



J. H. Gandhi & Co

Chartered Accountants

CERTIFICATE ON AVERAGE COST OF ACQUISITION OF EQUITY SHARES BY THE PROMOTERS & PROMOTER GROUP SELLING SHAREHOLDERS AND CERTIFICATE ON WEIGHTED AVERAGE PRICE AT WHICH EQUITY SHARES WERE ACQUIRED BY EACH OF THE PROMOTERS & PROMOTER GROUP SELLING SHAREHOLDERS IN THE LAST ONE YEAR

To,

The Board of Directors

Royal Arc Electrodes Limited

72 B. Bombay Talkies Compound, S.V. Road, Malad West,
Mumbai, Maharashtra-400064.

Dear Sirs,

Re: Proposed initial public offering of equity shares of the face value of Rs. 10 each (the "Equity Shares") by the Company and such issuing, (the "Issue").

We, **J.H.Gandhi & Co, Chartered Accountants**, Expert of the Company have performed the procedures stated below, at the request of the Company, to verify and certify: (i) the average cost of acquisition of the Equity Shares of the Company held by the Promoters of the Company, *i.e.* Bipin Sanghvi, Hardik Sanghvi, Swagat Sanghvi, and Tarulata Sanghvi, also Promoter Group Selling Shareholders, *i.e.* Ami Sanghvi and Pooja Sanghvi from the date of incorporation, *i.e.* January 15, 1996 till date of this certificate (ii) weighted average price at which Equity Shares were acquired by the Promoters and Promoter Group Selling Shareholders in the last year (***i.e.* from February 09, 2024 till February 8, 2025**)

We have performed the following procedures:

- (i) Obtained the list of Promoters, as defined under Regulation 2(1)(oo) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**ICDR Regulations**"), as amended from the management of the Company for the purpose of calculation of cost per share to the Promoters & Promoter Group Selling Shareholder of the Company;
- (ii) Compared the date of acquisition / sale / transfer; number of equity shares; and acquisition / issue cost per equity share in respect of each promoter & promoter group selling shareholder of the Company stated in the Statement, with the share allotment register, minutes of the meetings of the Board of Directors of the Company and duly organized committees thereof, minutes of annual general meeting and extra- ordinary general meetings, relevant statutory registers including share allotment, Form PAS-3 pursuant to Section 39(4) of the Companies Act, 2013, as amended, and Rule 12 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended (for allotments since April 1, 2014) along with extracts of relevant board and shareholder resolutions, Form SH-7 pursuant to Section 64(1) of the Companies Act, 2013, as amended and Rule 15 of the Companies (Share Capital and Debenture Rules), 2014,

confirmation from the Company for monies received (as applicable), any other forms filed with any regulatory authority in this regard and other documents presented to us;

- (iii) Computed average cost of acquisition per share to the Promoters & Promoter Group Selling Shareholders; and
- (iv) Computed the weighted average price at which the Equity Shares were acquired by the Promoters & Promoter Group Selling Shareholders in the last one year;

Based on above procedures, we confirm that:

- (i) The weighted average price at which Equity Shares of the Company were acquired by the Promoters and Promoter Group Selling Shareholders in the last year ("**Weighted Average Price**"), is as set out in **Table 1**.
- (ii) The computation of the abovementioned Weighted Average Price is set out in **Annexure A**.
- (iii) The average cost of acquisition of Equity Shares by the Promoters and Promoter Group Selling Shareholders is as set out in **Table 2**.
- (iv) The computation of the abovementioned average cost of acquisition of the Equity Shares is as set out in **Annexure B**.

We have conducted our examination in accordance with the "Guidance Note on Reports in Company Prospectuses (Revised 2019)", issued by the Institute of Chartered Accountants of India, in so far it relates to management experts issuing certificates on information included in draft red herring prospectus, red herring prospectus and prospectus. We hereby confirm that while providing this certificate we have complied with the Code of Ethics and the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the Institute of Chartered Accountants of India.

