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R K SWAMY LIMITED

Our Company was incorporated as "R. K. Swamy Advertising Associates Private Limited" on February 16, 1973, as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation granted by the Registrar of Companies, Tamil Nadu at Madras. On September 11, 1990, a fresh certificate of incorporation was issued by the Registrar of Companies, Tamil Nadu at Madras, pursuant to change of name of our Company to "R. K. Swamy BBDO Advertising Private Limited". On April 01, 1997, our Company became a deemed public limited company under section 43-A(2) of the Companies Act, 1956 and consequently the name of our company was changed to "R. K. Swamy BBDO Advertising Private Limited". On March 26, 2001, the name of our company was changed to "R. K. Swamy BBDO Advertising Private Limited" under section 43-A(2A) of the Companies Act, 1956, pursuant to an amendment to the Companies Act 1956 with respect to deemed public company. On February 21, 2005, a fresh Certificate of Incorporation issued by the Registrar of Companies, Tamil Nadu at Chennai ("RoC"), pursuant to change of our company name to "R. K. Swamy BBDO Private Limited". On June 21, 2022, a fresh Certificate of Incorporation was issued by the RoC, pursuant to change of name of our Company to "R K Swamy Private Limited". Pursuant to the conversion of our Company into a public limited company and as approved by our Board on June 16, 2023, and a special resolution passed by our Shareholders on July 3, 2023, the name of our Company was changed to "R K Swamy Limited", and the RoC issued a fresh certificate of incorporation on July 17, 2023. For details of changes in our name and the Registered Office, see "History and Certain Corporate Matters - Brief history of our Company" and "History and Certain Corporate Matters - Changes in the registered office of our Company" on page 229 of the Prospectus.



(Please scan this QR code to view the Prospectus)

Registered Office: No. 19, Wheatcrops Road, Nungambakkam, Chennai - 600 034, Tamil Nadu, India;
Corporate Office: Esplanade House, 29, Hazarimal Somani Marg, Fort, Mumbai - 400 001, Maharashtra, India. Contact Person: Aparna Bhat, Compliance Officer and Rajagopal Desikan, Company Secretary. Telephone: +91 22 4057 6499; E-mail: secretarial@rkswamy.com; Website: www.rkswamy.com; Corporate Identity Number: U74300TN1973PLC006304

OUR PROMOTERS: SRINIVASAN K SWAMY (SUNDAR SWAMY) AND NARASIMHAN KRISHNASWAMY (SHEKAR SWAMY)

Our Company has filed the Prospectus dated March 6, 2024 with the RoC (the "Prospectus") and the Equity Shares (as defined below) are proposed to be listed on the Main Board platform of Stock Exchanges and the trading is expected to commence on or about March 12, 2024.

BASIS OF ALLOTMENT

INITIAL PUBLIC OFFERING OF 14,733,883 EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH ("EQUITY SHARES") OF R K SWAMY LIMITED ("COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 288.00 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 283.00 PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING ₹ 4,235.60 MILLION (THE "OFFER"), COMPRISING A FRESH ISSUE OF 6,033,883 EQUITY SHARES AGGREGATING ₹ 1,730.00 MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF 8,700,000 EQUITY SHARES (THE "OFFERED SHARES") AGGREGATING ₹ 2,505.60 MILLION (THE "OFFER FOR SALE") AND TOGETHER WITH THE FRESH ISSUE, THE "OFFER", COMPRISING 1,788,093 EQUITY SHARES BY SRINIVASAN K SWAMY AGGREGATING ₹ 514.97 MILLION, 1,788,093 EQUITY SHARES BY NARASIMHAN KRISHNASWAMY AGGREGATING ₹ 514.97 MILLION, 4,445,714 EQUITY SHARES BY EVANSTON PIONEER FUND L.P. AGGREGATING ₹ 1,280.37 MILLION AND 678,100 EQUITY SHARES BY PREM MARKETING VENTURES LLP AGGREGATING ₹ 195.29 MILLION (COLLECTIVELY, THE "SELLING SHAREHOLDERS").

THE OFFER INCLUDED A RESERVATION OF 287,356 EQUITY SHARES, AGGREGATING ₹ 75 MILLION* (CONSTITUTING 0.57% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY, FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HERINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER CONSTITUTED 29.18% AND 28.61%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS ("BRLMS"), OFFERED A DISCOUNT OF 9.38% (EQUIVALENT OF ₹ 27 PER EQUITY SHARE) ON THE OFFER PRICE TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT").

*After Employee Discount

ANCHOR INVESTOR OFFER PRICE: ₹ 288 PER EQUITY SHARE OF FACE VALUE OF ₹ 5 EACH

OFFER PRICE: ₹ 288^ PER EQUITY SHARE OF FACE VALUE OF ₹ 5 EACH

THE OFFER PRICE IS 57.60 TIMES THE FACE VALUE OF THE EQUITY SHARES.

