



LAXMI INDIA FINANCE LIMITED

(Formerly Known as Laxmi India Finance Private Limited)

Ref. No.: LIFL/SLC/2025-26/31

Date: November 24, 2025

To,
Listing Compliance Department
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai – 400 001(Maharashtra)
Scrip Code: 544465

To,
Listing Compliance Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (East)
Mumbai-400051(Maharashtra)
Symbol: LAXMIINDIA

Sub.: Transcript of Earnings Call for the quarter ended September 30, 2025

Dear Sir / Madam,

In continuation to our letters dated November 14, 2025 and November 19, 2025, we wish to inform you that pursuant to Regulation 30 and 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Earnings Call with analysts and investors held on November 19, 2025, in relation to the Unaudited Standalone Financial Results of the Company for the quarter ended September 30, 2025, has been made available on the website of the Company at the link:

<https://lifc.co.in/wp-content/uploads/2025/11/Earning-Call-Transcript-1.pdf>

A copy of the transcript is annexed herewith.

This is for your information and appropriate dissemination.

Thanking you,

Yours faithfully,

For Laxmi India Finance Limited
(Formerly known as Laxmi India Finance Private Limited)

Mr. Sourabh Mishra
Company Secretary & Chief Compliance Officer
M. No.: A51872

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“Laxmi India Finance Limited
H1 FY26 Results Conference Call”

November 19, 2025



MANAGEMENT: MR. DEEPAK BAID – MANAGING DIRECTOR – LAXMI INDIA FINANCE LIMITED
MR. GOPAL KRISHAN SAIN -- CHIEF FINANCIAL OFFICER – LAXMI INDIA FINANCE LIMITED
MR. KULDEEP SINGH SIKARWAR – CHIEF BUSINESS OFFICER – LAXMI INDIA FINANCE LIMITED
MR. PIYUSH SOMANI – CHIEF TREASURY OFFICER – LAXMI INDIA FINANCE LIMITED
MR. SOURABH MISHRA – COMPANY SECRETARY AND CHIEF COMPLIANCE OFFICER – LAXMI INDIA FINANCE LIMITED



Moderator:

Ladies and gentlemen, good day and welcome to the Laxmi India Finance Limited H1FY26 Results Conference Call, hosted by Kirin Advisors Pvt. Ltd. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call.

These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict. As a reminder, all participant clients will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Sakhi Panjiara from Kirin Advisors Pvt. Ltd. Thank you and over to you.

Sakhi Panjiara:

Thank you and good afternoon everyone. On behalf of Kirin Advisors, I welcome you all to the virtual conference call of Laxmi India Finance Limited. From the management team, the call will be addressed by Mr. Deepak Baid, Managing Director, Mr. Gopal Krishna Sain, Chief Financial Officer, Mr. Kuldeep Singh Sikarwar, Chief Business Officer, Mr. Piyush Somani, Chief Treasury Officer, Mr. Sourabh Mishra, C. S. & Chief Compliance Officer. Now, I hand over the call to Mr. Deepak Baid. Over to you, sir.

Deepak Baid:

Yes. Good afternoon, everyone. Thank you for joining us today and for the continuous trust you place in Laxmi India Finance. This past quarter has been defining one of our company, not only because of the number we are presenting, but because of the structural strengthening that has kept place across our business.

The quarter has demonstrated that discipline growth and prudent risk management can go hand-in-hand. Our AUM has crossed INR1,386.49 crores, supported by healthy disbursement and strengthening customer base. Even more importantly, this growth has come with a sharper focus on portfolio quality, underwriting, rigor, and collection efficiency.

This quarter also marked a milestone in our journey, a successful completion of our IPO, resulting in an equity infusion of INR151.58 crores. This has significantly strengthened our balance sheet, improved our capital adequacy ratio to 31.90%, and positioned us to scale responsibility in the coming years. We are deep grateful for the confidence that the market has shown in our vision and in the company's long-term potential.

Our cost of borrowing is continuously in a downtrend trajectory, moving to 11.10%, supported by a rear-frame positive credit outlook. A more diversified lender mix and long-standing relationships across PSU banks, private banks, small finance banks, NBFCs, and FIs. This improvement gives us room to enhance margin while maintaining competitive customer pricing and balance that is crucial in today's lending environment.

