

Rinkle Vira  
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#### Issue Details

Issue Details	
Issue Size (Value in ` million, Upper Band)	8,402.5
Fresh Issue (No. of Shares in Lakhs)	-
Offer for Sale (No. of Shares in Lakhs)	296.9
Bid/Issue opens on	19-Dec-24
Bid/Issue closes on	23-Dec-24
Face Value	Rs. 2
Price Band	269-283
Minimum Lot	53

#### Objects of the Issue

The company will not receive any proceeds of the offer for sale by the selling shareholders

- Fresh issue: NIL
- Offer for sale: ₹ 8420 million

Book Running Lead Managers	
Nuvama Wealth Management Ltd	
Registrar to the Offer	
Link Intime India Private Ltd	

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	520.0
Subscribed paid up capital (Pre-Offer)	141.3
Paid up capital (post-Offer)	141.3

Share Holding Pattern %	Pre Issue	Post Issue
Promoters & Promoter group	45.9%	41.5%
Public	54.1%	58.5%
Total	100.0%	100.0%

#### Financials

Particulars (Rs. In Million)	6M FY25	FY24	FY23	FY22
Revenue from operations	1077.5	1800.4	849.2	933.6
Operating expenses	472.3	789.9	667.1	602.4
EBITDA	605.2	1010.5	182.1	331.2
Other Income	18.3	19.5	1.2	2.8
Depreciation	31.3	63.3	53.7	50.7
EBIT	592.2	966.7	129.6	283.3
Interest	6.5	12.1	10.9	11.5
PBT	585.7	954.6	118.7	271.8
Tax	147.9	249.4	31.9	61.4
Consolidated PAT	437.8	705.2	86.7	210.3
EPS	6.1	9.9	1.2	2.9
Ratio	6M FY25	FY24	FY23	FY22
EBITDAM	56.2%	56.1%	21.4%	35.5%
PATM	40.6%	39.2%	10.2%	22.5%
Sales growth		112.0%	-9.0%	

#### Company description

DAM Capital Advisors Limited (DAM capital) is one of the leading and fastest growing investment bank in India. The company began operations in 1993 as S.S. Kantilal Ishwarlal Sharebrokers and was rebranded as S.S. Kantilal Ishwarlal Securities (SSKIPL) in 1994. IDFC acquired SSKIPL in 2008 but divested its stake in 2019, with Dharmesh Anil Mehta and other investors taking over. It was renamed DAM Capital Advisors Limited in July 2020.

The company offers a wide range of financial solutions in the areas of (i) Investment banking comprising equity capital markets (M&As, private equity (PE) and structured finance advisory and (ii) Institutional equities comprising broking and research.

The company has successfully executed 72 ECM 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 (REITs).

The company has provided services to 263 active clients including registered FPIs spread across geographies such as India, USA, UK, Europe, Hong Kong, Singapore, Australia, Taiwan, South Korea, Middle East and South Africa.

The company's wholly-owned Subsidiary, DAM Capital (USA) Inc. is incorporated in New York, USA and is registered as a Broker-Dealer with the Securities and Exchange Commission.

Under the leadership of Dharmesh Anil Mehta, a merchant banker with over 25 years of work experience, the Company has achieved rapid growth with the total income being Rs 1,820 million, Rs 850 million and Rs 945 million for Fiscals 2024, 2023 and 2022, respectively, representing 38.77% CAGR over the same period.

The institutional equities business, as of October 31, 2024, comprises of 29 employees in research and 34 employees in their broking team. The company has achieved this growth by capitalising on strong relationships with their clients and execution capabilities, successfully completing various landmark transactions, while navigating through market volatility.

#### Valuation & outlook

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 it managed as a book-running lead manager. The company focuses on two main business areas: Merchant Banking and Institutional Equities. 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.

