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RAPPID VALVES (INDIA) LIMITED

Our company was originally formed as a Private Limited Company under the name “Rapid Valves (India) Private Limited” under the provisions of the Companies Act, 1956 and Certificate of Incorporation was issued by the Registrar of Companies, Mumbai on May 24, 2002. Subsequently, the company changed its name to “Rappid Valves (India) Private Limited” vide Special Resolution passed by the Shareholders at the Extra Ordinary General Meeting of our Company held on January 24, 2009 and a fresh Certificate of Incorporation was issued by the Registrar of Companies, Mumbai on February 10, 2009. Subsequently, the status of the Company was changed to Public Limited and the name of our Company was changed to “Rappid Valves (India) Limited” vide Special Resolution passed by the Shareholders at the Extra Ordinary General Meeting of our Company held on January 31, 2024. The fresh certificate of incorporation consequent to conversion was issued on June 20, 2024 by the Registrar of Companies, Mumbai. The Corporate Identification Number of our Company is U74999MH2002PLC135992. For further details on Incorporation and Registered Office of our Company, see “History and Certain Corporate Matters” beginning on page 178 of this Draft Red Herring Prospectus.

Registered Office: Genesis Industrial Complex, Plot No. 30, Village Kolgaon, Palghar (East), Thane-401404, Maharashtra, India;

Tel: +91 9321463550; **E-mail:** investors@rapidvalves.net; **Website:** www.rapidvalves.in

Contact Person: Ms. Nidhi Krutik Shah, Company Secretary and Compliance Officer;

THE PROMOTER: MR. GAURAV VIJAY DALAL

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED AUGUST 27, 2024 NOTICE TO THE INVESTORS (“THE ADDENDUM”)

INITIAL PUBLIC OFFER OF UPTO 13,69,800 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH (THE “EQUITY SHARES”) OF RAPPID VALVES (INDIA) LIMITED (“OUR COMPANY” OR “RAPPID VALVES” OR “THE COMPANY” OR “THE ISSUER”) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE (THE “ISSUE PRICE”) AGGREGATING TO ₹ [●] LAKHS (“THE ISSUE”), OF WHICH UPTO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE AGGREGATING TO ₹ [●] LAKHS 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 UPTO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE AGGREGATING TO ₹ [●] LAKHS IS HEREIN AFTER REFERRED TO AS THE “NET ISSUE”. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●] % AND [●] % RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

Potential investor may note the following:

1. The Chapter titled “**Definitions and Abbreviations**” beginning on page 1 of the Draft Red Herring Prospectus, modification has been updated.
2. The Chapter titled “**Summary of Offer Document**” beginning on page 22 of the Draft Red Herring Prospectus has been updated by deleting one sentence from the “Summary of our Business”.
3. The Chapter titled “**Risk Factors**” beginning on page 29 of the Draft Red Herring Prospectus has been updated with shifting and modification of certain Risk Factors.
4. The Chapter titled “**General Information**” beginning on page 62 of the Draft Red Herring Prospectus, modification has been updated.
5. The Chapter titled “**Objects of the Issue**” beginning on page 93 of the Draft Red Herring Prospectus, modification has been updated.
6. The Chapter titled “**Our Business**” beginning on page 142 of the Draft Red Herring Prospectus, modification has been updated.
7. The Chapter titled “**History and Certain Corporate Matters**” beginning on page 177 of the Draft Red Herring Prospectus, modification has been updated.
8. The Chapter titled “**Our Management**” beginning on page 181 of the Draft Red Herring Prospectus, modification has been updated.
9. The Chapter titled “**Promoter and Promoter Group**” beginning on page 195 of the Draft Red Herring Prospectus, modification has been updated.
10. The Chapter titled “**Management’s Discussion And Analysis Of Financial Condition And Results Of Operations**” beginning on page 207 of the Draft Red Herring Prospectus, modification has been updated.
11. The Chapter titled “**Outstanding Litigations and Material Developments**” beginning on page 215 of the Draft Red Herring Prospectus, modification has been updated.
12. The Chapter titled “**Other Regulatory and Statutory Disclosures**” beginning on page 226 of the Draft Red Herring Prospectus, modification has been updated.
13. The Chapter titled “**Material Contracts and Documents for inspection**” beginning on page 287 of the Draft Red Herring Prospectus, modification has been updated.

The above is to be read in conjunction with the Draft Red Herring Prospectus and accordingly their references in the Draft Red Herring Prospectus stand amended pursuant to this Addendum. Please note that the changes pursuant to this Addendum will be appropriately included in the Red Herring Prospectus, as and when filed with the RoC, the SEBI and the Stock Exchange. All capitalised terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus.

On behalf of Rappid Valves (India) Limited	
Sd/- Mr. Gaurav Vijay Dalal Chairman & Managing Director	
Place: Mumbai	
Date: 11.09.2024	
BOOK RUNNING LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
	
SHRENI SHARES LIMITED (Formerly Known as Shreni Shares Private Limited) No. 217, Hive 67 Icon, Poisar Gymkhana Road, Lokmanya Tilak Nagar Poisar, Near Raghuleela Mall, Kandivali West, Mumbai – 400067, Maharashtra, India. Telephone: 022 - 2089 7022 E-mail: shrenishares@gmail.com Investors Grievance e-mail: info@shreni.in Contact Person: Ms. Tanya Goyal Website: www.shreni.in SEBI Registration Number: INM000012759	Link Intime India Private Limited C-101, 1 st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai-400 083, Maharashtra, India Tel No: +91 8108114949 Email: rappidvalves.smeipo@Linkintime.co.in Website: www.linkintime.co.in Investor Grievance E-mail: rappidvalves.smeipo@Linkintime.co.in Contact Person: Ms. Shanti Gopalkrishnan SEBI Registration No.: INR000004058
ISSUE PROGRAMME	
ANCHOR INVESTOR BID/ ISSUE PERIOD: [●] *	BID/ISSUE OPENS ON: [●] * BID/ISSUE CLOSES ON: [●] **

*Our Company may in consultation with the BRLM may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/ Issue Period shall be one Working Day prior to the Bid/Issue Opening Date.