I want to highlight that the company has onboarded three new lenders, Bank of Baroda, South Indian Bank, and Karur Vaishya Bank. The company has focused on onboarding new bankers so the price can be reduced and go down in the coming years. Narrating towards liquidity, that is, the company is having INR197.58 crores as of September 30, 2025. That will be catering to



almost three to four months of disbursement requirements, along with undone sanctions of INR52 crores around also in hand, that is, tap liquidity that the company is having.

I want to highlight undrawn sanctions as of 30th October stood for INR406 crores. So, this shows that the company is having good liquidity in hand. Operationally, we strengthened our footprint to 164 branches across five states. Each branch is being built for profitability, stability, and long-term sustainability. We remain deeply committed to enhancing our customer experience, embracing digitization, and improving efficiency across the organization.

Financially, our profitability remains strengthened even after observing IPO-related expenses. We reported a PAT of INR19.06 crores for the half year ended, reflecting both operation discipline and realizing of our business model. And before IPO expense, our PAT stood for INR21.05 crores.

We recognize that the NBFC sector operates in a dynamic environment and we are fully prepared for it with the strengthened capital, improved liquidity, sharper credit controls, and clear strategy for sustainable growth. Our focus for the coming quarters will remain on quality expansion, technology-led innovation, and strong governance.

On behalf of leadership team, I want to thank our investors, lenders, regulators, partners and especially our employees for the unwavering dedication towards the company. We stand committed to delivering consistent value, maintaining transparency and building a company that grows responsibility and rewards long-term confidence.

Thank you. Now, I would like to invite Mr. Gopal Krishan Sain, CFO for half year ended numbers. Thank you. Thank you, sir.

Gopal Krishan Sain:

Good afternoon, everyone. Our AUM stood INR1,386 crores as on September 25. In compared to INR1,111 crores in September 24, it is reflecting 24.75% year-on-year growth. Within half year ended, we had added 6 New branches and now we are operating with 164 branches across five states as on September 25. Our net worth stood to INR435 crores and/or yield and spread both had shown improvement during the first half.

Yield improved by 50 basis points year-on-year basis, spread increased by 133 basis points year-on-year basis. The current yield stand at 22.18% with a spread of 10.88% as of September 25. Our Opex cost for half year ended stood at 7.17% on AUM basis. Despite of our continuing branch expansion strategy, as your all good self is aware that opening new location and geography require upfront setup costs which are charged to P&L immediately, but the breakeven benefit accrue over the time period and subsequently contribute to revenue growth.

Further for half year ended September 25, our PAT stood at INR19 crores showing 24.74% year-on-year growth. Our borrowing cost reduced by 63 basis points year-on-year basis and stood at 11.10%. Our assets quality or GNPA stood at 1.59%, PCR is 47.22% and credit cost is 0.72%. Our capital adequacy ratio is 31.90%, return on assets is 2.56% and return on equity is 11%.

Just to narrate in respect of PAT that during half year ended September 25, we incurred extraordinary expenses in regards of IPO. So, INR2.66 crores were charged to P&L and

remaining was charged to securities premium as per IND AS principle. These expenses are non-recurring in nature.

If you see PAT before charging IPO expenses, then our revised PAT stand at INR21.72 crores reflecting 42% year-on-year growth. On this adjusted basis, return on assets improved to 2.74% and return on equity to 11.77%.

With this, we would like to open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Akash Jain from Vijit Global Securities Pvt. Ltd. Please go ahead.

Akash Jain: Sir, my question is regarding the jump -- sequential jumping across NPAs. So, which segment is facing pressure and what is the outlook for the coming quarters?

Deepak Baid: Yes. Thank you, sir. So, I would like to answer this question. So, this quarter has shown a little bit of a jump of 0.30 basis because of two, three reasons. So, because first reason is that the flood which has come to the area where we are operating. So, that is due to heavy rain, this area was -- as we are present in a deep rural area, so the areas were really very much harmed because of a flood -- reason.

Second, a little bit of cash crunch was there in a Q2 which we can understand in a market. So, that was a reason. But, if I talk about any product, so yes, a little bit on a heavy commercial side vehicle, a little bit was painful. And the reason, as I told you was that. So, we have taken a few steps.

So in the future, what we are expecting is that this will be recovered because our 98.2% book is secured and with a very healthy LTV of 45%. And if we take a talk about the NPA cases, so, our NP cases, LTV stood for 35%, which is very healthy. Our collection officers are very confident that this coming quarter -- so, this quarter and next quarter, we will be recovering it. And there will be a good downturn towards NPA numbers.

