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(Please scan this QR Code to view this Addendum)

**R K SWAMY**

**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 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 191 of the Draft Red Herring Prospectus.

**Registered Office:** No. 19, Wheatcrofts 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 Rajagopalan Desikan, Company Secretary; **Telephone:** +91 22 4057 6499

**E-mail:** secretarial@rkswamy.com; **Website** www.rkswamy.com; **Corporate Identity Number:** U74300TN1973PLC006304

**NOTICE TO INVESTORS: ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS (THE “ADDENDUM”)**

**INITIAL PUBLIC OFFERING OF UP TO [•] 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 ₹ [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [•] PER EQUITY SHARE) (THE “OFFER PRICE”) AGGREGATING UP TO ₹ [•] MILLION (THE “OFFER”), COMPRISING A FRESH ISSUE OF UP TO [•] EQUITY SHARES AGGREGATING UP TO ₹ 1,730 MILLION (“FRESH ISSUE”) AND AN OFFER FOR SALE OF UP TO 8,700,000 EQUITY SHARES (THE “OFFERED SHARES”) AGGREGATING UP TO ₹ [•] MILLION (THE “OFFER FOR SALE” AND TOGETHER WITH THE FRESH ISSUE, THE “OFFER”), COMPRISING UP TO 1,788,093 EQUITY SHARES BY SRINIVASAN K SWAMY AGGREGATING UP TO ₹ [•] MILLION, UP TO 1,788,093 EQUITY SHARES BY NARASIMHAN KRISHNASWAMY AGGREGATING UP TO ₹ [•] MILLION, UP TO 4,445,714 EQUITY SHARES BY EVANSTON PIONEER FUND L.P. AGGREGATING UP TO ₹ [•] MILLION AND UP TO 678,100 EQUITY SHARES BY PREM MARKETING VENTURES LLP AGGREGATING UP TO ₹ [•] MILLION (COLLECTIVELY, THE “SELLING SHAREHOLDERS”). THE OFFER WILL CONSTITUTE [•] % OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.**

**THE OFFER INCLUDES A RESERVATION OF UP TO [•] EQUITY SHARES, AGGREGATING UP TO ₹ [•] MILLION (CONSTITUTING UP TO [•] % 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 SHALL CONSTITUTE [•] % AND [•] %, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. OUR COMPANY AND THE SELLING SHAREHOLDERS MAY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS (“BRLMS”), OFFER A DISCOUNT OF UP TO ₹ [•] ON THE OFFER PRICE TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION (“EMPLOYEE DISCOUNT”).**

Potential Bidders may note the following:

- The Draft Red Herring Prospectus currently states that the Offer comprises a Fresh Issue of up to [•] Equity Shares, aggregating up to ₹ 2,150 million by our Company and an Offer for Sale of up to 8,700,000 Equity Shares aggregating up to ₹ [•] million by the Selling Shareholders. Further, the Draft Red Herring Prospectus states that our Company proposes to utilize ₹ 870.00 million out of the Net Proceeds towards funding its working capital requirements. In view of certain revised working capital requirements of our Company, our Company now proposes to utilize ₹ 540.00 million out of the Net Proceeds towards funding its working capital requirements. Consequently, the Offer size has been reduced as the size of the Fresh Issue has been reduced from up to ₹ 2,150 million to up to ₹ 1,730 million.
- The Draft Red Herring Prospectus including the sections titled “Definitions and Abbreviations”, “Summary of the Offer Document”, “The Offer”, “Capital Structure”, and “Offer Structure” beginning on pages 1, 18, 55, 70 and 376, respectively, of the Draft Red Herring Prospectus shall be appropriately updated to reflect the developments indicated in this Addendum, in the Red Herring Prospectus and Prospectus, as and when they are filed with the RoC, SEBI and the Stock Exchanges.

Potential Bidders may note that in order to assist in obtaining a complete understanding of the updated information, the specific updated sub-sections of the section titled “Objects of the Offer” have been included in this Addendum. This Addendum is to be read in conjunction with the Draft Red Herring Prospectus and accordingly the corresponding references in the Draft Red Herring Prospectus stand updated pursuant to this Addendum. The information in this Addendum supplements the Draft Red Herring Prospectus and updates the information in the Draft Red Herring Prospectus, as applicable. However, this Addendum does not reflect all the changes that have occurred between the date of filing of the Draft Red Herring Prospectus and the date hereof, and accordingly does not include all the changes and/or updates that will be included in the Red Herring Prospectus and the Prospectus. Please note that the information included in the Draft Red Herring Prospectus will be suitably updated, including to the extent stated in this Addendum, as may be applicable, in

the Red Herring Prospectus and the Prospectus, as and when filed with the RoC, SEBI and the Stock Exchanges. Investors should not rely on the Draft Red Herring Prospectus or this Addendum for any investment decision, and should read the Red Herring Prospectus, as and when it is filed with the RoC, SEBI and the Stock Exchanges before making an investment decision with respect to the Offer. All capitalized terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus. The Equity Shares offered in the Offer have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made.

