

**INFINITY LAGHUBITTA BITTIYA SANSTHA LIMITED**

Issue Units (Public): 629,930 units Minimum Units: 10 Issue Open Date: 13/02/2076 Rating: CARE NP IPO Grade 4  
 Issue Price: Rs.100 Maximum Units: 3,370 Issue Close Date: 16/02/2076 Issue Manager: Civil Capital Market Ltd.

Chairman: Mr. Khem Raj Nepal

Chief Executive Officer: Mr. Prabin Kumar Lama

**Pricing – Forward P/E Model**

Period end	HM P/E	Forward EPS	Fair Price
Q3 75/76	26.93	15.67	421.93
75/76		18.00	484.59
76/77		27.07	728.86
77/78		39.39	1060.60

**Utilization of IPO Proceeds**

Branch Expansion	Rs. 2,400,000
Animal Husbandry and Agro Sector	Rs. 25,000,000
Retail Business and Services Sector	Rs. 23,000,000
Small and Domestic Industry Sector	Rs. 14,500,000
Deposits on BFIs	Rs. 2,500,000

**Capital Structure**

Authorized Capital	Rs. 500,000,000
Issued Capital	Rs. 207,400,000
Promoter / Public Ratio	67.50% / 32.50%

**Financial Highlights (in millions)**

FY	74/75	Q3 75/76	75/76E	76/77E	77/78E
Cap.	140.00	140.00	207.40	237.40	265.00
R & S	5.34	27.16	12.47	30.06	68.84
L & A	816.43	1343.59	1985.40	3431.44	4154.11
Deposit	250.74	456.77	692.72	1225.53	1750.39
Op. Income	61.19	96.07	178.79	249.03	327.86
Net Profits	11.31	21.94	37.32	64.26	104.37

Ratios	74/75	Q3 75/76	75/76E	76/77E	77/78E
EPS	8.08	20.89	18.00	27.07	39.39
BVPS	103.81	119.40	120.48	124.29	138.13
CAR	-	12.46%	12.93%	9.38%	9.55%
NPL	-	1.01%	0.76%	1.06%	0.75%
Return on NW	7.78%	17.49%	14.94%	21.78%	28.51%
Net Int. Spr.	-	-	4.00%	2.44%	2.78%
Deposit rise	812.28%	145.05%	176.27%	76.92%	42.83%
L & A rise	441.43%	71.94%	143.18%	72.83%	21.06%
L / D ratio	5.49 x	2.94 x	2.87 x	2.80 x	2.37 x
Loan to equity	561.7%	803.77%	903.0%	1283.0%	1244.3%
Provision on Total Loan	-	-	0.78%	0.61%	0.13%

**(National level MFIs) Peer Groups (Q3 75/76)**

S.N.	Ticker	Net Profit (Rs.mill)	EPS (Rs.)	BVPS	NPL	LTP (09/02)
1	CLBSL	11.64	13.59	114.46	1.29%	575
2	KMCDB	20.05	24.75	162.04	1.28%	699
3	MSMBS	18.95	20.88	124.01	2.14%	485
4	ALBSL	14.56	9.36	106.91	2.67%	445

As on Q3 75/76, company has earned Rs.2.19 crore net profit, putting challenge on it target of Rs.3.7 crore by FY end. Deposits and loans & advances has increased by 145.05% and 71.94% respectively on a y-o-y. However, NPL to Total Loan has increased to 1.01% from 0.09%. We expect the company to distribute 14.46% and 11.63% bonus shares to its shareholders in FY 76/77 and 77/78 respectively, to meet its capital plan.

**Snapshots...**

- About the Company:** The Company was registered as a public limited company on 30<sup>th</sup> Asadh, 2073 and received license from NRB to operate as a National level microfinance company on 17<sup>th</sup> Poush 2073. It commenced its micro credit activities from 7<sup>th</sup> Magh, 2073 with its central office located in Gaidakot, Nawalpur.
- Area of Operation:** At the present, company has 43 branches, situated in all provinces except for Karnali Pradesh. Province 2 followed by Province 5 has the highest number of branches which includes 16 branches and 12 branches respectively.
- About the Issue:** Out of total issuance of 674,000 units, 10,370 units is allocated to the employees of the company, 33,700 units is reserved for the Mutual Funds and 629,930 unit shares is allocated for General Public.
- Capital Plan:** The current paid up capital of the company is Rs. 14 crores which is expected to increase to Rs. 20.74 crores following the subscription of IPO. Furthermore, the company plans to increase its capital base through the issuance of bonus shares in FY 76/77 and 77/78.
- Pricing & Assumptions:** We have used a P/E model to price the share of company at the current market scenario. We identify 19 listed MFI's of national level which has published its Q3 reports as comparable for finding pricing of the company. We have considered the actual EPS of Q3 rather than annualized figures and closing price as on 9<sup>th</sup> Jestha, 2076 for the calculation of fair price. Assuming the market at present efficiently price Rs.26.93 for every EPS in the future also, we derive the fair price of the company's stock with varying EPS level during the projected periods ahead.
- Financial Summary:** In its short period of operation, the company has increased its businesses through increase of deposits and loans size. CAGR of Deposits and Loans for a period of 2.75 years till now is 177.88% and 121.52% respectively. The net profit of the company over the projected years averages to Rs. 6.86 crores which is comparatively higher than the industry average. Furthermore, even when borrowings of the company is predicted to increase by 112.81%, 51.24% and 5.01% in the FY 75/76, 76/77 and 77/78 respectively, the borrowings comprises of only 55.52% of the sources of fund over the projected years which is considered to be in line with the industry harmonic mean of 53.27%. In addition to this, the CAR maintained by the company is above the NRB requirement which signals potential for business expansion. However, the loans and advances of the company is mostly comprised of the non-collateral loan (approx. 95.99%) which shows increased chances for default risk that can be major threat to the company. This is further supported by the repayment ratio of the loan which is 54.62% in the Q2 75/76 while that of industry averages to 61.34%.

Disclaimers: Not to be inferred as Investment recommendation.

IPO LISTING RANGE: Rs. 103.81 - Rs. 311.43