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REFRACTORY SHAPES LIMITED

Please scan this QR code to view the RHP

CIN: U26921MH1996PLC096012

Our company was originally formed as a Proprietorship Firm under the name of "M/s. Refractory Shapes" in the year 1973. "M/s. Refractory Shapes" was thereafter converted into Private Limited Company under the name "Refractory Shapes Private Limited" under the provisions of the Companies Act, 1956 and a fresh Certificate of Incorporation was issued by the Registrar of Companies, Bombay on January 08, 1996. Subsequently, the status of the Company was changed to Public Limited and the name of our Company was changed to "Refractory Shapes Limited" vide Special Resolution passed by the Shareholders at the Extra Ordinary General Meeting of our Company held on January 18, 2024. The fresh certificate of incorporation consequent to conversion was issued on February 02, 2024 by the Registrar of Companies, Mumbai. The Corporate Identification Number of our Company is U26921MH1996PLC096012. For further details on Incorporation and Registered Office of our Company, see "History and Certain Corporate Matters" beginning on page 168 of the Red Herring Prospectus.

Registered Office: B 201, Rustomjee Central Park Chakala, Andheri-Kurla Road, Andheri (East), Mumbai-400069, Maharashtra, India | **Tel:** +91 9819995930 | **E-mail:** investors@refshape.com | **Website:** www.refshape.com

Contact Person: Ms. Neelam Mandawat, Company Secretary and Compliance Officer

PROMOTERS OF OUR COMPANY: MR. DAYASHANKAR KRISHNA SHETTY, MS. PRATIBHA DAYASHANKAR SHETTY, MS. PRAJNA SHRAVAN SHETTY AND MR. SURAJ SADANAND SHETTY

THE ISSUE

INITIAL PUBLIC OFFER OF UPTO 60,00,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("EQUITY SHARES") OF REFRACTORY SHAPES LIMITED ("REFRACTORY SHAPES", OR "OUR 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 UP TO 3,04,000 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 UP TO 56,96,000 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 27.52% AND 26.13% 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 3,04,000 EQUITY SHARES OR 5.07% OF THE ISSUE

PRICE BAND: ₹ 27/- to ₹ 31/- PER EQUITY SHARE

THE FLOOR PRICE IS 2.7 TIMES THE FACE VALUE AND CAP PRICE IS 3.1 TIMES OF THE FACE VALUE OF THE EQUITY SHARES. BIDS CAN BE MADE FOR A MINIMUM OF 4,000 EQUITY SHARES AND IN MULTIPLES OF 4,000 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, MAY 03, 2024

OPENS ON: MONDAY, MAY 06, 2024 | CLOSES ON: THURSDAY, MAY 09, 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 – UNIFIED PAYMENTS INTERFACE	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.

*ASBA has to be availed by all the investors except Anchor Investors (if any). UPI may be availed by RIIs.

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. ICICI 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 Merchant Banker associated with the Issue has handled 28 public issues in the past three years out of which none of the Issues closed below the Issue Price on Listing date.*
3. *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. Dayashankar Shetty	53,72,000	Negligible
2.	Ms. Pratibha Dayashankar Shetty	52,13,996	0.19
3.	Ms. Prajna Shravan Shetty	52,13,996	NIL
4.	Mr. Suraj Sadanand Shetty	2	10

4. *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.	NA
Weighted average cost of acquisition for secondary sale / acquisition of shares.	NA
Since there were no primary or secondary transactions of equity shares of the Company during the 18 months preceding the date of filing of this Red Herring Prospectus, the information has been disclosed for price per share of the Company based on the last five primary or secondary transactions (secondary transactions where Promoter /Promoter Group entities or Selling Shareholders or Shareholder(s) having the right to nominate director(s) on our Board, are a party to the transaction), not older than three years prior to the date of filing of this Red Herring Prospectus irrespective of the size of the transaction.	
- Based on primary transactions	NIL
- Based on secondary transactions	Negligible

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 2.7 times of the face value at the lower end of the Price Band and 3.1 times of the face value at the upper end of the Price Band.