On valuation parse at the upper band of Rs 283/-, the issue is asking for a Market Cap of Rs 20000 Mn. Based on annualized earnings, the company is asking a PE of 22.8x times for FY 2025 which is fully priced. Therefore we believe that the company is well-placed to leverage the growing capital market opportunities in India. As part of its growth strategy, the company plans to enter additional fee-based businesses to capitalize on emerging market trends. Additionally, a strategic partnership with a global merchant bank will strengthen its ability to handle cross-border transactions and broaden its international presence. Hence considering all parameters, we recommend the issue can be consider as “**SUBSCRIBE for LONG TERM**”.

**Company's Operations**

The company commenced operations in the securities market in 1993 as S.S. Kantilal Ishwarlal Sharebrokers and Investors Private Limited. It was rebranded as S.S. Kantilal Ishwarlal Securities Private Limited (SSKIPL) in 1994. In 2006, Infrastructure Development Finance Company (IDFC) initiated the acquisition of SSKIPL, completing the process in 2008. In 2019, IDFC Group divested its entire stake, which was subsequently acquired by Dharmesh Anil Mehta and other investors. The company was renamed DAM Capital Advisors Limited in July 2020.

DAM Capital is the fastest-growing merchant bank in India by revenue CAGR between Fiscals 2022 and 2024, with the highest profit margin among peers in Fiscal 2024. With a 12.1% market share based on the number of IPOs and QIPs where it served as a book-running lead manager in Fiscal 2024, DAM Capital is recognized as a leading merchant bank in India (Source: CRISIL Report). The company offers comprehensive financial solutions across two key segments: (i) **Merchant Banking**, including equity capital markets (ECM), mergers and acquisitions (M&A), private equity (PE), and structured finance advisory; and (ii) **Institutional Equities**, encompassing broking and research services.

Particulars	FY ended March 31,2022		FY ended March 31,2023		FY ended March 31,2024		H1 FY25	
	Amount (in Million)	Sales Mix (%)	Amount (in Million)	Sales Mix (%)	Amount (in Million)	Sales Mix (%)	Amount (in Million)	Sales Mix (%)
Merchant Banking	605	64.8%	510	60.1%	1224	68.0%	592	55.0%
Stock Broking	309	33.0%	304	35.8%	515	28.6%	433	40.1%
Others	20	2.2%	35	4.1%	62	3.4%	53	4.9%
<b>Total</b>	<b>934</b>	<b>100%</b>	<b>849</b>	<b>100%</b>	<b>180</b>	<b>100%</b>	<b>1078</b>	<b>100%</b>

DAM Capital focuses on the Indian capital markets, one of the world's most dynamic and high-growth organized markets (Source: CRISIL Report). Leveraging deep domain expertise across sectors and products, combined with the extensive experience of its team, the company provides strategic advisory and capital markets solutions to a diverse and marquee clientele, including corporates, financial sponsors, institutional investors, and family offices.

Since the acquisition on November 7, 2019, until October 31, 2024, DAM Capital has successfully executed 72 ECM transactions, including 27 initial public offerings (IPOs), 16 qualified institutions placements (QIPs), 6 offers for sale (OFS), 6 preferential issues, 4 rights issues, 8 buybacks, 4 open offers, and 1 IPO of units by a real estate investment trust (REIT). The company has also advised on 23 transactions in M&A advisory, private equity advisory, and structured finance advisory, alongside executing block trades.

Particulars	As at march 31,2022	As at march 31,2023	As at march 31, 2024	Apr'24 – Oct'24
IPO	8	4	9	3
QIP	-	1	8	3
OFS	-	2	1	1
Rights	1	1	-	1
Buybacks	1	4	2	1
Open offer	2	1	1	-
Preferential issue	1	1	1	-
<b>Total</b>	<b>13</b>	<b>14</b>	<b>22</b>	<b>9</b>

The company's intellectual capital forms the foundation of its success, enabling it to remain well-informed about market opportunities and adapt business strategies effectively. As of October 31, 2024, DAM Capital employed a team of 121 professionals across various business functions, comprising seasoned experts with extensive experience in executing transactions across product lines and sectors. The senior team plays a critical role in fostering client relationships and overseeing the structuring and execution of transactions. The team has an average of 15.7 years of professional experience, with 54 out of 121 employees possessing over 18 years of experience.

