



## IPO Note

# Share Samadhan Limited

Recommendation: **AVOID!**

### Company Background -

- Share Samadhan Limited was originally formed and incorporated as "Tiger Island Hospitality Private Limited" on Dec 26, 2011. The registered office is located at New Delhi, India.
- The company is offering consultation on matters concerning unlocking value and resolving investor grievances related to various financial assets such as equity shares, preference shares, mutual funds, debentures, bonds, insurance, provident funds, deposits, bank accounts, debts and other asset classes.
- The company had 48 permanent employees as of Aug 28, 2024.

### Objects of the Issue -

- Investment in Technology
- Unidentified Acquisition for Company (In India or Abroad)
- To meet Working Capital Requirements
- General Corporate Purposes

### Promoters Name -

Abhay Kumar Chandalia and Vikash Kumar Jain

### Rationale for recommendation -

- ✓ The PE ratio is 22.43 times post-issue which makes it slightly highly priced.
- ✓ The top line, bottom line and profitability margins have increased and a sudden increase in FY 2024 which might not be sustainable in the long run.
- ✓ The company intends to invest in unidentified acquisition in the future which raises concern.
- ✓ The industry is highly fragmented.

### IPO Details

Opening Date	Sep 09, 2024
Closing Date	Sep 11, 2024
Allotment Date	Sep 12, 2024
Listing Date	Sep 16, 2024
Stock Exchange	BSE SME
Lot Size	1,600 Shares
Issue Price Per Share	₹70 to ₹74
Issue Size	24.06 Cr.
Fresh Issue	24.06 Cr.
Offer for Sale	-
Application Amt	₹ 1,18,400 (1,600 shares)

### INDUSTRY - Financial Services

P/E Average - 23.50

KPI's	KPIs (In Lakhs)		
	FY 22	FY 23	FY 24
Revenue	241.71	275.74	983.29
EBITDA	58.65	78.50	550.31
Net Profit	34.03	45.84	404.76
RoCE	14.40%	17.24%	43.61%
ROE	10.84%	12.76%	35.86%
P/E	101.37	127.59	15.98

### Promoter Share Holding Pattern

Pre-Issue	Post Issue
85.05%	62.52%

### Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	4.63	3.30
BVPS	12.52	28.81
P/E	15.98	22.43
P/BV	5.91	2.57
Mkt Cap (In Cr)	66.74	90.80

### Lead Managers -

**Narnolia Financial Services Limited**

### Registrar -

**Skyline Financial Services Private Limited**

**Business Overview -**

Share Samadhan Limited is in the business of Investment retrieval services, offering consultation on matters concerning unlocking value and resolving investor grievances related to various financial assets such as equity shares, preference shares, mutual funds, debentures, bonds, insurance, provident funds, deposits, bank accounts, debts and other asset classes. Further, they also assist in retrieval of unclaimed and unpaid dividends, interests, as well as addressing issues like old, lost, forgotten or damaged financial instruments such as physical shares, old mutual fund papers, old insurance / PF papers etc. and facilitating transfer and transmission processes and other allied services.

**Business process under Investments Retrieval Services:**



**Subsidiary -**

**1. Wealth Protection Services through Wealth Samadhan Private Limited -**

They offer wealth protection services through Wealth Samadhan Card, which is a comprehensive digital investment repository solution designed to safeguard the protection of investment information. This service offers clients a secure way to record and store all their investment details in one place in an encrypted way. Share Samadhan Limited has 99.99% shareholding.

