

ROYAL ARC ELECTRODES LIMITED

CIN: U31100MH1996PLC096296

MUMBAI

26TH ANNUAL REPORT

Year 2021-2022

Board of Directors:

Mr. Bipin Sanghvi
Mr. Hardik Sanghvi
Mr. Swagat Sanghvi

Auditor:

Baqadia & Jain
CHARTERED ACCOUNTANTS

908, Aditya Building,
B/h. Sardar Patel Seva Samaj
Nr. Gruh Finance,
Navarangpura,
Ahmedabad - 380 009

Registered Office:

72B, Bombay Talkies Compound,
S V Road, Malad (W),
Mumbai,
Maharashtra-400064

Bankers:

HSBC Bank
State Bank of India
ICICI Bank
Yes Bank

NOTICE

To,
The Members of M/s. Royalarc Electrodes Limited

NOTICE is hereby given that the **ANNUAL GENERAL MEETING** of the Members of **M/S. Royalarc Electrodes Limited** will be held at the Registered Office of the Company at 72 B, Bombay Talkies Compound, S.V. Road, Malad West Mumbai City, Maharashtra 400064 on Friday, the 30th day of September, 2022, at 10:00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended on 31st March, 2022, including the Audited Balance Sheet as at 31st March, 2022, the Statement of Profit & Loss & Cash Flow for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint director in place of Mr. Hardik Sanghvi (DIN: 00617415), who retires by rotation and being eligible offer himself for re-appointment.

SPECIAL BUSINESS:

3. **Consideration and approval of increase in remuneration of Mr. Bipin Sanghvi (DIN: 00462839) as a Managing Director of the Company.**

To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in partial modification of the earlier resolution passed at the meeting of Members of the Company held on 30th November, 2021 and pursuant to provisions of sections 197, 198 and all other applicable provisions read with Schedule V of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), Rules made there under and subject to such other consents/approvals of any statutory authorities as may be required from time to time, the consent of the Company be and is hereby accorded to increase the remuneration of Mr. Bipin Sanghvi (DIN: 00462839) from Rs. 3,00,000/- Per Month to Rs. 7,00,000/- per month for the remaining tenure of his appointment i.e from 01st October, 2022 till 31st March, 2024.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby delegated with the powers to pay any amount as remuneration which shall not exceed in any case Rs. 7,00,000/- per month."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds, things necessary to implement this resolution and in a manner most beneficial to the Company."

4. Consideration and approval of increase in remuneration of Mr. Swagat Sanghvi (DIN: 01695341), as Whole Time Director of the Company.

To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in partial modification of the earlier resolution passed at the meeting of Members of the Company held on 30th November, 2021 and pursuant to provisions of sections 197, 198 and all other applicable provisions read with Schedule V of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), Rules made there under and subject to such other consents/approvals of any statutory authorities as may be required from time to time, the consent of the Company be and is hereby accorded to increase the remuneration of Mr. Swagat Sanghvi (DIN 01695341), from Rs. 3,00,000/- Per Month to Rs. 7,00,000/- per month for the remaining tenure of his appointment i.e from 01st October, 2022 till 31st March, 2024.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby delegated with the powers to pay any amount as remuneration which shall not exceed in any case Rs. 7,00,000/- per month."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds, things necessary to implement this resolution and in a manner most beneficial to the Company."

5. Consideration and approval of increase in remuneration of Mr. Hardik Sanghvi (DIN: 00617415), as Whole Time Director of the Company.

To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in partial modification of the earlier resolution passed at the meeting of Members of the Company held on 30th November, 2021 and pursuant to provisions of sections 197, 198 and all other applicable provisions read with Schedule V of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), Rules made there under and subject to such other consents/approvals of any statutory authorities as may be required from time to time, the consent of the company be and is hereby accorded to increase the remuneration of Mr. Hardik Sanghvi (DIN: 00617415) from Rs. 3,00,000/- Per Month to Rs. 7,00,000/- per month for the remaining tenure of his appointment i.e from 01st October, 2022 till 31st March, 2024.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby delegated with the powers to pay any amount as remuneration which shall not exceed in any case Rs. 7,00,000/- per month."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds, things necessary to implement this resolution and in a manner most beneficial to the Company."

For, M/s. Royalarc Electrodes Limited



A handwritten signature in blue ink, appearing to be "Bipin Sanghvi".

Mr. Bipin Sanghvi
Managing Director
DIN: 00462839

A handwritten signature in blue ink, appearing to be "Swagat Sanghvi".

Mr. Swagat Sanghvi
Whole Time Director
DIN 01695341

Place: Mumbai

Date: 03rd September, 2022

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten (10%) percent of the total share capital of the company carrying voting rights. A member holding more than ten (10%) percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
The instrument of proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
2. The Shareholders are requested to notify the change, if any, in their registered address to the Company immediately.
3. Members/ proxies should bring the attendance slip duly filled in for attending the meeting.
4. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. up to the date of Annual General Meeting.
5. The members are requested to intimate to the company, queries, if any, at least 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.
6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

Encl:

1. Agenda for the Meeting
2. Proxy Form as in MGT 11
3. Attendance Slip

EXPLANATORY STATEMENT
[PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013]

ITEM No: 03

Mr. Bipin Sanghvi (DIN: 00462839) was re-appointed as Managing Director of the Company at the Annual General meeting of the member held on Tuesday, 30th November, 2021 to hold office as Managing Director for the period of 3 (three years) w.e.f. 1st April, 2021 till 31st March, 2024 on the terms & conditions recommended by the Board of Directors including that of remuneration of Rs. 3,00,000 per month. Mr. Bipin Sanghvi is a promoter of the Company and is associated with the Company since 15th January, 1996 having experience of more than 23 years in business. While being a promoter of the Company, he has achieved immense experience in the field of providing inputs in all the departments. And therefore in view of the Board, considering the responsibilities he shoulders and the work carried by him coupled with his contribution towards the growth of the Company, the Board has decided to approve and increase remuneration of Mr. Bipin Sanghvi from Rs. 3,00,000/- (Rupees Three Lacs only) per month to Rs. 7,00,000 (Rupees Seven Lacs Only) per month for a remaining period of his tenure i.e from 1st October, 2022 to 31st March, 2024, subject to the approval of members under various sections of the Act, read with Schedule - V of the Companies Act, 2013.

This statement containing following information is given as per Clause-A of Section II of part II of Schedule V of the Companies Act, 2013.

I. GENERAL INFORMATION:		
(1) Nature of Industry	Manufacturing and Trading of Welding Electrodes, Metal Wires including Co2 Wire, Tig Wire, Flux Cored Wire, Grinding Wheels etc. for industrial use.	
(2) Date or expected date of commencement of commercial production.	Existing Company and hence not applicable.	
(3) In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Existing Company and hence not applicable.	
(4) Financial Performance based on given indicators as at 31 st March, 2022	Particulars	In Rupees
	Turnover (Net Sales)	632553.16 Thousands
	Operating Profit	148791.89 Thousands
	Net Profit Before Tax	28782.33 Thousands
	Debt Equity Ratio	0.37
	Current Ratio	1.53

		Net Worth	209875.26 Thousands
(5)	Export Performance	The Company has achieved export Turnover FOB value of Rs. 168470.90/- Thousands for the Financial Year ended on 31st March, 2022.	
(6)	Foreign Investments or collaborators, if any.	None	
II. INFORMATION ABOUT THE APPOINTEE:			
(1)	Background Details	Mr. Bipin Sanghvi possesses degree of Bachelor in Commerce. He is with Company since last 30 years more particularly as Managing Director of the Company since 2009.	
(2)	Past Remuneration	Remuneration paid for the Financial year 2021-22 was Rs. 2,45,000/- per month.	
(3)	Recognition or Awards	As such no awards were received by Mr. Bipin Sanghvi in his personal capacity.	
(4)	Job Profile and his suitability	Mr. Bipin Sanghvi has varied experience relating to finance, accounts, Collection Management, Corporate Marketing and effective policy formulations for efficient and smooth running of the Company. He has been looking after the Financial Intricacies and has involved himself in the overall administration of the Company.	
(5)	Remuneration Proposed	As mentioned in the abstract of remuneration given in the preceding paras.	
(6)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.	The proposed remuneration is commensurate with the level of qualification, skills and experience of the appointee Mr. Bipin Sanghvi. The remuneration proposed is in line with the prevailing standards in the industry and is appropriate, considering the size of the Company, in this industry and nature of its business.	
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Mr. Bipin Sanghvi is directly related to the Promoters of the Company, himself being one of the promoters himself; He holds 1,74,700 equity shares of the Company which make 9.60% of the equity share capital of the Company.	
III. OTHER INFORMATION:			

(1)	Reasons of loss or inadequate profits.	Though, the Company has made reasonable profit during the recently completed financial year as per the industry norms, however as per calculation of profit u/s. 198 such profits are inadequate to remunerate such managerial personnel.
(2)	Steps taken or proposed to be taken for improvement	Efforts are always taken for reducing costs and to improve margins. The company is always in search for improved quality and value added products.
(3)	Expected increase in productivity and profits in measurable terms.	The Company is expecting growth in the turnover and profit owing to the expansion of production capacities and is also expecting to do good Export turnover in the future, with normative numbers calculated with reference to good returns from electrodes and wire business.
IV. DISCLOSURES:		
(1)	The remuneration package of Mr. Bipin Sanghvi has been enumerated above. All the relevant documents are available for inspection by the members of the Company at the Registered office of the Company between 11.00 a.m. to 1.00 p.m. on any working day except Saturdays, Sundays and Public Holidays.	
(2)	The required disclosure to the shareholders of the Company about remuneration package of the managerial person and all elements of remuneration package such as salary, benefits, bonuses, stock options, pensions etc., of all the directors; details of fixed component and performance linked incentives along with the performance criteria; Service contract, notice period, severance fees; has been made in the Annual Report of the Company for the Financial Year 2021-22, wherever applicable.	

Increase in Remuneration of Mr. Bipin Sanghvi, a Managing Director of the Company from Rs. 3,00,000/- Per Month to Rs. 7,00,000/- per month for the remaining tenure of his appointment i.e from 01st October, 2022 till 31st March, 2024, requires special majority of the members under Section 197 & 198 read with provisions of sub-clause (A) of section II of part II of Schedule V of the Companies Act, 2013. Consequently, the Board of Directors of the Company recommends the aforesaid resolution for the approval of the Members.

The Company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon in terms of the proviso of sub clause (ii) of Section II of Part II of Schedule V of the Companies Act, 2013.

The said resolution has been proposed for increase in remuneration for the remaining tenure of his appointment i.e from 01st October, 2022 till 31st March, 2024 and such

proposed remuneration as aforesaid is within the limits prescribed under Sub-Clause (A) of section II of Part II of Schedule V of the Companies Act, 2013, and hence the approval of Central Government is not required.

Except Mr. Bipin Sanghvi, Mr. Hardik Sanghvi, and Mr. Swagat Sanghvi, none of the other Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP are concerned or interested in the Resolution financial or otherwise, except in their capacity as a member of the Company and thus recommend your acceptance thereof in the interest of the Company.

