

Ramkrishna Forgings

On an expansion drive

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KOLKATA-BASED Ramkrishna Forgings (RFL), an existing profit making company, engaged in the forging business, is making a fresh issue of 84,75,000 equity shares of Rs 10 each for cash at a premium of Rs 10 per share aggregating Rs 16.95 crore. Of this 23,50,000 equity shares aggregating Rs 4.70 crore will be allotted to the promoters. So the net offer for the public is of 61,25,000 equity shares aggregating Rs 12.25 crore. The company's paid-up equity share capital would increase from Rs 4.30 crore to Rs 12.77 crore after the equity issue. The equity shares will be listed on the National Stock Exchange of India and The Stock Exchange, Mumbai. The IPO opens on Friday, 2 April 2004, and closes on Saturday, 10 April 2004.

The company is expanding its installed forging capacity from the existing 5,550 tonnes per annum to 12,150 tonnes per annum and also setting up a new CNC machining unit for manufac-

turing finished auto components. The total cost of the project is about Rs 26.29 crore. The IPO proceeds will be utilised for meeting this expansion expenditure.

Incorporated in 1981, RFL commenced its production in 1984 with manufacturing of forging items for the railways. The company undertook its major expansion in 1997, whereby it increased its forging and die making capacity. Besides, it developed machining facilities and heat treatment facilities including iso-annealing. This made the company to undertake production of auto forging for original equipment manufacturer (OEM), besides supplies to railways. Later, it also purchased a unit at Liluah industrial area, Howrah, for rough machining of components.

Over the years, RFL has developed various products catering to railways, automobiles, defence and general engineering sectors. Currently, the company has three state-of-art manufacturing units, of which two units are located

in Jamshedpur and one unit at Liluah, Howrah, with an elaborate set-up of modern machines and processes. The company is on the approved panel of Railway Designs and Standards Organisation (RDSO), a wing of the ministry of railways, for the manufacture of screw couplings, draw gear assembly, snubber assembly, hanger, block hanger side frame key and various other forgings items of railway coaches and wagon. It is also in the approved panel of Hindustan Motors, Tata Motors and other corporates in the auto ancillary segment and in the approved panel of the core defence sector organisation such as DGQA (vehicles & armaments), a wing of the ministry of defence.

On the financial front, RFL's revenues have grown from Rs 9.36 crore in FY 2000 to Rs 29.48 crore in FY2003 and Rs 24.80 crore for the nine months ended December 2003. Its profit after tax grew from Rs 0.32 crore in FY 2000 to Rs 0.61 crore in FY 2003 and Rs 1.10 crore for the nine months ended December 2003. The company entered the export market for the first time in FY 2003 and the export sales roughly works out to 6% of the total sales in FY 2003 and in nine months ended December 2003. RFL currently exports its products to US market. ■