

Issue Details		
Issue Opens	19 th December, 2024	
Issue Closes	23 rd December, 2024	
Issue Size (Rs. Crs)	~840.25	
Issue Size –OFS (Rs Crs)	~840.25	
Issued, Subscribed and Paid Up Sh. Pre offer	7,06,86,000	
Offer For Sale (No. Of Shares)	2,96,90,900	
Employee Rsv (No. Of Shares)	70,000	
Face Value	2.00	
Lot Size (Sh)	53	
Price Band	Rs 269 – Rs 283	
Issue Type	Book Built Issue IPO	
Book Value (in Rs.)(H1FY25)	28.64	
BRLMs	Nuvama Wealth Management Ltd	
Registrar	Link Intime India Pvt Ltd	
Listing Venue	NSE , BSE	
Finalization of Allotment	On or about 24/12/2024	
Initiation of refund	On or about 26/12/2024	
Credit to Demat Account	On or about 26/12/2024	
Listing	On or about 27/12/2024	
Issue Structure		
Categories	Allocation	
QIBs	>=50%	
Non-Institutional	<=15%	
Retail Portion	<=35%	
Total	100%	
Shareholding %		
Categories	Pre issue	Post Issue
Promoter	45.88	41.50
Non Promoter	54.12	16.50
Public	-	42.00
Recommendation		
SUBSCRIBE		

Company Background

DAM Capital Advisors Ltd (DAM Capital) is the fastest growing merchant bank in India. The company offers a wide range of financial solutions in the areas of:- (i) Investment banking comprising equity capital markets (ECM), mergers and acquisitions (M&A), private equity (PE), and structured finance advisory; and (ii) Institutional equities comprising broking and research.

Objects of the Issue

- Offer For Sale (OFS) of 2,96,90,900 (2.96 Cr) equity shares of FV Rs 2 each by the selling shareholders. The total value comes to ~Rs 840.25 Cr. DAM Capital shall not receive any proceeds from the stake sale.
- Achieve the benefits of listing on the exchanges.

Key Points

- DAM Capital has successfully executed 72 ECM (Equity Capital Market) transactions comprising 27 IPOs, 16 qualified institutions placements, 6 offers for sale, 6 preferential issues, 4 rights issues, 8 buybacks, 4 open offers and 1 initial public offer of units by a real estate investment trust. (Since the Acquisition i.e., November 7, 2019, till October 31, 2024).
- DAM Capital is one of the leading investment banks in India with a market share of 12.1% based on the number of initial public offerings and qualified institutional placements undertaken by it as the book running lead manager in FY24.
- DAM Capital houses a comprehensive research, experienced sales and trading team under its institutional equities platform providing services to its clients across investor categories.
- DAM Capital has long-standing relationships with institutional investors, financial sponsors, corporates and family offices as a result of its experienced team and consistent coverage of clients, many of whom have provided it with repeat business. DAM Capital develops and maintains long-term relationships with its clients and are dedicated to providing them with a comprehensive range of products and services. This in turn has helped it to successfully navigate through periods of market volatility.
- Apart from being one of top players in the Investment Banking vertical, over a period of time DAM Capital plans to go into AIF, PMS. It also plans do some retail broking. As these businesses start scaling up, they shall prove to be a effective hedge to anything from volatility to downturn in the capital markets
- The India growth story coupled with the China Plus One Factor is expected to benefit India in a big way. Large capex required by the corporates are expected to be funded through either equity or debt. Thus the role of Investment Banking companies like DAM Capital is expected to be an important one.

Recommendation –

DAM Capital Advisors Ltd has made a mark for itself in the Investment Banking space by effectively building a relationship with its renowned clientele. Apart from the established Institutional Broking business, it is now looking at exploring the retail segment as well. The Indian Capital markets are expected to witness a steady growth on the back of the India growth story. We would hence recommend a “SUBSCRIBE” to the issue.