ITEM No.: 4

Mr. Swagat Sanghvi (DIN: 01695341) was appointed as Whole Time Director of the Company at the Annual General meeting of the members held on Tuesday, 30th November, 2021 to hold office as Whole Time director of the Company for the period of 3 (three years) w.e.f. 1st April, 2021 till 31st March, 2024 on the terms & conditions recommended by the Board of Directors including that of remuneration of Rs. 3,00,000 per month. Mr. Swagat Sanghvi is a promoter of the Company and is associated with the Company since 16th August, 2010, having experience of more than 12 years in business. While being a promoter of the Company, he has achieved immense experience in the field of production and operations and therefore in view of the Board, considering the responsibilities he shoulders and the work carried by him coupled with his contribution towards the growth of the Company, the Board has decided to approve and increase remuneration of Mr. Swagat Sanghvi from Rs. 3,00,000/- (Rupees Three Lacs only) per month to Rs. 700000 (Rupees Seven Lacs Only) per month for a remaining period of his tenure i.e from 1st October, 2022 to 31st March, 2024, subject to the approval of members under various sections of the Act, read with Schedule - V of the Companies Act, 2013.

This statement containing following information is given as per Clause-A of Section II of part II of Schedule V of the Companies Act, 2013.

I. GENERAL INFORMATION:		
(1)	Nature of Industry	Manufacturing and Trading of Welding Electrodes, Metal Wires including Co2 Wire, Tig Wire, Flux Cored Wire, Grinding Wheels etc. for industrial use.
(2)	Date or expected date of commencement of commercial production.	Existing Company and hence not applicable.
(3)	In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Existing Company and hence not applicable.
(4)	Financial Performance based on given indicators as at 31 st March,	Particulars
		In Rupees
		Turnover (Net Sales) 632553.16 Thousands

	2022	Operating Profit	148791.89 Thousands
		Net Profit Before Tax	28782.33 Thousands
		Debt Equity Ratio	0.37
		Current Ratio	1.53
		Net Worth	209875.26 Thousands
(5)	Export Performance	The Company has achieved export Turnover FOB value of Rs. 168470.90/- Thousands for the Financial Year ended on 31st March, 2022.	
(6)	Foreign Investments or collaborators, if any.	None	

II. INFORMATION ABOUT THE APPOINTEE:

(1)	Background Details	Mr. Swagat Sanghvi possesses degree of Bachelor in Commerce. He is with Company since last 12 years more particularly as Whole Time Director of the Company since 2010.
(2)	Past Remuneration	Remuneration paid for the Financial year 2021-22 was Rs. <u>2,45,000</u> /- per month.
(3)	Recognition or Awards	As such no awards were received by Mr. Swagat Sanghvi in his personal capacity.
(4)	Job Profile and his suitability	Mr. Swagat Sanghvi has varied experience relating to production and operations of the Company. He has been looking after the production and operational activities of the Company.
(5)	Remuneration Proposed	As mentioned in the abstract of remuneration given in the preceding paras.
(6)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.	The proposed remuneration is commensurate with the level of qualification, skills and experience of the appointee Mr. Swagat Sanghvi. The remuneration proposed is in line with the prevailing standards in the industry and is appropriate, considering the size of the Company, in this industry and nature of its business.
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Mr. Swagat Sanghvi is directly related to the Promoters of the Company, himself being one of the promoters himself; He holds 5,25,000 equity shares of the Company which make 28.85% of the equity share capital of the Company.

III. OTHER INFORMATION:

(1)	Reasons of loss or inadequate profits.	Though, the Company has made reasonable profit during the recently completed financial year as per the industry norms, however as per calculation of profit u/s. 198 such profits are inadequate to remunerate such managerial personnel.
(2)	Steps taken or proposed to be taken for improvement	Efforts are always taken for reducing costs and to improve margins. The company is always in search for improved quality and value added products.
(3)	Expected increase in productivity and profits in measurable terms.	The Company is expecting growth in the turnover and profit owing to the expansion of production capacities and is also expecting to do good Export turnover in the future, with normative numbers calculated with reference to good returns from electrodes and wire business.
IV. DISCLOSURES:		
(1)	The remuneration package of Mr. Swagat Sanghvi has been enumerated above. All the relevant documents are available for inspection by the members of the Company at the Registered office of the Company between 11.00 a.m. to 1.00 p.m. on any working day except Saturdays, Sundays and Public Holidays.	
(2)	The required disclosure to the shareholders of the Company about remuneration package of the managerial person and all elements of remuneration package such as salary, benefits, bonuses, stock options, pensions etc., of all the directors; details of fixed component and performance linked incentives along with the performance criteria; Service contract, notice period, severance fees; has been made in the Annual Report of the Company for the Financial Year 2021-22 wherever applicable.	

Increase in Remuneration of Mr. Swagat Sanghvi, a Whole Time Director of the Company for a remaining period of his tenure i.e from 1st October, 2022 to 31st March, 2024, requires special majority of the members under Section 197 & 198 read with provisions of sub-clause (A) of section II of part II of Schedule V of the Companies Act, 2013. Consequently, the Board of Directors of the Company recommends the aforesaid resolution for the approval of the Members.

The Company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon in terms of the proviso of sub clause (ii) of Section II of Part II of Schedule V of the Companies Act, 2013.

The said resolution has been proposed for increase in remuneration for a remaining period of his tenure i.e from 1st October, 2022 to 31st March, 2024, and such proposed

remuneration as aforesaid is within the limits prescribed under Sub-Clause (A) of section II of Part II of Schedule V of the Companies Act, 2013, and hence the approval of Central Government is not required.

Except Mr. Bipin Sanghvi, Mr. Hardik Sanghvi, and Mr. Swagat Sanghvi, none of the other Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP are concerned or interested in the Resolution financial or otherwise, except in their capacity as a member of the Company and thus recommend your acceptance thereof in the interest of the Company.

ITEM No.: 5

Mr. Hardik Sanghvi (DIN: 00617415) was appointed as a Whole Time Director of the Company of the Company at the Annual General meeting of the member held on Tuesday, 30th November, 2021 to hold office as Managing Director for the period of 3 (three years) w.e.f. 1st April, 2021 till 31st March, 2024 on the terms & conditions recommended by the Board of Directors including that of remuneration of Rs. 300000/- per month. Mr. Hardik Sanghvi is a promoter of the Company and is associated with the Company since 1st December, 2002, having experience of more than 16 years in business. While being a promoter of the Company, he has achieved immense experience in the field of financial and marketing and therefore in view of the Board, considering the responsibilities he shoulders and the work carried by him coupled with his contribution towards the growth of the Company, the Board has decided to approve and increase remuneration of Mr. Hardik Sanghvi from Rs. 3,00,000/- (Rupees Three Lacs only) per month to Rs. 700000 (Rupees Seven Lacs Only) per month for a remaining period of his tenure i.e from 1st October, 2022 to 31st March, 2024, subject to the approval of members under various sections of the Act, read with Schedule - V of the Companies Act, 2013.

This statement containing following information is given as per Clause-A of Section II of part II of Schedule V of the Companies Act, 2013.

I. GENERAL INFORMATION:			
(1)	Nature of Industry	Manufacturing and Trading of Welding Electrodes, Metal Wires including Co2 Wire, Tig Wire, Flux Cored Wire, Grinding Wheels etc. for industrial use.	
(2)	Date or expected date of commencement of commercial production.	Existing Company and hence not applicable.	
(3)	In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Existing Company and hence not applicable.	
(4)	Financial Performance based on given indicators as at 31 st March, 2022.	Particulars	
		In Rupees	
		Turnover (Net Sales)	632553.16 Thousands
		Operating Profit	148791.89 Thousands

		Net Profit Before Tax	28782.33 Thousands
		Debt Equity Ratio	0.37
		Current Ratio	1.53
		Net Worth	209875.26 Thousands
(5)	Export Performance	The Company has achieved export Turnover FOB value of Rs. 168470.90/- Thousands for the Financial Year ended on 31st March, 2022.	
(6)	Foreign Investments or collaborators, if any.	None	
II. INFORMATION ABOUT THE APPOINTEE:			
(1)	Background Details	Mr. Hardik Sanghvi possesses degree of Bachelor in Commerce. He is with Company since last 16 years more particularly as Whole Time Director of the Company since past many years.	
(2)	Past Remuneration	Remuneration paid for the Financial year 2021-22 was Rs. <u>2,45,000/-</u> per month.	
(3)	Recognition or Awards	As such no awards were received by Mr. Hardik Sanghvi in his personal capacity.	
(4)	Job Profile and his suitability	Mr. Hardik Sanghvi has varied experience relating to financial and marketing of the Company. He has been looking after the finance and marketing divisions of the Company.	
(5)	Remuneration Proposed	As mentioned in the abstract of remuneration given in the preceding paras.	
(6)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.	The proposed remuneration is commensurate with the level of qualification, skills and experience of the appointee Mr. Hardik Sanghvi. The remuneration proposed is in line with the prevailing standards in the industry and is appropriate, considering the size of the Company, in this industry and nature of its business.	
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Mr. Hardik Sanghvi is directly related to the Promoters of the Company, himself being one of the promoters himself; He holds 5,25,000 equity shares of the Company which make 28.85% of the equity share capital of the Company.	
III. OTHER INFORMATION:			

(1)	Reasons of loss or inadequate profits.	Though, the Company has made reasonable profit during the recently completed financial year as per the industry norms, however as per calculation of profit u/s. 198 such profits are inadequate to remunerate such managerial personnel.
(2)	Steps taken or proposed to be taken for improvement	Efforts are always taken for reducing costs and to improve margins. The company is always in search for improved quality and value added products.
(3)	Expected increase in productivity and profits in measurable terms.	The Company is expecting growth in the turnover and profit owing to the expansion of production capacities and is also expecting to do good Export turnover in the future, with normative numbers calculated with reference to good returns from electrodes and wire business.

IV. DISCLOSURES:

(1)	The remuneration package of Mr. Hardik Sanghvi has been enumerated above. All the relevant documents are available for inspection by the members of the Company at the Registered office of the Company between 11.00 a.m. to 1.00 p.m. on any working day except Saturdays, Sundays and Public Holidays.
(2)	The required disclosure to the shareholders of the Company about remuneration package of the managerial person and all elements of remuneration package such as salary, benefits, bonuses, stock options, pensions etc., of all the directors; details of fixed component and performance linked incentives along with the performance criteria; Service contract, notice period, severance fees; has been made in the Annual Report of the Company for the Financial Year 2021-22, wherever applicable.

Increase in Remuneration of Mr. Hardik Sanghvi, a Whole Time Director of the Company for a remaining period of his tenure i.e from 1st October, 2022 to 31st March, 2024, requires special majority of the members under Section 197 & 198 read with provisions of sub-clause (A) of section II of part II of Schedule V of the Companies Act, 2013. Consequently, the Board of Directors of the Company recommends the aforesaid resolution for the approval of the Members.

The Company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon in terms of the proviso of sub clause (ii) of Section II of Part II of Schedule V of the Companies Act, 2013.

