

## MAS Financial Services Ltd : Good Issue

### IPO Note : Two decades old NBFC with low NPA and good AUM, CAGR Growth : Ranking\*\*\*



#### Issue details

Price band (Rs)	Rs.456-459
IPO Opening Date	06/10/17
IPO Closing Date	10/10/17
Issue Size	Rs. 460 Cr.

#### Recommendation

Total revenue grew at a CAGR of 26.35% from Rs.143.12 Cr for the FY 2013 to Rs.364.70 Cr for FY 2017 and Net Profit grew at a CAGR of 26.04% in the same period. Net profit grew from Rs.27.47 to Rs.69.33 crore in the same period. For Q1 of current fiscal it has reported net profit of Rs. 23.70 cr. on revenue of Rs.104.33 cr. If we annualize latest earnings and attribute it on fully diluted equity post issue, then asking price is at a P/E of 26.50. There are comparable listed peers like Bajaj Financial Services Ltd, Mahindra & Mahindra Financial Services Ltd, Shriram City Union and Capital First Ltd. Stock of these companies are trades at a P/E of 57.96, 51.06, 24.02 and 28.05 respectively. The issue seems reasonable price hence we recommend to invest in this issue for short term to long term.

#### Highlights

- Mas Financial Services Ltd. (MFSL) is a Gujarat-headquartered NBFC with more than two decades of business operations
- It operated across six States and the NCT of Delhi.
- Diversified product offerings
- Access to diversified sources of capital and cost-effective funding
- Developed an extensive operational network in Gujarat and Maharashtra
- Company's AUM increased at a CAGR of 33.37% from Rs. 1053.19 cr. as of March 31, 2013 to Rs. 3332.57 cr. as of March 31, 2017.
- Last three year Gross NPA stood at 0.99%, 1.03% and 1.06 and Net NPA at 0.81%, 0.89% and 0.92% for FY15, FY16 and FY17 respectively

#### Company Introduction

Mas Financial Services Ltd. (MFSL) is a Gujarat-headquartered NBFC with more than two decades of business operations and as of June 30, 2017, it operated across six States and the NCT of Delhi. Its business and financing products are primarily focused on middle and low income customer segments, and include five principal categories: (i) micro-enterprise loans; (ii) SME loans; (iii) two-wheeler loans; (iv) Commercial Vehicle loans (which include new and used commercial vehicle loans, used car loans and tractor loans); and (v) housing loans. MFSL's shareholders include development finance institutions including FMO and DEG and private equity investors including Sarva Capital. As of March 31, 2017 and June 30, 2017, company's AUM was Rs. 3332.57 cr. and Rs. 3451.74 cr. respectively. Company's AUM increased at a CAGR of 33.37% from Rs. 1053.19 cr. as of March 31, 2013 to Rs. 3332.57 cr. as of March 31, 2017. As of June 30, 2017 it had more than 500,000 active loan accounts, across more than 3165 Customer Locations in six States and the NCT of Delhi, served through



[www.mas.co.in](http://www.mas.co.in)

### Financial Summary (Rs. In Crore)

Particulars	For the Qtr. Ended June 2017	FY2017	FY 2016	FY2015
<b>Total Income</b>	104.33	364.7	304.19	238.2
<b>Net Profit</b>	23.7	69.33	51.45	40.8
<b>EPS (Rs)</b>	4.33*	12.69	9.41	7.46

\*EPS not annualized

Source: RHP and ACE Equity

### RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

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our 121 branches. As of 30.06.17. Company is pursuing and maintaining stable growth and quality of portfolio by expanding product offerings to anchor its belief that growth with quality will enhance the stakeholder's value. Company meets its funding requirements from banks like HDFC Bank, Axis Bank, Union Bank, SIDBI, Union Bank, Central Bank of India etc.

### The promoters of the company

1. Kamlesh Chimanlal Gandhi
2. Mukesh Chimanlal Gandhi
3. Shweta Kamlesh Gandhi

### The object of the issue

**Offer for Sale:** The Selling Shareholders will be entitled to the proceeds of the Offer for Sale.

### Fresh Issue:

The Company proposes to utilize the proceeds from the Fresh Issue towards augmenting its capital base to meet future capital requirements.

### IPO Issue Proceed

To part finance augmenting its capital base to meet future capital requirements, MFSL is coming out with a maiden IPO of Rs. 460.04 crore via book building route with a price band of Rs.456 - Rs. 459. Issue consists of fresh equity issue (approx 50.76 lakh shares) worth Rs. 233 crore and offer for sale for Rs. 227.04 crore (approx 49.46 lakh shares). Issue opens on 06.10.17 and will close on 10.10.17. Minimum application is to be made for 32 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. It has reserved approx.1.52 lakh shares for eligible employees and is offering a discount of Rs.45 per share. Post issue, its current paid up equity capital of Rs. 49.57 crore will stand enhanced to Rs. 54.67 crore.