscal 2023 |
|------------------------------------|-------------|-------------|-------------|
| AUM (₹ in million)                 | 621.45      | 534.68      | 517.35      |
| Sanctioned Construction Loans      | 852.06      | 675.20      | 616.01      |
| Disbursements (₹ in million)       | 267.95      | 167.60      | 188.72      |
| Average ticket size (₹ in million) | 0.37        | 0.38        | 0.41        |
| Average tenure (in months)         | 66.37       | 70.36       | 72.83       |
| Average yield (in %)               | 23.01       | 22.72       | 22.49       |
| LTV Ratio                          | 40.19       | 41.25       | 41.72       |

## Others:

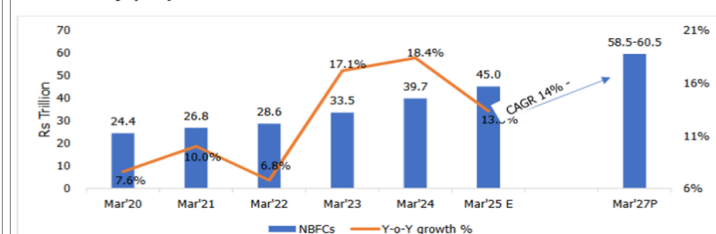
### Unsecured Business Loans

| Particulars                        | Fiscal 2025 | Fiscal 2024 | Fiscal 2023 |
|------------------------------------|-------------|-------------|-------------|
| AUM (₹ in million)                 | 54.69       | 97.04       | 117.11      |
| Sanctioned Business Loans          | 135.15      | 153.62      | 143.22      |
| Disbursements (₹ in million)       | 4.93        | 29.67       | 78.77       |
| Average ticket size (₹ in million) | 0.35        | 0.34        | 0.32        |
| Average tenure (in months)         | 41.25       | 41.06       | 42.41       |
| Average yield (in %)               | 18.41       | 17.90       | 17.87       |

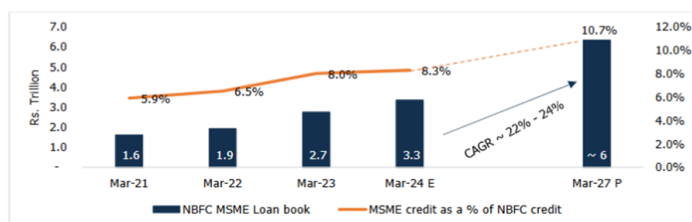
### Personal Loans

| Particulars                        | Fiscal 2025 | Fiscal 2024 | Fiscal 2023 |
|------------------------------------|-------------|-------------|-------------|
| AUM (₹ in million)                 | 96.81       | 109.09      | 53.19       |
| Sanctioned Personal Loans          | 198.52      | 160.92      | 83.89       |
| Disbursements (₹ in million)       | 69.11       | 97.12       | 49.12       |
| Average ticket size (₹ in million) | 0.11        | 0.10        | 0.17        |
| Average tenure (in months)         | 28.42       | 28.67       | 35.17       |
| Average yield (in %)               | 19.34       | 19.82       | 22.30       |

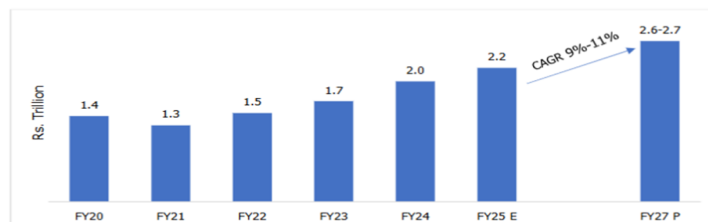
## Gross Credit Deployed by NBFCs



MSME loan outstanding to cross Rs. 6 trillion by FY27



Trend in NBFCs Credit towards Commercial Vehicle Financing



### Investment Rationale:

**Focus on MSME financing:** Over the last three fiscal years (2023 to 2025), revenues from MSME financing have consistently contributed the majority share of total income—80.96% in FY25, 75.37% in FY24, and 83.64% in FY23. MSME loans also constituted 76.34%, 73.94%, and 76.16% of total Assets Under Management (AUM) during the same periods, reflecting a clear strategic focus on this segment.

