



## RAMKRISHNA FORGINGS LIMITED

(Incorporated in India as a private limited company on November 12, 1981 in West Bengal under the Companies Act, 1956 under the name of Ramkrishna Forgings Private Limited, converted into Public Limited Company on 30.05.1995)

**Registered Office:** 6, Waterloo Street, 4<sup>th</sup> Floor, Kolkata-700 069, India.

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**PUBLIC ISSUE OF 61,25,000 EQUITY SHARES OF Rs. 10/- EACH FOR CASH AT A PREMIUM OF RS.10/- PER SHARE AGGREGATING Rs.1225 LACS.**

### RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the company, there has been no formal market for the securities of the company. The issue price (has been determined and justified by the Lead Merchant banker and the issuer Company as stated under the paragraph Basis of Issue Price) should not be taken to be indicative of the market price of the equity shares after the shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the company or regarding the price at which the equity shares will be traded after listing.

### GENERAL RISKS



Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors on Page No. iv to vii carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. **Specific attention of the investors is invited to the statement of Risk Factors on Page No. i to vi of the Prospectus.**

### ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the issuer and the issue, which is material in the context of the issue, that the information contained in the Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

### LISTING

The Equity Shares of the Company offered through this Prospectus are proposed to be listed at National Stock Exchange of India Limited. (The Designated Stock Exchange) ("NSE") and The Stock Exchange, Mumbai ("BSE"). The "in-principle" approvals for listing from National Stock Exchange of India Limited and The Stock Exchange, Mumbai (BSE) has been received on February 3, 2004 and January 15, 2004 respectively.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 <p><b>MICROSEC</b> partners in growth <b>MICROSEC INDIA LTD</b> Azimganj House, 2<sup>nd</sup> Floor, 7, Camac Street, Kolkata-700 017 Tel: 91- 33-22829330 Fax: 91- 33-22829335 E-Mail: ipo@microsec.co.in SEBI Regn. No. INM 000010791</p>	 <p><b>KARVY</b> CONSULTANTS LIMITED <b>KARVY CONSULTANTS LIMITED</b> 46, Road No. 4, Street No. 1, Banjara Hills, Hyderabad - 500 034 Tel: (040) 23312454, 23320251-53 Fax: (040)-23311968 E-mail: karvyhyd@karvy.com SEBI Regn. No. INR 000000221</p>

### ISSUE PROGRAMME

<b>ISSUE OPENS ON</b>	<b>FRIDAY, APRIL 02, 2004</b>
<b>ISSUE CLOSSES ON</b>	<b>SATURDAY, APRIL 10, 2004</b>

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## DEFINITIONS & ABBREVIATIONS

Act	The Companies Act, 1956
AIADA	Adityapur Industrial Area Development Authority
Articles	Articles of Association of the Company.
Auditors	N. K. Tekriwal & Associates
Board	Board of Directors of Ramkrishna Forgings Limited
BVQI	Bureau Veritas Quality International
CDSL	Central Depository Services (India) Ltd
CAD	Computer Added Design
CAM	Computer Added Machine
CMM	Coordinate Measuring Machine
CNC	Computerized Numerically controlled
DGQA	Directorate General of Quality Assurance
DP	Depository Participant
EPS	Earning Per Share
FIIIs	Foreign Institutional Investors
IPO	Initial Public Offer
Issue	Public Issue of Equity Shares by Ramkrishna Forgings Limited
JSEB	Jharkhand State Electricity Board
LM/ Lead Manager/ KISL/KARVY	Karvy Investor Services Limited
LM/Lead Manager/ MIL/MICROSEC	Microsec India Limited
Memorandum/MOA	The Memorandum of Association of Ramkrishna Forgings Limited
MCV	Medium Commercial Vehicle
NAV	Net Asset Value
NOC	No Objection Certificate
NRIs	Non-Resident Indians
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCBs	Overseas Corporate Bodies

## Ramkrishna Forgings Limited

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OEM	Original Equipment Manufacturer
PAN	Permanent Account Number
PLC	Programmable Logic Control
Ramkrishna Forgings/ The Company / The Issuer / RKFL	Ramkrishna Forgings Limited
RBI	Reserve Bank of India
RDSO	Research Designs and Standards Organization
Registrars	Karvy Consultants Limited
ROC	Registrar of Companies, West Bengal at Kolkata
SCV	Small Commercial Vehicle
SEBI	Securities and Exchange Board of India
The Stock Exchange, Mumbai	The Stock Exchange, Mumbai (BSE)

### **Currency of presentation**

In this Prospectus, all references to "Rs." are to Indian Rupee. All financial data contained in this Prospectus has been rounded off to the nearest lacs, except stated otherwise. In this Prospectus, any discrepancy in any table between the total and sums of the amount listed are due to rounding off.



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## **RISK ENVISAGED BY MANAGEMENT & MANAGEMENT PROPOSALS TO ADDRESS THE RISKS**

Investors should consider carefully the following risk factors, together with the other information contained in this Prospectus before they decide to buy the Company's Equity Shares. If any of the following risks actually occur, the Company's business, financial condition and results of operations could suffer, the trading price of the Company's Equity Shares could decline and you may lose all or part of your Investment.

### **INTERNAL FACTORS:**

#### **1. Risk Envisaged by Management**

The total cost of the project is Rs.2,629.26 Lacs. Canara Bank, Bistupur Branch, Jamshedpur (Bankers to the Company) has appraised an amount of Rs.1,513.14 Lacs (Phase I) of the project. The Phase II of the project has not been appraised by any Bank or Financial Institution and is based on the company estimates. The funds received from the issue for the Phase II will be deployed at the sole discretion of the Management.

#### **Proposals to address the risk**

The Company has drawn out a business plan for the activities to be pursued in the steel forging industry. The promoters of the Company have experience in this business for over three decades. In conceptualising the proposed expansion plan the management has been assisted by their experienced team of managers who have a good experience in the line of business. The Company will ensure judicious deployment of funds depending upon requirements at predetermined intervals.

#### **2. Risk Envisaged by Management**

The company is yet to place the orders for the plant and machinery for the fresh machines of auto parts amounting to Rs. 574.60 Lacs, constituting 34% of the total cost of plant and machinery.

#### **Proposals to address the risk**

The company has received various quotations from the suppliers and is in the process of final negotiations. The orders for the plant and machinery for the implementation of the project will be placed shortly.

#### **3. Risk Envisaged by Management**

The prices of the major raw materials for the manufacture of Steel billets, rounds, squares, and flats, etc are susceptible to volatility. Since these are the main raw material for the Company to manufacture the forgings and other auto components, its own cost will be affected likewise, which may bring about uncertainty in the profitability of the company.

#### **Proposals to address the risk**

The volatility in prices of major raw materials can be negated by entering into contractual agreements with the vendors for supply of major raw materials. The Company is sourcing raw materials from multiple vendors thereby receiving competitive prices on a long-term basis.

#### **4. Risk Envisaged by Management**

The Company is going in for such large expansion for the first time in the history of their operations.

#### **Proposals to address the risk**

The Company is under the management of entrepreneurs who have adequate experience in the forging industry. So far they have managed the business effectively and efficiently both in terms of production and marketing. Further, expansion plans of the Company are aimed at increasing its capacities and initiating forward integration in its core line of business, where they have sufficient expertise.

#### **5. Risk Envisaged by Management**

The Company has not obtained the No Objection Certificate (NOC) from the Pollution Control Board for the new unit.

**Proposals to address the risk**

The Company has NOC from the Pollution Control Board for their existing facility and for the expansion of the same. The management does not foresee any problem in obtaining the NOC for the new unit. As the plant is being set up in the Aditaypur Industrial Area and the NOC is given only on the commencement of commercial production.

**6. Risk Envisaged by Management**

The existing plant has a connected load of 665 KVA. The expansion project would require an additional 635 KVA of power. The total power requirement for the new unit is estimated to be 500 kva, firm arrangements for which are still to be made.

**Proposal to address the Risk**

The management has already arranged for the increased electricity load for the expansion of the exiting unit with JSEB. Sanction and installation of power for the new unit from JSEB shall be completed by July 2004 as per the Schedule of Implementation. Over and above the JSEB power, the company also has captive power generation facility of 1700 kva and hence does not foresee any shortage of power.

**7. Risk Envisaged by Management**

The expansion plan is funded substantially from the IPO. Any delay / failure of the IPO will adversely impact the Company.

**Proposals to address the risk**

The Management is in a position to make alternate funding arrangements through a right mix of secured/unsecured loans, internal accruals and additional contribution from the promoters, in case there is delay or failure of the IPO.

**8. Risk Envisaged by Management**

The additional working capital requirements of Rs.185 Lacs and Rs.445 lacs amounting to Rs.630 Lacs for the envisaged expansion programme have not been tied up as yet.

**Proposals to address the risk**

The company already sanctioned working capital limits of Rs. 500 lacs from Canara Bank for exiting operations. An application has been made to the Canara Bank for the working capital requirement for the expansion plan. The Bank has stipulated that when the commercial production commences for the new unit the existing working loan limits shall be enhanced so as to meet the requirements of the company.

**9. Risk Envisaged by Management**

Around 30% of the company's products are consumed by Indian Railways. Over dependence on a single customer exposes the company to concentration risk.

**Proposals to address the risk**

The Company has substantial experience of working with railways and is an approved vendor with RDSO (Ministry of Railways), which would ensure regular supply of orders in future also. The company is also approved vendor with DGQA (Vehicles and armaments) a defence organization, a wing of the Ministry of Defence, to which it supplies 10% to 15% of its output. The Company also has certification from BVQI (UKAS) and possesses QS9000/ISO 9000/2001 certification, which has helped it to expand its customer base and have included majors like TATA MOTORS, TAFE, Hindusthan Motors and other corporates in the auto ancillary segment in its customers list. The company is also exporting its products to the western countries now. In view of the gradual change in the product and customer profile of the company, the management feels it is in a position to mitigate the above risk.



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## **10. Risk Envisaged by Management**

The Company is an approved source for the sourcing of rough forgings by ancillary units of Tata Motors. Owing to capacity constraint, the company is unable to approach other automobile and tractor manufacturers. The Low capacity has lowered the order acceptance level.

### **Proposals to address the risk**

The Company proposes to increase its forging capacity from 5,550 Metric Tonnes per annum to 12,150 Metric Tonnes per annum by implementing the proposed project . The company will also set up a CNC Machining unit for manufacturing finished auto components in order to move towards the forward integration process.

## **11. Risk Envisaged by Management**

Adityapur Industrial Area Development Authority has allotted lease of plot Nos. M15 and M16 admeasuring 3.9 acres for a period of 30 years to the Company in Phase VII of Adityapur Industrial Area. The Company is yet to get the land registered in its name.

### **Proposals to address the risk**

The company has already received the possession certificate of land from Adityapur Industrial Area Development Authority after payment of the required consideration for the plot Nos. M15 and M16 admeasuring 3.9 acres. The Company has already taken steps to get the land registered in its name and the Management is hopeful that all the legal formalities for the same shall be completed before the end the current financial year.

## **12. Risk Envisaged by Management**

The Contingent liability of the Company as on 31 December 2003 is estimated at Rs. 70.82 Lacs against capital work remaining to be executed and advance paid against the aforesaid capital work is Rs.49.42 Lacs.

### **Proposals to address the risk**

The funds relating to the payment of contingent liability arising on supply of the ordered goods is incorporated in the cost of project.

## **13. Risk Envisaged by Management**

The management has recently taken over the management of a NBFC company by the name of Basuki Portfolio Pvt Ltd, which has incurred losses in the last three years of operation of an amount of Rs.7.21 lacs, Rs.0.06 lacs and Rs.0.12 Lacs in the year ended 31<sup>st</sup> March 2003,2002,2001 respectively.

### **EXTERNAL FACTORS:**

#### **1. Risk Envisaged by Management**

The Company's profitability is subject to volatility in prices, exchange rate fluctuations and market conditions.

#### **Proposals to address the risk**

The Company is seized of the impact of the risk. In order to mitigate the supply side risk, the company can enter into contractual arrangements with vendors.

#### **2. Risk Envisaged by Management**

The company operates in a globally competitive business environment. Growing competition may force the Company to reduce prices of its products, which may impact margins and market share.

#### **Proposals to address the risk:**

The management is seized of the threat and would use its experience in effectively mitigating the risk. Moreover adequate demand in the market and growing opportunities of forging product exports are likely to mitigate the risk.

### **3. Risk Envisaged by Management**

Changes in the regulatory environment relating to manufacturing and marketing forging products in and outside the country will significantly impact the business of the Company.

#### **Proposals to address the risk**

The Company keeps itself abreast of the various developments in the regulatory environment and gears itself to comply with the dynamics. Should the Company fail to adapt itself to such changes, the business will be adversely affected.

### **4. Risk Envisaged by Management**

Terrorist attacks and other acts of violence or war involving India and other countries where the Company sells its products could affect the Company's business.

#### **Proposals to address the risk**

The consequences of any potential conflicts are unpredictable, and the Company may not be able to foresee events that could have a materially adverse effect on its business, financial condition or results of operations.

#### **NOTES:**

- i. Net worth of the Company as on December 31, 2003 is Rs. 844.87 lacs
- ii. Public Issue of 61,25,000 equity Shares of Rs. 10 each at a premium of Rs.10/- per share for cash aggregating to Rs 1225 lacs.
- iii. Book Value of the equity shares of the Company as on December 31, 2003 is Rs. 16.95/- per Equity Share.
- iv. The investors are advised to refer to the Para on "Basis for Issue Price" on Page 73 of the Prospectus before making an investment in this issue.
- v. Investors may note that in case of over subscription, the allotment shall be on proportionate basis and for details; reference may be made to Para "Basis of Allotment" given on Page 22 of this Prospectus.
- vi. The investors are advised to refer to the Para on promoters' background and past financial performance of the company before making investment in the proposed issue.
- vii. There are no relationships with statutory auditors of the company other than auditing and certification of financial statements.
- viii. Investors may note that the allotment and trading in the shares of the company shall be done only in de-materialized form.
- ix. Contingent liability as on 31 December 2003 is estimated at Rs. 70.82 Lacs against capital work remaining to be executed and advance paid against the aforesaid capital work is Rs.49.42 Lacs.
- x. None of the ventures of the promoter have any business or other interest in the Company except Jalan Forgings Pvt. Ltd. and Appcon Finance Pvt Ltd, Basuki Portfolio Pvt Ltd which have an interest as shareholders.
- xi. The company has not made loans and advances to any company in which the directors are interested.



## Details of related party transactions

a) List of related party and their Relationship: -

Party	Relationship
Appcon Finance Pvt. Ltd.	Promoter Company
Jalan Forgings Pvt. Ltd.	Promoter Company
Basuki Portfolio Pvt Ltd	Group Company
Mahabir Prasad Jalan	Chairman
Naresh Jalan	Managing Director
Uma Sawalka *	Whole Time Director
Rashmi Jalan *	Whole Time Director

\* Note: Mrs. Uma Sawalka and Mrs. Rashmi Jalan have resigned from the directorship of the company with effect from 25.09.2003.

b) Related Party Transactions: -

### i. Jalan Forgings Pvt. Ltd

(Rs. In Lacs)

Transactions	2001	2002	2003	31.12.03 (9 mths)
Opening Balance	2.37	2.45	6.48	1.13
Add Received During the Year	0.27	4.29	0.19	0.00
Less Repaid during the Year	0.19	0.27	5.54	1.13
Closing balance	2.45	6.48	1.13	0.00

### ii. Appcon Finance Pvt. Ltd

(Rs. In Lacs)

Transactions	2001	2002	2003	31.12.03 (9 mths)
Opening Balance	9.27	21.20	49.31	28.58
Add Received During the Year	17.55	30.90	3.26	0.00
Less Repaid during the Year	5.62	2.79	23.99	28.57
Closing balance	21.20	49.31	28.58	0.01

### iii. Basuki Portfolio Pvt. Ltd

(Rs. In Lacs)

Transactions	2001	2002	2003	31.12.2003 (9 mths)
Opening Balance	Nil	Nil	Nil	33.62
Add Received During the Year	Nil	Nil	33.62	12.50
Less Repaid during the Year	Nil	Nil	Nil	46.11
Closing balance	Nil	Nil	33.62	0.01

The company has no other business transactions with these group companies.

Source: Audited accounts of the company.

**iv. Transactions with the Directors**

(Rs. In Lacs)

Transactions	2001	2002	2003	31.12.2003 (9 mths)
<b>Director Remuneration</b>				
Mahabir Prasad Jalan	4.50	6.00	6.00	4.50
Naresh Jalan	2.70	4.80	4.80	3.60
Uma Sawalka	1.80	1.80	1.80	1.20
Rashmi Jalan	1.80	3.60	3.60	2.00
<b>Rent</b>				
Naresh Jalan	0.48	0.48	0.48	0.36

**HIGHLIGHTS:**

- i. Profit making company since inception.
- ii. The promoters possess experience of over three decades in the forging sector.
- iii. The Company is an ISO 9002 approved unit accredited by BVQI since 15th August 2000 and the Company has also achieved QS 9000 certification by BVQI on 27th January 2003, for manufacture and supply of open and closed plain carbon and low alloy steel forgings as Forged, Heat Treated and Machined condition for Railways, Automobile and General Engineering Purposes.
- iv. The capacity expansion proposed by the Company is aimed to boost the current operations and enhance export possibilities.
- v. Management team consists of managers having adequate experience in the steel forging sector.



## PART-I

### I. GENERAL INFORMATION

# RAMKRISHNA FORGINGS LIMITED

(Incorporated in India as a private limited company on November 12, 1981 in West Bengal under the Companies Act, 1956 under the name of Ramkrishna Forgings Private Limited, converted into Public Limited Company on 30.05.1995)

**Registered Office:** 6, Waterloo Street, 4<sup>th</sup> Floor, Kolkata-700 069, India.

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**PUBLIC ISSUE OF 61,25,000 EQUITY SHARES OF Rs. 10/- EACH FOR CASH AT A PREMIUM OF RS.10/- PER SHARE AGGREGATING Rs 1225 Lacs**

#### AUTHORITY FOR THE PRESENT ISSUE

Pursuant to section 81(1A) of the Companies Act 1956, the present issue has been authorized by a resolution passed by the Board of Directors of the Company at their meeting held on 20.10.2003 and a special resolution passed at the General Meeting of the shareholders of the company held on 17.11.2003.

#### LICENSE GOVERNMENT/STATUTORY APPROVALS

**The Company has received the following approvals/registrations:**

- i. Factory licence No. 45126/SBM
- ii. Weights & Measures Certificate No. 001678
- iii. ESI Registration Certificate No. P/42-1427 90
- iv. High Tension Agreement with Jharkhand State Electricity Board dated 05.03.2003, for additional load of 85 KVA at the AIADA plot no M-6, Phase VI.
- v. Land allotment order no 467/ADA dated 24.04.2003 for plot no M-5 (Part), M-6 (part) for additional 55,600 sq. ft. in phase VI.
- vi. Possession certificate from AIADA for 169,523 sq. ft. of land allotted at NS-26, 7<sup>th</sup>. Phase and 3 acres of land dated 3.4.2003 and 5.2.2003 respectively.

The company has not applied for No Objection Certificate (NOC) from the Pollution Control Board for the expansion of the existing capacity. The company has NOC from the Pollution Control Board for their existing facility. Therefore the company does not foresee any problem in obtaining NOC for the expansion.

The company has received all the other necessary consents, licences, permissions and approvals from the Government and various Government agencies required for its present business and the company can undertake the activities proposed by it in view of the present approvals and no further approvals from any Government authorities are required except as referred in page i in this Prospectus. It must, however, be distinctly understood that in granting the above consents/ licences/ permissions/ approvals, the Government does not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

#### PROHIBITION BY SEBI

The company, its directors/promoters and persons in control, its subsidiaries, its associates, its directors, its promoters, other companies/entities promoted by the promoters of Ramkrishna Forgings, and companies/entities with which the Company's directors are associated as directors have not been prohibited from assessing/operating in the capital markets or restrained from buying /selling/dealing in securities under any order or discretion passed by SEBI.

#### ELIGIBILITY FOR THE ISSUE

According to Clause 2.2.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof, an unlisted company shall make a public issue of any equity share or any security convertible into equity shares at a later date subject to the following: -

- i. The company has net tangible assets worth of above Rs 3 crore in each of the preceding 3 full years (each of 12 months), of which not more than 50% is held in monetary assets;

- ii. It has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least (3) out of immediately preceding five (5) years;
- iii. It has a pre- issue net worth of not less than Rs. 1 crore in each of the preceding three (3) full years (of 12 months each);
- iv. It has not changed its name within the last one year;
- v. The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through Prospectus + firm allotment + promoter’s contribution through the Prospectus) does not exceed five (5) times its pre-issue net worth as per the last available audited accounts.

As per Clause 2.2.2A, the Issuer shall not make an allotment pursuant to a public issue or offer for sale of equity shares or any security convertible into equity shares unless in addition to satisfying the conditions mentioned in Clause 2.2.1, the prospective allottees are not less than one thousand (1000) in number.

**The pre-issue net worth, distributable profits and net tangible assets in terms of section 205 of the Companies Act, of the Company for the last five complete years (of 12 months each) are as under:**

Rs in Lacs

<b>For The Financial year ending 31st March</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Net Tangible Assets	372.57	519.89	736.83	1088.87	1523.24
Monetary Assets	250.45	302.71	397.16	506.39	710.52
% of Monetary Assets to Net tangible assets	67.22%	58.23%	53.90%	46.51%	46.65%
Distributable Profits	27.13	31.86	79.00	86.81	60.79
Net Worth	161.31	207.44	302.28	380.55	533.77

Source: Audited Annual Accounts of the Company for the respective financial years.

Monetary Assets have been considered as defined by AS-11 issued by Institute of Chartered Accountants of India, which is as follows:

*"Monetary items are money held and assets and liabilities to be received or paid in fixed or determinable amounts of money, e.g., cash, receivables, payables."*

Monetary Assets taken as per the above definition are: Cash and Bank, Sundry Debtors, Loans and Advances and Other Current Assets.

'Net tangible assets' shall mean the sum of all net assets of the company, excluding 'intangible assets', as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

The proposed issue size of Rs. 1225 lacs would not exceed five times the pre-issue net worth as on 31<sup>st</sup> March 2003 which is Rs. 533.77 Lacs. There has been no other issue in the same financial year. Based on the above data the Lead Manager has certified vide its certificate dated 19<sup>th</sup> November 2003 that the Company is fulfilling the criteria of eligibility norms for Public Issue by unlisted company as specified in the Guideline 2.2.1 of SEBI (DIP) Guidelines, 2000 and amendments thereof.

Pursuant to Clause 2.8 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 the Company has made firm arrangements for the stated Means of Finance as follows:

Rs. In lacs

A	Total Means of Finance required	2,629.26
B	Amount to be raised through Public Issue	1,225.00
C	Amount excluding Public Issue (A-B)	1,404.26
	<b>Total @75% of (C)</b>	<b>1,053.20</b>
	Loan Appraised from Canara Bank	925.00
	To Be Brought in By the Promoters before Issue opens	470.00
	<b>Finance arranged through verifiable means</b>	<b>1,395.00</b>



Therefore, the Board of Directors of the Company has resolved to go for the proposed Public Issue pursuant to the above-mentioned guidelines.

## **DISCLAIMERS**

### **SEBI DISCLAIMER CLAUSE**

**AS REQUIRED, A COPY OF THIS PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA.**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. LEAD MANAGER, MICROSEC INDIA LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES 2000, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER MICROSEC INDIA LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 23RD DECEMBER 2003 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992, WHICH READS AS FOLLOWS:**

- 1. "WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE PROSPECTUS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

**WE CONFIRM THAT:**

- a) THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;**
  - b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - c) THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**
- 3. WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.**

**THE FILING OF PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER (S) ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS."**

#### **DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED**

As required, a copy of this Prospectus has been submitted to the National Stock Exchange of India Limited. (hereinafter referred to as NSE). NSE has given vide its letter NSE/LIST/61467 dated Feb. 3, 2004 permission to the issuer to use the exchanges name in this Prospectus as one of the Stock Exchanges on which the company's securities are proposed to be listed subject to the issuer for listing including the one related to paid up capital (i.e. the paid up capital shall not be less than Rs 10 crores and market capitalization shall not be less than Rs. 25 crores at the time of listing. The Exchange has scrutinized this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this issuer.

It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Prospectus has been cleared or approved by NSE; nor does NSE in any manner Warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it Warrant that this issuer's securities will be listed or continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of this issuer, its Promoters, its Management, or any Scheme or Project of this issuer.