**Our Company may, in consultation with the BRLM, consider closing the Bid/Issue Period for QIBS one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Designated Maker	Market	Rikhav Securities Limited will act as the Market Maker and has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by amendment to SEBI ICDR Regulations.
Market Agreement	Making	The Market Making Agreement dated [●] between our Company, Book Running Lead Manager and Market Maker.

SECTION II - SUMMARY OF OFFER DOCUMENT

SUMMARY OF OUR BUSINESS

Our Company is an Engineering Company, primarily engaged in the manufacturing of Valve solutions. Our extensive product portfolio encompasses a vast range of valves which includes Ball valves, Gate Valves, Globe Valves, Butterfly Valves, Check Valves, Double Block valves, Strainer Valves and Marine Valves which are manufactured using ferrous and non-ferrous materials, sizes ranging from 15mm to 600mm catering to diverse requirement across various valve Industries.

Our technical solutions build precision control systems to ensure longevity in various conditions. Our international standards manufacture valves for critical applications in various industries.

For more details, please refer chapter titled “Our Business” beginning on page 142 of this Draft Red Herring Prospectus.

SECTION III – RISK FACTORS

13. We are unable to trace few of our historical records, Also, in the past, there have been some instances of delays/non-filings/ non-compliance with certain statutory authorities, In the event we are found not to be in compliance with any applicable regulations in relation to the regulatory filings or corporate actions, we may be subject to regulatory actions or penalties for any such possible non-compliance/ non-filing/ delay and our business, financial condition and reputation may be adversely affected.

We have been unable to locate copies of certain of our corporate records and physical forms filed with the ROC. Following are the forms which are untraceable:

- i. Incorporation forms
- ii. Director's appointment/resignation related forms on or before 2006,
- iii. Charge form 8 created on or before 2006
- iv. Transfer related forms executed by the Transferor and Transferee with the Company on or before 2006
- v. Annual Return forms before 2006
- vi. Any other forms physically filed before 2006

While we believe that these documents were duly filed on a timely basis, we have not been able to obtain copies of these documents from the RoC or otherwise. The relevant documents are also not available at the office of the RoC as certified by Adv, Bhupendra Dave –partner in Naavick Legal LLP, vide his search report dated July 12, 2024. We cannot assure you that the relevant corporate records will become available in the future or that regulatory proceedings or actions will not be initiated against us in the future and we will not be subject to any penalty imposed by the competent regulatory authority in this respect. Further we cannot assure you that we will not be subject to any legal proceedings or regulatory actions, including monetary penalties by statutory authorities on account of any inadvertent discrepancies in our secretarial filings and/or corporate records in the future, which may adversely affect our business, financial condition and reputation.

Further, in the past, there have been some instances of delays/ non-filing/ non-compliance with certain statutory authorities with certain provision of statutory regulations applicable to us such as:

- Delay in filing of Annual Returns for the Financial Years 2003-04, 2004-05, 2008-09, 2010-11, 2011-12, 2013-14, 2014-15, 2016-17, 2017-18, 2018-19, 2019-20, 2022-23.
- Delay in filing of Financial Statements for the Financial Years 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, 2020-21.
- Delay in filing of Compliance Certificate, Form 66 for the Financial Years 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2013-14.
- Delay in filing of Form 23 B for reappointment of auditor for the FY 2007-08, 2008-09, 2010-11, 2011-12, 2012-13, 2013-14.
- Delay in filing form ADT-1 for Appointment of auditor of the company for 5 FY from 01/04/2015-31/03/2019, for 5 FY from 01/04/2017-31/03/2022, for 5 FY from 01/04/2020-31/03/2025 and for 5 FY from 01/04/2023-31/03/2028.
- Delay in filing of Form ADT-3 for resignation of Vijay Bhardwaj & Co.
- Delay in filing of Form 5 for Increase in authorized share capital from Rs 5,00,000 to Rs 40,00,000.
- Delay in filing of Form 23 for registration of resolution.
- Delay in filing of Form MGT-14 for filing resolution for approval of audited annual accounts for FY ending March 31, 2014, for allotment of 4,98,000 preference shares of Rs. 100/- each and 20,000 equity shares of Rs. 10/- each and conversion of Private to public limited company.
- Delay in filing of Form DPT-3 for FY ended March 31, 2023.
- Delay in filing of Form PAS-3 for allotment of 4,98,000 preference shares of Rs. 100/- each and 20,000 equity shares of Rs. 10/- each.
- Delay in filing of Form INC-27 for conversion of private company to public limited company.
- Delay in filing form 8 for Creation of charge having charge ID 10139523, 10139704, 10304648, 10304639, 10304646, 10310215, 10310214, 10324836, 10310214, 10419079, 100035877, 100259414, 100354336 and for Modification of charge having Charge ID 10139704, 10139523, 10304651, 10304648, 10310215, 10304651, 100040582, 100035877, 100035877, 100259414.

