

One Stop Investment Avenue



GEPL
CAPITAL

IPO Note

MANBA FINANCE LIMITED

Sep 23, 2024





Sep 23, 2024

Details of the Issue

Price Band	₹ 114 - ₹ 120
Issue Size	₹ 150.48 Cr
Face Value	₹ 10
Bid Lot	125
Listing on	BSE, NSE
Post Issue Mcap	₹ 602.87 Cr
Investment Range	₹ 14,250 - ₹ 15,000

Important Indicative Dates (2024)

Opening	23 - Sep
Closing	25 - Sep
Basis of Allotment	26 - Sep
Refund Initiation	26 - Sep
Credit to Demat	27 - Sep
Listing Date	30 - Sep

Lead Manager

Hem Securities Limited

Offer Details

Offer Size	₹ 150.84 Cr
Fresh Issue	₹ 150.84 Cr
OFS	-

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	75.42	6.28	6.61	50
NIB	22.62	1.89	1.98	15
Retail	52.79	4.39	4.63	35
Em- ploy.	-	-	-	-
Total	150.48	12.57	13.23	100

[Invest Now](#)[Company Profile](#)

Manba Finance Limited, established in 1998, is a non-banking finance company (NBFC-BL) providing financial solutions for new and used two-wheelers, three-wheelers, electric vehicles, small business loans, and personal loans. It primarily targets employees and self-employed individuals, offering tailored programs and financing up to 85% of the vehicle's on-road price. With branches in urban, semi-urban, and metropolitan areas, the company serves surrounding rural regions and partners with over 1,100 dealers, including 190 EV dealers across several states. As of March 31, 2024, Manba Finance employed 1,344 people.

[Business Highlights & Services](#)

Since 1998, Company have evolved from a Non-Banking Financial Company (NBFC) in Mumbai to a robust financial services provider with operations across six states: Maharashtra, Gujarat, Rajasthan, Chhattisgarh, Madhya Pradesh, and Uttar Pradesh. Its expansion began in 2009 with vehicle financing, now reaching 66 locations. It aims to deepen the market presence by diversifying the loan offerings to include Used Car Loans, Small Business Loans, and Personal Loans. Company's Years of experience in these markets give them a competitive edge to target underserved areas effectively. Since introducing new products in Gujarat in 2018, it achieved over ₹70,000 lakhs in disbursements by 2024. In Rajasthan (2020), it disbursed over ₹12,000 lakhs, and in Chhattisgarh (2022), over ₹4,500 lakhs. Company recent entry into Madhya Pradesh and Uttar Pradesh targets large markets with high credit demand in the 2W/3W/EV sector. Investing in our business offers a unique opportunity to capitalize on the established market knowledge, strong growth trajectory, and strategic expansion plans.

New vehicle loans account for 97.90% of total AUM, showcasing a strong focus on vehicle finance in the 2W and 3W segments. As fuel prices rise, demand for electric 2Ws and 3Ws is increasing due to their cost savings for consumers and small businesses. The EV3W segment is particularly appealing to commercial operators looking to cut fuel costs. Partnering with over 190 EV dealers, the company offers incentives for electric vehicle purchases, positioning itself to leverage market leadership and the shift toward electric vehicles in financing.

The company is launching Used Car Loans of ₹2.00 lakh to ₹6.00 lakh for existing 2W/EV2W vehicle finance customers, tapping into strong customer relationships and partnerships with Used Car Dealers for rapid growth. Additionally, we're introducing MANBA Vyaapaar Small Business Loans in Maharashtra, ranging from ₹0.75 lakh to ₹10.00 lakh, alongside Personal Loans up to ₹1.00 lakh. This strategy targets current vehicle finance customers, leveraging insights into their funding needs and repayment histories. Experienced MSME lending team positions us well to capitalize on these opportunities.

Company operate in 66 locations across Maharashtra, Gujarat, Rajasthan, Chhattisgarh, Madhya Pradesh, and Uttar Pradesh, creating a robust foundation for financial services. Leveraging the branch network, it will introduce:

SME loans: Targeting MSMEs with loans from ₹0.75 to ₹10 lakhs for 12-48 month terms, focusing on kirana stores, medical stores, carpenters, and small manufacturers.

