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[Please scan this QR Code to view the addendum]



ROYAL ARC ELECTRODES LIMITED
Corporate Identity Number: U31100MH1996PLC096296

Our Company was incorporated in Mumbai, Maharashtra, as a "Royalarc Electrodes Private Limited", a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated January 15, 1996, issued by the Additional Registrar of Companies, Maharashtra. Thereafter, our Company was converted from a private limited company to a public limited company pursuant to a special resolution passed by our Shareholders at the Extraordinary General Meeting held on March 09, 2005, and consequent upon conversion, the name of our Company was changed to "Royalarc Electrodes Limited" and a certificate of change of name dated March 31, 2005, issued by Registrar of Companies, Maharashtra, Mumbai. Subsequently, the name of our Company was changed to "Royal Arc Electrodes Limited" pursuant to the special resolution passed by the Shareholders of our Company at the Extra-Ordinary General Meeting held on May 29, 2023. The Registrar of Companies, Maharashtra, Mumbai issued a fresh certificate of incorporation dated June 16, 2023, upon change of the name of the Company. For further details, please refer to the chapter titled "*History and Certain Corporate Matters*" beginning on page 178 of this Draft Red Herring Prospectus.

Registered Office: 72 B, Bombay Talkies Compound, S.V. Road Malad West, Mumbai, Maharashtra, India, 400064

Tel No. / Mob No: +91 78880 00553; **Email:** cs@royalarc.in ; **Website:** <https://royalarc.in/>

Contact Person: Mansi Bagadiya, Company Secretary & Compliance Officer

NOTICE TO INVESTORS: ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED AUGUST 02, 2024 (THE ADDENDUM)

OUR PROMOTERS: BIPIN SANGHVI, TARULATA SANGHVI, HARDIK SANGHVI AND SWAGAT SANGHVI

INITIAL PUBLIC OFFER OF UPTO 30,00,000* EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("EQUITY SHARES") OF ROYAL ARC ELECTRODES LIMITED ("THE COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (THE "OFFER PRICE"), (INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE), AGGREGATING UPTO ₹ [●] LAKHS ("THE OFFER"), COMPRISING A FRESH ISSUE OF UP TO 18,00,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AGGREGATING UP TO ₹ [●] LAKHS (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 12,00,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AGGREGATING UP TO ₹ [●] LAKHS BY SELLING SHAREHOLDERS (AS DEFINED BELOW), COMPRISING AN OFFER FOR SALE OF UPTO 3,33,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AGGREGATING UP TO ₹ [●] LAKHS BY HARDIK SANGHVI, 3,33,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AGGREGATING UP TO ₹ [●] LAKHS BY SWAGAT SANGHVI, 1,71,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AGGREGATING UP TO ₹ [●] LAKHS BY BIPIN SANGHVI, 1,23,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AGGREGATING UP TO ₹ [●] LAKHS BY TARULATA SANGHVI ("PROMOTER SELLING SHAREHOLDER") AND AN OFFER FOR SALE OF UPTO 1,20,000 EQUITY SHARES OF FACE

VALUE OF ₹ 10/- EACH AGGREGATING UP TO ₹ [●] LAKHS BY POOJA SANGHVI, AND OF UPTO 1,20,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AGGREGATING UP TO ₹ [●] LAKHS BY AMI SANGHVI (“PROMOTER GROUP SELLING SHAREHOLDER”) (TOGETHER WITH THE PROMOTER SELLING SHAREHOLDER, “SELLING SHAREHOLDER” AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE “OFFERED SHARES”). THE [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- FOR CASH AT A PRICE OF ₹ [●] EACH AGGREGATING ₹ [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE OFFER (THE “MARKET MAKER RESERVATION PORTION”). THE OFFER LESS MARKET MAKER RESERVATION PORTION I.E. OFFER OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH OF FACE VALUE OF ₹ 10 EACH FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE, AGGREGATING TO ₹ [●] LAKHS IS HERE IN AFTER REFERRED TO AS THE “NET OFFER”. THE OFFER AND THE NET OFFER WILL CONSTITUTE [●] % AND [●] % RESPECTIVELY OF THE POST OFFER PAID UP EQUITY SHARE CAPITAL OF THE COMPANY

This addendum (“Addendum”) should be read in conjunction with the Draft Red Herring Prospectus dated August 02, 2024 filed with EMERGE Platform of National Stock Exchange of India Limited (“NSE EMERGE”) in relation to the Initial Public Issue of Royal Arc Electrodes Limited.

In this regard, the Investor should note the following modifications to the information disclosed in the Draft Red Herring Prospectus:

1. **In section I** – General in the Chapter titled “*Definitions and Abbreviations*” beginning on page 5 of the Draft Red Herring Prospectus has been updated with respect to (i) Addendum.
2. **In section I** – General in the Chapter titled “*Summary of Offer Document*” beginning on page 26 of the Draft Red Herring Prospectus has been updated with respect to (i) Summary of Business (ii) Summary of Outstanding Litigations and Material Developments
3. **In section II - “Risk Factors”** beginning on page 33 of the Draft Red Herring Prospectus has been updated and revised.
4. **In section IV-** Particulars of Offer in chapter titled “*Object of the Offer*” beginning on page 33 of the Draft Red Herring Prospectus has been updated with respect to (i) Details of utilization of the Net Proceeds
5. **In section V-** About the Company in chapter titled “*Business Overview*” beginning on page 151 of the Draft Red Herring Prospectus has been updated with respect to (i) Overview (ii) Our Products (iii) Revenue Bifurcation (iv) Geography wise revenue (v) Strategies (vi) Our Manufacturing Facility (vii) Process Flow Chart (viii) Utilities & Infrastructure Facilities
6. **In section V-** About the Company in chapter titled “*Key Industry Regulations and Policies*” beginning on page 171 of the Draft Red Herring Prospectus has been updated with respect to (i) Other Applicable laws- Taxation laws
7. **In section V-** About the Company in chapter titled “*History and Certain Corporate Matters*” beginning on page 178 of the Draft Red Herring Prospectus has been updated with respect to (i) Major Events, Milestones, Key Awards, Achievements and Accolades of our Company (ii) Details of Guarantees given to Third Parties by our Promoter
8. **In section V-** About the Company in chapter titled “*Our Management*” beginning on page 182 of the Draft Red Herring Prospectus has been updated with respect to (i) Interest of Directors (ii) Corporate Governance
9. **In section V-** About the Company in chapter titled “*Our Promoter and Promoter Group*” beginning on page 197 of the Draft Red Herring Prospectus has been updated with respect to (i) Our Promoter Group
10. **In section V-** About the Company in chapter titled “*Our Group Company*” beginning on page 202 of the Draft Red Herring Prospectus has been updated with respect to (i) Nature and extent of interest of Group Companies
11. **In section VI-** Financial Statements in chapter titled “*Management Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on page 249 of the Draft Red Herring Prospectus has been updated with respect to (i) Overview
12. **In section VII-** Legal and Other Information in chapter titled “*Outstanding Litigations and Material Developments*” beginning on page 265 of the Draft Red Herring Prospectus has been updated with respect to (i) Outstanding actions by regulatory and statutory authorities (ii) Material civil proceedings
13. **In section VII-** Legal and Other Information in chapter titled “*Government and other approvals*” beginning on page 269 of the Draft Red Herring Prospectus has been updated with respect to (i) Labour related approvals/registrations.

The above is to be read in conjunction with the Draft Red Herring Prospectus and, accordingly, the corresponding 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 and Prospectus, as and when filed with the RoC, the SEBI and the Stock Exchanges.

All capitalized terms used in this Addendum shall unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus.