Akash Jain: Okay. And, sir, going forward, like what would be a product mix? Like MSME is right now 80%. So, what is the outlook like? It is going to reduce or it is going to increase?

Deepak Baid: So, yes. So, our main focus is towards the secured lending and MSME is our main product. So, which is 80%, so we are focusing to continue with this product with 80% to 85%, rest 15%, we will be covering through vehicle loans -- used vehicle loans. And especially, we will be ignoring the high commercial vehicles. And we will be focusing towards private vehicles, multi-rooted vehicles, product more. So, main focus will be towards MSME loan only. That too, with a small ticket size.

Akash Jain: Okay, because this quarter commercial vehicle was around 9.9%. And that sector was facing pressure. You got NPAs from this segment. So, going forward, commercial vehicle size will increase or it will remain the same?



- Deepak Baid:** No, sir. So, we have already taken the steps. So, this size will go down and we will be more focusing towards private and multi-rooted vehicles.
- Akash Jain:** Okay. And, sir, what is the outlook for AUM growth, say for next FY26?
- Deepak Baid:** So, if you are going to see the coming CAGR, we are growing with almost 32%. So, we are expecting better numbers, better CAGR this year. So, we can't say the forwarding numbers. But yes, we are expecting better AUM growth as compared to previous years.
- Akash Jain:** And, sir, the flood affected area, which region you are talking about?
- Deepak Baid:** So, Rajasthan, Madhya Pradesh. These were the two major states where the flood was heavily affected, especially the rural areas where we have a big presence.
- Akash Jain:** Okay. And, sir, in the last call, we had discussed about recovery was in cash. So the company was taking some steps. So, what is the status now?
- Deepak Baid:** So, we are using different collection applications. And we have inbuilt a process of getting payments from digital mode. So, now we have an option from UPI payments. So, we are getting our UPI transactions are increasing on a day-by-day number. Day-by-day numbers are increasing.
- So, we are focusing towards more into UPI transactions. And that is reducing our risk also. And customer is also getting benefit of it by getting immediately receipts and all. So, we are focusing on digitalization payment mode. And that has shown an improvement also in this quarter. Okay.
- Akash Jain:** And the progress of Laxmi Mitra app. So, how many customers are onboarded on this app?
- Deepak Baid:** So, Laxmi Mitra app is a very interesting app where you can apply a loan for others and get benefited by getting incentive. So, exact numbers I don't have right now. But, yes, we are getting a good response from that application.
- And we have enhanced that application also. So, we are approaching vendors like shopkeepers, tea stalls. These places where people sit and discuss about the loans, about the requirement. And from those people, we are making Laxmi Mitra app onboarding those people. So that they are able to pass the leads to us.
- Akash Jain:** And sir, final question on recovery front. Like, what is the outlook in H2 second half of the year?
- Deepak Baid:** So, as I told, our LTV stood for 35% on the NPA portion. So, and that means we are very healthy on the security side. So, our collection officers are very sure that we will recover this NPA which has flown down. Which has been flown. So, by this quarter. So, I am expecting that number will be towards the downtrend.
- Akash Jain:** And sir, you had opened a new branch in the state of Uttar Pradesh. So, how is the outlook for that state?



- Deepak Baid:** Yes, it's positive, sir. We are getting a good response from there. And our collection efficiency is also good over there. There is no bouncing till yet. So, we have a good numbers are coming from that state. So, we have almost six branches in Uttar Pradesh. Which we think that will add a good number to our AUM.
- Akash Jain:** Okay. Thank you, sir. That is all from my side.
- Deepak Baid:** Thank you, sir.
- Moderator:** Thank you. We will take the next question from the line of Jay Laddha from JL Capital. Please go ahead.
- Jay Laddha:** So, my one question is that there is a very much slowdown in MSME and this commercial vehicle sector. But though there is a slowdown, Laxmi is growing at a good pace. So, what is the strategy behind it? And what is the further, means in future, what is the guidance regarding it? That how we are going to grow as much as possible.
- Kuldeep Sikarwar:** Good afternoon, sir. This is Kuldeep. Sir, definitely you are right that we are growing in MSME as well as the commercial vehicles. But this is because of our presence in the rural and semi-rural areas. Because market is actually growing, industry is actually growing in that segment.
- And nowadays, like GST regime has changed. So, purchasing capacity of the customers, small customers have increased. Passive season also has some boost up. And the agriculture production is also expected to be increased in this financial year. So, all these factors will add the value. And this growth path of MSME and the commercial vehicle will definitely on a rise in future.
- Jay Laddha:** Okay. So, what will be further guidance for AUM growth and how we are going to increase our ROE from like 11 figure. So, when we are going to be above 15 or is anything that going to happen?
- Deepak Baid:** Sir, we are growing with a CAGR of almost 30%-35% year-to-year. So, this year also we are expecting better numbers because we have now good liquidity with hand. Our leverage is also positive. And our credit also is A -- we have come into the A rating category. So, our cost of fund is also going down as we can see.
- So, further we are planning to cut down this cost more and to add more customers in being the competitive market to add more quality customers. So, I believe that further quarters will be better. And we can see the improvement and good numbers with a good correction efficiency in future.
- Jay Laddha:** Okay. So, is there in revenue mix anything going to change or means like commercial vehicle is going to down as because it is very much stressed up. As we look to our peers also the numbers are very much bad. So, is we are going to get reduced exposure in that section or we are going to increase in that?