^ A discount of ₹ 27 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion

RISK TO INVESTORS

1. **Business concentrated on key clients-** Our business is concentrated around key clients, which account for a significant amount of our revenue. Our top 5 and top 10 client contribution to our business is as below:

Particulars	Unit	As at / For September 30, 2023	As at / For Fiscal 2023	As at / For Fiscal 2022	As at / For Fiscal 2021
Top 5 Clients					
Revenue from Operations	%	40.94	31.66	29.15	28.36
Average revenue per Client	(in ₹ million)	115.53	185.31	136.68	98.42
Top 10 Clients					
Revenue from Operations	%	49.65	41.89	42.03	41.15
Average revenue per Client	(in ₹ million)	70.05	122.58	98.53	71.41

Our ability to retain, renew or expand our key client relationships may decrease or vary as a result of a number of factors, including our clients' satisfaction or dissatisfaction with our services, reliability of our digital solutions and our pricing, and external conditions, many of which are beyond our control including changes in the client business strategy, technology, preferences or management of our client, shifts in market or economic conditions, or the emergence of more competitive offerings from our competitors.

2. **Dependence on certain key industries-** A substantial portion of our clients are concentrated in a few specific industry verticals: i) Banking, Financial Services and Insurance, (ii) Automotive, and (iii) Fast-moving consumer goods/consumer durables/retail/e-commerce. These three verticals contributed 67.37% of revenue in financial year 2023. Any decrease in demand for our marketing services from these industry verticals or our failure to diversify into other sectors could reduce our revenues and adversely affect our business, financial condition and results of operations.

3. **Risk pertaining to changes in trend of Digital marketing which form a substantial part of our offerings**

Particulars	Six months ended September 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Total Revenue from operations	1,410.97	2,926.13	2,344.13	1,735.46
Share of Revenue from digital marketing	80.22%	78.13%	75.30%	69.81%

We derive substantial portion of our revenue from digital marketing operations as mentioned in table above. Inability or delays in aligning our offerings with market trends and technological advancements or failure to address the associated risks effectively, could have a material adverse effect on our business, financial condition, and results of operations.

4. **Risk associated with inability to upgrade technology-** Our business relies significantly on our ability to provide state-of-the-art data analytics and market research services to our clients through our solutions such as Cequity SMART and Cequity I-Sense. If we are unable to consistently upgrade our data analytics capabilities in line with the latest technologies or if our data-based predictions are wrong because our technology hasn't evolved enough or due to any other reasons, it may adversely affect our quality of services and clients' satisfaction. The cost of implementing any new technologies could adversely affect our business and financial condition.

5. **High working capital requirements-** The business of the Company is seasonal in nature with typically low 'revenue from operation' recognition in first half. Due to such seasonality, the Company has been maximizing utilization of the cash credit facility to fund their working capital requirements. Further, as the Company is in the services industry with limited fixed assets, they have limited access to term loans and/or higher working capital limits. Due to the fundamentals of the Industry and Business constraints i.e. 60 days payment stipulations to vendors associated under The Indian Newspaper Society ("INS") and the Indian Broadcast and Digital Foundation ("IBDF"), there have been delays in payment to digital and other vendors. Due to this business model, the need of high working capital requirements and high value of trade receivables and payables vis-a-vis revenues could adversely affect our business and results of operations.

6. **Risk in relation to competitive pricing models-** Our inability to maintain competitive pricing accommodating to varying client budgets and project scales could lead to a loss of clients to competitors and thereby affect our business adversely. Further, fluctuations in economic conditions, including periods of inflation or recession, could impact our clients' advertising budgets, which in turn might necessitate adjustments in our pricing models.

7. **Risk in relation to competitive pricing models-** The creative and advertising, data analytics, and market research sectors are intensely competitive and rapidly evolving. Our ability to sustain and grow our business depends on our capability to maintain competitive pricing models that can accommodate varying client budgets, project scales, and the types of offerings required. If we are unable to balance the need for competitive and attractive pricing with the necessity of maintaining sufficient margins, it may significantly affect our profitability and could adversely impact our business, financial condition, and operational results.

8. **Dependence on our relationship with various newspapers, media channels for our advertising and marketing offerings -** We rely on maintaining cooperative relationships with newspapers, media channels, and creative talent. Our agreements with newspapers, media channels, and creative talent are often subject to complex negotiations and contractual terms. It is possible that these negotiations may not result in agreements, or the terms may not be favourable, which could negatively impact our operations and financial performance. Further, if we fail to maintain these relationships, or if these partners do not perform as anticipated, our business, reputation, financial condition, and results of operations could be materially and adversely affected.