Personal Loans: Launched in July 2023, offering up to ₹1 lakh with quick turnaround for salaried and self-employed individuals across five states.

Used Car Loans: Financing vehicles up to 12 years old, offering ₹2 to ₹6 lakhs for 12-48 month tenures, starting in Mumbai (Dec 2023) and expanding to select markets in Maharashtra and Gujarat (April 2024).



This strategic expansion maximizes the existing infrastructure, positioning them for significant market growth. It will focus on technology and digitization to enhance operations. Launching web-based apps for business correspondents and customers to streamline loan applications and tracking. Capturing customer data for improved underwriting. Building a strong 'Manba' brand is vital for customer retention. We'll increase marketing efforts through physical ads and referral incentives. Our steady marketing investment will engage customers, strengthen our brand, and boost employee retention.

[Loan Book Details](#)

(₹ in lakhs)

Particulars	As of and for Fiscal		
	2024	2023	2022
Vehicle Loans			
Two wheeler	5,4371.88	37,947.85	24,267.88
Three Wheeler	1,063.15	33.31	0.00
Top-up loans	5,011.04	4,490.09	4,778.03
Used Two Wheeler Loans	875.69	198.23	14.32
Used Car Loans	97.67	0.00	0.00
Personal Loans	902.34	0.00	0.00
Small business loan	714.62	0.00	0.00
Other Loans	250.00	0.00	0.00
Total	63,286.39	42,669.48	29,060.23

[Product wise revenue details](#)

(₹ in lakhs, except for percentages)

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%

[Geography wise revenue details](#)

(₹ in lakhs)

Particulars	As of and for Fiscal					
	2024		2023		2022	
	Amount	% Share	Amount	% Share	Amount	% Share
Maharashtra	13,299.88	69.40	10,078.69	75.60	8,973.39	84.19
Gujarat	4,604.70	24.03	2,967.32	22.26	1,542.27	14.47
Rajasthan	685.75	3.58	231.74	1.74	143.28	1.34
Chhattisgarh	544.82	2.84	53.96	0.40	0.00	0.00
Madhya Pradesh	28.08	0.15	0.00	0.00	0.00	0.00
Total	19,163.22	100%	13,331.71	100%	10,661.94	100%



Details of Borrowings

(₹ in lakhs except for percentages)

Particulars	Amount	% of total borrowings
Fixed Interest Rate Liabilities	49,469.88	63.46%
NCD	13,479.17	17.29%
OD	0.00	0.00%
Securitisation	13,816.80	17.72%
Term Loan	21,173.91	27.16%
CP	1,000.00	1.28%
Floating Interest Rate Financial Liabilities	28,483.63	36.54%
Cash Credit	4,064.41	5.21%
NCD	4,975.00	6.38%
Term Loan	19,283.24	24.74%
Vehicle Loan	160.98	0.21%
Total	77,953.52	100%

Key ratio details:

Particulars	For the Financial Year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Return on Average Total Assets (%) (5)*	3.57%	2.46%	1.74%
Return on Equity (%) (6)*	17.03%	10.36%	6.63%
Provision Coverage Ratio (7)	20.00%	16.00%	13.00%
Gross NPA (%) (8)	3.95%	3.74%	4.94%
Net NPA (%) (9)	3.16%	3.14%	4.30%
Average Yield on Average AUM (10)	21.44%	22.13%	18.32%

Asset Quality

Asset category (Loan Book)	As of and for Fiscal		
	2024	2023	2022
	(₹ in lakhs)		
Gross Loan Book	79,877.22	63,368.90	49,582.62
Gross NPAs (1)	3,156.49	2,368.68	2,450.04
NPA Provisions (2)	631.30	378.99	318.51
Net NPAs (3)	2,525.19	1,989.69	2,131.53
Bad Debts Write-off (4)	722.01	595.15	907.25

Peer Comparison:

Name of the company	Face Value (₹)	Total Income (₹ Cr)	EPS	NAV (₹)	P/BV	RoNW(%)
Mamba Finance Ltd	10	191.63	8.34	53.26	NA	46.90%
Peers Group						
Baid Finserv Ltd	2	66.36	1.08	13.89	1.06	6.40%
Arman Financial Ltd	10	661.53	195	775.70	2.15	7.76%
MAS Financial Services Ltd	10	1,286	15.31	108.71	2.55	10.32%



Key Strategies Implemented by Company

- Increasing penetration in existing markets and diversifying into new markets.
- Continue focus on vehicle finance and the growing 2Ws/3Ws/EV2Ws/EV3Ws market.
- Diversifying the portfolio into Used Car Loans, Small Business Loans and Personal Loans.
- Leveraging the existing Branch and location setup by adding new products.
- Continue to invest in technology and digitization initiatives to enhance the operating model and improve customer experience.
- Enhance the brand recall to attract new customers.