Further We cannot assure you that, in the future, we will not be subject to any liability on account of such non-compliances or that no action would be taken by the RoC or any other regulatory or statutory body in future in relation to this error. If we are subject to any such liability, it may have a material adverse effect on our reputation, financial condition and results of operations. Further, there can be no assurance that there will be no such delays or non-compliances in the future and our Company will not be subject to adverse actions by the authorities.”

Following are the details of the delays made in the past:

Particulars	Expected date of filing	Actual date of filing	No. of days delay
Annual Return 2003-04	29/11/2004	25/04/2006	513 days
Annual Return 2004-05	30/11/2005	27/04/2006	149 days
Form 23AC	30/10/2006	10/11/2006	11 days
Form 66	29/10/2007	23/11/2007	25 days
Form 23AC	29/10/2007	23/11/2007	25 days
Form 66	29/10/2008	11/11/2008	13 days
Form 23AC	29/10/2008	13/11/2008	15 days
Form 20B	28/11/2009	29/11/2009	1 day
Form 66	29/10/2009	12/01/2010	75 days
Form 23AC	29/10/2009	12/01/2010	75 days
Form 66	30/10/2010	26/11/2010	27 days
Form 23AC	30/10/2010	28/11/2010	29 days
Form 20B	29/11/2011	20/04/2012	143 days
Form 66	30/10/2011	20/04/2012	173 days
Form 23AC	30/10/2011	20/04/2012	173 days
Form 66	30/10/2012	06/12/2012	37 days
Form 23AC	30/10/2012	06/12/2012	37 days
Form 20B	29/11/2012	07/12/2012	8 days
Form 20B	29/11/2014	28/01/2015	60 days
Form 66	30/10/2014	28/01/2015	90 days
Form 23AC	30/10/2014	20/02/2015	113 days
Form MGT-7	29/11/2015	07/01/2016	39 days
Form AOC-4	30/10/2015	30/01/2016	92 days
Form AOC-4	30/10/2016	29/11/2016	30 days
Form MGT-7	29/11/2017	06/05/2019	523 days
Form MGT-7	29/11/2018	06/05/2019	158 days
Form AOC-4	30/10/2017	15/05/2019	562 days
Form AOC-4	30/10/2018	15/05/2019	196 days
Form AOC-4	30/10/2019	25/09/2021	695 days
Form MGT-7A	29/11/2019	27/09/2021	668 days
Form MGT-7A	28/02/2021	23/10/2021	237 days
Form AOC-4	29/01/2021	23/10/2021	267 days
Form AOC-4	24/12/2021	29/12/2021	5 days
Form MGT-7A	29/11/2023	30/11/2023	1 day
Form 23B	29/10/2007	26/10/2008	363 days
Form 23B	14/10/2008	26/10/2008	12 days
Form 23B	17/10/2010	09/07/2012	631 days
Form 23B	15/10/2011	09/07/2012	268 days
Form 23B	14/10/2012	11/11/2012	28 days
Form 23B	15/10/2013	30/10/2013	15 days
Form ADT-1	15/10/2015	17/10/2015	2 days
Form ADT-1	15/10/2017	14/05/2019	576 days
Form ADT-1	15/01/2021	27/12/2021	346 days
Form ADT-3	31/10/2023	08/11/2023	8 days
Form ADT-1	14/10/2023	16/10/2023	2 days
Form 5	23/10/2006	08/11/2006	16 days
Form 23	23/10/2006	09/11/2006	17 days
Form DPT-3	30/06/2023	10/11/2023	133 days
Form PAS-3	09/11/2023	16/12/2023	37 days
Form MGT-14	03/11/2023	29/11/2023	26 days
Form MGT-14	01/03/2024	07/03/2024	6 days
INC-27	01/03/2024	09/03/2024	8 days
Form-8 (10139523)	29/01/2009	04/02/2009	6 days
Form-8 (10139704)	29/01/2009	05/02/2009	7 days
Form-8 (10139704)	17/09/2009	22/09/2009	5 days
Form-8 (10139523)	17/09/2009	01/10/2009	14 days
Form-8 (10304648)	20/08/2011	07/09/2011	18 days
Form-8 (10304639)	20/08/2011	07/09/2011	18 days
Form-8 (10310215)	22/09/2011	11/10/2011	20 days
Form-8 (10310214)	22/09/2011	11/10/2011	20 days
Form-8 (10324836)	21/12/2011	29/12/2011	8 days
Form-8 (10310214)	24/03/2013	17/04/2013	24 days
Form-8 (10304651)	24/03/2013	17/04/2013	24 days
Form-8 (10304648)	24/03/2013	17/04/2013	24 days
Form-8 (10419079)	24/03/2013	17/04/2013	24 days
Form-8 (10310215)	24/03/2013	17/04/2013	24 days
CHG-1 (100035877)	24/06/2016	02/07/2016	8 days
CHG-1 (100259414)	25/04/2019	09/05/2019	14 days
CHG-1 (100354336)	10/07/2020	01/08/2020	22 days
CHG-1 (100040582)	21/04/2019	09/05/2019	18 days

22. Any Penalty or demand raise by statutory authorities in future will affect our financial position of the Company.

Our Company is mainly engaged in business of manufacturing of valves components catering to different industries and in different sizes which attracts tax liability such as goods & Service Tax, Income Tax and other applicable provision of the Acts. There were delays in making TDS, GST and Income Tax payments in the past due to Financial Hardships faced by the Company and some due to the effect of Lockdown during Covid – 19, currently the payment has been made by the Company under above applicable acts but any further demand or penalty raise by concerned authority in future for any previous year and current year will affect the financial position of the Company. Also, after the onboarding Maharashtra Defence and Aerospace fund in Oct 2023, Company started preparing monthly cash flow to ascertain financial requirement of next month well in advance to avoid delay in the statutory payments. For detail, please refer “Outstanding Litigation and Material Development” beginning on page 215 of Draft Red Herring Prospectus. Any such penalty arising in future may lead to financial loss to our Company.

