

MAS Financial Services LTD

Issue Details	
Issue Opens	06-Oct-17
Issue Closes	10-Oct-17
Issue Size (Rs. Crore)	460.04
Face value (per equity share)	10
Price Band (Rs.)	456-459
Lot Size (No of Share)	32
QIB (%)	50%
Non-Institutional (%)	15%
Retail (%)	35%
Commencement of Trading	18-Oct-17

Issue Date: 06th Oct – 10th Oct 2017

Price Band (Rs.): 456-459

Lot Size (No. of Share): 32

Company Background

Incorporated in 1995, MAS Financial Services is a Gujarat based NBFC (Non-Banking Financial Company). Company operated across six States and in Delhi through 119 branches. As of September 30, 2016 Company had more than 530,000 active loan accounts and 3,200 Customer. MAS Financial offer product and services under 5 categories: Micro-enterprise loans, SME loans, Two-wheeler loans, Commercial Vehicle loans, Housing loans.

Financials

Particulars	For the year/period ended (in Rs. Million)				
	FY-17	FY-16	FY-15	FY-14	FY-13
Total Revenue	20,245	18,127	14,878	10,776	7,716
Total Expenses	3,415	2,887	2,265	1,777	1,388
Profit After Tax	674	500	388	317	268

Concerns

- Concentration risk as major operations in Gujarat and Maharashtra.
- Exposure to relatively high risk borrowers may have an adverse effect.
- Extension on loans through financial institutions entails risk
- Product concentration could lead to default risk.

Strengths

- Track record of consistent growth with quality loan portfolio.
- Diversified product offerings.
- Access to diversified sources of capital and cost-effective funding.
- Robust credit assessment and risk management framework.

Our View

On the upper price band of Rs.459 and on FY17 EPS of Rs.16.14, P/E ratio works out to 28.4x. Similarly, on the upper price band of Rs459 and on standalone restated FY17 EPS of Rs15.8, P/E ratio works out to be 28.9x. Even based on last 3years restated standalone EPS of Rs13.28, P/E ratio works out to 34.5x. Means, company is asking higher price band of Rs459 in the P/E ratio of 28.4x to 34.5x. Its listed peers like Bajaj Finance is trading at P/E ratio of 56x(Highest) and Shriram City Union Finance is trading at P/E ratio of 23.7x (Lowest) and industry average is 41.5x, hence MAS Financial IPO issue price is reasonably priced.

Company revenues grew at 26% CAGR in the last 5 years. It has posted consistent margins between 16.5% to 19.7% in the last 5 years. Considering all these positive factors, investors can invest in this IPO for 2-3 years time frame.

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	80.7	73.2
Public (incl institutions and employees)	19.3	26.8
Total	100.0	100.0

Objects of the Issue

The Offer consists of the Fresh Issue and the Offer for Sale.

- Fresh Issue:** The Company proposes to utilise the proceeds from the Fresh Issue towards augmenting its capital base to meet future capital requirements.
- Offer for Sale:** The Selling Shareholders will be entitled to the proceeds of the Offer for Sale.