**Key operational Metrics**

Particulars (₹ In Million)	As at Mar'31			H1 FY25
	FY22	FY23	FY24	
Total Number of Employees	92	100	111	120
Capital Market Issuances	12	13	21	6
No. of Stocks Covered by Research	128	153	168	162
No. of Sectors Covered by Research	19	20	19	20

Particulars	FY ended March 31,2022		FY ended March 31,2023		FY ended March 31,2024	
	Amount (in Million)	Sales Mix (%)	Amount (in Million)	Sales Mix (%)	Amount (in Million)	Sales Mix (%)
Total Sales	5504.3		7871.3		9718.6	
<b>Bifurcated revenue</b>						
Apparel	4791.6	87.0	6745.2	85.6	8153.2	83.8
General Merchandise	712.7	12.9	1126.2	14.3	1565.3	16.1

### Strengths

#### ➤ Fastest-growing merchant bank in India

DAM Capital is the fastest-growing merchant bank in India, with the highest revenue CAGR between Fiscals 2022 and 2024 and the highest profit margin among peers in Fiscal 2024. The company is a leading investment bank with a 12.1% market share in Fiscal 2024, based on the number of IPOs and QIPs it managed as a book-running lead manager. During the six months ended September 30, 2024, and in Fiscal 2024, DAM Capital acted as book-running lead manager for 5 and 17 IPOs and QIPs, respectively. Since the acquisition, the company has steadily increased its market share from 8.2% in Fiscal 2021 to 12.1% in Fiscal 2024 in terms of IPOs and QIPs executed as a book-running lead manager.

#### ➤ Proven execution with in-depth understanding of sectors and products

The merchant banking team at DAM Capital comprises 40 professionals, including 9 individuals with over 18 years of experience. The team's deep expertise across sectors and products enables the identification of niche sub-sectors and early-stage market opportunities, allowing for the strategic positioning of tailored products to clients. This sectoral knowledge further facilitates the identification and delivery of unique investment stories to the market. Since the acquisition, DAM Capital has successfully executed transactions across diverse sectors, including pharmaceuticals, infrastructure, manufacturing, retail, technology, financial services, and healthcare, up to October 31, 2024.

#### ➤ Institutional equities platform with comprehensive research and execution capabilities

DAM Capital's institutional equities platform is distinguished by its comprehensive research capabilities and an experienced sales and trading team, catering to a diverse clientele across investor categories.

- **Research:** The platform offers extensive research coverage, including fundamental and macroeconomic analysis, alongside differentiated offerings such as thematic research, weekly insights, and customized research tailored to client requirements.
- **Sales:** The sales team serves clients across geographies, including India, the USA, the UK, Europe, Hong Kong, Singapore, Australia, Taiwan, South Korea, the Middle East, and South Africa. Leveraging a deep understanding of client needs and investment philosophies, the team provides targeted and customized marketing of research products, corporate and lateral access, and data analysis support.
- **Sales Trading:** The sales trading team delivers robust execution capabilities across the cash and derivatives segments, including block transactions.

#### ➤ Extensive coverage of corporates, financial sponsors and institutional investors, with repeat business

DAM Capital has built long-standing relationships with institutional investors, financial sponsors, corporates, and family offices, driven by an experienced team and consistent client coverage, many of whom provide repeat business. Company's industry expertise and broad range of offerings across the merchant banking spectrum help them navigate market volatility and retain clients by offering tailored solutions throughout their lifecycle. They aim to foster long-term partnerships, moving beyond transactional focus, while actively developing new client relationships. Their business development efforts target new markets, enhance our senior team, and leverage a strong network of senior executives, board members, and key stakeholders.

