



AUDITOR'S REPORT

To,
THE MEMBERS OF **Royal Arc Electrodes Ltd.**

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **Royal Arc Electrodes Ltd**, which comprise the balance sheet as at 30 September 2024 and the statement of profit and loss for the period ended as at 30 September 2024, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 30th September 2024 and its profit for the period ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by section 143(3) of the Act, we further report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
- e. On the basis of written representations received from the directors as on September 30, 2024, and taken on record by the Board of Directors, none of the directors is disqualified as on September 30, 2024, from being appointed as a director in terms of Section 164(2) of the Act.
- f. The internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, are adequate.
- g. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the period ended September 30, 2024 which has a feature of recording audit trail (edit log) facility and the same was in operation throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with. Additionally, the audit trail has been preserved by the Company as per the statutory requirement for record retention.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. a) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever for or on behalf of the (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c) Based on audit procedure which we considered reasonable and appropriate in the circumstances nothing has come to their notice that has caused them to believe that the representations under sub clause (a) and (b) contain any material mis-statement.

For, J.H. Gandhi & Co.
Chartered Accountants
FRN: 0116513W



CA Jasmit H Gandhi
Proprietor
Membership Number: 044844
Place: Mumbai
Date: 29/11/2024
UDIN: 24044844BKDANY4971



Annexure to the Independent Auditor's Report

(Refer to paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report on even date)

In terms of Companies (Auditor's Report) Order 2020, issued by the Central Government of India, in terms of section 143(11) of The Companies Act, 2013, we further report, on the matters specified in paragraph 3 and 4 of the said Order, that:-

- 1) (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment.
(b) The company is maintaining proper records showing full particulars of intangible assets.
- (ii) The Property, Plant & Equipment have been physically verified by the management at reasonable intervals.
- (iii) The company has a program of verification to cover all the items of Property, Plant and Equipment (PPE) in a phased manner which in our opinion, is reasonable having regard to the size of the company and the nature of the assets. Pursuant to the program, certain PPE were physically verified by management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (iv) According to information and explanations given to us, original title deeds of following immovable properties have been lodged with bank for obtaining secured loans as per details given below:

Details of Immovable Assets	Name of Bank	Available documents for verification
Land & Building	HSBC Bank Limited Exclusive charge on Industrial property located at Plot No. 6, Survey No. 91/Paiki -4 of Village Zaroli, Bhilad Road, Valsad, Gujrat – 396105	Certified list and photocopies of documents

- (v) The company has not revalued its Property, Plant & Equipment or Intangible assets during the year.
- (vi) According to the information and explanations given to us, no proceedings have been initiated against the company for holding benami property under The Benami Transactions (Prohibition) Act, 1988 and rules made thereunder and the details have been appropriately disclosed in the financial statements.

- 2) (i) According to the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by management. In our opinion, the coverage and procedure by the management is appropriate. No Discrepancies of 10% or more in aggregate for each class of inventories were noticed on such physical verification of inventories procedures performed as applicable, when compared with books of account.
- 3) (i) According to the information and explanations given to us and the records produced, the company has not made investments in, provided any guarantee or security, granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, LLPs, or any other parties. Accordingly, provisions of clauses 3(iii)(a) to (f) of the Order are not applicable to the company.
- 4) In our opinion, and according the information and explanations given to us, the company has not given any loans or guarantees or made any investments within the meaning of Sections 185 and 186 of the Companies Act, 2013.
- 5) According to the information and explanations given to us and based on examination of records, the company has not accepted any deposits from the public in terms of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- 6) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the products manufactured by the company.
- 7) (i) The company is regular in depositing undisputed statutory dues including Goods and Service Tax, provident fund, employee state insurance, income tax, cess and other statutory dues applicable to it. According to information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of the statutory dues were outstanding, at the end of the period ended 30, September, 2024, for a period of more than six months from the date they become payable.
- (ii) According to records of the company, there are no statutory dues which have not been deposited on account of any dispute, except the following:

Name of the Statute	Nature of Dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Maharashtra Value Added Tax	VAT	130.25	F.Y. 2004-05	Maharashtra Sales Tax Tribunal

- 8) According to the information and explanation given to us, the company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessment under the Income Tax Act, 1961, as income during the year. Accordingly, reporting under Clause 3(viii) of the order does not arise.

- 9) According to the information and explanations given to us and the records verified, in our opinion:
- (i) The Company has not defaulted in any repayment of dues to any financial institution or bank or debenture holders.
 - (ii) The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender.
 - (iii) The term loans availed by the company have been utilised for the purposes for which they were obtained.
 - (iv) There are no funds raised on short term basis which have been utilised for long term purposes.
 - (v) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
 - (vi) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- 10)(i) The company has not made any initial public offer for period ended 30th September 2024
- (ii) The company has not made any preferential allotment or private placement of shares/debentures during the year.
- 11 (i) Based upon the audit procedures performed and information and explanations given to us by the management, we report that no fraud by the company or on the company by its officers/employees have been noticed or reported during the course of our audit.
- (ii) To the best of our knowledge and information available with us there is no instance of fraud reporting under sub-Section (12) of Section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules 2014 with the Central Government.
- As per explanation given by the management, there were no whistle blower complaints received by the Company during the year and up to the date of this report.
- 12) The company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report of clause 3(xii)(a)(b)(c) of the Order are not applicable to the company.
- 13) In our opinion and according to the information and explanation given to us, based on our examination of the records of the company, transactions with the related parties are in compliance with section 188 of the act where applicable and details of such transaction have been disclosed in the financial statements as required by the applicable accounting standards. Further, as the company is an unlisted public company, the provisions of Section -177 relating to audit committee is not applicable.

