



1. Overview of Manba Finance Limited

Manba Finance Limited is a Non-Banking Financial Company (NBFC) that primarily focuses on providing loans for two-wheelers (2Ws), three-wheelers (3Ws), electric vehicles (EVs), small business loans, and personal loans. The company's core business is deeply rooted in the financing of new EVs and small vehicles, while it is currently expanding its loan book into small business loans and personal financing.

2. Loan Book Breakdown

- **2W Loans:** 83.9% of the total loan book.
- **3W Loans:** Comprising a significant portion of the book as well.
- **Top-Up Loans:** Accounting for 7.9%.

The company is attempting to diversify its loan book with a focus on small business and personal loans in order to reduce its dependence on vehicle financing.

3. Loan Ticket Size

- **2W Loans:** Average ticket size is ₹80,000.
- **3W Loans:** Average ticket size is ₹1.40 lakh.

4. Branch Network and Geographic Presence

Manba Finance operates 23 branches spread across 6 states, establishing a widespread presence in the lending ecosystem, particularly in Maharashtra, Rajasthan, Uttar Pradesh, and other states.

5. Dealer Relationships

The company has established strong relationships with **1,100 dealers** and **190 EV dealers**, which serve as a strong pipeline for sourcing loans. Their network is spread across key states like Maharashtra, Gujarat, Uttar Pradesh, Madhya Pradesh, and Rajasthan.

6. Customer Segmentation

Manba Finance's customer base primarily consists of salaried individuals and self-employed persons, ensuring a diversified risk profile across different employment sectors.

7. Loan-to-Value (LTV) Ratio

The company's LTV ratio stands at **85%**, meaning it provides loans for up to 85% of the vehicle's road price.

8. Assets Under Management (AUM)

The company's AUM size has shown steady growth over the years:

- **FY24:** ₹936 crore
- **FY23:** ₹636 crore
- **FY22:** ₹495 crore

9. Funding Sources and Borrowing Costs

Manba Finance secures funding from a wide range of sources including Public Sector Banks (PSBs), Private Banks, Small Finance Banks (SFBs), and financial institutions. The average cost of borrowing over the last three years has ranged between **11.61% to 11.98%**.

10. Gross Non-Performing Assets (NPA)

The company has maintained tight control over its asset quality, with its gross NPAs gradually increasing as follows:

- **FY24:** ₹31 crore
- **FY23:** ₹23 crore
- **FY22:** ₹24 crore

11. Credit Rating

Manba Finance holds a **BBB+ stable** credit rating, indicating a moderate level of safety for debt repayment and a stable outlook for the future.

Industry Overview

1. Two-Wheeler (2W) Industry Dynamics

Manba Finance's major exposure is to the 2W industry, which has not shown significant growth since FY18. The total number of 2Ws sold in FY18 was 2.02 crore units. However, this figure fell to 1.37 crore in FY22, and there was only marginal recovery to 1.62 crore in FY23 and 1.85 crore in FY24. This decline is attributed to the rising cost of vehicle acquisition, which has increased by approximately **40-45%** due to safety norms like BS-VI compliance and higher input costs.

2. Future Industry Growth (FY24 to FY27)

Looking ahead, the 2W industry is expected to see a compound annual growth rate (CAGR) of **8-10%** between FY24 and FY27, driven by increasing demand for premium vehicles and EV penetration.

3. Expected Growth in Loan Disbursements

2W disbursements are projected to grow at a **14-16%** CAGR, which reflects rising vehicle prices and a customer shift towards premium products.

4. Recent Performance

- **FY23:** There was a **28%** increase in disbursements due to a recovery in scooter sales and greater EV adoption.
- **FY24:** Disbursements are expected to grow by **13%**.

5. Total Disbursements

The company has shown impressive growth in disbursements, with the following numbers:

- **FY18:** ₹33,134 crore
 - **FY22:** ₹35,460 crore
 - **FY23:** ₹45,490 crore
 - **FY24:** ₹54,068 crore
 - **FY28 (Projection):** ₹84,000 crore
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Peer Analysis

1. Arman Financials

- **Revenue (FY24):** ₹661 crore
- **PAT (FY24):** ₹174 crore
- **Market Cap:** ₹1,865 crore
- **Price-to-Book (P/B):** 2.30x
- **1-Year Return:** -18%

2. MAS Financials

- **Revenue (FY24):** ₹1,284 crore
 - **PAT (FY24):** ₹254 crore
 - **Market Cap:** ₹5,457 crore
 - **Price-to-Book (P/B):** 2.74x
 - **1-Year Return:** 0%
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Key Insights and Conclusion

Manba Finance Limited, while currently focused on the 2W and 3W sectors, has made significant strides in diversifying its loan book to include small business loans and personal loans. The company's financials reflect strong AUM growth, controlled NPA levels, and a stable credit rating, positioning it well for future expansion. However, the overall 2W industry is facing headwinds due to rising acquisition costs and stagnant growth, which presents both challenges and opportunities as EV penetration continues to rise.

The company's long-term outlook remains promising, especially as it leverages its extensive dealer network and strong relationships in the market. As projected, the total disbursements

are expected to reach ₹84,000 crore by FY28, supported by both industry growth and the company's expanding loan portfolio.

This IPO is priced at P/B of 1.72x which is reasonable as compared to listed players.