Every person who desires to apply for or otherwise acquires any securities of this issuer may do so pursuant to independent enquiry, investigation and analysis and shall not have any claim against exchange, whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **DISCLAIMER STATEMENT OF THE STOCK EXCHANGE MUMBAI (BSE)**

As required, a copy of this Prospectus has been submitted to The Stock Exchange, Mumbai (BSE). "The Stock Exchange, Mumbai ("BSE") has given its no objection to the Company vide letter no. - CS/SG/AK/2004 Dated 15<sup>th</sup> January 2004 to use the name of the Exchange in this Prospectus as one of the Stock Exchanges on which the company's securities are proposed to be listed. The Exchange has scrutinized this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the company. BSE does not in any manner-

- (a) Warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus, or
- (b) Warrant that this Company's securities will be listed or continue to be listed on BSE, or
- (c) Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any Scheme or Project of this Company.

And it should not be, for any reason be deemed or construed that this Prospectus has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE, whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **GENERAL DISCLAIMER**

The Company accepts no responsibility for statements made otherwise than in the Prospectus or in the advertisement or any other material issued by or at the instance of the company and that anyone placing reliance on any other source of information would be doing so at his own risk.

#### **JURISDICTION**

This offer is made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, Companies, Corporate Bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with the SEBI, Indian Financial Institutions, commercial banks and regional rural banks, co-operative banks (subject to RBI permission), Trusts (registered under Societies Registration Act, 1860, or any other Trust law and are authorised under their constrictions to hold and invest in shares) and to NRIs, and FIIs as defined under the Indian Laws. This Prospectus does not, however, constitute and offer to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself about and to observe any such restrictions. Any disputes arising out of such Issue will be subject to the jurisdiction of courts in Kolkata.



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## **FILING**

A copy of the Prospectus along with the documents required to be filed under Section 60 of the Companies Act has been delivered to the Registrar of Companies, West Bengal, Kolkata (ROC). A copy of the Prospectus has been filed with SEBI, FMC Fortuna Building 5th Floor, 234/3A AJC Bose Road Kolkata-700 020 for its observations and SEBI has given its observations. A copy of the documents referred to elsewhere in the Prospectus has been kept open for public inspection at the Registered Office of the Company.

## **LISTING**

Initial listing applications have been made by the Company to National Stock Exchange of India Limited (Designated Stock Exchange) and The Stock Exchange, Mumbai (BSE) for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company.

In case the permission to deal in and for official quotation of the Equity Shares is not granted by above mentioned Stock Exchanges, the company shall forthwith repay without interest, all monies received from applicants in pursuance of this Prospectus and if such money is not paid within eight days from which the Company is liable to repay it, the Company shall repay as prescribed under section 73(2) of the Companies Act 1956.

The Company with the assistance of the Lead Managers shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of allotment for the Issue.

## **UNDERTAKING FROM PROMOTERS AND DIRECTORS**

The Company accepts full responsibility for the accuracy for the information given in the Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, their omission of which make any statement in the Prospectus misleading and they further confirm that they have made all reasonable enquiries to ascertain such facts. The issuer further declares that the stock exchange to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this offer or for the price at which the equity shares are offered or for the correctness of the statement made or opinions expressed in this Prospectus. The promoters/directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount misstatement/misrepresentation, and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed/with held and/or amounts to a misstatement/misrepresentation, the promoter/directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of section 63 of the Companies Act.

## **CORPORATE GOVERNANCE**

The SEBI Guidelines in respect of Corporate Governance shall be applicable to the Company immediately at the time of listing of its shares on the Stock Exchange. The Company undertakes that it shall take the necessary steps to comply with all the requirements of the guidelines on Corporate Governance as would be applicable to it upon listing of its shares. To ensure highest standard of corporate governance the company has already broad based its board and appointed four additional independent directors namely. Mr. Ram Prasad Saraf, Mr. Ramawtar Agarwal, Mr. Sajjan Kumar Naredi, Mr. Manish Chaudhari w.e.f from 15.09.2003

In this regard, the Company has already set up an audit committee and other committees as per the requirements of the revised guidelines, details of which are mentioned on Page 66 of this Prospectus.

## **IMPERSONATION**

Attention of applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

**“any person who-**

- a) Makes in a fictitious name an application to a company for acquiring, or subscribing of any Equity Shares therein, or**
- b) Otherwise induces a company to allot, or register any transfer of Equity Shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”**

### **MINIMUM SUBSCRIPTION**

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue or if the subscription level falls below 90% after the closure of the issue on account of cheques having been returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act, 1956.

### **SECURITIES /ALLOTMENT LETTERS/REFUND ORDERS**

Letter(s) of Allotment/Securities together with refund orders of value over Rs.1,500/, if any, to allottees and Letter(s) of regret together with refund orders of value over Rs.1,500/- to non-allottees will be despatched by registered post and refunds of value Rs.1,500/- and less will be despatched under certificate of posting at the applicant's sole risk within 2 working days from the date of finalisation of the basis of allotment.

Adequate funds for the above purpose will be made available to the Registrar to the issue to ensure dispatch of refund orders, allotment letters and share certificates by Registered Post/Certificate of Posting.

The company agrees that -

- a) As far as possible allotment of securities offered to the public shall be made within 30 days of the closure of the public issue.
- b) It shall pay interest @ 15% per annum if the allotment has not been made and the refund orders are not dispatched to the investors within 30 days from the date of closure of the issue.

Dispatch of share certificates/refund orders and demat credit would be completed and allotment and listing documents would be submitted to the Stock Exchange within two working days of the finalisation of the basis of allotment. The listing and trading of the securities offered through this Prospectus shall commence at the aforesaid stock exchange where they are proposed to be listed within 7 working days of the date of finalisation of the basis of allotment.

### **ISSUE PROGRAMME**

The subscription list will open at the commencement of banking hours and will close at the close of banking hours on the dates as mentioned below or earlier date at the discretion of the board of directors of the company (herein after referred to as 'the board') but not before the close of the banking hours on the date mentioned under the caption "issue closes on"

<b>Issue Opens on</b>	<b>2<sup>nd</sup> April 2004, Friday</b>
<b>Issue Closes on</b>	<b>10<sup>th</sup> April 2004, Saturday</b>

### **STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES AMONGST LEAD MANAGERS**

The responsibilities and co-ordination for various activities in this Offer have been distributed amongst the Lead Managers are as under:

<b>Sl. No.</b>	<b>Activity</b>	<b>Responsibility</b>	<b>Co-Ordination</b>
1.	Capital Structuring with the relative components and formalities such as composition of debt equity, type of instruments, etc.,	Microsec	Microsec
2.	Design of Prospectus and of advertising publicity material including newspaper advertisements and brochure/ memorandum containing salient features of the Prospectus.	Microsec	Microsec
3.	To ensure compliance with the Guidelines for Disclosure and Investor Protection and other stipulated requirements and completion of prescribed formalities with Stock Exchanges, Registrars of Companies and SEBI.	Microsec	Microsec



Sl. No.	Activity	Responsibility	Co-Ordination
4.	Marketing of the issue, which will cover, inter alia, - Formulating marketing strategies, - Preparation of publicity budget, - Arrangements for selection of: a) Ad media b) Centres of holding conferences of Brokers, Trustees, etc, c) Bankers to the issue d) Collecting centres e) Distribution of publicity material f) Brokers to the issue g) Distribution of publicity and issue material including application forms, Prospectus and Brochure and deciding on quantum of the Issue material.	Karvy	Karvy
5.	Selection of various agencies connected with the Issue, namely Registrars to the issue, Printers and Advertising Agencies.	Microsec/ Karvy	Microsec/ Karvy
6.	Follow up with Bankers to the Issue to get quick estimates of collection and advising the issuer about the closure of the issue, based on the correct figures.	Microsec	Microsec
7.	Post Issue Activities will involve essential follow up steps which must include listing of instruments and despatch of Certificates and Refunds, with the various agencies connected with the work such as Registrars to the issue and Bankers to the Issue, and the Bank handling refund business. Even if many of these activities would be handled by other intermediaries, the designated Lead Manager shall be responsible for ensuring that these agencies fulfil their functions and enable him to discharge this responsibility through suitable agreements with the Issue Company.	Microsec	Microsec

### ISSUE MANAGEMENT TEAM

<p><b>LEAD MANAGERS TO THE ISSUE</b></p>  <p><b>MICROSEC INDIA LTD</b>            Azimganj House, 2<sup>nd</sup> Floor            7, Camac Street, Kolkata-700 017            Tel- (033) 22829330            Fax: 91-33-22829335            E-Mail: ipo@microsec.co.in            SEBI Registration No. INM 000010791</p>	<p><b>KARVY INVESTOR SERVICES LIMITED</b>            Merchant Banking Division            "Karvy House" 46, Avenue 4, Street No:1,            Banjara Hills, Hyderabad - 500 034.            Tel: 040 - 23312454/23320251            Fax: 040 - 23374714            E-Mail: mbd@karvy.com            SEBI Registration No.: MB/INM/000008365</p>
<p><b>REGISTRAR TO THE ISSUE</b></p>  <p><b>KARVY CONSULTANTS LIMITED</b>            46, Road No. 4 , Street No. 1            Banjara Hills,            Hyderabad - 500 034            Tel : 040 - 23312454, 23320251-53            Fax: 040 - 23374714            E-mail : mailmanager@karvy.com            SEBI Registration No.: INR 000000221</p>	<p><b>AUDITORS</b></p> <p><b>M/S N.K. Tekriwal &amp; Associates</b>            6, Waterloo Street,            Room No: 303,            Kolkata- 700 069            Tel.: 033-22486198,22109547</p>

<p><b>BANKERS TO THE COMPANY</b> <b>Canara Bank</b> Gajraj Mansion, 1<sup>st</sup> Floor, Bistupur, Jamshedpur – 831 001 Tel. : 0657 2434008 Fax : 0657 2437613 33/1, Netaji Subhash Road, Kolkata- 700 001 Tel.: (033) 22200049/8246 Fax: (033) 22209417</p>	<p><b>LEGAL ADVISOR TO THE ISSUE</b> Sandip Agarwal &amp; Co. 10 Old Post Office Street, 3<sup>rd</sup> Floor, Room No. 99 Kolkata – 700 001 Telephone: 033- 2210-0582/83 Fax: 91-33-2210 0668</p>
<p><b>BANKERS TO THE ISSUE</b> <b>HDFC Bank Limited</b> SEBI Regd. No.: INB100000063 <b>Controlling Branch</b> 2/6, Sarat Bose Road Kolkata- 700 020 Tel.: (033) 2474 2383/2384 Fax: (033) 2486 0712 Email: gourab.roy@hdfcbank.com ramadoss.ramaswamy@hdfcbank.com</p>	

**COMPANY SECRETARY CUM COMPLIANCE OFFICER**

**Mr. Rajesh Mundhra**  
**Ramkrishna Forgings Limited**  
6, Waterloo Street, 4<sup>th</sup>. Floor,  
Kolkata-700 069  
Tel.: (033) 2242-0018 2243-5613  
Fax: (033) 2242-0019  
E-mail: info@ramkrishnaforgings.com

Investors can contact the Compliance Officer in case of any pre-issue / post-issue related problems such as non-receipt of letters of allotment / shares / refund orders, etc.

**TRUSTEES**

This being an issue of Equity Shares, appointment of Trustees is not required.

**CREDIT RATING**

This being an issue of Equity Shares, credit rating is not required.

**UNDERWRITERS TO THE ISSUE**

Underwriting being optional, the Company does not propose to underwrite the issue.



## II. CAPITAL STRUCTURE OF THE COMPANY

Rs. In Lacs

Particulars	Nominal Value	Aggregate Value
<b>A AUTHORISED CAPITAL</b>		
1,40,00,000 Equity Shares of Rs. 10/- each	<b>1,400.00</b>	<b>1,400.00</b>
<b>B ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
42,99,300 Equity Shares of Rs. 10/- each fully paid out of which 13,06,750 Equity Shares of Rs.10/- each had been issued as Bonus shares by capitalization of Cash Reserves.	429.93	467.84
<b>C PRESENT ISSUE</b>		
84,75,000 Equity Shares of Rs. 10/- each at a Premium of Rs.10/- each	<b>847.50</b>	<b>1695.00</b>
<b>Out of Which</b>		
<b>PROMOTERS CONTRIBUTION</b>		
23,50,000 Equity Shares of Rs. 10/- each at a Premium of Rs.10/- each, issued to the promoters, directors, friends, relatives and associates.	<b>235.00</b>	<b>470.00</b>
<b>NET OFFER TO THE PUBLIC</b>		
61,25,000 Equity Shares of Rs. 10/- each at a premium of Rs. 10/ per share	<b>612.50</b>	<b>1,225.00</b>
<b>D PAID UP SHARE CAPITAL AFTER THE ISSUE</b>		
1,27,74,300 Equity shares of Rs.10/- each fully paid up	<b>1277.43</b>	<b>2162.84</b>
<b>E SHARE PREMIUM ACCOUNT</b>		
Existing	-	<b>37.91</b>
After the issue	-	<b>885.41</b>

### NOTES FORMING PART TO CAPITAL STRUCTURE

#### 1. Details Of The Increase In Authorised Capital

Sl No.	Particulars of Increase	Date of Meeting
1	Rs. 10.00 Lacs	Incorporation
2	From 10.00 Lacs to 20.00 Lacs	01-11-1993
3	From 20.00 Lacs to 30.00 Lacs	20-03-1996
4	From 30.00 Lacs to 50.00 Lacs	22-08-1996
5	From 50.00 Lacs to 100.00 Lacs	16-02-1998
6	From 100.00 Lacs to 150.00 Lacs	14-05-1999
7	From 150.00 Lacs to 200.00 Lacs	09-02-2002
8	From 200.00 Lacs to 225.00 Lacs	22-07-2002
9	From 225.00 Lacs to 300.00 Lacs	14-02-2003
10	From 300.00 Lacs to 600.00 Lacs	15-09-2003
11	From 600.00 Lacs to 1400.00 Lacs	17-11-2003

## 2. Capital History of the Company

The existing share capital of the Company has been allotted as under:

Date of Allotment	Number of equity shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (cash, bonus, consideration other than cash)	Value subscribed (Rs.)	Date on which fully paid-up	Remarks
12.11.81	200	10	10	Cash	2,000	12.11.81	Allotted to Promoters/others
08.01.83	59800	10	10	Cash	598,000	08.01.83	Allotted to Promoters/others
15.09.83	15000	10	10	Cash	150,000	15.09.83	Allotted to Promoters/others
20.03.95	125000	10	10	Cash	1,250,000	20.03.95	Allotted to Promoters/others
30.03.96	60000	10	10	Cash	600,000	30.03.96	Allotted to Promoters/others
05.09.96	105000	10	10	Cash	1,050,000	05.09.96	Allotted to Promoters/others
20.09.96	35000	10	10	Cash	350,000	20.09.96	Allotted to Promoters/others
16.03.98	150000	10	10	Cash	1,500,000	16.03.98	Allotted to Promoters/others
30.03.98	50000	10	10	Cash	500,000	30.03.98	Allotted to Promoters/others
31.03.99	272000	10	10	Cash	2,720,000	31.03.99	Allotted to Promoters/others
29.05.99	170000	10	10	Cash	1,700,000	29.05.99	Allotted to Promoters/others
15.03.00	47500	10	10	Cash	475,000	15.03.00	Allotted to Promoters/others
30.03.01	410500	10	10	Cash	4,105,000	30.03.01	Allotted to Promoters/others
31.03.02	180000	10	10	Cash	1,800,000	31.03.02	Allotted to Promoters/others
04.09.02	421000	10	10	Cash	4,210,000	04.09.02	Allotted to Promoters/others
31.03.03	512500	10	10	Cash	5,125,000	31.03.03	Allotted to Promoters/others
25.09.03	1306750	10	@	Bonus	13,067,500	25.09.03	Capitalisation of Cash Reserves
25.09.03	379050	10	20	Cash	7,581,000	25.09.03	Allotted to Promoters & Promoters Group
<b>TOTAL</b>	<b>4299300</b>				<b>46,783,500</b>		
06.03.04	2350000	10	20	Cash	47,000,000	06.03.04	Allotted to Promoters, promoter group, associates, relatives and friends
<b>GRAND TOTAL</b>	<b>6649300</b>				<b>93,783,500</b>		

@ One fully paid Bonus share has been issued to the existing shareholders for every two equity shares held on 21.08.2003.



### 3. Promoter Contribution and Lock In

Sr. No.	Date of Allotment	Date when made fully paid up	Consideration	No. of Shares	Face Value	Issue Price	% of Post Issue paid up Capital	Lock In Period
1	12/11/1981	12/11/81	Cash	100	#10	10	0.00%	1 year
2	8/1/1983	08/1/83	Cash	4900	#10	10	0.04%	1 year
3	6/11/1989	06/11/89	Cash	5000	#10	10	0.04%	1 year
4	10/8/1994	10/8/1994	Cash	4000	#10	10	0.03%	1 year
5	20/3/95	20/3/95	Cash	66000	#10	10	0.52%	1 year
6	5/9/1996	05/9/96	Cash	10000	#10	10	0.08%	1 year
7	29/3/97	29/3/97	Cash	47000	#10	10	0.37%	1 year
8	16/3/98	16/3/98	Cash	114000	#10	10	0.89%	1 year
9	30/7/98	30/7/98	Cash	7500	#10	10	0.06%	1 year
10	31/3/99	31/3/99	Cash	237000	#10	10	1.86%	1 year
11	29/5/99	29/5/99	Cash	170000	#10	10	1.33%	1 year
12	15/3/00	15/3/00	Cash	37500	#10	10	0.29%	1 year
13	31/3/00	31/3/00	Cash	50000	#10	10	0.39%	1 year
14	30/3/01	30/3/01	Cash	48000	#10	10	0.38%	1 year
15	30/3/01	30/3/01	Cash	118500	#10	10	0.93%	@3 years
16	30/3/02	30/3/02	Cash	50000	#10	10	0.39%	1 year
17	30/3/02	31/3/02	Cash	180000	#10	10	1.41%	3 years
18	04/9/02	04/9/02	Cash	421000	#10	10	3.30%	3 years
19	31/3/03	31/3/03	Cash	512500	#10	10	4.01%	1 year
20	31/3/03	31/3/03	Cash	130000	#10	10	1.02%	3 years
21	31/3/03	31/3/03	Cash	161000	#10	10	1.26%	1 year
22	15/4/03	15/4/03	Cash	80000	#10	10	0.63%	1 year
23	15/4/03	15/4/03	Cash	159500	#10	10	1.25%	3 years
24	25/9/03	25/9/03	Bonus	487250	10	-	3.81%	1 year
25	25/9/03	25/9/03	Bonus	819500	10	-	6.42%	3 years
26	25/9/03	25/9/03	Cash	230550	10	20	1.80%	1 year
27	25/9/03	25/9/03	Cash	148500	10	20	1.16%	3 years
28	06/3/04	06/3/04	Cash	585750	10	20	4.59%	3 years
29	06/3/04	06/3/04	Cash	1764250	10	20	13.81%	1 year
	<b>Total</b>			<b>6649300</b>			<b>52.05%</b>	

The lock in period shall commence from the date of allotment of shares in the public issue.

@ Out of the total 118500 equity shares allotted on 30.03.2001 to Core Promoters, 110610 shares shall be locked in for 3 years and the balance 7890 shares shall be locked in for 1 year.

# The face value on allotment was Rs.100/-. The Equity share of Rs.100/each was split into 10 shares of Rs. 10/ each by way of Special Resolution passed at the Extra Ordinary meeting of the Share Holders of the Company held on 15<sup>th</sup> September,2003.

**4. Promoters' Contribution and lock-in period in respect of promoters whose name figure in the Prospectus as promoters in the paragraph on " Promoters and their background":**

**A. Details of aggregate shareholding of the promoters:**

Sr. No.	Date of Allotment/ Transfer	Date when made fully paid up	Consideration (Cash, bonus Kind, etc.	No. of Shares	Face Value Rs.	Issue Price Rs.	% of Post Issue paid up Capital	Lock In Period
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**i. Mahabir Prasad Jalan**

	11/12/81	11/12/81	Cash	100	10	10	0.00%	1 year
	01/08/83	01/08/83	Cheque	4900	10	10	0.04%	1 year
	11/06/89	11/06/89	Transfer	5000	10	10	0.04%	1 year
	08/10/94	08/10/94	Transfer	4000	10	10	0.03%	1 year
	03/20/95	03/20/95	Cheque	64000	10	10	0.50%	1 year
	03/29/97	03/29/97	Transfer	17000	10	10	0.13%	1 year
	03/31/99	03/31/99	Cheque	24500	10	10	0.19%	1 year
	05/29/99	05/29/99	Cheque	35000	10	10	0.27%	1 year
	03/15/00	03/15/00	Cheque	6000	10	10	0.05%	1 year
	03/30/01	03/30/01	Cheque	18500	10	10	0.14%	@3 years
	03/31/03	03/31/03	Transfer	85000	10	10	0.67%	3 years
	09/25/03	09/25/03	Bonus	132000	10	-	1.03%	3 years
	06/03/04	06/03/04	Cheque	55000	10	20	0.43%	3 years
	<b>Sub Total</b>			<b>451000</b>			<b>3.52%</b>	

@ Out of the total 18500 equity shares allotted on 30.03.2001 , 17,268 shares shall be locked in for 3 years and the balance 1232 shares shall be locked in for 1 year.

**ii. Naresh Jalan**

	05/06/96	05/06/96	Transfer	10000	10	10	0.08%	1 year
	05/30/98	05/30/98	Transfer	7500	10	10	0.06%	1 year
	03/31/99	03/31/99	Cheque	17500	10	10	0.14%	1 year
	03/15/00	03/15/00	Cheque	12500	10	10	0.10%	1 year
	03/31/00	03/31/00	Transfer	25000	10	10	0.20%	1 year
	03/31/00	03/31/00	Transfer	25000	10	10	0.20%	1 year
	03/31/03	03/31/03	Transfer	45000	10	10	0.35%	3 years
	09/25/03	09/25/03	Bonus	71250	10	-	0.56%	3 years
	06/03/04	06/03/04	Cheque	72000	10	20	0.56%	3 years
	<b>Sub Total</b>			<b>285750</b>			<b>2.25%</b>	



### iii. Jalan Forgings (P) Ltd.

Sr. No.	Date of Allotment/ Transfer	Date when made fully paid up	Consideration (Cash, bonus Kind, etc.	No. of Shares	Face Value Rs.	Issue Price Rs.	% of Post Issue paid up Capital	Lock In Period
	03/29/97	03/29/97	Transfer	30000	10	10	0.23%	1 year
	03/16/98	03/16/98	Cheque	77500	10	10	0.61%	1 year
	03/31/98	03/31/98	Cheque	71500	10	10	0.56%	1 year
	05/30/98	05/30/98	Cheque	29000	10	10	0.23%	1 year
	05/29/99	05/29/99	Cheque	135000	10	10	1.06%	1 year
	03/15/00	03/15/00	Cheque	19000	10	10	0.15%	1 year
	03/30/01	03/30/01	Cheque	100000	10	10	0.78%	@3 years
	03/30/02	03/30/02	Cheque	100000	10	10	0.78%	3 years
	04/15/03	04/15/03	Transfer	159500	10	10	1.25%	3 years
	09/25/03	09/25/03	Bonus	360750	10	-	2.82%	3 years
	09/25/03	09/25/03	Cheque	5650	10	20	0.04%	3 years
	06/03/04	06/03/04	Cheque	246250	10	20	1.93%	3 years
	<b>Sub Total</b>			<b>1334150</b>			<b>10.44%</b>	

@ Out of the total 100,000 equity shares allotted on 30.03.2001 , 93,342 shares shall be locked in for 3 years and the balance 6658 shares shall be locked in for 1 year.

### iv. Appcon Finance (P) Ltd

	03/30/02	03/30/02	Cheque	80000	10	10	0.63%	3 years
	09/04/02	09/04/02	Cheque	421000	10	10	3.30%	3 years
	03/31/03	03/31/03	Cheque	10000	10	10	0.08%	#1 year
	09/25/03	09/25/03	Bonus	255500	10	-	2.00%	3 years
	09/25/03	09/25/03	Cheque	142850	10	20	1.11%	3 years
	06/03/04	06/03/04	Cheque	212500	10	20	1.66%	3 years
	<b>Sub Total</b>			<b>1121850</b>			<b>8.78%</b>	

<b>Total (A) (i + ii + iii + iv)</b>	<b>3192750</b>		<b>24.99%</b>	
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@ Out of the total 118500 equity shares allotted on 30.03.2001 to Promoters, 110610 shares shall be locked in for 3 years and the balance 7890 shares shall be locked in for 1 year.