- 14) In our opinion and based on our examination, the company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act, 2013 and hence the reporting under clause 3(xiv)(a)(b) of the order is not applicable.
- 15) The company has not entered into any non-cash transactions with directors or persons connected with directors, during the year. Hence, the provisions of Section 192 of Companies Act, 2013 are not applicable to the company. Accordingly, clause 3(xv) of the order is not applicable.
- 16) The company is not required to be registered under section 45-IA of The Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the order are not applicable. In our opinion, as the company is not a core investment company, the clause 3(xvi)(d) of the order is not applicable.
- 17) Based on our examination of the records and according to the information and explanation given to us, the Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- 18) There has been resignation of the statutory auditors during the year. Bagadiya & Jain Chartered Accountants company has resigned as statutory auditors on 28/10/2024. With effect from 31/10/2024 J.H. Gandhi & Co. have been appointed as Statutory auditors for F.Y. 2024-25.
- 19) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that the company is capable of meeting its liabilities existing at the date of the balance sheet as and when they fall due within a period of one year from the balance sheet date.
- 20) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of Section 135 of the said Act.

For, J.H. Gandhi & Co.
Chartered Accountants
FRN - 0116513W
Date: 29/11/2024


Jasmit Gandhi

Proprietor
M. No. - 044844
UDIN: 24044844BKDANY4971



ANNEXURE-B TO THE INDEPENDENT AUDITORS REPORT

Report on the Internal controls under clause (i) of sub-section 3 of Section 143 of the companies Act ,2013 (the 'Act').

We have audited the internal financial controls over financial reporting of **Royal Arc Electrodes Limited** ("the Company") as of 30th September, 2024.

Management responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of the adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act ,2013.

Auditors Responsibility

Our Responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (The 'Guidance Note') and the standards on Auditing, issued by ICAI and deemed to be prescribed under 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial Controls over financial reporting were established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the financial controls system over financial reporting period and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal control based on the assessed risk. The procedures Selected depend on the Auditors judgement including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion on the company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transactions and dispositions of the asset of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become adequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion , the Company has, in all material aspects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at on 30th September , 2024, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial controls over Financial Reporting issued by the Chartered Accountants of India.

For J. H Gandhi & Co
Chartered Accountants
FRN: 0116513W



Jasmit H. Gandhi
Membership No: 044844
UDIN: 24044844BKDANY4971



Place: Mumbai
Date: 29/11/2024

ROYAL ARC ELECTRODES LIMITED

CIN: U31100MH1996PLC096296

**Half Yearly for IPO
Year 2024-2025**

Board of Directors:

Mr. Bipin Sanghvi, *Chairman & Managing Director*

Mr. Hardik Sanghvi, *Whole Time Director & CFO*

Mr. Swagat Sanghvi, *Whole Time Director*

Mr. Kunal Kamlesh Turakhia, *Independent Director (w.e.f 16.01.2024)*

Ms. Jayna B. Mehta, *Independent Director (w.e.f 16.01.2024)*

Mr. Rahul Rajan Vattamparambil, *Independent Director (w.e.f 16.01.2024)*

Company Secretary & Compliance Officer

Mrs. Mansi Maulik Bagadiya *(w.e.f 01.02.2024)*

Auditor:

J.H. Ganhi & Co.

Chartered Accountants

309, Sai Leela Co-op Premises Society Ltd

S.V. Road, Opp. Moksh Plaza

Borivali West, Mumbai - 400092

Registered Office:

72B, Bombay Talkies Compound,

S V Road, Malad (W),

Mumbai,

Maharashtra-400064

Bankers:

HSBC Bank

State Bank of India

Registrars and Share Transfer Agents

KFIN TECHNOLOGIES LIMITED

Selenium Tower-B, Plot 31 & 32, Gachibowli,

Financial District, Nanakramguda, Serilingampally,

Hyderabad - 500 032, Telangana,

Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Balance Sheet as at 30 September 2024

(Rs. in '00000)

Particulars	Note No.	As at 30 September 2024	As at 31 March 2024
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	2	930.02	930.02
(b) Reserves and Surplus	3	3,614.66	3,300.85
		4,544.68	4,230.87
(2) Non-current liabilities			
(a) Long-term Borrowing	4	-	-
(b) Deferred Tax Liabilities (net)	5	68.71	74.54
(c) Other Long-term Liabilities	6	25.65	26.65
(d) Long-term Provisions	7	52.12	44.45
		146.48	145.64
(3) Current liabilities			
(a) Short-term Borrowings	8	202.47	19.71
(b) Trade Payables	9		
- Dues to MSME		221.51	350.86
- Dues to Others		236.32	187.41
(c) Other Current Liabilities	10	130.79	165.52
(d) Short-term Provisions	7	86.48	124.64
		877.57	848.14
Total		5,568.73	5,224.65
II ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment and Intangible Assets	11		
(i) Property, Plant and Equipment		1,857.99	1,625.02
(ii) Intangible Assets		0.31	0.45
(iii) Capital Work in Progress		129.76	98.56
		1,988.06	1,724.03
(b) Non-Current Investments	12	151.96	222.57
(c) Other Non-Current Assets	13	77.45	71.64
		2,217.47	2,018.24
(2) Current assets			
(a) Inventories	14	1,030.24	904.22
(b) Trade Receivables	15	2,059.18	2,067.72
(c) Cash and Bank Balances	16	56.01	95.66
(d) Short-term Loans and Advances	17	191.65	122.83
(e) Other Current Assets	18	14.18	15.98
		3,351.26	3,206.41
Total		5,568.73	5,224.65
Significant accounting policies			
1			

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For, J. H. Gandhi & Co
Chartered Accountants
FRN: 0116513W


Jasmit H. Gandhi
Proprietor
M. No.: 044844
UDIN: 24044844BKDANY4971


Place: Mumbai
Date: 29/11/2024



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


Bipin Sanghvi
Managing Director
DIN No.: 00462839


Swagat Sanghvi
Whole-time director
DIN No.: 01695341


Hardik Sanghvi
Chief Financial Officer


Mansi Bagadiya
Company Secretary
M. No.: A56143

Place: Mumbai
Date: 29/11/2024

Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Statement of Profit and Loss as at 30 September 2024