This certificate is for information and for inclusion (in part or full) in the Red Herring Prospectus ("RHP") and the prospectus ("Prospectus") filed in relation to the Issue (collectively, the "Issue Documents") or any other Issue-related material, and may be relied upon by the Company, the Lead Manager and the legal advisors appointed by the Company and the Lead Manager in relation to the Issue. We hereby consent to the submission of this certificate as may be necessary to the Securities and Exchange Board of India (SEBI), the Registrar of Companies, Mumbai ("RoC"), the relevant stock exchanges, any other regulatory authority and/ or for the records to be maintained by the Lead Manager and in accordance with applicable law. We hereby consent to this certificate being disclosed by the Lead Manager, if required (i) by reason of any law, regulation, or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We confirm that we will immediately communicate any changes in writing in the above information to the Lead Manager until the date when the Equity Shares commence trading on the relevant stock exchanges where the Equity Shares are proposed to be listed. In the absence of any such communication from us, the Lead Manager and the legal advisors, each to the Company and the Lead Manager, can assume that there is no change to the above information until the Equity Shares commence trading on the relevant stock exchanges pursuant to the Issue.

In no event shall our total liability; to company or any other person relying on this; for any and all claims, losses, or damages arising out of or in connection with this professional assignment exceed the total amount of fees received by us under this agreement. This limitation of liability applies to all causes of action, including but not limited to breach of contract, negligence, and any other tort or statutory claims.

On the basis of information and explanation provided to us by the company under the assurance, we hereby indemnify the book running lead manager, from losses arising as a result of the aforementioned representations made by me/us in order to disclose details of the same in the issue documents to the extent of fees received by us in agreement with the company.

We confirm that the information in this certificate is true and correct and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.


This certificate is issued for the sole purpose of the Offer, and can be used, in full or part, for inclusion in the red herring prospectus, prospectus and any other material used in connection with the Offer, and for the submission of this certificate as may be necessary, to any regulatory/ statutory authority, stock exchanges, any other authority as may be required and/ or for the records to be maintained by the BRLM in connection with the Offer and in accordance with applicable law, and for the purpose of any defense the BRLM may wish to advance in any claim or proceeding in connection with the contents of the offer documents

All capitalized terms used herein and not specifically defined shall have the same meaning as described to them in the Offer Documents.

Yours faithfully,
For and on behalf of

J.H.Gandhi & Co
Chartered Accountants

Statutory Auditor
FRN: 0116513W


Jasmit H. Gandhi
(Proprietor)

Membership No.: 044844

UDIN: 25044844BMLMK6-2509

Place: Mumbai

Date: 08/02/2025



Encl: As above

Cc: Fedex Securities Private Limited (the "Lead Manager")

3rd Floor, B Wing, Jay Chambers, Dayaldas Road,

Vile Parle East, Mumbai – 400057

Table 1

Weighted average price at which the Equity Shares were acquired by our Promoter & Promoter Group Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus

Name of the Promoter & Promoter Group Selling Shareholder	Number of equity shares acquired in the one year preceding the date of this Red Herring Prospectus	Weighted average price per Equity Share (₹)
Bipin Shantilal Sanghvi**	7,18,017	Nil
Hardik Bipin Sanghvi**	21,57,750	Nil
Swagat Bipin Sanghvi**	21,57,750	Nil
Tarulata Bipin Sanghvi**	14,18,361	Nil
Ami Hardik Sanghvi***	5,13,750	Nil
Pooja Swagat Sanghvi***	5,13,750	Nil

* During FY 2023-2024, only Bonus Shares were issued by the Company and hence Weighted average price per Equity Share (₹) for FY 2023-2024 will not be applicable.

*The weighted average price for Equity Shares acquired during the last one year has been calculated by taking into account the amount paid by the promoter shareholder to acquire the Equity Shares and the cost of acquisition has been divided by the total number of shares acquired (including bonus shares) during the last one year. The number of Equity Shares in the table above has been calculated on a post-split basis.

**Also Promoter Selling Shareholder

***Also Promoter Group Selling Shareholder

Annexure A

Name of the Promoter & Promoter Group Selling Shareholder	Number of equity shares acquired in the one year preceding the date of this Red Herring Prospectus	Weighted Cost of Acquisition per share	Weighted Cost of Acquisition	Weighted average price per Equity Share (₹)
	A	B	C=A*B	D=C/A
Bipin Shantilal Sanghvi	7,18,017	Nil	Nil	Nil
Hardik Bipin Sanghvi**	21,57,750	Nil	Nil	Nil
Swagat Bipin Sanghvi**	21,57,750	Nil	Nil	Nil
Tarulata Bipin Sanghvi	14,18,361	Nil	Nil	Nil
Ami Hardik Sanghvi***	5,13,750	Nil	Nil	Nil
Pooja Swagat Sanghvi***	5,13,750	Nil	Nil	Nil

*During FY 2023-2024, only Bonus Shares were issued by the Company and hence Weighted average price per Equity Share (₹) for FY 2023-2024 will not be applicable.