25. Exchange rate fluctuations may materially and adversely affect our business, financial performance, cash flows and prospects as some portion of our revenues and expenditures are denominated in foreign currencies.

We had in the past undertaken operations in other countries. Emerging markets are vulnerable to market and economic volatility to a greater extent than more developed markets, which presents risks to our business and operations. This exposes us to foreign exchange related risks as a portion of our revenue from operations with customers was from exports.

The exchange rate between the Indian Rupee and foreign currencies, has fluctuated in the past and our business, results of operations, financial condition and cash flows have been impacted by such fluctuations in the past and may be impacted by such fluctuations in the future. Accordingly, any appreciation or depreciation of the Indian Rupee against these currencies can impact our business, results of operations, financial condition and cash flows. We may from time to time be required to make provisions for foreign exchange differences in accordance with accounting standards.

While we have entered into foreign transactions in the FY 2022-2023 and FY 2021-2022, our ability to foresee future foreign transactions and currency fluctuations to be limited. Further, due to the time gap between the accounting of purchases and actual payments, the foreign exchange rate at which the purchase is recorded in the books of accounts may vary with the foreign exchange rate at which the payment is made, thereby benefiting or affecting us negatively, depending on the appreciation or depreciation of the Indian Rupee. There is no guarantee that we may be able to manage our foreign currency risk effectively or mitigate exchange exposures, at all times and our inability may harm our business, results of operations, financial condition and cash flows and cause our results to fluctuate and/or decline. We may experience foreign exchange losses and gains in respect of transactions denominated in foreign currencies in future.

26. We have entered into and may enter into related party transactions in the future also.

Our Company in the past has entered into Related Party Transactions and may continue to do so in future also, which may affect our competitive edge. Our Company had entered into various transactions with our Promoter, Promoter Group, Directors and their Relatives and Group Companies & entities. The Percentage of total related party transaction to revenue from operations is 27.11%, 4.01% and 6.01% for the financial year ended March 31, 2024, 2023 and 2022 respectively, and our Company entered into such transactions at arm length price due to easy proximity and quick execution. Also, the transactions are in compliance with Companies Act, 2013 and other applicable provisions. While we believe that all our related party transactions have been conducted on an arm's length basis, we cannot assure you that we may not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or taken together, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise.

27. High debt-equity ratio of the Company in the previous Financial years.

The debt-equity ratio of the company in FY 2022-23 was 3.18. However, the same has been reduced to 0.90 in FY 2023-24. The reduction in debt-equity ratio was due to increase in the equity base of the company. The company also received a funding of Rs 500 lakhs from Maharashtra Defence and Aerospace Venture Fund. The company plans to use the IPO proceeds towards the repayment of debt and going forward, the debt-equity ratio will be even lower. However, in future Company may face increase in debt-equity ratio due to unanticipated circumstances which may have adverse effects on the business of Company.

28. We have incurred indebtedness. In addition, certain of our financing agreements involve variable interest rates and an increase in interest rates may adversely affect our results of operations and financial condition.

Our company operates in the industry which is capital intensive in nature, and we fund a large part of our operations through financing from banks. As on March 31, 2024, we had total financial indebtedness of ₹ 1,098.30 lakhs. For further information on our secured borrowings, see “Financial Indebtedness” on page 205 of this Draft Red Herring Prospectus.

We usually finance our working capital requirements mainly through our internal accruals and arrangements with banks. Our ability to borrow and the terms of our borrowings will depend on our financial condition, the stability of our cash flows and our capacity to service debt in a rising interest rate environment. If our future cash flows from operations and other capital resources are insufficient to pay our debt obligations or our contractual obligations, or to fund our other liquidity needs, we may be forced to sell assets or attempt to restructure or refinance our existing indebtedness. Our ability to restructure or refinance our debt will depend on the condition of the capital markets, our financial condition at such time and the terms of our other outstanding debt instruments.

Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. We are susceptible to changes in interest rates and the risks arising therefrom. Certain of our financing agreements provide for interest at variable rates and the lenders are entitled to charge the applicable rate of interest, which is a combination of a base rate/MCLR rate that depends upon the policies of the RBI and a contractually agreed spread. Further, in recent years, the GoI has taken measures to control inflation, which included tightening the monetary policy by raising interest rates. As such, any increase in interest rates may have an adverse effect on our business, results of operations, cash flows, and financial condition.

Further, if the Company fails to fulfil the conditions of loan arrangement with few or all of the Banks or Financial Institution then it will substantially affect our reputation in the industry which may result in losing the major Customers.

29. We propose to repay or prepay all or a portion of certain outstanding borrowings availed by our Company.

Our Company has entered into financial arrangements from time to time, with various banks and financial institutions. The outstanding loan facilities entered into by our Company include secured and unsecured borrowing in the form of Loan against property of our Company and personal guarantees of the Directors and Promoters. For further details, please refer “Financial Indebtedness” on page 205 of this Draft Red Herring Prospectus. As on March 31, 2024, the aggregate outstanding secured borrowings of our Company, is ₹1,084.08 Lakhs. Our Company proposes to utilise an estimated amount of ₹1,050.00 Lakhs from the Net Proceeds towards part or full repayment and/or prepayment of borrowings availed by us. The actual mode of such deployment has not been finalised as on the date of this Red Herring Prospectus. The prepayment of the loan is not subjected any prepayment penalty. The outstanding amount of such loan as on March 31, 2024 is 1,084.08 Lakhs. For details, see “Objects of the Issue” on page 93. We believe that such repayment or prepayment will help reduce the outstanding indebtedness of our Company. In addition, we believe that this would help reduce our outstanding indebtedness and our debt servicing costs and enable utilisation of our internal accruals for further investment in the growth and expansion of its business. However, no assurance can be made that our Company will not require further funding and that such funding will be available at attractive rates or that by repaying the borrowings, will in fact improve our available funding alternatives.