Place: Mumbai
Date: October 24, 2024

For Royal Arc Electrodes Limited
on behalf of the Board of Directors

Sd/-
Bipin Sanghvi
Chairman & Managing Director
DIN: 00462839

BOOK RUNNING LEAD MANAGER TO THE OFFER		REGISTRAR TO THE OFFER	
			
<p>FEDEX SECURITIES PRIVATE LIMITED B 7, 3rd Floor, Jay Chambers, Dayaldas Road, Vile Parle – [East], Mumbai- 400 057, Maharashtra, India Tel. Number: +91 81049 85249 Email Id: mb@fedsec.in Website: www.fedsec.in Contact Person: Saipan Sanghvi SEBI Registration No.: INM000010163 Investors Grievance Id: mb@fedsec.in</p>		<p>KFIN TECHNOLOGIES LIMITED Selenium Tower-B, Plot 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana, India Tel. Number: +91 40 6716 2222 Toll Free No.: 1800 309 4001 Email Id: rael.ipo@kfintech.com Investors Grievance Id: einward.ris@kfintech.com Contact Person: M Murali Krishna Website: www.kfintech.com SEBI Registration No.: INR000000221</p>	
OFFER PROGRAMME			
ANCHOR BIDDING DATE ⁽¹⁾ : [●]	INVESTOR	OFFER OPENS ON: [●]	OFFER CLOSED ON ⁽²⁾ ⁽³⁾ : [●]

⁽¹⁾ Our Company in consultation with the Book Running Lead Manager may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/ Offer Opening Date.

⁽²⁾ Our Company, in consultation with the BRLM, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date, in accordance with the SEBI ICDR Regulation.

⁽³⁾ The UPI mandate end time and date were at 5:00 p.m. on the Bid/Offer Closing Day.

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SECTION - I - GENERAL

DEFINITION AND ABBREVIATIONS

CORPORATE RELATED TERMS

Term	Description
Addendum	The addendum dated October 24, 2024 to the Draft Red Herring Prospectus

SUMMARY OF OFFER DOCUMENT

SUMMARY OF BUSINESS

Incorporated in 1996, our Company is engaged in the business of manufacturing of welding electrodes, flux cored wires, MIG/TIG wires. We are capable of manufacturing both standardized as well as customized products. Further, our Company is also engaged in the business of trading of ancillary/incidental products like abrasive wheels, welding flux, saw wire, saw flux, and special TIG /MIG. We supply our products to domestic customers and export customers. For more details, please refer to chapter titled “*Business Overview*” beginning on page 151 of this Draft Red Herring Prospectus.

SUMMARY OF OUTSTANDING LITIGATIONS & MATERIAL DEVELOPEMENTS

A summary of pending legal proceedings and other material litigations involving our Company is provided below:

(₹ in Lakhs)

Nature of Cases	Number of Cases	Total Amount Involved
Proceedings against our Company		
Criminal	Nil	Nil
Civil	1	60.00
Outstanding actions by Regulatory and Statutory Authorities	2	Not Ascertainable
Tax	5	187.67
Proceedings by our Company		
Criminal	Nil	Nil
Civil	2	6.60
Proceedings against our Director (other than Promoter)		
Criminal	Nil	Nil
Civil	Nil	Nil
Outstanding actions by Regulatory and Statutory Authorities	Nil	Nil
Tax	Nil	Nil
Proceedings by our Director (other than Promoter)		
Criminal	Nil	Nil
Civil	Nil	Nil
Proceedings against our Promoter		
Criminal	Nil	Nil
Civil	Nil	Nil
Outstanding actions by Regulatory and Statutory Authorities	Nil	Nil
Tax	12	51.61
Proceedings by our Promoter		
Criminal	Nil	Nil
Civil	Nil	Nil

For further details, please refer chapter titled “*Outstanding Litigations & Material Developments*” beginning on page 30 of this Draft Red Herring Prospectus.

SECTION – II – RISK FACTORS

7. Risk factor no 7 - We are dependent on limited number of suppliers for our raw materials required in our operations. Further, our top 10 (ten) suppliers constituted 71.81%, 64.36%, and 57.08%, respectively of total purchases during Fiscal 2024, Fiscal 2023, and Fiscal 2022 respectively. Our business is dependent on our continuing relationships with our suppliers and any deterioration in our relations with any of them could materially and adversely affect our business, results of operations, cash flows and financial condition.

The following table sets forth details of our supplier concentration (by value of raw materials purchased) during Fiscal 2024, Fiscal 2023 and Fiscal 2022 respectively

(₹ in Lakhs unless otherwise stated)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Top 1 supplier	1089.03	1034.40	841.01
% to the Purchase for the year	15.81	16.65	17.14
Top 5 suppliers	3,703.71	3,003.36	2,076.56
% to the Purchase for the year	53.76	48.35	42.32
Top 10 suppliers	4,948.28	3,998.30	2,800.64
% to the Purchase for the year	71.81	64.36	57.08

**The supplier's names have not been disclosed due to non-receipt of consent.*

Our ability to remain competitive, maintain costs and profitability depends, in part, on our ability to source and maintain a stable and sufficient supply of raw materials at acceptable prices. Our major raw material include copper-coated wire, MS Strips, MS wire, SS strip, SS wire, nickel wire, ferro-alloy powder, etc. For further information, to please refer chapter titled “**Business Overview**” beginning on page 151 of this Draft Red Herring Prospectus. We depend on external suppliers for all the raw materials required and typically purchase raw materials on a purchase order basis and place such orders with them in advance based on our requirements. As a result, the success of our business is significantly dependent on maintaining good relationships with our raw material suppliers. The absence of long-term supply contracts subjects us to risks such as price volatility caused by various factors viz. commodity market fluctuations, currency fluctuations, climatic and environmental conditions, transportation cost, changes in domestic as well as international government policies, regulatory changes and trade sanctions. While we purchase majority of our raw materials from the domestic market, we also import some of our raw materials from countries such as China, Australia, Sri Lanka etc. As a result, we continue to remain susceptible to the risks arising out of foreign exchange rate fluctuations as well as import duties, which could result in a decline in our operating margins.

The details of our raw material consumption for indigenous and imported raw material are as detailed herein below-

Raw material/ Components Consumables	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in lakhs)	% of revenue from operation	Amount (₹ in lakhs)	% of revenue from operation	Amount (₹ in lakhs)	% of revenue from operation
Indigenous	6,319.05	63.33	6,333.72	65.34	4,646.37	73.86
Imported	64.63	0.65	134.43	1.39	191.24	3.04
Total	6,383.68	63.97	6,468.15	66.72	4,837.61	76.90

We do not have any long-term contracts with these suppliers and conduct our business with these suppliers on the basis of our general experience of their (i) competitive pricing, (ii) favourable delivery terms, and (iii) long standing business relations. There is no assurance that, in future we will be able to broaden our supplier base or be able to conduct business with our suppliers on favourable terms to procure raw materials. There can be no assurance that in future we will be able to procure the required quantities and quality of raw materials commensurate with our requirements. There can also be no assurance that a particular supplier will continue to supply us with raw materials in the future. Any delay in supplying finished products to customers in accordance with the terms and conditions of the purchase orders, such as delivery within a specified time, as a result of delayed raw material supply, could result in the customer refusing to accept our products, which may have an adverse effect on our business and reputation. If we cannot fully offset the increase in raw material prices with increase in the prices for our products, we will experience lower profit margins, which in turn may have a material adverse effect on our results of operations,

financial condition and ultimately lead to a liquidity crunch. In the absence of such contracts, we are also exposed to the risk of unavailability of raw materials in desired quantities and qualities, in a timely manner.

Further, as we generally receive purchase orders for the supply of our products to customers, we rely on historical trends and other indicators to purchase the required quantities of raw materials. We, therefore, run the risk of purchasing more raw materials than necessary, which could expose us to risks associated with prolonged storage of some of these materials, and materially affect our results of operations. In addition, if all or a significant number of our suppliers for any particular raw material are unable or unwilling to meet our requirements or if our estimates fall short of the demand, we could suffer shortages or significant cost increases. Continued supply disruptions could exert pressure on our costs, and we cannot assure you that all or part of any increased costs can be passed along to our customers in a timely manner or at all, which could negatively affect our business, overall profitability and financial performance.

However, there has not been any such instance of disruption of supply of raw materials in last three financial years having material impact either on operation or financials of company.

Risk factor no 17 - There have been some instances of incorrect filings with the Registrar of Companies and other non-compliances under the Companies Act in the past which may attract penalties.

