



Issue Opens – September 23, 2024 to September 25, 2024

Price Band
₹114 to ₹120

Face Value

₹10 per share

Lot Size

125 Shares

Issue Size

₹150.84 Cr

Issue Type

Book Built

Important Events



Issue Size

12,570,000 shares/ ₹150.84 Cr

Fresh Issue

12,570,000 shares/ ₹150.84 Cr

Offer for Sale

N/A

Basis of Allotment

Thursday, September 26, 2024

Initiation of Refunds

Thursday, September 26, 2024

Credit of Shares to Demat

Friday, September 27, 2024

IPO Listing Day

Monday, September 30, 2024

Objects of The Offer

The company proposes to utilise the Net Proceeds from the Fresh Issue towards funding the following objects:

- To augment capital base to meet the future capital requirements, and
- To receive the benefits of listing of the Equity Shares on the Stock Exchanges, enhancement of the Company's brand name and creation of a public market for their Equity Shares in India.



Brief profile of the Directors

Manish Kiritkumar Shah is the Managing Director of the Company since incorporation. He holds a bachelor's degree in commerce from Mumbai University. He has over 25 years of experience in the NBFC sector. He is a strategic leader in the Company and oversees functions such as identifying growth opportunities, building and maintaining relationships with key stakeholders and implementing technology solutions to streamline operations in the Company.

Nikita Manish Shah is a Whole Time Director and Head - Business Development of the Company. She has been director of the Company since incorporation. She has cleared higher secondary examination in the field of commerce. She has over twenty seven (27) years of experience in the field of business relationship, marketing and strategy management. She oversees functions such as marketing, strategy management and corporate social responsibility activities in the Company.

Monil Manish Shah is a Whole Time Director and Chief Business Officer of the Company. He has been a director in the Company since 2017. He holds a master's degree in marketing from Queen Mary University of London. He is actively involved in the business of the company and oversees functions such as sales & strategy, marketing and business expansion. He has played a pivotal role in formulating and executing the company's overall business strategy to drive growth and profitability.

Jay Khushal Mota is a Whole Time Director and Chief Financial Officer of the company. He has been associated with the company since 2006. He holds a bachelor's degree in commerce from Mumbai University. He has over 18 years of experience in the field of accounts, finance and taxation. He oversees various facets of accounts & finance function in the company including financial planning and analysis, treasury management, budgeting, financial projections and audit & taxation.

Anshu Shrivastava is the Chairman and Independent Director of the company since 2015. He is a member of the Institute of Chartered Accountants of India. He has over 20 years of experience in the field of finance. He was previously associated with Piramal Group and Pioneer Investcorp Limited.

About The Company.



Manba Finance Limited is a Non-Banking Financial Company-Base Layer (NBFC-BL), which commenced its business in 1998, providing financial solutions for New two wheeler (2Ws,) three wheeler (3Ws), electric two wheeler (EV2Ws), electric three wheeler (EV3Ws), Used Cars, Small Business Loans and Personal Loans with an AUM size of more than ₹ 90,000 lakhs as on March 31, 2024. The Branches are located in urban, semi-urban and metropolitan cities and towns which serves the surrounding rural areas.

Key Business Operations

Company's target customers are mainly (i) salaried; and (ii) self-employed. They normally fund upto 85% of the purchase price (on road price) of the vehicle proposed to be acquired by the customer. About 97.90% of their loan portfolio comprises of New Vehicle Loans with an average ticket size (ATS) of around ₹ 80,000 for two-wheeler loans and an average ticket size (ATS) of around ₹ 1,40,000 for three-wheeler loans.

They are based out of Mumbai, Maharashtra and operate out of 66 Locations connected to 29 branches across six (6) states in western, central and north India. The Company has established relationships with more than 1,100 Dealers, including more than 190 EV Dealers.

They have a centralised credit team which remotely reviews loan applications and undertakes credit decisions. They have established business processes and technologies to facilitate the sanction of more than 85% loans on the same day of the application.

