



IPO Note

Nisus Finance Services Co Limited

Recommendation: **AVOID!**

Company Background -

- **Incorporation:** Nisus Finance Services Co Limited was originally incorporated as “Molior Realty Private Limited” on Aug 21, 2013. The registered office is located at Mumbai, Maharashtra.
- **Business Activity:** The company is engaged in two segment; 1. Transaction Advisory Services and 2. Fund and Asset Management.
- **Revenue Stream:** The company derives majority of its revenue from sale of advisory services, fund management fees and interest income on investment.
- **Human Resource:** The company has 32 full-time employees in India and 2 employees in Dubai as on Sep 30, 2024.

Objects of the Issue -

- Augmenting fund setup, additional licenses, facility management services and fund management infrastructure in IFSC-Gift City (Gandhinagar), DIFC-Dubai (UAE) and FSC-Mauritius
- Fund raising cost, distribution and placement fee to third party distributors or agents in India and/or international markets for creation of pool of funds
- Investment in Subsidiary Company viz. Nisus Fincorp Private Limited (RBI Registered NBFC), for augmenting the capital base.
- General Corporate Purposes

Promoters Name -

Amit Anil Goenka and Mridula Amit Goenka

Rationale for recommendation -

- ✓ The company’s top line, bottom line and profitability margins have seen a sudden increase in FY2024 which raises concern on its sustainability.
- ✓ The company had negative cash flow from operations for FY2023 and Jun-24.
- ✓ The company has high concentration for customers.
- ✓ The industry is highly fragmented and competitive.

IPO Details

Opening Date	Dec 04, 2024
Closing Date	Dec 06, 2024
Allotment Date	Dec 09, 2024
Listing Date	Dec 11, 2024
Stock Exchange	BSE SME
Lot Size	800 Shares
Issue Price Per Share	₹170 to ₹180
Issue Size	114.24 Cr.
Fresh Issue	101.62 Cr.
Offer for Sale	12.61 Cr.
Application Amt	₹ 1,44,000 (800 shares)

INDUSTRY - Financial Services

KPI's	KPIs (In Lakhs)			
	FY 22	FY 23	FY 24	Jun-24
Revenue	724.21	1,129.95	4,212.71	1,358.00
EBITDA	242.32	530.29	3,455.31	1,064.04
Net Profit	129.43	302.02	2,305.28	835.71
RoCE	17.72%	30.56%	88.14%	24.96%
ROE	20.26%	32.17%	71.45%	20.59%
P/E	260.87	111.80	14.69	9.43*

*Annualized

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
99.73%	73.22%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	12.25	14.58
BVPS	306.51	59.56
P/E	14.69	12.35
P/BV	0.59	3.02
Mkt Cap (In Cr)	328.19	429.81

*Annualized

Lead Managers -

Beeline Capital Advisors Private Limited

Registrar -

Skyline Financial Services Private Limited

Business Overview -

Nisus Finance Services Co India Limited is primarily engaged in the business of Transaction Advisory services. The subsidiaries, stepdown subsidiaries, namely **Nisus BCD Advisors LLP, Nisus Finance & Investment Managers LLP, Nisus Finance International Advisors IFSC LLP, Nisus Finance Investment Consultancy FZCO** and associate company namely **Dalmia Nisus Finance Investment Managers LLP** are engaged in Real Estate and Urban Infrastructure Fund and Asset Management. The other subsidiary i.e. **Nisus Fincorp Private Limited**, an NBFC company is having main object of financing. They have recently invested in an entity named **Microsafe Projects LLP** as an Associate of the company which is engaged in the business of acquiring residential properties constructed and/or under construction. They all operate under the “**Nisus Finance Group**”/ “**NiFCO**” brand.

As of June 30, 2024, they operate through 3 offices – 2 domestic offices (Mumbai and GIFT City, Gujarat) and 1 international office (IFZA Free Zone, Dubai).

Customers: Capital providers and Limited Partners both domestic and global, including HNI/UHNI, family offices, corporate treasuries, DFIs, trusts, offshore entities, foreign institutions, Fund of Funds, and other capital participants.