There have been certain discrepancies in relation to statutory filings required to be made by us with the RoC under applicable laws, as well as certain other non-compliances incurred by us under the Companies Act details of which are provided hereunder:

- There has been a typographical error in the memorandum of association filed with the RoC at the time of incorporation where in the face value of the share of ₹.10/- each was wrongly mentioned as ₹.100/-. However, the same was corrected while filing amendment to MOA with RoC dated July 05, 2000.
- There was inadvertent error in Form 2 filed with the RoC for allotment dated March 31, 2006 and January 5, 2006 wherein the effect of post issue paid up capital was interchange provided in the both resolution and Form 2.
- There has been a typographical error in the return of allotment filed by our Company with the RoC with regard to the date of allotment which has been erroneously stated in the Form 2 as March 31, 2012 instead of July 24, 2012.
- Our Company has wrongly reported the registered office address as 72 B, Bombay Talkies Compound, S. V. Road Malad West, Mumbai, Maharashtra, India, 400064 instead of 203-205, Business Classic, Chincholi Bunder Road, Malad west, Mumbai- 400064 in the form during digitization of the records in the Financial year 2006-07. However, our Company has updated our registered office while filing necessary form with the RoC.

There have been delays in filing forms with the RoC. For instance, 1) Form No 20B for Annual Return 2005-06, 2007-08, 2008-09, 2009-10 2) Form 23AC and Form 23ACA for Financial year 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 3) Form 66 for FY 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 4) Form 2 Return of allotment dated January 05, 2006 and March 31, 2006 5) Form 23 and Form 25C for appointing managing director and whole time director and many more were filed by payment of additional fees.

Further during the Financial year 2014-15, our Directors has not disclosed their interest in first board meeting as per provision of the section 184 of the Companies Act, 2013.

Furthermore, during the Financial year 2021-22 and Financial 2022-23, our Company has granted loans to our director i.e., Bipin Sanghvi in contravention of Section 185 of the Companies Act. Although no actions have been initiated or pending against us in relation to such non-compliance, as on the date of this Draft Red Herring Prospectus, if we are subject to any such liability, it may have an adverse effect on our reputation, and results of operations. Further, there can be no assurance that there will be no non-compliances in the future and our Company will not be subject to adverse actions by the authorities.

Although, no regulatory action, fine or penalty has been taken/ levied on our Company for the abovementioned purported default / non-compliance, however, it cannot be assured that no such regulatory action, fine or penalty will be taken/ levied in the future. Further, we cannot assure you that such non-compliances will not occur in the future.

Therefore, if the concerned authorities impose monetary penalties on us or take certain punitive actions against our Company or its directors/ officers in relation to the same, our business and financial condition could be adversely affected. Any such proceeding or action which may be initiated in the future may divert management time and attention and may subject us to further regulatory consequences (including penalty or action) which may have an adverse effect on our business, finance and results of operations.

Risk factor no 24 - Our Company, its Directors and its Promoters are party to certain litigation and claims. These legal proceedings are pending at different levels of adjudication before various forums and regulatory authorities. Any adverse decision may make us liable to liabilities/penalties and may adversely affect our reputation, business and financial status.

There are outstanding legal proceedings involving the Promoters, Directors and the Company. These proceedings are pending at different levels of adjudication before various courts. The details of such outstanding litigations as at the date of this Draft Red Herring Prospectus are as follows:

A classification of these outstanding proceedings is given in the following table:

(₹ in Lakhs)

Nature of Cases	Number of Cases	Total Amount Involved
Proceedings against our Company		
Criminal	Nil	Nil
Civil	1	60.00
Outstanding actions by Regulatory and Statutory Authorities	2	Not Ascertainable
Tax	5	187.67
Proceedings by our Company		
Criminal	Nil	Nil
Civil	2	6.60
Proceedings against our Director (other than Promoter)		
Criminal	Nil	Nil
Civil	Nil	Nil
Outstanding actions by Regulatory and Statutory Authorities	Nil	Nil
Tax	Nil	Nil
Proceedings by our Director (other than Promoter)		
Criminal	Nil	Nil
Civil	Nil	Nil
Proceedings against our Promoter		
Criminal	Nil	Nil
Civil	Nil	Nil
Outstanding actions by Regulatory and Statutory Authorities	Nil	Nil
Tax	12	51.61
Proceedings by our Promoter		
Criminal	Nil	Nil
Civil	Nil	Nil

We may be required to devote management and financial resources in the defence or prosecution of such legal proceedings. Should any new developments arise, including a change in Indian laws or rulings against us by the appellate courts or tribunals, we may face losses and we may have to make further provisions in our financial statements, which could increase our expenses and our liabilities. Decisions in such proceedings, adverse to our interests, may have a material adverse effect on our business, cash flows, financial condition, and results of operations. Failure to successfully defend these or other claims, or if our current provisions prove to be inadequate, our business and results of operations could be adversely affected. Even if we are successful in defending such cases, we will be subject to legal and other costs relating to defending such litigation, and such costs could be substantial. In addition, we cannot assure you that similar proceedings will not be initiated in the future. Any adverse order or direction in these cases by the concerned authorities, even though not quantifiable, may have an adverse effect on our reputation, brand, business, results of operations and financial condition. For further details, please refer to chapter titled "**Outstanding Litigation and Material Developments**" beginning on page 30 of this Draft Red Herring Prospectus.

Risk factor no 27 - Any defect in our products may result in our orders being cancelled and we could become liable to customers, suffer adverse publicity and incur substantial costs which in turn could affect us adversely.

Any defect in our products could result in cancellation of our orders for manufacturing and selling the products. In case our products are found to be defective, the same could result in a claim against us for damages. Although, we attempt to maintain quality standards, and although there have not been any instances of cancellation of our orders due to defects, we cannot assure that all our products would be of “In the event the products sold by us are defective or substandard for any reason, including due to human errors at any stage of manufacturing, our customers may pursue claims or actions against us within the warranty period, which could materially and adversely affect our business, financial conditions and results of operations. However, there has not been any such major instance of customer claims or actions against company in past three financial years having material impact either on operation or financials of company.

Risk factor no 40 - We have incurred borrowings from commercial banks and any non-compliance with repayment and other covenants in our financing agreements could adversely affect our business and financial condition.

We have entered into agreements with banks for short-term and long-term borrowings. The table below sets out the details of borrowings incurred by our Company for the period mentioned below

(₹ in Lakhs)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2023
Long Term Borrowings	-	43.03	152.07
Short Term Borrowings	19.71	98.68	629.18

Our ability to pay interest and repay the principal for our indebtedness is dependent upon our ability to manage our business operations and generate sufficient cash flows to service such debt. Certain agreements that we have entered into contain restrictive covenants, including requirements that we obtain consent from the lenders prior to undertaking certain matters such as availing any changes in capital structure, formulate any scheme of amalgamation or reconstruction, fresh credit facility, giving fresh loans and advances, opening/ maintaining new bank accounts issuing corporate guarantee etc. Any failure to service such indebtedness, or otherwise perform any obligations under such financing agreements may lead to a termination of one or more of our credit facilities or incur penalties and acceleration of payments under such credit facilities, which may adversely affect our business and financial condition. Further, any fluctuations in the interest rates may directly impact the interest costs of such loans and could adversely affect our financial condition. While there has been no instance of breach of any covenants of financing agreements in past three financial years, there can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain the necessary consent to take the actions that we are required to operate and grow our business. Any fluctuations in the interest rates may directly impact the interest costs of such loans, and affect our business, financial condition, results of operations and prospects. Our ability to make repayments and refinance our indebtedness will depend on our continued ability to generate cash from our future operations. We may not be able to generate enough cash flow from operations or obtain enough capital to service our debt.

For more information, please refer to chapter titled “***Financial Indebtedness***” beginning on page 264 of the Draft Red Herring Prospectus.

Risk factor no.47 -We require certain approvals, licenses, registration and permits for our business, and the failure to obtain or renew them in a timely manner may adversely affect our operations.

