

Nisus Finance Services Co Limited IPO

Industry Analysis —

Nisus Finance Services Co. Limited (NFSCCL) operates under the brand "Nisus Finance Group" or "NiFCO" and engages in two primary business segments:

+ Transaction Advisory Services:

- NFSCCL assists developer partners in various real estate and urban infrastructure transactions such as outright sales, joint ventures, capital structuring, and joint developments.
- The advisory team focuses on aligning solutions with the long-term business plans of their clients.
- Their services include financial advisory, structuring transactions, warehousing, land aggregation, and facilitating partnerships with private equity and financial institutions.

+ Fund and Asset Management:

- This includes managing funds with a focus on real estate and urban infrastructure.
- NFSCCL operates funds like Real Estate Special Opportunities Fund and collaborates with stakeholders such as developers, operators, investors, and family offices.
- The company integrates ESG principles into its investment strategy, emphasizing environmental, social, and governance factors.

+ Additionally, through its subsidiaries and associates, NFSCCL manages a diversified portfolio, including:

- A non-banking financial company (NBFC), Nisus Fincorp Private Limited, which focuses on financing.
- Investments in entities like Microsafe Projects LLP, engaged in residential property development.

Comparison with Peers —

As per RHP no listed peer.

Category wise Revenue Bifurcation —

Particulars	30 June 2024	FY'24	FY'23	FY'22
Sale of Advisory Services rendered	39.19%	68.77%	22.08%	22.92%
Fund Management Fees	22%	20.36%	32.28%	53.96%
Interest Income on Investment	5.90%	8.50%	26.24%	12.91%
Gain on sale of Investment	32.38%	1.72%	17.54%	8.06%
Income from investment in AIF	0.53%	0.65%	1.86%	2.15%

Financials —

Particulars (In Cr)	30 June 2024	FY'24	FY'23	FY'22
Revenue	13.58	42.13	11.30	7.24
Growth In Revenue		272.82%	56.03%	
EBITDA	10.54	34.36	5.27	2.41
EBITDA Margins	77.62%	81.57%	46.61%	33.33%
PAT	8.31	22.87	3	1.29
PAT Margins	61.19%	54.30%	26.55%	17.75%
CFOA	(6.19)	10.79	(1.80)	1.32
ROE	22.81%	109.83%	38.03%	22.37%
ROCE	24.20%	101.63%	23.48%	15.79%

Positive and Negative Points —

Positive:

- + Growth in sales and PAT.
- + Strong EBITDA and PAT margins.
- + Decent ROE and ROCE.
- + Company operates in a niche segment with no directly listed peers, highlighting its unique business model.
- + The issue is primarily a fresh issue, bringing funds into the company, with no promoter exit, showcasing their confidence in the business.
- + The price-to-earnings (P/E) ratio is reasonably good at **18.80**.

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Negative:

- ✦ Operating cash flows are not stabilized.
- ✦ IPO is coming on Dec 24 but Financials are available for 3 months, FY 25 i.e., up to June 24.
- ✦ Customer Concentration i.e., 78% of revenue is from top ten customers.

Objects of the issue —

Particulars	In Cr.
Augmenting fund setup, additional licenses, facility management services and fund management infrastructure in IFSC-Gift City (Gandhinagar), DIFC-Dubai (UAE) and FSC-Mauritius.	12.46
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.	35.90
Investment in Subsidiary Company viz. Nisus Fincorp Private Limited (RBI Registered NBFC), for augmenting the capital base.	25

Conclusion —

Nisus Finance Services Co. Limited has shown commendable growth, with rising sales and profitability reflected in strong EBITDA and PAT margins, as well as decent ROE and ROCE. The company operates in a niche segment with no directly listed peers, which highlights its unique business model. Furthermore, the IPO being primarily a fresh issue demonstrates the management's confidence in reinvesting for growth, with no promoter exits. The reasonable price-to-earnings (P/E) ratio of 18.80 further supports its investment appeal.

However, certain challenges persist. The company's operating cash flows are not yet stabilized, indicating potential liquidity risks. The timing of the IPO, with financials only available for three months of FY 2025, raises concerns about transparency and visibility of performance. Additionally, customer concentration poses a significant risk, with 78% of revenues derived from the top ten customers, making the business vulnerable to client-specific challenges.

In conclusion, while Nisus Finance Services Co. Limited has a strong growth trajectory and operates with a unique model, potential investors should weigh the risks of cash flow stabilization, customer dependency, and limited financial disclosure against its overall growth potential and solid financial metrics.



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