Ref. No.: LIFL/SLC/2025-26/51
Date: February 23, 2026

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 Knowledge Session (Virtual Interaction) with Investors for the quarter ended December 31, 2025

Dear Sir / Madam,

In continuation to our letters dated February 12, 2026 and February 17, 2026, we hereby inform you that pursuant to Regulations 30 and 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Knowledge Session (Virtual Interaction) with Investors, organized by Go India Advisors on behalf of Laxmi India Finance Limited (Formerly known as Laxmi India Finance Private Limited) ("the Company"), held on Tuesday, February 17, 2026 at 04:30 P.M. (IST) for the quarter ended December 31, 2025, has been uploaded on the website of the Company.

The same can be accessed at the following link:

https://lifc.co.in/wp-content/uploads/2026/02/Knowledge-Session-Transcript-2.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)

SOURABH MISHRA
Digitally signed by SOURABH MISHRA
Date: 2026.02.23 18:19:53 +05'30'

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

Transcript of the Knowledge Session (Virtual Interaction) with Investors, organized by Go India Advisors on behalf of Laxmi India Finance Limited (Formerly known as Laxmi India Finance Private Limited) held on Tuesday, February 17, 2026, at 4:30 P.M.

Go Small, Go Big - Laxmi Finance - Go India Advisors

Rakesh Arora (Go India Advisors):

So, good afternoon everyone, thank you for joining us on this Knowledge Series session for the Laxmi India Finance team. So, we have the honor of having Deepak ji, who is the MD of the company. I'll quickly go through, four, five slides to give you a flavor of the business and then we'll, start our discussion.

So, Mr. Deepak Baid is the MD of the company. He is a first-generation entrepreneur with about two decades of experience in financing sector and he has been actively involved even in social and community organization, and he has been responsible for building the company to where it is right now.

So, this is the footprint, started in 93-94, acquired NBFC license in 2011, now currently 170 branches and having a diverse portfolio, doing secured lending largely to MSME mortgage loans, business loan, personal loans, commercial and non-commercial finance. It's headquartered in Jaipur, they invested a lot in technology, so fully tech enabled NBFC. This is how the scale up has happened from 200 crore AUM in FY18 to now 1,451 crore.

So, very impressive growth rate the company has registered. Fully diversified lending profile, granular ticket size and largely, secured lending. They have a little bit of personal loans and business loan but that's a very minuscule proportion.

This is the last 9-month performance, AUM 1,451 crore and PAT of around 29 crores. Return on net worth is 11%, return on asset is 2.53%. The concentration of branches, as you can see, is largely Western and Central India and NPAs are at 2.4%, net NPA 1.4%. Strategic priorities, largely opting leverage, they can reach to ROAs of 3.5 to 3.75. So, that is what they are targeting. AUM growth of 30%, diversified their borrowing and liability franchise, remain at the forefront of technology advancement.

So, let me stop here and start our discussion. So, Deepak, welcome to this Knowledge Series. I wanted to start with your journey.

How did you end up in this lending business? Is it like family, you know, thing or you started on your own? Can you just take us through your journey, please?

Deepak Baid (MD, Laxmi India Finance):

Yeah, sure, Rakesh. Thank you, sir, for this opportunity. So, first, yes, my dad started this business in 1991 in a proprietorship firm named Deepak Finance and Leasing Company.

And then it was going very well, but unfortunately, in 2001, we lost him. So, I am the only son. So, I have to take, accept it.

And I have started my like journey in 2001, like I was in school. So, I made myself like morning to afternoon school, afternoon to late evening office and late evening tuitions and all. So, this journey actually started in 2001 when dad passed away.

But yeah, I am blessed with good employees and good staff those days who have given me a good, you know, understanding of the business and all. And I got a good support from my family members also. And then manage my routine, school routine also, the evening office routines also went till this completed my graduation.

So, after graduation, I started a VC model, co-lending, you can say or VC with the HDFC bank and MAS finance. Then this, there what my strategy was like all refinancing, I was to put in my proprietorship firm and all the new vehicle funding, where we used to put in a file in a HDFC bank and MAS finance. So, this is a very much confident, yes, we can create a history and we can do a good business.

So, by completing this almost 5 years, I have done this co-lending business with MAS finance and HDFC bank. After completing that in 2011, we bought this NBFC called Laxmi India Finleasecap Private Limited and merged the complete business of our proprietorship firm to this Laxmi India and the new journey started, a new brand and new strategy and all.

Rakesh Arora (Go India Advisors):

Okay. So, can you take us through, you know, what are the segments, which are the segment you entered first and you know, how you have been adding those, you know, new, I read somewhere that you started with vehicle loans initially. But now I see that your focus is more on MSME.

So, can you take us through the journey on the products? How were they introduced? And you know, what are the sizes now?

Deepak Baid (MD, Laxmi India Finance):

Yeah, sure. So, basically, we were known as a vehicle lending business, main product was a vehicle lending, new and old. But yes, when we started opening the branches in a rural, in tier 2, tier 3 cities of the state, we found that people need money for a business purpose also.