We are governed by various laws and regulations for our business and operations. We are required, and will continue to be required, to obtain and hold relevant licenses, approvals and permits at state and central government levels for doing our business. Further, our Company is unable to trace original copy of its Professional Tax - Enrolment Certificate for Maharashtra; however, Company has made application dated March 14, 2024 for the certificate. The approvals, licenses, registrations and permits obtained by us may contain conditions, some of which could be onerous. If we are unable to renew any of the approvals, licenses, registrations and permits in a timely manner, it will damage our business prospects.

These laws and regulations governing us are increasingly becoming stringent and may in the future create substantial compliance or liabilities and costs. While we endeavour to comply with applicable regulatory requirements, it is

possible that such compliance measures may restrict our business and operations, result in increased cost and onerous compliance measures, and an inability to comply with such regulatory requirements may attract penalty. For further details regarding the material approvals, licenses, registrations and permits, please refer to chapter titled "***Government and Other Statutory Approvals***" on page 32 of this Draft Red Herring Prospectus.

Furthermore, we cannot assure you that the approvals, licenses, registrations and permits issued to us will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any suspension or revocation of any of the approvals, licenses, registrations and permits that has been or may be issued to us may affect our business and results of operations

SECTION – IV – PARTICULARS OF THE OFFER

OBJECT OF THE OFFER

Details of utilization of the Net Proceeds

1.Funding expenditure towards construction of new factory shed at our existing manufacturing facility situated at Village Zaroli, Umbergaon Valsad, Gujarat, Bharat

The following table sets forth further information relating to our existing manufacturing facility which we intend to expand:

Location	Area in Sq. mtr.
	Existing
Village Zaroli, Umbergaon Valsad, Gujarat, Bharat	Approx. land area 25082.61 sq. mtr of which approx. 9290.23 sq. mtr is constructed

Plant and Machinery

Our Company shall identify and place order for necessary machineries once the construction work is near to completion. The Company will utilize internal accruals for purchase of the machineries. At new factory shed, Company plans to set up the manufacturing unit for “saw flux” with an estimated Installed Capacity of 4800 MT p.a.

Implementation Schedule

The proposed schedule of implementation is as below:

Sr no.	Particulars	Estimated Timeline
1.	Acquisition of Land	NA
2.	Construction of factory shed -commencement	January 2025
3.	Identifying and selection of vendor for supply of machinery and equipment	June 2025
4.	Purchase and installation of machinery and equipment	September 2025
5.	Trial production run	October 2025
6.	Commencement of final production*	November 2025
7.	Full construction of factory shed	March 2026

**We would be able to commence production in a phase manner*

SECTION V: ABOUT THE COMPANY

BUSINESS OVERVIEW

Overview

“We manufacture our products from copper coated wire, MS Strips, MS wire, SS strip, SS wire, nickel wire, ferro alloy powder, etc conforming to international standards, from our highly sophisticated and technically competent manufacturing facility spread over land area of 25082.61 sq. mtr which is situated at Zaroli, Umbergaon Valsad, Gujarat, Bharat.”

Our Products

Product Description

“Our Company is engaged in manufacturing and supply of welding consumable such as welding electrodes, flux cored wires, TIG /MIG wire which finds its application across wide industries like railways, roadways, automotive, airport infrastructure, refineries, shipyards, mines, sugar industries, telecom industries, thermal power stations, PEB sectors, etc.”

Name of Products	Product Image	Application	Description
MIG/TIG Wires- MIG	 	various industries use our automotive, PEB, thermal power, mines, sugar industries, telecom industries, refineries, shipyards etc.	<p>Gas Metal Arc welding (GMAW) is frequently referred to as MIG welding. MIG is a semi-automatic or automatic arc welding procedure that uses a welding gun to feed a continuous and consumable wire electrode and a shielding gas.</p> <p>MIG welding is commonly used as high deposition rate welding process. Wire is continuously fed from spool. MIG stands for metal inert gas welding wire whereas TIG stands for tungsten inert gas welding wire. Both these products have different application and used based on application. For instance, MIG welding wire is suitable for thin application like automobile industry whereas TIG wire is largely used for precision welding such as pipe welding, boiler welding. The Company is engaged in the business of manufacturing of welding consumables such as, welding electrodes, flux cored wire, MIG/TIG wire. The Company has been manufacturing TIG/MIG wires till fiscal 2021. However, considering the current pricing and market</p>

			demand the Company has temporarily started trading of TIG/MIG wire instead of manufacturing as done in previous financial years. The Company may depending on market condition restart the manufacturing of TIG/MIG wire as necessary. Further, the Company has installed capacity of approximately 60 MT per month for manufacturing of TIG/MIG wire
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Revenue Bifurcation:

Product/process wise

Particulars	March 31, 2024		March 31, 2023		March 31, 2022	
	(₹ in Lakhs)	%	(₹ in Lakhs)	%	(₹ in Lakhs)	%
Manufacturing						
Welding Electrodes (Kgs)	3,303.42	33.02%	2,883.89	30.29%	1,996.63	33.02%
Welding Electrodes (Pcs)	670.41	6.70%	941.65	9.89%	1,307.84	21.63%
Welding Electrodes (MTRs)	0.67	0.01%	-	-	-	-
Flux Cored wire	5,074.77	50.73%	4,833.88	50.77%	2,336.86	38.65%
Sub-Total (A)	9,049.27	90.46%	8,659.42	90.96%	5,641.33	93.30%
Trading						
Abrasive Wheels	16.41	0.16%	12.19	0.13%	5.39	0.09%
Electro Strip Cladding	6.63	0.07%	0.01	Negligible	-	-
Saw Flux	15.62	0.16%	-	-	-	-
Tig Mig Wire	858.70	8.58%	567.95	5.97%	377.68	6.25%
Packing Material	5.54	0.06%	0.01	Negligible	0.08	Negligible
Powder	36.34	0.36%	140.57	1.48%	-	-
M S Wire	0.15	Negligible	-	-	-	-
Testing Equipment	-	-	140.08	1.47%	20.13	0.33%
S.S Strip	-	-	-	-	1.99	0.03%
Saw Wire	14.85	0.15%	-	-	-	-
Sub-Total (B)	954.24	9.54%	860.81	9.04%	405.27	6.70%
Total (A+B)	10,003.51	100%	9,520.23	100%	6,046.60	100%
Add/(Less):						
Rate Difference, Freight Charges, Discounts, etc.	(31.05)	-	173.54	-	244.37	-
Sale of Products	9,972.46	-	9,693.77	-	6,290.97	-

Geography wise revenue

The following table sets forth a breakdown of our revenue from operations from domestic and export market, in absolute terms and as a percentage of total revenue from operations, for the periods indicated basis the location of the customers

Particulars	March 31, 2024	March 31, 2023	March 31, 2022
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	(₹in lakhs)	%	(₹in lakhs)	%	(₹in lakhs)	%
Domestic*	8,537.45	85.56	7,981.66	82.34	4,606.27	73.22
Export						
Australia	-	-	0.50	0.01	-	-
Bhutan	0.80	0.01	-	-	-	-
Chile	43.50	0.44	40.35	0.42	91.27	1.45
Congo	26.62	0.27	23.34	0.24	-	-
Guatemala	136.87	1.36	137.09	1.41	129.81	2.06
Kenya	-	-	-	-	79.95	1.27
Kuwait	86.89	0.87	144.41	1.49	93.45	1.49
Latvia	2.56	0.03	3.64	0.04	1.89	0.03
Libya	16.29	0.16	-	-	-	-
Morocco	2.87	0.03	2.90	0.03	-	-
Nepal	0.16	0.00	2.56	0.03	-	-
Nigeria	872.94	8.74	1,163.72	11.99	1,109.83	17.64
Oman	5.59	0.06	3.86	0.04	3.61	0.06
Peru	90.37	0.91	36.81	0.38	99.18	1.58
Poland	-	-	-	-	23.28	0.37
Qatar	25.43	0.25	24.62	0.25	42.41	0.67
Russia	3.60	0.04	-	-	-	-
U. A. E	100.17	1.00	90.15	0.93	10.02	0.16
Uganda	-	-	38.41	0.40	-	-
Trinidad and Tobago	3.60	0.04	-	-	-	-
Tanzania	21.76	0.22	-	-	-	-
United Kingdom	1.28	0.01	-	-	-	-
Total	9,978.75	100.00	9,694.02	100.00	6,290.97	100.00

