

DAM CAPITAL ADVISORS LTD

19-12-2024 - 23-12-2024

Industry: Stockbroking & Allied

Price Band: ₹269 - 283

Recommendation: Subscribe for Listing Gains

Post Implied Market Cap: - ₹1,901 - ₹2,000Cr

Key Data

| | |
|-----------------------|-----------|
| Issue Size (₹ Cr) | 799 - 840 |
| Fresh (₹) | 0 |
| OFS (₹) | 840 |
| No. of shares offered | - |
| Face Value (₹ /share) | 2 |
| Bid Lot | 53 |

About the Company

DAM Capital advisors Ltd (DAM capital) is a leading investment bank in India with a 12.1% market share in Fiscal 2024 based on the number of IPOs and QIPs where it acted as the book-running lead manager. The company operates in two primary segments: Merchant Banking and Institutional Equities. It offers a wide range of financial solutions, including equity capital markets (ECM), M&A advisory, private equity, structured finance, broking and research, positioning itself as a comprehensive financial services provider in India.

Investment Rationales

- Fastest-growing investment bank in India:** DAM Capital is the fastest-growing merchant bank in India by revenue CAGR from Fiscal 2022 to 2024, with the highest profit margin among peers in Fiscal 2024. It holds a 12.1% market share in IPOs and QIPs where it acted as the book-running lead manager in Fiscal 2024. The company managed 17 IPOs and QIPs in Fiscal 2024 and 5 transactions in the 6 months ended September 30, 2024. Post-acquisition, Company steadily improved its market share from 8.2% in Fiscal 2021 to 12.1% in Fiscal 2024, showcasing its strong growth trajectory and leadership in India's capital markets.
- Proven execution with in-depth understanding of sectors and products:** Company leverages its expertise across sectors like pharmaceuticals, infrastructure, manufacturing, retail, technology, financial services and healthcare to identify niche sub-sectors and early opportunities. They have successfully executed 5 QIPs as a sole lead manager, demonstrating their capability to lead transactions. Additionally, the company focuses on specialized products such as buybacks, delisting and open offers, enabling them to adapt to the evolving needs of corporates, promoters, and investors.
- Institutional equities platform with comprehensive research and execution capabilities:** Company's institutional equities platform focuses on research, sales and sales trading to serve global clients effectively. Its research coverage spans fundamental, macro-economic and thematic research, with customized offerings based on client needs. The sales team delivers targeted marketing of research products, facilitates corporate and lateral access and provides data analysis across major geographies, including India, USA, UK, Europe, Asia and the Middle East. The sales trading team excels in executing trades across the cash segment, including blocks and derivatives, ensuring seamless market execution for clients.
- Extensive coverage of corporates, financial sponsors and institutional investors, with repeat business:** Company has built and maintained long-term relationships with institutional investors, financial sponsors, corporates and family offices through its experienced team and client-focused approach. By prioritizing strategic partnerships over transactional engagements, the company fosters repeat business. Their strong financial sponsor relationships have fueled growth, with multiple PE-funded companies like Dodla Dairy, Mrs Bector Food Specialities, Five-star Business Finance, ixigo, Entero Healthcare Solutions, and Mamaearth successfully going public in recent years, showcasing the company's role in facilitating their IPO journeys.
- Strengthen the competitive position in existing lines of business:** DAM Capital strengthens its competitive position by focusing on increasing high-value transactions and expanding its client coverage through a relationship-driven approach with industry players and financial sponsors. They aim to broaden sector expertise by enhancing knowledge across industries while continuing to advise institutional equity clients on emerging investment themes and opportunities.

Indicative Timetable

| | |
|------------------------------------|-------------|
| Activity | On or about |
| Finalisation of Basis of Allotment | 24-12-2024 |
| Refunds/Unblocking ASBA Fund | 26-12-2024 |
| Credit of equity shares to DP A/c | 26-12-2024 |
| Trading commences | 27-12-2024 |

Shareholding (No. of shares)

| | |
|--------------------------------|------------|
| Pre-Issue | 70,686,000 |
| Post Issue (Lower price band) | 70,686,000 |
| Post Issue (Higher price band) | 70,686,000 |

Shareholding Pattern

| | |
|---------------------------------------|--------|
| Promoter: | |
| Pre Issue | 45.88% |
| Post Issue | 41.50% |
| Public - Investor Selling S/h: | |
| Pre Issue | 54.12% |
| Post Issue | 16.50% |
| Public - Others: | |
| Pre Issue | 0.00% |
| Post Issue | 42.00% |

Issue Breakup

| | |
|--------|-----|
| QIB | 50% |
| NIB | 15% |
| Retail | 35% |

Other Details

BRLMs: Nuvama Wealth Management.

Registrar: Link Intime India Pvt Ltd.