- Deepak Baid:** So, sir, especially the heavy commercial vehicle segment is having a slowdown as well as some issues in the industry. So, we have sharpened our credit that we are not funding to heavy commercial vehicles. What we are targeting towards is these car segment personal vehicles and the commercial vehicles that too up to the LCV segment.
- So, that portion of LCV segment heavy commercial vehicle has already been avoided by us. But just to add this will not affect to our revenue. So, because our cost of the lending cost towards the product like SME or vehicle is almost similar. So, there is no difference. So, that we will be maintaining our name and that will not be affecting to our revenue in future. But it will be making a much better proportionate.
- Jay Laddha:** Any further planning to go in gold loan or affordable housing?
- Deepak Baid:** No, not now. We are not planning to enter this housing loan or gold loans.
- Moderator:** Thank you. We will take the next question from the line of Anmol Das from Swyom Advisors Limited. Please go ahead.
- Anmol Das:** Yes. Good morning. Sir, I just wanted to clarify on the NIMs numbers in the presentation. Earlier in the Q1 presentation, it was at 9.66% for the June quarter. And in this quarter's presentation, it has increased to 10.43%. Is there some kind of revision done on the previous numbers?
- Deepak Baid:** So, net interest margin in June quarter was 10.43%. And in September, it is 10.88%. Yes. So, what you want to know, sir, if you can repeat it?
- Anmol Das:** No. Actually, earlier in your previous quarter's presentation, you had given the NIMs for June quarter at 9.66%. Yes. So, just wanted to understand if there is any revision on the previous numbers or these have been affected by H1 numbers or something?
- Deepak Baid:** So, our cost of fund has gone down. So, that is one reason, can. But yes, I can see 10.43%, but I will recheck the last presentation.
- Anmol Das:** Yes. In the last presentation, it was 9.66%. That is why it is a very steep jump?
- Deepak Baid:** So, cost of fund has gone down. That is one reason. And that is why there is a misprint or whatever. We will check in the last PPT.
- Anmol Das:** Sir, one more thing. In the disbursements, the disbursements for the quarter were INR145 crores or INR311 crores for the quarter Q2 not H1?
- Deepak Baid:** INR311 crores for H1.
- Anmol Das:** Okay. So, INR145 crores for Q2. Sequentially, there was a drop in disbursements?
- Management:** Sorry, your voice was not audible.
- Anmol Das:** No, no. I am asking, is there any sequential drop in disbursements from Q1 to Q2?



Deepak Baid: Yes, there is a little bit drop in our disbursements, but not much. Due to little bit weather condition, as I told you, that was the main reason for a little bit drop. Otherwise, we have a good pipeline, good sanction cases in hand. So, the coming quarters will be much better and we will be reaching to a better CAGR as compared to last year, last quarter.

Moderator: Thank you. The next question is from the line of Dhanraj Tolani from Kuber Advisors. Please go ahead. Mr. Dhanraj, please proceed with your question.

Dhanraj Tolani: Okay. So, I have a couple of questions. I will start with the first one.

Moderator: I am so sorry to interrupt, sir. Your voice is not audible. Can you come closer to the device and speak?

Dhanraj Tolani: Am I audible now?

Moderator: Yes. Please proceed. Okay.