***Further state wise revenue bifurcation of domestic sales is as under:**

States	March 31, 2024		March 31, 2023		March 31, 2022	
	(₹ In Lakhs)	%	(₹ In Lakhs)	%	(₹ In Lakhs)	%
Maharashtra	3,103.23	36.35	2,643.58	33.12	1,756.89	38.14
Gujarat	1,067.49	12.50	1,379.03	17.28	941.22	20.43
West Bengal	228.77	2.68	256.38	3.21	100.06	2.17
Odisha	505.45	5.92	425.84	5.34	68.34	1.48
Rajasthan	145.48	1.70	198.03	2.48	85.48	1.86
Madhya Pradesh	503.12	5.89	416.73	5.22	220.92	4.80
Goa	174.96	2.05	20.59	0.26	32.92	0.71
Bihar	97.05	1.14	30.41	0.38	13.93	0.30
Punjab	82.10	0.96	186.24	2.33	0.10	0.00
Tamil Nadu	261.87	3.07	129.48	1.62	288.30	6.26
Haryana	3.54	0.04	62.11	0.78	7.99	0.17
Andhra Pradesh	45.06	0.53	39.43	0.49	37.98	0.82
Chhattisgarh	1,246.86	14.60	1,414.06	17.72	717.00	15.57
Kerala	5.22	0.06	0.99	0.01	0.95	0.02
Karnataka	289.35	3.39	217.94	2.73	124.93	2.71
Delhi	47.12	0.55	46.28	0.58	-	-
Jharkhand	28.11	0.33	128.30	1.61	1.35	0.03
Uttar Pradesh	525.00	6.15	308.98	3.87	77.11	1.67
Telangana	143.91	1.69	48.69	0.61	96.75	2.10
Dadra and Nagar Haveli & Daman And Diu	27.24	0.32	24.21	0.30	32.89	0.71
Assam	4.93	0.06	4.36	0.05	-	-
Uttarakhand	1.59	0.02	-	-	-	-
Puducherry	-	-	-	-	1.16	0.03

Total Domestic Revenue	8,537.45	100	7,981.66	100	4,606.27	100
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Revenue Bifurcation for B2G, B2B and B2C sales:

Particulars	March 31, 2024		March 31, 2023		March 31, 2022	
	(₹in Lakhs)	%	(₹in Lakhs)	%	(₹in Lakhs)	%
B2G	754.48	7.57	325.11	3.35	513.34	8.16
B2B	7,777.03	77.99	7,001.65	72.23	4,940.07	78.53
B2C	1,440.95	14.45	2,367.01	24.42	837.56	13.31
Total	9,978.75	100.00	9,694.02	100.00	6,290.97	100.00

Strategies

Strengthen our brand value and create awareness for our new products

The industry is seeing a shift in market share from the unorganised to the organised sector. We seek to capture a greater market share in this environment and it is important to invest in the brand to strengthen the top of the mind recall and consequently we shall continue to invest in our brands. Since the industry is highly unorganized, a good distribution network is essential in this industry. We are focusing on expanding on our dealership network by opening new marketing offices or by way of appointment of new dealers, including smaller towns and rural areas. The following is the number of dealer/distributors for past three financial years:

Sr no.	Financial year	No of all Dealers/Distributors in Domestic market	No of all Dealers in Overseas market
1	2024	181	16
2	2023	163	16
3	2022	138	10

Our Manufacturing Facility

“We carry our manufacturing operations from our unit located at Zaroli, Umbergaon Valsad, Gujarat, Bharat having land area of 25082.61 sq. mtr out of which approx. 9290.23 sq. mtr is constructed. Our Unit is supported by an infrastructure for the storage of raw materials, manufacturing of our products, storage of finished goods, together with a quality control laboratory.”

Capacity and Capacity utilization

The following table sets forth certain information relating to the capacity utilization of our Units calculated based on total installed production capacity and actual production as of/ for the periods indicated below:

Particulars	Fiscal 2024			Fiscal 2023			Fiscal 2022		
	Installed Capacity (MT)	Production (MTPA)	Utilisation (%)	Installed Capacity (MT)	Production (MTPA)	Utilisation (%)	Installed Capacity (MT)	Production (MTPA)	Utilisation (%)
Welding Electrodes	10,800	3,459	32.03	10800	2944	27.26	10800	3522	32.61
Flux Cored Wire	7,200	2,879	39.99	6480	2624	40.49	6480	1477	22.79
TIG/MIG wire*	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

*Machines used for manufacturing are interchangeable with welding electrodes and flux cored wires. In absence of manufacturing of TIG/MIG wire during fiscal 2024, 2023 and 2022 installed capacity and utilized capacity of TIG/MIG wire is shown as nil.

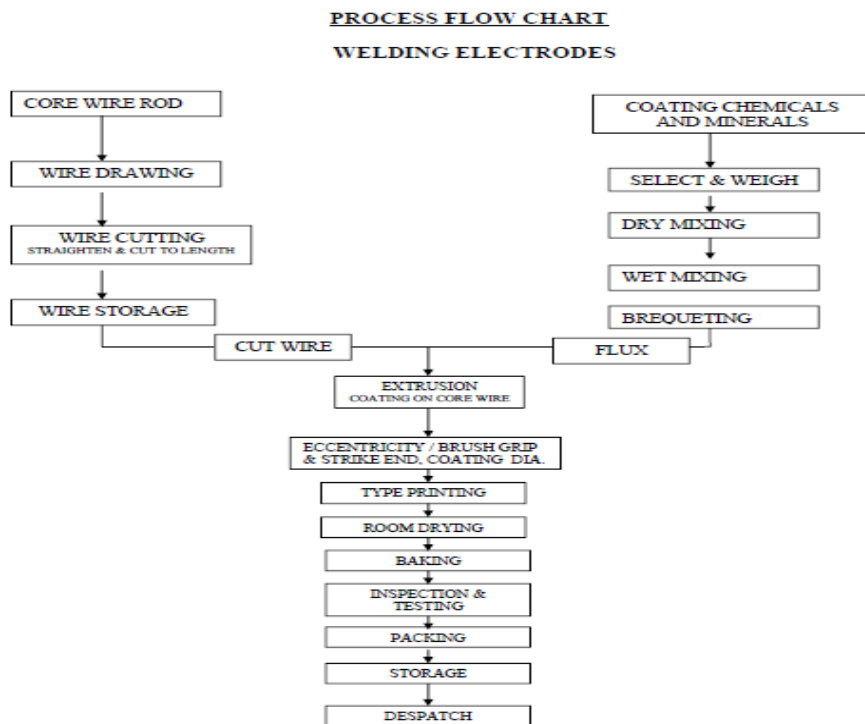
*As certified by Shivabhai Patel, Chartered Engineer vide the certificate dated September 14, 2024.

The information relating to the installed production capacity of our Unit, as included above and elsewhere in this Draft Red Herring Prospectus are based on various assumptions and estimates that have been considered by the chartered engineer for calculation of our capacity. These assumptions and estimates include the standard capacity calculation practice of the welding and anti-wear consumables, wear plates/wear parts, and heavy engineering equipment industry after examining the calculations and explanations provided by us.

Actual production levels and utilization rates may vary from the capacity information of our Units included in this Draft Red Herring Prospectus and undue reliance should not be placed on such information. Please refer to chapter titled ***“Risk Factor No. 12 - Under-utilization of our manufacturing capacities and an inability to effectively utilize our expanded manufacturing capacities could have an adverse effect on our business, future prospects and future financial performance.”*** beginning on page 41 of this Draft Red Herring Prospectus

Rationale for less capacity utilization by the Company:

- a) The installed capacity is determined based on working hours of 24 hours a day. However, considering the criticality of the product quality, the company undertakes non critical operations during night time.
- b) The capacity utilization is based on actual products manufactured during 8 hours shift adjusted for overtime. Hence capacity utilization is lower than installed capacity



CORE WIRE ROD

Company buys core wire of required sizes and quality testing is done before wire drawing.