38. Our success largely depends upon our ability to attract and retain our Promoters, Directors, Key Managerial personnel and Senior Management with technical expertise. Our inability to attract and retain them and other personnel with technical expertise could adversely affect our business, financial condition and results of operations.

Our success largely depends upon our ability to attract and retain our Promoter, Directors, Key Managerial personnel and Senior Management with technical expertise. Our inability to attract and retain them and other personnel with technical expertise could adversely affect our business, financial condition and results of operations. There is significant competition for management and other skilled personnel in our industry in which we operate, and it may be difficult to attract and retain the personnel we require in the future. There can be no assurance that our competitors will not offer better compensation packages, incentives and other perquisites to such skilled personnel. If we are not able to attract and retain talented employees as required for conducting our business, or if we experience high attrition levels which are largely out of our control, or if we are unable to motivate and retain existing employees, our business, financial condition and results of operations may be adversely affected. For further information, see “Our Management” on page 181 of this Draft Red Herring Prospectus

SECTION IV – INTRODUCTION

GENERAL INFORMATION

CHANGES IN AUDITORS

Except as disclosed below, there has been no change in the Statutory Auditors during the three years immediately preceding the date of this Draft Red Herring Prospectus.

Name of Auditor	Date of Appointment	Date of Resignation	Reason for Change
M/s. Kalantri Assawa and Associates Address: 335, 3rd Floor, Bluerose Industrial Estate, Next to Metro Mall, Borivali East, Mumbai, Maharashtra 400066	December 30, 2020	September 05, 2022	Resignation due to personal reasons
M/s. Vijay Bhardwaj & Co. Chartered Accountants Address: 217, Andheri Universal Industrial Estate, Near Wadia School, Azad Nagar, Andheri west, Mumbai, Maharashtra 400058	September 23, 2022	October 01, 2023	Resignation due to personal reasons
M/s. Kava & Associates Chartered Accountants Address: Unit no 402, A Wing Suashish IT Park, Opp. Tata Steel, Borivali East, Off W.E.H, Mumbai, Maharashtra 400066	October 01, 2023	-	-

MARKET MAKER

Rikhav Securities Limited
B/501-502, O2 Commercial Building,
Asha Nagar, Mulund (W),
Mumbai – 400080, Maharashtra, India
Tel No: 022-69078200/300
Email: info@rikhav.net
Website: www.rikhav.net
Contact Person: Mr. Hitesh H Lakhani
SEBI Registration No.: INZ000157737

DETAILS OF THE MARKET MAKING AGREEMENT

In accordance with Regulation 261 of the SEBI ICDR Regulations, we have entered into an agreement with the Book Running Lead Manager and the Market Maker (duly registered with NSE to fulfil the obligations of Market Making) dated [●] to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares issued in this issue.

Rikhav Securities Limited registered with NSE Emerge will act as the Market Maker and has agreed to receive or deliver of the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by any amendment to SEBI ICDR Regulations.

SECTION V – PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

3. Repayment/prepayment of all or certain of our borrowings availed of by our Company:

(₹ in Lakhs)

Sr. No	Name of Lender	Nature of borrowing	Rate of Interest	Tenure in Months	Date of Disbursement of Loan	Date of Sanction	Amount Sanctioned (Rs. In lakhs)	Amount outstanding as on March 31, 2024	Purpose	Prepayment Penalty/Condition
1	Vasai Vikas Bank	Mortgage Loan (672)	12%	90	August 31, 2020	April 30, 2016	150.00	32.79	Term Loans for purchase of plant and machinery	NA
2	Vasai Vikas Bank	Mortgage Loan (673)	12%	91	August 31, 2020	April 30, 2016	275.00	65.63	Term Loans for purchase of plant and machinery	
3	Vasai Vikas Bank	Mortgage Loan (1003)	10.50 %	84	March 12, 2021	March 12, 2021	50.00	32.92	Working Capital Term Loan	
4	Vasai Vikas Bank	Mortgage Loan (1004)	10%	84	March 17, 2021	March 17, 2021	50	32.88	Working Capital Term Loan	
5	NSIC Ltd	Mortgage Loan	9%	NA	April 27, 2022	April 27, 2022	200	178.78	Raw Material Assistance	
6	Vasai Vikas Bank	Machine ry Loan (944)	12%	84	July 16, 2022	March 05, 2019	28	6.90	Machinery Loans	
7	Vasai Vikas Bank	Machine ry Loan (946)	11.75 %	91	August 31, 2020	December 22, 2018	8.50	1.13	Machinery Loans	
8	Vasai Vikas Bank	Term Loan (993)	11%	36	June 12, 2020	June 09, 2020	75	Nil	Working Capital Term Loan	
9	Vasai Vikas Bank	Term Loan (1103)	10.50 %	84	August 26, 2023	June 15, 2023	90	82.21	Working Capital Term Loan	
10	Vasai Vikas Bank	Vehicle loan_1123	9.75%	84	November 30, 2023	November 30, 2023	55	53.13	Vehicle Loan	
11	Mahindra & Mahindra	Vehicle Loan	14.23 %	60	October 02, 2023	April 05, 2023	10.80	9.29	Vehicle Loan	
12	Vasai Vikas Bank	Cash Credit	10.50 %	NA	July 12, 2023	July 12, 2023	600	588.44	Working Capital	
				Total			1,592.3	1,084.08		