9. **Inability to capitalise on the industry market growth**

The marketing services market in India grew at a CAGR of 5.6% between the Fiscals 2019 and 2023, reaching ₹ 1,936 billion and is expected to grow at a CAGR of 12.5 - 14.5% till Fiscal 2028. This increase was supported by growth in the marketing spends of Indian corporates, rise in revenue of companies and an increase in the gross domestic output in the economy. In the Fiscal 2023, business from new clients contributed to 16.27% of our revenue from operations. However, while these trends present a substantial opportunity for our Company, we cannot assure you that our Company will be able to capture a significant share of the incremental business that may arise from these market trends. Our ability to benefit from these trends will largely depend on our ability to adapt to these factors, improve our service offerings, and effectively compete in the market.

10. The Offer Price, market capitalization to revenue from operations multiple and price to earnings ratio based on the Offer Price of our Company, may not be indicative of the market price of the Equity Shares on listing.

11. Average P/E of the listed peer set is 69.50 times while our Company's P/E will be at discount of 41.06% at the higher price band and 44.73% at the lower price band.

12. **Price/Earning ("P/E") ratio in relation to Price Band of ₹270 to ₹288 per Equity Share**

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on basic EPS for Fiscal 2023	38.41	40.96
Based on diluted EPS for Fiscal 2023	38.41	40.96

13. **Industry ("P/E") ratio**

Particulars	Industry P/E (no. of times)
Highest	78.07
Lowest	63.70
Average	69.50

Notes:

1. The Industry high and low has been considered from the industry peers set provided later in this section. The Industry composite has been calculated as the arithmetic average of P/E of industry peer set disclosed hereunder.

2. P/E ratio has been computed based on the closing market price of equity shares on February 2, 2024 on NSE divided by the Diluted EPS provided for the financial year March 31, 2023.

14. Average cost of acquisition of Equity Shares held by the Selling Shareholders ranges from ₹ 0.89 to ₹ 78.16 per Equity Share and Offer Price at higher end of the Price Band is ₹ 288 per Equity Share.

15. Weighted Average Return on Net Worth for FY 2021, 2022 and 2023 is 17.36%.

16. Details of the price at which equity shares were acquired by the promoters, promoter group, selling shareholders, shareholders entitled with right to nominate directors or any other rights was acquired in last 3 years

S. No.	Name of the acquirer / shareholder	Nature of Specified Security	Face Value (₹)	Date of acquisition of Equity Shares**	Number of Equity Shares acquired	Price of acquisition of Equity Shares (in ₹)
Promoter Selling Shareholders						
1.	Srinivasan K Swamy	Equity Shares	10.00	14.02.2023	18,58,108	8.88
2.	Srinivasan K Swamy	Equity Shares	5.00	25.07.2023	18,58,108	Nil ^a
3.	Srinivasan K Swamy	Equity Shares	5.00	28.07.2023	1,48,64,864	Nil ^b
4.	Narasimhan Krishnaswamy	Equity Shares	10.00	14.02.2023	18,58,108	8.88
5.	Narasimhan Krishnaswamy	Equity Shares	5.00	25.07.2023	18,58,108	Nil ^a
6.	Narasimhan Krishnaswamy	Equity Shares	5.00	28.07.2023	1,48,64,864	Nil ^b
Promoter Group						
1.	Vathsala Ravindran	Equity Shares	10.00	14.02.2023	9,384	13.32
2.	Vathsala Ravindran	Equity Shares	5.00	25.07.2023	9,384	Nil ^a
3.	Vathsala Ravindran	Equity Shares	5.00	28.07.2023	75,072	Nil ^b
4.	Vathsala Ravindran	Equity Shares	5.00	31.01.2024	2,50,000	Nil ^c
5.	Vimala Ramanan	Equity Shares	10.00	14.02.2023	9,384	13.32
6.	Vimala Ramanan	Equity Shares	5.00	25.07.2023	9,384	Nil ^a
7.	Vimala Ramanan	Equity Shares	5.00	28.07.2023	75,072	Nil ^b
8.	Vimala Ramanan	Equity Shares	5.00	31.01.2024	2,50,000	Nil ^c
9.	Kala Santhanaraman	Equity Shares	10.00	14.02.2023	9,384	13.32
10.	Kala Santhanaraman	Equity Shares	5.00	25.07.2023	9,384	Nil ^a
11.	Kala Santhanaraman	Equity Shares	5.00	28.07.2023	75,072	Nil ^b
12.	Kala Santhanaraman	Equity Shares	5.00	31.01.2024	2,50,000	Nil ^c
13.	Bhooma Parthasarathy	Equity Shares	10.00	14.02.2023	9,384	13.32
14.	Bhooma Parthasarathy	Equity Shares	5.00	25.07.2023	9,384	Nil ^a
15.	Bhooma Parthasarathy	Equity Shares	5.00	28.07.2023	75,072	Nil ^b
16.	Bhooma Parthasarathy	Equity Shares	5.00	31.01.2024	2,50,000	Nil ^c
17.	Sangeetha Narasimhan	Equity Shares	5.00	31.01.2024	45,000	Nil ^c
18.	Siddharth Swamy	Equity Shares	5.00	31.01.2024	2,50,000	Nil ^c
19.	Sruti Swamy	Equity Shares	5.00	31.01.2024	2,50,000	Nil ^c
Selling Shareholders						
1.	Evanston Pioneer Fund	Equity Shares	10.00	14.02.2023	6,24,152	781.43
2.	Evanston Pioneer Fund	Equity Shares	5.00	25.07.2023	6,24,152	Nil ^a
3.	Evanston Pioneer Fund	Equity Shares	5.00	28.07.2023	49,93,216	Nil ^b
4.	Prem Marketing Ventures LLP	Equity Shares	10.00	14.02.2023	67,810	781.60
5.	Prem Marketing Ventures LLP	Equity Shares	5.00	25.07.2023	67,810	Nil ^a
6.	Prem Marketing Ventures LLP	Equity Shares	5.00	28.07.2023	5,42,480	Nil ^b
Shareholders with nominee director rights or other special rights*						
1.	NA	NA	NA	NA	NA	NA

