

# Manba Finance Limited

## IPO Note



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### Efficient NBFC financing affordable mobility

Manba Finance Limited, established in 1998, is a leading NBFC that primarily specializes in offering loans for two-wheeler vehicles (2Ws). It has also expanded into providing loans for three-wheeler vehicles (3Ws), electric three-wheelers (EV3Ws), electric two-wheelers (EV2Ws), used car loans, small business loans, and personal loans. With a strong focus on providing affordable financing options, Manba Finance has built a reputation for being customer-centric, reliable, and flexible in addressing the diverse financial needs of individuals.

The company structures its loan offerings into three primary categories:

1. Two-wheeler loans, aimed at helping customers purchase motorcycles and scooters.
2. Used car loans, designed to assist customers in owning a pre-owned vehicle.
3. Personal loans, tailored to meet various individual needs, from household expenses to small business requirements.

Over the years, Manba Finance has demonstrated consistent growth, with its loan book expanding significantly. It has become a trusted name, especially in semi-urban and rural areas, thanks to its extensive network of branches and customer touchpoints.

With a strong focus on innovation and financial inclusion, the company continues to grow its market presence while maintaining a customer-friendly approach.

It operates in six states (i.e., Maharashtra, Gujarat, Rajasthan, Chhattisgarh, Madhya Pradesh and Uttar Pradesh) currently and its target customers are currently 60% salaried and 40% self-employed.

The company finances around 85% of the value of the vehicle to be financed. Manba Finance faces risks such as inability to maintain relationships with our Dealers from whom we derive significant portion of our New Vehicle Loans business

#### Key Consolidated Financial Data (INR Lakhs, unless specified):

	Interest Earned (Rs.)	Nil (Rs.)	Net Profit (Rs.)	NIM (%)	EPS (Rs.)	BVPS (Rs.)	ROE (%)	ROA (%)	P/E (X)	P/B (X)
FY22	10659	4758.8	974.0	9.28	2.59	40.2	6.42	1.74	46.3	2.9
FY23	13331.6	6954.2	1658.0	12.31	4.4	44.7	9.84	2.46	27.2	2.6
FY24	19158.6	8761.6	3141.9	11.16	8.34	53.2	15.66	3.57	14.3	2.2

Source: Ventura Research & Company update

Industry	NBFC
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#### Scrip Details

Listing	BSE & NSE
Open Date	Sep 23, 2024
Close Date	Sep 25, 2024
Price Band	INR 114 – 120
Face Value	INR 10
Market Lot	125 Shares
Minimum Lot	1

#### Issue Structure (%)

Issue Size (INR cr)	INR 150.84
Issue Size (Shares)	12,570,000
QIB Share (%)	≤50%
Non-Inst Share (%)	≥35%
Retail Share (%)	≥15%
Pre Issue share (No.)	37,669,410
Post Issue share (No.)	50,239,410
Post Issue Market Cap (in cr)	602.87

#### Shareholding (%)

	Pre (%)	Post (%)
Promoter	100	74.98
Public	0	25.02
<b>TOTAL</b>	<b>100</b>	<b>100</b>

### Issue Structure, Offer Details and Valuation Summary:

Issue Structure	
Investor Category	Allocation
QIB	Not more than 50.00% of the Offer
NII (HNI)	Not less than 35.00% of the Offer
Retail	Not less than 15.00% of the Offer

*Number of shares based on a higher price band of INR 120*

*Source: Company Reports*

### Objects of the Issue:

The company proposes to utilize the Net Proceeds towards augmenting its capital base to meet the Company's future capital requirements.