Dhanraj Tolani: So, I just wanted to speak on the demand part. So, how has the demand behaved in Q2 and which regions are driving the strongest traction?

Deepak Baid: So, you want to know about which region we are getting a good business and product?

Dhanraj Tolani: Yes.

Deepak Baid: Okay. So, I would like to invite Kuldeep to reply on this.

Kuldeep Sikarwar: Good afternoon, sir. So, actually we are having the same segment and same product across the states. So, this is not any particular state where the jump or demand is high or low. But yes, due to the economic scenario has been changed now. The liquidity positions at the ground level has gone up.

So, the business has gone up. So, definitely now onwards or maybe in the Q2 last month, this sharp increase in the demand from the customer side is happening all across in all states. And we suppose that this will be similar and this will be growing in the upcoming quarters.

Dhanraj Tolani: Okay. And also our AUM has crossed like more than 1300 or 1400...

Kuldeep Sikarwar: Sir, your voice is not audible, sir.

Dhanraj Tolani: Hello, am I audible?

Kuldeep Sikarwar: Yes, it's better now.

Dhanraj Tolani: Yes. So...

Moderator: Sorry to interrupt in between. Mr. Dhanraj, I would request you to kindly speak in the handset mode.

- Dhanraj Tolani:** Okay. I just wanted to know on the AUM part, so we have mostly crossed more than like INR1300 crores. So, what is the underlying growth mix between new branches or the existing network?
- Deepak Baid:** Sir, actually the branches which we have opened in last financial year has added the more business as of now. Because the new branches which we have added, we have added in Q2. So, the business will be in the incremental mode in Q3 and Q4. But the branches which we have opened till the last financial year has grown up rapidly.
- Dhanraj Tolani:** Okay, okay. Got it, got it. And the current phase of AUM extension, this would be sustainable during the second half also?
- Deepak Baid:** Yes, definitely. The current growth is sustainable in Q3 and Q4. Because Q3 and Q4, the industrial output or maybe all the sentiments in terms of business, in terms of industry, are in the incremental mode. And customer's demand has also grown up rapidly and there is a sharp increment in the customer's application. So, definitely this will be sustainable going forward.
- Dhanraj Tolani:** Got it, got it. And also, which loan categories or the customer profiles delivered the strongest disbursement in H1?
- Deepak Baid:** This is MSME, which is strongest as of now in H1, I can say. Because commercial vehicles, we have cut down -- we have stopped the heavy commercial vehicles, whatever we were doing up to last financial year. So, at the product mix level, MSME is the growing segment as of now.
- Dhanraj Tolani:** Okay, okay. And why are we having that declining operating cash flow? Do we have any reason for that?
- Deepak Baid:** What, sir? Declining?
- Dhanraj Tolani:** Operating cash flow?
- Deepak Baid:** Operating cash flow is not declining, actually. It is always, we are maintaining the liquidity, very good liquidity in terms of the availability of funds. And the cash flow is not, I don't think that this is in the declining mode.
- Dhanraj Tolani:** Sir, you are saying the cash flow?
- Deepak Baid:** Yes. Operating cash flow.
- Dhanraj Tolani:** So, basically, since we are the disbursement, since we are an NBFC, where the disbursement happens, the operating cash flow will be negative anyways?
- Deepak Baid:** So, the method, which is an indirect method, which is used for the preparing of the cash flow, actually. So, any NBFCs, in the POS as well, you can have a view as well. So, the operating cash flow, where the disbursement happens, it is a negative sign. That's all.
- Dhanraj Tolani:** Okay, got it, got it.