# 10,000 equity shares of Appcon Finance (P) Limited have not been considered for Lock in for three years in the promoters contribution because they were issued to the promoters at Rs.10/ each which is below the issue price of Rs.20 / each within one year of filing of Prospectus with ROC.

**B) The details of the aggregate shareholding of the Promoter Group**

Sr. No.	Date of Allotment/ Transfer	Date when made fully paid up	Consideration (Cash, bonus Kind, etc.	No. of Shares	Face Value Rs.	Issue Price Rs.	% of Post Issue paid up Capital	Lock In Period
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**i. Mahabir Prasad Jalan (HUF)**

	03/31/99	03/31/99	Cheque	26000	10	10	0.20%	1 Year
	03/30/01	03/30/01	Cheque	19000	10	10	0.15%	1 Year
	09/25/03	09/25/03	Bonus	22500	10	-	0.18%	1 Year
	06/03/04	06/03/04	Cheque	52500	10	20	0.41%	1 Year
	<b>Sub Total</b>			<b>120000</b>			<b>0.94%</b>	

**ii. Naresh Jalan (HUF)**

	03/31/99	03/31/99	Cheque	32500	10	10	0.25%	1 Year
	03/30/02	03/30/02	Transfer	50000	10	10	0.39%	1 Year
	04/15/03	04/15/03	Transfer	45000	10	10	0.35%	1 Year
	04/15/03	04/15/03	Transfer	35000	10	10	0.27%	1 Year
	09/25/03	09/25/03	Bonus	81250	10	-	0.64%	1 Year
	06/03/04	06/03/04	Cheque	25000	10	20	0.20%	1 Year
	<b>Sub Total</b>			<b>268750</b>			<b>2.10%</b>	

**iii. Uma Sawalka**

	03/20/95	03/20/95	Cheque	2000	10	10	0.02%	1 Year
	07/30/98	07/30/98	Transfer	7500	10	10	0.06%	1 Year
	03/31/99	03/31/99	Cheque	17500	10	10	0.14%	1 Year
	03/30/01	03/30/01	Cheque	15000	10	10	0.12%	1 Year
	03/31/03	03/31/03	Transfer	6000	10	10	0.05%	1 Year
	03/31/03	03/31/03	Transfer	3000	10	10	0.02%	1 Year
	09/25/03	09/25/03	Bonus	25500	10	-	0.20%	1 Year
	06/03/04	06/03/04	Cheque	72500	10	20	0.57%	1 Year
	<b>Sub Total</b>			<b>149000</b>			<b>1.18%</b>	

**iv. Pawan Kumar Kedia**

	03/30/01	03/30/01	Cheque	3500	10	10	0.03%	1 Year
	09/25/03	09/25/03	Bonus	1750	10	-	0.01%	1 Year
	06/03/04	06/03/04	Cheque	60000	10	20	0.47%	1 Year
	<b>Sub Total</b>			<b>65250</b>			<b>0.51%</b>	

**v. Rama Kedia**

	03/30/01	03/30/01	Cheque	2500	10	10	0.02%	1 Year
	09/25/03	09/25/03	Bonus	1250	10	-	0.01%	1 Year
	06/03/04	06/03/04	Cheque	15000	10	20	0.12%	1 Year
	<b>Sub Total</b>			<b>18750</b>			<b>0.15%</b>	



#### vi. Rashmi Jalan

Sr. No.	Date of Allotment/ Transfer	Date when made fully paid up	Consideration (Cash, bonus Kind, etc.	No. of Shares	Face Value Rs.	Issue Price Rs.	% of Post Issue paid up Capital	Lock In Period
	03/31/99	03/31/99	Cheque	47500	10	10	0.37%	1 Year
	03/30/01	03/30/01	Cheque	8000	10	10	0.06%	1 Year
	03/31/03	03/31/03	Transfer	2000	10	10	0.02%	1 Year
	03/31/03	03/31/03	Transfer	50000	10	10	0.39%	1 Year
	03/31/03	03/31/03	Transfer	100000	10	10	0.78%	1 Year
	09/25/03	09/25/03	Bonus	103750	10	-	0.81%	1 Year
	06/03/04	06/03/04	Cheque	107500	10	20	0.84%	1 Year
	<b>Sub Total</b>			<b>418750</b>			<b>3.27%</b>	

#### vii. Basuki Portfolio Pvt. Ltd

	03/31/03	03/31/03	Cheque	502500	10	10	3.93%	1 Year
	09/25/03	09/25/03	Bonus	251250	10	-	1.97%	1 Year
	09/25/03	09/25/03	Cheque	230550	10	20	1.81%	1 Year
	06/03/04	06/03/04	Cheque	781250	10	20	6.12%	1 Year
	<b>Sub Total</b>			<b>1765550</b>			<b>13.83%</b>	

#### viii. Pawan Kumar Kedia (HUF)

	06/03/04	06/03/04	Cheque	<b>12500</b>	10	20	<b>0.10%</b>	1 Year
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#### ix. Alok Kedia

	06/03/04	06/03/04	Cheque	<b>32500</b>	10	20	<b>0.25%</b>	1 Year
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<b>Total (B) (i+ii+iii+iv+v+vi+vii+viii+ix)</b>				<b>2851050</b>			<b>22.32%</b>	1 Year
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#### C) Brought in by friends relatives and associates of Promoters other than Promoters and Promoter Group as part of the promoters contribution.

Name of Shareholder	Date of Allotment	Date when made fully paid up	Consideration	No. of Shares	Face Value Rs.	Issue Price Rs.	% of Post Issue paid up Capital	Lock In Period
Archana Rajendra Chaudhari	6/3/04	6/3/04	Cheque	2500	10	20	0.02%	1 Year
Aruna Jagdish Chaudhari	6/3/04	6/3/04	Cheque	25000	10	20	0.20%	1 Year
Atindra Steels Co.(P) Ltd.	6/3/04	6/3/04	Cheque	250000	10	20	1.96%	1 Year
Bhagwanda N. Chandak	6/3/04	6/3/04	Cheque	5000	10	20	0.04%	1 Year
Leela Devi B Chandak	6/3/04	6/3/04	Cheque	5000	10	20	0.04%	1 Year
Dipesh Kumar Singhania.	6/3/04	6/3/04	Cheque	2500	10	20	0.02%	1 Year
Jagdish Shivshankar Chaudhari	6/3/04	6/3/04	Cheque	12500	10	20	0.10%	1 Year
Jagdish Chaudhari ( H.U.F)	6/3/04	6/3/04	Cheque	10000	10	20	0.08%	1 Year
Kiran Chandak.	6/3/04	6/3/04	Cheque	5000	10	20	0.04%	1 Year
Mahananda Suppliers (P) Ltd.	6/3/04	6/3/04	Cheque	100000	10	20	0.78%	1 Year

Name of Shareholder	Date of Allotment	Date when made fully paid up	Consideration	No. of Shares	Face Value Rs.	Issue Price Rs.	% of Post Issue paid up Capital	Lock In Period
Mahesh Kumar Bubna.	6/3/04	6/3/04	Cheque	2500	10	20	0.02%	1 Year
Mamta Pravin Singhania	6/3/04	6/3/04	Cheque	15000	10	20	0.12%	1 Year
Mandeera Manish Chaudhari	6/3/04	6/3/04	Cheque	25000	10	20	0.20%	1 Year
Manish Jagdish Chaudhari	6/3/04	6/3/04	Cheque	25000	10	20	0.20%	1 Year
Manjudevi V.Bubna	6/3/04	6/3/04	Cheque	2500	10	20	0.02%	1 Year
Mantra Exports(P) Ltd.	6/3/04	6/3/04	Cheque	100000	10	20	0.78%	1 Year
Pravin Kumar Singhania.	6/3/04	6/3/04	Cheque	2500	10	20	0.02%	1 Year
Puspha Viswanath Chaudhari.	6/3/04	6/3/04	Cheque	2500	10	20	0.02%	1 Year
Rajendra Viswanath Chaudhari.	6/3/04	6/3/04	Cheque	2500	10	20	0.02%	1 Year
Ramniranjan Parshottamlal Sikaria.	6/3/04	6/3/04	Cheque	2500	10	20	0.02%	1 Year
Surendra Chaudhari.	6/3/04	6/3/04	Cheque	3000	10	20	0.02%	1 Year
Viswanath Shiv Shankar Chaudhari.	6/3/04	6/3/04	Cheque	5000	10	20	0.04%	1 Year
<b>Total (C)</b>				<b>605500</b>			<b>4.74%</b>	

<b>Grand Total (A+B+C)</b>	<b>6649300</b>	<b>52.05%</b>
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Ⓐ Out of the 23,50,000 equity shares brought in by the promoters, friends and associates of the promoters, the shares brought in by the Promoters i.e 5,85,750 equity shares shall be locked in for a period of 3 years and the equity shares applied for by others in this category i.e 17,64,250 equity shares shall be locked in for one year.

\* The lock in period shall commence from the date of allotment of shares in the public issue.

\*\* In case the number of shares allotted in the public issue is more than 6125000, shares due to rounding off to the nearest multiple of 100, the number of shares to be locked in for three years shall be increased to make 20% of the post issued capital.

#### D) Shareholding of Directors in Promoters, where promoter is a Company

Details of the holding of Directors in the Promoting Companies

##### Appcon Finance Pvt. Ltd.

Director	No. of Shares	Percentage (%)
Naresh Jalan	57,600	4.83
Pawan Kumar Kedia	44,500	3.73
Mahabir Prasad Jalan	40,000	3.35

##### Jalan Forgings Pvt Ltd

Director	No. of Shares	Percentage (%)
Naresh Jalan	29,100	3.88
Pawan Kumar Kedia	2,61,000	34.80
Mahabir Prasad Jalan	43,000	5.73

E) There are no sales or purchases of the equity shares of the Company by the Directors of the Promoter where promoter is a Company during the period of six months preceding the date on which the draft Prospectus was filed with the Board.

Details of Equity shares purchased or sold by the Promoter Group during the period of six months preceding the date on which the draft Prospectus was filed with the Board

Name of the Shareholder	Date of Allotment	No. Of Equity shares	Price
Basuki Portfolio Pvt Ltd	25.09.2003	230550	20/-



**5. The list of top 10 shareholders of the Company and the number of Equity Shares held by them:**

i) The details of the ten largest shareholders as on 18th March 2004 (the date of filing of the Prospectus with ROC)

Sl. No.	Name of the Shareholder	No of Shares
1	Basuki Portfolio Pvt. Ltd.	17,65,550
2	Jalan Forgings (P) Ltd.	13,34,150
3	Appcon Finance (P) Ltd.	11,21,850
4	Mahabir Prasad Jalan	4,51,000
5	Rashmi Jalan	4,18,750
6	Naresh Jalan	2,85,750
7	Naresh Jalan (HUF)	2,68,750
8	Atindra Steels Co.(P) Ltd.	2,50,000
9	Uma Sawalka	1,49,000
10	Mahabir Prasad Jalan (HUF)	1,20,000

ii) The details of the ten largest shareholders as on 8th March 2004 (being 10 days prior to the date of filing the Prospectus with ROC).

Sl. No.	Name of the Shareholder	No of Shares
1	Basuki Portfolio Pvt. Ltd.	17,65,550
2	Jalan Forgings (P) Ltd.	13,34,150
3	Appcon Finance (P) Ltd.	11,21,850
4	Mahabir Prasad Jalan	4,51,000
5	Rashmi Jalan	4,18,750
6	Naresh Jalan	2,85,750
7	Naresh Jalan (HUF)	2,68,750
8	Atindra Steels Co.(P) Ltd.	2,50,000
9	Uma Sawalka	1,49,000
10	Mahabir Prasad Jalan (HUF)	1,20,000

iii) The details of the ten largest shareholders as on 18th March 2002 (two years prior to the date of filing the Prospectus with ROC).

Sl. No.	Name of the Shareholder	No of Shares
1	Jalan Forgings (P) Ltd	5,62,000
2	Mayur India (P) Ltd	2,30,000
3	Mahabir Prasad Jalan	1,79,000
4	Naresh Jalan	97,500
5	Naresh Jalan (HUF)	82,500
6	Appcon finance(P) Ltd.	80,000
7	Rashmi Jalan	55,500
8	Anmol transportation Pvt Ltd	50,000
9	Bubna Auto Udyog Pvt Ltd	45,000
10	Mahabir Prasad Jalan (HUF)	45,000

**6. The shareholding pattern of the company before and after the Issue will be as follows:**

Category	Pre-Issue		Post-Issue	
	No. of shares @ Rs. 10/- each	% holding	No. of shares @ Rs. 10/- each	% holding
Promoters' Group	6043800	90.90%	6043800	47.31%
Friends Relatives and Associates	605500	9.10%	605500	4.74%
Public	0	0	6125000	47.95%
<b>Total</b>	<b>6649300</b>	<b>100%</b>	<b>12774300</b>	<b>100%</b>

**Note:**

- i. The Company has not raised any bridge loan against the proceeds of this issue.
- ii. Neither the Company, its promoters, its Directors, nor the LM have entered into any buy-back and/or standby arrangements for purchase of Equity Shares of the Company from any person.
- iii. As the process of allocation of rounding off to the nearer multiple of 100 result in the actual allocation being higher than the Equity Shares offered, an over subscription to the extent of 10% of the net offer to the public can be retained while finalising the allotment.
- iv. The promoters' contribution has been brought-in in not less than the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 1,00,000/- from companies.
- v. The company shall not make any further issue of capital in any manner whether by way of issue of bonus shares, preferential allotment, rights issue, or public issue or otherwise during the period commencing from the submission of Prospectus to the Board on behalf of the Company for this public issue, till the securities offered to in the said document have been listed or the application moneys refunded on account of non-listing or under-subscription, etc
- vi. The company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the issue, by way of split/consolidation of the denomination of Equity Shares or further Issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that the company may issue options to its employee pursuant to any employee stock option plan, or if the company goes for acquisitions and joint ventures the might consider raising additional capital to fund such activity or use share as currency for acquisition and/or participation in such joint venture.
- vii. The company has issued 13,06,750 fully paid equity shares as bonus shares on 25.09.2003 out of the cash reserves of the Company. The Company has not issued any Equity Shares out of revaluation reserves.
- viii. At any given point of time, there shall be only one denomination for the Equity Shares of the Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
- ix. The Company has thirty five members as on the date of filing of the Prospectus with the SEBI.
- x. There are no transactions in the securities of the Company during preceding 6 months which were financed directly or indirectly by the promoters, their relations, their group Companies or associates or by the above entities directly or indirectly to other persons.
- xi. The shareholders of the Company do not hold any warrant, option or convertible loan or any debentures, which would entitle them to acquire further shares of the Company.
- xii. Written consent for lock-in has been obtained from the persons whose shares form part of promoters' contribution and form part of lock in.
- xiii. The equity shares to be held by the Promoters, their relatives & associates under the lock-in period shall not be sold / hypothecated / transferred during the lock-in period. However, inter se transfers between the promoters' names as such would be permitted, provided that the requirement of lock-in period guidelines continues to apply, to the extent initially prescribed.
- xiv. An applicant in the net public category cannot make an application for a number of securities, which exceeds the net offer to the Public.



### III. TERMS OF THE PRESENT ISSUE

#### AUTHORITY FOR THE PRESENT ISSUE

The present issue of equity shares is being made pursuant to a special resolution passed by the shareholders under section 81(1A) of the Act at the Annual General meeting held on 17<sup>th</sup> day of November 2003.

#### PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

The Equity shares now being offered are subject to the terms of this Prospectus, the Application Form and Memorandum and Articles of Association of the Company, the guidelines for listing of Securities issued by Government of India and guidelines issued by the Securities and Exchange Board of India (SEBI) from time to time, the Depositories Act, 1996 and the provisions of the Companies Act, 1956.

In addition, the equity shares shall also be subject to such other terms and conditions as may be incorporated in the Letter of Allotment, as per guidelines, notifications and other regulations for the issue of the capital and listing of securities laid down from time to time by the Government of India and / or other authorities and other documents that may be executed in respect of equity shares.

#### TERMS OF PAYMENT

Applications should be made for minimum of 100 Equity shares and thereafter in multiples of 100 shares. The details of amount payable on application are as under:

Category	Towards Equity Share Capital (Rs.)	Towards Premium (Rs.)	Total
<b>Promoters Group</b>			
On Application	10.00	10.00	20.00
<b>Total</b>	<b>10.00</b>	<b>10.00</b>	<b>20.00</b>
<b>Public</b>			
On Application	10.00	10.00	20.00
<b>Total</b>	<b>10.00</b>	<b>10.00</b>	<b>20.00</b>

Where an applicant is allotted lesser number of Equity Shares than he / she has applied for, the excess amount paid on application shall be refunded to the applicant.

No interest would be payable on application money pending allotment up to 30 days from the date of closure of the issue.

An applicant in the public category can make application for that number of shares, which are offered, to the public for subscription. If an application is rejected in full the whole of the application money will be refunded to the applicant.

#### INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS/ REFUND ORDERS

The Company agrees that as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of public issue. The company further agrees that it shall pay interest @15% per annum if the allotment letters / refund orders have not been dispatched to the applicants within 30 days from the date of the closure of the issue. .

#### ARRANGEMENT FOR DISPOSAL OF ODD LOTS

The Company's shares will be traded in dematerialised form only and the marketable lot is 1 share. Therefore there is no possibility of odd lots.

#### RANKING OF EQUITY SHARES

The Equity Shares to be issued shall, subject to the provisions of the Memorandum and Articles of the Company rank pari passu with the existing Equity Shares of the Company including rights in respect of dividends.

#### RIGHTS OF THE EQUITY SHAREHOLDER

Subject to applicable laws, the equity shareholders shall have the following rights:

- i. Right to receive dividend, if declared;
- ii. Right to attend general meetings and exercise voting powers, unless prohibited by law;

- iii. Right to vote on a poll either in person or by proxy;
- iv. Right to receive offers for right shares and be allotted bonus shares, if announced; right to receive surplus on liquidation;
- v. The right of free transferability; and
- vi. Right to receive surplus on liquidation; and
- vii. Such other right as may be available to the shareholder of a listed Public Company under the Companies Act and Memorandum and Articles of Association of the Company.

**MARKETABLE LOT**

The Company shall allot Equity Shares in dematerialised form only. The trading in the Equity Shares of the Company shall only be in dematerialised form for all investors, where the market lot is one (1) equity share.

**PROCEDURE FOR APPLICATION AND MODE OF PAYMENT**

**Availability of Prospectus and Application Forms**

Application forms together with Memorandum containing salient features of the Prospectus may be obtained from the Registered Office of the Company, Lead Managers to the Issue, Registrar to the Issue and Bankers to the issue named herein or from their branches as stated on the reverse of the application form. Any individual desiring to have a full copy of the Prospectus may write to the Lead Manager or to the Registered Office of the Company.

**Application may be made by:**

- i. Indian Nationals resident of India who are Adult Individuals in single name or joint names (not more than three)
- ii. Hindu Undivided Families through the Karta of the Hindu Undivided Family
- iii. Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the Shares
- iv. Indian Mutual Funds registered with SEBI
- v. Indian Financial Institutions & Banks
- vi. Trusts who are registered under the Societies Regulation Act, 1860 or any other trust law and are authorised under its constitution to hold and invest in shares
- vii. Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India
- viii. Permanent and Regular employees of the Company
- ix. Non-Resident Indians (NRIs), and Foreign Institutional Investors (FIIs) subject to the applicable RBI Guidelines and Approvals, if any.

**Applications not to be made by**

- i. Minors
- ii. Overseas Corporate Bodies (OCBs), Non Residents, Foreign Nationals
- iii. Partnership firms or their nominees

**A. GENERAL INSTRUCTIONS**

- i. Applications must be made in the prescribed application form and completed in Full in BLOCK LETTERS in English as per the instructions contained herein and in the application form and are liable to be rejected if not so made.
- ii. The application for securities should be for a minimum of 100 Equity shares and in multiples of 100 shares thereof. An applicant can make an application only for a maximum of securities that are offered to the public.
- iii. Thumb impressions and signatures other than in English/ Hindi or any other language specified in the 8th Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.



- iv. Bank Account Details of Applicant:** The name of the applicant's Bank, type of account and account number must be filled in the Application Form. This is required for the applicants' own safety and these details will be printed on the refund orders, if any. Applications without these details would be treated as incomplete and are liable to be rejected.
- v. Applications under Power of Attorney:** In case of applications under Power of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of trusts, Provident Funds, Superannuation Funds, Gratuity Funds a certified copy of the Power of Attorney or the relevant authority, as the case may be, must be lodged separately at the office of the Registrar to the Issue simultaneously with the submission of the application form, indicating the serial number of the application form and the name of the Bank and the branch office where the application is submitted.
- vi. PAN/ GIR Number:** Where an application is for a total value of Rs. 50,000 or more, the applicant or in case of application in joint names, each of the applicants should mention his/ her/ their Permanent Account number (PAN) allotted under Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle/ Ward/ District should be mentioned. In case where neither the PAN nor the GIR Number has been allotted, or the applicant is not assessed to Income Tax, the appropriate box provided for the purpose in the application form must be ticked. Applications without this will be considered incomplete and are liable to be rejected.
- vii. Joint Applications in the case of individuals:** Applications can be in single or joint names (not more than three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application form at the address mentioned therein.
- viii. Section 269 SS Of Income Tax, 1961** In respect of all the above categories eligible to apply to this issue, having regard to the provisions of Sec 269 SS of the Income Tax Act, 1961, the subscriptions against these applications should not be effected in cash and must be effected by an Account Payee Cheques/Draft, if the amount payable is Rs. 20,000 or more. In case the payment is effected in contravention of this provision, the applications are liable to be rejected.
- ix.** Applications may be made by Hindu Undivided Families (HUF) through the Karta of the (HUF) and will be treated at par with individual applications.
- x. Multiple Applications:** An applicant should submit only one application form (and not more than one) for the total number of equity shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/ or first applicant is one and the same. In case of application by Mutual Funds, a separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made. Separate applications for electronic and physical equity shares by the same applicant shall be considered as multiple applications. The Company reserves the right to accept or reject, in its absolute discretion, any or all-multiple applications.
- xi. Multiple Applications By Mutual Funds** A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such application will not be treated as multiple application provided that the applications made by the AMCs / Trustees / the custodians clearly indicate the intention as to each scheme for which application has been made.
- xii. Applications by NRI's/FII's:** There is no reservation and separate application form for NRIs/FIIs. NRIs/FIIs willing to invest in this issue should follow the relevant RBI Guidelines in this regard.
- a) The NRI applicants can obtain application forms from the following places:

**KARVY INVESTOR SERVICES LIMITED,**

<b>Mr. P.S. Shashtry</b> <b>Merchant Banking Division</b> "Karvy House" 46, Avenue 4, Street No:1, Banjara Hills, Hyderabad - 500 034.	<b>Mr Frances Fernanades</b> 16-22, Bake House Maharashtra Chamber of Commerce Lane, Opp. MSC Bank Fort, Mumbai - 400 023.	<b>Mr D Sarath</b> G-1, Swathi Court, 22, Vijayaraghava Road, T Nagar, Chennai - 600 017.
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<b>Mr P B Ramapriyan</b> T K N Complex, No. 51/2, Vanivilas RoadOpp: National College, BasavanagudiBangalore - 560 004	<b>Mr Alok Chaturvedi</b> 49, Jatin Das Road Kolkata - 700 029	<b>Mr Sakul Puri</b> 105-108, Arunachal Building19, Barakhamba RoadConnaught Place New Delhi - 110 001
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b) " NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians. "

**xiii.** A separate single cheque/draft must accompany each application form.

**Note:**

- i. Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for equity shares.
- ii. For further instructions, please read the Application Form carefully.

**B. PAYMENT INSTRUCTIONS**

- i. Payment may be made by way of cash or cheque/ demand draft/ (money/ postal orders will not be accepted) drawn on any Bank, including a co-operative Bank which is situated at and is a member or sub-member of the Banker's clearing-house located at the place where the application form is submitted, i.e. at designated collection centres.
- ii. Outstation cheques/demand drafts drawn on Banks not participating in the clearing process will not be accepted.
- iii. All cheques/ demand drafts accompanying the Application Form must be made payable to the bankers to the issue and marked "A/c RAMKRISHNA FORGINGS LIMITED – Public Issue" and crossed "A/C payee only". For e.g. "**HDFC Bank – A/c RAMKRISHNA FORGINGS LIMITED – Public Issue**"
- iv. The applications shall be made only by way of cash/ cheque/ demand draft. However, if the amount payable on application is Rs. 20,000 or more, such payment must be effected only by way of an account payee cheque or Bank draft in terms of section 269SS of the Income-Tax Act, 1961. Otherwise the applications may be rejected and application money shall be refunded without any interest.