Companies Competitive Strength

- Established relationships with the Dealers.
- Ability to expand to new underpenetrated geographies.
- Access to diversified and cost-effective long-term borrowing.
- Technology driven and scalable operating model with quick Turn Around Time (TAT) for loan processing.
- Extensive collections infrastructure and processes leading to maintenance of the Company's asset quality.
- Experienced Promoters and professional management team.

Particular (INR in Cr)	FY24	FY23	FY22
Interest Income	192	133	107
Interest Expenses	104	64	59
Net Interest Income	88	70	48
PBT	39	23	13
Tax	7	6	3
PAT	31	17	10
ROE%	17	10	7
Net NPA%	3	3	4

Valuations and Recommendation:

- Based on annualized FY24 earnings to post-IPO paid-up equity capital of the company, The issue is priced at a P/B of 2.2X. Thus the issue appears to be fairly priced compared to peers.
- The company operates with over 1,100 dealers, crucial for vehicle financing in India. Its tech-driven, scalable model enables quick loan processing, with over 85% of loans sanctioned the same day. Dealers favor finance companies with fast turnaround times, and the company strengthens relationships through incentives and events. AUM grew at a 21% CAGR (FY21-FY24) due to stable ATS and yields. It has diversified funding from banks, NBFCs, and financial institutions, and maintains stable asset quality through robust collection processes. Therefore, we recommend a "Subscribe" rating for the issue



Notes

GEPL Capital Pvt. Ltd

Head Office: D-21/22 Dhanraj Mahal, CSM Marg, Colaba, Mumbai 400001

Reg. Office: 922-C, P.J. Towers, Dalal Street, Fort, Mumbai 400001

Research Analyst – Mr. Dibandu Maji | + 022-6618 2689 | Dibandumaji@geplcapital.com

Disclaimer: This report has been prepared by GEPL Capital Private Limited ("GEPL Capital"). GEPL Capital is regulated by the Securities and Exchange Board of India. This report does not constitute a prospectus, offering circular or offering memorandum and is not an offer or invitation to buy or sell any securities, nor shall part, or all, of this presentation form the basis of, or be relied on in connection with, any contract or investment decision in relation to any securities. This report is for distribution only under such circumstances as may be permitted by applicable law. Nothing in this report constitutes a representation that any investment strategy, recommendation or any other content contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. All investments involve risks and investors should exercise prudence in making their investment decisions. The report should not be regarded by the recipients as a substitute for the exercise of their own judgment. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of GEPL Capital as a result of using different assumptions and criteria. GEPL Capital is under no obligation to update or keep current the information contained herein. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other instruments. There is no representation that any transaction can or could have been effected at those prices and any prices do not necessarily reflect GEPL Capital's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions, by GEPL Capital or any other source may yield substantially different results. GEPL Capital makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability with respect to, the fairness, accuracy, completeness or correctness of any information or opinions contained herein. Further, GEPL Capital assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent development, information or events, or otherwise. Neither GEPL Capital nor any of its affiliates, directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this report. In no event shall GEPL Capital be liable for any direct, special indirect or consequential damages, or any other damages of any kind, including but not limited to loss of use, loss of profits, or loss of data, whether in an action in contract, tort (including but not limited to negligence), or otherwise, arising out of or in any way connected with the use of this report or the materials contained in, or accessed through, this report. GEPL Capital and its affiliates and/or their officers, directors and employees may have similar or an opposite position in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment). The disclosures contained in the reports produced by GEPL Capital shall be strictly governed by and construed in accordance with Indian law. GEPL Capital specifically prohibits the redistribution of this material in whole or in part without the written permission of GEPL Capital and GEPL Capital accepts no liability whatsoever for the actions of third parties in this regard.