Consolidated Financials In INR Crs	H1FY25	FY24	FY23	FY22
Operating Income	107.75	180.04	84.93	93.37
Profit Before Interest, Depreciation & Tax (PBIDT)	62.36	103.02	18.34	34.27
Profit Before Tax (PBT)	58.57	95.47	11.87	28.05
Profit After Tax (PAT)	43.78	70.52	8.67	21.90
EPS	6.19	9.98	1.23	3.10
Book Value Per Share	28.64	23.00	13.46	12.44

Source: Company's RHP, ACE Equity, AUM Research

Industry Overview

Indian Capital Markets

The Indian Capital Market is one of the most dynamic and high growth organized markets in the world. During the period FY11-24, the Indian capital market witnessed a strong performance with the market capitalization of National Stock Exchange (NSE) growing at a CAGR of 14.4%, while the Nifty 50 index grew by a CAGR of 10.9% during the same period.

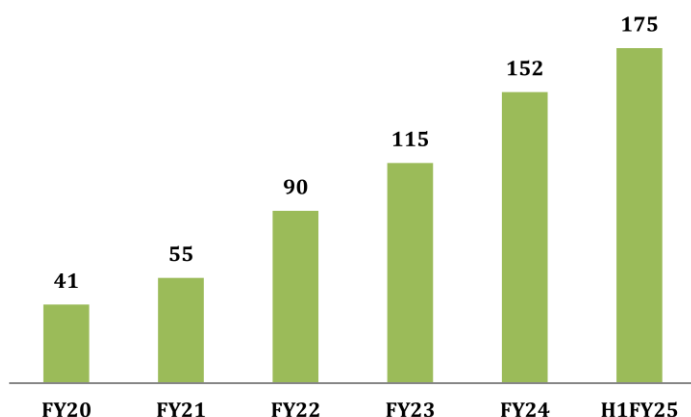
Demat Accounts

The Demat accounts in India have grown at a CAGR of 21.5% from FY14-24, indicating the increasing awareness and willingness of the people to participate in capital markets for either trading or investing. As of 1H FY25, the total demat accounts stood at 175.4 mn accounts, up from 152.0 mn accounts in FY24.

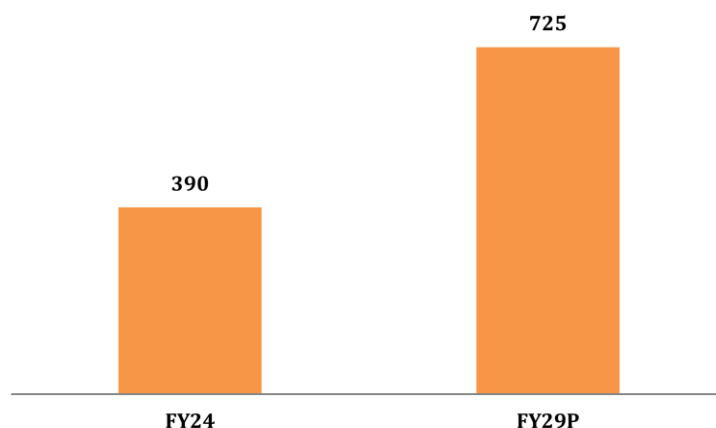
Domestic Broking Industry

The domestic broking industry is estimated at Rs 390-410 bn as of FY24, and is expected to grow at a CAGR of 16%-18% to reach Rs 690-725 bn by FY29P.

No Of Demand Accounts In Mn



Indian Broking Industry In INR Bn



Source: Company's RHP, AUM Research

Equity Capital Market

Issue Amount In INR Cr							
Product	FY20	FY21	FY22	FY23	FY24	FY25*	Total
IPO	20,350	31,268	1,11,547	52,116	61,923	90,077	3,67,281
QIP	51,216	78,046	28,532	9,019	71,306	79,464	3,17,583
OFS	17,327	28,441	14,530	11,159	22,498	15,611	1,09,566
Rights Issue	55,998	64,256	25,301	5,779	13,966	8,337	1,73,637
Buy Back	19,972	39,295	31,316	21,781	51,143	7,771	1,71,278
Open Offer	21,459	25,017	25,546	37,674	13,509	2,512	1,25,717
InvIT/ReIT	2,306	37,200	15,442	2,383	33,972	3,327	94,630
FPO	-	15,000	4,300	-	-	18,000	37,300
Total	1,88,628	3,18,523	2,56,514	1,39,911	2,68,317	2,25,099	13,96,992

**FY25 till date

The performance of entities in the capital markets business is primarily influenced by two factors:

- the performance of the primary and secondary equity markets, and
- fund-raising through equity (initial public offer, rights issue, qualified institutions placement) or debt markets.