(Rs. in '00000)

Particulars	Note No.	As at 30 September 2024	As at 31 March 2024
I Revenue from Operations	19	4,574.05	10,010.73
II Other Income	20	31.65	88.52
III Total Income (I+II)		4,605.70	10,099.25
IV Expenses:			
(a) Cost of Materials Consumed	21	3,609.34	6,383.68
(b) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(291.51)	209.13
(c) Employee Benefit Expense	23	352.04	773.57
(d) Finance Cost	24	6.31	9.89
(e) Depreciation and Amortization Expense	25	135.82	180.85
(f) Other Expenses	26	367.26	911.04
Total Expenses		4,179.27	8,468.16
V Profit / (Loss) Before exceptional and extraordinary items and tax (III - IV)		426.43	1,631.09
VI Exceptional and Extra-ordinary Items		-	-
VII Profit / (Loss) before tax (V - VI)		426.43	1,631.09
VIII Tax expense:			
(1) Current Tax Expense		119.88	425.00
(2) Deferred Tax		(7.25)	(12.02)
(3) Prior Period Tax Expense		-	5.29
IX Profit (Loss) For The Period (VII - VIII)		313.80	1,212.83
X Earnings per Share	27		
Basic		3.37	13.04
Diluted		3.37	13.04
Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For, J. H. Gandhi & Co

Chartered Accountants

FRN: 0116513W



Jasmit H. Gandhi
Proprietor
M. No.: 044844
UDIN: 24044844BKDANY4971

Place: Mumbai
Date: 29/11/2024



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



Bipin Sanghvi
Managing Director
DIN No.: 00462839



Swagat Sanghvi
Whole-time director
DIN No.: 01695341



Hardik Sanghvi
Chief Financial Officer



Mansi Bagadiya
Company Secretary
M. No.: A56143

Place : Mumbai
Date: 29/11/2024

Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Cash flow statement as at 30 September 2024

(Rs. in '00000)

Particulars	As at 30 September 2024	As at 31 March 2024
[A] CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax	426.43	1,631.12
<u>Adjustments:</u>		
(1) Non-cash and Non-operating Expenses:		
Depreciation / Amortisation Expenses	135.82	180.85
Loss on sale of assets	-	-
Finance Cost	6.31	9.89
(2) Non-operating Income:		
Rent Income	(0.54)	(0.18)
Profit on sale of asset	(2.40)	(0.39)
Dividend income	(0.15)	(0.12)
Gain on sale of shares	(13.41)	-
Interest Income	(3.13)	(15.61)
Operating Gain before working capital changes	548.93	1,805.56
<u>Adjustments for:</u>		
Increase/(Decrease) in Trade Payables	(80.44)	(240.63)
Increase/(Decrease) in Other Current Liabilities	(34.73)	42.74
Increase/(Decrease) in Short-Term Provisions	10.06	394.08
Increase/(Decrease) in Long-Term Provisions	7.67	7.53
(Increase)/Decrease in Inventories	(126.02)	(297.53)
(Increase)/Decrease in Trade Receivables	8.54	(424.00)
(Increase)/Decrease in Short-term Loans & Advances	(68.82)	(326.19)
(Increase)/Decrease in Other Current Assets	1.80	29.25
Operating Gain after working capital changes	266.99	990.81
<u>Other Adjustments:</u>		
(Increase)/Decrease in Other non-current assets	(5.81)	(23.62)
Cash generated from operating activities before taxes	261.18	967.19
Less: Direct Taxes Paid (Net of Refunds)	166.63	405.56
Net Cash provided/(used) by operating activities [A]	94.55	561.63
[B] CASH FLOW FROM INVESTING ACTIVITIES:		
(Purchase) / Sale of assets	(399.85)	(507.54)
(Purchase) / Sale of Investments	70.61	(87.05)
Profit / (loss) on sale of asset/Investment	15.81	
Interest received	3.13	15.61
Dividend income	0.15	0.12
Rent received	0.54	0.18
Net Cash provided/(used) by Investing activities [B]	(309.60)	(578.68)
[C] CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/(Repayment) in Long-term borrowing	-	(43.03)
Increase/(Decrease) in Other Long term liabilities	(1.00)	(57.28)
Increase/(Decrease) in Short-term Borrowings	182.76	(78.98)
Finance Cost	(6.31)	(9.89)
Net Cash provided/(used) by Investing activities [C]	175.44	(189.18)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(39.64)	(206.23)
Opening Cash & Cash Equivalents	95.66	301.89
Closing Cash & Cash Equivalents	56.01	95.66



Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Cash flow statement as at 30 September 2024

(Rs. in '00000)

Particulars	As at 30 September 2024	As at 31 March 2024
Notes:		
1 Cash and Bank Balances:		
1) Cash and Cash equivalents		
Cash on Hand	8.55	7.86
Balance with Scheduled Banks		
-in Current account	46.92	87.25
2) Other bank balances		
Fixed Deposit held as margin money	0.54	0.55
Bank deposits with original maturity for more than 3 months but less than 12 months from reporting date.	-	-
Closing Cash and Cash Equivalents	56.01	95.66

2 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3(AS-3) "Cash Flow Statement).

