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RAPID

RAPPID VALVES (INDIA) LIMITED

CIN: U74999MH2002PLC135992

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 179 of the 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.rappidvalves.in

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

THE PROMOTER OF OUR COMPANY IS MR. GAURAV VIJAY DALAL

"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 NSE (NSE EMERGE)."

THE ISSUE

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 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 "THE ISSUE"), OF WHICH UPTO 69,600 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 13,00,200 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 26.38 % AND 25.04 % RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

ALLOCATION OF THE ISSUE	
QIB PORTION	NOT MORE THAN 50.00% OF THE NET ISSUE
RETAIL PORTION	NOT LESS THAN 35.00% OF THE NET ISSUE
NON-INSTITUTIONAL PORTION	NOT LESS THAN 15.00% OF THE NET ISSUE
MARKET MAKER PORTION	UPTO 69,600 EQUITY SHARES OR 5.08% OF THE ISSUE

PRICE BAND: ₹ 210/- to ₹ 222/- PER EQUITY SHARE

THE FLOOR PRICE IS 21.00 TIMES THE FACE VALUE AND CAP PRICE IS 22.2 TIMES OF THE FACE VALUE OF THE EQUITY SHARES. BIDS CAN BE MADE FOR A MINIMUM OF 600 EQUITY SHARES AND IN MULTIPLES OF 600 EQUITY SHARES THEREAFTER. THIS ISSUE IS MADE THROUGH BOOK BUILDING PROCESS, IN TERMS OF CHAPTER IX OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 (THE "SEBI (ICDR) REGULATIONS"), AS AMENDED READ WITH RULE 19(2)(B) OF SECURITIES CONTRACT (REGULATION) RULES, 1957, AS AMENDED.

ISSUE PROGRAMME

ANCHOR BID OPENS ON FRIDAY, SEPTEMBER 20, 2024

OPENS ON: MONDAY, SEPTEMBER 23, 2024 | CLOSES ON: WEDNESDAY, SEPTEMBER 25, 2024

ASBA*	Simple, Safe, Smart way of Application- Make use of it!!!	*Application Supported by Blocked Amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, investors can avail the same. For further details check the section on ASBA below.	Mandatory in Public Issues from January 01, 2016. No cheque will be accepted.		UPI – Now mandatory in ASBA for Retail Investors applying through Registered Brokers, DPs & RTAs. Retail Investors also have the options to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account. ** Investors are required to ensure that the Bank Account used for applying is linked to their PAN.
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*ASBA has to be availed by all the investors except Anchor Investors (if any). UPI may be availed by RIs.

For details on the ASBA and UPI process, please refer to the details given in ASBA Form and abridged prospectus and also please refer to the section "Issue Procedure" beginning on page 256 of the Red Herring Prospectus. The process is also available on the website of SEBI and Stock Exchanges in the General information Document. ASBA Forms can be downloaded from the website of Emerge platform of NSE ("NSE Emerge" or "Stock Exchange") and can be obtained from the list of banks that is displaying on website of SEBI at www.sebi.gov.in.

** List of banks supporting UPI is also available on the website of SEBI at www.sebi.gov.in. For the list of UPI Apps and Banks live on IPO, please refer to the link: www.sebi.gov.in. Kotak Mahindra Bank Limited has been appointed as Sponsor Bank for the Issue in accordance with the requirements of the SEBI Circular dated November 1, 2018, as amended.

RISKS TO INVESTORS			
1. Our Equity Shares have never been publicly traded and may experience price and volume fluctuations following the completion of the Issue. Further, our Equity Shares may not result in an active or liquid market and the price of our Equity Shares may be volatile and you may be unable to resell your Equity Shares at or above the Issue Price or at all.			
2. The average cost of acquisition of Equity Shares by our Promoters is as follows:			
Sr. No.	Name of the Promoters	No. of Shares held	Average cost of Acquisition (in ₹)
1.	Mr. Gaurav Vijay Dalal	24,67,036	0
3. Weighted average cost of acquisition:			
Types of transactions		Weighted average cost of acquisition (₹ per Equity Shares)	
Weighted average cost of acquisition of primary / new issue of shares.		67.24	
Weighted average cost of acquisition for secondary sale / acquisition of shares.		108.57	

