



# ROX HI-TECH LIMITED



Our Company was originally incorporated on March 13, 2002 as a Private Limited Company as "ROX Trading and Systems Private Limited" under the provisions of the Companies Act, 1956 with the Registrar of Companies, Tamil Nadu. Subsequently, the name of our Company changed from 'ROX Trading and Systems Private Limited' to 'ROX Hi-Tech Private Limited' and a fresh Certificate of Incorporation consequent upon change in name dated April 19, 2023, issued by the Assistant Registrar of Companies, Tamil Nadu, Chennai. Subsequently, our Company was converted into a public limited company pursuant to a resolution passed by our Shareholders at an extraordinary general meeting held on April 24, 2023 and consequently the name of our Company was changed to 'ROX Hi-Tech Limited' and a fresh certificate of incorporation dated May 23, 2023 was issued by the Registrar of Companies, Tamil Nadu, Chennai. The corporate identification number of our Company is U51506TN2002PLC048598. For further Details of Incorporation and Change in Registered Office of our Company, please refer to section titled 'Our History and Certain Other Corporate Matters' beginning on page 124 of this Red Herring Prospectus.

Registered office: Old No.101B, New No.160, 1st & 3rd Floor Mahalingapuram Main Road, Nungambakkam, Chennai 600034 Tamil Nadu, India;

Tel: + 91 44 4206 8316 | E-mail: cs@rox.co.in | Website: www.rox.co.in

Contact Person: Mrs. Thenmozhi, Company Secretary and Compliance Officer

## OUR PROMOTERS: MR. JIM RAKESH AND MRS. SUKANYA RAKESH

THE ISSUE IS BEING MADE IN ACCORDANCE WITH CHAPTER IX OF THE SEBI ICDR REGULATIONS (IPO OF SMALL AND MEDIUM ENTERPRISES) AND THE EQUITY SHARES ARE PROPOSED TO BE LISTED ON EMERGE PLATFORM OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE / NSE EMERGE).

### THE ISSUE

PUBLIC ISSUE OF 65,64,800 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF ROX HI-TECH LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY (THE "ISSUE PRICE") AGGREGATING TO ₹[●] LAKH ("THE ISSUE") COMPRISING OF A FRESH ISSUE OF 60,17,600 EQUITY SHARES AGGREGATING TO ₹[●] LAKH (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF 5,47,200 EQUITY SHARES BY THE SELLING SHAREHOLDERS ("OFFER FOR SALE") AGGREGATING TO ₹[●] LAKH OF WHICH 8,48,000 EQUITY SHARES AGGREGATING TO ₹[●] LAKH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. NET ISSUE OF 57,16,800 EQUITY SHARES AGGREGATING TO ₹[●] LAKH (THE "NET ISSUE"). THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 28.75% AND 25.037% RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

- QIB PORTION: NOT MORE THAN 45.96% OF THE NET ISSUE
- RETAIL PORTION: NOT LESS THAN 38.37% OF THE NET ISSUE
- NON-INSTITUTIONAL PORTION: NOT LESS THAN 15.67% OF THE NET ISSUE
- MARKET MAKER PORTION: UPTO 8,48,000 EQUITY SHARES OR 12.92% OF THE ISSUE

**PRICE BAND: ₹ 80/- TO ₹ 83/- PER EQUITY SHARE OF FACE VALUE ₹ 10/- EACH.**  
**THE FLOOR PRICE IS 8.0 TIMES OF THE FACE VALUE AND**  
**THE CAP PRICE IS 8.3 TIMES OF THE FACE VALUE OF THE EQUITY SHARES.**  
**BIDS CAN BE MADE FOR A MINIMUM OF 1,600 EQUITY SHARES AND**  
**IN MULTIPLES OF 1,600 EQUITY SHARES THEREAFTER.**

### RISKS TO INVESTORS:

- Our Company has adopted an integrated business model and our commercial success is largely dependent upon our ability to develop innovative specialized solutions suitable to the needs of our customers. Our inability to effectively develop and implement IT solutions would impact our business, thereby impacting our revenue and profitability.
- Our success is dependent on our long-term relationship with our Customers. In particular, we are heavily reliant on our top 10 Customers. We do not, generally, enter into long term contracts with Customers, which exposes us to risks emanating from the inability to retain our established Customers as our clients.
- We have been recognized as preferred partner by some of the leading IT equipment manufacturers for implementation of IT solution using their products. Loss of such preference may adversely affect our business and results of operations.
- The length of our sales cycle may fluctuate significantly and depends on several external factors which may result in significant fluctuations in our revenues.
- We will not receive any proceeds from the Offer for Sale. The Selling Shareholders will receive the net proceeds from the Offer for Sale.

