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RULKA ELECTRICALS LIMITED

CIN: U31103MH2013PLC243817



(Please scan this QR code to view the Prospectus)

Our Company was originally incorporated on May 30, 2013 as "Rulka Electricals Private Limited" under the provisions of the Companies Act, 1956 with the Registrar of Companies, Maharashtra, Mumbai. Subsequently our Company was converted into Public Limited Company and name of company was changed from "Rulka Electricals Private Limited" to "Rulka Electricals Limited" vide fresh certificate of incorporation dated August 02, 2023 issued by the Registrar of Companies, Mumbai. The Corporate Identity Number of our Company is U31103MH2013PLC243817. For further details pertaining to change of name and registered office of our Company, please refer the chapter titled "History and Corporate Structure" beginning on Page No. 152 of the Red Herring Prospectus.

Registered Office: A - 20, Shiva Industrial Estate Co. Ltd., Lake Road, Near Tata Power, Bhandup West, Mumbai City, Maharashtra - 400078, India.
Corporate Office: Unit-B-109, 1st Floor, Shiva Estate, Lake Road, Bhandup (West), Mumbai- 400078, Maharashtra, India; **Tel No.:** +022 41276806, 022 49742572, 91-9029086744;
Email: info@replservices.com, **Website:** www.replservices.com; **Contact Person:** Mrs. Kejal Niken Shah, Company Secretary and Compliance Officer.

PROMOTERS OF OUR COMPANY: MR. RUPESH LAXMAN KASAVKAR AND MR. NITIN INDRAKUMAR AHER

Our company is in business of turn key projects contractor engaged in offering solution for all types of Electrical & Fire Fighting Turnkey Projects. Our company offers wide range of services like Electrical Solutions, Electrical Panels, Solar EPC Contracts, Turn Key Electrical Warehousing Projects, Electric Commercial Industrial Services, Maintenance Services, Electrical Contracting and Data & Voice Cabling Installation across the Industrial Sector, Commercial, Retail and Theatre sector. We offer electrical contracting services for all types of industrial plants.

THE OFFER

INITIAL PUBLIC OFFERING OF 11,23,200 EQUITY SHARES OF FACE VALUE OF ₹10.00 EACH ("EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ [●] LAKHS ("OFFER"). THE OFFER COMPRISES A FRESH OFFER OF 8,42,400 EQUITY SHARES AGGREGATING UP TO ₹ [●] LAKHS ("FRESH ISSUE") AND AN OFFER FOR SALE OF 2,80,800 EQUITY SHARES ("OFFERED SHARES") AGGREGATING UP TO ₹ [●] LAKHS, BY M/S ABHAY KANTILAL SHAH HUF AND SUCH OFFER FOR SALE OF EQUITY SHARES BY THE SELLING SHAREHOLDER, THE "OFFER FOR SALE".

The Offer 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 SME Platform of National Stock Exchange of India Limited (NSE EMERGE).

For further details, please refer chapter titled "Terms of The Offer" beginning on Page No. 245 of the Red Herring Prospectus.

QIB Portion: Not More than 50% of the Net Offer | Retail Individual Bidders Portion: Not Less than 35% of the Net Offer | Non-Institutional Bidders Portion: Not Less than 15% of the Net Offer

Price Band: ₹ 223/- to ₹ 235/- per Equity Share of Face Value ₹ 10/- each.

The Floor Price is 22.30 times of the Face Value and the Cap Price is 23.50 times of the Face Value.

Bids can be made for a minimum of 600 Equity Shares and in multiples of 600 Equity Shares thereafter

In making an investment decision, potential investors must rely on the information included in the Red Herring Prospectus and the terms of the Offer, including the risks involved and not rely on any other external sources of information about the Offer available in any manner.