And for that, they are ready to give security as their collateral as a residential or commercial, which they were ready to give us and they were ready to pay the repayment in the installment also. So, what I thought here, this is a really very good opportunity for us. So, what we tried that in 2015, we have added, we added one product called SME MSME loans, where this money, this sanctioning or this amount was given to for the purpose of a business expansion.

And we started taking as a collateral as a residential or commercial properties from the customers. And we started doing this, we started doing this business in the first time to start with some of the branches. But after this, I have seen the success and the demand.

And so, I thought let us start with the complete branches and this went very well. And we can say that we are very, in the initial state, if you want to see, we were the pioneers in this product, by where this money was given and monitoring was also done that they use this money for their business expansion. So, majorly today if I talk about, yes, our main 83-84% book consists of SME MSME loans, where we have a security as a collateral, as a residential or commercial property with the LTV of 45-50%.

And if I talk about the overall collateral LTV, that comes to almost around 42%. So, we can say that we are very healthy in our LTV side. And our second major product is our wheels.

So, in this wheels, we are doing refinancing old vehicles like 10 to, from about 3 years to 10 years older vehicle, where we are giving this funds for buy and for a buying of a vehicle, a commercial vehicle also, a private vehicles. And that is a second major and very small portion of a book, we have a personal loan and a business loan, which consists of almost 2% of the total debt. So, this money is used for business for expansion purpose and all.

So, basically, our main focus today and in the future also, it will be towards SME, MSME secured lending side, which will be, which I, which is most preferred product, what we can say.

Rakesh Arora (Go India Advisors):

Okay. So, can you take us through the profile of these MSME, SME borrowers? Is this guys like, small time business guys, like a cycle change, cycle repair guy or what are the profile of these borrowers?

Deepak Baid (MD, Laxmi India Finance):

So, basically, we believe that we can help these customer, we can help these like stores like kirana stores, tea shops, tank houses, the small aluminum factory or carpenters who keep a ready product to sell. So, these customers are having a good, you can say that good sale and a good profitability also. So, we believe that we can help them in their growth and we can, if by funding them, they also can also be supported with the growth of the economy.

So, I believe that these customers are, have a well income source, they have a good sale. So, these are customers based, what we are having are into the rural areas of like state. So, like Rajasthan, maybe have almost 89, 90 branches, which is in a tier 2, tier 3 cities.

And similarly in Gujarat, similarly in MP, where these types of customers are, we call them as a NIP customers, non-income proof customers. So, like they don't have a PAN card or they have a PAN card also that they don't file returns and all, but they are having a good customer base, they have a good turnover. So, we evaluate their income by visiting them, by checking their process, by checking their diary.

So, generally everyone has a one common thing like they note a complete day routine in a diary. So, where, how much they have sold out, how much they have sold in credit, how much they have sold in cash. So, we monitor that diary and we capture that diary.

According to that, we take out the what excess cash income they are having. According to that, we evaluate and then we sanction the loan and take a property as a collateral.

Rakesh Arora (Go India Advisors):

Understood. So, for these, I mean, obviously, you know, these are new to banking kind of customers that you have. So, there are no CIBIL scores to rely on.

So, you have to do a lot of groundwork to be able to lend to these guys. So, what is the, you know, USP that we have, because a lot of NBFCs are trying to do this. I know it's difficult, but what is the USP we have?

Is it our exposure to the geography that we know very well or how are we able to, you know, win the customer? What are the other choices they have in terms of getting loan from other institutions?

Deepak Baid (MD, Laxmi India Finance):

See, yeah, very true. We, there is a competition in the market and competition is growing and I believe competition is also, is always healthy for the growth. So, these customers are like, when we have started this business, so this was a big challenge to how to find out their income and how to find out the way where they can, we can have a transparency.

So, we have made our application or our team a strength in that way that it is, for them, it is very easy to find out the excess income or really what income they are earning on a monthly basis and by evaluating, then we can take a call. So, our systems are so robust that we can find out income of any person by just visiting their store or the shop. Like, if I give an example of a carpenter, so we know that carpenter has a cut of 30 to 35 percent in each board.

So, what we do is that we find out that how many boards he is getting in his shop and how many boards he is cutting. So, that, according to that, we evaluate his, their income and then on the basis of that, we find out the income what he is earning. Similarly, if I talk about kirana stores, so kirana stores, then what happened, then if a kirana store is selling a Colgate, let us say, so he is getting a fixed margin of 7 to 8 percent.

But if he is selling some local product over there and then that product price is also cheap and his earning becomes 20 to 25 percent. Similarly, with the loose grains and all like this. So, what we do is like when we visit, so we find out what actual business he has.

According to that, the questions arise in front of credit guy and then after this, the questions are asked automatically, the CAM and all is prepared. According to that, we evaluate his income. Second, what cross checks, we have many cross checks, like we take a guarantor in a deal, which is compulsory.

We cross check with the neighbors also. We cross check with the nearby kirana store or nearby paan ki dukaan, where generally we find out how is his behavior, his, he takes in credit or he takes in cash. So, like this, we evaluate through different ways.

The second and USP, you can say that why my credit cost and all are very well maintained. So, because of the reason that we are able to, we are taking the complete family in the deal. So, like if let us say father is taking a loan, so his family, complete family has to come into the deal and then everyone has to give the sign, the documents and including the ladies, SPDC is what we are taking.