The company caters to a wide spectrum of business needs and provides credit support to entrepreneurs, primarily through secured loans backed by residential or commercial properties. Sanctioned MSME loans typically range between ₹0.05 million and ₹2.5 million. The smaller ticket size, combined with collateralized lending, helps mitigate default risk. As of March 31, 2025, the company served 18,596 MSME customers, with a secured MSME loan portfolio maintaining an average Loan-to-Value (LTV) ratio of 43.79%.

Despite being a key pillar of the Indian economy, the MSME segment remains underpenetrated by formal lenders, particularly NBFCs. A substantial credit gap persists due to limited documentation and inadequate credit history among micro and small businesses, presenting a significant opportunity for specialized lenders. With a shift towards formalization and digitization of MSMEs, new data points have emerged that enhance credit assessment processes and enable better risk underwriting.

As of March 2025, total credit exposure stood at ₹12,770.18 million, with MSME loans accounting for 76.34% or ₹9,748.59 million, and all 18,596 MSME borrowers falling under the micro enterprise category. This concentration underscores the company's core competence in micro-business lending.

The NBFC segment focused on MSME lending has demonstrated a strong growth trajectory, achieving a CAGR of 27% between FY21 and FY24, even during the COVID-19 years. This momentum has been supported by government initiatives, regulatory reforms, and improvements in MSME registration and digital ecosystems. Going forward, MSME AUM across NBFCs is expected to grow at a CAGR of 20%–22%, crossing ₹6,000,000 million by FY27.

The company is well-positioned to capitalize on this expanding market opportunity, backed by its deep domain expertise, tech-enabled underwriting, quick turnaround in loan processing, and strategic branch presence in semi-urban and rural regions. The ongoing investments in digitization and process efficiencies further enhance its ability to scale profitably while serving India's underserved MSME ecosystem.

**Best in class GNPA and NNPA amongst peers:** The company has established a robust credit assessment and risk management framework aimed at identifying, monitoring, and mitigating risks inherent in its operations. Credit management is central to the business model, given the focus on serving the underserved financial segment. Lending decisions are based on a comprehensive evaluation of both the borrower's repayment capacity and the business's cash flow generation, utilizing a mix of credit history and current financial performance.

A risk management committee has developed detailed policies covering credit, market, liquidity, and operational risks. Customized operating procedures and stringent credit quality checks are implemented at each stage of the lending lifecycle to ensure comprehensive risk control. The underwriting process focuses on borrower profiling, where, as of March 31, 2025, 49.31% of secured customers had a CIBIL score above 650 at loan origination, and 37.10% were new to the formal secured lending ecosystem.

With a strong presence across rural, semi-urban, and urban areas, the company lends to customers often lacking formal income documentation. The lending approach is largely collateral-backed, with 98.81% of the loan portfolio secured as of March 2025. Within this, secured MSME loans had an average Loan-to-Value (LTV) ratio of 43.79%, while secured vehicle loans held an average LTV of 73.21%.

Each loan undergoes a multi-layered evaluation involving sourcing and operations teams conducting initial checks, followed by independent assessments by the credit team. The underwriting process integrates digital tools, credit bureau data, reference checks, third-party valuations, and financial statement reviews. Borrowers are assessed on their ability and willingness to pay, as well as the quality and value of collateral.

The evaluation of income includes both formal and informal sources, supplemented by in-depth cash flow analysis, physical inspections, and community-level intelligence gathering. Technology plays a critical role, with the digitized Loan Origination System (LOS) enabling real-time integration, automated verifications, and faster credit approvals. All sanctioning and disbursement deviations are built into the software, ensuring consistency and minimizing human error.

As of March 31, 2025, loan write-offs remained negligible, reflecting strong credit monitoring and recovery systems. The company incorporates additional safeguards, such as requiring a spouse or parent as a co-borrower and mandating a female co-borrower, both of which enhance repayment discipline. External guarantors and borrower insurance further reduce key-person risk.

Operationally, all loans are geo-tagged and documented with digital records, including photographs and inspection logs. The company continuously updates its standard operating procedures and strengthens audit frameworks to maintain asset quality amid growth. It has delivered industry-leading performance on key asset quality metrics, with a Gross NPA of 1.07% and a Net NPA of 0.48% as of FY25, outperforming most peers and underscoring the effectiveness of its risk management practices and the resilience of its loan book.