• AVERAGE COST OF ACQUISITION OF EQUITY SHARES FOR THE PROMOTERS I.E. MR. JIM RAKESH AND MRS. SUKANYA RAKESH ARE AS UNDER:

NAME	WACA in ₹ per Equity Shares
Mrs. Sukanya Rakesh	0.41
Mrs. Janet Rekha	0.33

- The Issue Price at the upper end of the Price Band is ₹83.00 per Equity Share.
- The Weighted average cost of acquisition compared to floor price and cap price:

Types of transactions	Weighted average cost of acquisition (₹ per Equity Shares)	Floor price (i.e. ₹ 80)	Cap price (i.e. ₹ 83)
WACA of Primary Issuance (except for bonus issue) (exceeding 5% of the pre issue capital)	NA*	NA*	NA*
WACA for secondary sale / acquisition (exceeding 5% of the pre issue capital)	19.35	3.77	3.91

\*A There were no primary Issuance of shares in last 18 months from the date of this Red Herring Prospectus.

- The Weighted average cost of acquisition of all Equity Shares transacted in the last one year, 18 months and three years from the date of RHP is as given below:

Period	Weighted Average Cost of Acquisition (in ₹)	Upper end of the Price Band (₹ 83) is "X" times the weighted Average cost of Acquisition	Range of acquisition price: Lowest Price - Highest Price (in ₹)
Last 1 year	19.35	4.13	NA ^ ~ 21.22
Last 18 months/ Last 3 years	NA*	NA*	NA*

^ By way of gift between the promoters.

\*A There were no secondary sale / acquisition of shares in last 18 months from the date of this Red Herring Prospectus.

#### PROPOSED LISTING:

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the Emerge Platform of the National Stock Exchange of India Limited ("NSE") in terms of the Chapter IX of the SEBI (ICDR) Regulations, 2018 as amended from time to time. Our Company has received an 'in-principle' approval letter dated October 23, 2023 from NSE for using its name in the Offer Documents for listing our shares on the Emerge Platform of NSE. For the purpose of this Issue, the Designated Stock Exchange will be NSE.

**DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI):** Since the Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, the Red Herring Prospectus has been filed with SEBI. In terms of the SEBI Regulations, the SEBI shall not issue any observation on the Offer Document. Hence there is no such specific disclaimer clause of SEBI. However, investors may refer to the entire Disclaimer Clause of SEBI beginning on page 179 of the Red Herring Prospectus.

**DISCLAIMER CLAUSE OF NSE EMERGE (THE DESIGNATED STOCK EXCHANGE):** It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to the Offer Document for the full text of the 'Disclaimer Clause of NSE'.

**CREDIT RATING:** This being the Issue of Equity Shares, no credit rating is required.

**DEBENTURE TRUSTEES:** As this is an Issue of Equity Shares, the appointment of Debenture trustees is not required.

**IPO GRADING:** Since this Issue is made in terms of Chapter IX of the SEBI (ICDR) Regulations, there is no requirement of appointing an IPO Grading Agency.

**AVAILABILITY OF RED HERRING PROSPECTUS:** Investors are advised to refer to the Red Herring Prospectus and the Risk Factors contained therein before applying in the Issue. Full copy of the Red Herring Prospectus is available on the website of Company at www.rox.co.in or at website of the BRLM at www.swarajshares.com or NSE EMERGE at www.nseindia.com and is expected to be available on the website of SEBI at www.sebi.gov.in.

**AVAILABILITY OF BID-CUM-APPLICATION FORMS:** Registered Office: Old No.101B, New No.160, 1st & 3rd Floor Mahalingapuram Main Road, Nungambakkam, Chennai 600034; Tamil Nadu, India; Telephone: +91 44 4206 8316; E-mail: cs@rox.co.in; BRLM: Swaraj Shares And Securities Private Limited, Telephone: +91 22-6964-9999 and at the selected locations of Registered Brokers, RTAs and CDPs participating in the Issue. Bid-cum-application Forms will also be available on the websites of NSE and the designated branches of SCSBs, the list of which is available at websites of the stock exchanges and SEBI.

#### BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLM, on the basis of the Book Building Process and the quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Floor Price is 8.0 times the face value at the lower end of the Price Band and 8.3 times the face value at the higher end of the Price Band. Investors should read the following summary with the section titled "Risk Factors", the details about our Company under the section titled "Our Business" and its financial statements under the section titled "Restated Financial Information" beginning on page 22, 99 and 154 respectively of the Red Herring Prospectus. The trading price of the Equity Shares of Our Company could decline due to these risks and the investor may lose all or part of his investment.