So, this makes us a little bit different from other, you can say that and by giving no diversion in this. So, we are able to maintain the portfolio and the credit cost and all.

Rakesh Arora (Go India Advisors):

I was coming to that in terms of collateral. Obviously, you mentioned that you take their house or the business premise as collateral and obviously, there is a sentimental value for them. So, it is one of the best collaterals that one can have.

But how difficult it is to implement because there could be multiple, you said that you get the whole family in, but there could be like multiple brothers who would have a say in that property. So, how do we manage these kinds of collaterals?

Deepak Baid (MD, Laxmi India Finance):

So, these types of collaterals are in our rural areas, of course, and where a minimum 40 percent development is required by us. So, this 40 percent development may whatever comes out either a residential or a commercial property that customer can mortgage with us. But here, if anyone who are the legal owners of this property, either it is a father, mother, brother or anyone in the family, then everyone has to come into the deal so that there is no conflict in the future.

Because these customers, we are very strong on our security side, security means collateral side, we do not take any, we do not give any privilege, we do not get any deviation over there. Our four corners has to match, the property has to get mortgage, the registered mortgage is compulsory for each and every property. So, we take that documents, it makes us very confident of giving this loans.

Rakesh Arora (Go India Advisors):

Normally, I am not sure whether these rural areas have those ready reckoner rates or not. But how do you value these properties? Because it can be difficult sometimes to value these properties.

Deepak Baid (MD, Laxmi India Finance):

So, yes, so what we do is that we have our vendors. So, who go and visit, who cross checks with the neighbors also and then finally we get a good value, we get a valuation of the property. And the second, the major is that whenever we open a branch in any of our state or any pin code, what we do is that we do exercise before only that what is the per square meter or per square feet rate over there.

So, we have fixed up a construction cost also to 800 to 1000 rupees on the basis of construction. So, we have two things, we have a self-evaluation of our properties where we are funding. And second, we are also, we are having a valuer from the third party which is registered valuer from the government side.

So, after getting this valuation report from both the side, whichever is the lower, so that we, then according to that we take a LTV. So, properties are so self-acquired by customer or self, either it is a commercial, so self-acquired. So, what we get, we check with the neighbor also, the price of the property. So, the gap is very minimum.

Rakesh Arora (Go India Advisors):

Understood, understood. So, I hope Deepak, you got your answer. So, just wanted to check, how do we source our business?

We have 140 branches. So, are the customers largely walking in or do we have feet on the street or is it through DSA? What is our approach on sourcing the business?

Deepak Baid (MD, Laxmi India Finance):

Yeah. So, Rakesh, today we are having 170 plus branches and we are having footprints in 5 states that is Rajasthan, Gujarat, Madhya Pradesh, Chhattisgarh and Uttar Pradesh. And we are planning to add Maharashtra also by this year.

So, what we do is that we open branches directly, our own branches where we hire our own employees. So, we have 1753 employees across these 5 states where we are directly approaching to our customers and they are able to, when we open the branches, we hire a local team over there. So, that what happens that they know the place, they know the place and they know the customer behavior also.

So, which makes it easy for us to approach to customer also and to select a customer also. So, in that way, we do lot of exercise before opening the branches like we do lot of advertisements, we do road shows over there, we have wheels where Laxmi on Wheels what we call, then we have a where we are putting a mic on a car and doing a publicity and all. Then we participate in a mela also over there.

So, we do lot of activities. We have a different department in company who takes care of our field advertisements and through which we are able to onboard the customers and then after that, the complete process is also done in-house by our own credit team, own collection team. So, we are saying that we are our 100% MSME customers are onboarded directly with our own team.

Yes, on the wheel side, we have a DSAs, like these DSAs are the car bazaars like Spinny and all these things, car 24. So, they pass on the leads and then we complete the leads. But each and every customer is visited by our credit team.

So, there is no, there is a transparency between the company and the customer.

Rakesh Arora (Go India Advisors):

Nikhil has done some ground research on us and he said that he put a lead on a WhatsApp and also on a central calling line, but he hasn't got a follow-up call from our team. So, do we have this kind of facility where people can just do a WhatsApp and central line, is it there and?

Deepak Baid (MD, Laxmi India Finance):

So, yes, we have a WhatsApp chat box and we have a platform called Laxmi Mitra app also, where you can apply loan for some, this application is also very good and different in this, where you can earn extra. So, if you need extra income, download the Laxmi Mitra app. So, what that app says that if you have any lead, you can pass on to us and you can earn incentive.

But yes, that is available on a selected pin code, which we, where we are available. So, where we do not have, we do not have…

Rakesh Arora (Go India Advisors):

Nikhil would have asked at a location where you are not available maybe.

Deepak Baid (MD, Laxmi India Finance):

So, I do not know Nikhil is from where, but yes, Nikhil, I will note down so that we immediately we respond by saying like which areas are not available. But yes, surely, we will.

Rakesh Arora (Go India Advisors):

So, Nikhil is from Maharashtra. So, maybe that pin code was not available.

Deepak Baid (MD, Laxmi India Finance):

Exactly. So, that was the main reason.