**Details of loans:**

(₹ in million, unless specified)

| Particulars  | As on<br>March 31, 2025 | As on<br>March 31, 2024 | As on<br>March 31, 2023 |
|--|-------------------------|-------------------------|-------------------------|
| Written off loans  | 42.19                   | 24.58                   | 13.79                   |
| Bad debts recovered  | (14.50)                 | (14.27)                 | (16.33)                 |
| Net written off amount after considering bad debts recovered | 27.68                   | 10.31                   | (2.54)                  |
| AUM  | 12,770.18               | 9,613.69                | 6,867.67                |
| Percentage of written off loans to AUM (%)                   | 0.33                    | 0.26                    | 0.20                    |

extended to the rural segment rose from ₹7.26 trillion to ₹13.76 trillion during this period, supported by strong year-on-year growth of 14.3% in FY21, 11.1% in FY22, 15.7% in FY23, and 17.5% in FY24, before moderating to 9.9% by December 2024.

In parallel, semi-urban regions experienced even faster growth in credit outstanding, which more than doubled from ₹12.38 trillion in March 2020 to ₹24.46 trillion by December 2024. This expansion was fueled by the rapid development of banking infrastructure and increased customer engagement in these evolving markets. Although the growth rate moderated to 8.4% by December 2024, the market remains significantly under-penetrated.

These trends reflect a considerable whitespace opportunity for non-banking financial companies (NBFCs), particularly in serving mid-sized and lower-rated borrowers that are often underserved by traditional lenders. This environment supports the emergence of NBFCs offering tailored and flexible financing solutions in rural and semi-urban areas, thereby enhancing access to capital in these regions.

The company is strategically positioned to benefit from this opportunity by employing a multi-channel customer acquisition strategy. This includes (a) a direct sales force operating through a strong branch-led network, (b) partnerships with direct sales associates (DSAs), and (c) digital sourcing channels. This diversified sourcing framework enables deeper market penetration, especially in regions with limited formal credit access, while supporting scalable and sustainable portfolio growth.

**Details of branches:**

(₹ in million, unless specified otherwise)

| Area                      | March 31, 2025   |                    |                     | March 31, 2024  |                    |                     | March 31, 2023  |                    |                     |
|---------------------------|------------------|--------------------|---------------------|-----------------|--------------------|---------------------|-----------------|--------------------|---------------------|
|                           | AUM              | Number of branches | % of total branches | AUM             | Number of branches | % of total branches | AUM             | Number of branches | % of total branches |
| Urban <sup>(1)</sup>      | 4,233.63         | 40                 | 25.32               | 3,221.16        | 32                 | 23.7                | 2,581.79        | 28                 | 23.53               |
| Semi-Urban <sup>(2)</sup> | 6,778.45         | 88                 | 55.70               | 5,020.71        | 74                 | 54.82               | 3,302.39        | 66                 | 55.46               |
| Rural <sup>(2)</sup>      | 1,758.10         | 30                 | 18.99               | 1,371.82        | 29                 | 21.48               | 983.48          | 25                 | 21.01               |
| <b>Total</b>              | <b>12,770.18</b> | <b>158</b>         | <b>100.00</b>       | <b>9,613.69</b> | <b>135</b>         | <b>100.00</b>       | <b>6,867.66</b> | <b>119</b>         | <b>100.00</b>       |

based on granular assessments of growth potential, delinquency trends, and competitive landscape. With district-level penetration averaging 30% in its current markets, there remains significant headroom to scale further within existing geographies. Additionally, LIF is open to strategic acquisitions to accelerate inorganic expansion and strengthen its branch network.

The company is also leveraging its existing branch network and customer base to drive growth through cross-selling. By offering complementary products across business verticals—particularly MSME and vehicle loans—LIF aims to increase revenue per customer, enhance retention, and lower acquisition costs. As of FY25, the company's gross loan portfolio per branch stood at ₹80.82 million, with a strategic focus on increasing this metric through targeted cross-sell efforts, upselling to low-risk existing customers, and using data analytics to optimize product fit and outreach. This integrated, relationship-led approach enhances operating leverage, reduces incremental sourcing costs, spreads risk across asset classes, and supports overall profitability while insulating against interest rate volatility. Together, the dual levers of geographic expansion and cross-sell optimization position LIF to sustain scalable and efficient growth.

