



**CERTIFICATE ON REVENUE BREAKUP**

To,  
**The Board of Directors**  
**Royal Arc Electrodes Limited**  
**72 B, Bombay Talkies Compound,**  
**S.V. Road Malad West,**  
**Mumbai, Maharashtra- 400064.**

Dear Sir / Madam,

**Subject: Certificate for Revenue Breakup**

**Re: Proposed initial public Issue ("IPO") of equity shares of face value Rs. 10 each ("Equity Shares") by Royal Arc Electrodes Limited ("Company") ("Offer") in accordance with the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"), and other applicable laws, as amended**

We, M/s. J.H. Gandhi & Co, Chartered Accountants, Expert of the Company, have reviewed the Restated Financial Information of the Company, comprising of the Restated Standalone Statement of Assets and Liabilities as at September 30, 2024 March 31, 2024, March 31, 2023 and March 31, 2022, the Restated Standalone Statement of Profit and Loss, and the Restated Standalone Cash Flow Statement and for the half yearly ended on September 30,2024 & for the Financial Year ended March 31, 2024, March 31, 2023 and March 31, 2022, the Summary Statement of Significant Accounting Policies and other explanatory information (collectively, the "**Restated Financial Information**"), prepared in accordance with the Companies Act, 2013, as amended (the "**Companies Act**") and Accounting Standards ("AS") prescribed by the Institute of Chartered Accountants of India ("ICAI") and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**ICDR Regulations**") and the reports issued thereon. We have also reviewed the books of accounts, agreements, terms of engagement, statutory records maintained by the Company, minutes of the meetings of the Board of Directors of the Company, and minutes of annual general meetings and extraordinary general meetings of the Company, the basis of the evaluation of transactions on a test check basis, which was undertaken at arm's length as certified by the management and supporting documents for justification of the arm's length price for such related party transactions, invoices, list of customers, balance confirmations from related parties and reconciliation therewith and other relevant documents presented to us, and enquired with and received written representation from Hardik Bipin Sanghvi, the Chief Financial Officer of the Company who is responsible for financial and accounting matters, on the nature of the related party transactions entered into by the Company and changes in terms of evaluation of transactions at arm's length by the Company.

Based on the above, we hereby certify and confirm that, for the aforementioned period please refer the Annexure A for revenue breakup.

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 Expert issuing certificates on information included in 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 the information of the Book Running Lead Manager to the public issue and may be relied upon by the Company, the Book Running Lead Manager, and the legal advisors appointed by the Company and the Book Running 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 Book Running Lead Manager in accordance with applicable law. We hereby consent to this certificate being disclosed by the Book Running 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 Book Running 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 Book Running Lead Manager and the legal advisors, each to the Company and the Book Running 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 the 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.

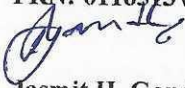
We confirm that the information in this certificate is true and correct and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.

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 BRLMs in connection with the Offer and in accordance with applicable law, and for the purpose of any defense the BRLMs 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 J.H Gandhi & Co,  
Chartered Accountants  
FRN: 0116513W



**Jasmit H. Gandhi**  
(Proprietor)

M. No. 044844

UDIN: 25044844BMLMJC7143

Date: 14/01/2025

Place: Mumbai

Cc:

**Fedex Securities Private Limited (the "BRLM")**  
3rd Floor, B Wing, Jay Chambers, Dayaldas Road,  
Vile Parle East, Mumbai – 400057





## ANNEXURE A

### Zone wise Revenue

Set forth below is certain information on geography-wise domestic revenue from operations of the company on the restated financial statement for the periods indicated:

Zone	September 30, 2024		March 31, 2024		March 31, 2023		March 31, 2022	
	Amount (₹ in lakhs)	% of revenue from operations	Amount (₹ in lakhs)	% of revenue from operations	Amount (₹ in lakhs)	% of revenue from operations	Amount (₹ in lakhs)	% of revenue from operations
West	2285.42	50.11%	4,518.40	45.28%	4,265.45	44.00%	2,849.42	45.29%
South	286.39	6.28%	745.40	7.47%	436.52	4.50%	550.05	8.74%
North	324.40	7.11%	659.35	6.61%	603.61	6.23%	85.20	1.35%
East	330.72	7.25%	864.32	8.66%	845.28	8.72%	183.68	2.92%
Central	667.71	14.64%	1,749.98	17.54%	1,830.80	18.89%	937.92	14.91%
<b>Total</b>	<b>3894.65</b>	<b>85.40%</b>	<b>8,537.45</b>	<b>85.56%</b>	<b>7,981.66</b>	<b>82.34%</b>	<b>4,606.27</b>	<b>73.21%</b>

### Product wise revenue

(₹ in lakhs unless stated)