Place: Mumbai  
Date: November 11, 2023

For **R K Swamy Limited**  
On behalf of the Board of Directors

Sd/-

**Rajagopalan Desikan, Company Secretary**

BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE OFFER
 Complete Investment Banking Solutions			
<b>SBI Capital Markets Limited</b> Unit No. 1501, 15th floor, A& B Wing, Parinee Crescenzo Building, Plot C-38, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 Maharashtra, India <b>Tel:</b> +91 22 4006 9807 <b>E-mail:</b> rkswamy.ipo@sbicaps.com <b>Investor grievance e-mail:</b> investor.relations@sbicaps.com <b>Website:</b> www.sbicaps.com <b>Contact person:</b> Aditya Deshpande <b>SEBI registration no.:</b> INM000003531	<b>IIFL Securities Limited</b> 24th Floor, One Lodha Place, Senapati Bapat Marg, Lower Parel (West) Mumbai – 400 013 Maharashtra, India <b>Tel:</b> +91 22 4646 4728 <b>E-mail:</b> rkswamy.ipo@iiflcap.com <b>Investor grievance e-mail:</b> ig.ib@iiflcap.com <b>Website:</b> www.iiflcap.com <b>Contact person:</b> Pawan Jain/Rahul Anand <b>SEBI registration no.:</b> INM000010940	<b>Motilal Oswal Investment Advisors Limited</b> Motilal Oswal Tower Rahimtullah Sayani Road Opposite Parel ST Depot, Prabhadevi, Mumbai – 400 025 Maharashtra, India <b>Tel:</b> +91 22 7193 4380 <b>E-mail:</b> rkswamy.ipo@motilaloswal.com <b>Investor grievance e-mail:</b> moiaplredressal@motilaloswal.com <b>Website:</b> www.motilaloswalgroup.com <b>Contact person:</b> Sankita Ajinkya/Ritu Sharma <b>SEBI registration no.:</b> INM000011005	<b>KFin Technologies Limited</b> Selenium, Tower B, Plot No 31 & 32, Financial District Nanakramguda, Serilingampally Hyderabad, Rangareddi 500 032 Telangana, India <b>Tel:</b> +91 40 6716 2222 / 18003094001 <b>E-mail:</b> rkswamy.ipo@kfintech.com <b>Investor grievance e-mail:</b> einward.ris@kfintech.com <b>Website:</b> www.kfintech.com <b>Contact person:</b> M. Murali Krishna <b>SEBI registration no:</b> INR000000221

**BID/OFFER PERIOD**

<b>Anchor Investor Bidding Date<sup>(1)</sup></b>	[•]	<b>Bid/Offer Opens On<sup>(1)</sup></b>	[•]	<b>Bid/Offer Closes On<sup>(2)*</sup></b>	[•]
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<sup>(1)</sup> Our Company and the Selling Shareholders, in consultation with the BRLMs, may consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/ Offer Opening Date.

<sup>(2)</sup> Our Company and the Selling Shareholders, in consultation with the BRLMs, may decide to close the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date, in accordance with the SEBI ICDR Regulations.

# The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Offer Closing Date.

**TABLE OF CONTENTS**

**OBJECTS OF THE OFFER..... 2**  
**DECLARATION ..... 9**

## OBJECTS OF THE OFFER

The introductory paragraph on page 84 of the Draft Red Herring Prospectus shall be replaced as follows:

The Offer comprises a Fresh Issue of up to [●] Equity Shares, aggregating up to ₹ 1,730 million by our Company and an Offer for Sale of up to 8,700,000 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders. For details, see “*Summary of the Offer Document*” and “*The Offer*” on pages 18 and 55 of the Draft Red Herring Prospectus, respectively.

The sub-section titled “– *Net Proceeds*” on page 84 of the Draft Red Herring Prospectus shall be replaced as follows:

### Net Proceeds

The details of the Net Proceeds of the Offer are summarized in the table below.

