

DAM Capital Advisors Limited IPO : Company Report

A) Company Overview

Name: DAM Capital Advisors Limited

Incorporation: Originally incorporated as "S. S. Kantilal Ishwarlal Sharebrokers and Investors Private Limited" on May 7, 1993. The name changed to DAM Capital Advisors Limited on July 28, 2020.

B) Business Model

DAM Capital Advisors Limited operates primarily in two segments:

- 1. Merchant Banking:** This includes services like equity capital markets (ECM), mergers and acquisitions (M&A), private equity (PE), and structured finance advisory.
- 2. Institutional Equities:** Focused on research and broking services provided to both Foreign Institutional Investors (FIIs) and Domestic Institutional Investors (DIIs).
- 3.** The company is registered with the Securities and Exchange Board of India (SEBI) as a Category-I Merchant Banker, signifying its eligibility to offer top-tier investment banking services.

C) Offer Type

Current Offer: An Offer for Sale (OFS) involving up to 29,690,900 Equity Shares. This offer sees existing shareholders selling their stakes; hence, the company will not receive any proceeds from this sale.

D) Management Team

Board Composition: Consists of seven members including two Executive Directors, one Non-Executive Director, and four Independent Directors.

Key Executives:

- Dharmesh Anil Mehta: Managing Director and Chief Executive Officer
- Nitin Ajit Kapadia: Managing Director of Strategy and Governance
- Hitesh Mahendrakumar Desai: Chief Financial Officer
- Rajesh Tekadiwala: Company Secretary and Compliance Officer

E) Financial Performance and Valuation

Fiscal Year	Total Revenue (₹ cr)	Profit After Tax (PAT) (₹ cr)
2022	94	21
2023	85	8.6
2024	182	70

Total Shares outstanding before IPO = 70,686,000

IPO Price = INR 283

Mcap = INR 2000 Cr

P/E based on FY24 numbers = 28x.

But remember the IPO is coming when revenue and margins are all time high. This business has cyclical nature. So, the IPO looks fully priced in.

F) Subsidiaries

1. DAM Asset Management Limited: Not currently operational, awaiting commencement certificate.
2. DAM Capital (USA), Inc.: A broker-dealer registered in the USA.

G) Conclusion

DAM Capital Advisors Limited exhibits a robust financial performance with expanding operations in merchant banking and institutional equities. The leadership's strategy and governance appear to focus on sustained growth and expanding international footprint through its USA subsidiary. The company's solid profit margins and strategic operations in core financial services signify a potentially stable investment opportunity, contingent on market conditions and internal management efficiencies.

However, Keep in mind that the IPO is approaching at a time when revenues and margins are at peak levels. Given the cyclical nature of this business, the IPO seems to be fully priced.