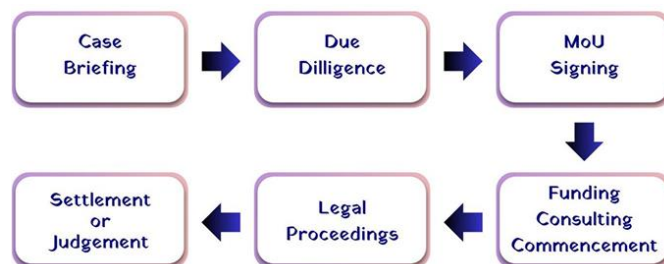
**How to apply Wealth Samadhan Card**



**2. Litigation funding solutions through Nyaya Mitra Limited -**

They offer litigation funding solutions to address the multifaceted nature of legal disputes through Nyaya Mitra Limited. They offer services in supporting cases relating to disputed property matters, high stake commercial dispute, management & shareholder’s dispute, family dispute, debtor recovery, alternative dispute resolution, overseas recovery, arbitration cases etc. The company has 50.80% shareholding.

**Business Process**



**Revenue Bifurcation -**

(Amt in Lakhs)

Particulars	FY 2022		FY 2023		FY 2024	
	Amt	%	Amt	%	Amt	%
Investments Retrieval Services	215.71	89.24	245.09	88.88	285.87	29.07
Wealth Protection Services	-	-	-	-	0.05	0.01
Consultancy Services	26.00	10.76	30.65	11.12	636.73	64.75
Litigation Funding Solution	-	-	-	-	55.00	5.59
Sale of Shares	-	-	-	-	5.64	0.57
<b>Total</b>	<b>241.71</b>	<b>100.00</b>	<b>275.74</b>	<b>100.00</b>	<b>983.29</b>	<b>100.00</b>

### Utilization of Net Proceeds -

The net proceeds of the issue will be utilized for investment in technology for development of “The Money App” (Rs. 410 lakhs), unidentified acquisition for company that will be identified in due course of time (Rs. 356.48 lakhs), funding working capital requirements (Rs. 790 lakhs) and remaining for general corporate purposes.

### Competition -

- 1. Market Competition:** The financial services industry is highly competitive where the key factors of competition primarily comprises of quality, price and the number of the services offered and customer satisfaction.
- 2. Geographic Competition:** The company faces competition in regional, national, and international players from large and small players.
- 3. Barriers to entry:** Low barriers to entry.
- 4. Threat of Substitutes:** High threat of substitutes.
- 5. Bargaining Power of Buyers:** The bargaining power is low with the customers.

### Business Strategies -

- 1. Expand international presence:** The company intends to expand its business operations in the international markets and metro cities.
- 2. Expansion of B2C channels through enhanced digital marketing and social media strategies:** The company focuses on expanding B2C channels by leveraging advanced digital marketing and social media tactics. Through targeted campaigns, engaging content, and strategic use of social platforms,
- 3. Embracing new technologies:** The Company prioritizes the integration of new technologies and emerging platforms into the operations.
- 4. Strengthening B2B relationships and fostering additional partnership for increased lead flow:** The company intends to expand the network, tap into new markets, and enhance visibility within the industry.

### Risk Factors -

The company has filed 2 outstanding cases regarding civil matters amounting to Rs. 46.06 lakhs and group company has filed 1 case for tax matters amounting to Rs. 81.70 lakhs.

The promoter/director have filed 2 cases for criminal and tax matters amounting to Rs. 5.5 lakhs and there is 1 outstanding case against the company for tax matter amounting to Rs. 8.38 lakhs.

The company had negative cash flow operations for FY 2022.

The group company, Wealth Samadhan Private Limited had incurred loss for FY 2022 and 2024 and had negative net worth for FY 2022, 2023 and 2024.

The company has not conducted independent IT audit from any certified IT auditor.

### PEER ANALYSIS -

The company believes they do not have any listed company in India and abroad that engages in a similar business to the company and thus not possible to provide an industry comparison as per its offer document.

**Investment Retrieval Industry -**

India's financial sector is witnessing rapid growth due to the expansion of existing financial services firms and the entry of new entities. This growth has increased the complexity of managing financial assets, leading to higher volumes of unclaimed investments across various asset classes.

According to ARIA report -

- Around ₹3,78,000 crores worth of physical shares remain across various companies.
- Around ₹35,770 crores worth of unclaimed mutual funds in India remain across various companies.
- Around ₹48,000 Crores worth of provident funds remain across various companies.