Revenue Bifurcation Segment-wise -

(Amt in Lakhs)

Particulars	FY 2022		FY 2023		FY 2024	
	Amt	%	Amt	%	Amt	%
Sale of Advisory Services rendered	166.00	22.92	249.50	22.08	2,896.99	68.77
Fund Management Fees	390.77	53.96	364.70	32.28	857.72	20.36
Interest Income on Investment	93.53	12.91	296.54	26.24	358.19	8.50
Gain on sale of Investment	58.35	8.06	198.15	17.54	72.37	1.72
Income from investment in AIF	15.56	2.15	21.06	1.86	27.43	0.65
Total	724.21	100.00	1,129.95	100.00	4,212.70	100.00

Business Portfolio:

- The fund business had 100 Cr. of AUM in FY2024 and has grown at a CAGR of 96%.
- **Transaction Advisory Services (TAS)** was established to support investee companies and clients. They collaborate with a diverse range of stakeholders including developers, banks, NBFCs, private equity firms, and global pools of capital.
- **Fund Management Services** includes, providing growth capital, project financing, or special situation funding to developers. The group manages 3 schemes currently and has exited 1 fund.

Scheme Name	Real Estate Asset Performance -1	Nisus High Yield Growth Fund - 1 and Nisus High Yield Growth Fund Closed Ended IC	Real Estate Special Opportunities Fund - 1	Real Estate Special Opportunities Fund - 1
Launch Year	2015	Jun-24 and Apr-24	Dec 2022	Jan 2019
Corpus	300 Cr	2,000 Cr	1,700 Cr	500 Cr
Number of Deals Invested	11	6	6	9
Status	Fully Exited	Under Incremental Fund Raise and Deployment	Under Incremental Fund Raise and Deployment	Partially Exited
Gross IRR	21.3%	22%	24%	20%
Geographies	Mumbai, Blr and NCR	UAE	Mumbai, Blr, Hyd, Ahmedabad, Surat, Indore	MMR, Blr, Indore

Competition -

- 1. Market Competition:** The industry is competitive where the key factors of competition primarily comprise of customer base, funding sources, branch networks, capital base etc.
- 2. Geographic Competition:** The company faces competition from small and large players in both organized and unorganized sector.
- 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 high with the customers.

Business Strategies -

1. The company, through NBFC segment, plans to offer vendor finance to contractors and SMEs operating within the urban infrastructure segment. This initiative is designed to complement both fund management and transaction advisory businesses.
2. The company intends to expand presence and strengthen relationships within the expanding HNI and UHNI client segment in India.
3. The company focuses on increasing Assets Under Management (AUM) by prioritizing a customer-centric approach that addresses the fundamental needs of investor base, including capital protection, diversification, and regular income.
4. The company aims to develop a dedicated GCC (Gulf Cooperation Council)-focused fund business by targeting international institutional clients and establishing relationships with global distributors who are interested in accessing investment opportunities in the Middle East.
5. The company plans to create new fund vehicles tailored for international investors, aiming to build scale and capitalize on presence in Dubai and Oman.

Risk Factors -

The top 10 customers of the company excluding Interest income on investment (i.e. NCD, F.D.) and Short-Term Capital Gain on sale of NCD for Jun 30, 2024, FY2024, FY2023 and FY 2022 contributed for 56.14%, 78.02%, 53.96% and 84.94% respectively.

The company has filed 1 case amounting to Rs. 200.48 lakhs.

The subsidiaries have 3 cases amounting Rs. 10.01 lakhs.

The directors have 2 cases amounting to Rs. 0.55 lakhs.

The company had negative cash flow from operations for FY2023 and Jun-24.

The company had contingent liability of Rs. 16.68 lakhs.

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.