BASIS FOR ISSUE PRICE	
The Price Band and Issue Price shall be determined by our Company in consultation with the Book Running Lead Manager on the basis of the key business strengths of our Company. The face value of the Equity Shares is ₹ 10/- each and the Issue Price is 21.00 times of the face value at the lower end of the Price Band and 22.2 times of the face value at the upper end of the Price Band.	
QUALITATIVE FACTORS	
➤ Wide range of our products	
➤ Well established relationship with clients	
➤ Leveraging the experience of our Promoter	
➤ Strong Marketing Practices	
➤ Good Standing in Marine Industry	
For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to sections titled "Our Business" beginning on page 143 of the Red Herring Prospectus.	
QUANTITATIVE FACTORS	
Information presented below is derived from our Company's Restated Financial Statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:	
1. Basic and Diluted Earnings / (Loss) Per Share ("EPS"), as adjusted for changes in capital (Considering Actual Partners Capital)	

As per Restated Financial Statements – Post Bonus		
Particulars	Basic & Diluted EPS (in ₹)	Weights
March 31, 2024*	11.74	3
March 31, 2023	1.30	2
March 31, 2022	5.27	1
Weighted Average	1.20	

- Notes:** *Figures for March 31, 2024 are annualised
- Notes:**
- 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.
 - Earnings per Equity Share = Profit for the year / Weighted average number of equity shares outstanding during the year.
 - Basic and diluted Earnings per Equity Share are computed in accordance with Accounting Standard 20.
 - The face value of each Equity Share is ₹10/-.

2. Price Earnings Ratio ("P/E") in relation to Price Band of ₹ 210/- to ₹ 222/- per Equity Share

Particulars	(P/E) Ratio at the Floor Price* (no. of times)	(P/E) Ratio at the Cap Price (no. of times)
Based on Restated Financial Statements		
P/E ratio based on the Basic & Diluted EPS, as restated for FY 2023-24	17.89	18.91
P/E ratio based on the Weighted Average Basic & Diluted EPS	175	185

Note: P/E ratio has been computed dividing the price per share by Earnings per Equity Share.

3. Industry P/E Ratio

Particulars	P/E Ratio
Highest	83.31
Lowest	25.01
Industry Composite	63.13

4. Return on Net worth (RoNW)

As per Restated Financial Statements

Particulars	RoNW (%)	Weights
March 31, 2024*	33.82%	3
March 31, 2023	14.59%	2
March 31, 2022	(117.61)%	1
Weighted Average	2.17%	

*Figures for March 31, 2024 are annualized

Note: Return on Net Worth (%) = Profit for the period/ year / Net Worth at the end of the period/year.

5. Net Asset Value (NAV) (Considering Actual Partners Capital)

As per Restated Financial Statements – Post Bonus

Financial Year	NAV (₹)
March 31, 2024*	34.72
March 31, 2023	8.92
March 31, 2022	(4.48)
Net Asset Value per Equity Share after the Issue at Floor Price	72.47
Net Asset Value per Equity Share after the Issue at Cap Price	75.63

*Figures for March 31, 2024 are annualised

Notes:

- Net Asset Value per Equity Share (in ₹) = Net Worth at the end of the period/year / Weighted number of equity shares outstanding at the end of the period/year.
- Issue Price per Equity Share will be determined on conclusion of the Book Building Process.

6. Comparison of accounting ratios with listed industry peers

Name of the company	CMP (₹)	Face Value (₹)	Basic EPS (₹)	PE Ratio (times)	RoNW (%)	NAV Per share (₹)
Rappid Valves (India) Limited	[●]	10.00	1.30	[●]	14.59%	8.92
Peer Group						
Atom Valves Ltd	156.15	10.00	7.67	20.36	30.68%	25.01
Chemtech Industrial Valves Ltd	278.00	10.00	2.43	114.40	23.19%	10.47
Hawa Engineers Limited	160.00	10.00	1.98	80.81	4.25%	46.58

Source: www.bseindia.com, www.nseindia.com, <https://digikorevf.com/wp-content/uploads/2023/11/DSL-FS-22-23.pdf>

Notes:

- The figures for our company are based on Restated Financial Statements for the year ended March 31, 2023.
- The figures for the Peer Group are based on the Standalone Financial Statements filed for the financial year ended March 31, 2023.
- P/E Ratio has been computed based on their respective closing market price on September 13, 2024 as divided by the Basic EPS as on March 31, 2023.
- CMP is the closing prices or the last traded price of respective scripts as on September 13, 2024.
- The Issue Price determined by our Company in consultation with the Book Running Lead Manager is justified by our Company.
- In consultation with the Book Running Lead Manager on the basis of the above parameters. Price Earning (P/E) Ratio in relation to the Issue Price of [●] per share

The face value of our share is ₹10/- per share and the Issue Price is of ₹ [●] per share are [●] times of the face value.