WIRE DRAWING

After QC clearance, core wire passes through descaling unit and is further drawn as per requirement.

WIRE CUTTING

Drawn wire is straighten and cut to the required length.

WIRE STORAGE

Cut Wire is stored in dry atmosphere on metallic stand.

COATING CHEMICALS AND MINERALS

Ores & Minerals, Ferro-alloys, Metal Powders are released for Dry mixing after QAC clearance.

SELECT & WEIGH

Above Ores & Minerals, Ferro-alloys, Metal powders are selected as per formulation and weighed separately.

DRY MIXING

Powders are mixed together as per formulation to prepare Dry Mix.

WET MIXING

In the Dry Mix, silicate is added to prepare Wet Mix.

BREQUETING

After preparing wet mix, Brequeting cakes are prepared for Extrusion.

FLUX

Wet mix is the final Flux produced and is used for Extrusion after making Brequeting cake.

EXTRUSION

In Extrusion, Flux and cut wire are used to make Welding Rod as per required Grade, Size & Length.

ECCENTRICITY/BRUSH & STRIKE END, COATING DIA

Uniformity of Powder Coating on Core wire is called Eccentricity & is checked by micrometer or Microscope having measuring scale.

Brush End is checked by measuring scale and is required for holding the Electrode.

Strike End is the Tip of Welding Electrode for easy strike on base metal.

Strike End should be chamfered and it is checked visually.

Coating Diameter is a Diameter measured after Powder coating done on core wire and is checked by Micrometer.

TYPE PRINTING

Grade, Size, Brand Name is printed on Electrode for identification as per requirement.

ROOM DRYING

After Extrusion, Welding rods are kept in Dry place for drying at room temperature.

BAKING

Baking of welding rods is done in Baking Oven after room drying for particular time period as per requirement.

INSPECTION & TESTING

Inspection & testing is done as per requirement.

PACKING

Packing is done in Kgs in small corrugated packets after Overall testing and then packaging is done in corrugated Boxes. Packets and Boxes are shrink packed. All details are printed on inner small packets and outer Boxes.

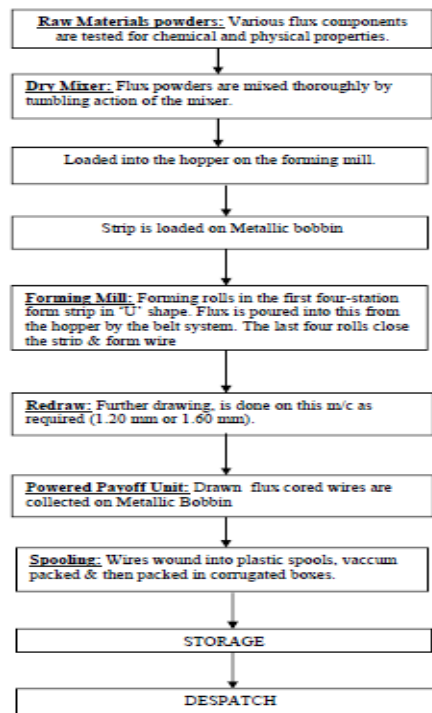
STORAGE

Packed Boxes are stored in Dry Storage Area.

DISPATCH

Welding rods are dispatched as per Customers orders.

PROCESS FLOW CHART FLUX CORED WIRE (FCAW)



RAW MATERIALS POWDERS

Company buys various flux powders and testing is done before further process

DRY MIXER

Ores & Minerals, Ferro-alloys, Metal Powders are released for Dry mixing after QAC clearance and mixed together in a mixer to form a dry mix.

LOADED INTO THE HOPPER ON FORMING MILL

Dry mix powder is filled in the hopper which is then transferred on forming mill for production.

STRIP IS LOADED ON METALLIC BOBBIN

Raw strip is loaded on circular bobbin (i.e. strip winding) which is then shifted to forming mill for production.

FORMING MILL

The winded strip on bobbin passes through rollers to form U shape and then, Flux is poured into the strip from hopper and then it passes through rollers at other end to close the strip and to form the wire.

REDRAWING

Wire is passed on drawing machine with different die sizes to get final size as per the requirement.

POWERED PAYOFF UNIT

Wire drawn during redrawing process is collected on bobbin for further spooling process.

SPOOLING

Final product (wire) is wound on spools for packing in kgs as per requirement in a vacuum packaging and further, packed in corrugated box.

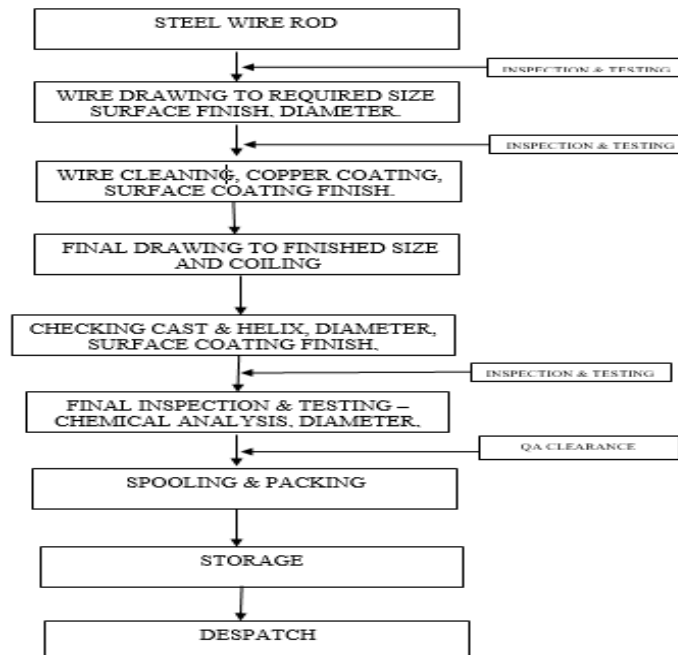
STORAGE

Final product is stored in dry area to avoid the moisture.

DISPATCH

Material is dispatch to customer as per the orders.

MIG WIRE



STEEL WIRE ROD

Company buys wire rods as per the requirement. After QAC test clearance, these wire rods are released for wire drawing.

INSPECTION AND TESTING

Testing of steel wire rods is done and QC clearance is taken before wire drawing process.

WIRE DRAWING

Wire is drawn to from different die sets as per the requirement.

WIRE CLEANING AND COPPER COATING BATH

Drawn wire passes through the cleaning bath and then, copper coating bath to get wire coated with copper.

FINAL DRAWING AND COILING

Wire after copper coating is drawn as per the final size requirement and then coiled on bobbin for further process.

CHECKING

Checking of cast, helix and surface finish of the wire is done

QA CLEARANCE

Once final drawing is done, the material is tested by QC team. After QC clearance, it is sent for spooling and packing.

SPOOLING & PACKING

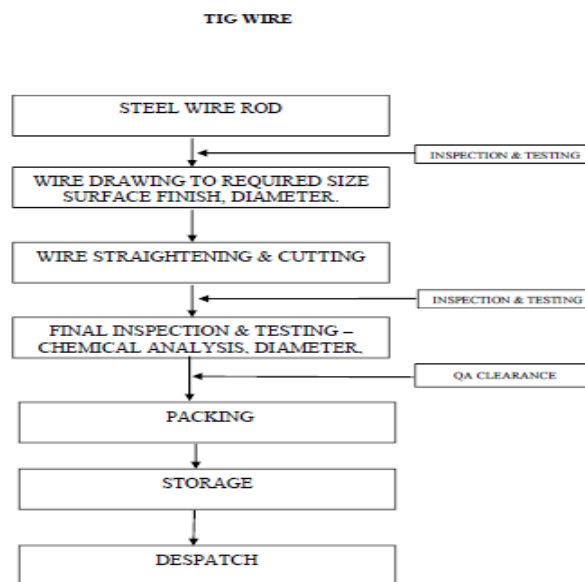
Wire is wound on spool for packing in kgs as per the requirement and then packed in corrugated boxes

STORAGE

Material is stored in dry room to avoid the moisture.