RISKS TO INVESTORS

- (i) Our business is dependent on a few customers and the loss of, or a significant reduction in award of contracts by such customers could adversely affect our business.
- (ii) Our under-construction projects may be subject to cost overruns or delays.
- (iii) We require certain approvals and licenses in the ordinary course of business and the failure to successfully obtain/renew such registrations would adversely affect our operations, results of operations and financial condition.
- (iv) Majority of our revenue from operations are generated from India. Any adverse development affecting our operations in India could have an adverse impact on our business, financial condition and results of operations.
- (v) There are outstanding legal proceedings involving our Company, Director and Promoter. Any adverse decision in such proceedings may have a material adverse effect on our business, results of operations and financial.
- (vi) The operation and maintenance of our electrical services involves significant risks that may cause injury to people or property and that may lead to significant disruption to our business and consequent decreases in our revenues.
- (vii) We are subject to performance risk from third-party contractors, and operational risks associated with the engagement of third-party contractors and our employees.
- (viii) Opposition from local communities and other parties may adversely affect our financial condition, results of operations and cash flows.
- (ix) Our top ten customers contribute majority of our revenues from operations. Any loss of business from one or more of them may adversely affect our revenues and profitability.
- (x) Our failure to perform in accordance with the standards prescribed in work order of our client could result in loss of business or payment of liquidated damages and any delay in the schedule of our under-construction projects may be subject to cost overruns and can impact our reputation and future projects.
- (xi) The Merchant Banker associated with the Issue has handled 36 public issue out of which 2 issue closed below Issue price on listing date. below are the details;

Particulars	Numbers of issues/Offer Handled	Issue closed below issue price on listing date
Main Board	Nil	Nil
SME	36	2

ASBA*

Simple, Safe, Smart way of Application- Make use of it!!!

*Applications 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 details, check section on ASBA below. Mandatory in Public Issues from January 01, 2016. No cheque will be accepted

UPI-Now available in ASBA for Retail Individual Investors (RII)**

Investors are required to ensure that the bank account used for bidding is linked to their PAN. UPI – Now available in ASBA for RIIs applying through Registered Brokers, DPs & RTAs. RIIs also have the option to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account.

Investors have to apply through the ASBA process. "ASBA has to be availed by all the investors except anchor investor. UPI may be availed by Retail Individual Investors. For details on the ASBA and the UPI process, please refer to the details given in ASBA form and abridged prospectus and also please refer to the section "Offer Procedure" beginning on page 256 of the RHP. The process is also available on the website of Association of Investment Bankers of India ("AIBI"), the Stock Exchanges and in the General Information Document.

*ASBA forms can be downloaded from the website NSE Limited ("NSE") and can be obtained from the list of banks that is displayed on the 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. HDFC Bank Limited has been appointed as Sponsor Bank for the Offer, in accordance with the requirements of the SEBI circular dated November 1, 2018, as amended. For UPI related queries, investors can contact NPCI at the toll free number-18001201740 and Mail Id- ipo.upi@npci.org.in. For the list of UPI Apps and Banks live on IPO, please refer to the link www.sebi.gov.in. For Offer related grievance investors may contact: Beeline Capital Advisors Private Limited - Mr. Nikhil Shah (+91-79-48407357 / +91 99988 81702) (mb@beelinemb.com).

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company in consultation with the Book Running Lead Manager on the basis of the assessment of market demand for the Equity Shares through the Book Building Process and on the basis of quantitative and Equity Qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Offer Price is 22.30 times the face value at the lower end and 23.50 times the face value at the higher end of the Price Band. Investors should also refer to "Business Overview", "Risk Factors", "Restated Financial Information" and "Management's Discussion and Analysis of Financial Position and Results of Operations" beginning on pages 116, 25, 173 and 213 respectively of the Red Herring Prospectus, to have an informed view before making an investment decision.

Qualitative Factors

- Quality Assurance and Standards
- Existing client relationship
- Diversified Client Base
- Scalable Business Model
- Experienced Management Team

For details of qualitative factors, please refer to the paragraph "Our Competitive Strengths" in the chapter titled "Business Overview" beginning on page no. 117 of the Red Herring Prospectus.