Rakesh Arora (Go India Advisors):

So, that removes one of the concerns that you know.

Management team, Laxmi India Finance:

So, otherwise, sir, we have mechanism to call back within 24 hours and let me check with this lead what happened actually. So, I will get back to you on this.

Rakesh Arora (Go India Advisors):

Okay. So, very good. So, we have largely, you know, self-sourced to this kind of thing.

Let us move on to, you know, the costing for doing this business, because if you are doing, what is the size, ticket size of the loans?

Deepak Baid (MD, Laxmi India Finance):

So, the average ticket size comes to around 7 to 8 lakh rupees.

Rakesh Arora (Go India Advisors):

Okay. So, you know, to do this small ticket size loans, what is the cost of sourcing? Because I saw that, you know, currently we are doing around 1451 crore AUM and your operating cost is almost 90 crore or something like that.

So, sourcing cost and operating cost looks like slightly on the higher side, it is almost coming at 9% or 7, 8 to 9%. So, is it better to, you know, source through DSA where you will be giving like 3% or do you think in the longer run, this whole sourcing cost will come down?

Deepak Baid (MD, Laxmi India Finance):

Yeah, Rakesh. Yes. So, we have a model like direct model approaching to a customer.

So, a little bit that comes with the expenditure. But the main thing is that how much clarity is your, transparency you are maintaining with your customer is most important. So, what I mean is, this costing will, is going down, will go down, because lot of now applications, what we are, applications we are using, where this cost of, cost will go down and lot of such applications will give a real time, in fact, real time approach to a customer also.

So, this will help us in reducing the cost in coming months. But yes, because I believe that if the case, the customer, if you have a good relation with customer and if they have a like a place where they can come and they can ask questions and answers. So, that is a best time for these types of customer, because these customers are a little bit less educated also.

So, they believe or they trust that to have a talk one to one instead of give a mailing or instead of other thing. So, I believe this cost is a little bit high. But yes, but still company is making a good profit and after some, this implementation of software, which is on our way, in 2, 3, 4 months, it will be, will be like, like if I talk about this e-signature, which we are coming with new, the CKYCs and also which will really reduce the cost and will reduce the cost also and the transparency will be much better.

Rakesh Arora (Go India Advisors):

Okay. So, you know, so currently we are doing 1450 from 170 branches. So, that comes to around 8.5 crore per branch. So, what is our strategy going forward? Meaning, how much business can we do per branch? Is there any, you know, target that we have in our mind?

And so, the next 2, 3 years, what is the mix of new branches that we are opening and increase of business per branch?

Deepak Baid (MD, Laxmi India Finance):

Yeah. So, Rakesh, so basically what happened that whenever we open our branches, so it takes time for break-even. So, our break-even time comes around when once the branch has reached to a minimum of 1 to 1.5 crores. So, there you can say that now the branch is now standing in its own field. But after that, it started giving contribution towards the P&L. So, what I believe is once the new branches take time, at least 7 to 8 months, but yes, the old branches are now who have crossed this limit is giving a good contribution.

And if I talk about the approach or the business expansion, so day by day, I believe the government is also approaching or focusing towards the MSME type business and these types of customers. So, I believe these customers are having a good approach to a city now and they are able to manufacturing at a low cost in their place and can able to supply at a better price in a city site. So, these customers are growing day by day and we can see also the Udayam Aadhaar certificate numbers are growing every year.

So, what we believe is that in this area, the opportunity is very high and whenever we open any branches in a rural areas also, we just check, cross check with a lot of medias, lot of agencies like CIBIL and all this. So, where we pin codes, so that we can plan our pin codes accordingly, where we can get out our type of customers, our pricing can match and we can serve to those customers over there. Yeah.

Rakesh Arora (Go India Advisors):

Okay. Understood. So, in terms of our target for, you know, profitability, meaning currently, we are at 2.53%, you know, ROA and we are targeting 3.5 to 3.75. So, I thought, you know, to reach to that number, we need to improve our productivity because when I look at our cost of funds, it is high, 10%, but unlikely it is going to come down in a hurry because we are a small size, so it will take some time. We are already lending at 21% or so. So, there again, the scope is low to increase that lending rate. So, then it boils down to all the operational efficiency.

So, you know, what are the possible measures that we are doing? Deepesh has also asked the same question in terms of increasing the operating leverage or, you know, what can we do to improve our ROA to 3.5 to 3.75 that we are getting?

Deepak Baid (MD, Laxmi India Finance):

Yes. So, there are the two ways, the cost of fund, of course. So, now, I think so, our cost of fund has come to 10.94%, which have reduced almost 64 bps and the cost of fund and now we are approaching our rating agency also. So, we are A-rated right now. So, we are approaching our rating agency. So, we are expecting some good outlook, positive outlook by this financial year only.

So, in the coming months only. So, once we get one notch up, so our line from, especially the big banks, big banks like if I talk about PSU banks or ICICI, HDFC bank or not. So, these lines will get, these windows will get open for us.

So, once these lines and windows will open for us, then our pricing, what we expect is that we will touch somewhere around in a single digit. So, that will help us in our ROA. Second, is the quality.