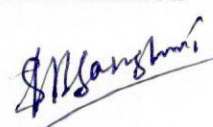
The said resolution has been proposed for increase in remuneration for a remaining period of his tenure i.e from 1st October, 2022 to 31st March, 2024 and such proposed remuneration as aforesaid is within the limits prescribed under Sub-Clause (A) of section II of Part II of Schedule V of the Companies Act, 2013, and hence the approval of Central Government is not required.

Except Mr. Bipin Sanghvi, Mr. Hardik Sanghvi, and Mr. Swagat Sanghvi, none of the other Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP are concerned or interested in the Resolution financial or otherwise, except in their capacity as a member of the Company and thus recommend your acceptance thereof in the interest of the Company.

For, M/s. Royalarc Electrodes Limited




Mr. Bipin Sanghvi
Managing Director
DIN: 00462839


Mr. Swagat Sanghvi
Whole Time Director
DIN 01695341

Place: Mumbai

Date: 03rd September, 2022

ROYALARC ELECTRODES LIMITED

R.O.: 72 B, Bombay Talkies Compound, S.V. Road, Malad West Mumbai City, Maharashtra 400064
CIN: U31100MH1996PLC096296 | Website: NA

Form No. MGT-11

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Company	: <u>Royalarc Electrodes Limited</u>
CIN	: <u>U31100MH1996PLC096296</u>
Registered office	: <u>72 B, Bombay Talkies Compound, S.V. Road, Malad West Mumbai City, Maharashtra 400064</u>

Name of the Member(s)	:	_____
Registered address	:	_____
E-mail Id	:	_____
Folio No	:	_____

I/ We being the member of, holding.....shares, hereby appoint

1. Name : _____ Email ID: _____
Address: _____
Signature: _____
2. Name : _____ Email ID: _____
Address: _____
Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of members of the Company, to be held on Friday, 30th September, 2022 at 10 A.M. at the registered office of the Company at 72 B, Bombay Talkies Compound, S.V. Road, Malad West Mumbai City, Maharashtra 400064, and at any adjournment thereof in respect of such resolutions as are indicated in the Notice calling Annual General Meeting.

Signed this Day of....., 2022

Signature of Shareholder
Name of Shareholder:

Affix
Revenue
Stamp

Signature of Proxy holder(s)
Name of Proxy holder(s):

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



ROYALARC ELECTRODES LIMITED

R.O.: 72 B, Bombay Talkies Compound, S.V. Road, Malad West Mumbai City, Maharashtra 400064

CIN: U31100MH1996PLC096296 |

Website: NA

Attendance Slip

(To be presented at the entrance)

ANNUAL GENERAL MEETING

Friday, THE 30th DAY OF SEPTEMBER 2022

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

Folio No.:

Name of Member Signature

Name of Proxy Signature
(If Any)

1. Only Member/ Proxy holder can attend the meeting.
2. Member/ Proxy holder should bring his/her copy of the Annual Report for reference at the Meeting.

DIRECTORS' REPORT

To,

The Members,

ROYALARC ELECTRODES LIMITED

72 B, Bombay Talkies Compound,

S.V. Road Malad West

Mumbai City

Maharashtra - 400064

Your Directors have pleasure in presenting the Annual Report, together with the audited financial statements for the financial year ended on 31st March, 2022

1) FINANCIAL RESULTS:

The following are the financial results of the Company for the year ended on 31st March, 2022.

Particulars	Amount in Thousands	
	Year ended on 31 st March, 2022	Year ended on 31 st March, 2021
Sales & Other Income	6,48,222.19	4,55,398.46
Less: Expenses	-5,91,847.15	-4,05,872.21
Profit (Loss) Before Depreciation & Finance Costs	56,375.04	49,526.25
Less: Finance Costs	-9,753.04	-11,142.38
Profit / (Loss) Before Depreciation & Tax	46,622	38,383.87
Less: Depreciation	-17,839.68	-16,752.95
Add: Prior Period Items		
Profit / (Loss) before Tax	28,782.32	21,630.92
Less: Income Tax	8,509.47	7,162.77
Deferred Tax	939.31	1,253.21
Short Provision of IT of Earlier Year		
Profit / Loss before Tax	21,212.16	15,721.36

2) PERFORMANCE OVERVIEW:

The Company is carrying its activities in manufacturing of Welding Electrodes, CO2 wire, Tig wire, Flux core wire and Grinding Wheels. The total sales and other income of the Company were Rs. 6,48,222.19/- Thousands during the period under review as compared to Rs. 4,55,398.46/- Thousands of the previous financial year 2020-21. The net profit of the Company for the year increased to Rs. 21,212.16/- Thousand as compared to that of Rs. 15,721.36/- Thousands during the previous financial year. Your Company is committed to steady and sustainable growth of the Company and in spite of changes

in tax structures and certain migrations due to change in policies by the current government your Company has strived to maintain the growth momentum.

3) DIVIDEND:

Your directors have not recommended any dividend during the year with a view to conserve the resources of the Company for various expansion plans.

4) DEPOSITS:

During the year under report, your Company has not accepted any fixed deposits from the public which attract the provisions of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules, 2014.

5) TRANSFER TO RESERVE:

No amount is proposed to be transferred to General Reserve Account of the Company.

6) DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to section 134(3)(c) of the Companies Act, 2013, the Directors confirms that:

- a. In the preparation of the annual accounts for the year end at that date, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company for that period;
- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors have prepared the annual accounts on a 'going concern' basis; and
- e. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

7) CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING/OUTGO:

(A) Conservation of energy	
(i) the steps taken or impact on conservation of energy	The Company continues efforts with regard to energy conservation and management through improved manufacturing technologies and rationalization.
(ii) the steps taken by the company for utilizing alternate sources of energy	
(iii) the capital investment on energy conservation equipments	

(B) Technology absorption	
(i) the efforts made towards technology absorption	The Company has not imported any technology during the year.
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution	
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	
(a) the details of technology imported;	
(b) the year of import;	
(c) whether the technology been fully absorbed;	
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	
(iv) the expenditure incurred on Research and Development	
(C) Foreign exchange earnings and Outgo	
The Foreign Exchange earned in terms of actual inflows during the year and	1. Total Foreign Exchange Earnings (Value of Exports) Rs. 168470.90 /- Thousands
The Foreign Exchange outgo during the year in terms of actual outflows	2. Total Foreign Exchange outgo (Value of Import) Rs. 22684.38/- Thousands

8) INFORMATION OF EMPLOYEES:

No Employee was drawing salary in excess of limit prescribed under Section 134 read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, during the year or part of the year under review.

9) NUMBER OF MEETINGS OF BOARD:

During the Financial Year under review, the Board of Directors duly met Nine (09) times on 15-04-2021, 15-06-2021, 10-08-2021, 20-09-2021, 07-10-2021, 21-10-2021, 29-11-2021, 10-02-2022 and 28-03-2022 to transact various agendas from time to time:

The Board of Directors confirms the compliance of the requirements of the Secretarial Standard issued by Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs. Intimation of the Board Meeting and committee meeting are given well in advance and communicated to all the Directors. The notices of all the Board Meetings were sent in advance to all the Directors. The Prescribed quorum was present for all the Meetings.

10) SIGNIFICANT MATERIAL ORDER PASSED BY THE REGULATIONS:

There were no significant material orders passed by the regulators or courts or

Tribunals impacting the going concern status of the Company and its operations in future.

11) BOARD OF DIRECTORS AND KEY MAGERIAL PERSONNEL:

Mr. BipinSanghvi (DIN: 00462839) was appointed as Managing Director of the Company for a period of 3 (Three) years commencing from 1st April, 2021 to 31st March, 2024, at a maximum remuneration of up to Rs. 3,00,000/- per month. Mr.SwagatSanghvi was appointed as Whole Time Director of the Company for a period of 3 (Three) years commencing from 1st April, 2021 to 31st March, 2024, at a maximum remuneration of up to Rs. 3,00,000/- per month. Mr. Hardik Sanghvi (DIN: 00617415) as Whole Time Director of the Company for a period of 3 (Three) years commencing from 1st April, 2021 to 31st March, 2024, at a maximum remuneration of up to Rs. 3,00,000/- per month. Further, after closure of financial year the said limit of remuneration has been increased and resolution effecting the same has been incorporated in the notice calling ensuing Annual General Meeting.

The office of Mr. Hardik Sanghvi (DIN: 00617415) shall be liable to retire by rotation at the ensuing Annual General Meeting, and being eligible offers himself for re-appointment. The Board of Directors recommends their reappointment at the ensuing Annual General Meeting.

The Company is not required to appoint Company Secretary, Chief Financial Officer or Chief Executive Officer as per the requirement of the provisions of Section 203 of the Companies Act, 2013.

12) EXTRACT OF ANNUAL RETURN:

Pursuant to Companies (Amendment) Act, 2017 the Companies are not required to attach Extract of Annual Return in Form MGT-9, however, if the Company is maintaining any website then in such case the Company is required to place copy of Annual Return on the website of the Company and web link of the same shall required to be given in Director's Report pursuant to provisions of Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014. In our case the Company is not having any official web site and hence requirement of placing Annual Return on the web site of the Company is not applicable.

13) MATERIAL CHANGES AND COMMITMENTS:

During the year there were no material changes and commitments affecting the financial position of the Company which have occurred between the end of financial year of the Company to which the financial statements relate and the date of the Board of Director's report.

14) AUDITORS AND AUDITORS' REPORT:

M/s. BAGADIYA & JAIN., Chartered Accountant, Ahmedabad, (Firm Registration No.: 128719W), were appointed as statutory auditors of the Company in the Annual

General Meeting of the Company held on 31st December 2020 to hold the office as a statutory auditors for a period of five (5) years from the conclusion of that i.e. 24th Annual General Meeting till the conclusion of 29th Annual General Meeting of the Company to be held in 2025 at remuneration as may be decided by the board in consultation with statutory auditors, subject to ratification by the members at the every subsequent Annual General Meeting. However, pursuant to the Ministry of Corporate Affairs (MCA) notification, no ratification of appointment of statutory auditors at every Annual General Meeting is required. Accordingly, the Company is not required to pass any resolution pertaining of the appointment of Statutory Auditors in any further Annual General Meeting.

15) AUDITORS' QUALIFICATON:

The Board has duly reviewed the Statutory Auditor's Report on the Accounts. The explanation to the Audit Qualification in **emphasis of matter** is below:

a. Emphasis of Matter:

No liability in respect of present liability or future payment of Gratuity has been ascertained and provided for in the books of accounts. (Previous Year - Not ascertained and provided for). This is in contravention to with the Accounting Standard 15 issued by the institute of Chartered Accountants of India in respect of accounting for retirement benefits.

Reply to Auditors' Observation:

The management understand the importance of actuarial Valuation which is mandatory in nature, however the present industry setback, the global pandemic situation due to Covid-19 and the attrition rate of employee in present manufacturing industry and resulting pressure on manufacturing industry and therefore assured assumption to be provided about salary increase of employee, inflation, seniority and promotion and other relevant factors were almost not possible to define and provide for actuarial valuation and therefore such employee benefits for gratuity benefits are provisioned by the management on the estimates based on their past experience and skills though after discussions with the relevant person which may be considered as almost accurate. Though, management is in continuous dialogue with such valuers to carry on the same in future to have AS-15 compliance in line with its requirements.