**FOR FURTHER INSTRUCTIONS REGARDING APPLICATIONS FOR THE EQUITY SHARES, INVESTORS ARE REQUESTED TO READ THE APPLICATION FORM CAREFULLY.**

**SUBMISSION OF COMPLETED APPLICATION FORMS**

All applications duly completed and accompanied by cash/ cheques/ demand drafts shall be submitted at the branches of the Bankers to the issue (listed in the Application Form) before the closure of the Issue. **Applications should NOT be sent to the Office of the Company or any of the Lead Managers to the Issue.**

No separate receipts will be issued for the application money. However, the Bankers to the issue or their approved collecting branches receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form.

Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the issue at their designated branches or on receipt by the Registrars as detailed above and not otherwise.

**BASIS OF ALLOTMENT**

Allotment will be made in consultation with the National Stock Exchange of India Limited (Designated Stock Exchange)

**Basis of allotment**

In the event of public issue of equity shares being over-subscribed, the executive Director/managing director of the National Stock Exchange of India Limited (The Designated Stock Exchange) along with the post issue Lead Manager, Board of Directors and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalised in a fair and proper manner with the following guidelines:

- i. Applications will be categorised according to the number of shares applied for.



- ii. The total number of Shares to be allotted to each category a whole shall be arrived at on a proportionate basis, i.e., the total number of the shares applied for in that category (number of applicants in the category multiplied by number of Shares applied for) multiplied by the inverse of the over subscription ratio.
- iii. Number of Shares to be allotted to the successful allottees will be arrived at on a proportionate basis, (i.e., total number of shares applied for by each applicant in that category the inverse of the over subscription ratio.)
- iv. In all the applications where the proportionate allotment works out to less than 100 shares per applicant, the allotment shall be made as follows:
- v. Each successful applicant shall be allotted a minimum of 100 shares

The successful applicants out of the total applicants for that category shall be determined by draw of lots in such a manner that the total number of shares allotted in that category is equal to the number of shares worked out as per (ii) above.

If the proportionate allotment to an applicant works out to a number that is more than 100 but is not a multiple of 100, the number in excess of the multiple of 100 would be rounded off to the higher multiple of 100 if that number is 50 or higher. If that number is lower than 50, it would be rounded off to the lower multiple of 100. All applicants in such categories would be allotted shares arrived at after such rounding off.

1. If the shares allocated on a proportionate basis to any category are more than the shares allotted to the applicants in that category, the balance available shares for allotment shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of shares.
2. If the process of rounding off the number of shares to allottees to the nearest multiple of 100, results in actual allotment being higher than the shares offered, the Company may allot additional equity share upto a maximum of 10 % of the size of the net public offer. The requisite resolution has been passed by the Company in this regard.
3. The above allotment is further subject to the following guidelines in the case of over subscription:
  - a) A minimum 50% of the net offer of securities to the public shall initially be made available for allotment to retail individual investors, as the case may be.
  - b) The balance net offer of securities to the public shall be made available for allotment to:
    - i. Individual applicants other than retail individual investors, and;
    - ii. other investors including Corporate bodies/ institutions irrespective of the number of shares, debentures, etc. applied for.
  - c) The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall / may be made available for allotment to applicants in the other category, if so required.

The term 'Retail Individual Investor' means an investor who applies for securities of or for value of not more than Rs. 50,000/-.

The drawl of lots (where required) to finalise the basis of allotment, shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

Investors may note that in case of over-subscription allotment shall be on proportionate basis and will be finalised by the Executive Director/Managing Director of the National Stock Exchange of India Limited (Designated Stock Exchange) along with the post issue Lead Manger and the Registrars to the issue as per the guidelines issued by the SEBI. RMB (Compendium) series circularNo.2 (1999-2000) on 16-02-2000.

#### **ACCESS TO THE FUNDS:**

Subscription received against this issue would be kept in a separate bank account and the Company will not have access to these funds so collected until it has received approval for allotment from the National Stock Exchange of India Limited (Designated Stock Exchange) and listing and trading permission is received from all the exchanges where listing is proposed in terms of this Prospectus.

### **DEPOSITORY OPTION TO INVESTORS**

#### **AS PER SEBI GUIDELINES TRADING IN SECURITIES OF COMPANIES MAKING A PUBLIC OFFER SHALL BE IN DEMATERIALIZED FORM ONLY ALTHOUGH INVESTORS HAVE AN OPTION TO HOLD THE SHARES IN PHYSICAL FORM OR DEMAT FORM.**

The Company shall issue the securities only in dematerialised form as per Section 68 B of Companies Act, 1956. Details of Depositories Account is **mandatory** and applications without Depository account would be treated as incomplete and rejected. Investors will not have the option of getting the allotment of physical shares. However, they may get the shares rematerialised subsequent to allotment.

The company has been allotted ISIN. The ISIN of the Company is **INE399G01015**

Tripartite agreements have been signed between Ramkrishna Forgings Limited, Karvy Consultants Limited and National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on 10<sup>th</sup> March 2004.

1. Such an option if exercised should be indicated in the relevant blocks in the share application form itself.
2. Investors who wish to apply equity shares in electronic form need to have at least one Beneficiary Account with a Depository Participant prior to the allotment.
3. The applicants name in the Depository Instruction Section in the Application Form should be the same as appearing in his or its Beneficiary Account. In case of joint applicants, in addition to the name, the sequence of the names in the Application Form and the Beneficiary Account should be the same.
4. Allotment Advice/Refund Orders will be directly sent to the investors by the Registrars to the issue.
5. If incomplete / incorrect investor account details are given in the application form; it may result in rejection of application form.
6. Responsibility for correctness of applicant's demographic details given in the share application form vis-à-vis, those with his/her Depository Participant, would rest with the investor.
7. Shares in electronic form can be traded on Stock Exchange having electronic connectivity with the NSDL & CDSL.

### **ACCEPTANCE OF APPLICATIONS**

The Company reserves the right to accept or reject, any application, in whole or in part, without assigning any reason thereof. If the application is rejected in full, the whole of the application money received will be refunded by Registered Post to the applicant. If the application is accepted in part, the excess application money after adjusting for the amount payable on allotment will be refunded to the applicant. Such refund, if any, will carry interest @ 15% p.a. after 30 days from the closure of the Issue for the period of delay beyond 30 days.

### **DESPATCH OF REFUND ORDERS**

The company shall ensure dispatch of refund orders of value over Rs.1500/- and share/debentures by Registered Post only and adequate funds for the purpose shall be made available to the Registrar by the issuer company.

### **SCOPE OF ACTIVITIES OF THE REGISTRAR TO THE ISSUE**

The Registrar to the Issue shall also be the Share Transfer Agent and would also be responsible for all the post issue activities pertaining to this issue.

### **UNDERTAKING BY THE ISSUER COMPANY:**

The company hereby undertakes:

- i. That the complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily;
- ii. That the company shall take all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed within 7 working days of finalisation of basis of allotment;
- iii. That the funds required for dispatch of refund orders/allotment letters/ certificates by registered post shall be made available to the Registrar to the Issue by the issuer company;



- iv. That the promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public;
- v. That the certificates of the securities/refund orders to the non-resident Indians shall be dispatched within specified time;
- vi. That no further issue of Equity Shares shall be made till the securities offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.

#### **UTILISATION OF ISSUE PROCEEDS**

The Board of Directors of the Company certifies that:

- i. All monies received out of the Fresh Issue shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act, 1956;
- ii. The Company will not appropriate the funds unless approval of the National Stock Exchange of India Limited is obtained for allotment and listing.
- iii. Details of all monies utilised out of the Fresh issue referred above shall be disclosed under an appropriate separate head in the balance-sheet of the company indicating the purpose for which such monies had been utilised;
- iv. Details of all unutilised monies out of Fresh Issue if any, shall be disclosed under an appropriate separate head in the balance sheet of the company indicating the form in which such unutilised monies have been invested;

#### **DECLARATION:**

The Board of Directors of the Company declares that:

- i. The utilisation of monies received under promoters' contribution shall be disclosed under an appropriate head in the balance sheet of the company indicating the purpose for which monies have been utilized.
- ii. The details of all unutilised monies out of the funds received under promoters' contribution shall be disclosed under a separate head in the balance sheet of the company indicating the form in which such unutilised monies have been invested.

#### **BENEFITS AVAILABLE UNDER THE INCOME TAX ACT AND OTHER LAWS TO THE COMPANY AND ITS SHAREHOLDERS, (INDIAN RESIDENTS, NRIs, FIIs, etc.):**

The Company has been advised by M/S N.K. Tekriwal & Associates, auditors of the company vide their letter dated 5<sup>th</sup> December 2003, that under the current tax laws, the following tax benefits inter-alia will be available to the Company and shareholders of the Company. A shareholder is advised to consider on his own case the tax implications of an investment in the shares.

#### **A. To the Members of the Company - Under the Income Tax Act, 1961**

##### **A.1 Resident Members**

- In terms of section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in *section 115-O* (i.e. dividends declared, distributed or paid on or after 1 April (2003) received on the shares of the company is exempted from the tax.
- In terms of section 10(36) of the Act, any long term capital gain arising to the shareholder from the transfer of a long term capital asset being an eligible equity share in a company purchased on or after the 1st day of March 2003 and before 1st day of March 2004 and held for a period of 12 months or more would not be liable to tax in the hands of the shareholder.

For this purpose "eligible equity share" means-

- (a) An equity share in a company being a constituent of BSE - 500 Index of the Stock Exchange, Mumbai as on 1st day of March 2003 and the transaction of purchase and sale of such equity share are entered into on a recognised stock exchange in India; or
- (b) An equity share in a company allotted through a public issue on or after 1st day of March 2003 and listed in a recognized stock exchange in India before 1st day of March 2004 and the transaction of sale of such share is entered into on a recognised stock exchange in India.

In our opinion, the equity shares under this Prospectus constitutes eligible shares and the benefit, as stated above, would be available provided the above conditions are complied with.

- In terms of section 10(23D) of the Income Tax Act, 1961 all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income tax on all their income, including income from investment in the shares of the company.
- Under section 48 of the Income Tax Act, 1961 if the company's shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(36) of the Act) if any will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
- Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(36) of the Act) arising on the transfer of shares of the company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by
  - ❑ National Bank for Agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;
  - ❑ National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
  - ❑ Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
  - ❑ National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
  - ❑ Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;
- Under section 54ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(36) of the Act) on the transfer of shares of the company, as and when it is listed, will be exempt from capital gains tax if the capital gains are invested in shares of an Indian company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely –
  - a) The issue is made by a public company formed and registered in India;
  - b) The shares forming part of the issue are offered for subscription to the public;
- Under section 54F of the Income Tax Act, 1961 long term capital gains (in cases not covered under section 10(36) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- Under section 112 of the Income Tax Act, 1961 and other relevant provisions of the Act, long term capital gains, (i.e., if shares are held for a period exceeding 12 months) (in cases not covered under section 10(36) of the Act), arising on transfer of shares in the company, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax should however, be limited to 10% (plus applicable surcharge) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

#### **A.2 Non-Resident Indians/ Non-Residents Members [Other than FIIs and Foreign venture capital investors]**

- Under section 115-I of the Act, a non-resident Indian (i.e. an individual being a citizen of India or person of Indian origin who is not a 'resident') has an option to be governed by the provisions of Chapter XII-A of the Income Tax Act, 1961 viz. "Special Provisions Relating To Certain Incomes of Non-Residents" which are as follows: -



- ❑ Under section 115E of the Income Tax Act, 1961, where shares in the company are acquired or subscribed for in convertible Foreign Exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months shall (in cases not covered under section 10(36) of the Act) be concessionaly taxed at the flat rate of 10% (Plus applicable Surcharge) (without indexation benefit but with protection against foreign exchange fluctuation).
- ❑ Under provisions of section 115F of the Income Tax Act, 1961 long term capital gains (in cases not covered under section 10(36) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
- ❑ Under provisions of section 115G of the Income Tax Act, 1961 it shall not be necessary for a Non-Resident Indian to furnish his return of income if his income-chargeable under the Act, consists of only investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.
- In terms of section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
- In terms of section 10(36) of the Act, any long term capital gain arising to the shareholder from the transfer of a long term capital asset being an eligible equity share in a company purchased on or after the 1st day of March 2003 and before 1st day of March 2004 and held for a period of 12 months or more would not be liable to tax in the hands of the shareholder.

For this purpose "eligible equity share" means-

- a) An equity share in a company being a constituent of BSE – 500 Index of the Stock Exchange, Mumbai as on 1st day of March 2003 and the transaction of purchase and sale of such equity share are entered into on a recognised stock exchange in India; or
- b) An equity share in a company allotted through a public issue on or after 1st day of March 2003 and listed in a recognized stock exchange in India before 1st day of March 2004 and the transaction of sale of such share is entered into on a recognised stock exchange in India.

In our opinion, the equity shares under this Prospectus constitutes eligible shares and the benefit, as stated above, would be available provided the above conditions are complied with.

- Under the first proviso to section 48 of the Income Tax Act, 1961, in case of a non-resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilised in the purchase of the shares.
- Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(36) of the Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by
  - ❑ National Bank for Agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;
  - ❑ National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

- Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
- National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
- Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;
- Under section 54ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(36) of the Act) on the transfer of shares of the company, as and when it is listed, will be exempt from capital gains tax if the capital gain are invested in shares of an Indian company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely –
  - a) The issue is made by a public company formed and registered in India;
  - b) The shares forming part of the issue are offered for subscription to the public;
- Under section 54F of the Income Tax Act, 1961 long term capital gains (in cases not covered under section 10(36) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- Under section 112 of the Income Tax Act, 1961 and other relevant provisions of the Act, long term capital gains (i.e. if shares are held for a period exceeding 12 months) (in cases not covered under section 10(36) of the Act), arising on transfer of shares in the company, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax should however, be limited to 10% (plus applicable surcharge) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

### **A.3 Foreign Institutional Investors (FIIs)**

- In terms of section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
- In terms of section 10(36) of the Act, any long term capital gain arising to the shareholder from the transfer of a long term capital asset being an eligible equity share in a company purchased on or after the 1st day of March 2003 and before 1st day of March 2004 and held for a period of 12 months or more would not be liable to tax in the hands of the shareholder.

For this purpose "eligible equity share means-

- a) An equity share in a company being a constituent of BSE – 500 Index of the Stock Exchange, Mumbai as on 1st day of March 2003 and the transaction of purchase and sale of such equity share are entered into on a recognised stock exchange in India; or
- b) An equity share in a company allotted through a public issue on or after 1st day of March 2003 and listed in a recognised stock exchange in India before 1st day of March 2004 and the transaction of sale of such share is entered into on a recognised stock exchange in India.

In our opinion, the equity shares under this Prospectus constitutes eligible shares and the benefit, as stated above, would be available provided the above conditions are complied with.

- The income by way of short term capital gains or long term capital gains (not covered under section 10(36) of the Act) realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Income Tax Act, 1961.
  - Short term capital gains – 30% (Plus applicable surcharge)
  - Long term capital gains – 10% Plus applicable surcharge(Without cost indexation and protection against foreign exchange fluctuation)(Shares held in a company would be considered as a long-term capital asset provided they are held for a period exceeding 12 months.)



- Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(36) of the Act) arising on the transfer of shares of the company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by: -
  - ❑ National Bank for Agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;
  - ❑ National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
  - ❑ Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
  - ❑ National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
  - ❑ Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989.
- Under section 54ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(36) of the Act) on the transfer of shares of the company, as and when it is listed, will be exempt from capital gains tax if the capital gain are invested in shares of an Indian company forming part of a eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely –
  - a. The issue is made by a public company formed and registered in India;
  - b. The shares forming part of the issue are offered for subscription to the public;

#### **A.4 Venture Capital Companies/ Funds**

- In terms of section 10(23FB) of the Income Tax Act, 1961 all Venture capital companies/ funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the company.

#### **B Benefits to Members of the Company under the Wealth Tax Act, 1957**

- Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957; hence Wealth Tax Act will not be applicable.

#### **C. Benefits to Members of the company under the Gift Tax Act, 1958**

- Gift of shares of the company made on or after October 1,1998 would not be liable to Gift tax.

#### **Notes:**

- i. All the above benefits are as per the current tax law as amended by the Finance Act, 2003.
- ii. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
- iii. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
- iv. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

#### **IV. PARTICULARS OF THE ISSUE**

##### **OBJECTS OF THE ISSUE**

The objects of the present Issue of equity Shares are:

- i. To expand the company's installed forging capacity from existing 5,550 Metric tonnes per annum to 12,150 Metric Tonnes per annum.
- ii. To Set up and Install a new CNC machining unit for manufacturing finished auto components.
- iii. To meet the expenses of the issue.
- iv. To list the Equity Shares on The National Stock Exchange of India Limited and The Stock Exchange, Mumbai.

The main objects clause and objects incidental or ancillary to the main objects clause of the Memorandum of Association of the Company enables the Company to undertake the existing activities and the activities for which the funds are being raised through the present issue. We, further confirm, that the activities of the company carried out until now is in accordance with the object of the Memorandum of Association of the company.

##### **MAIN OBJECTS OF THE COMPANY:**

- i. To carry on the business of manufacturer, buyer, seller, importer, exporter, and dealer, In-debtors, shippers, fabricators, processors, producers, and agents in Railway carriage and wagon components, Hoists, coaches, fittings, and diesel locomotive spares of all kinds.
- ii. To carry on the business of contractors, executors, fabricators, moulders, forgers and engineers of all types including mechanical, electrical, civil, metallurgical, structural, to undertake role of planning, designing, consultancy, erection, construction, installations, commissioning, alteration, renovation, repairs maintenance, and control of all kinds of plants works equipments, machinery established or required for the purposes of manufacturing, processing, producing, manipulating any material including steel of all kinds, ferrous, non-ferrous metals, rubber, electrical goods, agriculture implements and other allied products of all types.
- iii. To carry on the business of consultants and acquire from any person, firms or body corporate, import, export or otherwise deal with all types of technical information, know-how processes, engineering, manufacturing and operating plans, layouts and blue prints use-full for the design, erection and operation of plant required for any of the purpose mentioned above and to acquire grant of license and other rights and benefits in the forging matters and things.

##### **UNDERTAKING BY THE ISSUER COMPANY**

The Company hereby confirms that firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through proposed Public Issue, have been made.



#### IV. I. COST OF THE PROJECT AND MEANS OF FINANCING

The total cost of the project is Rs.2,629.26 Lacs. Canara Bank, Bistupur Branch, Jamshedpur (Bankers to the Company) has appraised an amount of Rs.1,513.14 Lacs (Phase I) of the project. The capital expenditure in Phase II (Rs.1,116.12 Lacs) which includes public issue expenses has been estimated by the management of the Company.

Canara Bank has vide its letter no 263 CR 153 2003 AAK dated 28.03.2003 has sanctioned an amount of Rs.925 Lacs as term loan."

(Rs in Lacs)

Sl. No.	Particulars	Amount
	<b>Funding Requirement</b>	
1.	Expansion of the Forging Capacity	394.30
2.	Installation of New Machining Unit	2159.96
3.	Estimated Issue and Listing Expenses	75.00
	<b>TOTAL</b>	<b>2629.26</b>
	<b>Means of Financing</b>	
1.	Term Loan from Canara Bank	925.00
2.	Equity Shares reserved to promoters	470.00
3.	Internal Generation	9.26
4.	Proceeds from the Public Issue	1225.00
	<b>TOTAL</b>	<b>2629.26</b>

The utilisation of the Issue proceeds will be as follows:

(Rs in Lacs)

<b>Issue Proceeds utilized:</b>		
Towards the cost of the Project		1620.00
Towards Issue and listing expenses		75.00
<b>TOTAL</b>		<b>1695.00</b>

Detailed Utilisation of Issue proceeds towards the project cost will be as follows:

(Rs in Lacs)

Particulars	Issue Proceeds	Term Loan	Internal Accruals	Total
<b>Expansion of the Existing Unit</b>	153.30	241.00	-	<b>394.30</b>
<b>CNC Machining Project</b>				
- Phase I	434.87	684.00	-	<b>1118.87</b>
- Phase II	1031.85	-	9.26	<b>1041.11</b>
<b>Total</b>	<b>1620.00</b>	<b>925.00</b>	<b>9.26</b>	<b>2554.26</b>

**BREAK UP OF PROJECT COST**

(Rs in Lacs)

Particulars	Existing Unit	New Unit	Total
Land & Site Development	0.00	31.29	31.29
Shed & Building	7.92	218.24	226.16
Plant & Machinery -Imported	0.00	516.59	516.59
Plant & Machinery -Indigenous	259.93	905.63	1165.56
Miscellaneous Fixed Assets	17.00	129.00	146.00
Pre-operative Expenses	27.45	78.93	106.38
Contingencies	14.07	95.61	109.68
<b>Total Fixed Cost</b>	<b>326.37</b>	<b>1975.29</b>	<b>2301.66</b>
Margin for Working Capital	67.93	184.67	252.60
<b>TOTAL</b>	<b>394.30</b>	<b>2159.96</b>	<b>2554.26</b>
Estimated Issue and Listing Expenses			<b>75.00</b>
			<b>2629.26</b>

#### IV. II. DETAILS OF THE VARIOUS PROJECTS

##### 1. Expansion Of Its Installed Forging Capacity

In the First phase the company will install two double acting ram type drop hammers of 6 ton and 3 ton capacity to further increase the production capacity from existing 5550 Metric Tonnes to 12150 Metric Tonnes. The unit will also install presses and furnaces to support these new hammers. The unit will also replace 3 existing furnaces in order to improve productivity and reduce consumption of Furnace Oil. The installation of these additional equipments will be made at the existing plant of the company at Phase VI, Adityapur Industrial Area.

##### Details of the existing and enhanced capacity

##### Annual Capacity Calculation on 3 Shift bases:

<b>Forging Capacity:</b>	<b>MT</b>
Existing capacity	5,550
Addition in Capacity (Existing Unit)	6,600
<b>Total Capacity after expansion</b>	<b>12,150</b>

##### Product wise Details of the additional Forging Capacity utilisation:

<b>Product to be produced</b>	<b>Quantity</b>	<b>Unit Output Weight</b>	<b>Total Output Weight</b>
	<b>In Nos.</b>	<b>(In Kgs.)</b>	<b>(In MT)</b>
<b>For Indian Market</b>			
a) Draw Hook	10,000	30.00	300.00
b) H. T. Couplers –Sets	10,000	65.00	650.00
c) Forged Components –Unmachined	1200 MT	1.00	1200.00
d) Crown Wheel	24,000	30.00	720.00
e) Bearing Shell	4,200	53.00	222.60
f) Bearing Shell	3,000	43.00	129.00
g) Front Hub	3,000	40.00	120.00
h) Hub for 1312	6,000	26.00	156.00
i) Hub for 1516	6,000	34.00	204.00
			<b>3,701.60</b>
<b>For Foreign Market</b>			
a) Auto Components	1200 MT	1.00	1200.00
b) Valve Bonnets	240 MT	1.00	240.00
c) Machined Forgings	180 MT	1.00	180.00
d) Machined Forgings	240 MT	1.00	240.00
e) Ball Sleeves	600 MT	1.00	600.00
f) Valve Bodies	480 MT	1.00	480.00
			<b>2,940.00</b>
<b>Total Additional Capacity</b>			<b>6,641.60</b>

##### Details of collaboration

The company has not entered into any collaboration or any marketing arrangements with any of the machine suppliers. With its experience in the forging industry for over three decades, the management is confident that the machines would give desired results.



## Need For Expansion

Forging is the process by which physical and mechanical strength of the material increases tremendously. Today's Automobile market is driven by outlook and speed of the Vehicles. The greatest challenge for Automobile industry and Railways is to access the improved technology to overcome the safety problems. This in turn has boosted the demand for high quality forging components in the Country.

The company is approved by Railway Designs and Standards Organisation for the supply of high quality forged components to Indian Railways. It is also supplying forged components to Automobile manufacturer, Collieries and Heavy Engineering Industry. Other customers include Hindustan Motors, Tata Motors, Central Coalfields Ltd., Tisco etc. The company got ISO 9002 Certification in the year 1999 and has also received QS 9000 certification. This will help the Company to penetrate in overseas market in a big way.

At present the unit can make forgings up to 50 lbs only. After installation of 6-ton hammer, it can produce forgings up to 300 lbs. This will help the company to procure orders for new components. The unit has an agreement with TISCO Limited, for the iso-annealing of Crown Wheels on Job Work basis. After the proposed expansion, the company can start manufacturing of Crown Wheel on its own.