Listing: BSE & NSE

Research Analyst

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Risk

- Operates in highly regulated environment subject to changes in laws and regulations.
- Highly dependent on market and economic condition.
- 100% OFS (Offer for Sale)

MView

We believe DAM capital Advisory Ltd IPO brings investors an opportunity to invest in a leading and rapidly growing merchant bank in India. The company has demonstrated a strong market leadership, holding a 12.1% share in IPOs and QIPs in Fiscal 2024, with consistent improvement from 8.2% in Fiscal 2021. We think successful execution of high-value QIPs as a sole lead manager further underscores its transaction leadership and adaptability to specialized products like buybacks, delisting, and open offers, catering to evolving corporate needs. We also believe the company's institutional equities platform is robust, combining comprehensive research, targeted sales strategies, and strong execution capabilities across global markets, including India, USA, Europe, Asia, and the Middle East. Its ability to deliver customized research insights and ensure seamless trade execution through its sales trading team positions it as a trusted partner for institutional clients. By looking at the financials, the company delivered an impressive turnaround, with revenues growing by 112% in FY 2024 after a degrowth of 9% in FY 2023, while net profit surged by nearly 713% in FY 2024 compared to a decline of 60% in FY 2023. On valuation parse at the upper price band of Rs.283/-, the issue is asking for a Market cap of Rs.2000 cr. Based on annualized FY 2025 earnings and fully diluted post-IPO paid-up capital, the company is asking for a PE of 22.85x which seems reasonable considering the company's sharp financial recovery and growth trajectory. Investors should also look at IPO offers which come with 100% OFS i.e Rs. 840.25/- cr issue which is an area of concern for new investors. Given its client-focused approach has fostered long-term relationships with institutional investors, financial sponsors and corporates resulting in repeat business. With a strategic approach to emerging investment themes, we believe DAM Capital is well-positioned to capitalize on India's vibrant equity markets. Hence, looking at all attributes we recommend investors to "SUBSCRIBE" the DAM capital Advisory Ltd IPO for listing gain perspective only.



CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

| Particulars ₹ (in Cr) | As at Sept'30 | As at March' 31 | | |
|-----------------------------|---------------|-----------------|--------|--------|
| | 2024 (06) | 2024 | 2023 | 2022 |
| Equity Share Capital | 14.14 | 14.14 | 14.14 | 14.14 |
| Reserves | 182.89 | 142.65 | 73.54 | 66.98 |
| Net Worth | 197.03 | 156.79 | 87.68 | 81.12 |
| Borrowings | 4.75 | 4.93 | 3.29 | 1.41 |
| Revenue from Operations | 107.75 | 180.04 | 84.93 | 93.37 |
| Revenue Growth | - | 111.99% | -9.04% | - |
| EBITDA | 60.53 | 101.06 | 18.23 | 33.13 |
| EBITDA Margin (%) as stated | 56.90% | 56.60% | 21.60% | 36.30% |
| Net Profit for the Period | 43.78 | 70.52 | 8.67 | 21.90 |
| Net Profit Margin | 39.95% | 38.75% | 10.20% | 23.17% |
| EPS | 6.19 | 9.98 | 1.23 | 3.10 |
| RONW (%) | 22.22% | 44.98% | 9.89% | 26.99% |
| NAV (₹) as stated | 27.87 | 22.18 | 12.40 | 11.48 |
| ROE (%) | 23.98% | 54.72% | 9.47% | 28.53% |

Source: Company RHP

COMPARISON WITH INDUSTRY LISTED PEERS ₹ (IN CR)

| Companies | Total Income (₹ in Cr) | Mcap (₹ in Cr) | FV | EPS | NAV (₹ Per Share) | P/B | P/E | RoNW (%) |
|----------------------------------|---------------------------|-------------------|----------|--------------|----------------------|------------|-------------|---------------|
| DAM Capital Advisors Ltd | 182.00 | 2,000 | 2 | 12.39 | 34.07 | 8.3 | 22.8 | 44.98% |
| ICICI Securities Ltd | 5,051.00 | 28,431 | 5 | 52.22 | 121.31 | 6.3 | 13.8 | 43.25% |
| IIFL Capital Services Ltd | 2,231.29 | 10,940 | 2 | 16.40 | 58.09 | 4.9 | 15.2 | 28.71% |
| JM Financial Ltd | 4,832.16 | 13,209 | 1 | 4.29 | 115.70 | 1.5 | 21.4 | 0.25% |
| Motilal Oswal Financial Services | 7,130.52 | 59,433 | 1 | 41.16 | 147.12 | 5.4 | 17.6 | 27.89% |

Date as on 31st March 2024, Cline Mcap, PE, PB calculated as on 17-12-2024

DAM Capital Advisors Ltd, EPS/PE,PB, NAV calculated on annualised basis post money



MSEARCH

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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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