Company secures their funding from diversified sources including term loans and cash credit facilities from public sector banks, private sector banks, small finance banks & other financial institutions and PTC and issuance of privately placed listed and unlisted NCDs to meet their capital requirements. The average cost of borrowings as of Fiscals 2024, 2023 and 2022 was 11.98%, 11.19% and 11.61%, respectively.

Product Wise Revenue



The details of our product wise revenues for Fiscals 2024, 2023 and 2022 is as follows:

Particulars	As of and for Fiscal					
	2024	In %	2023	In %	2022	In %
Two Wheeler	17,160.05	89.55%	12,910.92	96.84%	10,461.35	98.12%
Three Wheeler	117.79	0.61%	2.10	0.02%	0.00	0.00%
Personal Loan	135.89	0.71%	0.00	0.00%	0.00	0.00%
Small Business Loan	36.40	0.19%	0.00	0.00%	0.00	0.00%
Used Two Wheeler	72.02	0.38%	25.54	0.19%	3.22	0.03%
Used Car Loan	3.61	0.02%	0.00	0.00%	0.00	0.00%
Other Operating Income	1,632.86	8.52%	393.08	2.95%	194.49	1.82%
Other Income	4.61	0.02%	0.07	0.00%	2.88	0.03%
Revenue Bifurcation Total	19,163.22	100.00%	13,331.71	100.00%	10,661.94	100.00%

Factors that will support retail credit growth



(₹ in lakhs, unless otherwise specified)

Particulars	As at and for the financial year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Capital			
Shareholder Equity	20,060.75	16,843.13	15,174.38
Capital Adequacy Ratio	25.17%	27.02%	31.44%
Profitability			
Total Income	19,163.22	13,331.71	10,661.94
Interest income	16,835.76	12,496.17	9,397.99
Net Interest Income	8,761.57	6,954.22	4,758.84
Profit After Tax	3,141.97	1,658.01	974.02
NPA / Asset Quality			
Gross NPA (%)	3.95%	3.74%	4.94%
Net NPA (%)	3.16%	3.14%	4.30%
Earning per share			
Basic	8.34	4.40	2.59
Diluted	8.34	4.40	2.59

Statement of Profit and Loss



RESTATED STATEMENT OF PROFIT AND LOSS ACCOUNT

(Rs. in lakhs)

Particulars	Notes	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from operations				
Interest income	26	16,835.76	12,496.17	9,397.99
Other operating income	27	2,322.85	835.47	1,261.07
Total revenue from operations		19,158.61	13,331.64	10,659.06
Other income	28	4.61	0.07	2.88
Total income		19,163.22	13,331.71	10,661.94
Expenses				
Finance costs	29	8,186.89	5,661.89	4,658.59
Impairment on financial instruments	30	1,131.64	831.31	1,003.59
Employee benefit expense	31	3,842.41	2,799.86	2,287.14
Depreciation, amortisation and impairment	32	449.05	444.64	379.24
Other expenses	33	1,663.90	1,315.35	1,067.10
Total expenses		15,273.89	11,053.05	9,395.66
Profit before taxes		3,889.33	2,278.66	1,266.28
Tax expenses				
- Current tax	12	674.96	569.22	335.52
- Deferred tax	12	72.39	51.42	(43.27)
		747.36	620.65	292.26
Profit for the year		3,141.97	1,658.01	974.02
Other comprehensive income				
Items that will not be reclassified to profit or loss				
(i) Re-measurement gains / (losses) on defined benefit plans		18.81	14.39	6.47
(ii) Income tax impact		(4.74)	(3.62)	(1.63)
(iii) Gain on fair value of equity instruments		-	-	3.04
(iv) Income tax impact		-	-	(0.77)
Other comprehensive income for the year		14.07	10.77	7.11
Total comprehensive income for the year (comprising profit and other comprehensive income for the year)		3,156.04	1,668.78	981.13
Earnings per equity shares (face value - Rs. 10 per equity share)				
Basic	34	8.34	4.40	2.59
Diluted	34	8.34	4.40	2.59