As per LIC, around ₹ 21,539 crores worth of unclaimed insurance remain with them. According to the RBI's annual report for FY23, more than Rs 62,225 crores worth of balances from inoperative bank accounts have been transferred to the DEAF.

**Third-party Litigation Funding -**

Third-party Litigation Funding (TPLF) has emerged as an opportunity with very high growth potential. The global litigation funding market is expected to exceed \$57.2 billion by 2035 (growing at a CAGR of 13.14%).

According to the Government of India Press Note, in 2016, the total amount involved in Infrastructure project related arbitrations was estimated at \*70,000 crores. In 2019, the total litigation expenses exceeded 230,000 crores while National Highway Authority of India (NHAI), a single Government entity had outstanding arbitration claims of around 278,000 crores.

The cost of enforcing a contract in India is also high at 31% of the claim Value, compared to 16.8% in South Asia and 21.5% in the OECD.

Third party legal finance has received a favourable reference in the High-Level Committee report on the Institutionalisation of Arbitration Mechanism in India (2017), in the Arbitration and Conciliation (Amendment) Act, 2019, and in the overhaul of the liquidation laws with the enactment of the Insolvency and Bankruptcy Code, 2016.

**POTENTIAL MARKET SIZE**



**₹ 5,79,788 Crores!**

SOURCE:  
ARIA research report,  
LIC DRHP  
RBI Annual Report FY23

(Source: ibef.org)

**Key Management -**

- The overall management of the company is decent.
- The promoter and management have decent experience in finance sector.
- The experience of the directors is condensed.



<b>Key Management Persons Name -</b>	<b>Abhay Kumar Chandalia</b>
<b>Age</b>	51
<b>Designation and No. of years of experience</b>	Promoter and Managing Director, 27 years of overall experience and 14 years of experience in finance and management
<b>Qualification</b>	LLB degree, MBA degree, Qualified CA and Qualified CS
<b>Other Directorships</b>	Wealth Samadhan Private Limited and Nyaya Mitra Limited

<b>Key Management Persons Name -</b>	<b>Vikash Kumar Jain</b>
<b>Age</b>	46
<b>Designation and No. of years of experience</b>	Promoter, Executive Director and CEO, 22+ years of experience in Investment and Money Retrieval Advisory services
<b>Qualification</b>	Qualified CA and Qualified CS
<b>Other Directorship</b>	Wealth Samadhan Private Limited and Nyaya Mitra Limited

<b>Key Management Persons Name -</b>	<b>Shrey Ghosal</b>
<b>Age</b>	38
<b>Designation and No. of years of Experience</b>	Executive Director, 12+ years of experience and 8 years of experience in Investment and Money Retrieval Advisory services
<b>Qualification</b>	MBA (Finance) and Qualifies CS
<b>Previous Associations</b>	ICICI Securities

<b>Key Management Persons Name -</b>	<b>Sneha Kaur</b>
<b>Age</b>	51
<b>Designation and No. of years of experience</b>	Non-Executive Director, 24+ years of experience
<b>Qualification</b>	Bachelor of Arts
<b>Other Directorships</b>	-

<b>Key Management Persons Name -</b>	<b>Neha Baid</b>
<b>Age</b>	40
<b>Designation and No. of years of experience</b>	Independent Director, 10+ years of experience
<b>Qualification</b>	Qualified CS
<b>Other Directorships</b>	Talent Rover India Pvt. Ltd., Majid Futtaim Hypermarkets Pvt. Ltd., Vedantic Technologies Pvt. Ltd., Majid Al Futtaim Global Solution India Pvt. Ltd. etc.

<b>Key Management Persons Name -</b>	<b>Sunil Kumar Bhansali</b>
<b>Age</b>	59
<b>Designation and No. of years of experience</b>	Independent Director, 35+ years of experience
<b>Qualification</b>	Qualified CA
<b>Other Directorships</b>	Grace Books Pvt. Ltd., Monset Fastners Pvt. Ltd., Puma Investments Pvt. Ltd., Oswal Advisory Services Pvt. Ltd. etc.