Particulars	September 30, 2024		March 31, 2024		March 31, 2023		March 31, 2022	
	(₹ in lakhs)	%	(₹ in lakhs)	%	(₹ in lakhs)	%	(₹ in lakhs)	%
Welding Electrodes (Kgs)	1872.40	40.96	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)	0.24	0.01	0.67	0.01	-	0.00	-	0.00
Flux Cored wire	2095.37	45.83	5,074.77	50.73	4,833.88	50.77	2,336.86	38.65
Abrasive Wheels			16.41	0.16	12.19	0.13	5.39	0.09
Electro Slag Welding	10.76	0.24	6.63	0.07	0.01	0.00	-	-
Saw Flux	36.80	0.80	15.62	0.16	-	-	-	-
TigMig Wire	477.72	10.44	858.70	8.58	567.95	5.97	377.68	6.25
Packing Material	4.47	0.10	5.54	0.06	0.01	0.00	0.08	0.00
Powder	5.86	0.13	36.34	0.36	140.57	1.48	-	-
M S Wire	-	-	-	0.00	140.08	1.47	20.13	0.33
Testing Equipment	-	-	-	0.00	-	-	1.99	0.03
S.S STRIP	-	-	0.15	0.00				
Saw Wire	36.15	0.79	14.85	0.15	-	-	-	-

Cutting Wheels	8.40	0.18						
Fixed Asset	2.40	0.05						
Scrap	21.30	0.47						
Total	4571.68	100.00	10,003.5 1	100.00	9,520.23	100.00	6,046.60	100.00
Add/(Less):	-	-						
Rate Difference, Freight Charges, Discounts, etc.	(77.53)		(31.05)		173.54		244.37	
Transportation Charges, Freight On Import, Insurance on Import and other	66.32							
Sale of Products	4560.47		9,972.46		9,693.77		6,290.97	

\*The details of product-wise revenue have been verified on a test-check basis based on the details provided by the company management.

**Process wise**

(₹in lakhs unless stated)

Particulars	September 30, 2024		March 31, 2024		March 31, 2023		March 31, 2022	
	(₹in lakhs)	%	(₹in lakhs)	%	(₹in lakhs)	%	(₹in lakhs)	%
Manufacturing	3966.55	87.25	9,049.27	90.46	8,659.42	90.96	5,641.33	93.31
<b>Add/(Less):</b>								
Rate Difference, Freight Charges, Discounts, etc.	12.49		(31.05)		173.54		244.37	
			<b>9,018.22</b>		<b>8,832.96</b>		<b>5,885.70</b>	
Trading	581.43	12.75	954.24	9.54	860.81	9.04	405.27	6.71
<b>Sale of Products</b>	<b>4560.47</b>		<b>9,972.46</b>	<b>100.00</b>	<b>9,693.77</b>	<b>100.00</b>	<b>6,290.97</b>	<b>100.00</b>

\*The details of process-wise revenue have been verified on a test-check basis based on the details provided by the company management.

**Geography-wise revenue**

The following table sets forth a breakdown of the company's revenue from operations from domestic and export markets, in absolute terms and as a percentage of total revenue from operations, for the periods indicated based on the location of the customers:

(₹in lakhs unless stated)

Particulars	September 30, 2024		March 31, 2024		March 31, 2023		March 31, 2022	
	(₹in lakhs)	%	(₹in lakhs)	%	(₹in lakhs)	%	(₹in lakhs)	%
Domestic	3894.65	85.40	8,537.45	85.56	7,981.66	82.34	4,606.27	73.22
Australia			-	-	0.50	0.01	-	-
Bhutan			0.80	0.01	-	-	-	-
Chile			43.50	0.44	40.35	0.42	91.27	1.45
Brazil	0.3411	0.01						
Congo			26.62	0.27	23.34	0.24	-	-
Guatemala	35.315	0.76	136.87	1.36	137.09	1.41	129.81	2.06
Kenya			-	-	-	-	79.95	1.27
Kuwait	31.986	0.70	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	1.2886	0.03	16.29	0.16	-	-	-	-
Morocco			2.87	0.03	2.90	0.03	-	-
Nepal			0.16	0.00	2.56	0.03	-	-
Nigeria	485.49	10.65	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	31.773	0.70	90.37	0.91	36.81	0.38	99.18	1.58
Poland			-	-	-	-	23.28	0.37
Qatar	26.065	0.57	25.43	0.25	24.62	0.25	42.41	0.67
Russia			3.60	0.04	-	-	-	-
U.A.E	53.564	1.18	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	-	-	-	-
<b>Total</b>	<b>4560.47</b>	<b>100.00</b>	<b>9,978.75</b>	<b>100.00</b>	<b>9,694.02</b>	<b>100.00</b>	<b>6,290.97</b>	<b>100.00</b>

### Customers Relationship

The table below sets forth the company's revenue from customers, segregated on the basis of the years of relationship with such customers:

Period of Customer Relationship	September 30, 2024			March 31, 2024			March 31, 2023			March 31, 2022		
	Number of Customers	Revenue From such Customers (₹ Lakhs)	% of Revenue from operations	Number of Customers	Revenue From such Customers (₹ Lakhs)	% of Revenue from operations	Number of Customers	Revenue From such Customers (₹ Lakhs)	% of Revenue from operations	Number of Customers	Revenue From such Customers (₹ Lakhs)	% of Revenue from operations
Three years	91	2731.77	59.90	108	6,872.75	68.87	108	6,862.63	70.79	108	4,613.77	73.00

\* The above details depict the revenue from customers to whom sales were made in each of the three financial years.