3 Previous-year figures have been regrouped wherever necessary.

As per our report of even date attached

For, J. H. Gandhi & Co

Chartered Accountants

FRN: 0116513W

Jasmit H. Gandhi

Proprietor

M. No.: 044844

UDIN: 24044844BKDANY4971

Place: Mumbai

Date: 29/11/2024



For and on behalf of the Board of Directors

Royal Arc Electrodes Limited

Bipin Sanghvi
Managing Director
DIN No.: 00462839Hardik Sanghvi
Chief Financial OfficerSwagat Sanghvi
Whole-time director
DIN No.: 01695341Mansi Bagadiya
Company Secretary
M. No.: A56143Place : Mumbai
Date: 29/11/2024

SIGNIFICANT ACCOUNTING POLICIES

- 1 Basis of Accounting**

The financial statements have been prepared in conformity with the generally accepted accounting principles to comply in all material respects with the notified Accounting Standards (AS) under Companies Act, 2013 and the relevant provisions of the Companies Act 2013 ("the Act"). The financial statements have been prepared under the historical cost convention, on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.
- 2 Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.
- 3 Revenue recognition**
 - i) Revenue from sales is recognized as and when the goods are dispatched to the customers and invoice is prepared.
 - ii) Other income is recognized on accrual basis and when there is reasonable certainty of its collection.
- 4 Fixed Assets and Depreciation**
 - i) All tangible & intangible fixed assets are stated at historical cost of acquisition or construction (less input tax credit received / receivable) including all incidental cost of acquisition, less accumulated depreciation / amortization.
 - ii) Depreciation is provided under straight-line method so as to write-off the cost of the assets over its useful life as prescribed in Schedule II of the Companies Act, 2013
 - iii) Projects under commissioning and other Capital Work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.
 - iv) Pre-operative expenses including trial run expenses (net of revenue) are capitalized
- 5 Intangible Assets**

Expenditure on regulatory approval for Licenses for Sale of Goods in foreign countries is recognized as an intangible asset and the same is amortized over a period of five years . Expenditure on software development is recognized as an intangible asset and same is amortized over a period of five years.
- 6 Investments**

Long Term Investments are carried at cost. Provision is made for any diminution in value of investments, if the diminution is other than temporary.
- 7 Inventory Valuation**
 - i) Work in progress is valued at cost on FIFO basis.
 - ii) Finished goods are valued at lower of cost or net realizable value

Cost of inventory comprises of cost of conversion and other cost incurred to bring the inventory to present location and condition.
- 8 Foreign currency transactions**

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction. Monetary items in foreign currencies at the balance sheet date are translated at rates as at the balance sheet date. Any income or expense on account of exchange difference either on settlement or on translation is recognized in profit & loss account except in cases where they relate to acquisition of Fixed Assets, in which case they are adjusted to carrying cost of Fixed Assets.
- 9 Retirement benefits**

The Company accounts for retirement benefits in compliance with the revised AS-15 as per following details :

 - a) **Gratuity**

Liability on account of gratuity, which is a defined plan, is provided for on the basis of actuarial valuation carried out by an independent actuary as at the balance sheet date. The contribution towards gratuity liability is funded to an approved gratuity fund.
 - b) **Provident Fund**

Contribution to provident Fund, which is a defined contribution plan , is made as per the provisions of Provident Fund Act, 1952 and charged to revenue account
 - c) **Leave Encashment**

Encashment of leave is accrued in year of retirement of an employee. Hence, not provided on the basis of actuarial Valuation.
- 10 Borrowing Cost**

Borrowing costs that are directly attributable to the acquisition, construction of a qualifying asset i.e. asset acquired or constructed for expansion of capacity during the year are capitalized as pre-operative expenditure to be ultimately capitalized as part of the Cost of the Asset.
- 11 Impairment**

Impairment is ascertained at each balance sheet date in respect of Cash Generating units. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net realizable value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.
- 12 Tax on Income**

Current Tax is the amount of tax payable for the year as determined in accordance with the provision of the Income Tax Act, 1961.
Deferred tax is recognised on timing differences between taxable profit and book profit using tax rates enacted or substantively enacted as at the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that the asset will be realized in future.
- 13 Provisions, Contingent liabilities and Contingent assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.
- 14 Government grants and subsidies**

Government grants / subsidies related to specific fixed assets are disclosed as a deduction from the value of the concerned assets. Grants / Subsidy related to revenue are credited to the Profit & Loss Account on receipt basis. Grant / Subsidy in nature of promoters contribution are treated as capital reserve .



Royal Arc Electrodes Limited
CIN: U31100MH1996PLC096296

Notes to the financial statements as at 30 September,2024

Note 2

Share Capital

Particulars	As at 30 September 2024		As at 31 March 2024	
	No. of Shares	(Rs. in '00000)	No. of Shares	(Rs. in '00000)
Authorised				
Equity Shares of INR 10/- each, with voting rights	18,000,000.00	1,800.00	2,000,000.00	200.00
Issued, Subscribed and Fully Paid-Up				
Equity Shares of INR 10/- each, with voting rights	9,300,200.00	930.02	9,300,200.00	930.02
	9,300,200.00	930.02	9,300,200.00	930.02

a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 30 September 2024		As at 31 March 2024	
	No. of Shares	(Rs. in '00000)	No. of Shares	(Rs. in '00000)
Equity Shares				
Opening Balance	9,300,200.00	930.02	1,820,000.00	182.00
Add: Bonus issue during the year (*)	-	-	7,480,200.00	748.02
At the end of the year	9,300,200.00	930.02	9,300,200.00	930.02

*74,80,200 Equity shares were allotted as fully paid Bonus Shares by way of Capitalization of Reserves

b. Details of rights, preferences and restrictions attached to the equity shares issued:

Equity Shares

The company has only one class of equity shares.

Each shareholder is entitled to one vote per share with a right to receive per share dividend declared by the company.

The dividend proposed by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting, except in case of interim dividend.

