



# 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><div></div></div>	75%
NII Portion	<div><div></div></div>	15%
Retail Portion	<div><div></div></div>	10%

### SHAREHOLDING (No. of Shares)

Pre Issue

44,457,140

Post Issue

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 & 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 (%)
R K Swamy Limited	7.03	31.67	-	2,999.13	22.20 %
Peer Group					
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
Equity Share Capital	44.46	40.80	40.80
Other Equity	407.85	122.69	(4.32)
Net Worth	452.31	163.49	33.00
Total Borrowings	1.68	6.70	11.17
Revenue from Operations	2,926.13	2,344.13	1,735.46
EBITDA	629.06	444.22	288.26
Profit/loss before Tax	425.80	247.00	46.76
Profit of the year	312.58	192.55	30.77



## DISCLAIMER:

The information contained herein are strictly confidential and are meant solely for the information of the recipient and shall not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written permission of Swastika Investmart Ltd. ("SIL"). The contents of this document are for information purpose only. This document is not an investment advice and must not alone be taken as the basis for an investment decision. Before taking any decision to invest, the recipient of this document must read carefully the Red Herring Prospectus ("RHP") issued to know the details of IPO and various risks and uncertainties associated with the investment in the IPO of the Company. All recipients of this document must before acting on the given information/details, make their own investigation and apply independent judgment based on their specific investment objectives and financial position. They can also seek appropriate professional advice from their own legal and tax consultants, advisors, etc. to understand the risks and investment considerations arising from such investment. The investor should possess appropriate resources to analyze such investment and the suitability of such investment to such investor's particular circumstances before making any decisions on the investment. The Investor shall be solely responsible for any action taken based on this document. SIL shall not be liable for any direct or indirect losses arising from the use of the information contained in this document and accept no responsibility for statements made otherwise issued or any other source of information received by the investor and the investor would be doing so at his/her/its own risk. The information contained in this document should not be construed as forecast or promise or guarantee or assurance of any kind. The investors are not being offered any assurance or guaranteed or fixed returns on their investments. The users of this document must bear in mind that past performances if any, are not indicative of future results. The actual returns on investment may be materially different than the past. Investments in Securities market products and instruments including in the IPO of the Company are highly risky and they are generally not an appropriate avenue for someone with limited resources/ limited investment and low risk tolerance. Such Investments are subject to market risks including, without limitation, price, volatility and liquidity and capital risks. Therefore, the users of this document must carefully consider all the information given in the RHP including the risks factors before making any investment in the Equity Shares of the Company.

Swastika Investmart Ltd or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Swastika Investmart Ltd nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Swastika Investment Ltd may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the Subject Company or third party in connection with the Research Report.

CORPORATE & ADMINISTRATIVE OFFICE - 48, Jaora Compound, M.Y.H. Road, Indore - 452 001 | Phone 0731 - 6644000

Compliance Officer: Ms. Sheetal Duraphe Email: [compliance@swastika.co.in](mailto:compliance@swastika.co.in) Phone: (0731) 6644 241

Swastika Investmart Limited, SEBI Reg. No.: NSE/BSE/MSEI: INZ000192732 Merchant Banking: INM000012102 Investment Adviser: INA000009843 MCX/NCDEX: INZ000072532

CDSL/NSDL: IN-DP-115-2015 RBI Reg. No.: B-03-00174 IRDA Reg. No.: 713.