#### ➤ Experienced management and professionals, backed by a majority independent board

DAM Capital's intellectual capital, consisting of industry experts with deep domain expertise, capital market experience, product knowledge, and regulatory understanding, is fundamental to our success. The company prioritizes attracting, nurturing, and retaining top talent to strengthen their competitive edge. Their experienced management team, led by Promoter Dharmesh Anil Mehta with over 25 years of experience, has been instrumental in building strong corporate and investor relationships, contributing to several marquee transactions in India.

As of October 31, 2024, DAM Capital employs 121 professionals, 45% of whom have over 18 years of experience, driving the execution of their business strategy, diversifying its product and sector mix, and expanding client relationships. Company's Board includes 4 independent directors (including an Independent Chairperson), 1 Non-Executive Director, and 2 Executive Directors, providing diverse expertise and strategic insight to ensure a continued focus on creating shareholder value.

### Strategies:

#### ➤ Strengthen their competitive position in existing lines of business

For merchant banking business, future growth might be an outcome of expanding products, their client base and average transaction value. Their competitive position is a consequence of focused effort to increase the number of transactions and target high value transactions. To achieve this, company intends to broaden their coverage through a focused relationship driven approach that deepens connections with key industry players and financial sponsors. For the institutional equities business, they will continue to focus on advising clients by showcasing attractive investment opportunities in emerging themes. Further, they aim to penetrate deeper with existing clients and grow market share among large investors by providing enhanced value through research, identifying and capturing white spaces in the coverage universe of their peers, and delivering tailored insights.

#### ➤ Enhance its merchant banking platform

DAM Capital aims to leverage its comprehensive capabilities to address clients' funding requirements and expand its share of client business within the merchant banking segment. The company plan to strengthen relationships with corporate and institutional clients through targeted coverage activities, including industry teach-ins and seminars, which showcase our expertise and foster engagement with our client network, while attracting new business opportunities. They are focused on enhancing their rankings and positioning in the ECM business by onboarding new clients and targeting companies in emerging sectors such as technology, artificial intelligence, clean energy, data centers, and semiconductors, utilizing its domain expertise and execution capabilities. Additionally, they aim to establish long-term partnerships with growth-oriented companies by offering end-to-end financial and advisory solutions across their lifecycle, including private equity, M&A, IPOs, and post-listing transactions.

➤ **Build other complementary fee-based businesses**

As part of DAM capital growth strategy, it plans to diversify into complementary fee-based businesses to enhance risk-adjusted returns. They intend to enter the retail broking and asset management sectors, leveraging the significant growth potential of the Indian mutual fund industry. The industry's aggregate assets under management (AUM) have witnessed robust growth, with a CAGR of 16.8% from ₹13.52 trillion in March 2016 to ₹54.13 trillion in March 2024, driven by a strong domestic economy, increasing investor participation, and healthy inflows. In Fiscal 2024, the mutual fund AUM surged 34% year-on-year, supported by improved macroeconomic conditions, a buoyant stock market, and growing retail investor participation. The industry is projected to achieve a 17-18% CAGR between Fiscal 2024 and Fiscal 2029, reaching approximately ₹120 trillion. By leveraging their established relationships and trust with existing clients, they expect to efficiently monetize these new ventures. To advance this strategy, the company has incorporated a wholly-owned subsidiary to manage their asset management business.

➤ **Explore potential strategic tie-up with a global merchant bank for cross-border transactions**

To enhance their cross-border transaction capabilities and expand their global reach, the company aim to explore a strategic partnership with a global merchant bank. DAM capital intend to tie-up with a partner bank which has global network, deep market insights, and specialized products in regions and sectors where they seek to expand. Such partnership would focus on integrating resources, sharing knowledge, and enabling joint client coverage teams to offer their clients financial services across borders.