Further, as opined by the auditors there views are modified in respect of this standard and the same is self explanatory in nature.

b. Emphasis of Matter: *During the period under review, the company has granted loans to Directors in contravention of the provisions of Section 185 of the Act, and the maximum amount outstanding thereof is Rs. 4,45,79,560.*

Reply to Auditors' Observation:

The management feels that it is essential to justify the nature of transaction. The two groups viz., Sanghavi Family and Shetty Family who were promoters have entered into Memorandum of Understanding (MOU) where in Shetty Family has agreed and voluntarily with the consent of all other co-promoters and relatives of Shetty Family decided to quit the Company and all the business affairs. As a part of such MOU clauses, one of the clauses has a provision to clear the amount to outgoing promoters/shareholders and consequently to square off all such amount to Shetty Family the Loans have been taken by both the Family to settle the business transactions and to handover the peaceful possession and ownership to Sanghavi Family. The amount was in fact required to be paid by Sanghavi Family to Shetty Family to acquire such ownership and therefore the Sanghavi Family had taken loans from company and paid off to Shetty Family in the ordinary course of business to repay the valuation arrived at to outgoing promoters. The management is aware about such transaction and is committed to square off the same promptly in the books of the company.

The Board has duly reviewed the Statutory Auditor's Report on the Accounts. The observations comments and notes of Auditor are self explanatory and do not call for any further explanation/clarification.

16) DETAILS REGARDING SUBSIDIARY/ASSOCIATES/JOINT VENTURE COMPANIES:

During the year, it has been reviewed that, there has been no Company which became or ceased to be Company's Subsidiary, Joint Ventures or Associate Companies and hence Form AOC-1 is not applicable to the Company.

17) PERFORMANCE AND FINANCIAL POSITION OF ASSOCIATE, JOINT VENTURE OR SUBSIDIARY COMPANIES:

The Company does not have any Associate or Joint Venture or Subsidiary Companies; hence disclosure requirement with respect to performance and financial position of such Associate or Joint Venture or Subsidiary Company is not applicable during the year under review.

18) REASONS FOR REVISION OF FINANCIAL STATEMENT OR REPORT:

During the year, the financial statements or report was not revised. Hence disclosure requirement is not applicable.

19) INDEPENDENT DIRECTOR:

Our Company is not covered under class of Company as prescribed under Section 149(3) of the Companies Act, 2013 read with Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014, hence, no disclosures required under sections 134(3)(d), Section 149(6) and 149(10) of the Companies Act, 2013.

20) DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company is well equipped with adequate internal financial controls. The Company has a continuous monitoring mechanism which enables the organization to maintain the same standards of the control systems and help them in managing defaults, if any, on timely basis because of strong reporting mechanisms followed by the Company.

21) FORMAL EVALUATION BY BOARD OF ITS OWN PERFORMANCE:

Being an unlisted Company or having a paid up capital of less than Rs. 25 Crores, the Statement in respect of Formal Evaluation by the Board of its own performance and that of its committees and individual directors are not applicable to the Company.

22) ISSUE OF EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS / SWEAT EQUITY SHARES / EMPLOYEE STOCK OPTION SCHEME:

During the year under review, the Company has not issued any equity shares with differential voting rights or sweat equity shares or employee stock option scheme. Hence disclosure regarding the same is not required to be given.

23) VIGIL MECHANISM:

As the Company is neither listed Company nor falling under criteria laid down under rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014, hence the vigil mechanism is not applicable to the Company during the financial year under review.

24) DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

There was no case reported under the Act during the financial year under review.

25) CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Company is not covered under class of Companies as specified under Section 135 of the Companies Act, 2013, hence, reporting requirement pertaining to CSR Committee and CSR is not applicable to our Company during the year under review under section Sec 134(3)(o) read with Rule 9 of Companies (Accounts) Rules, 2014 and Section 135 of the Companies Act, 2013.

26) ANALYSIS OF REMUNERATION:

The Company is not listed on any recognized stock exchange; hence disclosure regarding the ratio of the remuneration of each Director to the median employee's remuneration and other details are not applicable to the Company.

27) POLICY ON DIRECTOR'S APPOINTMENT & REMUNERATION:

Requirement of Nomination and Remuneration Committee is not applicable to the Company; however, the Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

28) RISK MANAGEMENT POLICY:

As per the applicable requirements of the Companies Act, 2013 a risk management policy/plan of the Company is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues. In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Investments, retention of talent and expansion of facilities. Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk. As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

29) CORPORATE GOVERNANCE:

Our Company is unlisted entity; hence the requirement of Corporate Governance is not applicable to our Company during the financial year under review.

30) RECONCILIATION OF SHARE CAPITAL AUDIT:

As per Rule 9A sub-section (4), Every unlisted public company shall facilitate dematerialisation of all its existing securities by making necessary application to a depository as defined in clause (e) of sub-section (1) of section 2 of the Depositories Act, 1996 and shall secure International security Identification Number (ISIN) for each type of security and shall inform all its existing security holders about such facility.

Being a Public unlisted Company, Your Company has appointed Maashitla Securities Private Limited as your RTA to facilitate dematerialisation of all its existing securities by making necessary application to a depository.

Your Company has also filed form PAS-6 with all the details such as ISIN, details of capital, Details of changes in share capital half-yearly with the ROC during the period under review. And as per their report dated 31/05/2022, total physical share is 200 and shares held in DEMAT mode- NSDL are 1819800 as on 31st March 2022.

Your company is continuously complying with all the norms and makes timely payment of fees (admission as well as annual) to the depository and registrar and share transfer agent as in accordance with the agreement executed between the parties.

31) PARTICULARS OF LOANS, INVESTMENTS OR GUARANTEES UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

No Loans, Investments or Guarantees made by the Company pursuant to provisions of section 186 of the Companies Act, 2013, during the year under review. Further, loans granted to the parties have been mentioned in the notes to the financial statements forming part of the Annual Report.

32) RELATED PARTY TRANSACTION:

All the related party transactions entered by the Company were on arms-length base, in ordinary course of business and non-material in nature; hence disclosure required in Form AOC-2 is not applicable to our Company for the financial year under review.

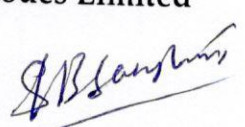
33) ACKNOWLEDGEMENT:

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from the shareholders, financial institutions, bankers and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment by all officers and staff for their continued support during the year.



For M/s. Royalarc Electrodes Limited


Mr. Bipin Sanghvi
Managing Director
DIN: 00462839


Mr. Swagat Sanghvi
Whole Time Director
DIN: 01695341

Place: Mumbai

Date: 03rd September, 2022

Encl: As above



Independent Auditor's Report

BAGADIYA & JAIN
CHARTERED ACCOUNTANTS

To the Members of **Royal Arc Electrodes Limited**

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Royal Arc Electrodes Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2022, the Statement of Profit and Loss and Statement Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements gives the information as required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2015, as amended, ("AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 its profit and its cash flows for the year ended on that date.

Basis of Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Information other than the financial statements and auditors' report thereon

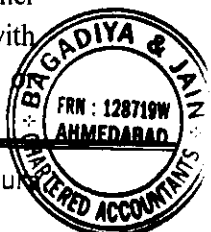
The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit otherwise appears to be materially misstated.

908, Aditya Building, Nr. Gruh Finance, B/h. Sardar Patel Seva Samaj, Off. C.G. Road, Navrangpura,
Ahmedabad - 380006. Tele : 079-40070867, 079-48970867, 079-26560867/68

Email : bj@bagadiyanjain.com <http://www.bagadiyanjain.com>



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of the underlying 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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; and design, implementation and maintenance of adequate internal financial controls, that were 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

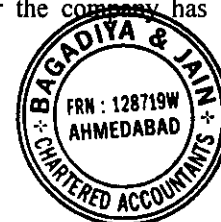
The board of directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has



adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

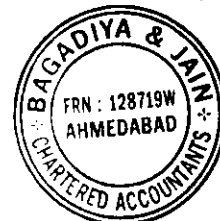
Report on Other Legal and Regulatory Requirements.

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by Central Government of India in terms of section 143 (11) of the Companies Act, 2013("the Act"), we give in the Annexure hereto a statement on the matters specified in Paragraphs 3 and 4 of the said Order.

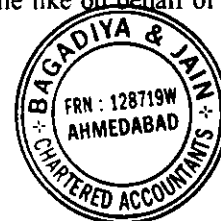
2. As required by Section 143 (3) of the Act, we report that:

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(a) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.



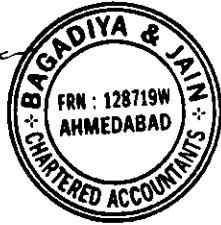
- (b) The Balance Sheet, the Statement of Profit and Loss and Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- (c) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with Accounting Standards notified under the Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (d) On the basis of the written representations received from the directors as on March 31, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of Section 164(2) of the Act.
- (e) The provisions with respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls as required by the Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act') are not applicable to the company and
- (f) With respect to the other matters to be included in the Auditors' 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 is not having any pending litigation cases going on which have impact in its financial statements as of March 31, 2022;
 - ii. In our opinion and as per the information and explanations provided to us the company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There is no amount which is 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, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other source or kind of funds) by the company to or in any other person or entity, 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, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("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 by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;



- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11 (e), as provided under (a) and (b) above, contain any material misstatement.
- v. The company has not declared or paid any dividend during the year and has not proposed any final dividend for the year.

For, Bagadiya & Jain
Chartered accountants
FRN: 128719W

R. H. Bagadia



Rishit Bagadia
Partner
M. No. 123327
UDIN: 22123327AXPDVL6179

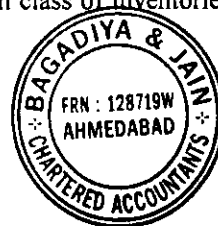
Place : Ahmedabad
Date : 03/09/2022

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements'
section of our report of even date)

- (i)
- a)
- (A) The company has maintained reasonable records showing full particulars, including quantitative details and situation of Property, Plant and Equipment on the basis of available information.
- (B) The company has maintained proper records showing full particulars of intangible assets.
- b) 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 its 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.
- c) According to the 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, SurveyNo.91/Paiki-4 of Village Zaroli, Bhilad Road, Valsad, Gujarat – 396105	Certified list and photocopies of documents

- d) Company has adopted historical cost model for accounting for Property, Plant and Equipment, hence no revaluation has been carried out by the company.
- e) According to information and explanations given to us and as a result of our audit procedures, in our opinion, no proceedings have been initiated or are pending against the company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii)
- a) As explained to us, the inventory has been physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on



such physical verification of inventories procedures performed as applicable, when compared with the books of account.

- b) According to information and explanations given to us and relevant records produced, the company has been availing sanctioned working capital credit facilities of Rs 11.50 crores during the year, from banks or financial institutions on the basis of security of current assets.