SECTION VI – ABOUT THE COMPANY

OUR BUSINESS

Rappid Valves (India) Limited recognized by its brand name “Rapid” also known as “Rappid Valves”, being an Engineering Company, is primarily engaged in the manufacturing of Valve solutions. Our extensive product portfolio encompasses a vast range of valves which includes Ball valves, Gate Valves, Globe Valves, Butterfly Valves, Check Valves, Double Block valves, Strainer Valves and Marine Valves which are manufactured using ferrous and non-ferrous materials, sizes ranging from 15mm to 600mm catering to diverse requirement. Our Company was established in the year 2002 vide Certificate of Incorporation dated May 24, 2002 as a Private Limited Company under the name Rapid Valves (India) Private Limited with Mr. Gaurav Vijay Dalal and Ms. Usha Vijay Dalal as the initial subscribers of our Company. Our Company changed its name to Rappid Valves (India) Private Limited pursuant to issuance of Fresh Certificate of Incorporation dated February 10, 2009.

Company dealing in Marine Valves ranging in the below pictorial presentation:

Our technical solutions build precision control systems to ensure longevity in various conditions. Our international standards manufacture valves for critical applications in industries such as Ethanol & Breweries, Shipbuilding, Marine, EPC, OEM, Etc. This distinction not only highlights Rappid Valves' commitment to quality but also provides a competitive advantage over its counterparts. Rappid Valves focuses on technology by manufacturing customised Industrial Valves. Manufacturing, engineering or the manufacturing process, are the steps through which our raw materials are transformed into a final product. Manufacturing process begins with the product design and materials specification from which the quality product is made. The Machines used in our manufacturing facility has the capabilities to process a wide range of valve components in different materials such as carbon steel, alloy steel, stainless steel, duplex and super duplex stainless steel, titanium, nickel alloys, aluminium bronzes etc. The CNC machining capabilities have been powered by Computer Aided Manufacturing (CAM) as a result we continuously endeavour for creating the distinctive machining facility.

GEOGRAPHICAL PRESENCE SALES –

Our company have PAN India presence with our clientele base in 18 states and 1 Union territory for our domestic market based on sales made for the financial year ended March 31, 2024, 2023 and 2022. Our revenue from domestic sales was ₹ 3,651.25 Lakhs, ₹ 1,639.19 Lakhs and ₹ 1,210.36 Lakhs, which contributed 100%, 99.96% and 99.69% sales from domestic operations for the financial year ended 2024, 2023 and 2022 respectively and our Revenue from Operations from the exports were 0.72 Lakhs and 3.75 Lakhs for the financial year ended 2023 and 2022 respectively.

For the financial year ended 2024, 2023 and 2022, our Revenue from Operations was ₹ 3,651.25 Lakhs, ₹ 1,639.91 Lakhs and ₹ 1,214.11 Lakhs, respectively. Our EBITDA (earnings before interest, depreciation and tax excluding other income) for the financial year ended 2024, 2023 and 2022 was ₹ 735.83 Lakhs, ₹ 233.48 Lakhs and ₹ 194.51 Lakhs, respectively, while our profit after tax for the financial year ended 2024, 2023 and 2022 was ₹ 413.27 Lakhs, ₹ 45.56 Lakhs and ₹ 28.98 Lakhs, respectively.

Our Customer Footprints in India



State-Wise Domestic Revenue Bifurcation

(Rs in Lakhs)

Region	FY 2023-24		FY 2022-23		FY 2021-22	
	Turnover (Domestic)	% to Total turnover (Domestic)	Turnover (Domestic)	% to Total turnover (Domestic)	Turnover (Domestic)	% to Total turnover (Domestic)
Maharashtra	2,335.70	63.97%	1,413.67	86.20%	489.87	40.66%
New Delhi	765.70	20.97%	8.35	0.51%	-	-
Gujarat	103.58	2.84%	113.06	6.89%	592.62	48.81%
Odisha	82.60	2.26%	20.11	1.23%	58.33	4.80%
Uttar Pradesh	77.10	2.11%	30.67	1.87%	3.77	0.31%
Madhya Pradesh	72.00	1.97%	0.18	0.01%	-	-
Telangana	58.36	1.60%	-	-	-	-
Andhra Pradesh	57.27	1.57%	2.46	0.15%	-	-
Karnataka	51.87	1.42%	0.16	0.01%	13.61	1.12%
West Bengal	40.00	1.10%	-	-	-	-
Haryana	4.73	0.13%	20.66	1.26%	3.27	0.27%
Punjab	0.78	0.02%	23.44	1.43%	-	-
Goa	0.76	0.02%	-	-	5.36	0.44%
Chhattisgarh	0.49	0.01%	-	-	-	-
Kerala	0.32	0.01%	-	-	-	-
Bihar	-	-	6.83	0.42%	-	-
Himachal Pradesh	-	-	0.31	0.02%	4.44	0.37%
Tamil Nadu	-	-	-	-	38.91	3.20%
Rajasthan	-	-	-	-	0.17	0.01%
Total	3,651.25	100%	1,639.19	99.96%	1,210.36	99.69%

Country-Wise Export Revenue Bifurcation

(Rs in Lakhs)

Region	FY 2023-24		FY 2022-23		FY 2021-22	
	Turnover (Export)	% to total turnover (Export)	Turnover (Export)	% to total turnover (Export)	Turnover (Export)	% to total turnover (Export)
Qatar	-	-	0.72	100%	-	-
Colombo	-	-	-	-	3.75	100%
Total	-	-	0.72	100%	3.75	100%