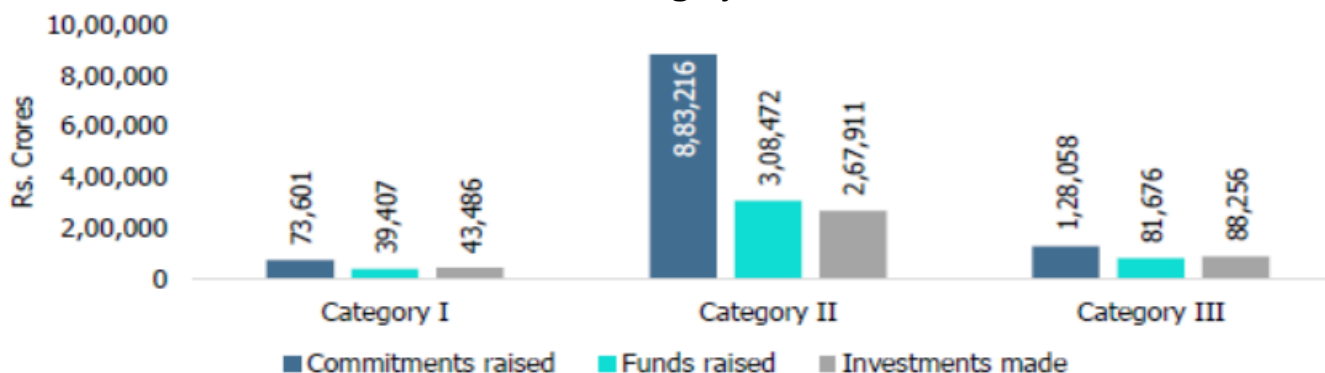
INDUSTRY OVERVIEW -

Alternative Investment Fund (AIF) Industry –

An Alternative Investment Fund (AIF) in India is a privately pooled investment vehicle that collects money from experienced investors (Indian or foreign) to invest based on a specific investment strategy for their benefit. AIFs do not include mutual funds, collective investment schemes, or other funds regulated by SEBI under specific regulations. Additionally, some entities, such as family trusts for relatives, employee welfare or gratuity trusts, and holding companies as defined under the Companies Act, 1956, are exempt from AIF registration requirements.

As of 31st December, 2023 AIFs have received commitments worth 10,84,875 crores. Of these commitments received, around 40% funds have been raised and of these funds raised around 93% investments have been made.

Status of AIFs across category as of 31st Dec, 2023

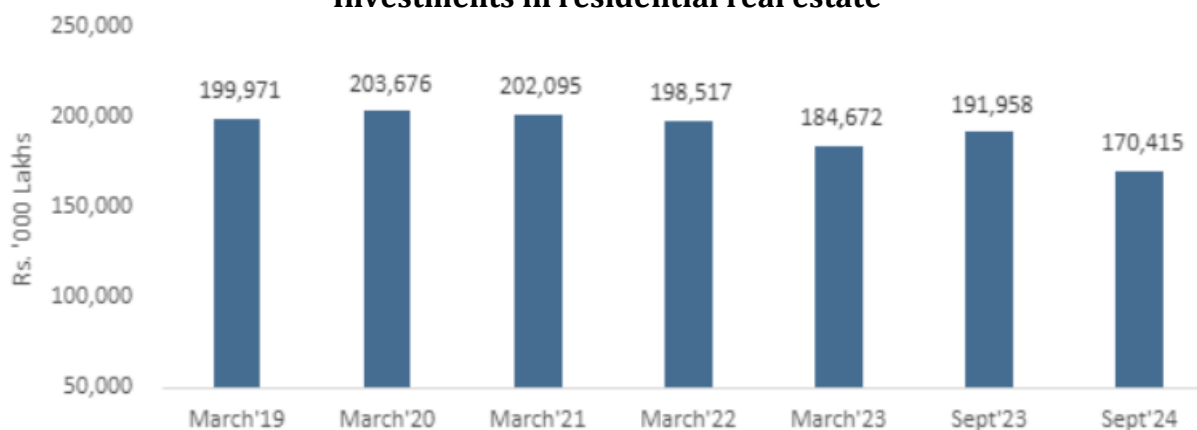


(Source:RHP)

Real Estate Industry in India -

In India, the real estate industry is the second-largest employment generator after agriculture. Around three houses are built per 1,000 people annually against the required construction rate of five houses per 1,000 individuals annually, as per industry estimates. The urban population is significantly growing in India. The urban population in India is estimated to have increased from 403 million (31.6% of total population) in 2012 to 508 million (35.9% of total population) in the year 2022. People living in Tier-2 and Tier-3 cities have greater purchasing power.

Investments in residential real estate



(Source:RHP)

Real Estate in Dubai -

It was the strongest year ever for the residential sector. At 1,18,198 units, transaction activity reached an all-time high, up 29% year over year. For the first time, there were more transactions than 1,00,000 in total. From 2021, when 55,450 units were sold, the residential market has experienced an upward trend, growing by 69% year over year. And activity levels more than doubled in just two years, setting a new record for the market. Dubai is currently one of the few places in the world experiencing consistent demand growth, which began when the COVID-19-related restrictions were eliminated.

Key Management -



Key Management Persons Name -	Amit Anil Goenka
Age	49
Designation	Promoter, Chairman and Managing Director, 8+ years of experience in finance industry
Qualification	Chartered Surveyor, Bachelor of Engineering and Degree of Master of Business Administration
Responsibility	Leading the overall management of the company
Other Directorships	Suvita Real Estates Private Limited, Florina Developers Private Limited, MH Infraprojects Limited etc.

Key Management Persons Name -	Mridula Amit Goenka
Age	46
Designation and No. of years of experience	Promoter and Executive Director, 13+ years of experience in finance industry
Qualification	Chartered Accountant
Responsibility	Responsible for accounting, finance, taxation, human resources and administration of the Company
Other Directorships	Nisus Fincorp Private Limited, Microspace Projects LLP etc.