Automobile industry is the biggest consumer of forging components. After installation of additional production facilities, the company can procure good order from Automobile and Tractor Manufacturers. Presently it is supplying components to TATA MOTORS, Hindustan Motors Limited and a few other auto ancillary units. The company is confident to get big orders from TAFE, Mahindra & Mahindra and other big players after completion of the proposed expansion.

### 1.1 COST BREAK UP

(Rs in Lacs)

Particulars	Amount
a) Shed & Building	7.92
b) Plant & Machinery –Indigenous	259.93
c) Miscellaneous Fixed Assets	17.00
d) Pre-operative Expenses	27.45
e) Contingencies	14.07
<b>Total Fixed Cost</b>	<b>326.37</b>
Margin for Working Capital	67.93
<b>TOTAL</b>	<b>394.30</b>

#### a) Shed and Building

(Rs in Lacs)

SI No	Particulars	Floor Space (in Sq. Ft.)	Rate/Sq.Ft. (Rs.)	Amount
1	Forge Shop Shed complete with flooring [40' x 66' x 18'(height)]	2640	300	7.92
	<b>Total</b>			<b>7.92</b>

#### b) Plant & Machinery – Indigenous for Existing Unit

(Rs in Lacs)

Particulars and name of supplier	Qty	Amt	Date of order	Date of supply
<b>Forging Shop</b>				
1 Forging Hammer -MPM 16000B [UT Limited]	1	94.45	Installed	
2 Forging Hammer –MPM 6300B [750 Kg. Per hour] [UT Limited]	1	35.95	Installed	

(Rs in Lacs)

	<b>Particulars and name of supplier</b>	<b>Qty</b>	<b>Amt</b>	<b>Date of order</b>	<b>Date of supply</b>
3	Pneumatic Hammer –750 Kgs [UT Limited. ]	1	11.96		17.03.03
4	Trimming Press -500 Ton [Rattan Heavy Engineers]	1	19.24	Installed	
5	Trimming Press -400 Ton [Basant Mechanical Works]	1	18.10	7.10.03	Not yet recd
6	Trimming Press -250 Ton [Basant Mechanical Works ]	1	7.84	22.12.03	Not yet recd
7	Continuous Pusher Type Furnace -1500Kgs [ENCON]	1	9.97	Installed	
8	Continuous Pusher Type Furnace -750Kgs [ENCON]	2	16.86	Installed	
9	Continuous Rotary Type Furnace –500Kgs[ENCON]	1	9.69	Installed	
10	Continuous Rotary Type Furnace -500Kgs [Pyromaster]	1	8.12	Installed	
11	Induction Heating Furnace 200KW [GH Induction India Pvt. Ltd.]	1	27.75	Received	
<b>TOTAL</b>			<b>259.93</b>		

**c) Miscellaneous Fixed Assets**

(Rs. in Lacs)

<b>Particulars</b>	<b>Amount</b>
Dies & Tools for New Items	10.00
Electric Installation	7.00
<b>Total</b>	<b>17.00</b>

**d) Pre -Operative Expenses**

(Rs. in Lacs)

<b>Particulars</b>	<b>Amount</b>
Fees for project consultancy	0.40
Loan Processing Fees	2.00
Security Deposit for Electric Connection	20.00
Interest on Term Loan during Project Implementation	5.05
<b>Total</b>	<b>27.45</b>

**e) Contingencies**

(Rs. in Lacs)

<b>Particulars</b>	<b>Firm Cost</b>	<b>Non-Firm Cost</b>	<b>% of escalation</b>	<b>Contingency Provision</b>
Shed & Building	7.92	0.00	5.00%	0.00
Plant & Machinery –Indigenous	0.00	259.93	4.60%	11.97
Tools & Fixtures	0.00	10.00	5.00%	0.50
Electrical Installation	0.00	7.00	5.00%	0.35
Pre-operative Expenses	2.40	25.05	5.00%	1.25
<b>Total</b>				<b>14.07</b>

**Current Status**

Both the hammers including the furnaces have already been installed and have successfully started its operations. The forging capacity already stands enhanced to 12,150 MT per annum.



The details of expenditure incurred till 17th March, 2004 as certified by the auditors M/s N. K. Tekriwal & Associates vide their certificate-dated 18<sup>th</sup> March 2004 is as follows:

(Rs. in Lacs)

Particulars	Cost incurred
Shed & Building	10.00
Plant & Machinery –Imported	0.00
Plant & Machinery –Indigenous	261.61
Miscellaneous Fixed Assets	17.00
Pre-operative Expenses	22.74
Margin for working Capital	67.93
<b>Total</b>	<b>379.28</b>

## 2. SETTING UP AND INSTALLATION OF A NEW CNC MACHINING UNIT FOR MANUFACTURING FINISHED AUTO COMPONENTS

### Overview

In the second phase the Company is starting a new unit, which shall have a complete Ring Rolling line for the production of rolled rings used by the Bearing manufacturers. The unit will also install vertical machining centres, CNC turning centres. This apart a complete machining and heat treatment line for finishing rear axle shafts for MCV and SCV vehicles is proposed to be installed. The company also proposes to install complete line of gear hobbing, shipping machines, gear testing machines and also sophisticated CMM measuring machines for metrology inspection of finished products.

### Capacity and process

Forging Capacity	MT
Addition in Capacity (New Unit) upset forging	4,800.00
Ring Rolling Capacity	600.00
<b>Total</b>	<b>5,400.00</b>

### New Forging & Ring Rolling Capacity at New Unit

	Item	Quantity In Nos.	Unit Output Weight (In Kgs.)	Total Output Weight (In MT)
	<b>For Indian Market</b>			
1	Rear Axle Shaft (1512)	60,000	16.00	960.00
2	Rear Axle Shaft (1210)	60,000	14.00	840.00
3	Spindle Axle Beam (1312)	60,000	14.00	840.00
4	Spindle Axle Beam (1516)	60,000	14.00	840.00
5	Rolled Rings	600 MT	1.00	600.00
6	Others	1320 MT	1.00	1320.00
	<b>Total</b>			<b>5,400.00</b>

**New Machining Capacity at New Unit:**

Item	Quantity In Nos/MT.
<b>For Indian Market</b>	
a) Forged Components –Machined	3000 MT
b) Machined Crown Wheel	36,000
c) Rear Axle Shaft (1512)	12,000
d) Rolled Rings	600 MT
e) Hub for 1312	12,000
f) Hub for 1516	12,000
<b>For Foreign Market</b>	
a) Valve Bonnets	240 MT
b) Machined Forgings	180 MT
c) Machined Forgings	240 MT
d) Ball Sleeves	600 MT
e) Valve Bodies	480 MT

**Process**

The heat treatment of metals is an important operation in the final fabrication process of many engineering components. The object of this process is to make the metal better suited, structurally and physically, for some specific applications.

**Need for Expansion**

Automobile industry is the largest consumer of forged items in the country. Tata Motors is the largest manufacturer of commercial vehicles and its main plant is situated at Jamshedpur.

Till the year 1999-2000, more than 50 % of the production of the company was meant for Railways. As the main production facilities of the company were located at Jamshedpur, it started exploring business with Tata Motors and other auto majors in eastern India. In the first stage, it got itself registered with Tata Motors and Tata Motors identified the company as an approved source for the supply of raw forgings to its ancillaries.

This led to an opening of a new opportunity for the company and it started supply of forgings to Tata Motors & ancillary units of Tata Motors. The company expanded its forging capacities in the same year. In addition to that the company also installed PLC controlled iso-thermal annealing/ hardening and tempering furnace for heat treatment auto components.

Raw forgings, which the company supplies to TATA MOTORS ancillary units undergoes precision machining operations and final products are fitted in vehicles manufactured by TATA MOTORS.

In order to move towards the forward integration process by supplying the ready to use auto components to auto majors like TATA MOTORS, the company planned to set up its own machining facilities. Once the machining facilities of the company are in place the company will be in a position to supply ready to use products to all the auto majors in India.

Further, facilities have been proposed to manufacture finished rear axle shafts required in bulk, approximately 16,500 per month by TATA MOTORS itself. In this connection TATA MOTORS have also shown their interest and have expressed their desire to buy out the entire capacity proposed to be installed by the company.

It is also proposed to install vertical machining centres to manufacture critical dies required for the forging hammers by the latest and advance CAD CAM technology. This will cut down the time in manufacturing of the dies and the lead-time in forwarding samples of forging parts to customers within a short span of time.

The installation of the above facilities will enable the company to emerge as a complete auto component manufacturer encompassing the entire life cycle of auto component manufacturing, starting from raw forging to ready to use auto components.



## Land

The company has already received the possession certificate of land from Adityapur Industrial Area Development Authority after payment of the required consideration for the plot Nos. M15 and M16 admeasuring 3.9 acres and also for plot no M-5P adjacent to the existing factory of the company measuring 1 acre, in Adityapur Industrial Area, VI th phase.

The company has acquired the Plot No.M-15, M-16 & NS-26 at VII th Phase and Plot M-P5 at VI th Phase in Adityapur Industrial Area from Adityapur Industrial Area Development Authority for a lease of 30 years with an option to renew for a further period of 30 years.

The Land acquired by the company is leasehold land with a right to renew the lease and is free from all encumbrances.

### BREAK UP OF COST OF THE PROJECT

#### 2.1 COST BREAK UP

(Rs in Lacs)

Particulars	Amount
a) Land & Site Development	31.29
b) Shed & Building	218.24
c) Plant & Machinery –Imported	516.59
d) Plant & Machinery –Indigenous	905.63
e) Miscellaneous Fixed Assets	129.00
f) Pre-operative Expenses	78.93
g) Contingencies	95.61
<b>Total Fixed Cost</b>	<b>1975.29</b>
Margin for Working Capital	184.67
<b>TOTAL</b>	<b>2159.96</b>

#### a) Land and Site Development

(Rs. in Lacs)

##### LAND & SITE DEVELOPMENT

As envisaged earlier:	Area (Acres)	Amount
Cost of Land purchased at Phase VII	3.00	19.80
Registration & Legal Charges	2.00	
Additional land purchased at Phase VII	0.90	5.33
New plot purchased at Phase VI	1.00	3.16
Registration & Legal Charges	1.00	
<b>Total</b>		<b>31.29</b>

**b) Shed and Building**

(Rs. in Lacs)

SI No	Particulars	Floor Space (in Sq. Ft.)	Rate/SqFt (Rs.)	Amount
1	CNC Machine Shop Shed Inclined type, G. I. Sheet roofing with side wall of bricks in cement mortar complete with flooring [100' x 50' x 18'(height)]	5000	300	15.00
2	Upset Forging Shed Inclined type, G. I. Sheet roofing with side wall of bricks in cement mortar complete with flooring [100' x 50' x 18'(height)]	5000	300	15.00
3	Raw Material Storage Shed Inclined type, G. I. Sheet roofing with side wall of bricks in cement mortar complete with flooring [100' x 50' x 18'(height)]	5000	250	12.50
4	Heat Treatment Shed Inclined type, G. I. Sheet roofing with side wall of bricks in cement mortar complete with flooring (100' x 50' x 18'(height))	5000	250	12.50
5	Office & Engineering Building Triple Storied building with RCC roofing Side wall of bricks in cement mortar complete with flooring, grill & other fittings	4000 4000 4000	350 325 325	40.00
6	Store Building Single Storied building with RCC roofing Side wall of bricks in cement mortar complete with flooring, grill & other fittings	4000	250	10.00
7	Boundry Wall (In Rft.) [8" height brick wall in Cement mortar with Plastering & Main Gate]	1630	650	10.60
8	Internal Road Concrete Road [12 Ft. x 1300 Ft. ]	15600	70	10.92
9	Filling & other Site Development Expenses			3.00
10	Other Civil Construction like Underground Water Tank, Overhead Tank etc.			5.00
1	Stores & Canteen Building Double Storied building with RCC roofing Side wall of bricks in cement mortar complete with flooring, grill & other fittings [60' x 50' x 2]	6000	350	21.00
2	CNC Shed -2 Nos. Inclined type, G. I. Sheet roofing with side wall of bricks in cement mortar complete with flooring [40' x 50' x 2]	4000	400	16.00
3	Internal Road Concrete Road [12 Ft. x 1800 Ft.]	21600	70	15.12
4	Heat Treatment Shed Inclined type, G. I. Sheet roofing with side wall of bricks in cement mortar complete with flooring [40' x 50']	2400	400	9.60
5	Pre -Turning Shed Inclined type, G. I. Sheet roofing with side wall of bricks in cement mortar complete with flooring [40' x 60']	2400	400	9.60
6	11 KVA Power House			10.00
7	Security Office RCC Building with Side wall of bricks in cement mortar complete with flooring & fittings [20' x 40']	800	300	2.40
	<b>Total</b>			<b>218.24</b>



**c) DETAILS OF PLANT & MACHINERY TO BE IMPORTED FOR NEW UNIT**

(Rs in Lacs)

SI No	Particulars	Quantity Nos	Amount	Date of order	Date of supply
1	Coordinate Measuring Machine [Carl Zeiss]	1	40.58	20.08.03	Not Yet Recd
2	CNC Vertical Machining Centre Model GA 100 [DMG India Limited]	2	268.22	20.08.03	Not Yet Recd
3	Hob Sharpening Machine Model SAN -20 [SEIWA]	1	90.65	22.09.03	Not Yet Recd
4	Gear Measuring Device Model SIGMA -3 [M&M]	1	117.14	9.10.03	Not Yet Recd
	<b>TOTAL</b>		<b>516.59</b>		

**d) DETAILS OF INDIGENOUS PLANT & MACHINERY TO BE PURCHASED FOR NEW UNIT**

(Rs. in Lacs)

SI No	Particulars	Qty	Amt	Dt of Quotation	Date of order	Date of supply
	<b>Forging Shop</b>					
1	Partial Heating Furnace -1000Kgs [ENCON]	1	9.65	Self Made		
2	Upset Forging Machine (HDF Enterprise & Apollo Equipments Ltd)	2	14.56	-	-	28.5.03
	<b>Tool Room</b>					
3	Copy Milling Machine [UT Limited]	1	9.62		Installed	
	<b>Finishing Section</b>					
4	Shot Blasting Machine- Table Type 72" [V.S. Industries]	1	12.47		Installed	
	<b>Material Handling</b>					
5	EOT Crane -5 Ton Cap [Hercules Hoists Limited]	2	10.56	7.8.03	9.8.03	Not Yet Recd
6	JIB Crane- 3 Ton [UT Limited]	1	2.96	-	-	8.3.03
7	Forklift [Voltas Limited]	1	6.51		In Use	
	<b>Testing &amp; Quality Control</b>					
8	Brinell Hardness Testing Machine [Blue Star]	1	5.10	2.2.02	Not Ordered	
	<b>Ring Rolling</b>					
9	Ring Rolling Machine [Gahir Machine Tools]	1	3.74	-	-	2.8.03
10	Trimming Press 200 Ton [Ravi Ind. Corp]	1	2.72	-	-	23.1.03
11	Trimming Press 150 Ton [Ravi Ind. Corp]	1	1.61	-	-	23.1.03
12	Trimming Press [Ravi Ind. Corp]	1	1.15	-	-	23.1.03
13	Induction Heating Furnace- 150 KW [G.H. Induction]	1	27.75	-	17.2.03	
	<b>Machine Shop</b>					
14	CNC Turning Centre -STC-25 [HMT Limited]	1	37.93	28.12.02	Not Ordered	
15	CNC Turning Centre -STC-20 [HMT Limited]	1	31.69	28.12.02	30.12.03	Not yet recd
16	CNC Turning Centre -LT-20C [ACE Designers Pvt. Ltd.]	2	61.65	-	26.6.03	Not yet recd

(Rs in Lacs)

SI No	Particulars	Qty	Amt	Dt of Quotation	Date of order	Date of supply
17	CNC Turning Centre -25T and Rigi 25 [Lakshmi Machine Works Ltd.]	2	67.39	1.7.03	29.7.03	Not yet recd
	<b>Heat Treatment</b>					
18	Iso- annealing Furnace- 250 Kgs/ Hrs. [Bofco Engineers]	1	45.12	28.2.03	Not Ordered	-
19	Gear Hobbing Machine H 400 [HMT]	4	120.64	16.10.03	Not Ordered	-
20	Gear Shaping Machine WS 1 [HMT]	1	60.32	16.10.03	Not Ordered	-
21	Gear Roll Tester -350 Dia [UBIQUE]	1	1.81		Not Ordered	-
22	Gear Tooth Champering Machine -325 Dia [UBIQUE]	1	1.81		Not Ordered	-
23	Broaching Machine -RISZ 25 [HMT]	1	72.38	16.10.03	Not Ordered	-
24	Broach Sharpening Machine GTBR 120 [Dagger]	1	9.65	17.09.03	Not1 Ordered	-
25	Universal Hob Tester -300 [Isomet]	1	4.83		Not Ordered	-
26	Surface roughness tester E -35A [Zeiss]	1	1.81	13.10.03	Not Ordered	-
27	Hardening & Tempering Furnaces (Allied Consulting Engineers)		48.26	18.9.03	Not Ordered	-
	<b>RA Shaft</b>					
28	Facing & Centering M/c 12' [VS Industries]	1	16.89	14.10.03	Not Ordered	-
29	Turning Lathe 12' [VS Industries]	10	31.37	21.10.03	Not Ordered	-
	With coping attachment 8'	10				
	With coping attachment 6'	1	1.21			
30	Drilling & Tapping m/c 1,5 m [VS Industries]	6	14.48	31.10.03	Not Ordered	-
31	Straightening M/c 10 Ton (VS Industries)	4	4.83	5.11.03	Not Ordered	-
32	Spine Rolling 30 Ton [MTE]	1	18.10	8.11.03	Not Ordered	-
33	Induction Hardening Equip. For Axles (GH Induction India Pvt Ltd)	1	50.65	1.8.03	Not Ordered	-
	<b>Other Machinery</b>					
34	Overhead Crane 10,0 Ton (Hercules Hoists Pvt Ltd)	1	12.06	7.8.03	Not Ordered	-
35	Overhead crane 5,0 ton (Hercules Hoists Pvt Ltd)	1	6.30		Not Ordered	-
36	Forklift 3 ton (TIL Limited)	1	9.05	8.8.03	Not Ordered	-
	Freight, Insurance & Installation Charges		67.00			
			<b>905.63</b>			

Orders have not been placed for Rs.574.60 lacs for Imported / Indigenous Plant & Machinery.



#### f) Miscellaneous Fixed Assets

(Rs. In lacs)

Particulars	Amount
Dies & Tools	50.00
Electric Installation	55.00
Furniture and Office Equipments	24.00
<b>Total</b>	<b>129.00</b>

#### g) Pre -Operative Expenses

(Rs. In lacs)

Particulars	Amount
Fees for project consultancy	1.45
Loan Processing Fees	7.25
Security Deposit for Electric Connection	24.25
Interest on Term Loan during Project Implementation	45.98
<b>Total</b>	<b>78.93</b>

#### h) Contingencies

(Rs. in Lacs)

Particulars	Firm Cost	Non-Firm Cost	% of escalation	Contingency Provision
Land & Site Development Charges	29.29	2.00	5.00%	0.10
Shed & Building	-	218.24	5.00%	10.91
Plant & Machinery – Imported	-	516.59	5.00%	25.80
Plant & Machinery –Indigenous	-	905.63	5.00%	46.34
Tools & Fixtures	-	60.00	5.00%	3.00
Electrical Installation	-	55.00	5.00%	2.75
Furniture & Fittings	-	24.00	5.00%	1.20
Pre-operative Expenses	8.70	110.23	5.00%	5.51
<b>Total</b>	<b>37.99</b>	<b>1,912.28</b>		<b>95.61</b>

#### TECHNICAL KNOW-HOW/FINANCIAL COLLABORATION AS ALSO MARKETING TIE UP

The Company has appointed M/S Indranil Bakshi & Associates (IBA) Kolkata as their architect and consulting engineers for the proposed project.

Further, the company has appointed S.N. Singh and Brothers (SNSB) Jamshedpur as their civil contractor to undertake all civil works with material and all fabrication works for the proposed projects.

The promoters already have adequate experience and technical know-how in running such a unit smoothly and profitably. The Company has not entered into any collaboration for production/ marketing of its products.

#### INFRASTRUCTURAL FACILITIES

##### Location

The company is located at plots M5P and M6P VIth Phase, Adityapur Industrial Area, Jamshedpur at Tata Kandra Main Road, which is fairly developed having all industrial infrastructures like roads, power, water, communication and availability of skilled labours.

## Ramkrishna Forgings Limited

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The M6P plot has been leased out by AIADA in two parts, one in the year 1982 for a period of 99 years and the other part in 1999 for a period of 90 years. The M5P plot was allotted in the year 1999 for a period of 90 years. One part of M5P was further acquired for the current expansion project in the year 2003, which has been allotted for a period of 30 years.

The company has taken possession of a new plot measuring 3.90 Acres at VIIth Phase, Adityapur Industrial Area within 1 Km. Distance from the existing unit. The land has been acquired from AIADA for a lease of 30 years.

As the manufacturing units of the company are located on these plots of lands, they are offered to Banks as equitable mortgage against the long-term loans taken by the company.

Jamshedpur is one of the most industrialised town of Eastern India and has got the advantage of having industrial giants like TISCO, TATA MOTORS, TRF, Tinsplate, Usha Martin, Timken India Limited, Tata Cummins Ltd., etc. The Kolkata unit of the company is also situated in Industrial Area at Howrah. The company is enjoying following locational advantages:

- Steel Ingots and Billets are easily available from Tisco. The company is also purchasing raw materials from Bardhaman Special Steel - Ludhiana, Rastriya Ispat Nigam Limited - Vishakapatnum, Indian Alloys Fabricator - Kolkata and FECOR - Nagpur. Jamshedpur is well connected with all major cities through roads and rails. Hence, there is no problem in procurement of raw materials.
- Forging operations requires intensive use of manpower. Therefore, success of a forging unit depends largely on cheap and motivated work force. Adityapur Industrial Area is well developed and Technical persons and skilled and unskilled labours are easily available.
- In last 2-3 years, the company has started supply of components to Tata Motors, Tisco & many other industries situated at Jamshedpur. At present, 40% of the turnover comes from supply to these units. In proposed expansion also, the company is emphasizing mainly on Auto Forgings in domestic & overseas market. Therefore, the company is enjoying the benefit of proximity with the market.
- For the last expansion, the company is enjoying the benefit of Sales Tax exemption in the state of Jharkhand. For proposed expansion, the company will get subsidies as per the Industrial Policy of the State of Jharkhand. However, these subsidies are not taken in to account in our projections and as & when the company will get these subsidies, it will utilise the same to repay unsecured loans. The company will be eligible to get following subsidies:
  - Capital Subsidy: The company will be eligible to get Capital Subsidy of Rs. 15.00 Lakhs.
  - Interest Subsidy: The Company will get reimbursement of 25% of actual interest payment for a period of 5 years from the date of commencement of commercial production. This will further enhance the viability of expansion project.

However the impact of these incentives has not been considered for the project evaluation study.

- For the last 2 years, the company was trying to explore the export market. These efforts have finally materialised and the company has got very encouraging response in export market. It has already started supplies to a few overseas customers based at USA and is in talk with many other customers. In the current financial year, the company will be able to achieve export turnover of Rs. 200 lacs and has very ambitious plan for future also. The company will get export incentives like DEPB, Duty Drawback and Income Tax relief as declared in EXIM policy -2002-07.

### Marketing

Forging processes are extremely important in the machine building industry. No machine whether simple or complicated can be built without the use of forgings. Forgings are particularly used in the Tractor, Automobile, Agricultural Machinery, Ship Building, Locomotive Building and other industries. In Railways and Car building industry up to 70 % of all the parts are formed of forgings.

The company is mainly producing items for Indian Railways, Tata Motors and Hindustan Motors. Other customer includes Central Coalfields Ltd., TAFE Ltd., Auto ancillary units and Tisco. The company has also started export of components in the current financial year. Export is made directly from company's Jamshedpur unit. Supplies to Railways & other Kolkata based units are made from Kolkata unit and forgings are transferred from Jamshedpur on Stock Transfer basis.



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### **Transportation**

Jamshedpur is well connected with all major cities by rail and road transport. Kolkata being the largest city as well as largest port of the eastern region is only about 250 K.M. away from Jamshedpur and it further facilitates the transportation facilities. All sorts of transportation facilities are locally available. The company uses hired vehicles for the supply of finished goods. Private transport operators are easily available.