QUALITATIVE FACTORS

- ISO 9001:2015, 14001:2015 & 45001:2018 certified.
- ISO/IEC 17025:2017
- Approved EIL vendor;
- Wide range of our products;
- Location Advantage;
- Well established relationship with clients;
- Leveraging the experience of our Promoters and Directors;
- Strong Marketing Practices;

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 124of 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

As per Restated Financial Statements – Post Bonus

Particulars	Basic & Diluted EPS (in ₹)	Weights
March 31, 2023	1.21	3
March 31, 2022	1.82	2
March 31, 2021	0.99	1
Weighted Average	**1.38**	
For the period from April 01, 2023 to December 31, 2023 (Not annualised)	0.97	

Notes:

(1) *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.*
(2) *Earnings per Equity Share = Profit for the period/year / Weighted average number of equity shares outstanding during the period/year.*
(3) *Basic and diluted Earnings per Equity Share are computed in accordance with Accounting Standard 20.*
(4) *The basic and diluted Earnings per Equity Share for the current period and previous period/year presented have been calculated/restated after considering the bonus issue.*
(5) *The face value of each Equity Share is ₹10/-.*

2. Price Earnings Ratio ("P/E") in relation to Price Band of ₹ 27.00 to ₹ 31.00 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 2022-23	22.31	25.62
P/E ratio based on the Weighted Average Basic & Diluted EPS	19.57	22.46

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

3. Return on Net worth (RoNW)

As per Restated Financial Statements

Particulars	RONW (%)	Weights
March 31, 2023	11.49%	3
March 31, 2022	19.44%	2
March 31, 2021	13.14%	1
Weighted Average	**14.42%**	
For the period from April 01, 2023 to December 31, 2023 (Not annualised)	**15.58%**	

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

4. Net Asset Value (NAV)

As per Restated Financial Statements – Post Bonus

Financial Year	NAV (₹)
March 31, 2023	10.56
March 31,2022	9.35
March 31,2021	7.53
For the period from April 01, 2023 to December 31, 2023 (Not annualised)	6.26
Net Asset Value per Equity Share after the Issue at Floor Price	15.48
Net Asset Value per Equity Share after the Issue at Cap Price	16.58

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.*

5. Comparison of accounting ratios with listed industry peers

Name of the company	CMP (₹)	Face Value (₹)	Basic & Diluted EPS (₹)	PE Ratio (times)	RONW (%)	NAV Per share (₹)
Refractory Shapes Limited	[●]	10.00	1.21	[●]	11.49	10.56
Peer Group						
S P Refractories Limited	114.45	10.00	6.56	17.45	7.13%	49.97
IFGL Refractories Limited	541.45	10.00	16.97	31.91	10.12%	172.67

Source: *www.bseindia.com, www.nseindia.com.*

Notes:

(1) *The figures for our company are based on Restated Financial Statements for the year ended March 31, 2023 after considering the bonus issue.*
(2) *The figures for the Peer Group are based on the Standalone Financial Statements filed for the financial year ended March 31, 2023.*
(3) *P/E Ratio has been computed based on their respective closing market price on January 29, 2024, as divided by the Basic EPS as on March 31, 2023.*
(4) *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 floor price is 2.7 times the face value and cap price is 3.1 times of the face value of the equity shares.

Investor should read the above-mentioned information along with the section titled *"Risk Factors"* beginning on page 28 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 page 200 of the Red Herring Prospectus.

6. 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 April 27, 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 Peer review Auditors by their certificate dated April 27, 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 124 and 207 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 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 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.

Key Performance Indicators of our Company

(₹ in Lakhs, otherwise mentioned)

Key Financial Performance	December 31, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Revenue from Operations [1]	2,942.15	3,796.92	2,550.32	2,088.90
EBITDA [2]	608.53	387.72	361.37	234.49
EBITDA Margin (%) [3]	20.68%	10.21%	14.17%	11.23%
PAT	307.94	191.74	287.04	156.39
PAT Margin (%) [4]	10.47%	5.05%	11.26%	7.49%
Return on equity (%) [5]	15.58%	12.19%	21.53%	14.07%
Debt-Equity Ratio (times) [6]	1.18	1.23	1.06	1.04
Current Ratio (times) [7]	1.25	1.02	1.53	3.08