As per records verified by us, in our opinion, the said quarterly statements filed with the bank are not in agreement with the books of accounts of the company. The quarterly variances of the Trade receivables and Trade payables with the quarterly stock statements submitted with the Bank is as under:

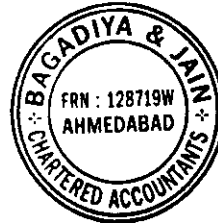
(Rs. in '000)

Particulars	Quarter	Amount as per books of account	Amount as reported in the quarterly statement	Amount of difference
Trade Receivables	1	93,848.58	86,329.00	7,519.58
	2	1,10,312.56	1,29,663.00	(19,350.44)
	3	1,14,298.88	1,13,183.00	1,115.88
	4	1,28,478.03	1,28,341.00	137.03
Trade Payables	1	64,734.19	54,864.58	9,869.61
	2	73,259.01	75,604.58	(2,345.57)
	3	67,121.00	67,327.58	(206.58)
	4	92,686.32	84,660.58	8,025.74

The Company does not have a system of carrying out inventory valuation on a quarterly basis. Therefore, the value of Stock given to the bank is not included in above table.

- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to (f) of the Order are not applicable to the Company.
- (iii) *During the period under review, the company has granted loans to directors in contravention of the provisions of Section 185 of the Act, and the maximum amount outstanding thereof is Rs. 4,45,79,560.*

The company has not made any investments specified under Section 186 during the year, hence the reporting under clause 3(iv) in respect of Section 186 is not applicable to the company.



- (iv) Based on our examination of records and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the relevant rules made thereunder. Hence, reporting under clause 3(v) of the Order is not applicable.
- (v) The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.
- (vi) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except for the following;

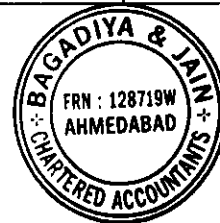
(Rs. in '000)

Name of Statute	Period to which the amount relates	Amount
Professional Tax Act, 1987	FY 2020-21	28.00

- b) According to the information and explanations given to us, details of dues which have not been deposited as on March 31, 2022 on account of disputes are given below:

(Rs. in '000)

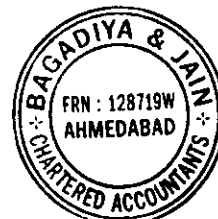
Sr. No.	Name of the Statue	Nature of Dues	Disputed Amount (net off appeal deposits)	Period to which the amount relates	Forum where dispute is pending
1	Maharashtra Value Added Tax	VAT	13,024.82	FY 2004-05	Maharashtra Sales Tax Tribunal
2	Maharashtra Value Added Tax	VAT	477.69	FY 2016-17	Deputy Commissioner of Sales Tax/Joint Commissioner of Sales Tax
3	Central Sales Tax	CST	192.40	April to June 2017	Deputy Commissioner of Sales Tax/Joint Commissioner of Sales Tax
4	Maharashtra Value Added Tax	VAT	447.13	April to June 2017	Deputy Commissioner of Sales Tax/Joint Commissioner of Sales Tax



- (vii) 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 assessments under the Income Tax Act, 1961, as income during the year. Accordingly, reporting under clause 3(viii) of the order does not arise.
- (viii)
- a) According to the information and explanation and as verified from books of accounts, the company has not defaulted in repayment of loans or interest thereon to any lender.
- b) According to the information and explanations given to us, the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority. Accordingly, reporting under clause 3(ix) (b) of the order does not arise.
- c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.
- d) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds have been raised on short-term basis which has been used for long-term purposes by the Company. Accordingly, clause 3(ix)(d) of the Order is not applicable.
- e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(e) of the Order is not applicable.
- f) Based on our audit procedures and on the basis of information and explanations given to us, during the year the Company has not raised any funds on the pledge of securities held in its subsidiaries, joint venture and associates and hence reporting under clause 3(ix)(f) of the Order is not applicable to the Company.
- (ix)
- a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable to the company.
- b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partially or optionally convertible) during the year and hence reporting under clause 3(x)(b) of the Order is not applicable to the company.
- (x)
- a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality as outlined in the Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.



- b) To the best of our knowledge and information available with us there is no instance of fraud reportable 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.
- c) As per information and explanation given by management, there were no whistle blower complaints received by the Company during the year and up to the date of this report.
- (xi) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a)(b)(c) of the Order are not applicable to the Company.
- (xii) 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 transactions have been disclosed in the financial statements as required by the applicable accounting standards. Further as the company is a private limited and hence the provisions section -177 relating to audit committee is not applicable.
- (xiii) 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.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not entered into non-cash transactions with its directors or persons connected with him and hence the provisions of section 192 of the Companies Act, 2013 are not applicable to the company. Accordingly, clause 3(xv) of the Order is not applicable.
- (xv) 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.
- (xvi) 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.
- (xvii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable to the Company.
- (xviii) On the basis of the financial ratios disclosed in note 36 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one

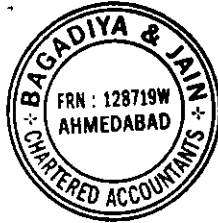


year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xix) In our opinion and according to the information and explanations given to us, based on the examination of records of the company, the provisions of section 135 of the Companies Act, 2013 relating to corporate social responsibility is not applicable to the company. Hence, the reporting under clause 3(xx)(a) and (b) are not applicable.

For, BAGADIYA & JAIN
Chartered accountants
FRN: 128719W

R. N. Bagadia
Rishit Bagadia
Partner
M. No. 123327
UDIN: 22123327AXPDVL6179



Place : Ahmedabad
Date : 03/09/2022

Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Balance Sheet as at 31 March 2022

(Rs. in '000)

Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	2	18,200.00	18,200.00
(b) Reserves and Surplus	3	1,91,675.26	1,70,463.10
		2,09,875.26	1,88,663.10
(2) Non-current liabilities			
(a) Long-term Borrowing	4	17,709.55	32,824.26
(b) Deferred Tax Liabilities (net)	5	10,343.08	11,282.39
(c) Other Long-term Liabilities	6	9,847.29	11,390.21
		37,899.92	55,496.86
(3) Current liabilities			
(a) Short-term Borrowings	8	60,415.58	49,495.59
(b) Trade Payables	9	-	-
- Dues to MSME		-	-
- Dues to Others		1,02,238.89	83,409.67
(c) Other Current Liabilities	10	9,404.67	14,802.03
(d) Short-term Provisions	7	3,693.92	4,598.23
		1,75,753.07	1,52,305.52
Total		4,23,528.25	3,96,465.48
II ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment and Intangible Assets	11		
(i) Property, Plant and Equipment		1,45,432.87	1,54,995.67
(ii) Intangible Assets		102.57	92.95
(iii) Capital Work in Progress		3,490.55	-
		1,49,025.98	1,55,088.62
(b) Non-Current Investments	12	203.23	203.23
(c) Other Non-Current Assets	13	6,166.71	6,464.14
		1,55,395.92	1,61,755.99
(2) Current assets			
(a) Inventories	14	1,08,391.86	87,384.37
(b) Trade Receivables	15	1,30,871.17	1,07,542.49
(c) Cash and Bank Balances	16	511.80	3,035.55
(d) Short-term Loans and Advances	17	13,748.03	16,507.79
(e) Other Current Assets	18	14,609.47	20,239.29
		2,68,132.33	2,34,709.49
Total		4,23,528.26	3,96,465.48
Significant accounting policies	1		

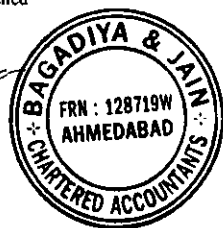
The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For, Bagadiya & Jain
Chartered Accountants
FRN: 128719W

Rishit M. Bagadia
Partner
M. No.: 123327
UDIN:22123327AXPDVL6179

Place: Ahmedabad
Date: 03/09/2022



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

Bipin Sanghvi
Director
DIN No.: 00462839

Hardik Sanghvi
Director
DIN No.: 00617415

Place: Mumbai
Date: 03/09/2022

Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Statement of Profit and Loss for the year ended 31st March, 2022

(Rs. in '000)

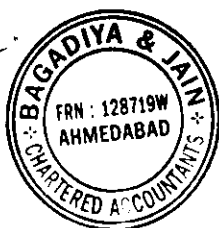
Particulars	Note No.	For the year ended 31 March 2022	For the year ended 31 March 2021
I Revenue from Operations	19	6,32,553.16	4,33,227.95
II Other Income	20	15,669.03	22,170.51
III Total Income (I+II)		6,48,222.19	4,55,398.46
IV Expenses:			
(a) Cost of Materials Consumed	21	4,83,761.27	2,98,667.12
(b) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(14,037.61)	12,898.00
(c) Employee Benefit Expense	23	41,483.02	35,810.79
(d) Finance Cost	24	9,753.04	11,142.38
(e) Depreciation and Amortization Expense	25	17,839.68	16,752.95
(f) Other Expenses	26	80,640.47	58,496.30
Total Expenses		6,19,439.87	4,33,767.54
V Profit / (Loss) Before exceptional and extraordinary items and tax (III - IV)		28,782.33	21,630.92
VI Exceptional and Extra-ordinary Items		-	-
VII Profit / (Loss) before tax (V - VI)		28,782.33	21,630.92
VIII Tax expense:			
(1) Current Tax Expense for current year		8,438.01	7,133.63
(2) Deferred Tax		(939.31)	(1,253.21)
(3) Prior Period Tax Expense		71.46	29.14
IX Profit (Loss) For The Period (VII - VIII)		21,212.17	15,721.36
X Earnings per Share	27		
Basic		11.66	8.64
Diluted		11.66	8.64
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, **BAGADIYA & JAIN**
CHARTERED ACCOUNTANTS
 FRN: 128719W

R. H. Bagadia
 Partner
 M. No.: 123327
 UDIN:22123327AXPDVL6179



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

Bigin Sanghvi
 Director
 DIN No.: 00462839

Hardik Sanghvi
 Director
 DIN No.: 00617415

Place: Ahmedabad
 Date: 03/09/2022

Place: Mumbai
 Date: 03/09/2022

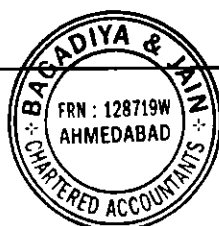
Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Cash flow statement for the year ended 31 March 2022