Investor should read the above-mentioned information along with the section titled "Risk Factors" beginning on page 29 of the Red Herring Prospectus and the financials of our Company including important profitability and return ratios, as set out in the chapter titled "Restated Financial Statements" beginning on 204 of the Red Herring Prospectus.

7. Key Performance Indicators ("KPIs")

The KPIs disclosed below have been used historically by our Company to understand and analyse the business performance, which in result, help us in analysing the growth of various verticals in comparison to our peers. The KPIs disclosed below have been approved by a resolution of our Audit Committee dated July 11, 2024 and the members of the Audit Committee have verified the details of all KPIs pertaining to our Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of the Red Herring Prospectus. Further, the KPIs herein have been certified by M/s. Vinay Bhushan & Associates, Chartered Accountants by their certificate dated July 11, 2024.

The KPIs of our Company have been disclosed in the chapters titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Key Performance Indicators" on pages 143 and 209 of the Red Herring Prospectus, respectively. We have described and defined the KPIs, as applicable, in "Definitions and Abbreviations" on page 1 of the Red Herring Prospectus.

Our Company confirms that it shall continue to disclose all the KPIs on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilisation of the proceeds of the Issue as per the disclosure made in the chapter titled "Objects of the Issue", whichever is later or for such other duration as may be required under the SEBI ICDR Regulations. Further, the ongoing KPIs will continue to be certified by a member of an expert body as required under the SEBI ICDR Regulations.

a) Key Performance Indicators of our Company*

(₹ in Lakhs, otherwise mentioned)

Key Financial Performance	For the Financial Year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Revenue from Operations ⁽¹⁾	3,651.25	1,639.91	1,214.11
EBITDA ⁽²⁾	735.83	233.48	194.51
EBITDA Margin (%) ⁽³⁾	20.15%	14.24%	16.02%
PAT ⁽⁴⁾	413.27	45.56	28.98
PAT Margin (%) ⁽⁵⁾	11.32%	2.78%	2.39%
Return on equity (%) ⁽⁶⁾	53.88%	31.69%	(39.67)%
Return on equity (%) ⁽⁶⁾	29.88%	15.85%	18.38%
Debt-Equity Ratio (times) ⁽⁷⁾	0.90	3.18	(39.67)
Current Ratio (times) ⁽⁸⁾	1.48	1.04	0.80

Explanation of KPIs:

- Revenue from operations means the revenue from operations as appearing in the restated financial information.
- EBITDA is calculated as Profit before tax + Depreciation + Interest Expenses.
- EBITDA Margin is calculated as EBITDA divided by Revenue from Operations.
- PAT Margin is calculated as PAT for the year divided by revenue from operations.
- Return on Equity is calculated by comparing the proportion of net income against the amount of average shareholder equity.
- Return on capital employed is calculated by dividing net operating profit, or earnings before interest and taxes, by capital employed.
- Debt to Equity ratio is calculated as Total Debt divided by equity.
- Current Ratio is calculated by dividing Current Assets to Current Liabilities.

b) Description on the historic use of the KPIs by our Company to analyse, track or monitor the operational and/or financial performance of our Company

In evaluating our business, we consider and use certain KPIs, as presented above, as a supplemental measure to review and assess our financial and operating performance. The presentation of these KPIs is not intended to be considered in isolation or as a substitute for the Financial Information. We use these KPIs to evaluate our performance. Some of these KPIs are not defined under applicable Accounting Standards and are not presented in accordance with applicable Accounting Standards. These KPIs have limitations as analytical tools. Further, these KPIs may differ from the similar information used by other companies

and hence their comparability may be limited. Although these KPIs are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it provides an additional tool for investors to use in evaluating our ongoing results, when taken collectively with financial measures prepared in accordance with applicable Accounting Standards.

