



ROYAL ARC ELECTRODES LIMITED

Advanced welding solutions

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF THE COMPANY HELD ON TUESDAY, THE 14TH DAY OF JANUARY 2025, AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT 72 B, BOMBAY TALKIES COMPOUND, S.V. ROAD, MALAD (WEST), MUMBAI, - 400 064.

TO APPROVE FOR ESTIMATION OF WORKING CAPITAL

“RESOLVED THAT, pursuant to the recommendations of the Board of Directors of the Company and pursuant to the relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, Companies Act, 2013 along with the rules made thereunder, each as amended, and other applicable provisions thereof a statement duly initialed by the Chairperson for the purpose of identification, indicating the details of utilization of funds to be raised through IPO for quantitative factors which form the basis or computing the price, as detailed in **Annexure A** which placed before meeting and , be and is hereby approved.”

RESOLVED FURTHER THAT Mr. Bipin Shantilal Sanghvi, Managing Director and / or Mr. Hardik Sanghvi, Whole Time Director and Chief Financial Officer of the Company be and is hereby severally authorised to take all steps for giving effect to the aforesaid resolution.

RESOLVED FURTHER THAT a copy of the above resolution certified to be true by any of the Directors of the Company or the Company Secretary and Compliance Officer of the company be furnished wherever necessary.”

**CERTIFIED TO BE TRUE
FOR ROYAL ARC ELECTRODES LIMITED**

**BIPIN SANGHVI
CHAIRMAN AND MANAGING DIRECTOR
(DIN: 00462839)**



Plant Address

Plot No. 6, Survey No. 408, Village Zaroli,
Tal. Umargaon, Gujarat 396105, INDIA.

Corporate Office

72 B, Bombay Talkies Compound, Malad
West, Mumbai 400064, Maharashtra, INDIA.

www.royalarc.in

info@royalarc.in



ROYAL ARC ELECTRODES LIMITED

Advanced welding solutions

Annexure - A

To meet the working capital requirements

Our Company proposes to utilize up to ₹1,400.00 lakhs towards funding its working capital requirements in the ordinary course of business in the Fiscal 2025 and Fiscal 2026. We have significant working capital requirements, and in the ordinary course of business we fund our working capital needs through internal accruals and availing financing facilities. Our Company, in order to support its incremental business requirements, funding growth opportunities and for other strategic, business, and corporate purposes requires additional working capital and such funding is expected to lead to a consequent increase in our revenues and profitability.

Basis of estimation of working capital requirement

We propose to utilize up to ₹1400.00 lakhs from the Net Proceeds to fund the working capital requirements of our Company in the Fiscal 2025 and Fiscal 2026. The balance portion of our working capital requirement will be arranged from existing equity, internal accruals, and borrowings from banks, financial institutions, non-banking financial companies and related parties.

The details of our Company's working capital as at and for restated financial statement for the six months period ended September 30, 2024 and financial year ended March 31, 2024, March 31, 2023 and March 31, 2022, and the source of funding, on the basis of Restated Financial Statements of our Company are provided in the table below:

(₹ in lakhs)

Particular	For the six months period ended September 30, 2024	For the Financial year		
		March 31, 2024 Restated*	March 31, 2023 Restated*	March 31, 2022 Restated*
I. Current Assets				
Inventories	1,030.24	904.22	606.69	1,083.92
Trade receivables	2,059.18	2,067.72	1,643.72	1,308.69
Short term Loans and advances	191.65	122.83	202.20	137.48
Other current assets	14.18	15.98	44.10	144.94
Total current assets (A)	3,295.25	3,110.75	2,496.71	2,675.03
II. Current liabilities				
Trade payables	457.83	538.27	778.89	1,022.39
Other current liabilities	130.79	157.90	110.03	77.20
Short-term Provisions	86.48	134.49	126.09	66.14
Total current liabilities (B)	675.10	830.66	1,015.01	1,165.73
Net working capital (A-B)	2,620.15	2,280.09	1,481.70	1,509.30
Sources of funds				
Borrowings	202.47	19.71	98.68	629.18
Internal Accruals / Equity	2,417.68	2,260.38	1,383.02	880.12

* As certified by our Statutory Auditor J. H. Gandhi & Co, Chartered Accountant through their certificate dated January 14, 2025.



Plant Address

Plot No. 6, Survey No. 408, Village Zaroli,
Tal. Umargaon, Gujarat 396105, INDIA.

Corporate Office

72 B, Bombay Talkies Compound, Malad
West, Mumbai 400064, Maharashtra, INDIA.

www.royalarc.in

info@royalarc.in



ROYAL ARC ELECTRODES LIMITED

Advanced welding solutions

Expected working capital requirements

We majorly procure our raw material and traded goods from the domestic market. We purchase our raw material through manufacturer of raw material, traders and dealers. We do not have any long-term contract with any of our vendors and we purchase our raw material requirements based on purchase orders.

Key parameters determining the working capital requirements such as growth in revenue, % of net working capital to revenue are as under:

(₹ in lakhs)

Particular	For the Financial Year	
	March 31, 2026 (Projected)*	March 31, 2025 (Estimated)*
Current Assets		
Inventories	1,320.00	1,010.00
Trade receivables	2,470.00	2,150.00
Short term Loans and advances	130.00	120.00
Other current assets	35.00	20.00
Total current assets (A)	3,955.00	3,300.00
Current liabilities		
Trade payables	650.00	580.00
Other current liabilities	170.00	145.00
Short-term Provisions	170.00	150.00
Total current liabilities (B)	990.00	875.00
Net working capital (A-B)	2,965.00	2,425.00
Sources of funds		
Borrowings	20.00	20.00
Internal Accruals / Equity	1,700.00	2,250.00
IPO Proceeds	1,245.00	155.00

* As certified by our Statutory Auditor J. H. Gandhi & Co, Chartered Accountant through their certificate dated January 14, 2025.