#### Qualitative Factors

Some of the qualitative factors which form the basis for computing the Issue Price are:

- Experienced Promoter and Technically Sound Operational Team
- Domain expertise with advance technology.
- Significant product development and innovation.
- Long term relationship with clients and repeated business

For further details, see "Risk Factors" and "Our Business" on pages 22 and 99, respectively.

#### Quantitative Factors

The information presented in this section is derived from our Restated Financial Statements. For details, see "Financial Information" on page 154. Investors should evaluate our Company and form their decisions taking into consideration its earnings, and based on its growth strategy. Some of the quantitative factors which may form the basis for computing the Issue price are as follows.

Some of the quantitative factors which may form the basis for computing the Issue price are as follows:

#### 1. Basic and Diluted Earnings per Share (EPS), as adjusted for changes in capital

Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
FY 2020-21	0.39	0.39	1
FY 2021-22	0.90	0.90	2
FY 2022-23	9.11	9.11	3
<b>Weighted Average</b>	<b>4.92</b>	<b>4.92</b>	-
July 31, 2023	4.02	4.02	-

#### Notes:

The ratios have been computed as under:

- Basic and diluted EPS: profit for the year attributable to equity shareholders of the Company divided by total weighted average number of equity shares outstanding during the period. Basic and diluted EPS are computed in accordance with Accounting Standard 20 – Earnings per share post the bonus issue in current financial year;
- Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year/Total of weights
- Basic and diluted EPS for the four months period ended July 31, 2023 are not annualised.

#### 2. Price / Earning (P/E) Ratio in relation to Issue Price of ₹ 80 to ₹ 83 per Equity Share:

Particulars	P/E at the lower end of the price band (no. of times)	P/E at the higher end of the price band (no. of times)
a) P/E ratio based on Basic and Diluted EPS of ₹ 9.11 as at March 31, 2023	8.78	9.11
a) P/E ratio based on Weighted Average EPS of ₹ 4.92	16.26	16.87

#### 3. Industry Price / Earning (P/E) Ratio

Particulars	P/E Ratio
Highest	11.26
Lowest	11.26
Average Industry P/E	11.26

(1) The industry high and low has been considered from the industry peer set provided later in this chapter. The industry composite has been calculated as the arithmetic average P/E of the industry peer set disclosed in this section. For further details, see "Comparison with listed industry peers"

(2) Source: Respective audited financials of the Company, as available, for the Financial Year 2023. Information on industry peer is on a standalone basis.

(3) There is only one listed peer Company namely Dynacons Systems & Solutions Ltd. Thus, Dynacons Systems & Solutions Ltd data are used for comparison.

Net worth = Equity share capital + Reserves and surplus (including, Securities Premium, General Reserve and surplus in statement of profit and loss).

Basic earnings per share (₹) = Net profit after tax as restated for calculating basic EPS/

Weighted average number of equity shares outstanding at the end of the period or year.

#### 4. Return on Networth ("RoNW")

Year ended	RoNW (%)	Weight
FY 2020-21	9.05%	1
FY 2021-22	17.15%	2
FY 2022-23	63.48%	3
<b>Weighted Average</b>	<b>38.97%</b>	-
July 31, 2023	21.87%	-

Return on net worth (%) = Net profit after tax as restated, attributable to the owners of the company / Net worth as restated, including share capital and reserves and surplus, as stated at the end of the year

Net worth = Equity share capital + Reserves and surplus (including, Securities Premium, General Reserve and surplus in statement of profit and loss).

#### 5. Net asset value\* (NAV) per Equity Share

Particulars	NAV per equity share (₹)
July 31, 2023	18.38
As of March 31, 2023	14.36
As of March 31, 2022	5.24
As of March 31, 2021	4.34
<b>NAV post issue:</b>	
At the lower end of the price band of ₹ 80/-	34.62
At the upper end of the price band of ₹ 83/-	35.41
Issue price per share	[●]

(Net Asset Value\* (NAV) calculated Post Dilution & Bonus Shares)

Net Asset Value per Equity Share = Net worth as restated, including share capital and reserves and surplus, as restated at the end of the year / No. of equity shares outstanding at the end of the year

Basic earnings per share (₹) = Net profit after tax as restated for calculating basic EPS / Weighted average number of equity shares outstanding at the end of the period or year