Explanations for the certain financial data based on Restated Financial Statements:

Key Financial Performance	Explanations
Financial KPIs	
Revenue from Operations	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps to assess the overall financial performance of our Company and volume of our business
EBITDA	EBITDA provides information regarding the operational efficiency of the business.
EBITDA Margin	EBITDA Margin (%) is an indicator of the operational profitability and financial performance of our business
PAT	Profit after tax provides information regarding the overall profitability of the business
PAT Margin (%)	PAT Margin (%) is an indicator of the overall profitability and financial performance of the business
Return on equity (%)	Return on equity (ROE) is a measure of financial performance
Debt-Equity Ratio (times)	Debt / Equity Ratio is used to measure the financial leverage of the Company and provides comparison benchmark against peers
Current Ratio (times)	The current ratio is a liquidity ratio that measures our company's ability to pay short-term obligations or those due within one year

a) Comparison with Listed Industry Peers

As on March 31, 2023:

(₹ in Lakhs, otherwise mentioned)

Key Financial Performance	Rappid Valves (India Limited)	Atom Valves Ltd	Chemtech Industrial Valves Ltd	Hawa Engineers Limited
Revenue from Operations ⁽¹⁾	1,639.91	4,900.89	2,042.01	10,195.97
EBITDA ⁽²⁾	233.48	1,091.06	389.66	416.27
EBITDA Margin (%) ⁽³⁾	14.24%	22.26%	19.08%	4.08%
PAT	45.56	766.76	278.94	69.84
PAT Margin (%) ⁽⁴⁾	2.78%	15.65%	13.66%	0.68%
Return on Equity	31.69%	42.98%	26.27%	4.34%
Debt to Equity Ratio	3.18	0.27	0.76	0.09
Current Ratio	1.04	2.88	2.20	1.75

As on March 31, 2022:

(₹ in Lakhs, otherwise mentioned)

Key Financial Performance	Rappid Valves (India Limited)	Atom Valves Ltd	Chemtech Industrial Valves Ltd	Hawa Engineers Limited
Revenue from Operations ⁽¹⁾	1,214.11	2,033.06	1,149.38	7,323.80
EBITDA ⁽²⁾	194.51	314.20	158.89	304.91
EBITDA Margin (%) ⁽³⁾	16.02%	15.45%	13.82%	4.16%
PAT	28.98	136.61	(56.07)	109.30
PAT Margin (%) ⁽⁴⁾	2.39%	6.72%	(4.88)%	1.49%
Return on Equity	(82.09)%	13.41%	(6.09)%	7.20%
Debt to Equity Ratio	(39.67)	0.5	1.12	0.13
Current Ratio	0.80	2.43	1.86	1.63

- Notes:**
- Revenue from operations means the revenue from operations as appearing in the restated financial information.
 - EBITDA is calculated as Profit before tax + Depreciation + Interest Expenses – Other Income.
 - EBITDA Margin is calculated as EBITDA divided by Revenue from Operations.
 - PAT Margin is calculated as PAT for the year divided by revenue from operations.
 - Return on Equity is calculated by comparing the proportion of net income against the amount of average shareholder equity.
 - Debt to Equity ratio is calculated as Total Debt divided by equity.
 - Current Ratio is calculated by dividing Current Assets to Current Liabilities.
8. Justification for Basis for Issue price
- a) The price per share of our Company based on the primary/ new issue of shares (equity / convertible securities), excluding shares issued under ESOP/ESOS and issuance of bonus shares
- Except as mentioned below, there has been no issuance of Equity Shares (excluding shares issued under ESOP/ESOS and issuance of bonus shares) during the 18 months preceding the date of the Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company (calculated based on the pre-issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of 30 days.

Date of Allotment	No. of Equity Shares allotted	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Nature of Allotment	Total Consideration (₹ in lakhs)
February 04, 2023	5,15,000	10/-	10/-	Cash	Rights Issue	51.50
July 10, 2024	3,02,184	10/-	164.80/-	Other than Cash	Conversion of Optionally Convertible Preference Shares of Face Value of ₹ 100/- each into Equity Shares by way of preferential allotment	498.00

Weighted average cost of acquisition (WACA) Primary issuances (in ₹ per Equity Share)		67.24
b) The price per share of our Company based on the secondary sale / acquisition of shares (equity shares)		
Except as set out below, there have been no secondary sale/ acquisitions of Equity Shares or any convertible securities (excluding gift), where our Promoters or the members of our Promoter Group are a party to a transaction, during the 18 months preceding the date of the Red Herring Prospectus, where either acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days.		

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