**Valuation and Outlook:** LIF is concentrating its business on MSME lending, which contributed between 75% and 84% of revenues from FY23 to FY25 and formed 76.34% of FY25 AUM at ₹9,748.59 million. The company focuses solely on micro-enterprise borrowers, backed by secured lending practices with an average LTV of 43.79%, and boasts best-in-class asset quality—GNPA of 1.07% and NNPA of 0.48%—despite 37% of borrowers being new to formal secured credit. With 98.81% of AUM secured and negligible write-offs, LIF's disciplined credit architecture supports sustainable growth. The NBFC-MSME segment is expected to grow at a 20–22% CAGR to over ₹60,00,000 million AUM by FY27, and LIF is well-positioned to capture this with a 3-year historical CAGR and strategic presence in rural and semi-urban India. The company operates 158 branches across 83 districts in 5 states, with average branch-level AUM of ₹80.82 million and 30% district penetration, leaving ample white space for expansion, especially in Tier 3 and Tier 4 markets. Moreover, rural credit grew from ₹72,60,000 million in March 2020 to ₹1,37,60,000 million in December 2024, while semi-urban credit rose from ₹1,23,80,000 million to ₹2,44,60,000 million, with FY24 rural credit growth at 17.5% and moderating to 9.9% in December 2024—underscoring structural tailwinds. LIF's multi-channel sourcing strategy through direct sales, DSAs, and digital platforms enables agile customer acquisition, enhancing scalability and cost efficiency. Laxmi India Finance Ltd. is sustaining strong growth, asset quality, and profitability, but continued focus on risk management will be crucial as the company pursues further scale. We recommend to subscribe to the issue as a long term investment due to a strong management, securitised book and healthy growth rates driven by geographical expansion and cross selling opportunities.

## Peer Comparison

### FY25 Peer Comparison

| Name of the company            | Total Income (₹ Million) | PAT (₹ Million) | EPS (Diluted) (₹) | P/E    | P/B  |
|--------------------------------|--------------------------|-----------------|-------------------|--------|------|
| Laxmi India Finance Limited    | 2,480.38                 | 360.04          | 6.89              | 22.93  | 1.95 |
| MAS Financial Services Limited | 15,304.50                | 3,202.10        | 17.48             | 18.31  | 2.08 |
| Five Star Business Finance Ltd | 28,660.24                | 10,695.88       | 36.5              | 18.88  | 3.2  |
| SBFC Finance Limited           | 13,067.46                | 3,291.32        | 31.5              | 3.46   | 3.7  |
| Ugro Capital Limited           | 14,418.46                | 1,512.25        | 14.71             | 11.35  | 1    |
| CSL Finance Limited            | 2,160.43                 | 720.81          | 31.29             | 10.04  | 1.3  |
| AKME Fintrade (India) Limited  | 2,027.21                 | 335.8           | 8.28              | 0.87   | 0.8  |
| Moneyboxx Finance Limited      | 1,992.21                 | 11.35           | 0.39              | 430.77 | 2.1  |