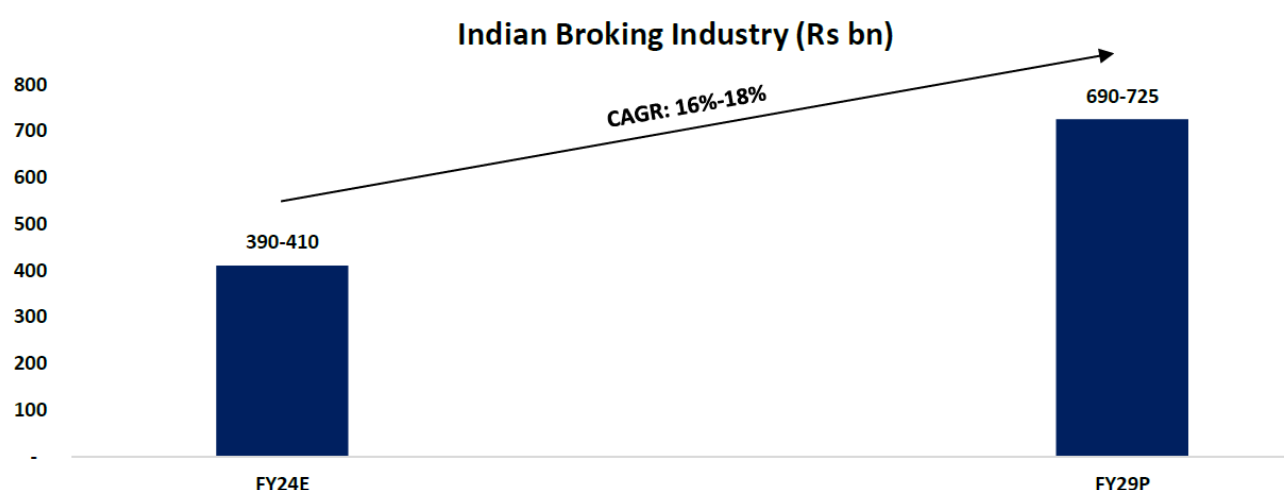
➤ **Strengthen its talent pool by adding highly qualified and motivated professionals**

Company's people are their most important asset, and their reputation, talent, integrity, and dedication results in our success. They have been successful in attracting and retaining key professionals and intend to continue to seek out talent to further enhance and grow our business. Their goal is to attract, retain, nurture and develop the best and brightest talent in our industry across all levels. The company strive to foster a collaborative working environment, and they seek individuals who are passionate about their business and fit its culture. The company reinforce their long-term vision and values by rewarding its employees based on client impact and lasting relationships built by them. Recruitment is a key management activity, and they intend to continue to attract graduates from premier institutions as well as hire employees laterally with relevant work experience. By investing in a diverse team, the company aim to drive innovation, enhance client service, and sustain its competitive edge in the industry.

**Industry Snapshot**

➤ **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. The Broking Industry has seen strong growth over the last three years aided by the robust performance of capital markets. The Domestic Broking Industry registered around 44% CAGR growth during Fiscal 2020 to Fiscal 2024. The Active Client Base on NSE increased at 38.1% CAGR from 8.8 million in March 2019 to 44.2 million in March 2024.