Qualitative Factors

1. Basic & Diluted Earnings Per Share (EPS):

$$\text{Basic earnings per share (₹)} = \frac{\text{Restated Profit After Tax attributable to Equity Shareholders}}{\text{Weighted Average Number of Equity Shares outstanding}}$$

$$\text{Diluted earnings per share (₹)} = \frac{\text{Restated Profit After Tax attributable to Equity Shareholders}}{\text{Weighted Average Number of Equity Shares outstanding after adjusting adjusted for the effects of all dilutive potential equity shares}}$$

Weighted Average

Financial Year/Period	Basic and Diluted EPS (in ₹)	Weights
Financial Year ended March 31, 2023	8.50	3
Financial Year ended March 31, 2022	3.40	2
Financial Year ended March 31, 2021	1.63	1
Weighted Average	5.65	
Simple Average	4.51	
Period ended on February 29, 2024*	16.67	

* Not Annualized

Notes:

- Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. sum of (EPS x Weight) for each year / Total of weights.
- Simple average = Sum of EPS for previous three years / Number of years

2. Price to Earnings (P/E) ratio in relation to Price Band of ₹ 223 and ₹235 per Equity Shares:

$$\text{Price to Earnings Ratio (P/E)} = \frac{\text{Floor Price/Cap Price}}{\text{Restated Earnings Per Share}}$$

Particulars	EPS (in ₹)	P/E at the Floor Price (No. of times)	P/E at the Cap Price (No. of times)
a. Based on EPS of Financial Year ended March 31, 2023	8.50	26.24	27.65
b. Based on Weighted Average EPS	5.65	39.47	41.59
c. Based on Simple Average EPS	4.51	49.45	52.11

Industry PE:

Industry Average	P/E Ratio
Highest	37.24
Lowest	37.24
Average	37.24

(Based on Peer Data presented in point 5 below)

3. Return on Net Worth:

$$\text{Return on Net Worth (\%)} = \frac{\text{Restated Profit After Tax attributable to Equity Shareholders}}{\text{Net Worth}} \times 100$$

Financial Year/Period	Return on Net Worth (%)	Weights
Financial Year ended March 31, 2023	50.33%	3
Financial Year ended March 31, 2022	40.49%	2
Financial Year ended March 31, 2021	32.61%	1
Weighted Average	44.09%	
Period ended on February 29, 2024*	43.85%	

* Not Annualized

Note - Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. sum of (RoNW x Weight) for each year / Total of weights.

4. Net Asset Value per Equity Share:

$$\text{Restated Net Asset Value per equity share (₹)} = \frac{\text{Restated Net Worth as at the end of the year}}{\text{Number of Equity Shares outstanding}}$$

Particular	Amount (in ₹)
Financial Year ended March 31, 2023	16.89
Financial Year ended March 31, 2022	8.39
Financial Year ended March 31, 2021	4.99
Period ended on February 29, 2024*	37.77
NAV per Equity Share after the Offer ^	
Based on Upper Price band	95.72
Based on Lower Price band	92.76
Offer Price per Equity Share ^	
Price Band 223 - 235	

* Not Annualized

^ To be determine after the book building process.

5. Comparison of Accounting Ratios with Peer Group Companies:

Name of the company	Standalone / Consolidated	Face Value (₹)	EPS (₹) Basic	P/E Ratio	RoNW(%)	NAV per Equity Share (₹)
Rulka Electricals Limited	Standalone	10.00	8.50	[●]	50.33	16.89
Peer Group						
HEC Infra Projects Limited	Standalone	10.00	0.78	37.24	2.62	29.16

Source: All the financial information for listed industry peer mentioned above is on a standalone basis sourced from the Annual Reports/Information of the peer company uploaded on the NSE and BSE website for the year ended March 31, 2023.

Notes:

- P/E Ratio has been computed based on the closing market price of equity shares on the NSE on March 31, 2023 divided by the Diluted EPS.
- RoNW is computed as net profit after tax divided by the closing net worth. Net worth has been computed as sum of share capital and reserves and surplus.
- NAV is computed as the closing net worth divided by the closing outstanding number of equity shares adjusted for bonus and sub-division of shares.
- The face value of Equity Shares of our Company is ₹ 10/- per Equity Share and the Offer price is 22.30 times the face value at the floor price and 23.50 times the face value at the cap price.
- The Price band and Offer Price of will be determined by our Company in consultation with the Book Running Lead Manager, and in accordance with applicable law, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and quantitative and qualitative factors as described above.

For further details, please refer to the section titled "Risk Factors" and chapters titled "Business Overview" and "Restated Financial Information" beginning on page nos. 25, 116 and 173 respectively of the Red Herring Prospectus.