Key Management Persons Name -	Vikas Krishnakumar Modi
Age	47
Designation and No. of years of experience	Executive Director, 10+ years of experience in finance industry
Qualification	Bachelor of Commerce and Master of Commerce (External)
Other Directorships	Suvita Real Estates Private Limited, Florina Developers Private Limited, MH Infraproject Limited etc.

Key Management Persons Name -	Sunil Agarwal
Age	55
Designation and No. of years of experience	Non-Executive Independent Director, 20+ years of experience in real estate sector
Qualification	Bachelor of Technology and Post-Graduation diploma in Business Management
Other Directorships	Sare Valuers (OPC) Private Limited, Black Olive Ventures Private Limited etc.

Key Management Persons Name -	Tara Subramaniam
Age	72
Designation and No. of years of experience	Non-Executive Independent Director, 7+ years of experience in Banking, Finance including Project Finance and Business Development
Qualification	Passed the Second year LLB Examination
Other Directorships	JM Financial Home Loans Limited, Punjab Chemicals and Crop Protection Limited etc.

Key Management Persons Name -	Surender Kumar Tuteja
Age	79
Designation and No. of years of experience	Non-Executive Independent Director, 30+ years of experience as IAS Officer in Civil Services
Qualification	Member of ICSI
Other Directorships	Lambda Therapeutic Research Limited, QRG Investments and Holdings Limited etc.

- The overall management of the company is decent.
- There is an evidence of dual chairmanship, which is not favourable.
- The promoter and management have good experience in the industry.
- Sunil Maheswari (CFO) is qualified CA and has 6+ years of experience in accounts and finance industry.
- The senior management includes Chief Investment Officer (both India and Global) and Head-Operation, has decent experience in the industry.

FINANCIAL SNAPSHOT

Statement of Profit and Loss

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Jun-24
Revenue from Operations	724.21	1,129.95	4,212.71	1,358.00
Other Income	25.30	23.87	12.21	142.53
Total Income	749.51	1,153.82	4,224.92	1,500.53
Expenses				
Employee Benefit Expenses	186.67	215.67	287.45	160.67
Finance Cost	74.20	160.74	114.58	25.24
Depreciation and Amortization Expense	8.45	6.91	13.17	5.86
Other expenses	283.18	393.04	497.28	152.26
Total Expenses	552.50	776.36	912.48	344.03
EBITDA	242.32	530.29	3,455.31	1,064.04
EBITDA Margin	33.46%	46.93%	82.02%	78.35%
Share of Profit of associates	-12.04	9.05	27.33	18.97
Profit/(Loss) before tax	184.97	386.51	3,339.77	1,175.47
Tax Expense				
Current tax	54.58	84.28	1,034.23	340.16
Deferred Tax	0.96	0.21	0.26	-0.40
Total Tax	55.54	84.49	1,034.49	339.76
Profit/(Loss) for the year	129.43	302.02	2,305.28	835.71
Net Profit Margin	17.87%	26.73%	54.72%	55.69%

Statement of Assets and Liabilities

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Jun-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	107.25	107.25	107.25	1,823.25
Reserves and surplus	531.65	831.70	3,119.19	2,236.20
Total Shareholder's Fund	638.90	938.95	3,226.44	4,059.45
Minority Interest	-7.67	45.31	60.84	65.87
Total Equity	631.23	984.26	3,287.28	4,125.32
2. Non-current liabilities				
Long-term borrowings	601.50	626.50	601.50	94.77
Long-term provisions	87.33	101.79	16.38	19.53
Total Non-current liabilities	688.83	728.29	617.88	114.30
3. Current liabilities				
Short-term Borrowings	440.06	1,187.00	125.00	569.06
Trade Payables				
(i) Total outstanding dues of MSME	-	-	-	-
(ii) Total outstanding dues of creditors other than MSME	247.22	49.78	31.48	320.40
Other Current Liabilities	30.54	146.84	209.08	210.29
Short-term provisions	39.55	10.05	632.59	496.30
Total Current liabilities	757.37	1,393.67	998.15	1,596.05
Total Liabilities	1,446.20	2,121.96	1,616.03	1,710.35
Total Equity and Liabilities	2,077.43	3,106.22	4,903.31	5,835.67
ASSETS				
1. Non-current assets				
Property, Plant and Equipment	32.52	28.36	94.66	128.11
Non-Current Investments	638.90	2,121.51	2,236.82	1,798.30
Deferred Tax Assets (Net)	6.09	5.88	5.62	6.02