The location of the plant plays a vital role in the economics of any proposed project. Keeping in view the infrastructure facilities and other facilities as mentioned below, the management has selected the same site for proposed expansion and has purchased new Land for installation of new unit.

### **Availability of raw material**

The main material used in forging units is Steel, which is very malleable. Steel is an alloy of Iron and Carbon together with some other elements. The Carbon content in Steel does not exceed 1.7 %. The properties of Steel and its forging conditions depends on the content of various alloying elements. The quality of Steel always determines-

- The time and temperature required for the heating of Steel.
- The heating conditions and number of heats during the forging operations.
- The capacity of the forging equipments.
- The method of making the forgings.
- The heat treatment and cooling conditions

Therefore, the quality of raw material determines the quality of finished products. As such, raw material with perfect specification is required for the production of Forging components. The company is sourcing raw materials from following reputed suppliers:

1. Sunflag Limited, Bhandara
2. Ferro Alloys Corporation Limited, Nagpur
3. Vardhman Special Steel, Ludhiana
4. Tisco Limited, Jamshedpur
5. Usha Martin Limited, Jamshedpur

The company is sourcing raw material of different grades from different suppliers. The rate of raw materials also varies with the specification of material. Average cost of raw materials is worked out to Rs. 17,500/- per MT.

### **Man power availability**

Forging operations requires intensive use of manpower. Therefore, success of a forging unit depends largely on cheap and motivated work force. Adityapur Industrial Area in Jamshedpur is well-developed and not only skilled and unskilled labourers but also Technical persons and are easily available.

### **Educational Institution**

To keep the professional team of Managers, Metallurgists, Supervisor staffs, skilled and unskilled workers, social infrastructure such as, schools and colleges are necessary. Jamshedpur has established educational institutions.

### **Availability of water**

Water is required for production process and human consumption. Jamshedpur unit already has two bore-wells sufficient to fulfil the water requirement after proposed expansion. It also has two overhead tank of a total storage capacity of 10000 Liters. The company will arrange similar facilities in the new unit also. Water is mainly required for cooling operations, where it is re-cycled. As such wastage of water is minimum and there is no need of any water treatment arrangement.

### **Discharge of effluent**

Smoke is generated from heating furnaces. This smoke is dispersed in atmosphere through Chimney at a height of 20 Feet. The unit has obtained "NO OBJECTION CERTIFICATE" from Jharkhand State Pollution Control Board and West Bengal State Pollution Control Board respectively for its Jamshedpur and Kolkata units. There is no soil and water pollution in the unit. After proposed expansion, it will apply for the renewal of existing NOC.

**Availability of electric power**

Uninterrupted power, stable voltage, minimum transmission power line and minimum rate of electricity charges are the main requirements for the efficient running of the unit. The company has an existing power connection of 665 KVA sufficient for the operation of existing machines. The power requirement after the proposed expansion will go up to 1050 KVA in existing unit. The unit will require 1000 KVA power load at new unit. The company has provided for a new D.G. set of 500 KVA in the ongoing project and existing Diesel Generator set of 500 KVA will be transferred in to new unit.

**PROJECT IMPLEMENTATION SCHEDULE**

The installation of several production units along with the construction of factory buildings, utilities and services require co-operation for procurement of equipment, designing the buildings and equipment foundations, award of all contracts and supervision of all construction jobs at plant site. The project implementation schedule has been drawn up to maintain a strict time schedule.

**THE SCHEDULE IS AS FOLLOWS**

	<b>Activity</b>	<b>Commencement</b>	<b>Completion</b>
i.	Acquisition of land	Jan 2003	Mar 2003
ii.	Development of land	Apr 2003	Dec 2003
iii.	Civil Works: Factory building Machinery foundation Auxiliary Building Administrative Building Misc. Buildings	Dec 2003	June 2004
iv.	<b>PLANT AND MACHINERY</b>		
	Imported		
	– Placement of order	Sept 2003	April 2004
	– Delivery	Jan 2004	Sept 2004
	Indigenous:		
	– Placement of order	Sept 2003	Mar 2004
	– Delivery at site	Dec 2003	Sept 2004
v.	Arrangement of Power	Dec 2003	Mar 2004
vi.	Arrangement of Water	Dec 2003	Jan 2004
vii.	Erection of equipment	Jan 2004	Sept 2004
viii.	Commissioning	Jan 2004	Sept 2004
ix.	Procurement of raw materials	Sept 2004	Sept 2004
x.	Training of Personnel	Dec 2003	Mar 2004
xi.	Trial Runs	Feb 2004	Sept 2004
xii.	Commercial Production	Oct 2004	Oct 2004

**CURRENT STATUS OF THE PROJECT**

The Land and Building on which the expansion plan is proposed, is already existing with the Company, and hence no extra costs will be incurred on their development. The details of the cost incurred till 17th March, 2004 as certified by N K Tekriwal & Associates, Chartered Accountants, auditors of the company vide their certificate dated 18<sup>th</sup> March 2004 is as follows:

<b>Particulars</b>	<b>Rs in Lacs</b> <b>Cost incurred</b>
Land and Site Development	29.14
Shed & Building	134.46
Plant & Machinery –Imported	174.26
Plant & Machinery –Indigenous	106.69
Miscellaneous Fixed Assets	61.51
Pre-operative Expenses	27.14
Margin for working Capital	0.00
<b>Total</b>	<b>533.20</b>



## DEPLOYMENT OF FUNDS IN THE PROJECT

As per Certificate dated 18.03.2004 obtained from M/S N. K. Tekriwal & Associates, statutory auditors of the company having its office at 6, Waterloo Street, 3rd Floor, Kolkata-700059, the promoters, promoter group, associates, relatives on form allotment basis in the Prospectus has till 18.03.2004 has brought in a sum of Rs. 470 lacs towards the object of the Issue. A cash flow statement showing the sources and deployment of funds is given below.

**Rs. in Lacs**

<b>Source of Funds</b>	<b>Amount</b>
Brought in by the Promoters, Friends, relatives and associates	470.00
Disbursement received from Canara Bank of Term Loan	597.29
<b>Total</b>	<b>1,067.29</b>

<b>Application of Funds</b>	<b>Expansion of the existing Unit (Phase I)</b>	<b>Installation of the new CNC Machining Unit (Phase II)</b>	<b>Total</b>
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
Land & Site Development.	0.00	29.14	29.14
Shed & Building	10.00	134.46	144.46
Plant And Machinery- Indigenous	261.61	174.26	435.87
Plant And Machinery- Imported	0.00	106.69	106.69
Misc. Fixed Assets	17.00	61.51	78.51
Preoperative Expenses	22.74	27.14	49.88
Margin for Working capital	67.93	0.00	67.93
Issue and Listing Expense			14.16
<b>Total Deployment of Fund</b>	<b>379.28</b>	<b>533.20</b>	<b>926.64</b>
Lying in Short term Fixed Deposit with Canara Bank			130.00
Lying in the form of Cash and Bank Balance			10.65
<b>Total</b>			<b>1067.29</b>

### THE YEAR WISE BREAK UP OF PROPOSED DEPLOYMENT OF FUNDS IS MENTIONED HEREUNDER:

#### A. Expansion of the Forging Capacity

Rs. In Lacs

<b>Particulars</b>	<b>Project Cost</b>	<b>Incurred upto 17.03.04</b>	<b>To be incurred in 03-04</b>
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
Land & Site Development		-	-
Shed and Building	7.92	10.00	-
Plant and Machinery (Indigenous)	259.93	261.61	-
Misc. Fixed Assets	17.00	17.00	-
Preoperative Expenses	27.45	22.74	4.71
Contingencies	14.07	-	10.31
Margin for Working Capital	67.93	67.93	-
<b>Total of (A)</b>	<b>394.30</b>	<b>379.28</b>	<b>15.02</b>

**B. CNC Machining Project.**

Rs. in Lacs.

Particulars	Project Cost	Incurred upto 17.03.04	To be incurred in 03-04	To be incurred in 04-05
	Amount	Amount	Amount	Amount
Land & Site Development	31.29	29.14	2.15	-
Shed and Building	218.24	134.46	-	83.78
Plant and Machinery (Imported)	516.59	174.26	19.00	323.33
Plant and Machinery (Indigenous)	905.63	106.69	-	798.94
Misc. Fixed Assets	129.00	61.51	13.49	54.00
Preoperative Expenses	78.93	27.14	29.81	21.98
Contingencies	95.61	-	-	95.61
Margin for Working Capital	184.67	-	-	184.67
<b>Total of (B)</b>	<b>2,159.96</b>	<b>533.20</b>	<b>64.45</b>	<b>1,562.31</b>
<b>Grand Total (A) + (B)</b>	<b>2,554.26</b>	<b>912.48</b>	<b>79.47</b>	<b>1,562.31</b>

The Management shall deploy issue proceeds pending its utilization, in Fixed Deposits, Debt and Liquid funds of the Mutual Funds.

**Government Approvals**

The company has not applied for No Objection Certificate (NOC) from the Pollution Control Board for the expansion of the existing capacity. The company has NOC from the Pollution Control Board for their existing facility. Therefore the company does not foresee any problem in obtaining and NOC for the expansion. We, as Lead Manager affirm that the company can undertake the activities proposed by the company in view of the present approvals and no further approvals, otherwise stated above and no further approvals from any Government Authorities /RBI are required by the company to undertake the proposed activities.

**3. ISSUE AND LISTING EXPENSES**

The Company has estimated that an amount of Rs. 75 Lacs would be incurred towards Issue and listing expenses. These expenses would comprise fees payable to the Stock Exchanges for listing, Lead Manager, Registrar, Bankers to the Issue, Legal Advisor, Auditors, advertising and marketing expenses, stationery and distribution expenses, bank charges and other incidental and miscellaneous expenses.

**APPRAISAL**

The total cost of the project is Rs.2629.26 lacs. Canara Bank, Bistupur Branch, Jamshedpur (Bankers to the Company) has appraised part of the project for an amount of Rs.1,513.14 Lacs (Phase I) of the project. The phase II of the project is based on the company's own estimates.



#### IV. III COMPUTATION OF WORKING CAPITAL REQUIREMENTS

##### Existing Operations:

Cash Credit Limit against Stock & Book -Debts as per the CMA Data submitted with the bank.

(Rs. in Lacs)

PARTICULARS	Holding	
	Days	2003-04
Raw Material	45	169.00
Consumables	60	49.83
Work in Process	25	142.29
Finished Goods	3	16.98
Bill Receivables	75	639.07
<b>TOTAL</b>		<b>1017.17</b>
Less: Creditors for Raw material	45	169.00
Other creditors	45	56.88
<b>Net Requirement</b>		<b>791.30</b>
Margin		254.29
<b>Permissible Bank Limit</b>		<b>537.00</b>
<b>Bank limit to be availed</b>		<b>500.00</b>

The company already has the working capital limits of Rs. 500 lacs being sanctioned by Canara Bank, Bistupur, Jamshedpur vide their letter reference no. 263 CR 153 2003 AAK dated 28.03.2003.

Working Capital utilisation as per the audited balance sheet of the company as on 31<sup>st</sup> December, 2003

(Rs. in Lacs)

PARTICULARS	2003-04
Raw Material	437.20
Consumables	48.51
Work in Process	180.90
Finished Goods	0.00
Bill Receivables	464.26
<b>TOTAL</b>	<b>1130.87</b>
Less: Creditors for Raw material	277.60
Other creditors	83.49
<b>Net Requirement</b>	<b>769.78</b>
<b>Margin</b>	136.56
<b>Bank Limit Availed</b>	633.22

**Working Capital Requirement for Expansion in Existing Unit**

(Rs in Lacs)

<b>Particulars</b>	<b>HoldingDays</b>	<b>Amount</b>
Raw Material	30	61.59
Consumables	45	21.01
Work in Process	20	57.51
Finished Goods	3	8.48
<b>Bill Receivables</b>		
Indigenous	60	123.14
Export	45	33.20
<b>Total</b>		<b>304.93</b>
<b>Less :</b> Creditors for Raw material	15	30.79
Other Creditors	30	14.01
<b>Net Requirement</b>		<b>260.13</b>
Margin		67.93
Permissible Bank Limit		192.20
<b>Bank Limit to be applied</b>		<b>185.00</b>

**Working Capital Requirement For New Unit**

(Rs in Lacs)

<b>Particulars</b>	<b>HoldingDays</b>	<b>Amount</b>
Raw Material	50	120.97
Consumables	90	49.53
Work in Process	20	92.20
Finished Goods	3	13.60
<b>Bill Receivables</b>		
Indigenous	60	462.43
Export	45	24.49
<b>Total</b>		<b>763.22</b>
<b>Less:</b> Creditors for Raw material	15	36.29
Other Creditors	30	16.51
<b>Net Requirement</b>		<b>710.42</b>
Margin		184.68
Permissible Bank Limit		525.74
<b>Bank Limit to be applied</b>		<b>445.00</b>

The proposal for the enhancement of the working capital to meet the requirements arising out of the expansion has already been submitted with Canara Bank and will be granted once the commercial production of the new expansion starts.



## V. DESCRIPTION OF INDUSTRY AND BUSINESS

Forging industry is one of the important engineering industries supplying various components to end user sectors like railways, automobiles, defence, aerospace, material handling, construction equipments, mines etc. A forged product offers extra strength and toughness. It is capable of withstanding greater pressure, force, stress and often higher temperatures than a product made of otherwise.

### INDUSTRY SCENARIO

#### Industry Structure:

The forging industry in India has a pyramid-like structure, which means as the establishment size reduces, the numbers swell. The structure can be categorised into four broad segments, namely: large, medium, small and tiny. While the large segment consists of less than 10 units, the medium segment consists of around 30 companies. The small segment has close to 250 units, and several innumerable units that fall under the fourth segment. This indicates maximum competition and lowest margins for the units in the small and tiny sector, which are typically involved in making small sized products catering primarily to the replacement market.

The domestic sector is categorised by fragmented capacities. The unorganised sector has major presence in the open die forging segment, which has lower capital costs, while the organised players dominate the closed die forging segment.

#### The Industry at a glance

INDIAN STEEL FORGING INDUSTRY - 2003-2004	
NUMBER OF UNITS	340
INVESTMENT	Rs. 1500 crore
EMPLOYMENT	40,000
CAPACITY	8,00,000 M. Tonnes/year*40,000 M Tonnes heat treatment 1,76,000 Machined Crank Shafts.1,50,000 Front Axles 2,40,000 Finished Axles.6,00,000 Finished Gears.
PRODUCTION (in '000 tonnes)	1996 -1997 - 476 1997 -1998 - 465 1998 - 1999 - 441 1999 - 2000 - 497 2000 -2001 - 435 2001 -2002 - 382 2002 -2003 - 390
EXPORT (Rs.millions)	1996 - 1997 - 1930 1997 - 1998 - 2350 1998 - 1999 - 2730 1999 -2000- 3560 2000 - 2001 - 4000 2001 -2002- 5000 2002 - 2003 - 6000**
EQUIPMENT'S INSTALLED	Close Die Hammers (upto 16 T), Presses (upto 16,000 T), Upsetters (upto 20 cms) Open Die Presses (upto 3000 T)
PRODUCTION RANGE	Close Die upto 600 kg, Open Die upto 13,000 kg. Upset Forgings Upto 260 mm dia. Ring rolling upto 3 mtr. Disc & Tube Sheets upto 3 T SP
CAPABILITY	Closed Forging, Open Forging, Upset Forging, Cold Forging, Roll Forging, Warm Forging, Ring Rolling, Machining, Shell Forging, Axial Close Die Forging.
MATERIALS HANDLED	Alloy Steel, Carbon Steel, Stainless Steel, Special Steel, Aluminium, Non-ferrous, Titanium, Super Alloy

Source: website of All India Forging Association

The business here is raw material intensive and involves low value addition. Moreover it is working capital intensive. The forgings industry's prospects are dependent on major user industries viz. automobile, capital goods and defence.

### **THE USERS OF FORGED PRODUCTS**

The user industry of forged products is vast and varied. However, the automotive and capital goods account for the largest chunk of consumption of forging products.

#### **Automotive:**

The automobile industry is the major consumer of forged products, which are used for the manufacture of auto components. Almost every point of shock and stress in an automobile boasts of a forged component. Average cars and trucks may contain more than 250 forged components. This is the main reason for these products being in high demand in this sector both in the domestic as well as the overseas market.

#### **Aerospace:**

The high strength-to-weight ratio and structural reliability of the forged products improve the performance, range and payload capabilities of aircrafts. In fact many aircrafts are said to be 'designed around' forgings due to their high usage of such products.

#### **Defence:**

From rifle triggers to nuclear submarine shafts, forged components are found in virtually every implement of defence. Forged missile components of titanium, columbium and other alloys display unduplicated mechanical and physical properties under severe conditions.

#### **Tools and Hardware:**

Forged products form integral parts of internal combustion engines, valves, gears, outboard motors. Motorcycles and power saws offer intensive use of forgings in smaller engines. Industrial equipments like materials handling systems, conveyors, chain-hoist assemblies and lift trucks also use forging materials. Low cost, coupled with strength, toughness and machinability make the use of ferrous forgings in off-highway and heavy construction equipment in machinery indispensable.

*Source: Newsletter of 'The Southern India Engineering Manufacturers' Association' – October 2003 and Research Study Report on 'Export Potential of Forging Industry' by MVIRDC World Trade Centre.*

### **MARKET CONDITIONS**

The fortunes of the forging industry in India depend primarily on the dynamics of the auto component industry, as the latter is the principal consumer of forgings. The fragmented structure of the forgings industry as well as the auto-component industry and their very dependence directly on the more organised automobile sector makes them vulnerable to the dual pressures of pricing and just-in-time deliveries. However the relief for the forging industry is provided by the fact that other industries also have intensive use of forged products.

Although exports of auto components from India account for only 0.25% of the global automotive component industry, exports account for approximately 10% of the total sales of auto components in India. Export opportunities for auto component manufacturers are expected to increase significantly due to the continuous search for low-cost manufacturing bases by global vehicle manufacturers for sourcing equipments and parts for vehicles.

Manufacturers in US and Europe are moving up the value chain and outsourcing auto components especially forged ones from developing countries. Japanese and South Korean moving up market, vacating the lower end of every segment of automobile market. This opens up opportunities for accessing the overseas market.

Already, 15 global car makers — such as GM, Ford, Daimler-Chrysler, Mercedes-Benz, Audi, Isuzu and Nissan — have set up outsourcing offices in the country with a combined budget of approximately \$1.5 billion, say industry sources. Leading component makers like Delphi, Visteon and Caterpillar too have found India their best bet.

*(Source: The Washington Times, October1, 2003).*

With the Government's thrust on infrastructure development as a matter of policy, production of machinery and equipment for construction, mining and similar activities is bound to grow. This would create the demand for a large demand for forged products, since most of the hardware required for such production is forged in the country itself.

Safety systems required in the railways, aircrafts and ships also form a sizeable market for forged products. This area requires high quality product, and therefore producers conforming to very high quality standards compete for this market.



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## **OUTLOOK**

The outlook for the forging industry looks bright. Riding on the fortunes of the auto component industry, which is eyeing good export market off late, forging sector is set to do well in the future. India has been identified as the future hub of production of auto parts by numerous American and European automobile manufacturers. European automobile manufacturers feel that component manufacturing in India is 35% to 45% more cost-effective than in Europe.

*(Source: Reuters – November 28, 2003)*

Matters like building better defence systems, would also boost the demand for forged products. The Indian Railways is a major consumer of forged products. The smaller players in the sector normally supply custom made forged products used for safety, to the railways, usually on a contractual basis. Increasing impetus on the safety of the railways would give an added fillip to the forging industry.

## **VI. COMPANY, MANAGEMENT AND PROJECT**

### **BRIEF HISTORY OF THE COMPANY**

Ramkrishna Forgings Limited was incorporated under the Companies Act, 1956 on 11th November, 1981 as a Private Limited company and subsequently converted in to a Limited Company w.e.f., May 25<sup>th</sup>, 1995. The company is having its registered office at 6, Waterloo Street, Calcutta- 700 069. It occupies two industrial plot measuring about 3.90 acres at VI th phase, Adityapur Industrial Area, Gamharia, Jamshedpur. For the proposed expansion, the company has already acquired two additional plots one at Plot No. M-15, M-16 & NS-26 at VIIth Phase, Adityapur Industrial Area measuring about 3.90 Acres and another plot adjacent to the existing factory of the company at VI th phase, Adityapur Industrial Area. The company also has a factory at Liluah Industrial Area, Howrah.

Ramkrishna Forgings Limited commenced its production in 1984 as a SSI unit. It was manufacturing Forging items for Railways. Turnover was in the range of Rs. 50-60 Lacs per annum. Over a period of time, the unit developed various other parts uses by Railway. It included certain safety items also like hangers for coaches. The unit got itself registered with RDSO. Capacity of the unit was about 40 Ton per month.

The company undertook its major expansion in the year 1997, whereby it increased its forging & die making capacity at Jamshedpur. Beside it developed machining facilities & heat treatment facilities including Iso-annealing. This made the unit to undertake production of Auto Forging for original equipment manufacturer (OEM), besides supplies to Railways. The unit added a number of reputed companies in its customer list.

The company also purchased a unit at Liluah Industrial Area, Howrah. This unit has a machine shop for the rough machining of components. Acquisition of this unit helped the company to supply finished components to Railways & Body Builders directly from its Local unit. The company took Term Loan of Rs. 330.00 Lacs from Canara Bank to complete that expansion. The company is very regular in payment of Term Loan instalment and present balance in this account is about Rs. 101.54 Lacs.

In the year 2002-03, the company took a 2<sup>nd</sup> term loan of Rs. 125.00 Lacs from Canara Bank to further increase the forging capacity of the unit. This project was completed in the month of August this year. After this expansion, forging capacity of the unit increased up to 5550 MT per annum.

The company has explored export market for their products and is well taken in the export market also. The company has started supplies of Forged components to a few reputed customers. In the last financial year, the company achieved export turnover of Rs. 1.70 Crores.

Very recently, the company has received QS 9000 certification from BVQI. This will enable the company to broad base its export market. To further facilitate the export market, the company is installing pneumatic hammer of 6-ton capacity for the forging of heavy range of items up to 75Kg.

Taking in to account the encouraging response from export market the company has undertaken expansion cum diversification project. The project envisages setting up of an EOU at VII th phase, Adityapur Industrial Area and consolidation in capacity of existing unit in forging. For this purpose the company has got it registered with EPC and is granted EOU status by the office of DGFT. The company has been allotted a plot of land measuring about 3.90 Acres in 7<sup>th</sup> phase of Adityapur Industrial Area, set up mainly for Export Oriented Units.

### **PRESENT ACTIVITIES**

#### **Forging**

The company has 5 drop forging hammers ranging from 0.5 ton to 3 ton capacity. With in next 10-15 days time, the company is going to install a new hammer of 3 ton capacity provided in ongoing expansion project. This will help the company to increase its forging capacity up to 18.5 MT per day or 5550 MT per annum. Presently, the unit can forge items having unit weight ranging between 1 Kg. – 20 Kg.

The Company is in the approved panel of R.D.S.O. 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 Ltd., TELCO Ltd., BEML Ltd., and many other Engineering Units. It is also approved in the core Defence Sector Industrial organisation like DGQA (Vehicles), DGQA (Armaments) and DGQA (Engineering equipments).

The Company is an ISO 9002 approved unit accredited by BVQI since 15th August 2000 and the company has also achieved QS 9000 certification by BVQI on 27<sup>th</sup> January 2003, for manufacture & supply of open & closed plain carbon and low alloy steel forgings in the as- Forged, Heat Treated and Machined condition for Railways, Automobile and General Engineering Purposes.



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## **Manufacturing Facilities**

A company with three state-of-art manufacturing units-one on a 1,60,000 sq.ft. Industrial Plot at Jamshedpur, and unit-three an 100% export oriented unit also at Jamshedpur, and unit-two at Liluah, Howrah. With trained workforces and experienced managers to monitor every aspect of production. With an elaborate set up of modern machines and processes. With installed annual capacity of 24000 tonnes of steel forgings. To manufacture Forgings of superior quality in high volumes, our company is equipped with both Closed and Open Die forging hammers, horizontal upsetters, Ring Rolling facility and temperature controlled induction heating furnaces, Oil fired temperature controlled pusher furnace and rotary furnaces. In-house die making facilities; heat treatment facilities like carburising and PLC controlled isothermal annealing cum hardening and tempering furnaces. These furnaces are Light Diesel Oil fired duly fitted with recorders.

### **Raw Material Section**

#### **Covered area - 10000 Sqft**

Raw Material of different specifications stored separately and kept in separate zones and colour coded for identification. Adequately equipped with shearing machine to cut upto size 150 mm. Band Saws are also available for auto size cutting upto 100 mm size. All materials after cutting are colour coded to avoid mix-up and easy identification. Each heat is checked for chemical composition with Spectro meter.

