

Company Business

- ✦ Royal Arc Electrodes Limited (RAEL) is in the business of manufacturing welding electrodes, flux cored wires and MIG/TIG wires.
- ✦ They manufacture both standardized and customized products.
- ✦ RAEL also trades in ancillary products like abrasive wheels, welding flux, saw wire, and special TIG/MIG.
- ✦ The company supplies its products to domestic and export customers.

Promoters Details

- ✦ The promoters of the company are Bipin Sanghvi, Tarulata Sanghvi, Hardik Sanghvi and Swagat Sanghvi.

Positive and Negative Points

Positive

- ✦ The company has a geographically spread distribution network.
- ✦ Debt Free company.

Negative

- ✦ The company, its directors, and promoters are involved in certain litigation and claims.
- ✦ No growth in sales in FY 25.

Objects of the Offer

- ✦ The company intends to use the net proceeds from the fresh issue for funding capital expenditure requirements at the proposed expansion of the existing manufacturing facility. **Rs. 4.88 Cr.**
- ✦ Funding of working capital requirements of the Company **Rs. 14 Cr.**

IPO Details

- ✦ The IPO consists of a fresh issue of up to 18,00,000 equity shares (**Rs. 21.60 Cr.**) and an offer for sale of up to 12,00,000 equity shares (**Rs. 14.40 Cr.**).
- ✦ Issue Price Band - ₹114 to ₹120 per share.
- ✦ Listing at NSE SME

Financials of the company

(Fig. in Cr)

Particulars	Sep 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Revenue from Operations	45.60	99.78	96.94	62.90
Growth in revenue		2.94%	54.09%	
Domestic Revenue	85.40%	85.56%	82.34%	73.21%
Export Revenue	14.60%	14.44%	17.66%	26.78%
EBITDA	5.65	18.11	15.42	5.50
EBITDA Margins	12.40%	18.16%	15.91%	8.75%
PAT	3.17	11.92	9.56	2.12
PAT Margins	6.96%	11.95%	9.87%	3.37%
ROCE		37.73%	41.81%	12.63%
D/E ratio	0.04	0	0.05	0.38
CFOA	0.94	5.62	12.58	2.40

Comparison with Peers

Companies	Revenue	EBITDA Margin	PAT Margin	D/E Ratio	MCap	P/E
Royal Arc Electrodes (FY 2024)	99.78 Cr.	18.16%	11.95%	0.00	133.20 Cr.	11.17
ESAB India (TTM)	1,347 Cr.	18%	12.77%	0.01	7,361 Cr.	42.70
Ador Welding (TTM)	1,074 Cr.	11%	8%	0.08	1,567 Cr.	18.10
Gee (TTM)	338 Cr.	6%	2.07%	0.40	338 Cr.	50.60
Rasi Electrodes (TTM)	83.95 Cr.	4.78%	3.60%	0.06	66.90 Cr.	22.10



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