The Indian capital market has shown a strong growth in FY24 in terms of the number of issues which have increased from 234 in FY23 to 316 in FY24. Strong rally in capital markets, increased participation from retail investors and HNIs and more companies reaching the scale for IPO are some of the key drivers for rising growth in number of issuances. In Fiscal 2024, the equity markets in India have achieved record levels in terms of market capitalization of listed companies and the benchmark index performance. India's market capitalization to GDP stands at 130% as of fiscal 2024. India's market capitalization rose by a strong 52% YoY to Rs 394 trillion as of March 31st, 2024, marking the second highest growth in a year in the last 14 years. This translates into an annualised growth of 36% in the last four years from 2020-2024.

No. Of Issues							
Product	FY20	FY21	FY22	FY23	FY24	FY25*	Total
IPO	13	30	53	37	76	46	255
QIP	13	31	29	11	64	56	204
OFS	26	38	22	19	30	14	149
Rights Issue	13	20	10	12	13	12	80
Buy Back	52	61	40	62	41	37	293
Open Offer	60	46	76	90	79	47	398
InvIT/ReIT	1	4	6	3	13	2	29
FPO	-	1	1			1	3
Total	178	231	237	234	316	215	1,411

**FY25 till date

Average BRLM (Book Running Lead Manager) fees per Deal:

Issue Size (Rs Bn)	FY20	FY21	FY22	FY23	FY24	FY25*
0 to 2.5	3.10%	5.20%	5.50%	5.10%	4.30%	5.00%
2.5 to 5	2.90%	3.20%	3.00%	3.40%	3.80%	3.30%
5 to 10	1.60%	2.80%	3.30%	3.00%	3.10%	3.10%
10 to 20	2.20%	2.70%	2.50%	2.50%	2.70%	2.70%
20 to 50	1.50%	0.90%	2.10%	2.70%	1.60%	2.10%
50 & above	0.50%	1.10%	2.10%	1.00%	-	1.70%

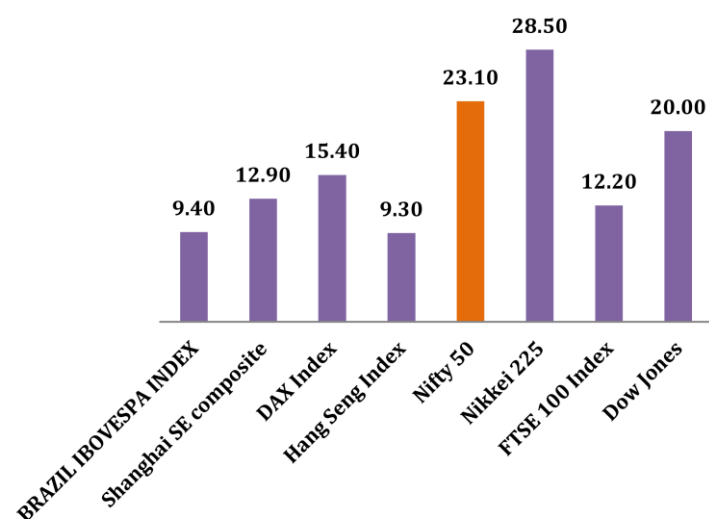
**FY25 till date

Source: Company's RHP, AUM Research

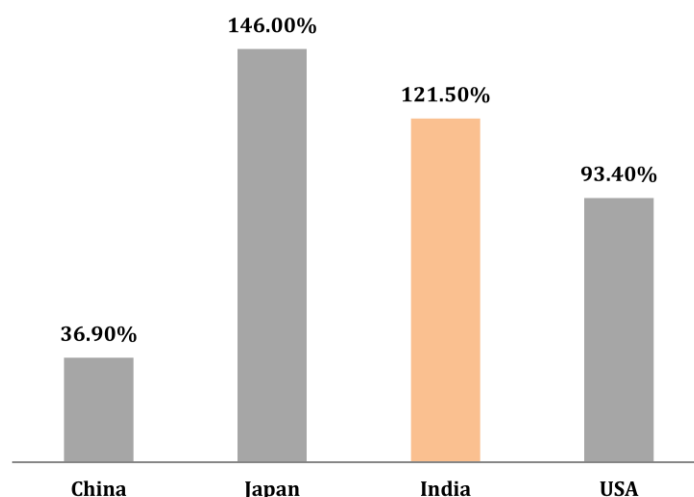
Nifty 50 gave highest overall return from Mar-19 to Mar-24 among the major indices