Notes:

[1] Revenue from operation means revenue from sale of our products
[2] EBITDA is calculated as Profit before tax + Depreciation + Finance Costs – Other Income
[3] EBITDA Margin is calculated as EBITDA divided by Revenue from Operations
[4] PAT Margin is calculated as PAT for the period/year divided by revenue from operations
*[5] Return on Equity is calculated by comparing the proportion of net income against the amount of average shareholder equity *For December 31, 2023, closing shareholder equity has been considered.*
[6] Debt to Equity ratio is calculated as Total Debt divided by equity
[7] Current Ratio is calculated by dividing Current Assets to Current Liabilities

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	S P Refractories Limited	IFGL Refractories Limited
Revenue from Operations [1]	2,723.60	83,336.57
EBITDA [2]	146.51	9,751.87
EBITDA Margin (%) [3]	5.38%	11.70%
PAT	61.57	6117.43
PAT Margin (%) [4]	2.26%	7.34%
Return on Equity (%) [5]	7.13%	10.12%
Debt to Equity Ratio (times) [6]	0.61	0.17
Current Ratio (times) [7]	1.92	2.98

As on March 31, 2022:

(₹ in Lakhs, otherwise mentioned)

Key Financial Performance	S P Refractories Limited	IFGL Refractories Limited
Revenue from Operations [1]	3,151.58	78,733.19
EBITDA [2]	196.15	8,919.10
EBITDA Margin (%) [3]	6.22%	11.33%
PAT	98.25	6,322.16
PAT Margin (%) [4]	3.12%	8.03%
Return on Equity (%) [5]	15.15%	11.04%
Debt to Equity Ratio (times) [6]	0.61	0.13
Current Ratio (times) [7]	1.81	2.45

As on March 31, 2021:

(₹ in Lakhs, otherwise mentioned)

Key Financial Performance	S P Refractories Limited	IFGL Refractories Limited
Revenue from Operations [1]	2,569.54	64,907.47
EBITDA [2]	140.19	12,264.00
EBITDA Margin (%) [3]	5.46%	18.89%
PAT	75.35	4,483.22
PAT Margin (%) [4]	2.93%	6.91%
Return on Equity (%) [5]	17.55%	8.36%
Debt to Equity Ratio (times) [6]	0.81	0.06
Current Ratio (times) [7]	1.54	2.89

Notes:

(1) *Revenue from operations means the revenue from operations as appearing in the restated financial information.*
(2) *EBITDA is calculated as Profit before tax + Depreciation + Interest Expenses.*
(3) *EBITDA Margin is calculated as EBITDA divided by Revenue from Operations.*
(4) *PAT Margin is calculated as PAT for the year divided by revenue from operations.*
(5) *Return on Equity is calculated by comparing the proportion of net income against the amount of average shareholder equity.*
(6) *Debt to Equity ratio is calculated as Total Debt divided by equity.*
(7) *Current Ratio is calculated by dividing Current Assets to Current Liabilities.*

7. 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

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 this 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.

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, where our Promoters or the members of our Promoter Group are a party to a transaction, during the 18 months preceding the date of this 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.

c) Since there are no such transaction to report to under (a) and (b), the following are the details of the last five primary or secondary transactions (secondary transactions where Promoter or members of the Promoter Group or Shareholder(s) having the right to nominate Director(s) on our Board, are a party to the transaction), not older than three years prior to the date of this Red Herring Prospectus irrespective of the size of transactions.

Primary Issuances:

Except as disclosed below, there have been no primary transactions in the last three years preceding the date of this Red Herring Prospectus:

Bonus Issue of 1,57,00,000 Equity Shares of face value of ₹10/- each in the ratio of 1:157 i.e., 157 Bonus Equity Shares for 1 Equity Shares held.

Sr. No.	Name	No. of Equity Shares
1.	Dayashankar Krishna Shetty	54,95,000
2.	Pratibha Dayashankar Shetty	54,95,000
3.	Prajna Shravan Shetty	47,10,000
	Total	**1,57,00,000**

(Continued next page...)