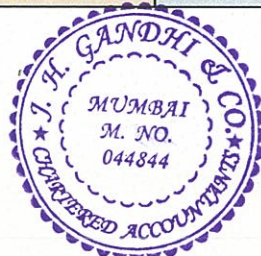
In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion their shareholding.

c. Details of shareholders holding more than 5% shares of the company

Particulars	As at 30 September 2024		As at 31 March 2024	
	No. of Shares	% of holding	No. of Shares	% of holding
Equity Shares				
Bipin Sanghvi	892,717	9.60%	892,717	9.60%
Hardik Sanghvi	2,682,750	28.85%	2,682,750	28.85%
Ami H. Sanghvi	638,750	6.87%	638,750	6.87%
Swagat Sanghvi	2,682,750	28.85%	2,682,750	28.85%
Pooja S. Sanghvi	638,750	6.87%	638,750	6.87%
Tarulata Bipin Sanghvi	1,763,461	18.96%	1,763,461	18.96%

d. Details of Promoter's Shareholding

Promoter Name	As at 30 September 2024		As at 31 March 2024		% Change in the year
	No. of Shares	% of holding	No. of Shares	% of holding	
Bipin Sanghvi	892,717	9.60%	892,717	9.60%	0%
Hardik Sanghvi	2,682,750	28.85%	2,682,750	28.85%	0%
Swagat Sanghvi	2,682,750	28.85%	2,682,750	28.85%	0%
Tarulata Bipin Sanghvi	1,763,461	18.96%	1,763,461	18.96%	0%



Royal Arc Electrodes Limited
CIN: U31100MH1996PLC096296

Notes to the financial statements for the period ended 30 September 2024

Note 3
Reserves and Surplus

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	3,300.85	2,886.33
Add: Profit/(Loss) for the year	313.80	1,212.85
Less: Bonus issued during the year	-	(748.02)
Less: Effect of first time adoption of AS-15	-	(58.58)
Add: Reclassification from Asset to Deposit	-	8.27
	3,614.66	414.53
Closing Balance	3,614.66	3,300.85
Total	3,614.66	3,300.85

Note 4
Long-term borrowing

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Term loans		
-From banks		
Secured	-	-
Total	-	-

Note 5
Deferred Tax Liabilities (Net)

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Deferred tax asset		
- On account of Gratuity and Leave Encashment	20.74	18.02
- On account of Disallowance under Section-40a(ia)	-	-
- On account of Disallowance under Section-43B	3.02	1.92
Gross deferred tax asset	23.76	19.94
Deferred tax liability		
- On account of Difference between Book and Tax WDV	92.47	94.48
Gross deferred tax liability	92.47	94.48
Net deferred tax liability	68.71	74.54

Note 6
Other Long-term Liabilities

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Trade deposits and security deposits	25.65	26.65
Total	25.65	26.65



Royal Arc Electrodes Limited
CIN: U31100MH1996PLC096296

Notes to the financial statements for the period ended 30 September 2024

Note 7
Provision

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Long-term provisions		
Provision for employee benefits		
Gratuity	49.53	39.38
Leave Encashment	2.59	5.07
	52.12	44.45
Short-term provision		
Provision for employee benefits		
Gratuity	29.93	25.30
Leave Encashment	0.66	1.84
Provision for income tax (Net of advance tax and TDS)	(28.42)	19.44
Provision for Corporate Social Responsibility	6.35	21.84
Other provisions	77.96	56.22
	86.48	124.64
Total	138.60	169.08

Note 8
Short-term borrowings

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Loans repayable on demand		
Cash Credit / Overdraft	187.53	-
From Banks		
Unsecured	1.19	1.97
From Others		
Unsecured	13.07	13.05
Current maturities of long-term borrowings	0.68	4.70
Total	202.47	19.71

Terms & Conditions of Loans:

- 1) Car Term loans from banks is secured by way of hypothecation of Cars which is repayable in 36 equal monthly installments and carries interest ranging from @ 7.95% payable at monthly rests.
- 2) Unconditional & irrevocable Guarantee from NCGTC

All credit facilities are secured by way of:

1. Exclusive charge on Industrial property located at Plot No. 6, Survey No.91/Paiki-4 of Village Zaroli, Bhilad Road, Valsad, Gujarat - 396105
2. Exclusive charge on the current and movable fixed assets of the company.
3. Personal Guarantee from Bipin Sanghvi, Hardik Sanghvi and Swagat Sanghvi for Rs 13,00,00,000/-

Note 9
Trade Payables

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Due to Micro, Small and Medium Enterprises	221.51	350.86
Due to Others	236.32	187.41
Total	457.83	538.27



Royal Arc Electrodes Limited
CIN: U31100MH1996PLC096296

Notes to the financial statements for the period ended 30 September 2024

Trade Payable Ageing Schedule as at 30 September 2024

Particulars	Outstanding for following period from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
MSME	221.03	0.48	-	-	221.51
Others	231.43	1.03	0.14	3.73	236.32
Disputed Dues-MSME	-	-	-	-	-
Disputed Dues-Others	-	-	-	-	-
	452.46	1.51	0.14	3.73	457.83

Trade Payable Ageing Schedule as at 31 March 2024

Particulars	Outstanding for following period from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
MSME	350.86	-	-	-	350.86
Others	182.91	0.65	3.84	-	187.41
Disputed Dues-MSME	-	-	-	-	-
Disputed Dues-Others	-	-	-	-	-
	533.77	0.65	3.84	-	538.27

Note 10

Other current liabilities

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Advance from customers	69.79	7.53
Statutory remittances	11.09	107.68
Other current liabilities	49.91	50.32
Total	130.79	165.52

Note 12

Non-current investments

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Investment in Property	145.66	145.66
Investment in Equity Instruments		
Unquoted investments		
- 4000 Equity Shares of SVC Co. Op. Bank Face Value of Rs.25 each, fully paid-up	1.00	1.00
- 10323 Equity Shares of BMC Co. Op. Bank Face Value of Rs.10 each, fully paid-up	1.03	1.03
Quoted investments		
- 1839 Equity Shares of Larsen and Toubro Limited Face Value of Rs.2 each, fully paid-up Market Value: Rs 69.22 lakhs	-	65.55
- 250 Equity Shares of Elecon Engineering Co.Ltd Face Value of Rs.2 each, fully paid-up Market Value: Rs 2.37 lakhs	-	2.51
- 90 Equity Shares of Bajaj Auto Ltd Face Value of Rs.10 each, fully paid-up Market Value: Rs 8.23 lakhs	-	6.82
- 1450 Equity Share Ltd of NLC India Ltd Face Value of Rs.10 each, fully paid-up Market Value: Rs 4.10 Lakhs	4.27	-
Total	151.96	222.57