| Comparison of KPIs                  | Unit  | Laxmi India Finance Ltd. | MAS Financial Services Ltd. | Five Star Business Finance Limited | SBFC Finance Limited | UGRO Capital Limited | CSL Finance Limited | AKME Fintrade (India) Limited | Moneyboxx Finance Limited |
|-------------------------------------|-------|--------------------------|-----------------------------|------------------------------------|----------------------|----------------------|---------------------|-------------------------------|---------------------------|
| Number of Branches                  | Count | 158                      | 204                         | 558                                | 158                  | 235                  | 43                  | 29                            | 63                        |
| Number of Employees                 | Count | 1,434                    | 1,494                       | 4,000                              | 2,904                | 1,263                | 160                 | 138                           | 163                       |
| AUM                                 | ₹ Mn  | 12,770.18                | 10,221.74                   | 7,138.00                           | 8,747.00             | 12,030.30            | 2,367.00            | 1,134.30                      | 1,006.00                  |
| AUM Growth                          | %     | 32.83                    | 19.50%                      | 23.19%                             | 49.67%               | 36.22%               | 16.00%              | 45.53%                        | 26.99%                    |
| Disbursements                       | ₹ Mn  | 7,185.34                 | 8,548.03                    | 1,117.00                           | -                    | -                    | 1,265.00            | 1,000.00                      | 1,800.00                  |
| Disbursement Growth                 | %     | 36.75                    | 25.76%                      | -                                  | -                    | -                    | 47.00%              | 18.00%                        | 50.34%                    |
| Average ticket size on Disbursement | ₹ Mn  | 0.43                     | -                           | 0.43                               | 0.94                 | -                    | -                   | 0.15 - 0.20                   | -                         |
| AUM per branch                      | ₹ Mn  | 80.83                    | 50.11                       | 63.96                              | 55.37                | 51.17                | 55.07               | 39.11                         | 15.97                     |
| AUM per employee                    | ₹ Mn  | 8.91                     | 6.84                        | 1.78                               | 3.01                 | 9.52                 | 25.84               | 8.22                          | 6.17                      |
| Net worth                           | ₹ Mn  | 2,574.65                 | 2,553.88                    | 6,306.67                           | 2,265.90             | 5,416.47             | 1,005.01            | 325.46                        | 798.35                    |
| CRAR                                | %     | 21.02%                   | 24.77%                      | 70.30%                             | 35.70%               | 23.00%               | 61.40%              | 48.15%                        | 57.82%                    |
| Average cost of borrowing           | %     | 12.20%                   | 9.17%                       | 10.97%                             | 11.00%               | 10.20%               | 12.00%              | 13.00%                        | 12.50%                    |
| Total Income                        | ₹ Mn  | 2,480.35                 | 1,504.20                    | 23,864.00                          | 13,067.44            | 1,445.84             | 321.51              | 215.33                        | 199.27                    |
| Net interest income                 | ₹ Mn  | 1,166.85                 | 830                         | 20,586.00                          | 6,148.00             | 803.92               | 263.71              | 188.72                        | 165                       |
| PAT after OCI                       | ₹ Mn  | 359.1                    | 195.91                      | 5,399.00                           | 1,643.00             | 523.57               | 123.94              | 79.03                         | 90                        |
| Yield on average gross loans        | %     | 21.92%                   | 16.42%                      | 24.55%                             | 17.00%               | 18.00%               | 18.00%              | 20.00%                        | 23.00%                    |
| Spread                              | %     | 9.90%                    | 6.70%                       | 13.58%                             | 8.00%                | 7.10%                | 6.00%               | 7.00%                         | 9.50%                     |
| Net interest margin                 | %     | 11.23%                   | -                           | 16.00%                             | -                    | 7.80%                | -                   | 11.20%                        | -                         |
| Impairment to total income          | %     | 14.00%                   | -                           | 0.65%                              | -                    | -                    | -                   | 2.21%                         | -                         |
| Return on Assets (RoA)              | %     | 3.00%                    | 2.03%                       | 8.19%                              | 1.89%                | 2.54%                | 6.46%               | 6.04%                         | 6.37%                     |
| RoNW                                | %     | 15.66%                   | 7.40%                       | 85.52%                             | 8.60%                | 9.67%                | 12.33%              | 24.28%                        | 13.79%                    |
| GNPA                                | %     | 1.07%                    | 1.23%                       | 1.34%                              | 2.18%                | 1.60%                | 1.40%               | 2.11%                         | 1.41%                     |
| NPA                                 | %     | 0.73%                    | 0.85%                       | 0.78%                              | 1.09%                | 1.00%                | 1.17%               | 1.39%                         | 1.00%                     |
| Disbursement per branch per month   | ₹ Mn  | 3.79                     | -                           | -                                  | -                    | -                    | 2.03                | 0.87                          | -                         |
| Disbursement per employee per month | ₹ Mn  | 0.42                     | -                           | -                                  | -                    | -                    | -                   | 0.73                          | -                         |
| PAT per Branch                      | ₹ Mn  | 2.27                     | 1.34                        | 9.14                               | 10.4                 | 2.23                 | 2.88                | 2.73                          | 1.43                      |
| PAT per Employee                    | ₹ Mn  | 0.25                     | 0.13                        | 1.4                                | 0.57                 | 0.41                 | 0.77                | 0.57                          | 0.55                      |