So, we are very focused on our quality side. We do lot of, we have different departments, we are using again software, AI's where we are able to find out our risk and we are able to find out a way how we can control the risk and credit cost and all. So, that is a second line what we are developing, we have and we are improving it much, much better way to have a better, to reduce our cost, to reduce our credit cost and we can add to return on asset.

So, that is a way we can, if anything Piyush, you want to add in it?

Piyush Somani (Chief Treasury Officer, Laxmi India Finance):

So, basically what is the cost, consolidation of the borrowing is required. So, in which ways, so my team is working very hard for that. Though the incremental cost of borrowing as of now is stood to around 10.30. So, but including the legacy issues, right now it is 10.94 as of now. But I can say that being 47 lenders is a large liability franchisee, which Laxmi is having as of now, that becomes a backbone for the company as well because seeing the scenarios in the various economic scenario or I can say that the money market is very volatile. So, the large liability franchisee becomes more, I can say that, lucrative for getting a borrowings as well. So, there is a competitive pricing, benefits will be there.

Going forward also, there will be a strategy in respect of getting a certain off book transactions that we are doing frequently, that is a direct assignment transaction, though our books fell into the PSL lending, Priority Sector Lending, that give an extra edge for the company for getting a loan or down sold under the transaction, under the structure called DA, Direct Assignments. Secondly, listed transactions, we are also coming with certain listed transactions, that is a listed NCDs, very soon. Thirdly, we are also mobilizing the funds from term loans, that is a plain Vanilla term loans that we are having.

Fourth, we have our tier 2 capital as well. So, that is how we are managing our treasury bill.

Rakesh Arora (Go India Advisors):

Can you just elaborate a little bit more on what kind of funding is coming from term loans? And how much is coming from NCDs? Do we issue commercial paper or not?

And Nikhil has also asked question on the rate at which NCDs are being issued. So, can you just do a breakup of the borrowings?

Piyush Somani (Chief Treasury Officer, Laxmi India Finance):

For sure. So, basically, as of now, around 60 to 70% of my entire borrowing is from banks, but my incremental borrowings from banks have been increased to 82% as of now. So, we are more focused towards the consolidating our borrowings towards the bank and least focused towards the NBFCs.

The reason behind is to get the benefit of interest rate which is in the declining scenario that we see soon as of now. Thirdly, I can say that the commercial paper is not our cup of tea because it is a short term paper that is 12 months, that is unsecured as well. So, the asset is not of that new.

So, I mean to say that the ALM, we are not having any product which is less than 12 months kind of thing. So, we are not taking any loan in respect of issuing our commercial paper and getting a loan and deploying will be a challenge for that.

Thirdly, the NCD point of view, we have listed our NCDs last to last year. So, that is coupon was, 11 and a half. So, as of now, we are coming with sub 11 levels very soon that will be a listed transition. So, quantum will be roughly around 50 to 80 odd crores.

Rakesh Arora (Go India Advisors):

Okay, got it. So, just to summarize that we are more focused towards bank lending and with the rating upgrade that we expect. So, probably our cost of funding will come down at least by 100 to 150 basis point in the next 1 to 2 years.

Is that correct assumption?

Deepak Baid (MD, Laxmi India Finance):

Correct. Yeah.

Rakesh Arora (Go India Advisors):

Okay. Great. So, now coming to the other part of the question on the operating expenses, what do you think can, you know, the level of AUM per branch we can go to?

I mean, currently, it is around 8 and a half crore. But what can we target in next 2 to 3 years in terms of can we go to 15, 20 crore? Is there a potential in these branches or, you know, the density or the borrowers are not there enough to reach that kind of numbers?

Kuldeep Singh Sikarwar (Chief Business Officer, Laxmi India Finance):

So, sir, we are targeting new territories as well as new branches in the existing territory also with the growth rate of around 30% year on year. This year, it was a bit slow, but we have all the resources in place. We have opened some branches, and some branches are pipelined to open in India.

And all these branches will contribute business in becoming branch in India. And also, we have some good pipeline to open branch in a new state called Maharashtra, maybe first quarter or maybe first or second month, April or May month only. So, as far as the branch AUM is, the branch AUM will also grow by around 25 to 30% year on year basis.

Rakesh Arora (Go India Advisors):

Okay, understood. So, operating cost meaning what is the, I mean you said the breakeven is 1 to 1.5 crore per branch AUM.

Kuldeep Singh Sikarwar (Chief Business Officer, Laxmi India Finance):

Yes, sir.

Rakesh Arora (Go India Advisors):

So, currently do we have any centralized system through which we can reduce the cost per branch, maybe underwriting, maybe compliances, maybe collection. How do we do that and you know is there any scope to improve cost efficiency there?

Kuldeep Singh Sikarwar (Chief Business Officer, Laxmi India Finance):

So the cost improves everything, not only the sourcing but also after sales or maybe credit or underwriting and other costing also. As far as the underwriting is concerned, so we have a very stringent process like every customer is being visited by the credit person, then he will analyze all the income of the customer, then he will recommend that case to the higher authority. So, visiting person is different and the decisioning person is different.