a. acquired pursuant to sub-division of shares dated July 25, 2023.

b. acquired pursuant to bonus issue of shares dated July 28, 2023.

c. acquired pursuant to gift transfer of shares by Promoters dated January 31, 2024.

* Evanston Pioneer Fund, who is a selling shareholder, is also the only shareholder with nominee director rights. Since, they have been already included as a part of selling shareholders, the same is not again mentioned under shareholder with nominee director rights.

** On February 14, 2023, shares have been allotted pursuant to demerger, sub-divided vide board meeting dated July 21, 2023 and extraordinary general meeting dated July 25, 2023 and bonus shares allotted vide Board resolution dated July 28, 2023.

17. Weighted average cost of acquisition of all shares transacted in last 3 years, 18 months and 1 year, from the date of Prospectus, in the following format:

Period	Weighted Average Cost of Acquisition (in ₹)	Cap Price is 'X' times The Weighted Average Cost of Acquisition	Range of acquisition price: Lowest price and Highest price (in ₹)**
1 year	Nil ^a	Nil ^a	Not applicable
18 months	12.48	23.08 times	0.89 to 78.16
3 year	15.69	18.36 times	0.89 to 78.16

* Adjusted for sub-division and bonus issue.

** Acquisition price per share of all shares transacted in last 3 years 18 months and 1 year by all the Promoters, Members of Promoter Group and Selling Shareholders adjusted for sub-division and bonus issue for the purpose of calculating range of acquisition price.

18. **Weighted average cost of acquisition, floor price and cap price**

Past transactions	Weighted average cost of acquisition per Equity Share (in ₹)	Floor price in ₹ 270	Cap price in ₹ 288
WACA of primary issuance	Not Applicable	NA	NA
WACA of secondary transactions	Not Applicable	NA	NA
Note: Since there were no primary or secondary transactions of equity shares of the Company during the 18 months preceding the date of filing of the Prospectus, the information has been disclosed for price per share of our Company based on last five primary or secondary transactions (secondary transactions where Promoter/Promoter Group entities or Selling Shareholders or Shareholder(s) having the right to nominate director(s) on our Board, are a party to the transaction), not older than three years prior to the date of filing of the Prospectus, irrespective of the size of transaction			
Based on primary transaction	Not applicable	NA	NA
Based on secondary transaction	Nil	NA	NA

WACA - Weighted average cost of acquisition

19. **Delay or default on client payments-** Our business model involves providing upfront services to clients and subsequently receiving payments, typically after the provision of these services. Some of our clients pay for our services post-receipt based on current credit cycles, which exposes us to the risk of non-payment or delayed payment. Various factors, such as economic downturns, internal cash flow problems at our customer's end, or other unforeseen circumstances, can result in our clients delaying their payments which could adversely affect our business and financial condition.

20. The 3 BRLMs associated with the Offer have handled 64 public issues in the past 3 Fiscals, out of which 21 issues have closed below the offer price on the listing date.

Name of the BRLMs	Total Issues	Issues closed below IPO price on listing date
SBI Capital Markets Limited*	12	5
IIFL Securities Limited*	31	9
Motilal Oswal Investment Advisors Limited*	7	1
Common Offer of above BRLMs	14	6
Total	64	21

*Issues handled where there were no common BRLMs.

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