## Financial Summary

Fig in INR lakhs.(unless specified)	Mar-22	Mar-23	Mar-24	Fig in INR Lakhs.(unless specified)	Mar-22	Mar-23	Mar-24
<b>Income Statement</b>				<b>Key Ratio</b>			
Interest Income	9,398	12,496	16,836	Return on Average Total Assets(%)	2%	2%	4%
Interest Expenses	4,639	5,542	8,074	Net Interest Income (NIIs)	4,759	6,954	8,762
Net interest income (NII)	4,759	6,954	8,762	NIM (Net Interest Margin)	9%	12%	11%
<b>Y-O-Y Growth - NII</b>		<b>46%</b>	<b>26%</b>	Yield on AUM	18%	22%	21%
Fees and commission income	1,185	707	931	Cost of Fund (%)	12%	11%	12%
<b>Y-O-Y Growth - Fee income</b>		<b>-40%</b>	<b>32%</b>	Spread (%)	7%	11%	9%
Other income	79	129	1,397	Debt to Equity Ratio	2.59	3.57	3.75
<b>Y-O-Y Growth - Other income</b>		<b>64%</b>	<b>986%</b>	Operating expenses/ Average Total Assets (%)	9%	8%	8%
Operating expenses	3,753	4,680	6,068	PPOP/ Average Total Asset	4%	5%	6%
<b>Y-O-Y Growth - Opex</b>		<b>25%</b>	<b>30%</b>	Credit cost / Average Total Assets	2%	1%	1%
Impairment on financial instruments	1,004	831	1,132	Tier I Capital	15,174	16,843	20,061
<b>Y-O-Y Growth - FV change</b>		<b>-17%</b>	<b>36%</b>	Tier II Capital	0	0	0
PBT	1,266	2,279	3,889	Total Capital	15,174	16,843	20,061
<b>Y-O-Y PBT growth</b>		<b>80%</b>	<b>71%</b>	Total Risk Weighted Assets	48,267	62,332	79,687
Tax expenses	292	621	747	Capital Adequacy Ratio (%)	31%	27%	25%
PAT	974	1,658	3,142	Capital Adequacy Ratio (%) - Tier I	31%	27%	25%
<b>Y-O-Y PAT growth</b>		<b>70%</b>	<b>90%</b>	Capital Adequacy Ratio (%) - Tier II	-	-	-
<b>Balance Sheet</b>				Gross NPA(%)	5%	4%	4%
<b>Financial assets</b>				Net NPA(%)	4%	3%	3%
Cash and cash equivalents	3,198	6,238	3,734	Net Worth	15,174	16,843	20,061
Bank balance other than cash and	1,806	4,625	8,758	Earnings per equity share - Basic and Diluted (in INI)	2.59	4.40	8.34
Loans	48,267	62,332	78,305	Credit Rating: CARE	BBB- (Negative)	BBB+ (Stable)	BBB+ (Stable)
<b>Y-O-Y Growth</b>		<b>29.1%</b>	<b>25.6%</b>	Credit Rating: CRISIL	A+	A+	A+-
Investments	8	1,836	2,667	Number of employees	892	997	1344
<b>Y-O-Y Growth</b>		<b>22736%</b>	<b>45%</b>	Number of branches	33	51	65
Other financial assets	1,080	933	1,219	AUM	49,583	63,369	93,686
Total Financial Assets	54,360	75,963	94,684	AUM growth (%)	-6.47%	27.80%	47.84%
<b>Non-financial Assets</b>				<b>Cash Flow Statement</b>			
Current Tax Assets (net)	20	-	115	<b>Cash Flow from operating activities</b>			
Deferred Tax Assets (net)	202	147	70	Profit before tax	1,266	2,279	3,889
Property, plant and equipment	1,132	970	948	Adjustments	240	236	-831
Other intangible assets	54	80	83	Income Tax Paid	-336	-569	-675
Right of use assets	93	1,118	945	(Increase)/Decrease in Loans Given	3,711	-14,064	-15,974
Other Non-Financial Assets	286	447	531	Working capital changes	-154	-284	-524
Total Non-Financial Assets	1,786	2,762	2,692	Net cash used in operating activities (I)	4,728	-12,403	-14,114
Total Assets	56,146	78,725	97,375	Cash Flow from Investing Activities	-71	-1,892	110
<b>Financial liabilities</b>				<b>Cash Flow from financing activities</b>			
Trade payables	1,201	748	725	Net increase in cash (I+II+III)	3,629	5,859	1,630
Debt securities	1,500	2,657	16,256	Cash at the beginning of the year	1,375	5,004	10,863
<b>Y-O-Y Growth</b>		<b>77%</b>	<b>512%</b>	Cash at the end of the year	5,004	10,863	12,493
Borrowings (other than debt securities)	37,940	56,936	58,971				
<b>Y-O-Y Growth</b>		<b>50%</b>	<b>4%</b>				
Lease liabilities	104	1,167	1,051				
Other financial liabilities	59	95	97				
Total Financial Liabilities	40,804	61,603	77,101				
<b>Non-financial liabilities</b>							
Current Tax Liabilities (net)	0	46	0				
Provisions	95	95	95				
Other non-financial liabilities	72	72	72				
Total Non-Financial Liabilities	167	214	167				
<b>Equity</b>							
Equity share capital	1,256	1,256	3,767				
Other equity	13,919	15,587	16,294				
Total Equity	15,174	16,843	20,061				
Total liabilities and Equity	56,146	78,659	97,329				

Source: Ventura Research & Company update

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