Royal Arc Electrodes Limited
CIN: U31100MH1996PLC096296

Notes to the financial statements for the period ended 30 September 2024

Note 13

Other non-current assets

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Security Deposits	75.92	69.88
Less: Provision for doubtful deposits	-	(1.75)
	75.92	68.13
Other Deposits	-	-
Prepaid Expenses	0.07	2.09
Bank Deposits	1.46	1.42
Total	77.45	71.64

Note 14

Inventories

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Raw materials	552.13	717.62
Work-in-Progress	437.45	34.11
Finished goods	40.66	152.49
Total	1,030.24	904.22

Note 15

Trade Receivables

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Receivables outstanding for a period exceeding six months from		
Unsecured, considered good	113.06	331.01
Doubtful	5.75	8.73
Other receivables		
Unsecured, considered good	1,946.19	1,736.71
Less: Allowance for Bad and Doubtful Debts	(5.81)	(8.73)
Total	2,059.18	2,067.72

Trade Receivables Ageing schedule as at 30 September 2024

Particulars	Outstanding for following periods from the date of payment					Total
	Less than 6 months	6 months-1 Year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed, considered good	1,946.19	52.48	59.27	1.31	-	2,059.25
Undisputed, considered doubtful	-	-	-	-	5.75	5.75
Disputed, considered good	-	-	-	-	-	-
Disputed, considered doubtful	-	-	-	-	-	-
Less: Allowance for Bad and Doubtful Debts	-	-	-	(0.06)	(5.75)	(5.81)
	1,946.19	52.48	59.27	1.25	-	2,059.18

Trade Receivables Ageing schedule as at 31 March 2024

Particulars	Outstanding for following periods from the date of payment					Total
	Less than 6 months	6 months-1 Year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed, considered good	1,736.71	222.64	106.60	1.25	0.52	2,067.72
Undisputed, considered doubtful	-	-	0.07	-	8.66	8.73
Disputed, considered good	-	-	-	-	-	-
Disputed, considered doubtful	-	-	-	-	-	-
Less: Allowance for Bad and Doubtful Debts	-	-	(0.07)	-	(8.66)	(8.73)
	1,736.71	222.64	106.60	1.25	0.52	2,067.72



Royal Arc Electrodes Limited
CIN: U31100MH1996PLC096296

Notes to the financial statements for the period ended 30 September 2024

Note 16

Cash and bank balances

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Cash and cash equivalents		
Cash on hand	8.55	7.86
Balance with banks		
On current accounts	46.92	87.25
On deposit accounts (with original maturity of 3 months or less)	-	-
Other bank balances		
Balances with banks to the extent held as margin money or security against the guarantees	0.54	0.55
Bank deposits with original maturity for more than 3 months but less than 12 months from reporting date.	-	-
Total	56.01	95.66

Note 17

Short-term loans and advances

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Balance with revenue authorities	42.36	8.32
Advances to employees	3.01	5.46
Advances to suppliers	146.27	109.06
Total	191.65	122.83

Note 18

Other current assets

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Export Incentive Receivable	5.93	9.76
Accrued interest	1.72	2.97
Prepaid Expenses	6.22	2.95
Other current assets	0.31	0.30
Total	14.18	15.98



Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Notes to the financial statements for the period ended 30 September 2024

Note 11

Property, Plant and Equipment and Intangible Assets

(Rs. in '000000)

Particulars	Gross Block				Accumulated Depreciation			Net Block	
	Balance As At April 1, 2024	Additions during the year	Deletions during the year	Balance As At September 30, 2024	Balance As At April 1, 2024	Depreciation for the year	Elimination on Disposal of Assets	Balance As At September 30, 2024	Balance As At March 31, 2024
(A) Property, Plant and Equipment									
Computers & Data Processing Units	10.41	0.61	-	11.02	7.96	0.79	-	8.75	2.28
Office Equipment	46.65	0.49	-	47.14	35.43	2.58	-	38.01	9.12
Electrical Installations & Equipment	99.91	0.34	(7.11)	93.14	92.87	0.88	(7.11)	86.64	7.04
Furniture & Fittings	23.60	1.35	-	24.95	17.01	0.90	-	17.91	6.58
Motor Vehicles	111.88	-	-	111.88	19.00	14.53	-	33.53	92.88
Building	787.46	1.43	-	788.89	313.16	22.61	-	335.77	474.29
Plant & Machinery	1,978.41	364.42	-	2,342.83	1,018.09	92.86	-	1,110.95	960.32
Tools	49.66	-	-	49.66	44.38	0.40	-	44.78	5.29
Lab Equipment	57.33	-	-	57.33	55.98	0.14	-	56.12	1.35
Land	63.61	-	-	63.61	-	-	-	-	63.61
Total (A)	3,228.92	368.64	(7.11)	3,590.45	1,603.90	135.69	(7.11)	1,732.48	1,857.99
Previous Year	2,831.06	415.82	17.97	3,328.92	1,437.89	180.17	14.16	1,603.90	1,393.17
(B) Intangible Assets									
Computers & Data Processing Units (Intangibles)	2.08	-	-	2.08	1.63	0.14	-	1.77	0.31
Total (B)	2.08	-	-	2.08	1.63	0.14	-	1.77	0.45
Previous Year	2.08	-	-	2.08	0.95	0.68	-	1.63	1.13
(C) Capital Work in Progress									
Capital Work in Progress	98.56	31.27	(0.07)	129.76	-	-	-	-	98.56
Total (C)	98.56	31.27	-0.07	129.76	-	-	-	-	98.56
Previous Year	2.65	95.91	-	98.56	-	-	-	-	2.65
Grand Total (A+B+C)	3,329.56	399.91	(7.18)	3,722.29	1,605.53	135.83	(7.11)	1,734.25	1,988.06
Previous Year Total	2,835.79	511.73	17.97	3,429.56	1,438.84	180.85	14.16	1,605.53	1,724.03