KEY FINANCIAL AND OPERATIONAL PERFORMANCE INDICATORS ("KPIs")

The KPIs disclosed below have been used historically by our Company to understand and analyze the business performance, which in result, help us in analyzing 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 December 20, 2023 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 this Prospectus. Further, the KPIs herein have been certified by M/S. R.K. Jagetiya & Co, Chartered Accountants, by their certificate dated April 19, 2024 having UDIN 24134691BKADB9373.

The KPIs of our Company have been disclosed in the sections "Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" starting on pages 116 and 213, respectively. We have described and defined the KPIs, as applicable, in "Definitions and Abbreviations" beginning on page 01.

Our Company confirms that it shall continue to disclose all the KPIs included in this section 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 utilization of the proceeds of the Fresh Offer as per the disclosure made in the Objects of the Offer Section, whichever is later or for such other duration as may be required under the SEBI (ICDR) Regulations, 2018.

Set forth below are KPIs which have been used historically by our Company to understand and analyse the business performance, which in result, help us in analyzing the growth of various verticals of the Company that have a bearing for arriving at the Basis for the Offer Price.

FINANCIAL KPIs OF OUR COMPANY

Key Financial Performance	Period ended February 29, 2024*	FY 2022-23	FY 2021-22	FY 2020-21
Revenue from operations ⁽¹⁾	6518.64	4,683.74	3,626.51	1,959.09
Growth in Revenue from Operations ⁽²⁾	39.18%	29.15%	85.11%	13.25%
Gross Profit (₹ in Lakhs) ⁽³⁾	1125.76	666.96	409.57	248.03
Gross Profit Margin (%) ⁽⁴⁾	17.27%	14.24%	11.29%	12.66%
EBITDA ⁽⁵⁾	811.32	401.07	220.07	105.03
EBITDA Margin ⁽⁶⁾	12.45%	8.56%	6.07%	5.36%
PAT ⁽⁷⁾	565.77	280.52	112.08	53.72
PAT Margin ⁽⁸⁾	8.68%	5.99%	3.09%	2.74%
Net Worth	1290.15	557.33	276.82	164.74
RoE (%) ⁽⁹⁾	61.25%	67.26%	50.76%	38.96%
RoCE (%) ⁽¹⁰⁾	33.67%	36.51%	37.82%	24.66%
Net Fixed Asset Turnover (In Times) ⁽¹¹⁾	24.83	17.71	16.19	10.44
Net Working Capital Days ⁽¹²⁾	36.13	17.49	7.86	7.45
Operating Cash Flows (₹ in Lakhs) ⁽¹³⁾	(335.82)	(195.44)	69.63	16.93

*Not Annualized

Notes:

- Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Statements.
- Growth in Revenue from Operations (%) is calculated as a percentage of Revenue from Operations of the relevant period minus Revenue from Operations of the preceding period, divided by Revenue from Operations of the preceding period.
- Gross Profit is calculated as Revenue from Operations less Cost of Materials consumed, Purchase of stock in trade goods, Changes in inventories of finished goods, work-in-progress and stock in trade.
- Gross Profit Margin (%) is calculated as Gross Profit divided by Revenue from Operations.
- EBITDA is calculated as profit for the period / year, plus tax expenses (consisting of current tax, deferred tax and current taxes relating to earlier years), finance costs and depreciation and amortization expenses and reduced by other income.
- EBITDA Margin (%) is calculated as EBITDA divided by Revenue from Operations.
- Profit After Tax Means Profit for the period/year as appearing in the Restated Financial Statements. 8) PAT Margin (%) is calculated as Profit for the year/period as a percentage of Revenue from Operations.
- RoE (Return on Equity) (%) is calculated as net profit after tax for the year / period divided by Average Shareholder Equity.
- RoCE (Return on Capital Employed) (%) is calculated as earnings before interest and taxes divided by average capital employed. Capital Employed includes Tangible Net working, Long-Term Borrowing, Short-Term Borrowing and Deferred Tax Liability/(Deferred Tax Asset).
- Net Fixed Asset Turnover is calculated as Net Turnover divided by Average Fixed Assets which consists of property, plant and equipment and capital work-in-progress.
- Net Working Capital Days is calculated as Average working capital (current assets minus current liabilities) as at the end of the period / year divided by revenue from operations multiplied by number of days in a period / year.
- Operating cash flows means net cash generated from operating activities as mentioned in the Restated Financial Statements

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