| Income Statement                    |          |          |          | Balance Sheet               |          |          |           |
|-------------------------------------|----------|----------|----------|-----------------------------|----------|----------|-----------|
| Y/E (INR mn)                        | FY23     | FY24     | FY25     | Y/E (INR mn)                | FY23     | FY24     | FY25      |
| Interest income                     | 1,248.22 | 1,647.85 | 2,313.12 | <b>Source of funds</b>      |          |          |           |
| Revenue                             | 1,295.29 | 1,731.37 | 2,457.13 | Equity Share Capital        | 183.17   | 198.63   | 209.07    |
| Expenses:                           |          |          |          | Reserves                    | 1342.30  | 1818.71  | 2365.74   |
| Finance Costs                       | 628.57   | 834.20   | 1146.34  | Total Share holders funds   | 1525.47  | 2017.34  | 2578.91   |
| Employee Cost                       | 319.06   | 432.04   | 540.27   | Borrowings                  | 5,923.13 | 7,537.39 | 11,017.29 |
| Impairment on financial instruments | 16.36    | 18.75    | 118.91   | Debt Securities             | 231.74   | 50.02    | 273.86    |
| Total Expenses                      | 447.12   | 604.31   | 841.72   | <b>Total Liabilities</b>    | 7,787.08 | 9,848.49 | 14,125.19 |
| NIM (%)                             | 9.27     | 9.23     | 9.73     |                             |          |          |           |
| PBT                                 | 220.19   | 296.37   | 473.55   | <b>Application of funds</b> |          |          |           |
| PAT                                 | 159.71   | 224.69   | 360.04   | Fixed Assets                | 101.20   | 111.10   | 128.42    |
| EPS                                 | 3.82     | 5.37     | 8.61     | Cash and Bank               | 1690.77  | 1152.33  | 2147.69   |
|                                     |          |          |          | Loans                       | 5,682.11 | 8,152.39 | 11,269.11 |
|                                     |          |          |          | Investments                 | 76.66    | 145.11   | 292.74    |
|                                     |          |          |          | Other financial assets      | 203.17   | 243.43   | 218.15    |
|                                     |          |          |          | <b>Total Assets</b>         | 7,787.08 | 9,848.49 | 14,125.19 |

| Cash Flow                                  |          |          |          | Key Ratios               |       |       |       |
|--|----------|----------|----------|--------------------------|-------|-------|-------|
| Y/E (INR mn)                               | FY23     | FY24     | FY25     | Y/E (INR mln)            | FY23  | FY24  | FY25  |
| Profit Before Tax                          | 220.19   | 296.37   | 473.55   | <b>Growth Ratio</b>      |       |       |       |
| Adjustment                                 | -99.17   | -133.40  | 64.97    | Net Sales Growth(%)      | 32.72 | 33.67 | 41.92 |
| Changes In working Capital                 | -1776.78 | -2336.03 | -3523.39 | PAT Growth(%)            | 9.00  | 40.69 | 60.24 |
| Cash Flow after changes in Working Capital | -1655.76 | -2173.06 | -2984.87 | <b>Margin Ratios</b>     |       |       |       |
| Tax Paid                                   | -38.38   | -64.48   | -127.78  | PBT                      | 17.64 | 17.99 | 20.47 |
| Cash From Operating Activities             | -1694.14 | -2237.54 | -3112.64 | PAT                      | 12.8  | 13.64 | 15.57 |
| Cash Flow from Investing Activities        | 51.41    | -67.96   | -183.87  | NIM                      | 9.27  | 9.23  | 9.73  |
| Cash from Financing Activities             | 2126.77  | 1775.37  | 3898.11  | Average Yield            | 21.34 | 20.87 | 21.92 |
| Net Cash Inflow / Outflow                  | 484.04   | -530.13  | 601.60   | <b>Return Ratios</b>     |       |       |       |
| Opening Cash & Cash Equivalents            | 468.80   | 952.83   | 422.70   | ROA                      | 2.39  | 2.55  | 3.00  |
| Closing Cash & Cash Equivalent             | 952.84   | 422.70   | 1024.30  | ROE                      | 11.44 | 12.68 | 15.68 |
|  |          |          |          | ROCE                     | 13.00 | 13.02 | 13.71 |
|  |          |          |          | <b>Effeciency Ratios</b> |       |       |       |
|  |          |          |          | Cost of borrowing (%)    | 6.76  | 7.53  | 7.90  |
|  |          |          |          | Cost to Income Ratio (%) | 39.00 | 42.72 | 42.84 |
|  |          |          |          | Total Debt/Equity(x)     | 4.03  | 3.80  | 4.42  |
|  |          |          |          | CRAR (%)                 | 23.09 | 21.81 | 20.8  |
|  |          |          |          | Gross NPA (%)            | 0.58  | 0.73  | 1.07  |
|  |          |          |          | Net NPA (%)              | 0.32  | 0.33  | 0.48  |
|  |          |          |          | <b>Valuation Ratios</b>  |       |       |       |
|  |          |          |          | P/E                      | -     | -     | 18.35 |
|  |          |          |          | P/B                      | -     | -     | 1.95  |