S. No	Particulars	Amount
(a)	Gross proceeds of the Fresh Issue	Up to ₹ 1,730 million
(b)	Less: Offer Expenses in relation to the Fresh Issue*	[●]**
(c)	Net Proceeds	[●]**

\*See “– *Offer Related Expenses*” below on page 95 of the Draft Red Herring Prospectus.

\*\*To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.

The sub-section titled “– *Proposed utilisation of Net Proceeds*” on page 84 of the Draft Red Herring Prospectus shall be replaced as follows:

### Proposed utilisation of Net Proceeds

Our Company proposes to utilize the Net Proceeds towards the following objects (collectively, the “**Objects**”):

<i>(in ₹ million)</i>		
Sr. No	Particulars	Estimated amount
1.	Funding working capital requirements of our Company	540.00
2.	Funding capital expenditure to be incurred by our Company for setting up a DVCP Studio	109.85
3.	Funding investment in IT infrastructure development of our Company, and our Material Subsidiaries Hansa Research and Hansa Customer Equity	333.42
4.	Funding setting up of new CEC and CATI of our Company	217.36
5.	General corporate purposes*	[●]
<b>Net Proceeds**</b>		[●]

\*Subject to the above, the amount to be utilised towards general corporate purposes shall not exceed 25% of the Gross Proceeds.

\*\*To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.

The sub-section titled “– *Proposed schedule of implementation and utilisation of Net Proceeds*” on page 85 of the Draft Red Herring Prospectus shall be replaced as follows:

### Proposed schedule of implementation and utilisation of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds as set forth in the table below:

<i>(₹ in million)</i>					
S. No	Particulars	Amount to be funded from Net Proceeds <sup>#</sup>	Amount to be deployed from the Net Proceeds in Fiscal 2024	Amount to be deployed from the Net Proceeds in Fiscal 2025	Amount to be deployed from the Net Proceeds in Fiscal 2026
1.	Funding working capital requirements of our Company	540.00	540.00	-	-
2.	Funding capital expenditure to be incurred by our Company for setting up a DVCP Studio	109.85	15.00	86.94	7.91
3.	Funding investment in IT infrastructure development of our Company, and our Material	333.42	26.66	183.29	123.47

S. No	Particulars	Amount to be funded from Net Proceeds <sup>#</sup>	Amount to be deployed from the Net Proceeds in Fiscal 2024	Amount to be deployed from the Net Proceeds in Fiscal 2025	Amount to be deployed from the Net Proceeds in Fiscal 2026
	Subsidiaries, Hansa Research and Hansa Customer Equity				
4.	Funding setting up of new CEC and CATI of our Company	217.36	-	110.84	106.52
5.	General corporate purposes*	[●]*	[●]*	[●]*	[●]*
	<b>Total Net Proceeds</b>	[●]	[●]	[●]	[●]

\*To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross proceeds from the Fresh Issue.

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our current business plan, management estimates, market conditions and other external commercial and technical factors including interest rates, exchange rate fluctuations and other charges. However, such fund requirements and deployment of funds have not been appraised by any bank, or financial institution. We may have to revise our funding requirements and deployment schedule on account of a variety of factors such as our financial and market condition, business and strategy, negotiation with creditors and lenders on payment terms, variation in cost estimates and other external factors such as changes in the business environment and interest or exchange rate fluctuations, which may not be within the control of our management. Further, our funding requirements and estimates are based on current market conditions and subject to revisions in light of changes in costs or external circumstances which may not be in our control. For details, see “*Risk Factors – Our funding requirements and proposed deployment of the Net Proceeds are not appraised by any independent agency and are based on management estimates and may require change based on various factors, some of which are beyond our control, subject to certain compliance requirements, including prior shareholders’ approval*” on page 43 of the Draft Red Herring Prospectus.

In the event of the estimated utilisation of the Net Proceeds in a scheduled Fiscal being not undertaken in its entirety, the remaining Net Proceeds shall be utilised in subsequent Fiscals, as may be decided by our Company, in accordance with applicable laws. In case of any increase in the actual utilization of funds earmarked for the Objects of the Fresh Issue, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals and any additional equity and/or debt arrangements. If the Net Proceeds are not utilized (in full or in part) for the objects of the Offer during the period stated above due to factors such as (i) economic and business conditions; (ii) the timing of completion of the Offer; (iii) market conditions outside the control of our Company; and (iv) any other business and commercial considerations, the remaining Net Proceeds shall be utilized (in full or in part) in subsequent periods as may be determined by our Company, in accordance with applicable laws.