Plant Address

Plot No. 6, Survey No. 408, Village Zaroli,
Tal. Umargaon, Gujarat 396105, INDIA.



Corporate Office

72 B, Bombay Talkies Compound, Malad
West, Mumbai 400064, Maharashtra, INDIA.



www.royalarc.in

info@royalarc.in



ROYAL ARC ELECTRODES LIMITED

Advanced welding solutions

Assumptions for our estimated working capital requirements:

(in Days)

Particulars	Projected amounts for the Year ended on March 31, 2026*	Estimated amounts for the Year ended on March 31, 2025*	For the six months period ended September 30, 2024*	For the Financial Year ended on March 31, 2024*	For the Financial Year ended on March 31, 2023*	For the Financial Year ended on March 31, 2022*
Current assets						
Inventories	61	53	56	50	33	84
Trade receivables	75	75	81	76	62	76
Short term Loans and advances	4	4	8	4	8	8
Other current assets	1	1	1	1	2	8
Current liabilities						
Trade payables	29	29	24	29	46	76
Other current liabilities	5	5	5	6	4	4
Short-term Provisions	5	5	3	5	5	4

* As certified by our Statutory Auditor J. H. Gandhi & Co, Chartered Accountant through their certificate dated January 14, 2025.

The table below sets forth the key assumptions for working capital projections:

Inventories	Our Company had maintained Inventory days of 84 days for Fiscal 2022, 33 days for Fiscal 2023, 50 days for Fiscal 2024 and 56 days for the six months period ended September 30, 2024. Going forward, our Company will maintain the inventory cycle of 53 days for Fiscal 2025 and 61 days for Fiscal year 2026 due to expansion of our manufacturing facility getting commenced in Fiscal 2026
Trade receivables	Our Company gives credit facility to its customers in the normal course of business. Our Company had maintained trade receivable days of 76 days for Fiscal 2022, 62 days for Fiscal 2023, 76 days for Fiscal 2024 and 81 days for the six months period ended September 30, 2024. Going forward, to build a long-term sustainable business relationship with customers and to add new customers, we are envisaging that the credit terms of 75 days would be maintained in the Fiscal 2025 and in the Fiscal 2026
Short term Loans and advances	Short term loans and advances comprises of GST receivable/ITC credit, advance to suppliers and employees. Short term loans and advances days is maintained at 8 days in Fiscal 2022, 8 days in Fiscal 2023, 4 days in Fiscal 2024 and 8 days for the six months period ended September 30, 2024. Going forward, it is estimated that short term loans and advances will be maintained at 4 days for Fiscal 2025 and Fiscal 2026



Plant Address

Plot No. 6, Survey No. 408, Village Zaroli,
Tal. Umargaon, Gujarat 396105, INDIA.

Corporate Office

72 B, Bombay Talkies Compound, Malad
West, Mumbai 400064, Maharashtra, INDIA.

www.royalarc.in

info@royalarc.in

CIN: U3110MH1996PLC096296



ROYAL ARC ELECTRODES LIMITED

Advanced welding solutions

Other current assets	Other current assets include, export incentives, accrued interest, prepaid expenses, etc. Other current assets is maintained at 8 days in Fiscal 2022, 2 days in Fiscal 2023, 1 day in Fiscal 2024 and 1 day for the six months period ended September 30, 2024. Going forward, it is estimated that other current assets days will be maintained at 1 day for Fiscal 2025 and Fiscal 2026
Trade payables	Our Company receives credit from suppliers / vendors in the normal course of business. The Company had maintained trade payable days of 76 days for Fiscal 2022, 46 days for Fiscal 2023, 29 days for fiscal 2024 and 24 days for the six months period ended September 30, 2024. It has always an endeavor of our Company to reduce the trade payable days and accordingly, going forward the trade payable days projected will be maintained at 29 days for Fiscal 2025 and for the Fiscal 2026
Other current liabilities	Other current liabilities comprise of advance from customers, salary and wages payables, statutory payments. Other current liabilities were maintained at 4 days for Fiscal 2022 and Fiscal 2023, 6 days for Fiscal 2024 and 5 days for the six months period ended September 30, 2024. Going forward other current liabilities days will be maintained at 5 days for Fiscal 2025 and Fiscal 2026
Short-term Provisions	Short term provisions comprise of provision for employee benefits, provision for taxes and expenses. Short term provisions were maintained at 4 days for Fiscal 2022, 5 days for Fiscal 2023 and Fiscal 2024 and 3 days for the six months period ended September 30, 2024. Going forward short-term provisions will be maintained at 5 days for Fiscal 2025 and Fiscal 2026




Plant Address
Plot No. 6, Survey No. 408, Village Zaroli,
Tal. Umargaon, Gujarat 396105, INDIA.

Corporate Office
72 B, Bombay Talkies Compound, Malad
West, Mumbai 400064, Maharashtra, INDIA.

 www.royalarc.in
 info@royalarc.in