**Analyst Certification:**

I, **Saurav Pal, Research Analyst** of SMIFS Limited (in short "SMIFS / the Company"), authors and the names subscribed to this Research Report, hereby certify that all of the views expressed in this Research Report accurately reflect our views about the subject issuer(s) or securities and distributed as per SEBI (Research Analysts) Regulations 2014. I also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this Research Report. It is also confirmed that I, the above mentioned Research Analyst(s) of this Research Report have not received any compensation from the subject companies mentioned in the Research Report in the preceding twelve months and do not serve as an officer, director or employee of the subject companies mentioned in the Research Report.

**Terms & Conditions and Other Disclosures:**

SMIFS Limited is engaged in the business of Stock Broking, Depository Services, Portfolio Management and Distribution of Financial Products. SMIFS Limited is registered as Research Analyst Entity with Securities & Exchange Board of India (SEBI) with Registration Number – INH300001474.

SMIFS and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Research Analysts. SMIFS generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

The information and opinions in this Research Report have been prepared by SMIFS and are subject to change without any notice. The Research Report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of SMIFS Limited. While we would endeavour to update the information herein on a reasonable basis, SMIFS is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent SMIFS from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or policies of SMIFS, in circumstances where SMIFS might be acting in an advisory capacity to this company, or in certain other circumstances.

This Research Report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This Research Report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Securities as defined in clause (h) of section 2 of the Securities Contract Act, 1956, includes Financial Instruments, Currency and Commodity Derivatives. Though disseminated to all the customers simultaneously, not all customers may receive this Research Report at the same time. SMIFS will not treat recipients as customers by virtue of their receiving this Research Report. Nothing in this Research Report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this Research Report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. SMIFS accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this Research Report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. The information given in this report is as of date of this report and there can be no assurance that future results or events will be consistent with this information. The information provided in this report remains, unless otherwise stated, the copyright of SMIFS. All layout, design, original artwork, concepts and intellectual Properties remains the property and copyright of SMIFS and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the SMIFS.

SMIFS shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, breakdown of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of SMIFS to present the data. In no event shall SMIFS be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the SMIFS through this report.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (a) Exchange Rates can be volatile and are subject to large fluctuations; (b) the value of currencies may be affected by numerous market factors, including world and notional economic, political and regulatory events, events in Equity & Debt Markets and changes in interest rates; and (c) Currencies may be subject to devaluation or government imposed Exchange Controls which could affect the value of the Currency. Investors in securities such as Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Since associates of SMIFS are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this Research Report.

SMIFS and its Associates, Officers, Directors, Employees, Research Analysts including their relatives worldwide may: (i) from time to time may have long or short positions in, and buy or sell the Securities, mentioned herein or (ii) be engaged in any other transaction involving such Securities and earn brokerage or other compensation of the Subject Company/ companies mentioned herein or act as an Advisor or Lender/Borrower to such Companies or have other potential/material Conflict of Interest with respect to any recommendation and related information and opinions at the time of the publication of the Research Report or at the time of Public Appearance.