The sub-section titled “ – *Details of the Objects of the Fresh Issue – 1. Funding working capital requirements of our Company*” on page 86 of the Draft Red Herring Prospectus shall be replaced as follows:

#### **Details of the Objects of the Fresh Issue**

Our Board at its meeting held on August 7, 2023 and the IPO Committee in its meeting held on November 10, 2023 approved the proposed objects of the Offer and the respective amounts proposed to be utilized from the Net Proceeds for each object:

##### **1. Funding working capital requirements of our Company**

We are an Integrated Marketing Services provider offering creative, media, data analytics and market research services. Our business requires us to routinely reserve physical ad space and time, in print media, electronic media, digital platforms, radio, cinema and outdoor advertising, to publish various advertising messages, on behalf of our clients.

Further, all segments of our business use digital initiatives extensively. We are focused on leveraging the reach and relevance of digital content to support clients’ marketing initiatives in both the online and offline worlds through (i) short videos, product videos and animations for the purpose of marketing and targeted distribution on various digital platforms, (ii) specialized, engaging, longer-duration productions with the potential to go viral, and (iii) longer-duration informative and engaging videos for communicating concepts and providing explanations of complex programs.

In the year 2021, our Company commenced production of Digital Content at ‘scale’. The digital ecosystem has become a substantial part of our Company’s offering in the share of Revenue from Operations, Digital Revenue accounted for 42.06% in Fiscal 2021 and this increased to 61.82% in Fiscal 2023. In absolute terms, the digital revenue increased from ₹ 297.53 million in Fiscal 2021 to ₹ 890.51 million in Fiscal 2023. Our Company has produced 2,828 videos in Fiscal 2023 (increased from 1,507 videos in Fiscal 2021) on behalf of our clients in 18 languages for distribution on digital platforms including biddable media, display media, OTT, social media and television. For details, please see “*Our Business – Our Strengths - 15 year track record in the Data Analytics and Marketing Technology segment, with a proven ability of producing digital content at scale, a leader in the business of market research*” on page 167 of the Draft Red Herring Prospectus.

We incur various production and media costs on behalf of our clients to facilitate their projects and marketing campaigns. As is prevalent in the industry in which our Company operates, the business model of our Company involves, providing upfront services to clients and receiving payments subsequently.

We fund our working capital requirements in the ordinary course of business primarily through internal accruals and working capital borrowings from Banks.

Our gross revenue from operations reflect the total billing to our clients including payout to media houses. The cost incurred related to media, advertisement and other similar contracts (“payout to media houses”) is deducted from Gross Revenue from Operations to arrive at Revenue from Operations and form a substantial component of the costs of our Company. For Fiscal 2023, on a standalone basis, we achieved a gross revenue from operations of Rs 6,313.42 million and our revenue from operations was Rs. 1,440.53 million after accounting for cost of Rs 4,872.89 million incurred relating to payout to media houses. Our payout to media houses, on a standalone basis, for the last three fiscals were as under:

Particulars	Fiscal 2023	Fiscal 2022	Fiscal 2021
Gross Revenue from operations	6,313.42	5,513.27	4,410.54
Less: Costs incurred related to media, advertisement and other similar contracts	(4,872.89)	(4,404.13)	(3,702.39)
Revenue from Operations	1,440.53	1,109.14	708.15

**(a) The business model of our Company and the working capital cycle**

We operate in an atypical business, where the media houses (including digital platforms), with whom we reserve ad space and time, regulate payment periods through associations such as (i) The Indian Newspaper Society (“INS”) for the print media and (ii) the Indian Broadcast and Digital Foundation (“IBDF”) for TV channels and related digital platforms. The projected working capital requirements of our Company are predominantly due to regular cash flow mismatch that is driven by trade receivables and trade payables profile of our Company.

*Existing working capital*

Our Company’s existing working capital requirements based on the Standalone Financial Information along with sources of funding is as stated below:

Particulars	As at		
	March 31, 2023	March 31, 2022	March 31, 2021
<b>Current Assets</b>			
-Trade Receivables	1,790.86	1,683.31	1,554.58
-Inventories	-	-	-
-Cash and Cash equivalents	72.53	246.55	179.46
-Other financial and current assets	165.40	246.83	207.07
<b>Total Current Assets(A)</b>	<b>2,028.79</b>	<b>2,176.69</b>	<b>1,941.11</b>
<b>Current Liabilities</b>			
-Trade Payables	1,833.49	2,129.21	1,828.61
-Provisions	18.48	16.36	16.81
-Other financial and current liabilities	282.97	95.16	57.39