Royal Arc Electrodes Limited
CIN: U31100MH1996PLC096296

Notes to the financial statements for the period ended 30 September 2024

Note 19

Revenue from Operations

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
(a) Sale of Products	4,560.47	9,972.46
(b) Sale of Services	-	6.29
(c) Other operating revenues	13.58	31.98
Other Operating Revenue Export Incentives (Current Year : Rs. 13.58 & Previous Year: Rs. 31.98)		
Total	4,574.05	10,010.73

Note 20

Other Income

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Interest Income	3.13	15.61
Dividend Income	0.15	0.12
Deposit written off	-	47.25
Rent Income	0.54	0.18
Net gain on sale of fixed assets	2.40	0.39
Foreign Exchange Fluctuation Gain	12.22	20.12
Miscellaneous income	(0.20)	4.85
Insurance Claim	-	-
Short term Capital Gains on sale of shares	13.41	-
Total	31.65	88.52

Note 21

Cost of materials consumed

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Raw materials consumed		
Opening stock	717.62	210.96
Add: Purchase during the year	3,443.85	6,890.34
	4,161.47	7,101.30
Less: Closing stock	552.13	717.62
	3,609.34	6,383.68
Total	3,609.34	6,383.68



Royal Arc Electrodes Limited
CIN: U31100MH1996PLC096296

Notes to the financial statements for the period ended 30 September 2024

Note 22

Changes in inventories of finished goods, work-in-progress and stock-in-trade

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Opening stock		
Work-in-progress	34.11	10.55
Finished goods	152.49	385.18
Total	186.60	395.73
Closing stock		
Work-in-progress	40.66	34.11
Finished goods	437.45	152.49
Total	478.11	186.60
Total	(291.51)	209.13

Note 23

Employee Benefit Expense

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Salaries and wages	325.14	720.13
Contribution to provident and other funds	7.72	14.40
Gratuity	17.12	21.02
Leave Encashment	(3.01)	1.49
Staff welfare expenses	5.06	16.53
Total	352.03	773.57

Note 24

Finance Cost

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Interest expense		
- On bank loan	3.22	2.64
- Other interest	-	2.37
Bank Charges	3.09	4.88
Total	6.31	9.89

Note 25

Depreciation and Amortization Expense

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Depreciation	135.69	180.17
Amortisation	0.14	0.68
Total	135.83	180.85



Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Notes to the financial statements for the period ended 30 September 2024**Note 26****Other Expenses**

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Clearing & Forwarding Charges	6.26	39.82
Electricity Expenses - Factory	81.02	181.04
Labour Charges	3.73	7.75
Spares, Tools & Consumables	36.10	52.07
Power and Fuel	2.73	5.26
Packing and Forwarding	6.06	2.26
Transport Charges	81.91	152.40
Audit Fees	10.00	6.75
Bad debts	-	18.74
Commission Expense	0.29	34.65
Electricity Expenses-Office	1.20	1.92
Rent Expenses		
- Machinery	0.34	1.26
- Others	8.01	15.58
Repairs		
- Others	17.94	44.19
Insurance	3.70	9.24
Telephone & Internet Expenses	1.03	2.41
Tours and Travelling Expenses	16.60	41.54
Conveyance and Petrol Expenses	-	9.39
Loading-Unloading Charges	-	10.35
Rates and taxes	4.69	4.80
Provision for doubtful debts	(2.75)	8.73
Printing & Stationery Expenses	0.84	2.37
Refreshment Expenses	0.25	0.46
Postage & Courier Expenses	1.11	3.35
Software Expenses	0.24	0.33
Legal and Professional Expenses	30.35	93.11
Vehicle Expenses	0.22	0.86
Advertisement & Marketing Expenses	2.76	9.02
Testing & Inspection Charges	11.24	25.21
Registration & Renewal charges	5.66	0.50
Late Delivery Charges	0.91	0.66
Donation Expenses	0.25	0.37
Membership & Subscription Charges	1.03	1.58
Security Expenses	6.08	11.33
Business Promotion Expenses	3.72	11.77
Sundry Office and Factory Expenses	8.05	20.22
CSR Expenditure	6.36	21.84
Placement & Recruitment Charges	0.15	0.63
Provision for doubtful deposits	-	1.75
Miscellaneous Expenses	1.53	13.69
Exhibition Expenses	7.63	41.84
Total	367.24	911.04



Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Notes to the financial statements for the period ended 30 September 2024

Note 27

Earnings per share

Particular	30-Sep-24	31-Mar-24
Basic Earning per share		
(a) Profit/(Loss) after tax attributable to equity share holders	31,380,500	121,282,926.57
Number of shares		
Number of shares at the beginning of the year	9,300,200	1,820,000
Number of shares at the end of the year	9,300,200	9,300,200
(b) Weighted average number of shares	9,300,200	9,300,200
Basic Earnings/(Loss) per share (a/b)	3.37	13.04
Diluted Earning per share		
(a) Profit/(Loss) after tax attributable to equity share holders	31,380,500	121,282,927
Add: Loss/expense on potential equity share	-	-
Less: Profit/income on potential equity share	-	-
Adjusted Profit/(Loss) (a)	31,380,500	121,282,927
Number of shares		
Number of shares at the beginning of the year	9,300,200	1,820,000
Number of shares at the end of the year	9,300,200	9,300,200
(b) Weighted average number of shares	9,300,200	9,300,200
Effect of dilutive equity shares	-	-
Adjusted number of shares (b)	9,300,200	9,300,200
Diluted Earnings/(Loss) per share (a/b)	3.37	13.04

Note 28

Related Party Disclosure

(i) List of Related Parties

Name	Relationship
Mansi Bagadiya	Key Managerial Personnel
Bipin Sanghvi	Director
Tarulata B Sanghvi	Relative of Directors
Hardik Sanghvi	Director
Ami H. Sanghvi	Relative of Directors
Swagat Sanghvi	Director
Pooja S. Sanghvi	Relative of Directors
Star Impex (Upto Dec- 23)	Associate Concern
Royal Arc Infrastructure Pvt Ltd	Associate Entity