- Deepak Baid:** In addition to POS, this is a good sign of the NBFC. First, we are lending business, so our operating cash flow will be negative. This is a good sign for NBFC.
- Dhanraj Tolani:** Okay, okay. Thanks. And how, like, average checker size, like this year, especially in MSME and the small budget loans?
- Deepak Baid:** Sorry, your voice was not clear.
- Dhanraj Tolani:** I am saying, like, your average ticket size has shifted noticeably, like this year. Especially in MSME and small business loans. So, what is the reason? Like, I wanted to know, like, the ticket size has shifted.
- Deepak Baid:** So, our average ticket size is almost, in MSME sector, is INR7 lakh to INR8 lakh. And that we are maintaining in future also. So, we are focusing on small ticket size towards a borrower. Because what we believe is that small loans and small EMI is easy payable by the customer. So, we are focusing, and further also, in future also, our focusing will be on the same segment.
- Dhanraj Tolani:** Okay, okay. Got it, got it. Okay, sir, that's all from my side. Yes, thank you.
- Deepak Baid:** Yes, so, I would like to clarify one thing to one advisor. So, in net interest margin is 10.53 only for June '25. We have got recheck only. There was some, I think, some misprint in the last PPT. But this is 10.43 only. Anyways, if you want the detail, we can discuss more on that. Thank you.
- Moderator:** Thank you. We will take the next question from the line of Amit Dubey from Newberry Capital. Please go ahead.
- Amit Dubey:** Yes, my question was regarding the expansion. So, just wanted to know how much branches will you open? And what is the cost of opening each branch? Just wanted clarity on that?
- Kuldeep Sikarwar:** So, in the current financial year, we have planned for 29 branches to open in this financial year. Out of 29, 6 has already been opened. And 23 are also in planning. And also the identification of some branches are already happened. All the locations are identified. And some of the branch promises are also identified.
- As well as we are planning to expand in one more state by the end of this financial year. That is under the consideration of the discussion with the management. So, once it will be finalized, we will be letting you know. About the branch expenses. So, the opening cost of the, you can say the capital expenditure in opening a branch is around 1.5 to 2.5 lakhs. That is depending upon the category of branches.
- So, we have categorized our branches in three categories. Tier 1, Tier 2 and Tier 3. Tier 1 is the biggest branch which is having 500 to 600 square feet of premise. Then Tier 2 is having 300 to 400 square feet of premise. Tier 3 is having 250 to 350 or 400 square feet of premise. So, depending on the category of branches, it varies from 1.5 lakhs to 2.5 lakhs as a capital expenditure.
- Moderator:** Thank you. The next question is from the line of Jehan Bhadha from Bhadha Investments. Please go ahead.

- Jehan Bhadha:** Yes. Thank you, sir, for the opportunity. Sir, in the last presentation, we had disclosed the Stage 2 numbers also. But this time around, that is not there. So, if you can provide how much are the Stage 2 assets?
- Deepak Baid:** Yes, sure. Please.
- Gopal Krishan Sain:** Stage 2 is INR 66.59 crores and the percentage comes 5.22%.
- Jehan Bhadha:** Okay. And going forward also, if you can provide these numbers and also the 0 plus DPD, like 0 to 30, 30 to 60, so that bucket-wise overdue data will help us a lot. My next question is on...
- Deepak Baid:** Sure. Well noted. We will take care next time.
- Jehan Bhadha:** Yes. Yes. Sure. So, you can also provide segment-wise NPA data also, like how much is in MSME, vehicle and all. Many other listed companies do that since they have been listed since many years. So, that's just a suggestion.
- Deepak Baid:** Sure. We will check the peer companies and we will sure take a step.
- Jehan Bhadha:** Sir, also, I have been attending calls of other companies which are in similar segment of INR5 to INR10 lakh ticket size, fully secured loans like HDFC and Five Star. So, even they are witnessing some sort of stress in the asset quality. And what is your feedback? I mean, can we expect the peak to happen in second half of this year and then there should be a decline in NPA?
- Deepak Baid:** Yes. See, this is very true. And in our segment also, in our geographical also, and our balance sheet also has shown little bit, 30 bps as compared to last quarter. But this will not be in future, what I believe. Because now the demand, the cash flow has been better, which we can see in the market. Because especially the GST cuts and all that has really improved and things are better now as compared. So, I believe this will be better in coming quarters.
- And secondly, yes, we are focusing and we have also put some more cross-checks. We have tightened our little bit credit policies and all. So, which will -- through which we are able to onboard new customers by more checkpoints and all. Which will really be benefited and will enhance our collection efficiency and all. And Gopal wants to add something on it.
- Gopal Krishan Sain:** I just want to add something. Our Stage 3 is definitely increased. This is showing stress in our product category. But it's okay. But we are offering secure product. We have sufficient collateral behind it. So, we are able to collect the amount after becoming the NPA.
- Jehan Bhadha:** Agree, agree. Fine. So, we are somewhere near the NPA.
- Deepak Baid:** Our LTV is 35%. So, this is very healthy. Very good for a company. Very good sign that loan-to-value is just 35%. Which shows a very good positive point.
- Jehan Bhadha:** Right, right. Agreed. Fine. Okay. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Aditi Roy from Patel Advisors Pvt. Ltd. Please go ahead.