Particulars	As at		
	March 31, 2023	March 31, 2022	March 31, 2021
<b>Total Current liabilities(B)</b>	<b>2,134.94</b>	<b>2,240.73</b>	<b>1,902.81</b>
<b>Net Working Capital Requirements (A)-(B)</b>	<b>(106.15)</b>	<b>(64.04)</b>	<b>38.30</b>
Funding Pattern			
A. Borrowings from banks, financial institution and non-banking financial companies (including bill discounting)	NA*	NA*	-
B. Internal Accruals/Equity	NA*	NA*	38.30
<b>Total</b>	<b>(106.15)</b>	<b>(64.04)</b>	<b>38.30</b>

Note: As certified by Guru & Ram LLP, Chartered Accountants, by way of its certificate dated November 11, 2023

\* Not applicable as working capital requirement was negative as at year end.

### Trade Receivables profile

Invoices issued to our clients include the (i) recovery towards pay-outs made to the media houses or digital platforms, with whom we reserve digital and physical ad space, and (ii) the fees, production costs and commissions as a percentage of payouts to media houses.

The existing client profile of our Company includes large corporates, leading institutions as well as state-owned enterprises. While we enter into agreements with the clients that provide scheduled and favourable payment terms, payouts from certain clients, such as state-owned enterprises, typically take longer than the estimates and contract terms. Despite such delay in their payment to our Company, we will typically continue to provide our service to clients as these are long standing relationships that we have built and nurtured over five decades. Our clients delay the payments for various reasons, beyond our control. While we receive contractual payouts from our clients after due dates, we are still required to make pay-outs to the media houses on hard fixed dates set by them and their member associations, which impairs our ability to take on newer projects and could potentially create challenges with retaining our vendor base.

The table below contains break up of our gross Revenue from Operations, from our clients in both public and private sectors (on standalone basis) and the receivables days (holding levels) for such categories in Fiscal 2023, Fiscal 2022 and Fiscal 2021:

Particulars	₹ in million		
	Fiscal 2023	Fiscal 2022	Fiscal 2021
<u>Gross Revenue from Operations</u>			
Public sector	3,045.78	2,426.34	1,385.39
Private Sector	3,267.64	3,086.93	3,025.16
<b>Total</b>	<b>6,313.42</b>	<b>5,513.27</b>	<b>4,410.54</b>
<u>Holding level (days)#</u>			
Public sector	128	157	195
Private Sector	78	73	96
<b>All trade receivables</b>	<b>102</b>	<b>110</b>	<b>127</b>

# As at March 31 for each of the respective Fiscal Year

As mentioned in the above table, the average collection period (holding levels) for Fiscal 2023, 2022 and 2021 was 102 days, 110 days and 127 days, respectively. As our Company continues to maintain business relationships with similar client profiles in the future, they project that these collection periods shall remain close to historical level between 109 days to 107 days for Fiscal 2024 and 2025, respectively. For details, please see “– Holding levels (assumption for working capital requirements)” on page 7 of this Addendum.

### Trade Payables profile

Our Company has three main categories of trade payables comprising payments to (i) media houses that are associated with INS and IBDF, (ii) payments to digital platforms, and (iii) other vendors.

Vendors that are associated with INS and advertising agencies (such as our Company) that are accredited with INS are governed by rules and regulations formed by the Indian Newspaper Society. According to the INS rules

only accredited agencies are eligible for a credit period of 60 days. If such accredited agency fails to make the payouts to media houses within 60 days, then such advertising agency is liable to be discredited by INS. Such dis-creditation, if any, of our Company, will adversely affect our ability to conduct business with INS member publication and platforms. INS also reviews the outstanding dues payable by advertising agencies on a monthly basis and requires the advertising agencies to upload outstanding dues statement on the INS portal called the Monthly Reviews and Verification (“MRV”) systems. Further, advertising agencies are subject to dis-creditation if the percentage of aggregate outstanding dues payable by the relevant advertising agency is in excess of 5% of accumulated dues, post the 60 days credit period. As per MRV reports, the Company is in compliance with payment obligations for non-digital vendors for last 3 years except during the COVID-19 period. Payments to vendors, predominantly within the television segment, which are associated with the IBDF are governed by the agreement between Advertising Agencies Association of India (“AAAI”) and IBDF. Pursuant to the agreement between AAAI and IBDF, dated March 26, 2008, invoices must be settled within a period of 60 days, failing which the TV channels can stop accepting further release orders from advertising agencies. Such payments are required to be made in a timely manner to ensure uninterrupted business functioning. Due to these fundamentals of the industry and business constraints, there have been delays in payment to digital and other vendors.