## FINANCIAL SNAPSHOT

Statement of Profit and Loss Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
Revenue from Operations	241.71	275.74	983.29
Other Income	0.42	0.40	12.84
<b>Total Income</b>	<b>242.13</b>	<b>276.14</b>	<b>996.13</b>
<b>Expenses</b>			
Cost of Share Purchase	-	10.45	-
Changes in Inventories of finished goods, work-in-progress	-	-10.45	4.07
Employee Benefit Expenses	113.52	134.76	233.93
Finance Cost	5.61	7.42	6.21
Depreciation and Amortisation	8.72	10.74	10.53
Administrative, Selling and Other expenses	69.54	62.48	194.98
<b>Total Expenses</b>	<b>197.39</b>	<b>215.40</b>	<b>449.72</b>
<b>EBITDA</b>	<b>58.65</b>	<b>78.50</b>	<b>550.31</b>
<b>EBITDA Margin</b>	<b>24.26%</b>	<b>28.47%</b>	<b>55.97%</b>
<b>Profit/(Loss) before tax</b>	<b>44.74</b>	<b>60.74</b>	<b>546.41</b>
<b>Tax Expense</b>			
Current tax	12.14	16.96	141.02
Deferred Tax	-1.43	-2.06	0.63
<b>Total Tax</b>	<b>10.71</b>	<b>14.90</b>	<b>141.65</b>
<b>Profit/(Loss) for the year</b>	<b>34.03</b>	<b>45.84</b>	<b>404.76</b>
<b>Net Profit Margin</b>	<b>14.08%</b>	<b>16.62%</b>	<b>41.16%</b>

Statement of Assets and Liabilities Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
<b>EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
Share Capital	111.11	111.11	901.89
Reserves and surplus	202.73	248.15	226.90
<b>Total Shareholder's Fund</b>	<b>313.84</b>	<b>359.26</b>	<b>1,128.79</b>
<b>2. Minority Interest</b>	<b>-</b>	<b>-</b>	<b>49.78</b>
<b>Total Equity</b>	<b>313.84</b>	<b>359.26</b>	<b>1,178.57</b>
<b>3. Non-current liabilities</b>			
Long-term borrowings	8.99	6.67	22.71
Deferred Tax Liabilities (Net)	3.81	1.75	2.38
Long-term provisions	20.10	25.42	34.01
<b>Total Non-current liabilities</b>	<b>32.90</b>	<b>33.84</b>	<b>59.10</b>
<b>4. Current liabilities</b>			
Short-term borrowings	51.38	55.19	64.38
Other Current Liabilities	17.48	19.12	74.61
Short-term provisions	9.93	11.47	45.65
<b>Total Current liabilities</b>	<b>78.79</b>	<b>85.78</b>	<b>184.64</b>
<b>Total Liabilities</b>	<b>111.69</b>	<b>119.62</b>	<b>243.74</b>
<b>Total Equity and Liabilities</b>	<b>425.53</b>	<b>478.88</b>	<b>1,422.31</b>
<b>ASSETS</b>			
<b>1. Non-current assets</b>			
Property, Plant & Equipment	120.21	116.02	121.14
Intangible Assets - Goodwill	-	57.24	57.24
Advance Against Property	-	137.50	137.50
Non-Current Investments	27.05	29.14	0.95
<b>Total Non-Current assets</b>	<b>147.26</b>	<b>339.90</b>	<b>316.83</b>
<b>2. Current assets</b>			

Particulars	FY 22	FY 23	FY 24
Inventories	1.97	12.42	8.35
Trade Receivables	52.34	98.27	290.86
Cash & Cash equivalents	24.43	5.51	482.17
Short term loans and advances	197.74	22.55	311.68
Other Current Assets	1.80	0.24	12.42
<b>Total Current assets</b>	<b>278.28</b>	<b>138.99</b>	<b>1,105.48</b>
<b>Total Assets</b>	<b>425.54</b>	<b>478.89</b>	<b>1,422.31</b>