Index	Overall Returns FY19 to FY24
Brazil Ibovespa Index	34.30%
Shanghai SE composite	14.40%
DAX Index	60.40%
Hang Seng Index	-43.10%
Nifty 50	92.10%
Nikkei 225	90.40%
FTSE 100 Index	9.30%
Dow Jones	53.50%

PE Ratio at the end of March 2024



Market Capitalization to GDP



Source: Company's RHP, AUM Research

Company Overview

No. of transactions handled by DAM Capital as BLRM

Product	FY22	FY23	FY24	Apr-Oct'24	Total
IPO	8	4	9	3	24
QIP	-	1	8	3	12
OFS	-	2	1	1	4
Rights	1	1	-	1	3
Buy Back	1	4	2	1	8
Open Offer	2	1	1	-	4
Preferential Issue	1	1	1	-	3
Total	13	14	22	9	58**

****From 7th November, 2019 to October 31, 2024 it has executed a total of 72 Equity Capital Market (ECM) transactions**

Amount raised by DAM Capital as BLRM In INR Cr

Product	FY22	FY23	FY24	Apr-Oct'24	Total
IPO	13,667.90	3,273.60	8,706.70	6,915.10	32,563.30
QIP	-	475.00	10,049.40	3,877.70	14,402.10
OFS	-	299.80	2,115.90	2,010.90	4,426.60
Rights	400.00	343.60	-	199.30	942.90
Buy Back	200.00	578.60	285.00	278.40	1,342.00
Open Offer	62.10	38.60	1,343.10	-	1,443.80
Preferential Issue	298.00	57.00	200.00	-	555.00
Total	14,628.00	5,066.20	22,700.10	13,281.40	55,675.70

Revenue Break Up

	FY22		FY23		FY24		H1FY25	
Particulars	Rs Cr	% of Rev	Rs Cr	% of Rev	Rs Cr	% of Rev	Rs Cr	% of Rev
Merchant Banking	60.50	64.80%	51.00	60.10%	122.40	68.00%	59.20	55.00%
Stock Broking	30.90	33.00%	30.40	35.80%	51.50	28.60%	43.30	40.10%
Others	2.00	2.20%	3.50	4.10%	6.20	3.40%	5.30	4.90%
Total	93.40	100.00%	84.90	100.00%	180.10	100.00%	107.80	100.00%

Source: Company's RHP, AUM Research

DAM capital's business operations include two principal business lines: (i) merchant banking; (ii) institutional equities.

Merchant Banking

DAM Capital is a SEBI registered merchant banker, and its merchant banking division provides comprehensive financial services to help clients achieve their strategic goals. It specializes in ECM (Equity Capital Markets), M&A and PE advisory, and structured finance advisory.

Institutional equities

DAM Capital's institutional equities platform is characterized by its comprehensive research and an experienced sales and trading team, providing a range of services designed to meet the needs of a diverse clientele which includes foreign institutional investors, mutual funds, insurance companies, private equity and venture capital funds, corporate and bank treasuries, sovereign funds, multi-strategy funds, and family offices. It earns brokerage fees based on the size and number of transactions.