(Rs. in '000)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
[A] CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax	28,782.33	21,630.92
<u>Adjustments:</u>		
(1) Non-cash and Non-operating Expenses:		
Depreciation / Amortisation Expenses	17,839.68	16,752.95
Loss on sale of investments	-	2,053.33
Finance Cost	9,753.04	11,142.38
(2) Non-operating Income:		
Profit on sale of asset	(115.10)	-
Interest Income	(262.33)	(356.55)
Operating Gain before working capital changes	55,997.61	51,223.02
<u>Adjustments for:</u>		
Increase/(Decrease) in Trade Payables	18,829.22	11,401.90
Increase/(Decrease) in Other Current Liabilities	(5,397.35)	8,261.59
Increase/(Decrease) in Short-Term Provisions	1,262.47	-
(Increase)/Decrease in Inventories	(21,007.48)	21,664.41
(Increase)/Decrease in Trade Receivables	(23,328.68)	578.58
(Increase)/Decrease in Short-term Loans & Advances	(3,949.94)	(13,031.66)
(Increase)/Decrease in Other Current Assets	5,629.81	(11,535.31)
Operating Gain after working capital changes	28,035.66	68,562.54
<u>Other Adjustments:</u>		
(Increase)/Decrease in Other non-current assets	297.43	(256.42)
Cash generated from operating activities before taxes	28,333.09	68,306.12
Less: Direct Taxes Paid (Net of Refunds)	(3,966.54)	(911.89)
Net Cash provided/(used) by operating activities [A]	24,366.54	67,394.23
[B] CASH FLOW FROM INVESTING ACTIVITIES:		
(Purchase) / Sale of assets	(11,777.04)	(23,689.81)
Profit / (loss) on sale of asset	115.10	(2,053.33)
Interest received	262.33	356.55
Net Cash provided/(used) by Investing activities [B]	(11,399.61)	(25,386.59)
[C] CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/(Repayment) in Long-term borrowing	(15,114.71)	(7,612.25)
Other Long term liabilities	(1,542.92)	4,569.98
Increase in Short-term Borrowings	10,919.99	(32,107.37)
Finance Cost	(9,753.04)	(11,142.38)
Net Cash provided/(used) by Investing activities [C]	(15,490.68)	(46,292.02)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(2,523.75)	(4,284.39)
Opening Cash & Cash Equivalents	3,035.55	7,319.94
Closing Cash & Cash Equivalents	511.80	3,035.55



(Rs. in '000)

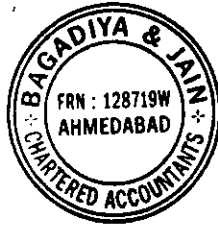
	For the year ended 31 March 2022	For the year ended 31 March 2021
Notes:		
1 Cash and Bank Balances:		
1) Cash and Cash equivalents		
Cash on Hand	127.96	512.96
Balance with Scheduled Banks -in Current account	355.92	330.19
2) Other bank balances		
Fixed Deposit held as margin money	27.92	2,192.39
Closing Cash and Cash Equivalents	511.80	3,035.55

- 2 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3(AS-3)"
3 Previous year figures have been regrouped wherever necessary.

As per our report of even date attached

For, Bagadiya & Jain
CHARTERED ACCOUNTANTS
FRN: 128719W

Rishit M. Bagadia
Partner
M. No.: 123327
UDIN:22123327AXPDVL6179



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

Bipin Sanghvi
Director
DIN No.: 00462839

Hardik Sanghvi
Director
DIN No.: 00617415

Place: Ahmedabad
Date: 03/09/2022

Place : Mumbai
Date: 03/09/2022

Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Notes to the financial statements for the year ended 31 March 2022

Note 1

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 materials 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:

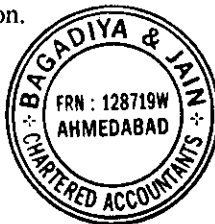
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results 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.



Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Notes to the financial statements for the year ended 31 March 2022

- 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.

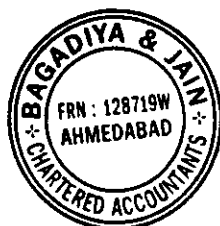
7. Inventory Valuation:

- i. Work in process is valued at cost on FIFO basis.
- ii. Finished goods are valued at lower of cost or net realizable value.

Cost of inventory comprise 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



Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Notes to the financial statements for the year ended 31 March 2022

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 benefit 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 attributed to acquisition or 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 that Asset.



Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Notes to the financial statements for the year ended 31 March 2022

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.

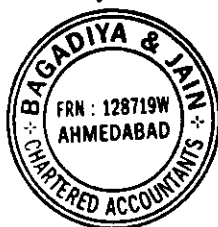
Deferred Tax is recognized on timing differences between taxable profit and book profit using tax rates enacted or substantively enacted as at the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

13. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised 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 recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

14. Government Grants / Subsidy

Government Grants / Subsidy 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 promoter's contribution are treated as Capital Reserve.



Royal Arc Electrodes Limited
CIN: U31100MH1996PLC096296

Notes to the financial statements for the year ended 31 March 2022

Note 2

Share Capital

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	(Rs. in '000)	No. of Shares	(Rs. in '000)
Authorised				
Equity Shares of INR 10/- each, with voting rights	20,00,000	20,000	20,00,000	20,000
Issued, Subscribed and Fully Paid-Up				
Equity Shares of INR 10/- each, with voting rights	18,20,000	18,200	18,20,000	18,200
	18,20,000	18,200	18,20,000	18,200

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

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	(Rs. in '000)	No. of Shares	(Rs. in '000)
Equity Shares				
Opening Balance	18,20,000	18,200	18,20,000	18,200
Add: New issue during the year	-	-	-	-
At the end of the year	18,20,000	18,200	18,20,000	18,200

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.

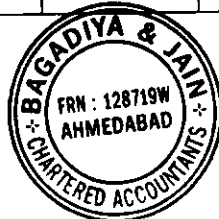
In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion their shareholding.

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

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	% of holding	No. of Shares	% of holding
Equity Shares				
Bipin Sanghvi	1,74,700	9.60%	1,74,700	9.60%
Kishor Shetty	-	0.00%	4,82,000	26.48%
Hardik Sanghvi	5,25,000	28.85%	2,25,000	12.36%
Ami H. Sanghvi	1,25,000	6.87%	1,20,000	6.59%
Swagat Sanghvi	5,25,000	28.85%	3,43,000	18.85%
Pooja S. Sanghvi	1,25,000	6.87%	-	0.00%
Usha K. Shetty	-	0.00%	1,30,000	7.14%
Tarulata Bipin Sanghvi	3,45,100	18.96%	3,45,100	18.96%

d. Details of Promoter's Shareholding

Promoter Name	As at 31 March 2022		As at 31 March 2021		% Change in the year
	No. of Shares	% of holding	No. of Shares	% of holding	
Bipin Sanghvi	1,74,700	9.60%	1,74,700	9.60%	0%
Hardik Sanghvi	5,25,000	28.85%	2,25,000	12.36%	133%
Swagat Sanghvi	5,25,000	28.85%	3,43,000	18.85%	53%



Notes to the financial statements for the year ended 31 March 2022

Note 3

Reserves and Surplus

(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	1,70,463.10	1,54,741.74
Add: Profit/(Loss) for the year	21,212.17	15,721.36
Closing Balance	1,91,675.26	1,70,463.10
Total	1,91,675.26	1,70,463.10

Note 4

Long-term borrowing

(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Term loans		
-From banks		
Secured	15,207.30	20,637.56
-From others		
Unsecured	2,502.25	12,186.70
Total	17,709.55	32,824.26

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 @ 7.70% to 7.95% payable at monthly rests.
2. Working capital term loan is repayable in 36 equal monthly principal installments @ fixed interest rate of 9.25% p.a. payable at monthly rests. The said loan is secured by way of:
Second charge on the current and movable fixed assets of the company
Second charge on Industrial property located at Plot No. 6, Survey No.91/Paiki-4 of Village Zaroli, Bhilad Road, Valsad, Gujarat -396105
Unconditional & irrevocable Guarantee from NCGTC

Note 5

Deferred Tax Liabilities (Net)

(Rs. in '000)

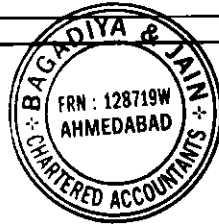
Particulars	31 March 2022	31 March 2021
Deferred tax asset		
- On account of Disallowance under Section-40a(ia)	44.27	-
Gross deferred tax asset	44.27	-
Deferred tax liability		
- On account of Difference between Book and Tax WDV	10,387.34	11,282.39
Gross deferred tax liability	10,387.34	11,282.39
Net deferred tax liability	10,343.08	11,282.39

Note 6

Other Long-term Liabilities

(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Trade deposits and security deposits	9,847.29	11,390.21
Total	9,847.29	11,390.21



Notes to the financial statements for the year ended 31 March 2022

Note 7

Provision

(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Short-term provision		
Provision for income tax (net of advance tax and TDS)	2,431.45	4,598.23
Other provisions	1,262.47	-
Total	3,693.92	4,598.23

Note 8

Short-term borrowings

(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Loans repayable on demand		
From Banks		
Secured	49,227.18	39,214.51
Current maturities of long-term borrowings	11,188.40	10,281.09
Total	60,415.58	49,495.59

Terms & Conditions of Loans:

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, Swagat Sanghvi and Tarulata Sanghvi for Rs 130,000,000/- each
- Import documentary credit facility and Guarantees/Bonds facility are secured by way of 10% Deposit Under Lien

Note 9

Trade Payables

(Rs. in '000)

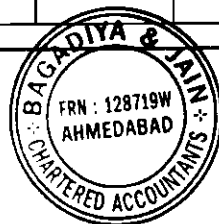
Particulars	31 March 2022	31 March 2021
Due to Micro, Small and Medium Enterprises	-	-
Due to Others	1,02,238.89	83,409.67
Total	1,02,238.89	83,409.67

Trade Payable Ageing Schedule as at 31 March 2022

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	-	-	-	-	-
Others	1,00,466.97	831.72	18.80	921.40	1,02,238.89
Disputed Dues-MSME	-	-	-	-	-
Disputed Dues-Others	-	-	-	-	-

Trade Payable Ageing Schedule as at 31 March 2021

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	-	-	-	-	-
Others	-	-	-	-	-
Disputed Dues-MSME	-	-	-	-	-
Disputed Dues-Others	-	-	-	-	-



Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Notes to the financial statements for the year ended 31 March 2022**Note 10****Other current liabilities**

(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Advance from customers	1,943.63	667.11
Statutory remittances	2,201.13	6,111.90
Trade deposits and security deposits	35.24	173.54
Other current liabilities	5,224.68	7,849.47
Total	9,404.67	14,802.03

Note 12**Non-current investments**

(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Investment in Other companies		
-In Previous Year: 4000 Equity Shares of SVC Co. Op. Bank Face Value of Rs.25 each, fully paid-up	100.00	100.00
-In Previous Year: 10323 Equity Shares of BMC Co. Op. Bank Face Value of Rs.10 each, fully paid-up	103.23	103.23
Total	203.23	203.23

Note 13**Other non-current assets**

(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Security Deposits	5,848.78	6,425.05
Other Deposits	166.18	20.00
Prepaid Expenses	25.01	19.09
Bank Deposits	126.74	-
Total	6,166.71	6,464.14

Note 14**Inventories**

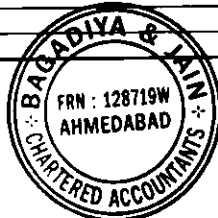
(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Raw materials	46,659.62	39,689.75
Work-in-Progress	4,665.96	10,716.23
Finished goods	57,066.27	36,978.39
Total	1,08,391.86	87,384.37

Note 15**Trade Receivables**

(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Receivables outstanding for a period exceeding six months from		
Secured, considered good	-	-
Unsecured, considered good	1,24,062.50	-
Doubtful	-	-
Other receivables		
Secured, considered good	-	-
Unsecured, considered good	6,808.67	1,07,542.49
Doubtful	-	-
Total	1,30,871.17	1,07,542.49