- Aditi Roy:** Sir, I just wanted to understand. How is the portfolio mixture shifting between first-time borrowers and repeat borrowers?
- Kuldeep Sikarwar:** So, substantial amount of first-time borrowers are there. That is the legacy which we are maintaining. But we are actually taking the family as an applicant or co-applicant. So, it might be possible that the applicant is a first-time borrower. May be a negative, minus one CIBIL score. But definitely, there will be some of the track record which family members are having. So, I don't have that actual data as of now. But if you want, we can come back to you separately.
- Aditi Roy:** Okay, sir. So, what competitive intensity is being observed if we specifically talk about NBFC, MFI or emerging fintech lenders in core markets?
- Deepak Baid:** Come again, please.
- Aditi Roy:** My question was, what competitive intensity is being observed from NBFC, MFI or emerging fintech lenders?
- Kuldeep Sikarwar:** The competition is definitely with the NBFCs only because MFI is having a different segment. And the fintech companies are also having a different segment. So, the competition is with the NBFCs. And some of the part, we are also competing with the HFCs where the lab segment or the MSME segment is coming around.
- But yes, if you talk about the intensity of the competition, it has been increased. Because nowadays, the industry is booming up. So, everyone is hungry for the business. So, competition has also increased. And we are well planned and we are having well equipped to face the competition in terms of the liquidity which we have maintained.
- In terms of the pricing, we can also offer better prices now to our customers. So, definitely we are well equipped. In terms of technology also, we are having all the resources from lead generation to fulfillment of the process, LOS journey and then LMS, then collection, then customer services, everything we are having.
- So, we can compete in all the way, whatever the intensity in the industry.
- Aditi Roy:** Okay, sir. And I have one last question. What are the customers indicating about the business sentiments and credit demand at the grassroots level?
- Deepak Baid:** I didn't get you. What do you mean?
- Aditi Roy:** Sir, I just want to understand what are the customers indicating about the business sentiments and credit demand?
- Deepak Baid:** Customers? Indication?
- Aditi Roy:** Sentiment.
- Kuldeep Sikarwar:** So, customer sentiments are now positive. See, there was a little bit downfall in the industry in terms of the liquidity. Now, the liquidity has also been increased. The sentiments are very good

because of the recent festival season, agriculture output is also expected to increase. And then this GST, new GST regime has actually boosted up in the industry.

So, customer sentiments are definitely on a positive side. And due to enhancement in the liquidity, customer's repayment behavior is also now better.

Aditi Roy: Okay, sir. Thank you. Thank you from my side. All the best, sir. Thank you.

Moderator: Thank you. We will take the next question from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

Vignesh Iyer: Thank you for the opportunity, sir. Sorry if I missed this part earlier. I wanted to understand, are we still maintaining our guidance of 35%-40% AUM growth for this year?

Kuldeep Sikarwar: See, we cannot quote any number, but definitely this growth is sustainable. And we are maintaining in a similar fashion. And definitely in Q3 and Q4, it will be on a better side. And we have more branches now some more branches will be added in this financial year. And we are planning to add some more states. So, yes, we can say that we will be able to maintain the same CGR as before.

Vignesh Iyer: Okay. Okay, sir. Got it. Got it, sir. That's all from my side. Thank you.

Moderator: Thank you. We will take the next question from the line of Mahesh Sheth from VY Capital. Please go ahead.

Mahesh Sheth: Yes, hello. Good afternoon. Can you hear me?

Deepak Baid: Yes, good afternoon. Yes, please.

Mahesh Sheth: Yes. So, like, my first question is, how has this IPO strengthened our capital adequacy and overall growth capacity?

Piyush Somani: Yes, hi. Piyush this side. So, any which way, the capital adequacy has been now 31% plus as of now. That has boosted over the leverage position as well. So, previous to the IPO, the leverage was near to 4.5 plus. So, as of now, the leverage has been 2.67 around that. And I can say that leveraging our balance sheet becomes more easier as of now.

So, adding the new lenders as well also become more easier. And the cost of borrowing is, since you are seeing that the cost of borrowing is in a declining phase in our company, that has been declined to 11.10 from 11.48 as of March.

So, seeing the interest declining scenario as well, and adding the new lenders and consolidating to the bank's portions majorly and least towards the NBFC focus. So, I can say that the IPO money will help, anyways will help in the growth in respect of reducing our cost and increasing the business side portions.