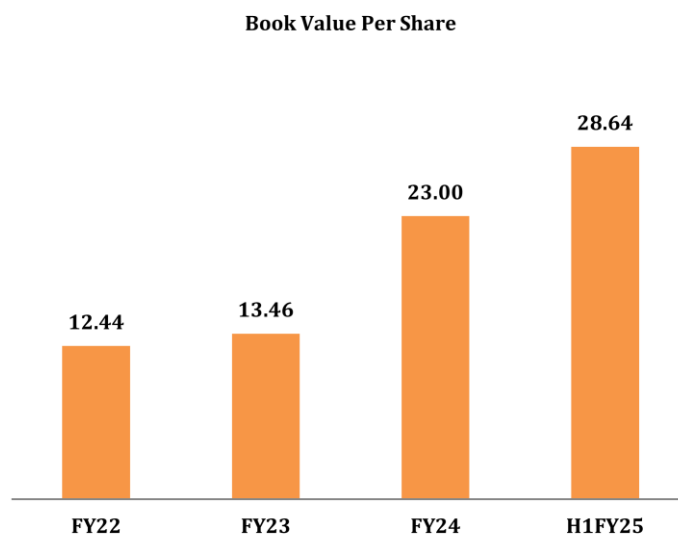
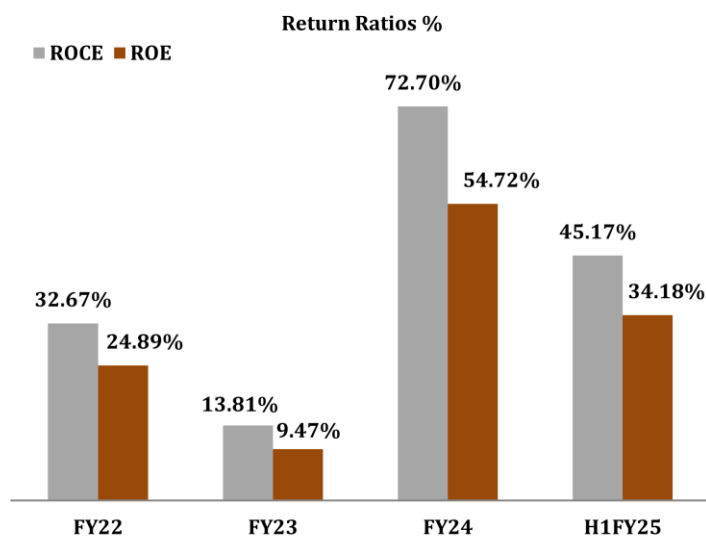
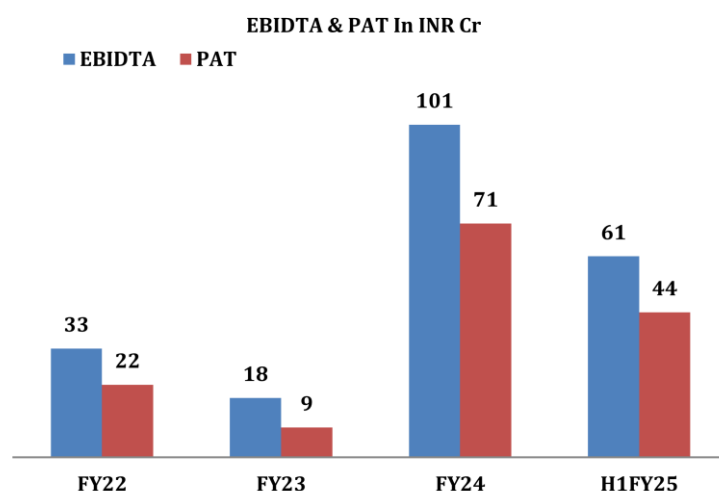
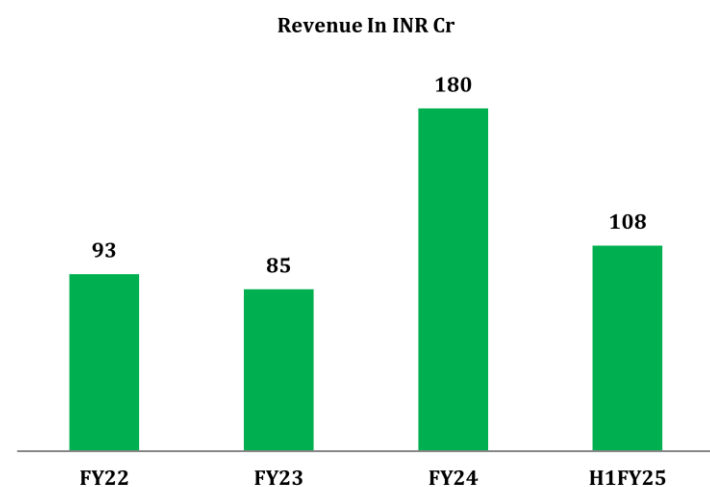
Advantage of the Investment Banking Business