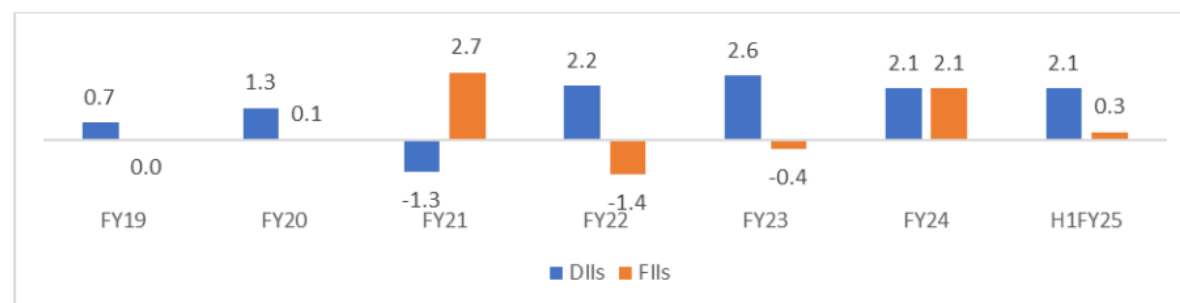


➤ **Institutional Investment into Equities**

With strong participation in Indian capital markets, both FIIs and DIIs maintained record level of inflows in Indian equities due to robust macroeconomic fundamentals and significant return delivered by Indian market in recent years. DIIs remained strong buyers of Indian equities for the third year in a row, with net inflows of approximately Rs 2.1 trillion, aggregating to total net buying of more than Rs 6.5 trillion in the last three years. On the other hand, after remaining on sidelines in the previous two fiscal, FIIs turned aggressive buyers of Indian equities in fiscal 2024 with net inflow of 2.1 trillion.



Net Buying Patterns of DIIs and FIIs in last 5 years (Rs. Trillion)

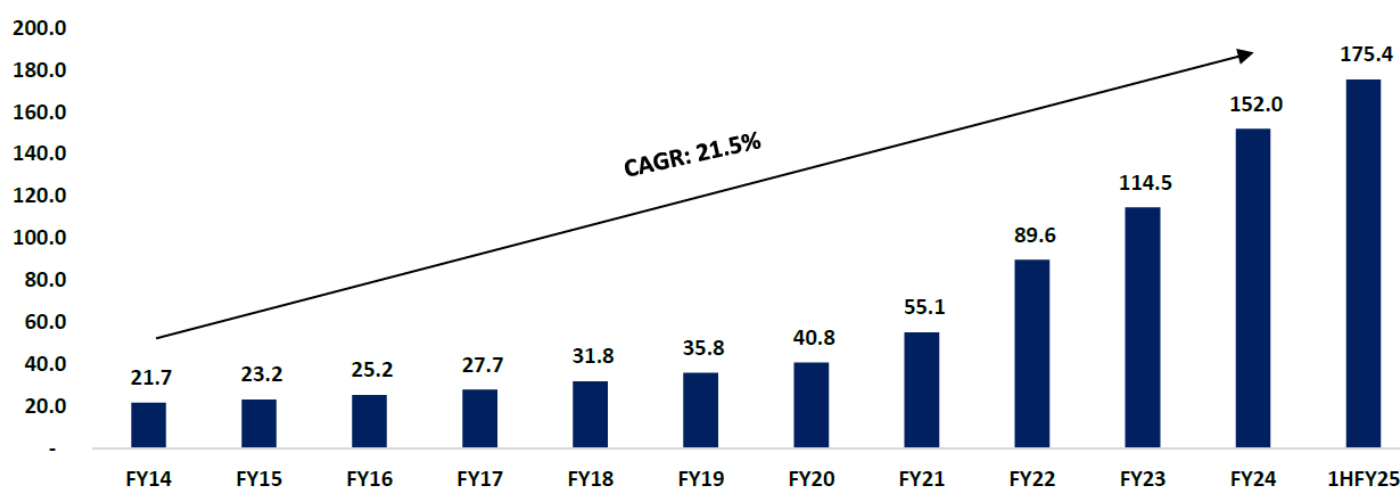


Note: For H1FY25, DII data is as of September 2024, FII data is as of August 2024. Source: NSE, SEBI, CRISIL MI&A

### ➤ 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. 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 1HFY25, the total demat accounts stood at 175.4 mn accounts, up from 152.0 mn accounts in FY24.

Trend in Demat accounts in India (mn)



### ➤ Equity Capital Market (ECM):

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.