Particulars	FY 22	FY 23	FY 24	Jun-24
Other Non- current Assets	5.27	52.52	204.59	314.68
Total Non-Current assets	682.78	2,208.27	2,541.69	2,247.11
2. Current assets				
Current Investments	819.63	204.86	-	-
Trade Receivables	23.31	10.28	1,050.23	1,796.35
Cash & Cash equivalents	300.52	368.68	745.42	985.24
Short term loans and advances	193.04	271.03	381.80	307.37
Other Current Assets	58.16	43.07	184.16	499.58
Total Current assets	1,394.66	897.92	2,361.61	3,588.54
Total Assets	2,077.44	3,106.19	4,903.30	5,835.65

Cash Flow Statement

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Jun-24
Net Cash Flow from Operating Activities	132.44	-180.73	1,079.92	-619.62
Net Cash Flow from Investing Activities	-370.20	-191.40	227.68	1,021.93
Net Cash Flow from Financing Activities	166.53	663.78	-1,203.08	-87.65

Key Ratios

Per Share Data	FY 22	FY 23	FY 24	Valuation Ratios (x)	FY 22	FY 23	FY 24
Diluted EPS	0.69	1.61	12.25	EV/EBITDA	5.69	4.50	0.93
BV per share	58.86	91.77	306.51	Market Cap / Sales	59.35	38.04	10.20
Operating Ratios				P/E	260.87	111.80	14.69
EBITDA Margins	33.46%	46.93%	82.02%	Price to Book Value	3.06	1.96	0.59
PAT Margins	17.87%	26.73%	54.72%	Solvency Ratios			
Inventory days	-	-	-	Debt / Equity	1.63	1.93	0.23
Debtor days	11.75	3.32	90.99	Current Ratio	1.84	0.64	2.37
Creditor days	-	-	-	Quick Ratio	1.84	0.64	2.37
Return Ratios				Asset Turnover	0.35	0.36	0.86
RoCE	17.72%	30.56%	88.14%	Interest Coverage Ratio	3.15	3.26	30.04
RoE	20.26%	32.17%	71.45%				

INTERPRETATION –

1. The top line has increased over the years. It increased by 56% in FY2023 which was mainly due to increase in Interest Income (due to increase in Investment in NCDs) and Gain on sale of Investment. In FY2024, there was a sudden increase by 273% which was mainly due to increase in Sale of advisory services and Fund management services.
2. The net profit had increased by 133% in FY2023 and a sudden jump was seen in FY2024 by 663%.
3. The EBITDA margin and PAT margin have also seen a sudden increase in FY2024.
4. The PE ratio has improved over the years.
5. The DE ratio has remained slightly high in FY2023.
6. The company had negative cash flow from operations for FY2023 and Jun-24.
7. The RoCE and RoE has improved over the years.

LEAD MANAGER TRACK RECORD –

The lead manager to the issue is Beeline Capital Advisors Private 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 –

Beeline Capital Advisors Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	C2C Advanced Systems Limited	99.07	226.00	Dec 03, 2024	450.80
2.	SD Retail Limited	64.98	131.00	Sep 27, 2024	185.55
3.	Mach Conferences and Events Limited	125.28	225.00	Sep 11, 2024	231.10
4.	Indian Phosphate Limited	67.36	99.00	Sep 03, 2024	80.05
5.	Positron Energy Limited	51.21	250.00	Aug 20, 2024	338.45
6.	Ashapura Logistics Limited	52.66	144.00	Aug 06, 2024	99.05
7.	V.L. Infraprojects Limited	18.52	42.00	Jul 30, 2024	57.75
8.	Sati Poly Plast Limited	17.63	130.00	Jul 22, 2024	207.20
9.	Dindigul Farm Product Limited	34.83	54.00	Jun 27, 2024	61.04
10.	United Cotfab Limited	36.29	70.00	Jun 24, 2024	44.00

The company has handled 49 mandates in the last three years (including current year).

*CMP for the above-mentioned companies is taken as of 3rd Dec 2024.

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

Recommendation -

Nisus Finance Services Co India Limited has been in the industry since 2013 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 21 times which makes it slightly highly priced.

The company has seen an exponential increase in its top line, bottom line and profitability margins in FY2024 and this raises concern over its sustainability. The cash flow from operations was negative for FY2023 and Jun-24.

The company is raising Rs. 4,837.03 lakhs for the objective stating setting up of office and running cost for the said offices in Dubai and Mauritius. The new funds which are to be developed in the above mentioned countries may or may not yield the targeted gross IRR. So, with the current unsustainable top line and bottom line increase, the company's financials are not very stable.

Also, the company has high concentration for customers and loss of any may cause adverse effect in the business operations.

The industry is highly fragmented and competitive.

Thus, investors can **AVOID** this IPO for the time being and evaluate the performance of the fund and make decision.

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