DISPATCH

Material is dispatch as per the customer orders.



STEEL WIRE ROD

Company buys Wire Rods as per the requirement. After QAC test clearance, these wire rods are released for wire drawing.

WIRE DRAWING TO REQUIRED SIZE, SURFACE FINISH, DIAMETER

Wire is drawn to form different die sets as per the requirement.

WIRE STRAIGHTENING & CUTTING

Drawn wires are straightened and cut to required size.

FINAL INSPECTION & TESTING-CHEMICAL, ANALYSIS, DIAMETER

Drawn wire passes through the copper coating bath to get wire coated with copper. Testing and inspection is done as per requirement like checking size, doing chemical analysis etc.

PACKING

After QAC clearance, packaging of TIG wires is done in plastic tubes.

STORAGE

Packed TIG wires are kept in Dry storage area.

DISPATCH

Dispatching of TIG wires is done as per customer orders

Utilities & Infrastructure Facilities:

Raw Material:

Details of state/country wise bifurcation of raw materials procurement by the Company:

Particulars	March 31,2024		March 31,2023		March 31,2022	
	(₹ in Lakhs)	%	(₹ in Lakhs)	%	(₹ in Lakhs)	%
Gujarat	3,071.28	44.57%	1,844.38	29.69%	1,110.16	22.62%
Maharashtra	1,755.54	25.48%	1,921.52	30.93%	2,135.78	43.53%
Odisha	469.72	6.83%	356.48	5.74%	78.83	1.61%
Chhattisgarh	409.74	5.95%	399.68	6.43%	232.34	4.73%
Tamil Nadu	331.88	4.82%	154.90	2.49%	128.94	2.63%
Haryana	241.02	3.50%	225.19	3.62%	161.08	3.28%
Dadra & Nagar Haveli and Daman & Diu	198.94	2.89%	172.45	2.78%	66.46	1.35%
Uttar Pradesh	119.42	1.73%	121.64	1.96%	225.64	4.60%
Delhi	91.16	1.32%	93.78	1.51%	88.67	1.81%
Madhya Pradesh	60.73	0.88%	17.43	0.28%	19.21	0.39%
Rajasthan	38.48	0.56%	694.07	11.16%	322.63	6.57%
Jharkhand	20.69	0.30%	21.06	0.34%	11.26	0.23%

Punjab	3.63	0.05%	-	-	31.92	0.65%
Telangana	2.80	0.04%	4.05	0.07%	3.13	0.06%
Karnataka	0.98	0.01%	-	-	-	-
Pondicherry	0.30	0.00%	0.36	0.01%	0.30	0.01%
Kerala	-	-	48.94	0.79%	90.18	1.84%
West Bengal	-	-	0.08	0.00%	-	-
Customs Duty on Import	4.79	0.07%	7.38	0.12%	6.79	0.14%
Import	69.24	1.00%	129.12	2.08%	193.99	3.95%
Total Purchases (A)	6,890.34	100%	6,212.51	100%	4,907.31	100%
Details of Import						
Australia	-		88.63	1.43%	72.15	1.47%
China	46.19	0.67%	40.49	0.65%	36.60	0.75%
Dubai	-	-	-	-	36.12	0.74%
Hong Kong	-	-	-	-	21.01	0.43%
Sri Lanka	-	-	-	-	28.11	0.57%
Qatar	23.05	0.33%	-	-	-	
Import Purchases (B)	69.24	1.00%	129.12	2.08%	193.99	3.95%

KEY INDUSTRY REGULATIONS AND POLICIES

G. Other Applicable Laws

Taxation Laws

The tax related laws that are applicable to our Company include the Income-tax Act, 1961, the Central Goods and Services Tax Act, 2017, Customs Act, 1962 and the relevant state legislations for goods and services tax.

HISTORY AND CERTAIN CORPORATE MATTERS

MAJOR EVENTS, MILESTONES, KEY AWARDS, ACHIEVEMENTS AND ACCOLADES OF OUR COMPANY

The following tables set forth the major events and milestones in the history of our Company:

Financial Year	Major Events
2014	Manufacturing facility spread over 25082.61 sq. mtr
2021	One of the few companies to have received 'BIS CARE Certification' for manufacturing flux cored wire

DETAILS OF GUARANTEES GIVEN TO THIRD PARTIES BY OUR PROMOTER:

As on the date of this Draft Red Herring Prospectus, Mr. Bipin Sanghvi, Ms. Tarulata Sanghvi, Mr. Hardik Sanghvi and Mr. Swagat Sanghvi have jointly and/or severally provided certain guarantees. This guarantee is in the nature of personal guarantees and has been issued towards contractual obligations in respect of loans availed by our Company.

OUR MANAGEMENT

Interest of Directors

ii. Interest in property acquired or proposed to be acquired by our Company

Except as stated below, our Directors do not have any interest in any property acquired by our Company in the three (3) preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by it:

c) Our Company had purchase four flats in Fiscal 2022-23 from our Group Company i.e., *Royal Arc Infrastructure Private Limited* situated at Nature's Temple, Beach Road Near Bappanadu Temple Mulki -574154 Mangalore Karnataka having block number A101, A102, B101 & B103 for sale consideration ₹ 31.54 Lakhs, ₹ 31.54 Lakhs, ₹ 31.54 Lakhs and ₹ 33.25 Lakhs. For further details please refer to chapter titled “Business Overview – Immovable Properties” beginning on page 167 of this Draft Red Herring Prospectus

d) Our Company had purchased our factory from our Group Company i.e., *Royal Arc Infrastructure Private Limited* situated at Plot No.6, Survey No. 91/ Paiki-4, Near Sheela Foam, village- Zaroli, Gujarat in October 10, 2013 for sale consideration of ₹ 60 Lakhs. For further details please refer to chapter titled “***Business Overview – Immovable Properties***” beginning on page 167 of this Draft Red Herring Prospectus.

Corporate Governance

Nomination and Remuneration Committee:

The Nomination and Remuneration committee was constituted by a resolution of our Board dated February 01, 2024

The Nomination and Remuneration Committee currently consists of:

- a) Jayna Mehta (*Chairperson*);
- b) Kunal Turakhia (*Member*); and
- c) Rahul Vattamparambil (*Member*)

OUR PROMOTER AND PROMOTER GROUP

OUR PROMOTER GROUP

Our Promoters Group in terms of Regulations 2(1) (pp) of the SEBI (ICDR) Regulations 2018, are as under:

B. Our Promoter Group as defined under Regulation 2(1) (pp) of SEBI ICDR Regulations 2018 includes entities, companies, firms, proprietorships and HUFs which form part of our Promoter Group are as follows:

Name of the Entity	Type
Royal Arc Infrastructure Private Limited	Private Limited Company

OUR GROUP COMPANIES

Nature and extent of interest of Group Companies

In the promotion of our Company

Our Group Company do not have any interest in the promotion of our Company.