- Private equity (PE) deals in India

India witnessed an exceptional growth in PE deals in CY21 reaching 2,253 deals from 1,502 deals in CY20. From CY22, there was a decline in number of PE deals in CY23 amounting to 1,361 from 1,952 deals in CY22. In CY24, the number of deals has reached 1,036 by the end of September 2024. In CY21, the total deal value for PE deals in India reached Rs 4,770.2 billion. The total deal value declined to Rs 3,741.9 billion in CY22. At the end of September 2024, the total deal value stands at Rs 1,583.6 billion.

- M&A deals in India

The Indian M&A market has seen considerable growth with high deal volumes and values influenced by economic conditions, regulatory changes and global market trends. The spike was mainly driven by economic optimism and availability of abundant capital, with many companies liquidating non-core assets to streamline large corporate structures. The growth in the M&A deals was also led by insurgent buyers looking for disruptive business models with an aim to stay buoyant in ever changing market dynamics, expand their portfolio and provide innovative offerings and experience to the customers. India witnessed an exceptional growth in M&A deals in CY21 amounting to 970 deals as compared to 715 M&A deals in CY20. In CY23, there was a decline of 17.6% year-on-year in number of M&A deals amounting to 793 deals from 962 deals in CY22. The number of deals has reached 666 by the end of September 2024.

Comparison with listed entity

Name of Company	Mcap(₹ million)	Face Value Per Share (₹)	Total Income for Fiscal 2024 (₹ million)	EPS	P/E	RONW (%) for FY24	NAV per equity share (₹)	P/BV
DAM Capital Advisors Ltd	20,000	2	1,820	12.3	22.8 (post issue)	44.9%	34.0	8.3
Peer Group								
ICICI Securities Ltd	2,80,431	5	50,510	52.2	13.8	43.2%	121.3	6.3
IIFL Capital Services Ltd	1,09,400	2	22,312	16.4	15.2	28.7%	58.0	4.9
JM Financial Ltd	1,32,091	1	48,321	4.2	21.4	0.2%	115.7	1.5
Motilal Oswal Financial Services	5,94,332	1	71,305	41.1	17.6	27.8%	147.2	5.4

Date as on 31st March 2024, Mcap, PE, PB calculated as on 17-12-2024 DAM Capital Advisors Ltd, EPS/PE,PB, NAV calculated on annualized basis post money

Key Risks

- **Regulatory risk:** DAM Capital operates in a highly regulated industry which is subject to changes in laws and regulations and government policies. The company is subject to periodic inspections and oversight by various regulatory authorities especially SEBI. Further, the company is also required to maintain various licenses and permits for its business from time to time. Thus, any failure or delay in obtaining or renewing licenses/permits or non-compliance to the changing laws may adversely impact its business and operations.
- **Dependent on market and economic conditions:** The Company's merchant banking and institutional equities businesses are highly dependent on the prevailing market and economic conditions both in India and globally. In the event of a market downturn, both these businesses could be affected adversely with impacts seen on revenues and profitability.
- **Dependency on two income streams:** The Company derives a significant portion of its revenue from only two income streams namely, advisory fee income and brokerage. Both of these income streams are highly dependent on general macro-economic conditions. As of 1HFY25, advisory fee income accounted for ~55% of the total income stream while brokerage comprised of ~39% of the total income.
- **KMP risk and inability to grow talent pool:** The Company's success is highly dependent on its promoter and managing director Mr. Dharmesh Mehta, who has been instrumental in setting up the business and is the brand image of the company. Any inability to attract and retain talented employees, or the resignation or loss of key management personnel, may have an adverse impact on the business and future financial performance

Valuation & Outlook

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- ❑ Analysts' ratings and the corresponding expected returns take into account their definitions of Large Caps, Mid-Caps & Small Caps as described in the Ratings Table below:

	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0%-15%	Below 0%
Mid-Caps (101st-250th company)	>20%	0%-20%	Below 0%
Small Caps (251st company onwards)	>25%	0%-25%	Below 0%

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