Further, there have been recent developments in the industry in which we operate, which will result in the trade payable days (holding levels) to go down further in near future substantially. Pursuant to the communication issued by the INS *vide* their letter dated March 13, 2021, payouts with respect to advertising done through online distribution platforms of newspapers in digital medium are required to be made within 60 days. Separately, some digital vendors are also affiliated with Internet and Mobile Association of India (“AIMAI”) which stipulates a flexible credit period of 75 days. Additionally, the AAAI have been approached by the IBDF, to cover settlements of payouts that are required to be made by advertising agencies to digital vendors, within 60 days.

As on June 30, 2023 our Company has a total sanctioned limit of working capital facilities of ₹330.00 million from HDFC Bank Limited and has utilized ₹ 323.48 million. For details, see “*Financial Indebtedness*” on page 317 of the Draft Red Herring Prospectus. Further, as we are in the services industry with limited fixed assets, we have limited access to terms loans and/or higher working capital limits.

The table below contains details of cost percentages associated with these categories of vendors (*with digital categories provided separately*) and the payment days (holding levels) for such categories in Fiscal 2022 and Fiscal 2023 and estimates for Fiscal 2024 and Fiscal 2025:

Categories of trade payables	Unit	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024*	Fiscal 2025*
Cost related to INS and IBDF ( <i>includes payouts made to media houses</i> )	% of total trade payable cost	67.27%	71.55%	72.62%	67.76%	65.63%
Cost of Digital ( <i>includes payouts made to digital platforms</i> )	% of total trade payable cost	8.69%	11.91%	10.31%	14.69%	15.71%
Other costs ( <i>includes production and other costs</i> )	% of total trade payable cost	24.03%	16.54%	17.07%	17.55%	18.66%
<b>Trade payables days holding level<sup>#</sup></b>						
INS**	(Number of days)	177	174	104	85	75
IBDF**	(Number of days)	128	136	105	85	75
Digital Vendors	(Number of days)	337	195	241	85	75
Others	(Number of days)	172	149	106	109	94
<b>All Vendors</b>		<b>165</b>	<b>154</b>	<b>119</b>	<b>89</b>	<b>78</b>
<b>Category of trade payables</b>						
Payable to INS and IBDF	(in ₹ million)	1,047.24	1,467.39	1,172.49	1,045.33	996.15
Payable to Digital vendors	(in ₹ million)	324.12	320.76	382.60	226.60	238.44
Payable to other vendors	(in ₹ million)	457.26	341.06	278.40	345.98	353.63

<sup>#</sup> As at March 31 for each of the respective Fiscal Year

\*The data for Fiscal 24 and Fiscal 25 are the indicative estimates.



*\*\* Due to the seasonal nature of business, the revenue generated in the second half of the Fiscal Year is higher as compared to the first half. In the table above, the number of days has been derived by considering the payables at the end of the Fiscal Year as the numerator and average cost per day for the Fiscal Year as the denominator. Due to the seasonal nature of the business the value of payables in absolute terms are higher at the end of the Fiscal Year; this results in the number of days outstanding appear higher at end of the Fiscal Year.*

As disclosed in the table above and in the table (c) below, our trade receivable days (holding levels) will remain range bound while our trade payable days (holding levels) are expected to further decline in the future, due to the reasons mentioned in above paragraphs, which will increase our working capital requirements.

As we grow, our business and our working capital fund requirement will also increase. We propose to utilise ₹ 540.00 million from the Net Proceeds to fund part of future working capital requirements of our Company in Fiscal Year 2024. Augmenting our working capital position will enable us to comply with the payouts to media houses within due dates, and such timely payout will also enable us to negotiate better digital and physical ad space rates resulting in improved operating margins. Without such augmentation, timely payouts to media houses, especially once digital vendors get included within the IBDF mandated 60 day settlement period, will become unsustainable and will adversely affect our Company's ability to conduct its business.

The cash flow situation restricts us from taking on organic growth initiatives, that require substantial upfront cash. Further, the proposed digital initiatives strategy of our company will demand a higher outflow to our digital vendors. Due to cash flow mismatch and our inability to seek long term credit lines, on account of lack of immovable assets that could be mortgaged, we propose to utilise ₹ 540.00 million of the Net Proceeds in Fiscal 2024 towards our projected working capital requirements.