Other physical and metallurgical tests are conducted as per standard norms (national / international) Each Bar is checked qualitatively (& Semi-quantitatively) by Spark test, Spectral test & Spot test for Nickel and Spectro test for Carbon, Mn, Si, S&P, Cr, Ni, Mo and other alloying elements.

### **Die Shop**

Die Shop is well laidout and equipped with latest of the art Spark Erosion machines, die sinking machine, Planers, shapers, radiant drills , hightech tool & cutter grinders and Precision Lathes.

Tool Room is adequately equipped with CINCINATI Hydrotel Copying Machine and RAM Body Milling Machines along with other machines required to supply dies to the forge shop.

Tool Room is also getting equipped with vertical cove machinery cutters and is fully capable to produces as and when required by the forge shop.

### **Forge Shop**

- Die forging hammer from 0.5 Tonne capacity to 6.5 Tonne - Five nos. are already working round the clock.
- Free forging hammer upto 750 kgs capacity - Three nos. are working
- Upset Forging upto 125 mm dia capacity
- Ring Rolling facility for rolling rings upto 200 mm OD, 150 mm Bore, upto 5 kgs. Single piece weight.
- Forge Shop is working round the clock and the present installed capacity is 12000 Tonnes/Annum.
- Presently forging from 250 gm to 35 kgs/pc single piece. By JUNE' 2003 expected to achieve upto 75 kgs/ pc single piece.
- Furnaces are adequately equipped with temperature controller. We have pusher furnace, rotary furnaces and induction heating furnaces attached to these Hammers.
- Forgings are trimmed with the help of precision Trimming Presses.

### **Heat Treatment**

Plant is equipped with State of the Art continuous PLC controlled furnace fitted with temperature controllers & graphic recorders - capacity 500 kg/hr Electrically heated temperature controlled carburising furnace with recorder LDO/Gas fired temperature controlled Normalising Furnace Electrically heated temperature controlled Tempering Furnace

### **Laboratory**

The company has the following facilities in its laboratory

- i. 40 Tonnes capacity Universal Tensile testing machine with graphic reports.
- ii. Izod Impact testing machine (at - 46°C)
- iii. 40 X / 600 mm Diameter shadow profile projector.
- iv. Pressi make Polishing machine. (French Make)

- v. Saltron Multimatrix Spectrometer. (V.K. Make)
- vi. Sample cutting Machine – Do all type.
- vii. Rockwell hardness testing machine with reports.
- viii. Brinell hardness testing machine with computer & reports.
- ix. 200 tonnes capacity load testing machine with graphic recorder.
- x. 40 tonnes capacity load testing machine with graphic recorder.
- xi. 1000 mm & 2500 ampere capacity Magnaflux Crack detector.
- xii. 2100 kg/m Impact testing machine.
- xiii. Ultrasonic flaw detector.
- xiv. Ultrasonic hardness testing machine.
- xv. Portable Brinell hardness tester.
- xvi. Portable Rockwell hardness Testing machine.
- xvii. Pressi make fast abrasive cut off machine.(French Make)
- xviii. 2000 x SEIKO Japanese microscope with Image analyser.

### Capacity Utilization

The installed capacities, capacity utilization for the last three years is as under

Year	Prod. Capacity( M.T)	Production ( in M.t)
2000-01	3000	2286.06
2001-02	3000	3871.68
2002-03	4400	5758.44

### Export Obligation

The Company is under no export obligation except when it imports the plants and machinery under Export Promotion Capital Goods Scheme or when the Company obtains advance License to import raw material if any.

## THE PROCESS AND TYPES OF FORGINGS

### Definition of Forging

Forging is manufacturing process where metal is pressed, pounded or squeezed under great pressure into high strength parts known as forgings. The process is normally (but not always) performed hot by preheating the metal to a desired temperature before it is worked. It is important to note that the forging process is entirely different from the casting (or foundry) process, as metal used to make forged parts is never melted and poured (as in the casting process).

### Forging Processes

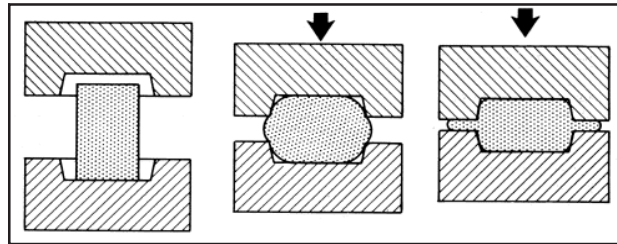
During the forging process, a metal work piece is plastically deformed by pressing, squeezing, or hammering forces - usually at temperatures ranging from ambient to 1,500oC - so that it approaches its maximum theoretical density and the upper limits of the material's potential strength. The properties of the worked metal can be greatly enhanced by selecting the proper types and sequence of operations. The controlled process of deformation that takes place imparts exceptional metallurgical soundness and mechanical properties to the forging - structural integrity, impact strength, fracture toughness, fatigue life, and uniformity.

The manufacture of forged products can be carried out by several basic forging methods. The choice of method is determined by the quantity of parts to be produced, the characteristics of the material, and the configuration to be formed. There are basically three methods (or processes) to make a forged part.

- i. Impression Die Forging.
- ii. Cold Forging
- iii. Open Die Forging
- iv. Rolled Ring Forging



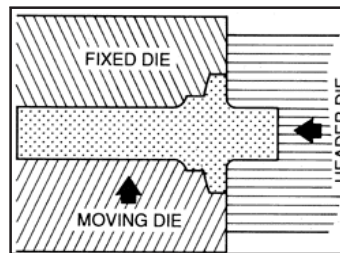
**Impression-Die Forging** pounds or presses metal between two dies (called tooling) that contain a pre cut profile of the desired part. As the name implies, two or more dies containing impressions of the part shape are brought together causing the work piece to plastically deform with the metal flow restricted by the die contours. Impression-die forging is often referred to as closed die forging and accounts for the bulk of commercial forging production. Parts from a few ounces to 60,000 lbs. can be made using this process. Some of the smaller parts are actually forged cold.



**Graphical depiction of forging process steps.**

### Upsetting

Fundamentally, impression die forgings produced on horizontal forging machines (upsetters) are similar to those produced by hammers or presses. Each is the result of forcing metal into cavities in dies, which separate at parting lines.



### Upsetting

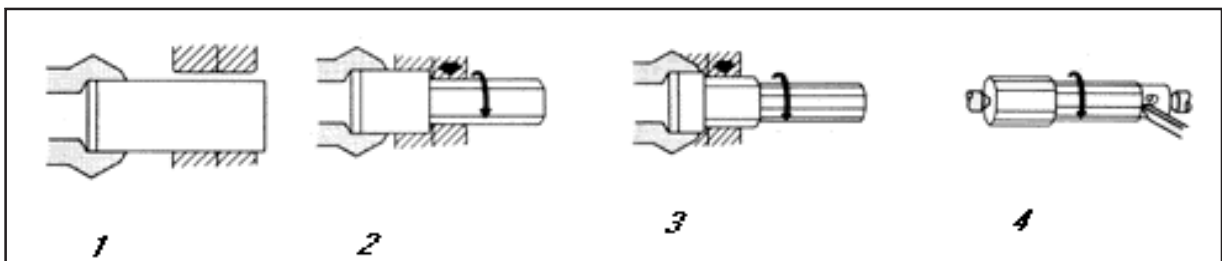
The impression in the ram-operated "heading tool" is the equivalent of a hammer or press top die. The "grip dies" contain the impressions corresponding to the hammer or press bottom die. Grip dies consist of a stationary die and a moving die which, when closed, act to grip the stock and hold it in position for forging. After each work stroke of the machine, these dies permit the transfer of stock from one cavity to another in the multiple-impression dies.

### Open Die Forging

Open die forging is performed between flat dies with no precut profiles in the dies. Open-Die Forging differs from impression-die in that the metal work piece is not confined laterally by impression dies. The process is typically associated with large parts, although part weights can range from a few pounds to 150 tons. The open-die forging process progressively works the starting stock into the desired shape, most commonly between flat-faced dies. As the stock is not contained in a closed die, a highly skilled forge operator is required in locating and positioning the work piece on the die. Open die forgings require subsequent machining in almost all cases. Movement of the work piece is the key to this method. Larger parts over 200,000 lbs. and 80 feet in length can be hammered or pressed into shape this way.

### Graphical depiction of Open Die Process Operations

SHAFTS

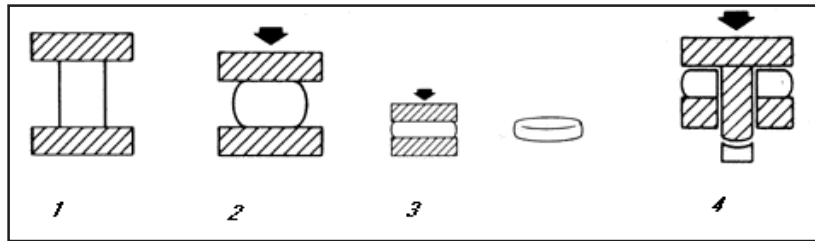


**Open Die Forging Process Operations for Shafts**

- i. Starting stock held by manipulator
- ii. Open-die forging
- iii. Progressive forging
- iv. Lathe turning to near net-shape

**DISCS**

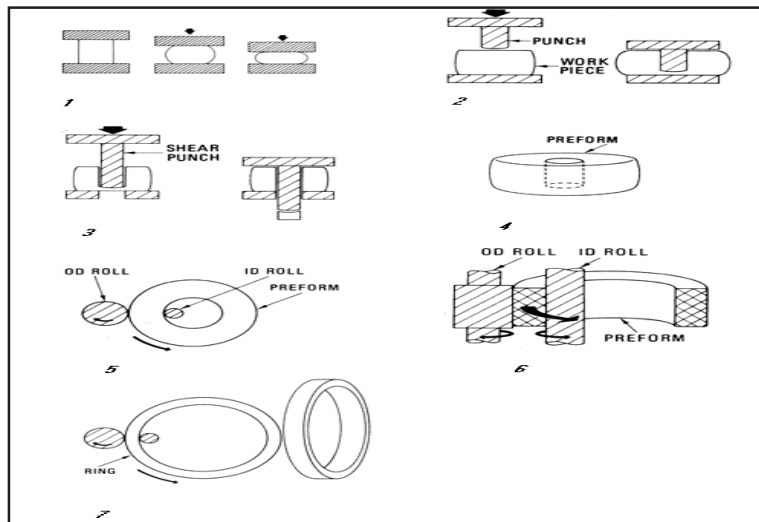
Fig. Open Die Forging Process Operations for Discs



**Rolled Ring Forging**

Seamless rolled ring forging is typically performed by punching a hole in a thick, round piece of metal (creating a donut shape), and then rolling and squeezing (or in some cases, pounding) the donut into a thin ring. Ring diameters can be anywhere from a few inches to 30 feet.

**Rolled Ring Forging Process Operations**



**Process Capabilities**

Rings forged by the seamless ring rolling process can weigh < 1 lb up to 350,000 lbs., while O.D.'s range from just a few inches up to 30-ft. in diameter. Performance-wise, there is no equal for forged, circular-cross-section rings used in energy generation, mining, aerospace, off-highway equipment and other critical applications.

Seamless ring configurations can be flat (like a washer), or feature higher vertical walls (approximating a hollow cylindrical section). Heights of rolled rings range from less than an inch up to more than 9 ft. Depending on the equipment utilized, wall-thickness/height ratios of rings typically range from 1:16 up to 16:1, although greater proportions have been achieved with special processing. In fact, seamless tubes up to 48-in. diameter and over 20-ft long are extruded on 20 to 30,000-ton forging presses.

Even though basic shapes with rectangular cross-sections are the norm, rings featuring complex, functional cross-sections can be forged to meet virtually any design requirements. Aply named, these contoured rolled rings can be produced in thousands of different shapes with contours on the inside and/or outside diameters. A key advantage to contoured rings is a significant reduction in machining operations. Not surprisingly, custom-contoured rings can result in cost-saving part consolidations. Compared to flat-faced seamless rolled rings, maximum dimensions (face heights and O.D.'s) of contoured rolled rings are somewhat lower, but are still very impressive in size.



High tangential strength and ductility make forged rings well-suited for torque- and pressure-resistant components, such as gears, engine bearings for aircraft, wheel bearings, couplings, rotor spacers, sealed discs and cases, flanges, pressure vessels and valve bodies. Materials include not only carbon and alloy steels, but also non-ferrous alloys of aluminum, copper and titanium, as well as nickel-base alloys.

Ring Rolling is a very cost effective and property effective process in which seamless rolled rings are forged in numerous cross-sectional shapes, ranging from several inches to over 20 feet in diameter. Rings can range in weight from one pound to more than 50,000 pounds, and are typically used in gears, bearings, couplings, rotor spacers, and components for pressure vessels and valves.

### Types Of Equipment Used

The type of machinery to be used depends on the shape, size, material, and number of pieces to be made. Forging hammers apply force by the impact of a large ram. This may be a drop hammer, or weight falling under the force of gravity, or it may be a power hammer, driven by steam or compressed air. Two types of power hammers are: the *smith forging* hammer and the *drop* hammer. The largest hammers can provide a total force as high as 80,000 pounds.

**Smith Forging Hammer** Heavy work pieces could be processed using a smith-forging hammer, and smaller forgings are die formed in drop hammers. Smith forging hammers are typically steam or air-operated, consisting of a power actuated ram supported by a heavy cast iron frame. The final product is a result of the ram being powered into the dies containing the work piece.

**Board Drop Hammer** A drop hammer differs in that the anvil is an integrated part of the hammer base. It is necessary for the alignment between the forging die elements used. This method is advantageous in that the physical properties of the metal are improved by the severe mechanical working, the operation is rapid, many complicated parts can be forged to shape, a minimum amount of machining is necessary, and internal defects are eliminated. The disadvantages are the cost of machinery and dies, which demands a high quantity of parts to be manufactured in order for the process to be cost effective.

**Forging Press** A forging press consists of a hydraulic press, which exerts a force capable of pressing steel or a metal alloy into the shape of the forging die. These machines can be positioned horizontally or vertically. This method can be used to form car wheels, gears, bushings, and other such parts

**Hydraulic Forging Press** Hydraulic presses, in which high-pressure fluid produced by hydraulic pumps drives a ram, are about 100 times slower than hammers. They are used for large or complex die forgings and for extrusion. Presses with a total force of 50,000 tons have been developed in the United States primarily for the forging of large airplane components. Even larger hydraulic presses, up to 78,000 tons, have been introduced in Europe.

**Mechanical Forging Press** Mechanical presses have a motor-driven flywheel that stores energy to drive a ram—much lighter than a hammer—through a crank or other mechanical device. The ram in a press moves more slowly than a hammer and squeezes the work piece. The largest mechanical presses have a total force of 12,000 tons and cannot forge as large or complicated parts as the larger hammers.

### ADVANTAGES OF FORGING

**Directional Strength:** Controlling deformation during the forging process results in improved metallurgical properties. The forging process produces directional alignment (grain flow) for important directional properties of strength, ductility, and resistance to impact and fatigue.

**Impact Strength:** Through proper grain flow orientation; the forging process can develop the maximum impact strength and fatigue resistance possible in a metal.

**Structural Integrity:** As is well known a forging's structural reliability is excelled by no other metalworking process. There are no internal gas pockets or voids that may cause unexpected failure under conditions of high stress or impact. This means more realistic safety factors based on material that will respond predictably to its environment without costly special processing to correct internal defects.

**Size Range:** Forged parts are economically produced in a broad range of sizes and shapes.

**Uniformity:** The consistency of material and dimensions from one forged part to the next, and from separate production lots of forgings produced months or years apart, is extremely high. Forgings are made through a carefully controlled sequence of production steps, in contrast to a random flow of material into the desired shapes. Uniformity in composition and structure, piece to piece, insures reproducible response to heat treatment, minimum variation in machinability, and consistent property levels of finished parts.

**Strength-To-Weight Ratio:** The higher strength-to-weight ratio can be used to reduce section thickness in part design.

**Compatibility:** Forging components have superior response to all forms of heat treatment. Due to the near absence of structural defects, forgings offer the best opportunity for strong, efficient welds. Due to the lack of internal discontinuities and surface inclusions, forgings provide a dependable machining micro-structure for most metal-cutting processes. Forged parts can be readily fabricated by welding, bolting, or riveting, and are suited for most surface conditioning. A forging can also be designed to eliminate multiple assembly components.

**Economic Advantages:** Forging's superior functional advantages of strength, fatigue resistance, reliability, and high quality combine into economic benefits. Uniform dimensional relationships result in consistent machinability and predictable response to heat treatment. This, combined with obvious strength-to-weight ratios, make forgings a top priority of the cost-conscious user.

Some of the other advantages are

- Uniform crosssectional area over a long length.
- Low cost of Dies making it economical to make small quantities of a required shape.
- Good surface finish.

**Heat treatment:**

The company has capacity of Carbonising of materials up to 60 MT / Month or 720 MT per annum. The company also has normalizing capacity of 70 MT per month. Additionally, the company has installed iso-annealing furnace based on latest available technology. Capacity of iso-annealing furnace is 360 MT per month, which is sufficient to take care of heat treatment requirement for existing production.

**Die making**

The Company has a number of traditional machines used for die making.

**Machining**

The company has traditional lathe machines at Jamshedpur & Kolkata for the rough machining of components.

**LOCATION OF THE COMPANY**

The Registered Office and the Corporate Office of the company are located at 6, Waterloo Street, 4th Floor, Kolkata 700 069. The company owns the premises.

The plants of the company is located at the following location:

Name of Plant	Location
Plant – I	Plot M-6, Phase VI, Gamaria, Jamshedpur- 832108, Jharkhand
Plant – II	7/40, Duffer Street, Liluah – 711204 Howrah
Plant – III & IV	Plot M-15,16 & NS 26, Phase VII, Gamaria, Jamshedpur – 832108, Jharkhand.

**PRODUCTS**

The products currently manufactured by the Company are industrial in nature and is used by Railways, Automobile Industry, Defence, and Manufacturers of Tools and Hardware .

The various products that the company currently manufactures are as follows:

- Forgings for railway wagons and coaches
- Forging for automobiles
- Forging for valve bodies
- Transmission gears
- Track Links
- Drop forgings from 250 gms to 50 kgs
- Open forgings upto 100 kgs
- Free forged, die forged, Squares, hex, bars and sections in MS & Alloy Steel for sizes as per IS DIN specifications.
- Open and drop forged rings, blanks, shackles, thimbles, hooks, sockets etc.
- Forged automobile components for heavy commercial vehicles and passenger vehicles
- Forged flanges in MS and stainless steel in finished condition as per customer specification.



### Competitive Conditions, Marketing Etc

The Company faces competition from Companies in the Organized Sector and is suitably placed to overcome the competition on account of the under-mentioned advantages:

- Stability of raw material supplies from companies
- Product quality
- Market reputation of the promoters

### Capacity Utilization

The installed capacities, capacity utilization for the last three years is as under

Year	Prod. Capacity( M.T)	Production ( in M.t)
2000-01	3000	2286.06
2001-02	3000	3871.68
2002-03	4400	5758.44

### Raising Of Capital In Form Of Equity Or Debt-

The company has raised equity at par and premium in the following manner:

Date	No. of Shares
12.11.81	200
08.01.83	59,800
15.09.83	15,000
20.03.95	125,000
30.03.96	60,000
05.09.96	105,000
20.09.96	35,000
16.03.98	150,000
30.03.98	50,000
31.03.99	272,000
29.05.99	170,000
15.03.00	47,500
30.03.01	410,500
31.03.02	180,000
04.09.02	421,000
31.03.03	512,500
25.09.03	1,306,750
25.09.03	379,050
06.03.04	23,50,000
<b>TOTAL</b>	<b>6,649,300</b>

### DEFAULTS/ RESCHEDULEMENT WITH BANKS AND INSTITUTIONS

The company has neither defaulted nor there is any re-schedulement with Financial Institutions/ Banks, conversion of loans into equity. There has been no events in the company such as strikes, lock outs etc.

As of now all the projects have been implemented in scheduled time. There have been no time/cost over run in setting up projects. Regarding the present project, the company is confident of implementing the project within the scheduled time.

**MAIN OBJECTS OF THE COMPANY**

1. To carry on the business of manufacturer, buyer, seller, importer, exporter, and dealer, indentors, shippers, fabricators, processors, producers, and agents in Railway carriage and wagon components, Hoists, coaches, fittings, and diesel locomotive spares of all kinds.
2. To carry on the business of contractors, executors, fabricators, molder's, forgers and engineers of all types including mechanical, electrical, civil, metallurgical, structural, to undertake role of planning, designing, consultancy, erection, construction, installations, commissioning, alteration, renovation, repairs maintenance, and control of all kinds of plants works equipments, machinery established or required for the purposes of manufacturing, processing, producing, manipulating any material including steel of all kinds, ferrous, non-ferrous metals, rubber, electrical goods, agriculture implements and other allied products of all types.
3. To carry on the business of consultants and acquire from any person, firms or body corporate, import, export or otherwise deal with all types of technical information, know-how processes, engineering, manufacturing and operating plans, layouts and blue prints use-full for the design, erection and operation of plant required for any of the purpose mentioned above and to acquire grant of license and other rights and benefits in the forging matters and things.

**SUBSIDIARY COMPANY**

The Company does not have any subsidiary company as on the date of this Prospectus.

**DETAILS OF DIRECTORS AS ON THE DATE OF FILING THE PROSPECTUS WITH ROC**

<b>Name, age and Residential Address</b>	<b>Date of appointment</b>	<b>Qualification</b>	<b>Occupation</b>	<b>Particulars of other Directorship</b>	<b>No. of shares held in the company</b>
<b>Mr. Mahabir Prasad Jalan</b> (54 yrs) S/o of Late Kishan Gopal Jalan Flat No. 6A, Belmont Apartments, 18/2 Alipore Road Kolkata-700 027 <b>(Chairman)</b>	12.11.1981	B.E. (Hons.) in Mechanical Engineering	Industrialist	None	451,000
<b>Mr. Naresh Jalan</b> (29 Yrs) S/o of Sri Mahabir Prasad Jalan Flat No. 6A, Belmont Apartments, 18/2 Alipore Road Kolkata-700 027 <b>(Managing Director)</b>	25.01.1995	MBA, Marketing	Industrialist	Jalan Forgings P Ltd, Appcon Finance (P) Ltd. Chaitanya Forgings (P) Ltd.	285,750
<b>Mr. Pawan Kumar Kedia</b> (46 yrs) S/o of Late Banarsi Lal Kedia Club Town, Block I, Flat 2C, VIP Road, Teghoria, Kolkata – 700 059 <b>(Wholetime Director)</b>	15.09.2003	B Com (Hons)	Service	Jalan Forgings P Ltd, Appcon Finance (P) Ltd.	65,250
<b>Mr. Sajjan Kumar Naredi</b> (42 years) S/o Sri Sitaram Naredi M-Road, Viridi Niwas, Bistupur, Jamshedpur – 831001 (Non-Executive Independent Director)	15.09.2003	B.Com (Hons) FCA	Practicing Chartered Accountant, Financial Consultant	Pushpak Financial Services Ltd ASL Ind Pvt Ltd ASL Builders P Ltd	NIL



Name, age and Residential Address	Date of appointment	Qualification	Occupation	Particulars of other Directorship	No. of shares held in the company
<b>Mr. Ram Prasad Saraf</b> (45 years) S/o Late Hari Prasad Saraf 20D, Ballygunge Place (East) Kolkata- 700 019 (Non-Executive Independent Director)	15.09.2003	B.Com,	Business	M/s Atindra Steel Co. Pvt. Ltd. M/s Teletone India Pvt. Ltd.	NIL
<b>Mr. Manish Chaudhari</b> S/o Sri Jagdish Chaudhari (32 yrs.) A-1/602, Akai Co-op. Hsg. Society, J.B.Nagar, Andheri (East) Mumbai-400059 (Non-Executive Independent Director)	15.09.2003	B-Com (Hons), MBA	Business	Mantra Exports Pvt. Ltd.	NIL
<b>Mr. Ramawtar Agarwal</b> S/o Late K.L.Agarwal (42 yrs.) P-4, New Howrah Bridge Approach Road, Nandram Market, R/N 827 Kolkata - 700 001 (Non-Executive Independent Director)	15.09.2003	B. Com	Business	Teletone India Pvt. Ltd.	Nil

There are no pending litigation/ disputes/ defaults against the promoters and directors of the Company."