Mahesh Sheth: Okay. Got it. And, like, the network is now at 164 branches. So, is there, like, a plan to accelerate this expansion?



- Kuldeep Sikarwar:** Yes, we -- I already explained about the planning of this financial year. We have already have a plan of 29 branches and 6 -- addition of 6 branches out of 29 branches. And by the financial year end, we are also planning to enter into one more state.
- Mahesh Sheth:** Okay. And, like, what is the typical breakeven timeline for this newly opened branches?
- Kuldeep Sikarwar:** See, newly opened branch can achieve a breakeven with 7 to 8 months by achieving a AUM of 1.5 crores around. The breakeven means the expenses of branch in terms of the salary of the branch employees and the regular expenses, set up with the interest income of the branch.
- But if all the expenses including HO and all other expenses have been added into the branch expense of newly opened branch, that can be achieved, the breakeven can be achieved within 1.5 years.
- Mahesh Sheth:** Okay. Got it, got it. Thank you for the detail. Thank you.
- Deepak Baid:** Sure. Thank you.
- Moderator:** Thank you. The next question is from the line of Vinod Shah from VS Venture. Please go ahead.
- Vinod Shah:** Hello. Good afternoon, sir. Am I audible?
- Deepak Baid:** Yes. Good afternoon. Please.
- Vinod Shah:** Yes. So, our GNPA is at 1.59 and NNPA is at 0.84. So, which reflects some stable asset quality. Which bucket needs the most monitoring as growth accelerates?
- Deepak Baid:** Which bucket? Sorry.
- Vinod Shah:** Need like more monitoring. We need to focus more on that.
- Deepak Baid:** So, we can see that the third bucket, the 90 to 120 is a little bit has forwarded, like 60 to 90 has forwarded and made the cases to NPA. So, that basically the reason was, we can say that it was because of flood and because of the festival month. So, that is -- that was a reason.
- But as I told that our LTV stood for 33%. So, our collection officers are very much sure that we will collect it and we will get them back to normalize. So, basically that is a strategy what we have made. And we have made some incentive programs for our officers and all. So, they can get this number down and surely we believe that quarters, coming quarters numbers will be better.
- Vinod Shah:** In a 90 plus overdue market, like, what trends do you see compared to like last 2-3 quarters? Like, what are you seeing right now?
- Deepak Baid:** We have seen that the customer who have crossed 90 plus have gone down also in a previous quarters also. But new customer has been added. So, we can see that there is a -- we are able to counter down the customers.



We are -- it's not that once the customer is NPA, he is not able to come down. So, we have got a good collection from the cases which have been flooded. So, that is also we can see. Some new customers have been added, that also we can see. But yes, this process is like going. We are able to collect also, but still some of the customers are getting flooded to 90 plus.

Vinod Shah: Okay. Like, how are bounce rates trending for new customers or old customers?

Deepak Baid: So, we can see a new customer bounce rate is less, little bit as compared to old one. So, we are -- the new -- I think so, the customer onboarding and cross checks are really helping in getting the EMIs on time. So, that is -- we can see that the new customer's behavior is very positive as compared. So, I think this is just quarter-to-quarter effect is there. Nothing much, nothing to worry. We are comfortable in collection side and I think so we will be able to do better.

Vinod Shah: Okay. And, sir, any seasonal risk in Q3, especially around collection in rural and semi-urban pockets?

Deepak Baid: So, seasonal if I talk about Q1 is little bit slow because of like many things because of the school fees and all this also. But Q2 was little bit slow because of the flood and all affected areas in this, especially the area Rajasthan and MP and all. So, that was the reason.

Otherwise, if you want to see the demand and all, so that is pretty good in Diwali season and after Diwali season in this month also. So, I think so the numbers, we will be able to achieve good numbers in coming quarter.

Vinod Shah: Okay. That's all, sir. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Ms. Sakhi Panjiara for closing comments. Please go ahead.

Sakhi Panjiara: Thank you everyone for joining the conference call of Laxmi India Finance Limited. If you have any queries, you can write to us at research@kirinadvisors.com. Once again, thank you everyone for joining the conference call. Thank you, team Laxmi India Finance Limited. Have a good day.

Deepak Baid: Thank you. Thank you, everyone. Thank you, ma'am.

Moderator: Thank you. On behalf of Kirin Advisors Private Limited, that concludes this conference. Thank you for joining us today and you may now disconnect your lines.

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