PLANT AND MACHINERY

Sr. no.	Machine Type	Nos.	Description	Owned/ Leased	Capacity		
					Operating Capacity	Power HP	Bed Length
1.	CNC Lathe-Automated	4	Automated center turning machines used to remove the metal in a circular fashion	Owned	1/2" to 6"	7.5 HP	250 x 350 mm
2.	CNC Lathe-Manual	4	Metal center cutting machines used to Remove the metal in a circular fashion		1/2" to 12"	3HP	450 x 1500 mm
3.	VMC Machine	1	Vertical Automated Turning Machines		1/2" to 14"	7.5 HP	800 x 500 x 700 mm
4.	Testing Machine	2	Testing Leakage Under Certain Pressure		1/2" (150#) to 14" (600#)	3 HP	600 mm
5.	IOT Crane	1	To Move Material within the Factory by Lifting		5 Ton Maximum Load	5 HP	-
6.	Mobile Crane	1	To Move Material within the Factory by Lifting		1.5 Ton Maximum Load	-	-
7.	Drilling Machine	2	For Drilling Wholes		3 mm to 48 mm	2.5 HP	700 x 1000 mm
8.	Milling Machine	1	Cutting metal manually with precision and making a work-piece		300 x 700 x 1200	2 HP	300 x 1300 mm
9.	Band Saw Machine	2	Cutting Bars, Circles, Billets Etc.		250 mm Maximum	1HP	250 mm

10.	PMI Machine	1	For Chemical Material Analysis		Material Testing	-	-
11.	Paint Booth	2	Painting of Products		20" Valves can be paint	5 HP	1800 x 2400 mm
12.	Lapping Machine	1	For Matching Gate/Globe Wedges		11/2" to 14"	2 HP	1000 x 1000
13.	Marking Machine	2	Tagging & Marking		Labeling machine	-	300 x 300 mm
14.	Hardner Taster	1	To Check Metal Hardness.		500 BHN	-	100 x 100 mm
15.	Air Compressor	1	For Air to Power Machines		12.30 kg/ cm2	3.5 HP	12.30 kg / cm^2
16.	Pallet Truck	3	To Move Material Within the Factory		2 Ton Capacity	-	550 x 1200 mm
	Grand total	29					

HISTORY AND CERTAIN CORPORATE MATTERS

OUR SUBSIDIARY COMPANY

As on the date of this Draft Red Herring Prospectus, our Company does not have any Subsidiary Company.

OUR MANAGEMENT

BRIEF PROFILE OF OUR DIRECTORS

Mr. Vaity Sachin Bharat, aged 40 years, is the Design Engineer of our company. He has been associated with our company since May 14, 2019. He holds Mechanical Draughtsman Degree from Gupte Academy of Technicians, Mumbai. In his previous stint, he was associated with D-Tech Industries as a Mechanical Draughtsman from June 2009 to February 2012, he was also associated with Shri Krishna Industries from March 2012 to February 2018, he was also associated with Abigail Enterprises as a Designer Engineer from March 2018 to April 2019. In our Company he was appointed as a design engineer from May 2019 till date. He has around total 15 years of experience in our Industry, including 5 years of experience in our Company. he was paid ₹ 3.57 Lakhs as salary in the Fiscal Year 2023-24.

PROMOTER AND PROMOTER GROUP

COMPANIES WITH WHICH THE PROMOTER HAVE DISASSOCIATED IN THE LAST THREE YEARS

Except for the following, Our Promoter has not disassociated himself from any of the Companies, Firms or other entities during the last three years preceding the date of this Draft Red Herring Prospectus:

Mr. Gaurav Vijay Dalal was disassociated from the Directorship of Vinpra Engineering India Private Limited on September 26, 2022.

SECTION VII – FINANCIAL INFORMATION

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Increase in FY 2024 as compared to FY 2023:

The total income of Rappid Valves (India) Limited in FY 2024 was ₹ 3,660.06 lakhs whereas the same was ₹ 1,643.22 lakhs in FY 2023. Total income in FY 2024 increased by 122.71% as compared to FY 2022-23. Total income comprises of Revenue from Operations and Other Income. Detailed justification for increase in Revenue from Operations and Other Income have been explained in the following paragraphs.

Revenue from Operations

Revenue from operations for FY 2023-24 amounted to ₹ 3,651.25 lakhs while revenue for FY 2022-23 was ₹ 1,639.91 lakhs. Revenue in FY 2023-24 was higher by 122.65% from FY 2022-23.

In FY 2023-24, the company generated more sales from clients which were engaged in the Marine, Shipbuilding, EPC and OEM industries. The cumulative sales from these industries contributed to ₹ 2,068.7 lakhs which is around 56.66% of the sales of FY 2023-24. Further in FY 2023-24, the company received funding of ₹ 500.00 lakhs from Maharashtra Defence and Aerospace Venture fund which helped to boost sales during the year.

Industry wise revenue bifurcation of Rappid Valves indicating sales growth during FY 2022-23 and FY 2023-24 has been summarized in the table below:

(₹ in Lakhs)

Industry	FY 2022-23	FY 2023-24	YoY Change
Marine	8.40	1,069.80	1,061.40
Ethanol, Breweries and Industrial Wastewater Treatment	1,343.30	1,098.80	(244.50)
Shipbuilding & Repair	-	401.00	401.00
EPC & OEM	15.10	597.90	582.80
Fire Safety	1.30	125.30	124.00
Chemicals	90.20	113.00	22.80
Steel	17.80	81.40	63.60
Others	163.70	164.00	0.30
Total	1,639.80	3,651.20	2,011.40

Further, the company produced 25,181 units of Valves during FY 2023-24 as compare to 12,870 units of Valves in FY 2022-23 which indicate substantial increase in the business activity.