** Also Promoter Selling Shareholder

*** Also Promoter Group Selling Shareholder

Table 2: Average cost of acquisition of Equity Shares for our Promoter & Promoter Group Selling Shareholders

Name of the Promoter & Promoter Group Selling Shareholders	Number of Equity Shares held	Average cost per Equity Share (₹)
Bipin Shantilal Sanghvi*	8,92,717	1.67
Hardik Bipin Sanghvi*	26,82,750	13.56
Swagat Bipin Sanghvi*	26,82,750	8.58
Tarulata Bipin Sanghvi*	17,63,461	18.93
Ami Hardik Sanghvi**	6,38,750	1.28
Pooja Swagat Sanghvi**	6,38,750	22.50

*Promoter Selling Shareholders

**Promoter Group Selling Shareholders

Annexure B

Bipin Sanghvi					
Sr. No.	Date of Acquisition	Particulars	Number of Equity Shares held	Cost of Acquisition per share	Cost of Acquisition
1	15-01-1996	Subscription to MOA	100	10	1,000
2	31-07-1996	Further Issue	61,000	10	6,10,000
3	25-03-2001	Acquisition by way of transfer from Jitendra Shantilal Sanghvi	100	10	1000
4	25-03-2001	Acquisition by way of transfer from Jitendra Shantilal Sanghvi	23,500	10	235000
5	25-03-2001	Acquisition by way of transfer from	8,000	10	80000
	25-03-2001	Mita Jitendra Sanghvi	2,000	2	4000
6	25-03-2001	Acquisition by way of transfer from Sonali Yogesh Modi	10,000	2	20000
7	25-03-2001	Acquisition by way of transfer from Biren Bipin Panchmia	10,000	2	20000
8	25-03-2001	Acquisition by way of transfer from Bipin Trambaklal Panchamia	10,000	2	20000
9	05-01-2006	Preferential Allotment	50,000	10	5,00,000
10	01-02-2024	Bonus Issue	7,18,017	0	0
			8,92,717		14,91,000
Average Cost of Acquisition					1.67

Hardik Bipin Sanghvi					
Sr. No.	Date of Acquisition	Particulars	Number of Equity Shares held	Cost of Acquisition per share	Cost of Acquisition
1	25-03-2001	Acquisition by way of transfer from Shailesh I Mandavkar	10,000	2.8	28,000
2	25-03-2001	Acquisition by way of transfer from Kantilal N Bhanushali	10,000	2.8	28,000
3	25-03-2001	Acquisition by way of transfer from Jakhubhai Birji Kurbada	10,000	2.8	28,000
4	25-03-2001	Acquisition by way of transfer from Jashoda Mulji Joysar	10,000	2.8	28,000
5	25-03-2001	Acquisition by way of transfer from Jashoda Babulal Bhadra	10,000	2.8	28,000
6	05-01-2006	Preferential Allotment	50,000	10	5,00,000
7	24-07-2012	Further Issue	1,25,000	10	12,50,000
8	03-07-2021	Acquisition by way of transfer from Kishore Shetty	3,00,000	115	3,45,00,000
9	01-02-2024	Bonus	21,57,750	0	-
			26,82,750		3,63,90,000
Average Cost of Acquisition					13.56

Swagat B Sanghvi					
Sr. No.	Date of Acquisition	Particulars	Number of Equity Shares held	Cost of Acquisition per share	Cost of Acquisition
1	15-01-2006	Preferential Allotment	50,000	10	5,00,000
2	29-09-2011	Acquisition by way of transfer from Mayur Vinodrai Shah	50,000	2	1,00,000
3	29-09-2011	Acquisition by way of transfer from Meena Kiran Doshi	50,000	2	1,00,000
4	29-09-2011	Acquisition by way of	50,000	2	1,00,000

		transfer from Panna Vinodrai Shah			
5	29-09-2011	Acquisition by way of transfer from Kiran Bankim Sheth	18,000	2	36,000
6	24-07-2012	Preferential Allotment	1,25,000	10	12,50,000
7	06-04-2021	Acquisition by way of transfer from Kishore Shetty	1,82,000	115	2,09,30,000
8	01-02-2024	Bonus	21,57,750	0	0
			26,82,750		2,30,16,000
Average Cost of Acquisition					8.58