We do KYC checks, we do all the KYC checks on all the customer, we do sourcing, search, we do sourcing, we do KYC, then after we do risk analysis also. Every case is being, the valuation of the property is being done by the vendor, then after we have internal technical legal team who write the report for the valuation as well as for the legal. So overall filtration, overall compliance we are maintaining so that to reduce our cost in terms of collection also.

These all are the centrally implemented with the technology advancements like we have implemented the mobile application for sourcing person, we have implemented the mobile application for the bidding person, then after the complete desktop version for the case movement and then after RCO, risk, all the underwriting, all the case checks are happening on the system level. These things we have implemented to increase the efficiency.

Rakesh Arora (Go India Advisors):

Okay, so Dipesh had an interesting question on the evergreening of loans, how do we handle those kinds of situations?

Kuldeep Singh Sikarwar (Chief Business Officer, Laxmi India Finance):

So, by including all the checks like checks on the KYC where the customer is existing or maybe customer has applied to us or we have declined in the past by searching over the devices, by searching over the disabled bureau. Every customer's bureau is fetching through the integration and sharing on the application by checking all the other documents with the RCO agency and all. So, by this way we can stop the evergreening method, otherwise the evergreening is not at the customers, not at the employee only, but we are implementing all the checks, all the KYC, all the documentation checks to reduce that.

Rakesh Arora (Go India Advisors):

Okay, so Dipesh has a follow-up question that do we give loans to family members of defaulting customers?

Deepak Baid (MD, Laxmi India Finance):

No, not possible, not possible at all, because if we are taking all the family members on the deal, so the meaning of taking all the family member is that if anyone is default history or anything, then we will, we cannot consider that case.

Rakesh Arora (Go India Advisors):

Okay, so now coming to collection, because our customer is largely, you know, unorganized. So, how do we do collection? Do we take post-dated checks or is it, you know, cash collection and what percentage of collection is, you know, in cash and how much comes in cheque or directly deposited?

Kuldeep Singh Sikarwar (Chief Business Officer, Laxmi India Finance):

Yes, we do take the SPDC from the repayment person as well as there is one lady for applicant which is mandatory and one external guarantor which is mandatory. So, either lady or external guarantor, we do take the SPDC from one of them. So, this is the first step we are doing at the sourcing part.

As far as the collection, so around 35 percent, sorry, 65 to 70 percent is on the first-time clearance and then after the collection is happening, out of that around 40 percent is coming with the cash, rest is coming through UPI and other methods. The strategy of the collection is like we have the complete hierarchy in the collection. So, there is a national collection head, then zonal collection head, then regional collection head and then different line guide.

So, one person is taking care of at that location. As far as the new branches are concerned, so up to 100 customers, branches doing the collection then after reaching to the 100 customers, we are giving one collection executive and so on, on the addition of each 100 customers.

Rakesh Arora (Go India Advisors):

So, what is our collection efficiency now?

Deepak Baid (MD, Laxmi India Finance):

So, currently it is 89 percent.

Rakesh Arora (Go India Advisors):

Okay.

Deepak Baid (MD, Laxmi India Finance):

And we have implemented recently this new application where we are transforming all this cash collection to a UPI online transaction, where we can send a message to

WhatsApp or link to a customer and through which they can just pressing a link, they can send us a payment. And it is integrated with system. So, it is so robust that it reflects within a second in the system also in a LMS which we are using.

So, we are reducing our cash collection and going towards more on the banking side.

Rakesh Arora (Go India Advisors):

Okay, understood. Himanshu, let us take the harsh question on employee cost. He is saying that the employee cost is increased from 17 crore to 19 crore this quarter with no additional business.

So, is it some new branches that you have opened which are yet to…?

Deepak Baid (MD, Laxmi India Finance):

Yes. So, as we have opened new branches this year. So, we have ordered only, we have added almost 20-23 branches this year, exactly a number not wrong, 20-23 branches we have added.

So, that has come and little bit due to Q2 was little bit slow. But if you compare Q3, it is a bumper for each sector in this sector. So, because of little bit Q2 slow, this hype is not matching to them.

But otherwise, we are very comfortable on our profitable side, we are comfortable on the expansion side, and we are expecting a good business in the current quarter and the coming quarters. So, this is a lot of, I believe that this is expenditure what we have done, this is an investment what we have done. The return is, we are waiting for the return and expecting a good return also.

Rakesh Arora (Go India Advisors):

Is there any one-off because of the labor law changes, a lot of companies have reported that?

Deepak Baid (MD, Laxmi India Finance):

Yes. So, we have also made a provision on that. So, 44 lakh rupees provision we have already made it.

Rakesh Arora (Go India Advisors):

So, that is coming outside of this employee cost, right?

Deepak Baid (MD, Laxmi India Finance):

It is included in the employee cost.

Rakesh Arora (Go India Advisors):

So, part of that can be explained from there. Now, let us take Himanshu's question. He is saying that can you explain your direct assignment business model and what is the outlook?

Deepak Baid (MD, Laxmi India Finance):

So, direct assignment business, so what we do is like we sell, you mean to sell or purchase, what is exactly, there is a two DA we can say that we are purchasing also, and we are selling it also. So, if he is talking about purchasing, so yes, we are purchasing from different NBFCs or books from different NBFCs and where we are giving them rights of a collection and on every month basis they have to give us, they have to collect and they have to pass on to the, at our interest rate, they have to pass on to us. Similarly, we are doing a DA transaction with banks where we are selling our created books to them, and we are raising the funds.