Notes to the financial statements for the year ended 31 March 2022

Trade Receivables Ageing schedule as at 31 March 2022

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	-	-	-	-	-	-
Undisputed, considered doubtful	1,24,062.50	3,432.89	1,542.23	347.35	1,486.21	1,30,871.17
Disputed, considered good	-	-	-	-	-	-
Disputed, considered doubtful	-	-	-	-	-	-

Trade Receivables Ageing schedule as at 31 March 2021

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	-	-	-	-	-	-
Undisputed, considered doubtful	-	-	-	-	-	-
Disputed, considered good	-	-	-	-	-	-
Disputed, considered doubtful	-	-	-	-	-	-

Note 16

Cash and bank balances

(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Cash and cash equivalents		
Cash on hand	127.96	512.96
Balance with banks		
On current accounts	355.92	330.19
Other bank balances		
Balances with banks to the extent held as margin money or security against the guarantees	27.92	2,192.39
Total	511.80	3,035.55

Note 17

Short-term loans and advances

(Rs. in '000)

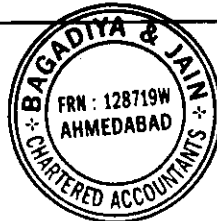
Particulars	31 March 2022	31 March 2021
Balance with revenue authorities	5,274.59	12,899.33
Advances to employees	139.50	361.80
Advances to suppliers	8,333.94	3,246.65
Total	13,748.03	16,507.79

Note 18

Other current assets

(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Export Incentive Receivable	2,015.41	3,825.36
Accrued interest	205.38	184.36
Prepaid Expenses	860.78	212.75
Other current assets	11,527.90	16,016.81
Total	14,609.47	20,239.29



Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

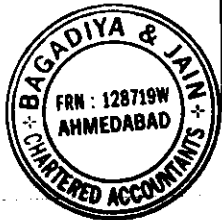
Notes to the financial statements for the year ended 31 March 2022

(Rs. in '000)

Note 11

Property, Plant and Equipment and Intangible Assets

Particulars	Gross Block				Accumulated Depreciation			Net Block		
	Balance As At April 1, 2021	Additions during the year	Deletions during the year	Balance As At March 31, 2022	Balance As At April 1, 2021	Depreciation for the year	Elimination on Disposal of Assets	Balance As At March 31, 2022	Balance As At March 31, 2022	Balance As At March 31, 2021
(A) Property, Plant and Equipment										
Computers & Data Processing Units	525.71	249.67	-	775.38	499.47	54.70	-	554.17	221.22	26.25
Office Equipment	3,974.94	1,158.02	946.44	4,186.53	3,547.39	190.59	946.44	2,791.55	1,394.98	427.56
Electrical Installations & Equipment	10,439.43	625.00	-	11,064.43	7,874.74	842.29	-	8,717.03	2,347.40	2,564.69
Furniture & Fittings	2,197.90	-	271.14	1,926.76	1,180.54	192.95	111.39	1,262.10	664.65	1,017.36
Motor Vehicles	18,079.90	2,524.73	3,255.80	17,348.83	4,944.62	2,045.77	2,392.47	4,597.92	12,750.92	13,135.28
Building	75,031.13	3,714.64	-	78,745.77	20,351.46	3,620.39	-	23,971.85	54,773.91	54,679.67
Plant & Machinery	1,45,889.12	879.98	-	1,46,769.09	72,464.14	9,824.22	-	82,288.36	64,480.73	73,424.98
Tools	12,046.38	-	-	12,046.38	9,739.87	678.12	-	10,417.99	1,628.39	2,306.51
Lab Equipment	6,347.46	109.05	-	6,456.50	5,294.73	351.75	-	5,646.48	810.02	1,052.73
Land	6,360.65	-	-	6,360.65	-	-	-	-	6,360.65	6,360.65
Total (A)	2,80,892.61	9,261.08	4,473.37	2,85,680.32	1,25,896.94	17,800.80	3,450.29	1,40,247.45	1,45,432.87	1,54,995.67
Previous Year	2,80,235.13	25,896.14	25,238.65	2,80,892.61	1,32,176.32	16,752.95	23,032.33	1,25,896.94	1,54,995.67	1,48,058.80
(B) Intangible Assets										
Computers & Data Processing Units (Intangibles)	94.50	48.50	-	143.00	1.55	38.88	-	40.43	102.57	92.95
Total (B)	94.50	48.50	-	143.00	1.55	38.88	-	40.43	102.57	92.95
Previous Year	94.50	-	-	94.50	1.55	-	-	1.55	92.95	92.95
(C) Capital Work in Progress										
	-	3,490.55	-	3,490.55	-	-	-	-	3,490.55	-
Total (C)	-	3,490.55	-	3,490.55	-	-	-	-	3,490.55	-
Previous Year	-	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	2,80,987.11	12,800.12	4,473.37	2,89,313.86	1,25,898.50	17,839.68	3,450.29	1,40,287.88	1,49,025.98	1,55,088.62
Previous Year Total	2,80,329.63	25,896.14	25,238.65	2,80,987.11	1,32,177.88	16,752.95	23,032.33	1,25,898.50	1,55,088.62	1,48,151.75



Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Notes to the financial statements for the year ended 31 March 2022**Note 19****Revenue from Operations**

(Rs. in '000)

Particulars	31 March 2022	31 March 2021
(a) Sale of products		
- Manufactured goods	6,29,097.49	4,29,340.10
(b) Other operating revenues	3,455.67	3,887.85
Details of items having value > 10%		
Goods		
Carbon Steel Flux Cored Wire, (Current Year : Rs. 18,38,59,002.43)		
Mild Steel Electrodes, (Current Year : Rs. 14,02,15,723.97)		
Low Hydrogen Electrodes (Current Year : Rs. 12,69,45,777.94)		
Other Operating Revenue		
Export Incentives (Current Year : Rs. 3,455.67 & Previous Year: Rs. 3,887.85)		
Total	6,32,553.16	4,33,227.95

Note 20**Other Income**

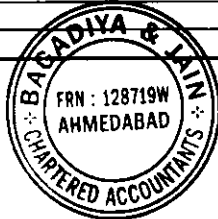
(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Interest Income	262.33	356.55
Dividend Income	12.00	-
Net gain on sale of fixed assets	115.10	-
Foreign Exchange Fluctuation Gain	2,564.44	1,266.85
Miscellaneous income	578.25	-
Insurance Income	12,136.91	20,547.11
Total	15,669.03	22,170.51

Note 21**Cost of materials consumed**

(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Raw materials consumed		
Opening stock	39,689.75	48,456.16
Add: Purchase during the year	4,90,731.15	2,89,900.70
Less: Closing stock	46,659.62	39,689.75
	4,83,761.27	2,98,667.12
Total	4,83,761.27	2,98,667.12



Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Notes to the financial statements for the year ended 31 March 2022**Note 22****Changes in inventories of finished goods, work-in-progress and stock-in-trade**

(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Opening stock		
Work-in-progress	10,716.23	15,990.53
Finished goods	36,978.39	44,602.09
Closing stock		
Work-in-progress	4,665.96	10,716.23
Finished goods	57,066.27	36,978.39
Total	(14,037.61)	12,898.00

Note 23**Employee Benefit Expense**

(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Salaries and wages	38,540.79	31,872.44
Contribution to provident and other funds	985.85	1,050.48
Gratuity	502.60	2,107.11
Staff welfare expenses	1,453.78	780.77
Total	41,483.02	35,810.79

Note 24**Finance Cost**

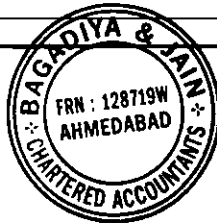
(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Interest expense		
- On bank loan	9,117.71	9,314.19
- Other interest	109.89	50.97
Bank Charges	525.44	604.16
Other borrowing cost	-	1,173.05
Total	9,753.04	11,142.38

Note 25**Depreciation and Amortization Expense**

(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Depreciation	17,800.80	16,751.39
Amortisation	38.88	1.55
Total	17,839.68	16,752.95



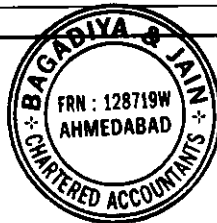
Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Notes to the financial statements for the year ended 31 March 2022**Note 26****Other Expenses**

(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Direct Expenses		
Clearing & Forwarding Charges	2,189.77	2,003.69
Electricity Expenses-Factory	12,494.14	10,763.17
Labour Charges	650.86	573.88
Spares, Tools & Consumables	5,053.70	1,981.12
Power and Fuel	1,367.96	1,223.06
Packing and Forwarding	137.62	1.20
Job Work Expenses	16.38	293.28
Transport Charges	29,499.85	13,954.36
Audit Fees	500.00	450.00
Bad debts	1,246.05	-
Commission Expense	2,196.93	1,017.09
Electricity Expenses-Office	121.32	57.43
Rent Expenses	1,402.24	1,564.50
Repairs		
- Others	5,885.13	3,118.93
Insurance	787.45	2,363.31
Telephone & Internet Expenses	157.57	311.20
Tours and Travelling Expenses	992.29	896.00
Conveyance and Petrol Expenses	1,040.69	1,113.77
Loading-Unloading Charges	91.25	612.09
Rates and taxes	216.80	137.39
Printing & Stationery Expenses	40.68	201.85
Refreshment Expenses	35.11	43.50
Postage & Courier Expenses	230.60	157.01
Software Expenses	24.54	-
Legal and Professional Expenses	6,384.01	4,061.77
Vehicle Expenses	207.76	506.92
Advertisement	265.06	78.84
Testing & Inspection Charges	1,402.21	2,064.04
Loss on sale of fixed assets	-	2,053.33
Loss on Sale of MEIS Licenses / Written off	798.73	4.53
Registration & Renewal charges	77.84	222.91
VAT Expenses	-	1,323.11
Late Delivery Charges	146.37	7.26
Balance Write off	623.71	1,854.99
Membership & Subscription Charges	92.50	38.22
Donation Exp.	-	5.00
Security Expenses	916.92	1,206.42
Business Promotion Expenses	844.82	-
Sundry Office and Factory Expenses	1,857.06	1,308.54
Placement & Recruitment Charges	81.38	-
Miscellaneous Expenses	563.19	922.61
Total	80,640.47	58,496.30



Notes to the financial statements for the year ended 31 March 2022

Note 27

Earnings per share

(Rs. in '000)

Particular	31 March 2022	31 March 2021
Basic Earning per share		
(a) Profit/(Loss) after tax attributable to equity share holders	21,212.17	15,721.36
Number of shares		
Number of shares at the beginning of the year	18,20,000	18,20,000
Number of shares at the end of the year	18,20,000	18,20,000
(b) Weighted average number of shares	18,20,000	18,20,000
Basic Earnings/(Loss) per share (a/b)	11.66	8.64
Diluted Earning per share		
(a) Profit/(Loss) after tax attributable to equity share holders	21,212.17	15,721.36
Add: Loss/expense on potential equity share	-	-
Less: Profit/income on potential equity share	-	-
Adjusted Profit/(Loss) (a)	21,212.17	15,721.36
Number of shares		
Number of shares at the beginning of the year	18,20,000	18,20,000
Number of shares at the end of the year	18,20,000	18,20,000
(b) Weighted average number of shares	18,20,000	18,20,000
Effect of dilutive equity shares	-	-
Adjusted number of shares (b)	18,20,000	18,20,000
Diluted Earnings/(Loss) per share (a/b)	11.66	8.64