Tarulata Bipin Sanghvi					
Sr. No.	Date of Acquisition	Particulars	Number of Equity Shares held	Cost of Acquisition per share	Cost of Acquisition
1	31-07-1996	Further Issue	10,000	10	1,00,000
2	05-01-2006	Preferential Allotment	50,000	10	5,00,000
3	02-03-2021	Acquisition by way of transfer from Savita Shetty	2,72,000	115	3,12,80,000
4	02-03-2021	Acquisition by way of transfer from Kishore Shetty	13,100	115	15,06,500
5	01-02-2024	Bonus Issue	14,18,361	-	-
			17,63,461		3,33,86,500
Average Cost of Acquisition					18.93

Ami Hardik Sanghvi					
Sr. No.	Date of Acquisition	Particulars	Number of Equity Shares held	Cost of Acquisition per share	Cost of Acquisition
1	29-09-2011	Acquisition by way of transfer from Mahendra Chhowala	1,00,000	2	2,00,000
2	29-09-2011	Acquisition by way of transfer from Banmik Dalichand Sheth	20,000	2	40,000

3	03-07-2021	Acquisition by way of transfer from Usha Shetty	5,000	115	5,75,000
4	01-02-2024	Bonus	5,13,750	-	-
			6,38,750		8,15,000
Average Cost of Acquisition					1.28

Pooja Swagat Sanghvi					
Sr. No.	Date of Acquisition	Particulars	Number of Equity Shares held	Cost of Acquisition per share	Cost of Acquisition
1	06-04-2021	Acquisition by way of transfer from Usha Shetty	1,25,000	115	1,43,75,000
2	01-02-2024	Bonus	5,13,750	-	-
			6,38,750		1,43,75,000
Average Cost of Acquisition					22.50

Table 3: Weighted average cost of acquisition of all shares transacted in the three months, 18 months and one year preceding the date of this Red Herring Prospectus:

Period	Weighted average cost of acquisition per Equity Share (in ₹) *	Cap Price is “x” times the weighted average cost of acquisition**	Range of acquisition price per equity share: lowest price-highest price (in ₹)^
Last one year preceding the date of Red Herring Prospectus	NIL^	[•]	NA
Last 18 months preceding the date of Red Herring Prospectus	NIL^	[•]	NA
Last 3 years preceding the date of Red Herring Prospectus	NIL^	[•]	NA

^There is no acquisition price per Equity Share for these transactions, as these Equity Shares were acquired pursuant to bonus issue

*** To be updated upon finalization of the Price Band*

Table 4: Details of the price at which specified securities were acquired in the last three years immediately preceding the date of this Red Herring Prospectus by our Promoters, members of our Promoter Group and Shareholders with right to nominate directors or other special rights

Except as stated below, none of our Promoters and members of our Promoter Group have acquired any Equity Shares in the three years immediately preceding the date of this Red Herring Prospectus:

Name of Shareholders	Nature of Securities and acquisition	Date of Acquisition	Number of Equity Shares	Face Value (in ₹)	Acquisition price per equity share (in ₹)*
Promoters					
Bipin Shantilal Sanghvi	Bonus Issue of Equity Shares	February 01, 2024	7,18,017	10	Nil
Hardik Bipin Sanghvi*	Bonus Issue of Equity Shares	February 01, 2024	21,57,750	10	Nil
Swagat Bipin Sanghvi*	Bonus Issue of Equity Shares	February 01, 2024	21,57,750	10	Nil
Tarulata Bipin Sanghvi	Bonus Issue of Equity Shares	February 01, 2024	14,18,361	10	Nil
Promoter Group					
Ami Hardik Sanghvi	Bonus Issue of Equity Shares	February 01, 2024	5,13,750	10	Nil
Pooja Swagat Sanghvi	Bonus Issue of Equity Shares	February 01, 2024	5,13,750	10	Nil
Shareholders with Special Rights					
Nil	Nil	Nil	Nil	Nil	Nil

*Allotment pursuant to Bonus