**(b) Future working capital requirements**

On the basis of our existing working capital requirements, we propose to utilise ₹ 540.00 million of the Net Proceeds in Fiscal 2024 towards our projected working capital requirements. The balance portion of our working capital requirement shall be met from working capital facilities and internal accruals. The incremental and proposed working capital requirements, as noted by the Board of Directors of our Company on August 7, 2023 and the IPO Committee on November 10, 2023 and key assumptions with respect to the determination of the same are mentioned below:

Particulars	<i>(Rs. In Million)</i>	
	Financial year ended	
	March 31, 2024 (estimated)	March 31, 2025 (estimated)
<b>Current Assets</b>		
-Trade Receivables	2,286.70	2,677.34
-Cash and Cash equivalents	156.49	177.25
-Other financial and current assets	136.22	134.58
<b>Total Current Assets(A)</b>	<b>2,579.41</b>	<b>2,989.17</b>
-Trade Payables	1,617.91	1,588.22
-Provisions	21.74	23.93
-Other financial and current liabilities	46.24	48.40
<b>Total Current liabilities(B)</b>	<b>1,685.89</b>	<b>1,660.55</b>
<b>Net Working Capital Requirements (A)-(B)</b>	<b>893.52</b>	<b>1,328.62</b>
Funding Pattern		
A. Proceeds from the Offer	540.00	-
B. Borrowings from banks, financial institution and non-banking financial companies	330.00	330.00
C. Internal Accruals/Equity	23.52	998.62
<b>Total</b>	<b>893.52</b>	<b>1,328.62</b>

*Note: As certified by Guru & Ram LLP, Chartered Accountants by way of its certificate dated November 11, 2023.*

**(c) Holding levels (Assumption for working capital requirements)**

The table below contains the details of the holding levels (in number of days or relevant matrix, as applicable) considered for Fiscal 2021, Fiscal 2022 and Fiscal 2023, the projections for Fiscal 2024 and Fiscal 2025, and the assumptions based on which the working plan projections has been made and approved by our Board of Directors of our Company on August 7, 2023 and the IPO Committee on November 10, 2023:

Particulars	Actuals			Projected	
	March 31 2021	March 31 2022	March 31 2023	March 31 2024	March 31 2025
Trade Receivables days	127	110	102	109	107
Inventory days	-	-	-	-	-
Short term loans and advances and other current assets days	8	11	6	6	5
Trade Payables days	165	154	119	89	78
Other financial and current liabilities days	5	7	18	3	2
Provisions	2	1	1	1	1

Note: As certified by Guru & Ram LLP, Chartered Accountants by way of its certificate dated November 11, 2023.

(1) Inventory days: Closing balance of inventory for the current period / direct cost (including cost of goods sold and other direct expenses) \* 360.

(2) Trade receivable days: Closing balance of trade receivables for the current period / revenue from operations \* 360.

(3) Other Current Assets days: Closing balance of other current assets for the current period / revenue from operations \* 360.

(4) Trade payable days: Closing balance of trade payables for the current period / total direct cost for the current period \* 360.

(5) Other current liabilities days: Closing balance of other current liabilities for the current period / total operating cost for the current period \* 360.

(6) Provisions days: Closing balance of provisions for the current period / total operating cost for the current period \* 360.

**(d) Key assumptions**

The working capital projections made by our Company are based on certain key assumptions, as set out below:

Particulars	Assumptions and Justifications
Trade Receivables	Holding levels of trade receivables for our Company varied between 102-127 days. The holding level was high in March 31, 2021 primarily due to COVID-19. For March 31, 2022, and March 31, 2023, the levels are based on the scale of operations. Further going forward our Company assumes the trade receivables days to stay in the current range of 107-109 days considering the scale of operations and in line with the industry practice.
Short term loans and advances and other current assets	In March 31, 2022 the number of days were higher because of higher unbilled revenues, which has improved further due to the billing pattern in the subsequent years. Our Company assumes to stay in the range of 5-6 days considering nature of our business.
Trade Payables	Trade payables for March 31, 2021, was 165 days on account of business operations being impacted by COVID-19 which also had a carry forward effect in March 31, 2022. Going forward, our Company assumes trade payable days to decline further to 89 and 78 days due to changes in industry regulations and payment terms with our vendors who also own digital platforms. Payment to digital platform vendors is prospectively expected to be settled within the credit period set by IBDF.
Other current liabilities	The holding level for March 31, 2023, was 18 due to book overdraft, which was subsequently cleared. The holding level was in the range of 5-7 days for March 31, 2021, and March 31, 2022 and going forward also our Company assumes holding levels to decline to 3 and 2 days.
Provisions	Provisions are not significant part of working capital and holding level remains to be low.

