



## IPO NOTE

## R K SWAMY LIMITED



Rating:

**Subscribe**

Listing gains and long term



## ISSUE OFFER

Issue Opens on	MAR 4, 2024
Issue Close on	MAR 6, 2024
Total IPO size (cr)	₹423.56
Fresh issue (cr)	₹173.00
Offer For Sale (cr)	₹250.56
Price Band (INR)	270-288
Market Lot	50
Face Value (INR)	5
Retail Allocation	10%
Listing On	NSE, BSE

## ISSUE BREAK-UP (%)

QIB Portion	<div style="width: 75%;"></div>	75%
NII Portion	<div style="width: 15%;"></div>	15%
Retail Portion	<div style="width: 10%;"></div>	10%

## SHAREHOLDING (No. of Shares)

Pre Issue	Post Issue
44,457,140	50,464,084

## INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	07-03-2024
Refunds/Unblocking ASBA Fund	11-03-2024
Credit of equity shares to DP A/c	11-03-2024
Trading commences	12-03-2024

The company R K Swamy Limited is involved in full-service market research, syndicated studies, consumer data analysis, and integrated marketing communications. The following connected and complimentary business segments are served by the company's wide range of services: (i) Integrated Marketing Communications, (ii) Customer Data Analytics and Marketing Technology (iii) Full Service Market Research and Syndicated Studies.

## OBJECTS OF THE ISSUE

- Funding investment in IT infrastructure development of the company.
- Funding setting up of new customer experience centres ("CEC").
- Funding working capital requirements.

## OUTLOOK &amp; VALUATION

One of the top providers of integrated marketing services in India is R K Swamy Ltd. (RKSL), which provides media, creative, data analytics, and market research services all under one roof. Among Indian integrated marketing communications services groups, it is ranked eighth by estimated operating revenue.

The company serves to the popular clients that have been with them for longer and place recurring orders. The company has a track record of financial performance. However, some key risks like Competitive pricing models and high working capital requirements also there.

The IPO valuation of 41x P/E appears fairly priced when compared with its listed peers. While the company's future growth potential and the positive industry outlook are encouraging thus we recommend Subscribe rating for this IPO.



## KEY MANAGERIAL PERSONNEL

01

### Srinivasan K Swamy

Chairman and Managing Director of the Company. He is the chairman of the Asian Federation of Advertising Associations. He has previously served as the president of the International Advertising Association (India Chapter), the Advertising Agencies Association of India.

02

### Narasimhan Krishnaswamy

Group CEO and Whole Time Director of the Company. He has been associated with the Company since October 1, 1985 and accordingly has over 37 years of experience in the marketing services and communications industry.

03

### Rajeev Newar

Group Chief Financial Officer of the Company. He is a Chartered Accountant registered with the ICAI and has also been admitted as an associate with the Institute of Company Secretaries of India. He has over 31 years of experience in the field of finance and management.

04

### Rajagopalan Desikan

Company Secretary of the Company. He has over 36 years in the field of compliance, accounting, finance, statutory compliance, personal income tax and secretarial functions.

05

### S. Narasimhan

Chief digital officer of the Company. He holds a master's in business administration from School of Management Studies, Cochin University of Science and Technology.



## COMPANY PROFILE

- R K Swamy Ltd. (RKSL) is one of the leading integrated marketing service groups in India, offering a single-window solution for creative, media, data analytics, and market research services.
- The company offers a comprehensive range of services in the following interrelated and complementary business segments: (i) Integrated Marketing Communications, (ii) Customer Data Analytics and Marketing Technology (iii) FullService Market Research and Syndicated Studies.
- The company's numerous clients include Aditya Birla Sun Life AMC Limited, Cera Sanitaryware Limited, Dr. Reddy's Laboratories Limited, E.I.D. - Parry (India) Limited, Fujitsu General (India) Private Limited, Gemini Edibles and Fats India Limited, Havells India Limited, Hawkins Cookers Limited, Himalaya Wellness Company, etc.
- The company employs 2,391 people across 12 offices and 12 field offices in 12 cities in three business segments.
- It is ranked 8th in terms of estimated operating revenue among the integrated marketing communications services groups operating in India

## COMPETITIVE STRENGTHS

- Integrated marketing services provider serving clients for 50 years.
- 15-year track record in the Data Analytics and Marketing Technology segment.
- Producing digital content at scale.
- leader in the business of market research.
- Well diversified customer base.
- Established internal infrastructure.

## KEY STRATEGIES

- Focus on the creation of digital content at scale.
- Expanding the presence in domestic and international markets.
- Focus on new initiatives aimed at enhancing the product and service portfolio.
- Continue to focus and invest in talent retention, enhancement and expansion.

## KEY CONCERNS

- Revenues are highly dependent on certain key industries.
- Consistently upgrade the data analytics capabilities. The cost of implementing any new technologies could adversely affect the business.
- Clients may delay or default on their payments.
- High working capital requirements.
- Competitive pricing models.



**COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)**

Name of the Company	EPS (Basic)	NAV	P/E	Total Income (Mn)	RoNW (%)
<b>R K Swamy Limited</b>	<b>7.03</b>	<b>31.67</b>	-	<b>2,999.13</b>	<b>22.20 %</b>
<b>Peer Group</b>					
Affle (India) Limited	18.43	109.98	66.74	14,882.80	16.73 %
Latent View Analytics Limited	7.63	58.93	63.70	5,945.28	12.87 %
Vertoz Advertising Limited	9.22	85.59	78.07	837.62	10.77 %

**FINANCIALS (RESTATED CONSOLIDATED)**

PARTICULARS (RS. IN MILLIONS)	FY 2023	FY 2022	FY 2021
<b>Equity Share Capital</b>	44.46	40.80	40.80
<b>Other Equity</b>	407.85	122.69	(4.32)
<b>Net Worth</b>	452.31	163.49	33.00
<b>Total Borrowings</b>	1.68	6.70	11.17
<b>Revenue from Operations</b>	2,926.13	2,344.13	1,735.46
<b>EBITDA</b>	629.06	444.22	288.26
<b>Profit/loss before Tax</b>	425.80	247.00	46.76
<b>Profit of the year</b>	312.58	192.55	30.77


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