Sr. No.	Products	Installed Capacity (In units)	Actual Production (In units)	Utilization Rate
A	Year-April 2021 - March 2022			
	Industrial and Marine Valves	11250	7260	64.5%
B	Year-April 2022 - March 2023			
	Industrial and Marine Valves	22000	12870	58.5%
C	Year-April 2023 - March 2024			
	Industrial and Marine Valves	29625	25181	85.0%

Other Income

Other Income in FY 2023-24 was ₹ 8.81 lakhs as compared to ₹ 3.51 lakhs in FY 2022-23 indicating an increase by ₹ 5.30 lakhs. Other Income consists of Interest income, Discount & Rebate and Foreign Exchange gain. Breakup of Other Income in FY 2023-24 and FY 2022-23 is as follows:

(Amount in ₹)

Particulars	FY 2022-23	FY 2023-24
Discount & rebates	37,300	50,500
Interest Income	306,600	823,100
Foreign Exchange Gain	6,700	7,300
Total	350,600	880,900

There was a substantial increase in Interest Income in FY 2023-24 as compared to FY 2022-23 which contributed to overall increase in Other Income.

Increase in FY 2023 as compared to FY 2022:

The total income of Rappid Valves (India) Limited in FY 2022-23 was ₹ 1,643.42 lakhs whereas the same was ₹ 1,215.24 lakhs in FY 2021-22. Total income in FY 2022-23 increased by 35.23% as compared to FY 2021-22. Total income comprises of Revenue from Operations and Other Income. Detailed justification for increase in Revenue from Operations and Other Income have been explain in the following paragraphs.

Revenue from Operations

Revenue from operations for FY 2022-23 amounted to ₹ 1,639.91 lakhs while revenue for FY 2021-22 was ₹ 1,214.11 lakhs. Revenue in FY 2022-23 was higher by 35.07 % from FY 2021-22. The revenue growth was mainly due to the company's largest customer which contributed 56.1% in FY 2021-22 and 79.3% in FY 2022-23 of the Revenue from Operations respectively. Timely delivery and good quality of products enabled the company to secure new orders from customers as well as increased sales to additional customers which led to revenue growth.

Other Income

Other Income in FY 2022-23 amounted to ₹ 3.51 lakhs the same was ₹ 1.13 lakhs in FY 2021-22. Increase in other income was due to increase in interest income during FY 2022-23.

Rationale for increase in PAT and PAT Margin in FY 2024:

The Profit after tax for FY 2023-24 was ₹ 413.27 Lakhs representing 11.29% of Total Revenue as compared to ₹ 45.56 Lakhs representing 2.77% of Total Revenue in FY 2022-23. In FY 2023-24 the Profit After Tax (PAT) has seen substantial growth. This can be attributed to the significant increase in sales.

The company could maintain their gross profit margin of 27.5% in FY 2023-24 which is almost in the same range of FY 2022-23. The company generated higher gross profit in terms of absolute number due to increase sales whereas the indirect cost did not increase drastically in proportion to revenue which contributed to higher EBITDA of 20.3% in FY 2023-24 as compared to 14.3% in FY 2022-23.

Further, the finance cost in FY 2023-24 was ₹ 140.29 lakhs as compared to ₹ 144.06 lakhs in FY 2022-23. The company restricted their debt leveraging and raised funds via equity route (Maharashtra Defense and Aerospace Fund) which helped us in controlling our finance cost.

All these factors in totality have led to a considerable increase in the PAT for FY 2023-24 as compared to FY 2022-23.

Rationale for increase in PAT and PAT Margin in FY 2023:

The profit after tax in FY 2022-23 was ₹ 45.56 lakhs representing 2.77% of Total Revenue while the same was ₹ 28.98 lakhs in FY 2021-22 representing 2.38% of Total Revenue. Total expenses as a percentage to total income reduced to 96.18% in FY 2022-23 as compared to 97.61% in FY 2021-22. The fixed cost did not increase in the same proportion to revenue which lead to marginal increase in net profit in FY 2022-23.

Fiscal 2023 compared with Fiscal 2022

Finance Cost

Finance Cost has decreased by 1.44% from ₹ 146.16 lakhs in FY 2021-22 to ₹ 144.06 lakhs in FY 2022-23. This decrease was primarily due to decrease in Interest on borrowings during the year.

SECTION VIII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

b) All pending litigation involving our Company, Promoter, Directors, or Group Companies as the case may be, other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material' (a) the monetary amount of claim by or against the entity or person in any such pending matter(s) is in excess of 5% of the revenue of the Company for the most recent audited fiscal period; or (b) where the monetary liability is not quantifiable, each such case involving our Company, Promoter, Directors, or Group Companies, whose outcome would have a bearing on the business operations, prospects or reputation of our Company and as required under the SEBI Regulations have been disclosed on our website at <https://www.rapidvalves.in/>

OTHER REGULATORY AND STATUTORY DISCLOSURES

COMPLIANCE WITH COMPANIES ACT, 2013

Our Company, Promoter and members of the Promoter Group confirm that they are in compliance with the Companies Act, 2013, to the extent applicable, as on the date of this Draft Red Herring Prospectus.

SECTION XI – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

MATERIAL CONTRACTS

4. Market Making Agreement dated [●] between our Company and the Book Running Lead Manager and Market Maker.