Note 28

Related Party Disclosure

(i) List of Related Parties

Name	Relationship
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

(ii) Transactions with related parties

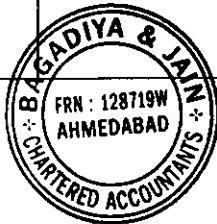
(Rs. in '000)

Particulars	Relationship	31 March 2022	31 March 2021
Salary / Remuneration (incl. Bonus)	Directors and Relative of Directors	10,363.51	6,044.54
Loan given during the year	Directors	54,710.03	42,818.87
Loan received back during the year	Directors	63,098.42	32,958.72
Loan taken during the year	Directors	55,209.16	56,687.19
Loan repaid during the year	Directors	74,751.81	67,880.08
Rent Expense	Directors	600.00	1,400.00
Trademark Purchase	Relative of Directors	10.00	-

(iii) Outstanding Balances arising from transactions with related parties

(Rs. in '000)

Particulars	Relationship	31 March 2022	31 March 2021
Unsecured Loans	Directors	2,502.25	12,186.70
Salary Outstanding	Directors	621.78	1,966.93



Notes to the financial statements for the year ended 31 March 2022

Note 29

Employee Benefit Plans

(Rs. in '000)

(i) Defined Contribution Plan

Particulars	31 March 2022	31 March 2021
Employers Contribution to Provident Fund	894.02	876.21

Note 30

Contingent liabilities and commitments

(Rs. in '000)

Contingent liabilities

Particulars	31 March 2022	31 March 2021
Contingent liabilities on account of pending litigations	14,142.05	14,288.23
O/s Bank Guarantee	-	1,729.18

Note 31

Auditor's Remuneration

(Rs. in '000)

Particulars	31 March 2022	31 March 2021
Audit matters	400.00	350.00
Taxation matters	100.00	100.00
	500.00	450.00

Note 32

Foreign Exchange Disclosures

(Rs. in '000)

Earnings in Foreign Currency

Particulars	31 March 2022	31 March 2021
Export of Goods	1,68,470.90	1,19,081.51

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

Particulars	31 March 2022	31 March 2021
Raw Material	19,399.34	21,266.95
Capital WIP	3,285.04	-

Foreign currency exposures that are not hedged by derivative instruments or otherwise is as follows:

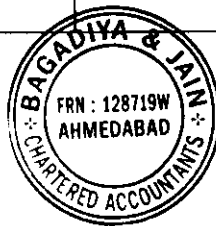
31 March 2022

Particulars	Currency	Amount in foreign currency	Equivalent Indian rupees
Payables	USD	29.90	2,267.00
Receivables (net off advance from customers)	USD	376.91	29,433.30

Foreign currency exposures that are not hedged by derivative instruments or otherwise is as follows:

31 March 2021

Particulars	Currency	Amount in foreign currency	Equivalent Indian rupees
Payables	USD	4.45	326.83
Receivables (net off advance from customers)	USD	378.33	28,666.91



Notes to the financial statements for the year ended 31 March 2022

Note 33

Quantitative details

(Rs. in '000)

Particulars	Units	Opening Stock	Purchase	Production	Sales	Closing Stock
		Qty.	Qty.	Qty.	Qty.	Qty.
Cutting Wheel	Box	-	650	-	157	493
Casting / Nickel Alloy Electrodes	Box	604	-	2,201	1,985	820
Cutting & Gouging Electrodes	KGS	2,340	-	23,986	17,906	8,420
Hard Facing Electrodes	KGS	7,010	-	45,762	40,863	11,909
Low Alloy High Tensile Electrodes	Box	737	-	1,368	1,454	651
Low Heat Input Electrodes	KGS	964	-	3,074	2,615	1,423
Low Hydrogen Electrodes	Box	2,913	-	75,902	71,395	7,420
Mild Steel Electrodes	Box	2,052	-	78,991	66,391	14,652
Stainless Steel Electrodes	Box	855	-	14,029	12,841	2,043
Carbon Steel Flux Cored Wire	KGS	17,868	-	13,46,649	13,50,982	13,535
Hardfacing Flux Cored Wire	KGS	1,545	-	6,752	7,545	752
Low Alloy High Tensile Steel Flux Cored Wire	KGS	2,827	-	78,565	71,911	9,481
Stainless Steel Flux Cored Wire	KGS	14,448	-	55,596	68,668	1,376
Mild Steel Mig Wire	KGS	13,170	-	3,78,719	3,65,966	25,923
Mild Steel Tig Wire	KGS	1,620	-	5,360	6,655	325
Stainless Steel Mig Wire	KGS	750	-	2,310	3,010	50
Stainless Steel Tig Wire	KGS	660	-	1,220	1,515	365

Note 34

Capital-Work-in Progress (CWIP)

(Rs. in '000)

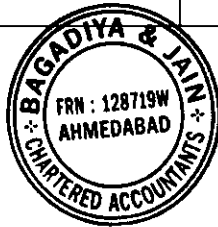
CWIP	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	3,490.55	-	-	-	3,490.55

Note 35

Security of current assets against borrowings

(Rs. in '000)

Name of bank	Quarter	Amount as per books of account	Amount as reported in the quarterly statement	Amount of difference	Reason for material discrepancies
HSBC Bank	Jun-21	93,848.58	86,329.00	7,519.58	Adjustments in Trade Receivables
	Sep-21	1,10,312.56	1,29,663.00	(19,350.44)	
	Dec-21	1,14,298.88	1,13,183.00	1,115.88	
	Mar-22	1,28,478.03	1,28,341.00	137.03	
1. Trade Receivables	Jun-21	64,734.19	54,864.58	9,869.61	Adjustments in Trade Payables
	Sep-21	73,259.01	75,604.58	(2,345.57)	
	Dec-21	67,121.00	67,327.58	(206.58)	
	Mar-22	92,686.32	84,660.58	8,025.74	
2. Trade Payables	Jun-21	64,734.19	54,864.58	9,869.61	Adjustments in Trade Payables
	Sep-21	73,259.01	75,604.58	(2,345.57)	
	Dec-21	67,121.00	67,327.58	(206.58)	
	Mar-22	92,686.32	84,660.58	8,025.74	



Notes to the financial statements for the year ended 31 March 2022

Note 36
Ratio Analysis

Particulars	Numerator/Denominator	31 March 2022	31 March 2021	Change in %
(a) Current Ratio	Current Asset / Current Liabilities	1.53	1.54	-1.00%
(b) Debt-Equity Ratio	Total Debts / Equity	0.37	0.44	-14.69%
(c) Debt-Service Coverage Ratio	Earning available for Debt Service / Equity	5.48	6.56	-16.34%
(d) Return on Equity Ratio	Profit after Tax / Average Shareholder's Equity	10.64%	8.70%	22.42%
(e) Inventory Turnover Ratio	COGS / Average Inventory	4.80	3.17	51.27%
(f) Trade Receivable Turnover Ratio	Net Credit Sales / Average Account Receivable	5.31	4.02	32.08%
(g) Trade Payable Turnover Ratio	Net Credit Purchases / Average Trade Payable	5.29	3.73	41.71%
(h) Net Capital Turnover Ratio	Total Turnover / Average Working Capital	7.24	5.40	34.02%
(i) Net Profit Ratio	Net Profit / Total Turnover	3.35%	3.63%	-7.59%
(j) Return on Capital Employed	Net Profit / Capital Employed	12.71%	10.97%	15.88%
(k) Return on Investment	Return on Investment / Total Investment	NA	NA	

Reasons for variance:

- Inventory Turnover Ratio, increases mainly on account of increase in turnover.
- Trade Receivable Turnover increased on account of increase in turnover and recovery from debtors.
- Trade Payable Turnover increased on account of increase in purchase and higher payment of creditors.
- Net Capital Turnover Ratio increased primarily due to increase in turnover.
- Net Capital Turnover Ratio increased primarily due to increase in turnover.



Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Notes to the financial statements for the year ended 31 March 2022

Note 37

Other Notes

1. Balance of Debtors, Creditors and Loans & Advances are subject to Confirmation and hence subject to adjustments, if any, arising out of reconciliation.
2. Where external evidence in the form of cash memos, bill, stamped receipts etc. were not available the internal vouchers have been prepared by the company and authorized by authorized signatory.
3. Closing Stock has been taken, valued and certified by the Directors.
4. Management has initiated the process of identifying enterprises, which have provided goods and services to the company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA) and circularized the letters for this purpose. But The company has not received any intimation from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosures relating to amount unpaid as at the end of the year together with interest payable as required under the said act has not been furnished and provision for interest, if any, on delayed payment is not ascertainable at this stage. However, in the opinion of the management it would not be material.
5. No liability in respect of present liability or future payment of Gratuity has been ascertained and provided for in the books of accounts. (Previous Year - Not ascertained and provided for). This is in contravention to with the Accounting Standard 15 issued by the Institute of Chartered Accountants of India in respect of accounting for retirement benefits.
6. In the opinion of the Board of Directors, Current Assets and Loans & Advances have a value on realization in the ordinary course of business equal to the amount at which they are stated in the Balance Sheet.
7. The Management is of the opinion that as at the Balance Sheet date, there are no indications of a material impairment in the value of fixed assets. Hence, the need to provide for an impairment loss does not arise.



Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

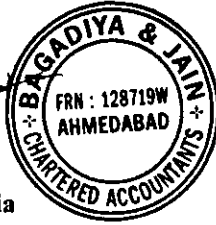
Notes to the financial statements for the year ended 31 March 2022

8. During the year under consideration, inadvertently a personal asset amounting to Rs.22,72,100 was accounted in the books of company, which was later transferred to the director by way of debiting the personal accounts of Directors.
9. The company has provided Rs.84,38,010 /- as Provision for Current taxation.
10. There were no employees in receipt of salaries of Rs.60,00,000/- p.a. or more or Rs.5,00,000/- p.m. or more if employed for a part of the year.
11. The previous year figures have been accordingly regrouped / re-classified to conform to the current year's classification.

As per our report of even date attached

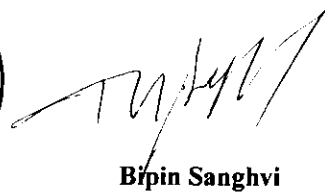
For, Bagadiya & Jain
CHARTERED ACCOUNTANTS
FRN: 128719W

R. M. Bagadia

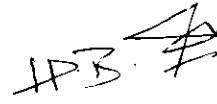


Rishit M. Bagadia
Partner
M. No.: 123327
UDIN: 22123327AXPDVL6179

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



Bipin Sanghvi
Director
DIN No.: 00462839



Hardik Sanghvi
Director
DIN No.: 00617415

Place: Ahmedabad
Date: 03/09/2022

Place: Mumbai
Date: 03/09/2022