- Investment banking is the most competitive business in India today. There are large platforms which have been there for the last 20-30 years. No new investment bank has been formed at least in the last 15 years and despite that DAM Capital has been able to make a mark in this field.
- Investment banking has a very strong entry barrier because there are stalwarts sitting there from the last 10-20 years. It is not easy for any investment bank to come and break through that.
- Transaction sizes are going to go upwards of \$2-3 billion and more to get listed and the kind of liquidity which is available in India right now is unheard of. The long-term story of India is remaining intact and the fundraising activity will continue for a longer term.

Rationale for Investment

1. **Fastest growing merchant bank in India:** DAM Capital is the fastest growing merchant bank in India in terms of revenue growth between FY22-24 and had a market share of 12.1% in FY24 based on the number of IPOs and QIPs undertaken by the company as the book running lead manager (BRLM). As of 1H FY25/FY24, DAM Capital was the BRLM to 5/17 IPOs and QIPs respectively.
2. **In-depth understanding of sectors and products coupled with proven execution:** DAM Capital employs a team of 40 experienced employees in its merchant banking division allowing it to identify niche sub-sectors and product opportunities early. DAM Capital has consummated transactions across sectors like pharmaceuticals, infrastructure, manufacturing, retail, technology, etc.
3. **Institutional equities platform:** DAM Capital houses a comprehensive research and experienced sales and trading team under its institutional equities platform providing services to its clients across investor categories. The company's strength lies in its ability to facilitate investor interactions and liaise between corporates and investors through conferences, road shows and expert calls.
4. **Long-standing relationships with clients:** DAM Capital has long standing relationships with institutional investors, financial sponsors, corporates and family offices as a result of its experienced team and consistent coverage of clients, which has helped DAM Capital to earn repeat business. The company's business development efforts are designed to penetrate new markets and enhance its senior team with professionals who bring valuable client relationships.

Financial Overview



Source: Company's RHP, ACE Equity, AUM Research

December 18, 2024

Consolidated Financials –In Rs. Cr	H1FY25	FY24	FY23	FY22
Operating Income	107.75	180.04	84.93	93.37
Total Income	109.58	182.00	85.04	94.51
Total Expenditure	47.22	78.98	66.70	60.24
Operating Income	60.53	101.06	18.23	33.13
PBIDT	62.36	103.02	18.34	34.27
PBIT	59.22	96.68	12.97	29.20
PBT	58.57	95.47	11.87	28.05
PAT	43.78	70.52	8.67	21.90
EPS	6.19	9.98	1.23	3.10

Sources of Funds	FY24	FY23	FY22
Equity Paid Up	14.14	14.14	14.14
Reserves and Surplus	148.47	80.99	73.84
Net Worth	162.61	95.13	87.97
Total Debt (Long Term plus Short Term)	4.93	3.29	1.41
Capital Employed	167.54	98.42	89.38
Application of Funds			
Gross Block	34.06	29.70	27.82
Investments	3.99	6.05	8.00
Cash and Bank balance	159.19	754.84	77.42
Net Current Assets (Including Current Investments)	155.61	83.63	72.59
Total Current Liabilities	78.76	1,112.42	83.61
Total Assets	244.23	1,207.94	170.32
Cash Flow			
Cash Flow from Operations	-595.02	679.40	37.44
Cash Flow from Investing activities	658.22	-670.78	-28.40
Cash Flow from Finance activities	-4.25	-4.15	-3.06
Key Ratios			
Debt to Equity(x)	0.03	0.03	0.02
Current Ratio(x)	2.98	1.08	1.87
ROCE(%)	72.70	13.81	32.67
RONW(%)	54.72	9.47	24.89
GPM(%)	63.71	37.00	48.34
PBIDTM(%)	57.22	21.60	36.70
PATM(%)	39.17	10.21	23.45

Source: Company's RHP, Ace Equity, AUM Research

Aum Capital RESEARCH DESK

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