So, basically this help in ALM also and this reduces the cost also for us. So, cost of fund goes down because as we have told that our book comes under the PSL. So, PSL book is required by each bank.

So, our books are always in demand. So, we get a good pricing over there and similarly we collect, and we are a collector and then we can, once we, the amount is collected, we pass on to the banks who have purchased our book. So, this is a very common process in this sector, DA purchase and sale.

So, which we are doing it from last 3-4 years.

Rakesh Arora (Go India Advisors):

Okay. So, now let us come to you know the credit cost and NPAs. So, we have questions from Akash and Harsh that our gross NPA has increased and so what is the outlook there?

Number 2, Akash is also suggesting that we should give a trend of SMAO 1, 2 in our presentation so that they get a better idea about our NPA situation. So, can you tell us you know why the gross NPA has increased? Harsh is also saying that it is maybe you attributed to DA.

So, is that the case because rest of the industry seems to be having the best of credit cost now?

Deepak Baid (MD, Laxmi India Finance):

Yeah. So, Rakesh, this is like one DA transaction what we have done, this is a, which we got burst and this scenario in India is very less, like any DA transaction, it's not a common scenario. This is a very, what you can say, rare to rare has happened and this was a Jalandhar-based NBFC, Up Money, so it has an AUM of 500 to 600 crores and there we have done a secured DA transaction. Secured - we have purchased a secured asset. So, that has got defaulted. So, that is why this NPA has shoot up.

Otherwise, my NPA, if you're going to see, the scenario must have been totally different. Like, let's say this event didn't happened, then my NPA, net NPA stands for

0.63 and gross NPA stands for 0.94 and the PAT, which has, which we are given at 29.10 crore PAT has, would have been 38.22. So, there is a gap, the provision what we have created for this DA default is almost 8 to 9 crores. That is why the return on asset also has gone down.

Otherwise, my return on asset is 3.31%. So, return on asset is also, would be better. The PAT has also been better and NPA would be in 0.94. So, I believe this is a one-time hit what a company has, this has come to company. But otherwise, I believe, and this is a secured transaction also.

So, I believe we will be able to collect it very, very soon and this whatever collection where we get, so directly will be added to a PAT. So, coming quarters, I believe the PAT and everything will have the return on asset and return on equity. If I talk about return on net worth also, it has come down to 11.04 just because of this transaction. Otherwise, the return on net worth is 14.31. So, I believe that I am very much comfortable in recovery of this plus the asset quality also I am very much, the company and collection team are happy that we will be able to recover the amount very soon.

Rakesh Arora (Go India Advisors):

Okay. So, how much of provision is still left to be done for this or is it fully done now?

Deepak Baid (MD, Laxmi India Finance):

So, we have done almost 9 crores. So, now more, still 8 crores more has to be done.

Rakesh Arora (Go India Advisors):

So, that will come in the next quarter?

Deepak Baid (MD, Laxmi India Finance):

In Q1 that will come.

Rakesh Arora (Go India Advisors):

Oh, in Q1 that will come. Okay. Now, so now Priyanshu has raised a much deeper question on this.

So, why are we doing all this? Is it difficult to generate new business on our own because we are increasing our branches, we have so many people on the ground and so what is the advantage of doing that and are we seeing some slowdown in acquiring new business?

Deepak Baid (MD, Laxmi India Finance):

No. So, Priyanshu, well-questioned. So, what happened Priyanshu.

So, whenever any company grows, so it must grow from both the side. Yes, of course, we are growing on a self-raised cases also and we have to organically also and inorganically also. But yes, inorganically for us means where we want to step in.

We go there and we purchase a quality of book from there. So, like if I want to start any business over there, then we plan, we try to do co lending, we try to do so that we understand the behavior of a customer over there, we understand the process, we understand the process of credit and cost and all. So, you have already customer base, and you already have a, you know the nature of a customer over there.

So, that is why we have done this transaction over there. But yes, if you want to see the organically also, we are growing very fast, we are growing, maintaining our cost, credit cost also and we are able to maintain that in a similar line.

Rakesh Arora (Go India Advisors):

Understood. Any safeguards to avoid this kind of situation meaning though it is rare?

Deepak Baid (MD, Laxmi India Finance):

Yeah, it is rare. Yes, we have added some new checkpoints, we have added more system-oriented things. Now, we have started keeping the, this security also at our chest.

So, lot of new, we have lot of action we have already taken with this. But yes, so this incident has happened not with us. So, almost 30, 35 lenders are there who have been affected with this thing.

But yes, we have taken lot of checkpoints which to, for improvising, which was required, we have taken that. But I am sure that we will recover this money very soon.

Rakesh Arora (Go India Advisors):

Yeah, so this will be my last question. When can we see some recovery coming in from this portfolio?

Deepak Baid (MD, Laxmi India Finance):

So, I am also waiting, we are behind. We have done our best, we have best efforts and we have put our best contacts also who are behind. So, very soon, we should expect a collection on this.