In the properties acquired by us in the preceding three years before filing this Draft Red Herring Prospectus or proposed to be acquired by our Company

Except as disclosed below, none of our Group Companies are interested in the properties acquired by our Company in the three years preceding the filing of this Draft Red Herring Prospectus or proposed to be acquired by our Company:

a) Our Company had purchase four flats in Fiscal 2022-23 from our Group Company i.e., *Royal Arc Infrastructure Private Limited* situated at Nature's Temple, Beach Road Near Bappanadu Temple Mulki -574154 Mangalore Karnataka having block number A101, A102, B101 & B103 for sale consideration ₹ 31.54 Lakhs, ₹ 31.54 Lakhs, ₹ 31.54 Lakhs and ₹ 33.25 Lakhs. For further details please refer to chapter titled "Business Overview – Immovable Properties" beginning on page 167 of this Draft Red Herring Prospectus

b) Our Company had purchased our factory from our Group Company i.e., *Royal Arc Infrastructure Private Limited* situated at Plot No.6, Survey No. 91/ Paiki-4, Near Sheela Foam, village- Zaroli, Gujarat in October 10, 2013 for sale consideration of ₹ 60 Lakhs. For further details please refer to chapter titled "Business Overview – Immovable Properties" beginning on page 167 of the Draft Red Herring Prospectus

SECTION VI – FINANCIAL STATEMENTS

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Overview

“We manufacture our products from copper coated wire, MS Strips, MS wire, SS strip, SS wire, nickel wire, ferro alloy powder, etc conforming to international standards, from our highly sophisticated and technically competent manufacturing facility spread over an area of 25082.61 sq. mtr which is situated at Zaroli, Umbergaon Valsad, Gujarat, Bharat. This forward integration helps in achieving efficiency in the production process and gaining competitive advantage, reduction in product costs, control over the supply of raw materials and reduce our dependency on third parties for our operations

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

I. Litigation involving our Company

A. Litigation filed against our Company

1. Criminal proceedings

Nil

2. Outstanding actions by regulatory and statutory authorities

i. Show Cause Notice bearing number VVCMC/130/2024-2025 issued by the Vasai- Virar Municipal Corporation

The Vasai-Virar City Municipal Corporation Local Body Tax Department issued a Show Cause Notice, bearing number VVCMC/130/2024-2025, Dated May 31, 2024 for failure to furnish return for the Period 2014-2015, 2015-2016, 2016-2017, 2017-2018 (April to June). The Company is in process of submitting necessary reply to the said show cause notice. Our Promoter Bipin Sanghavi may be liable for imprisonment a term which may extend upto 2 years and a fine under sub-section (1) of section 152 L of The Maharashtra Municipal Corporation Act (ACT LIX of 1949) (the Act) and a daily fine of not less than Rs. 100 per day u/s 152L(2) of the Act.

ii. Show Cause Notice bearing number GJ/RO/VAPI/INT/Royal ARC Electrodes Ltd/45 issued by the Regional office of Employees Provident Fund

The Regional office of Employees Provident Fund Organisation carried out an inspection on our Company and on the basis of inspection the enforcement officer submitted a report dated November 14, 2022 whereby he stated that he visited our Company and found a list of 85 employees, later our company submitted that they are already registered from Kandivali office bearing PF code No. KDMAL0090517000. However, our Company has filed ECR only for 60 employees in Sep-2022. Thereafter a letter dated November 28, 2022 bearing no GJ/RO/VAPI/ENF/Royal ARC Electrodes Ltd was issued to our Company. Subsequently a showcause notice dated July 5, 2024 was issued seeking clarification for the gap in 25 employees noticed in compliance under EPF & MP Act, 1952 failing which our Company shall be liable for punitive action under the provisions of the EPF & MP Act, 1952. The matter is currently pending. This amount of penalty is not quantifiable as the Company has contested the notice vide reply dated December 29, 2022 based on the jurisdiction of the inspecting officer.

3. Material civil proceedings

i. Sandeep Surendra Ambedkar and Others vs. Shri Subodh Sharad Dhapre and Others – SPCS/8/2021

Sandeep Surendra Ambedkar and Others (“collectively, the “**Plaintiffs**”) filed a special civil suit bearing no. 8 of 2021 against Subodh Sharad Dhapre and Others (collectively, the “**Defendants**”, with Royal Arc Infrastructure Private Limited and Royal Arc Electrodes Limited being “**Defendant No. 8**” and “**Defendant No. 9**”, respectively.) before the Court of Hon’ble Civil Judge, Senior Division, Umargaon at Umargaon. In this case, there is a conflict between the Plaintiffs and the Defendants with respect to their ancestral properties. It has been claimed by the Plaintiffs that as per their ancestral rights, the schedule of properties – Survey No. 92/1, 93/1, 94/1, 95/1, 98/2, 182/2, 183/1, 292/1 and 293/1 lying and situated at Village Zharoli, Taluka Umargaon, District Valsad shall be divided in the ratio of 50% to the Plaintiff No. 1 and 2 in equal rights and undivided share and 50% to the Plaintiff No. 3 to 5 for their undivided 1/3 individual right, claim and share. Defendant No. 1 to 3 are the claimants of the said properties, and Defendant No. 4 to 7 are the subsequent claimants of the suit properties, with Defendant No. 8 and 9 being private companies claiming their rights through Defendant No. 4 to 7. The Plaintiffs allege that as per the partition, Defendant No. 1 to 3 have already been allotted their share and interest/benefit, so none of the Defendants are entitled to claim any rights. Hence, the Plaintiff has filed this civil suit and the next date of hearing is yet to be notified. If there is an adverse order passed against our Company, Hon’ble Civil Judge, Senior Division, Umargaon may order the Company to pay a compensation to the Plaintiffs amounting to approx. Rs. 60,00,000.

The Company may have to incur a maximum loss of Rs. 60,00,000 or any other amount to the extent of Rs. 60,00,000 which the court may decide.

GOVERNMENT AND OTHER APPROVALS

C.Labour Related Approvals/ Registrations:

Sr. No.	Nature of Registration/ License	Registration/License/Certificate No.	Issuing Authority	Date of Issue	Date of Expiry
3	ESIC Registration Code — Maharashtra	35000199430000999	Employees' State Insurance Corporation, State of Maharashtra	August 02, 2010	Valid till cancelled

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Addendum are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Sd/-

Bipin Shantilal Sanghvi

Chairman & Managing Director

Date: October 24, 2024

Place: Mumbai

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Addendum are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Sd/-

Swagat Bipin Sanghvi

Whole Time Director

Date: October 24, 2024

Place: Mumbai

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Addendum are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Sd/-

Hardik Bipin Sanghvi

Whole Time Director

Date: October 24, 2024

Place: Mumbai

DECLARATION

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SIGNED BY THE DIRECTOR OF THE COMPANY

Sd/-

Jayna B Mehta

Independent Non-Executive Director

Date: October 24, 2024

Place: Mumbai

DECLARATION

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SIGNED BY THE DIRECTOR OF THE COMPANY

Sd/-

Kunal Kamlesh Turakhia

Independent Non-Executive Director

Date: October 24, 2024

Place: Mumbai

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Addendum are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Sd/-

Rahul Vattamparambil

Independent Non-Executive Director

Date: October 24, 2024

Place: Mumbai

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Addendum are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF THE COMPANY

Sd/-

Hardik Sanghvi

Chief Financial Officer

Date: October 24, 2024

Place: Mumbai

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Addendum are true and correct.

SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER OF THE COMPANY

Sd/-

Mansi Bagadiya

Company Secretary and Compliance Officer

Date: October 24, 2024

Place: Mumbai

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Addendum are true and correct.

SIGNED BY THE PROMOTER SELLING SHAREHOLDER OF THE COMPANY

Sd/-

Bipin Sanghvi

Date: October 24, 2024

Place: Mumbai

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Addendum are true and correct.

SIGNED BY THE PROMOTER SELLING SHAREHOLDER OF THE COMPANY

Sd/-

Tarulata Sanghvi

Date: October 24, 2024

Place: Mumbai

DECLARATION

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SIGNED BY THE PROMOTER SELLING SHAREHOLDER OF THE COMPANY

Sd/-

Hardik Sanghvi

Date: October 24, 2024

Place: Mumbai

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Addendum are true and correct.

SIGNED BY THE PROMOTER SELLING SHAREHOLDER OF THE COMPANY

Sd/-

Swagat Sanghvi

Date: October 24, 2024

Place: Mumbai

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Addendum are true and correct.

SIGNED BY THE PROMOTER GROUP SELLING SHAREHOLDER OF THE COMPANY

Sd/-

Pooja Sanghvi

Date: October 24, 2024

Place: Mumbai

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India or the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements made in this Addendum are true and correct.

SIGNED BY THE PROMOTER GROUP SELLING SHAREHOLDER OF THE COMPANY

Sd/-

Ami Sanghvi

Date: October 24, 2024

Place: Mumbai