**Cash Flow Statement**

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
Net Cash Flow from Operating Activities	-32.94	184.45	29.05
Net Cash Flow from Investing Activities	-4.35	-201.04	53.14
Net Cash Flow from Financing Activities	4.74	-2.33	394.47

**Key Ratios**

Per Share Data	FY 22	FY 23	FY 24	Valuation Ratios (x)	FY 22	FY 23	FY 24
Diluted EPS	0.73	0.58	4.63	EV/EBITDA	5.96	5.29	1.33
BV per share	3.48	3.98	12.52	Market Cap / Sales	37.57	32.93	9.23
<b>Operating Ratios</b>				P/E	101.37	127.59	15.98
EBITDA Margins	24.26%	28.47%	55.97%	Price to Book Value	21.27	18.58	5.91
PAT Margins	14.08%	16.62%	41.16%	<b>Solvency Ratios</b>			
Inventory days	2.97	16.44	3.10	Debt / Equity	0.19	0.17	0.08
Debtor days	79.04	130.08	107.97	Current Ratio	3.53	1.62	5.99
Creditor days	-	-	-	Quick Ratio	3.51	1.48	5.94
<b>Return Ratios</b>				Asset Turnover	0.57	0.58	0.69
RoCE	14.40%	17.24%	43.61%	Interest Coverage Ratio	8.90	9.13	86.92
RoE	10.84%	12.76%	35.86%				

**INTERPRETATION –**

1. The top line has seen a sudden increase of 256.60% in FY 2024 which was due to increase in consultancy services provided to their current clientele and increase in revenue generated by company's subsidiaries and might not be sustainable in the long run.
2. The net profit has also seen a sudden increase of 850.52% in FY 2024 which was due to increase in revenue from operations of the company and might not be sustainable in the long run.
3. The PAT margin and EBITDA margin have also seen sudden increase in FY 2024 which raises concern.
4. The RoCE and ROE have improved over the years and sudden increase for FY 2024.

**LEAD MANAGER TRACK RECORD -**

The lead manager to the issue is Narnolia Financial Services Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

**Narnolia Financial Services Limited –**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Aesthik Engineers Limited	26.47	58.00	Aug 16, 2024	90.35
2.	Ztech India Limited	37.30	110.00	June 05, 2024	354.00
3.	Radiowalla Network Limited	14.25	76.00	April 05, 2024	124.85
4.	Addictive Learning Technology Limited	60.16	140.00	Jan 30, 2024	321.80
5.	Akanksha Power and Infrastructure Limited	27.49	55.00	Jan 03, 2024	150.50
6.	Supreme Power Equipment Limited	46.67	65.00	Dec 29, 2023	261.80
7.	WomanCart Limited	9.56	86.00	Oct 27, 2023	303.00
8.	Inspire Films Limited	21.23	59.00	Oct 05, 2023	32.40
9.	Cellecor Gadgets Limited	50.77	92.00	Sep 28, 2023	47.25
10.	Yudiz Solutions Limited	44.84	165.00	Aug 17, 2023	59.00

The company has handled 11 mandates in the past three years (including the current year).

\*CMP for the above-mentioned companies is taken as of 6<sup>th</sup> Sep 2024.

As per the offer document, the above-mentioned mandates 1 has opened at a discount and remaining all have opened at a premium on the listing day.



## Recommendation -

Share Samadhan Limited has been in the industry since 2011 and has good experience in the industry. The management overview of the company is decent.

The P/E on a post-IPO basis is around 22.43 times which makes it slightly highly priced.

The company has seen a sudden increase in the top line, bottom line and profitability margins in FY 2024. This increase was majorly due to sudden increase in consultancy services which might not be sustainable in the long run.

Also, the company is raising IPO funds for investing in unidentified acquisition in the future which raises concerns as they have not mentioned any information about the company they are planning to acquire.

The financial industry is highly competitive and fragmented and there are many players in this sector.

Thus, investors can **AVOID** to this IPO.

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