(ii) Transactions with related parties

(Rs. in '00000)

Particulars	Relationship	30-Sep-24	31-Mar-24
Salary / Remuneration (incl. Bonus)	Directors and Relative of Directors	113.25	377.31
Salary / Remuneration (incl. Bonus)	Key Managerial Personnel	1.77	0.45
Loan given during the year	Director	4.00	-
Loan received back during the year	Director	-	-
Loan taken during the year	Director	-	43.99
Loan repaid during the year	Director	3.96	39.09
Rent Expense	Director	7.14	11.40
Investment in Property	Associate Concern	-	12.17
Purchase of Goods (Upto Dec-23)	Associate Concern	-	793.86
Sale of Goods(Upto Dec- 23)	Associate Concern	-	36.34

(iii) Outstanding Balances arising from transactions with related parties

(Rs. in '00000)

Particulars	Relationship	30-Sep-24	31-Mar-24
Loans Outstanding	Director	13.07	13.04
Salary Outstanding	Directors and Relative of Directors	13.06	11.04
Rent Outstanding	Director	-	0.86
Due from Supplier	Associate Concern	-	4.59



Royal Arc Electrodes Limited
CIN: U31100MH1996PLC096296

Notes to the financial statements for the period ended 30 September 2024

Note 29

Employee Benefit Plans

(Rs. in '00000)

(i) Defined Contribution Plan

Particulars	30-Sep-24	31-Mar-24
Employers Contribution to Provident Fund	5.34	10.28
Employers Contribution to Employee State Insurance	1.92	3.24

Note 30

Contingent liabilities and commitments

(Rs. in '00000)

Contingent liabilities

Particulars	30-Sep-24	31-Mar-24
Contingent liabilities on account of pending litigations	130.25	130.25

*The Company has received a notice under clause (b) of Section 148A of the Income Tax Act, 1961 for AY 2020-21 with the liability amount not being ascertainable.

*The Company has received a Show Cause Notice under Section 73(5) of the Central Goods and Services Tax Act, 2017 for FY 2019-20 involving Rs. 33.46 lakhs. The proceedings are currently on-going and the liability amount has not been ascertained till date.

*The Company has received an another intimation under Section 73(5) of the Central Goods and Services Tax Act, 2017 for FY 2020-21 involving Rs. 0.73 lakhs. The proceedings are currently on-going and the liability amount has not been ascertained till date.

*The Company has received notice for completing the Tax Assessment of Local Body Taxes of the past years. The proceedings are currently on-going and the liability amount has not been ascertained till date.

*The Company received notice dated June 11, 2024 under section 201 of Income Tax Act, 1961 for non-payment of TDS on certain expenses amounting to Rs.5.86 lakhs for AY 2022-23. Since the matter is sub-judice, it is not possible to ascertain liability that may arise upon the company in this matter.

Note 31

Auditor's Remuneration

(Rs. in '00000)

Particulars	30-Sep-24	31-Mar-24
Audit matters	10.00	5.50
Taxation matters	-	1.25
	10.00	6.75

Note 32

Foreign Exchange Disclosures

(Rs. in '00000)

Earnings in Foreign Currency

Particulars	30-Sep-24	31-Mar-24
Export of Goods	665.83	1,436.01
Export of Services	-	5.29

Expenditure in Foreign Currency

Particulars	30-Sep-24	31-Mar-24
Exhibition Expenses	-	5.79
Bank Charges	1.31	2.07
Registration Fees	-	0.07
Miscellaneous Expenses	-	-
Repairs & Maintenance	-	-
Commission Expenses	-	2.19
Travelling Expenses	2.86	6.04

Value of Imports calculated on C.I.F. basis

Particulars	30-Sep-24	31-Mar-24
Raw Material	127.35	46.70
Capital Goods	281.15	213.23



Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Notes to the financial statements for the period ended 30 September 2024

Note 33

Capital-Work-in Progress (CWIP)

(Rs. in '00000)
30-Sep-24

CWIP	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Building	102.89	26.86	-	-	129.75

Note 34

Ratio Analysis

Particulars	Numerator/Denominator	30-Sep-24	31-Mar-24	Change in %
(a) Current Ratio	Current Asset / Current Liabilities	3.82	3.78	1.01%
(b) Debt-Equity Ratio	Total Debts / Equity	0.04	0.00	856.19%
(c) Debt-Service Coverage Ratio	Earning available for Debt Service / Equity	137.56	219.27	-37.27%
(d) Return on Equity Ratio	Profit after Tax / Average Shareholder's Equity	7.15%	33.00%	-78.33%
(e) Inventory Turnover Ratio	COGS / Average Inventory	3.43	8.73	-60.69%
(f) Trade Receivable Turnover Ratio	Net Credit Sales / Average Account Receivable	2.22	5.39	-58.91%
(g) Trade Payable Turnover Ratio	Net Credit Purchases / Average Trade Payable	6.91	10.46	-33.91%
(h) Net Capital Turnover Ratio	Total Turnover / Average Working Capital	1.89	4.92	-61.53%
(i) Net Profit Ratio	Net Profit / Total Turnover	6.86%	12.12%	-43.37%
(j) Return on Capital Employed	Net Profit / Capital Employed	8.92%	37.83%	-76.42%
(k) Return on Investment	Return on Investment / Total Investment	9.28%	0.13%	6783.92%

Reasons for variance:

- Current Ratio has increased during the year due to increase in the trade receivables and inventories. Further, the ratio has increased due to a decrease in the trade payables
- Debt-Equity Ratio has increased due to short term borrowings during the period
- Debt-Service Coverage Ratio has decreased due to changes in net profits and increase in interest obligations on account short term borrowings during the year
- Trade Payable Turnover Ratio has decreased due to decrease in purchases and decrease in trade payables during the year
- Net Capital Turnover Ratio has reduced due to increase in average working capital during the year
- Return on investment has increased during the year on account of Rental income earned on the investment in property and Short Term Capital Gains During The Year