Strengths



- **Established relationships with the Dealers** - The company, established in 1998, has built strong relationships with over 1,100 Dealers, offering fast vehicle financing with tailored solutions, incentives, and quick loan processing to support increased sales.
- **Ability to expand to new underpenetrated geographies.** - The NBFC expanded from Maharashtra to 66 locations across six states, using market research, a dealer-centric model, and hub-and-spoke branches. With a 37.46% CAGR, AUM grew from ₹49,582.62 lakhs in FY22 to ₹93,685.54 lakhs in FY24.
- **Access to diversified and cost-effective long-term borrowing** - The Company secures diversified funding through term loans, cash credit, NCDs, PTCs, and co-lending arrangements. Borrowings grew from ₹39,439.73 lakhs in FY22 to ₹75,227.24 lakhs in FY24, with an average borrowing cost of 11.98%.
- **Technology driven and scalable operating model with quick Turn Around Time (TAT) for loan processing** - The company leverages in-house and licensed technologies for streamlined loan processing, CRM, credit checks, and customer service. Tools like Salesforce, Power BI, and e-sign systems enhance efficiency, reducing loan turnaround time and ensuring scalability.
- **Extensive collections infrastructure and processes leading to maintenance of the Company's asset quality** - The company maintains asset quality through a three-tier collections infrastructure: tele-calling, field collection, and legal recovery. With 80% collections via NACH and a 446-person team, they monitor defaults, use tech for efficiency, and escalate delinquency cases as needed.

Threats



- Inability to maintain relationships with the Dealers from whom we derive significant portion of their New Vehicle Loans business,
- New Vehicle Loans account constitute majority of their AUM. Lack of diversity in their loan products may affect their growth, prospects and financial condition,
- Inability to sustain their growth or manage their growth effectively or execute their growth strategy effectively,
- Business is dependent on their ability to timely access cost effective sources of funding. Any disruption in their sources of funding could have an adverse effect on their business, results of operations and financial condition,
- Inability to adequately assess and recover the assessed or full value of collateral or amounts outstanding under defaulted loans in a timely manner, or at all, could adversely affect their business and financial condition,
- Huge concentration of loans to the salaried and self-employed and the risk of non-payment or default by their borrowers may adversely affect their business.
- Inability to maintain the quality of their loan portfolio or manage the growing loan portfolio which may result in significantly larger non-performing assets and provisions,
- A portion of their customers are first time borrowers which increases risks of non-payment or default for them.



Valuation and Outlook

Manba Finance Limited IPO is expected to be priced between ₹114 to ₹120 per share. At this price, the company is valued at Price-to-Earnings (P/E) ratio of 14x versus the Industry P/E of 13.45x.

Name of the Company	Total Income (₹ in lakhs)	Face Value (₹)	P/E	P/B	EPS (Basic) (₹)	Return on Net Worth (%)	NAV per share (₹)	PAT (₹ in lakhs)	D/E
Manba Finance Limited	19,163.22	10.00	[•]	[•]	8.34	15.66	53.26	3,141.97	3.75
Baid Finserv Limited (Standalone)	6,635.83	2.00	13.65	1.06	1.08	7.75	13.89	1,292.40	1.45
Arman Financial Services Limited (Consolidated)	66,152.77	10.00	8.57	2.15	195.00	21.36	775.70	17,357.28	2.09
MAS Financial Services Limited (Consolidated)	1,28,568.00	10.00	18.13	2.55	15.31	14.25	108.71	25,401.00	4.00

Manba Finance Limited has shown good revenue growth, with revenues increasing from ₹106.6 crores in FY22 to ₹191.6 crores in FY24, the PAT has grown from ₹9.7 crores in FY22 to ₹31.4 crores in FY24, showcasing the company's ability to scale operations profitably. The company appears to have a lot of development potential in future. Investors may apply in the IPO for listing gains.

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