SMIFS does not have proprietary trades but may at a future date, opt for the same with prior intimation to Clients/ Investors and extant Authorities where it may have proprietary long/short position in the above Scrip(s) and therefore should be considered as interested.

The views provided herein are general in nature and do not consider Risk Appetite or Investment Objective of any particular Investor; Clients/ Readers/ Subscribers of this Research Report are requested to take independent professional advice before investing, however the same shall have no bearing whatsoever on the specific recommendations made by the analysts, as the recommendations made by the analysts are completely independent views of the Associates of SMIFS even though there might exist an inherent conflict of interest in some of the stocks mentioned in the Research Report.

The information provided herein should not be construed as invitation or solicitation to do business with SMIFS.

SMIFS or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the Research Report as of the last day of the month preceding the publication of the Research Report.

SMIFS encourages independence in Research Report preparation and strives to minimize conflict in preparation of Research Report. Accordingly, neither SMIFS and their Associates nor the Research Analysts and their relatives have any material conflict of interest at the time of publication of this Research Report or at the time of the Public Appearance, if any.

SMIFS or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

SMIFS or its associates might have received any compensation from the companies mentioned in the Research Report during the period preceding twelve months from the date of this Research Report for services in respect of managing or co-managing public offerings, corporate finance, investment banking, brokerage services or other advisory service in a merger or specific transaction from the subject company.

SMIFS or its associates might have received any compensation for products or services other than investment banking or brokerage services from the subject companies mentioned in the Research Report in the past twelve months.

SMIFS or its associates or its Research Analysts did not receive any compensation or other benefits whatsoever from the subject companies mentioned in the Research Report or third party in connection with preparation of the Research Report.

Compensation of Research Analysts is not based on any specific Investment Banking or Brokerage Service Transactions.

The Research Analysts might have served as an officer, director or employee of the subject company.

SMIFS and its Associates, Officers, Directors, Employees, Research Analysts including their relatives worldwide may have been engaged in market making activity for the companies mentioned in the Research Report.

SMIFS may have issued other Research Reports that are inconsistent with and reach different conclusion from the information presented in this Research Report.

A graph of daily closing prices of the securities/commodities is also available at [www.nseindia.com](http://www.nseindia.com) and/or [www.bseindia.com](http://www.bseindia.com), [www.mcxindia.com](http://www.mcxindia.com) and/or [www.icex.com](http://www.icex.com).

SMIFS submit' s that no material disciplinary action has been taken on the Company by any Regulatory Authority impacting Equity Research Analysis activities in last 3 years.

This Research Report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject SMIFS and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

#### Specific Disclosures

1. SMIFS, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
2. SMIFS, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company.
3. SMIFS, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months.
4. SMIFS, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report.
5. Research Analyst has not served as director/officer/employee in the subject company
6. SMIFS has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. SMIFS has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
8. SMIFS has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months.
9. SMIFS has not received any compensation or other benefits from third party in connection with the research report.
10. SMIFS has not engaged in market making activity for the subject company

Analyst holding in stock: **NO**

#### Key to SMIFS Investment Rankings

Buy: Return >15%, Accumulate: Return between 5% to 15%, Reduce: Return between -5% to +5%, Sell: Return < -5%

#### Contact us:

SMIFS Limited. (<https://www.smifs.com/>)

#### Compliance Officer:

**Sudipto Datta,**

5F Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: +91 33 4011 5401 / +91 33 6634 5401

Email Id.: [compliance@smifs.com](mailto:compliance@smifs.com)

#### Mumbai Office:

206/207, Trade Centre, Bandra Kurla Complex (BKC), Bandra East, Mumbai – 400051, India

Contact No.: (D) +91 22 4200 5508, (B) +91 22 4200 5500

Email Id: [institutional.equities@smifs.com](mailto:institutional.equities@smifs.com)

#### Kolkata Office:

Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: (D) +91 33 6634 5408, (B) +91 33 4011 5400

Email Id: [smifs.institutional@smifs.com](mailto:smifs.institutional@smifs.com)