Note: As certified by Guru & Ram LLP, Chartered Accountants by way of its certificate dated November 11, 2023.

## DECLARATION

I, Srinivasan K Swamy, hereby confirm that all statements, disclosures and undertakings specifically made or confirmed by me in this Addendum to the Draft Red Herring Prospectus about or in relation to myself as a Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures or undertakings including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder(s) or any other person(s) in this Addendum to the Draft Red Herring Prospectus.



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Srinivasan K Swamy

Designation: Chairman and Managing Director

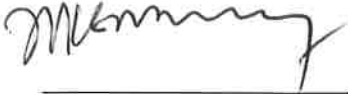
Place: Chennai

Date: 11/11/2023

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with, and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR and the SEBI Act, each as amended, or the rules, regulations or guidelines notified thereunder, as the case may be. I further certify that all the statements made in this Addendum to the Draft Red Herring Prospectus are true and correct.

**SIGNED BY**



**Narasimhan Krishnaswamy**  
*Group CEO and Whole Time Director*  
Place: **Mumbai**  
Date: **November 11, 2023**

## DECLARATION

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### SIGNED BY



**Sangeetha Narasimhan**

*Whole Time Director*

Place: **Mumbai**

Date: **November 11, 2023**

## DECLARATION

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### SIGNED BY



**Pattabhi Kothandapani Raman**

*Non-Executive Director*

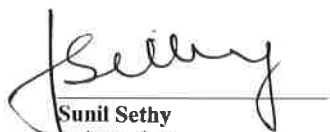
Place: *Chicago USA*

Date: *11/11/2023*

## DECLARATION

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### SIGNED BY



**Sunil Sethy**

*Independent Director*

Place: **Mumbai**

Date: **November 11, 2023**

## DECLARATION

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**SIGNED BY**



**Thiruvallur Thattai Srinivasaraghavan**

*Independent Director*

Place: **Chennai**

Date: **November 11**, 2023



## DECLARATION

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### SIGNED BY



**Nalini Padmanabhan**

*Independent Director*

Place: Chennai

Date: November 11, 2023

## DECLARATION

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**SIGNED BY**



**Rajiv Vastupal Mehta**

*Independent Director*


Place: **Ahmedabad**

Date: **November 11, 2023**

## DECLARATION

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## SIGNED BY

  
\_\_\_\_\_  
**Rajeev Newar**  
*Group Chief Financial Officer*  
Place: **Mumbai**  
Date: **November 11**, 2023

**DECLARATION**

We, Evanston Pioneer Fund L.P., hereby confirm that all statements, disclosures and undertakings specifically made or confirmed by us in this Addendum to the Draft Red Herring Prospectus about or in relation to us as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures or undertakings including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder(s) or any other person(s) in this Addendum to the Draft Red Herring Prospectus.

**FOR AND ON BEHALF OF EVANSTON PIONEER FUND L.P.**

  
Designation: Manager  
Place: Chicago USA  
Date: 11/11/2023

## DECLARATION

We, Prem Marketing Ventures LLP, hereby confirm that all statements, disclosures and undertakings specifically made or confirmed by us in this Addendum to the Draft Red Herring Prospectus about or in relation to us as a Selling Shareholder and our portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosure or undertakings including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder(s) or any other person(s) in this Addendum to the Draft Red Herring Prospectus.

**FOR AND ON BEHALF OF PREM MARKETING VENTURES LLP**



Designation: Designated Partner

Place: Delhi

Date: 11/11/2023

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with, and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR and the SEBI Act, each as amended, or the rules, regulations or guidelines notified thereunder, as the case may be. I further certify that all the statements made in this Addendum to the Draft Red Herring Prospectus are true and correct.

**SIGNED BY**



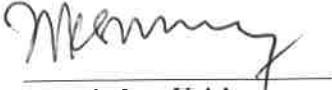
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**Srinivasan K Swamy**  
*Chairman and Managing Director*

Place: Chennai  
Date: 11/11/2023

## DECLARATION

I, Narasimhan Krishnaswamy, hereby confirm that all statements, disclosures and undertakings specifically made or confirmed by me in this Addendum to the Draft Red Herring Prospectus about or in relation to myself as a Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures or undertakings including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder(s) or any other person(s) in this Addendum to the Draft Red Herring Prospectus.



**Narasimhan Krishnaswamy**

Designation: Group CEO and Whole Time Director

Place: **Mumbai**

Date: **11/11/2023**