Because this is the rarest thing and this is a secure transaction. So, he has to pay us amount.

Rakesh Arora (Go India Advisors):

Understood, understood. So, let us hope in Q1 when you do your last provision, there is some recovery also coming in, in Q1. Okay.

So, what about our, you know, I wanted to ask, so largely I think we have covered most of the things. But I, in the last 1 to 2 years, the gold prices have been going up quite high. So, are there any, you know, plans to do gold loan, it is going very fast for most of the other lenders and we have so many branches.

So, one, are our branches equipped to do this, do they have space enough to cater to gold loan? And is gold loan one of the things that we are looking at?

Deepak Baid (MD, Laxmi India Finance):

Well, in this, some of the players have really done a tremendous, shown a tremendous growth in a gold loan. But yes, this, we do not have such any, any such plans to enter in a gold loan right now. Because again, this comes with a cost.

So, again, the branch structure, the manpower and all, everything is required according to that. So, we do not have plans right now. But yes, in future, if we get an opportunity, we can see.

And right now, it is so very risky also what I believe because of the pricing and all. But yes, right now, we are very much focused on a secured lending, where we are very comfortable on our asset quality and then that call only, I want to take it or we would take it.

Rakesh Arora (Go India Advisors):

So, what is our current capital adequacy ratio and are we comfortable to grow until what level we would not need new capital?

Piyush Somani (Chief Treasury Officer, Laxmi India Finance):

So, the capital adequacy ratio ranges to around 28 to 29 percent as of now, as of December. So, seeing the scenario, what is the leverage? So, the return on equity is a derivative factor of debt to equity and the ROTA as well.

So, internally, we think so that it will be ranges from 4 to 4.5 that the debt to equity should be there. Once we reach that level, then the ROTA is optimum at that level, post that we will be raising a new fund.

Rakesh Arora (Go India Advisors):

Okay. And are there any plans to do co-lending or to raise our ROE to 16 percent plus level? And you did mention about priority sector lending because so is co-lending is one of the options you are exploring?

Deepak Baid (MD, Laxmi India Finance):

So, right now, we are focusing on our own book. So, because we have a channel, we have a branch. So, I believe that we can easily grow 35 percent CAGR on year to year.

And I am very comfortable, I believe we can reach to in this percentage. So, we do not want to add a co-lending right now. But yes, after I think so, a year or two once this capital is consumed, we will reach to that leverage.

Then we can think of adding this co-lending with a shaking hand with some banks or where if we get a good price or good things. But firstly, if we want to have our own book only. Because we have a structure.

So, we have our distribution points. So, I believe that we can create our own book is much better than creating for someone else.

Rakesh Arora (Go India Advisors):

Got it. So, just trying to sum it up, we have enough capital to grow. We are looking to grow our AUM at around 30 percent or so.

And our credit costs are going to come down because it is backed by one-off event, which is going to go away. We might have some recovery. So it might add up next year.

And our cost of borrowing is going to reduce by 100 to 150 basis point. So, our ROA, which earlier was 3.13 or somewhere actually can go up to the range that we are talking about 3.5 to 3.75. So, are you comfortable with this guidance and the analysis?

Deepak Baid (MD, Laxmi India Finance):

Yes, yes, very much. I am very much comfortable that we have a strong team. We have a strong infra, you can say that strong capital base also.

And I think so our investors are also strong to support us always. So, I believe that we can reach to this target what we have given in our calls and all and very easily. But yes, we want to go for secured lending site where we are 100 percent safe and where the capital is also safe.

So, we would like to take a step towards profitability. It is a good win-win position for the company also and for the investors also.

Rakesh Arora (Go India Advisors):

So, Deepak was asking about 5-year growth plan. I was just calculating; we go to more than 5000 crore in 5 years AUM based on 30 percent growth.

Deepak Baid (MD, Laxmi India Finance):

Yeah, very comfortable. So, we have very comfortable, we have a robust system with us, we have a good manpower. So, I think so there should not be any barrier in between to not to touch to this numbers what we have told.

But we are very comfortable, and the team is also very comfortable. If you are going to see the team strength, the CXOs who have a good vintage with the company. So, that gives a confidence for everyone.

Rakesh Arora (Go India Advisors):

Priyanshu wants to slip in one last question, loan disbursement target in Q4 and FY27. So, will you maintain that 30 percent rate or?

Deepak Baid (MD, Laxmi India Finance):

Yeah, minimum. So, if you want to see the past also, we have grown with the 30-35 percentage on a year-to-year basis. So, we will be continuing with that.

So, now we are adding more branches, now we have a capital base also, we are getting a good raw material also. So, I believe that it will not be a hurdle for us to reach to this numbers what we have told. But what I believe that say less and deliver more.

So, I believe that I will deliver much better numbers than what I have given on the screen.

Rakesh Arora (Go India Advisors):

Thank you, Deepak ji. Thank you so much. Very excited to hear your story and you have done incredibly well.

The hardship that you faced, and you came out of this and built this such a strong business. So, congratulations to you and looking forward to more exciting times going forward. So, thank you so much.

Deepak Baid (MD, Laxmi India Finance):

Thank you. Thank you so much, Rakesh. Thanks.

Thank you. Thank you.