#### **PROMOTERS AND THEIR BACKGROUND**

##### **Mr. Mahabir Prasad Jalan**

Mr. Mahabir Prasad Jalan son of Late Kishan Gopal Jalan aged 54 Years is a B.E. (Hons.) in Mechanical Engineering from BITS, Pilani and is presently the Chairman of the company. He is an experienced technocrat possessing all the qualities of a successful businessman and is the driving force behind the success of the company. After his graduation in Mechanical Engineering in the year 1970 he has served various companies including Orient Paper Mills Ltd., Spinning Accessories Ltd, Jaipur, Shalimar Wires Limited, Calicut Engg Works Limited at different levels. Working at different organizations at different levels helped Mr. Jalan to possess the insight of the forging unit. His career, which started, from the shop floor eventually culminated into his first independent venture as Managing partner of Tribeni Steel Forgings in the year 1974. He finally Promoted M/s Ramkrishna Forgings Limited in the year 1981 and since its inception is heading the organization. Mr Jalan is a special invitee to All India Forgings Industry Association and is also the member of The Institute of Engineers for the last 10 years.

##### **Mr. Naresh Jalan**

Mr. Naresh Jalan son of Mahabir Prasad Jalan aged 29 Years is a B. Com. graduate and a, MBA in Marketing from Symbiosis, Pune. Mr. Jalan is presently the Managing Director of the company. Under his leadership the company has achieved high growth in turnover and in the process has added several new products and customers. He is managing the commercial and marketing aspects of the company.

**Jalan Forgings (P) Limited**

The company was incorporated on 10.06.1991 having its registered office at 6, Waterloo Street, 4<sup>th</sup> Floor, Kolkata- 700069. The company is engaged in activities related to investment in shares and securities .

The Company has made an application to the Reserve Bank of India to be registered as an NBFC vide its application dated 8.7.1997 and is awaiting the registration.

**The details of the promoters of the company are:**

1. Mr. Naresh Jalan
2. Mr. Pawan Kumar Kedia



**Appcon Finance (P) Limited**

The company was incorporated on 15.01.1996 having its registered office at 6, Waterloo Street, 4<sup>th</sup> Floor, Room No. 406, Kolkata- 700069. The company is engaged in activities related to investment in shares and securities.

The Company is registered with Reserve Bank of India as an NBFC vide certificate No. B.05.05326 dated 28<sup>th</sup> of January 2003.

The promoters of the company are:

1. Mr. Naresh Jalan
2. Mr. Pawan Kumar Kedia

<p><b>Mr. Mahabir Prasad Jalan</b> Permanent Account Number Driving License Number Passport Number Bank Account Number</p>	<p>ACFPJ2428J NIL A4896169 Canara Bank S/B A/C -12090 HSBC SB A/C 023-434863-006</p>	
<p><b>Mr. Naresh Jalan</b> Permanent Account Number Driving License Number Bank Account Number Passport Number</p>	<p>ACUPJ1252F WB-01-060369 Canara Bank SB A/C 13118 A5330753</p>	
<p><b>Jalan Forgings Pvt Ltd</b> Permanent Account Number Driving License Number Bank Account Number Passport Number</p>	<p>AAACJ6855B N.A. Canara Bank Current A/C-20639 N.A.</p>	
<p><b>Appcon Finance Pvt Ltd</b> Permanent Account Number Driving License Number Bank Account Number Passport Number</p>	<p>AACCA3714G N.A. Canara Bank Current A/C-20552 N.A.</p>	

The Permanent Account Number, Bank Account Number and Passport Number of the promoters have been submitted to the Stock Exchanges on which securities are proposed to be listed, at the time of filing the Prospectus to them.

The Promoters have not dissociated themselves from any of the Companies/firms during the preceding three years.

None of the ventures of the promoter have any business or other interest in the Company except Jalan Forgings Pvt. Ltd. Appcon Finance Pvt. Ltd., as shareholders and promoters and Basuki Portfolio Pvt. Ltd. which has an interest as shareholder.



## PENDING LITIGATIONS

There are no pending litigations, disputes or suits against the company or its promoters/directors and there is no default in meeting any of the statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

### Details of other Directors

#### Mr. Sajjan Kumar Naredi

Mr. Naredi is a Chartered Accountant by profession and is involved in his professional practice for the last 17 years. He is a renowned tax practitioner in the state of Jharkhand. He is also actively involved in various committees in the following capacities:

General Secretary of Singbhum Chamber of Commerce, Arbitrator in Sole Arbitral Tribunal of Jharkhand High Court, Member of Regional Advisory Committee, Central Excise, Jamshedpur, Member of Income Tax Advisory Committee, Jamshedpur.

#### Mr. Pawan Kumar Kedia

Mr. Kedia is a B.Com graduate with a Diploma in Taxation having substantial experience in the field of Finance and Taxation. He worked as Commercial manager with the Indana Group of companies from 1986-1995 and joined as Internal Auditor in Khaitan India Limited from 1996 to the year 1997 before joining the Company as Commercial Manager (Finance and Accounts). He is presently looking after the finance and accounts functions of the Company.

#### Mr. Ram Prasad Saraf

Mr. Saraf is a commerce graduate and was Commercial Manager for Indo Japan Steels Ltd for 20 years in the beginning of his career before building his own business under the name of Atindra Steel Co. Pvt. Ltd. His vast experience in the steel sector shall benefit the company immensely.

#### Mr. Ramawtar Agarwal

Mr. Agarwal also has a rich legacy in the steel sector and is managing a Company in the name of Jotindra Steel & Tubes Ltd.

#### Mr. Manish Chaudhari

Mr. Chaudhari has been a Director in Mandta Exports Pvt. Ltd and is based out of Mumbai. His Company has been engaged in the Garment Industry for the last 10 years. His knowledge of the export markets and exporting procedures shall add value to the growth of the Company.

## KEY MANAGERIAL PERSONNEL

The Company possesses an excellent pool of experienced and capable Managerial staff. Its senior managers are trained in their respective field and have been continuously adding value to the operations of the Company.

**Mr. Ashok Kumar Oswal** : Mr. Oswal is working as General Manager of the company for the last 3 years. Mr. Oswal is a Mechanical Engineer of 1970 batch and has vast experience of over 30 years in forging industry. Mr. Oswal had completed his Post Graduate Diploma in Business Management from XLRI, Jamshedpur in the year 1985. He has worked with a number of reputed companies like HEC, TATA MOTORS, Bharat Forge, Amforge Industries Ltd. etc.

**Mr. Sukumar Ghosh** : Mr. Ghosh is working as Senior Manager –Production of the company for the last 4 years. He has more than 18 years experience in forging operations and has worked for Bharat Forge & Patheja Forgings. He also has experience on Upsetters of various capacity.

**Mr. Sanjeev Sharma** : Mr. Sharma is a young Chartered Accountant and is working for the company for the last 3 years. He is working as Finance Executive and is posted at Jamshedpur unit of the company. He is leading a team of experienced staffs looking after day to day Finance & Accounting matters of the company.

**Mr. C. N. Bandyopadhyay** : Mr. Bandyopadhyay is holding Diploma in Mechanical Engineering. He is heading Design & Development section of the company. He also has vast working experience in reputed forging industries.

**Mr. Mahendra Kumar Singh** : Mr. Singh is working with the company for the last 3 years as Maintenance Manager. He is holding Diploma in Mechanical Engineering and has work experience of more than 25 years.

**Mr. Kanak Kumar Ghosh** : Mr. Ghosh is working in the capacity of a Metallurgist for the last 1 year. He had completed his Graduation in Metallurgical Engineering in the year 1970. He has vast experience in technical consultancy and Manufacturing line.

## Ramkrishna Forgings Limited

Apart from these key personals, the company has a team of about 150 highly motivated staffs & workers. To a great extent, success of the company could be attributed to the dynamic entrepreneurship of Mr. Mahabir Prasad Jalan. But one could not deny the contribution of other Senior staffs & team members. This is the combined and dedicated effort of entire team of RKFL, which helped the company to achieve high growth in turnover & profit. The management has adopted a transparent policy and work is properly delegated at all levels. The management has already in touch with some other senior professionals, who are ready to join the company. Once the work implementation will start at new project site, the company will recruit additional professionals as per its requirement.

### The profile of the key managerial personnel is as follows:

Name	D. O. B.	Age	Qualification	Designation	Total Experience	D. O. J.	Previous Employment
Mr.V.K.Mishra	25.01.61	44	B.E. (Mechanical)	Vice President -CNC Operations	17 Years	27.01.04	Vicks Gears I Ltd.
Mr. A. K. Oswal	02.05.49	54	B.E.(Mech.); M.E.(Prod.); PGDBM(Prod. Mgt.)	G. M.(Works)	28&1/2 Years	25.01.02	AMFORGE India Ltd. Bhandup & Khopoli
Mr. M.M. Rao	12.03.47	57	DME: DMM	Vice President - (Technical)- Plant I	36 Years	16.02.04	Shree Ganesh Forgings Ltd. Mumbai
Mr. D. N. Gupta	24.09.54	49	BA(LLB)	Sr. Manager (Works)	24 Years	07.06.82	Kamla Tea Ltd., Siliguri.
Mr Rajesh Mundhra	28.03.74	29	ACA, ACS	Company Secretary	4 Years	11.12.03	Carnation Industries Ltd.
Mr. Sanjeev Sharma	11.02.76	27	Chartered Accountant	Commercial Manager	4 Years	03.06.99	M/s D.K. Chhajer & Co. Kolkata.
Mr.Milesh Gandhi	8.11.79	25	B.Com Hons AIII	Manager Marketing	5 Years	1.9.99	Nil
Mr. C. N. Bandopadhyay	12.06.66	37	B.E.(IIM); DME(Mech); Adv. Diploma In Forge Tech.	Sr. Manager (Design & Dev.)	12 Years	21.02.01	AMFORGE India Ltd. Bhandup & Khopoli
Mr. Sukumar Ghosh	04.05.68	36	DME; Adv. Diploma In Forge Tech.	Sr. Manager (Forge Shop)	18 Years	26.04.99	Patheja Forge Ltd. Aurangabad
Mr. Chinmoy Koley	25.08.61	42	DME; AMIE; Adv. Diploma In Forge Tech.	Sr. Manager (Forge Shop)	17 & 1/2 Years	25.04.03	Vivekanand Forgings(India) Pvt. Ltd. Howrah.
Mr. M.N.Selvam	28.04.60	43	Diploma in Die Design & Quality. Cont.	Manager (D/S)	22 Years	17.10.97	M/s G.S.B. Forge Ltd.
Mr.M.K. Singh	06.05.50	53	DME & DEE	Maintenance Manager	24 Years	10.12.01	Globe Engg. Ltd., Talegaon.
Mr. A. K. Paul	18.12.66	37	DEE & AMIE	Sr. Manager (Maintenance)	12 Years	09.09.03	Power Tech. Engineers
Mr. Kenaram Rakshit	03.03.61	42	DME; Adv. Diploma In Forge Tech.	Manager (Saw& Shear)	15&1/2 Years	25.06.02	AMFORGE India Ltd. Bhandup & Khopoli



Name	D. O. B.	Age	Qualification	Designation	Total Experience	D. O. J.	Previous Employment
Mr. K. K. Ghosh	01.01.48	55	BE(Met. Engg) MIE; Chartered Engineer	Sr. Metallurgist	33 Years	15.07.02	Consultant
Mr. Suman Banerjee	23.03.74	29	B.Sc.(Phy) Adv. Diploma In Forge Tech.	Manager (Prod. Planning & Control)	5 Years	13.09.02	AMFORGE India Ltd. Bhandup & Khopoli
Mr. M. Bala	26.09.73	30	DME	Manager (QA & Despatch)	12 Years	01.04.95	M.M. Forgings.
Mr. P. K. Mahapatra	20.01.67	36	AMIE(Mech.); Quality Engg. & Total Quality Mgt; Prod Mgt.; M.E.	Sr. Manager (Quality Dev.)	12 Years	03.09.02	India Tools Craft (P) Ltd.
Mr. S.K. Chatterjee	08.07.46	57	Graduate; DEE	Chief Engineer Electrical (Maint.& Proj.)	36 Years	09.09.03	Usha Martin Ltd., JSR.
Mr. C. R. John	24.10.73	30	DME	Sr. Manager (CNC Div.)	7 Years	17.06.03	Chaitanya Forgings Ltd Kolkata.
Mr. R. C. Sinha	13.08.64	39	DME; BE (Automobile); MBA	Sr. Manager (Maint.& Proj.)	14 Years	18.04.03	Prime Power Services
MR. G. D. Singh	10.08.63	40	B.Com.	Manager (Proj.)	9 Years	06.02.03	Ajanta Composit Pvt. Ltd. JSR.
Mr. J. N. Pahari	18.01.69	34	DME	Manager (D/S)	11 Years	01.01.93	S.B.S Forging (P) Ltd.
Mr. K. N. Pal	27.11.67	36	DME	Manager (HT)	11 Years	04.05.92	Nil

**Notes:**

- i. All the above-mentioned personnel are permanent employees of the Company.
- ii. There is no understanding with the major shareholders, customers, suppliers or any others pursuant to which any of the abovementioned personnel have been recruited.
- iii. One of the Key managerial personnel by the name of Daniel Baby left the Company recently owing to personal reasons. The Company has with its growth added 14 Key Managerial Personnel in the last three years prior to the date of filing the Prospectus.

**CORPORATE GOVERNANCE COMMITTEES:**

The SEBI Guidelines in respect of Corporate Governance shall be applicable to the company immediately upon listing of its shares on the various stock exchanges. The Company undertakes that it shall take all necessary steps to comply with all the requirements of the guidelines on Corporate Governance as would be applicable to it upon listing of its shares. In this regard the Company has already set up an Audit Committee and other committees as per the requirement of the revised guidelines.

In accordance with the code of Corporate Governance of the SEBI and other pronouncements / requirements of SEBI and the listing requirements of the stock exchanges, the Board of the Company has constituted the following committees:

**1. Audit Committee:**

The audit committee will be chiefly responsible for oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible, recommending the appointment and removal of external auditors and reviewing the accounts with management before submission to the Board.

**Composition:**

Chairman: Mr. Sajjan Kumar Naredy - Independent Non-Executive Director

Members: Mr. Ram Prasad Saraf - Independent Non-Executive Director

Mr. Ramawtar Agarwal - Independent Non-Executive Director

**2. Remuneration Committee:**

The Company does not have a "Remuneration Committee". All such items that may be required to be discussed at a meeting of the "Remuneration Committee" could be considered at a meeting of the Board of Directors.

**3. Investors' Grievances Committee**

This committee will specifically look into the redressing the shareholder and investor complaints like transfer of shares, non-receipt of the declared dividends etc.

Composition:

Chairman: Mr. Ramawtar Agarwal - Independent Non-Executive Director

Members: - Mr. Sajjan Kumar Naredi - Independent Non-Executive Director

Mr. Manish Chaudhari - Independent Non-Executive Director

**INTEREST OF PROMOTERS / DIRECTORS**

The promoters and Directors are interested in the Company to the extent of their respective share holding in the Company, remuneration, sitting fees and reimbursement of expenses payable to them under the provisions of Articles of Association. The Income-Tax authorities have lodged no prosecution in the past against the Promoters of the Company.



**VII. MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF THE OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS.**

**Summary Of Past Results For The Last five Years**

(Rs. in Lacs)

<b>For the Year Ended 31st March</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>31.12.03 (9 mths)</b>
<b>INCOME</b>						
<b>Sales and Services</b>	837.75	936.25	1,587.11	2,308.99	2,947.73	2,480.15
Other Income	0.74	2.05	6.31	3.74	4.21	11.27
Increase (Decrease) in Inventories	(9.54)	18.22	74.49	20.41	(3.53)	83.21
<b>TOTAL INCOME</b>	<b>828.95</b>	<b>956.52</b>	<b>1,667.91</b>	<b>2,333.14</b>	<b>2,948.41</b>	<b>2,574.63</b>
<b>EXPENDITURE</b>						
Raw Materials Consumed	393.32	439.38	609.79	957.01	1,273.64	1,093.18
Manufacturing expenses	214.26	243.61	396.35	486.09	622.91	539.63
Administration Expenses, Selling, Distribution and Other Expenses	138.72	173.01	211.94	273.93	382.40	295.78
Central Excise Duty Paid / Debited	-	-	204.42	298.79	358.89	300.38
Sales Tax Paid / Debited	-	-	59.39	75.21	62.15	37.26
<b>TOTAL EXPENDITURE</b>	<b>746.30</b>	<b>856.00</b>	<b>1,481.89</b>	<b>2,091.03</b>	<b>2,699.99</b>	<b>2,266.23</b>
<b>Net profit before interest, depreciation, Tax and extraordinary items.</b>	<b>82.65</b>	<b>100.52</b>	<b>186.02</b>	<b>242.11</b>	<b>248.42</b>	<b>308.40</b>
Interest	24.95	28.07	50.34	71.99	56.84	46.01
Depreciation & discarded assets	20.47	31.73	49.88	74.24	95.90	96.04
<b>Net Profit before tax and Extraordinary Items</b>	<b>37.22</b>	<b>40.72</b>	<b>85.80</b>	<b>95.88</b>	<b>95.68</b>	<b>166.35</b>
Provision for Taxation	8.90	8.86	6.80	9.07	11.91	13.00
Provision for Deferred Tax	-	-	22.98	43.00	-	-
Extraordinary items (net of tax)	1.19	-	-	-	-	-
<b>Net Profit as per audited balance sheet (A)</b>	<b>27.13</b>	<b>31.86</b>	<b>79.00</b>	<b>86.81</b>	<b>60.79</b>	<b>110.35</b>
<b>Adjustment on account of Change in Accounting Policies (B) (Refer note )</b>	<b>5.84</b>	<b>7.34</b>	<b>25.24</b>	<b>26.33</b>	<b>-</b>	<b>-</b>
<b>Adjusted Profit &amp; Loss (A-B)</b>	<b>21.28</b>	<b>24.52</b>	<b>53.76</b>	<b>60.48</b>	<b>60.79</b>	<b>110.35</b>
Previous Year P&L	57.42	68.68	93.20	146.96	207.44	268.23
Less: Deferred tax for prior period set aside Refer Note	(10.02)					
Less : Issue of Bonus Shares	0.00	0.00	0.00	0.00	0.00	(130.68)
<b>Balance Carried To Balance Sheet</b>	<b>68.68</b>	<b>93.20</b>	<b>146.96</b>	<b>207.44</b>	<b>268.23</b>	<b>247.90</b>

**Note:**

The Figures given above has been reclassified, rearranged and re-casted wherever considered necessary to reflect the operation of the company on the basis of a uniform practice.

There are no significant change in the items of income and expenditure and there were no unusual or infrequent events or transaction; significant economic changes that materially affected or are likely to effect income from continuing operations.

**ANALYSIS**

The quantitative comparative data of the company's sales is as follows:

SL. NO.	Product	PRODUCTION			SALE					
		Upto 31 <sup>st</sup> Dec, 2003	2002-03	2001-02	Upto 31 <sup>st</sup> Dec, 2003		2002-03		2001-02	
		QTY	QTY	QTY	QTY	VALUE	QTY	VALUE	QTY	VALUE
		(Pcs)	(Pcs)	(Pcs)	(Pcs)	Rs. In Lacs	(Pcs)	Rs. In Lacs	(Pcs)	Rs. In Lacs
1]	Automobile Items	582581	811244	536274	582581	781.74	811244	1054.62	536274	598.64
2]	Railway Items	415125	468859	430821	415125	927.34	468859	1079.36	430821	1216.52
3]	Defence Items	34635	8949	1065	34635	45.97	8949	13.36	1065	1.32
4]	Other Items	15664	17147	32377	15664	33.85	17147	15.37	32377	14.63
5]	Export Items	120289	142019	0	120289	149.81	142019	169.66	0	0.00
		<b>1168294</b>	<b>1448218</b>	<b>1000537</b>	<b>1168294</b>	<b>1938.71</b>	<b>1448218</b>	<b>2332.38</b>	<b>1000537</b>	<b>1831.12</b>

Source: Annual Accounts of the Company

The sales of the company increased by 27.37% over the last year due to addition in the forging capacity, change in product mix resulting in higher realization. The company also entered into the export markets for the first time with exports to USA for freight cars and pressure valves.

The Company has exported goods worth Rs.169.66 Lacs in the year 2002-2003.

Rs. In lacs

Sl. No.	Country of Export	Amount
1	United States of America	169.55
2	Japan	0.11
	<b>Total</b>	<b>169.66</b>

The Company has exported goods worth Rs.157.19 Lacs in the year 2003-2004 upto January 2004.

Rs. In lacs

Sl. No.	Country of Export	Amount
1	United States of America	157.19
	<b>Total</b>	<b>157.19</b>

The response and acceptance with respect to the supplies are very encouraging.

**Impact of Expansion on the operations of the company**

The company proposes to expand its installed capacity from 5,550 M.T. to 12,150 M.T. of finished forgings, the impact of which would be significantly felt in the top line as well as the bottom line of the Company during the financial year 2004-05.

The company has already installed the hammers of 6 tonnes and 3 tonnes respectively, in the month of December 2003. The operations out of this expansion will get fully normalized by the end of this financial year and the full impact of the same will be visualized in the financial year 2004-05.



These hammers installed by the company are top of the line air hammers and are capable to manufacture quality heavy forgings of upto 300 lbs, which has a very high potential in the export market.

The CNC Machining unit will be equipped with verticle machining centers and range of other machines, which will enable the company to manufacture value added ready to use auto components as per the requirements of OEMs.

This unit is expected to commence production with effect from Oct 2004 and its impact will be clearly visible on both the top line and bottom line of the company.

These expansions of the company will enable the company to transform from a basic forging manufacturing company to a full-fledged auto component manufacturer with backward and forward integration firmly in place. This will also help the OEMs as the company would be able to supply finished assemblies at a lower cost than a secondary producer of finishing components alone.

After the expansion, the company will be capable to manufacture varieties of forgings by different forging techniques i.e. open forgings, closed die forgings, upset forgings and ring rolled forgings. This will also catapult the company as the biggest manufacturer of forgings in Eastern India.

**Unusual or infrequent events or transactions and Significant Economic changes that Materially affected or are likely to affect the Company's operations**

Unusual events like war or natural calamities and disasters like flood, disease, can affect the company's operations temporarily. The company's operations can be re-established in fifteen to twenty days, The economic changes that can affect the company are changes in pollution control norms.

**Significant economic changes that materially affected or are likely to effect income from continuing operation**

With an overall upsurge in the Indian economy, the demand of automobile is at an all time high. This increase has resulted into demand of auto components and the company is suitably placed to benefit out of this situation as the biggest consumer of the company's products is the auto industry.

The increasing initiative of the Government in the infrastructure development has also lead to high requirement of engineering products.

**Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations;**

There are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenue or income of the company from continuing operations.

**Future Prospects**

Once the entire expansion plans of the company materializes, the position of the company in terms of product range, new services, value addition and customer profile will see a sea change catapulting it to be a major force in the Indian auto component industry.

**Future Changes in relationship between Costs and Revenues**

The expansion plan of the company is expected to bring about a significant favourable change in the relationship between costs and relationship, particularly after the first year of its implementation. Thereafter the favourable gap between the cost and revenue is expected to narrow gradually even though the company is expected to remain profitable.

**Extent to which the business is seasonal**

The business is not seasonal as it is based on tenders.

**Any significant dependence on a single or few suppliers or customers**

The Company's suppliers relate to supply of mainly the raw materials required by the Company which is steel in the form of billets, rounds and squares. The Company already is taking supplies from eight different suppliers namely Sunflag Iron & Steel Co. Ltd., Vardhman Special Steels , Vardhman Ferro Alloys Corporation Limited, TISCO, Usha Martin Ltd. , Goel Forging Pvt. Ltd. , Indian Alloy fabricators and Beekay Steel Industries Limited. The Company is not dependant on any supplier.

The main purchasers of the Companies products are Railways, Defence and the automobile Industry. The Company has developed relationships with each prospective purchaser of the Companies products.

**The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or Increased sales prices.**

The Company has developed products required for the automobile industry and on account of its supply to TATA MOTORS and its ancillary units it was able to have increased realization which was instrumental in the material increase in net sales.

**Total turnover of each major industry segment in which the company operated**

Sales in value terms to the major segments of the Industry made by the company for the period 1.4.2003 to 31.12.2003

Sl no	Major Segments	Rs. in lacs	%age
1	Automobile Items	781.74	40.32
2	Railway Items	927.34	47.83
3	Defence Items	45.97	2.37
4	Other Items	33.85	1.75
5	Export Items	149.81	7.73
	<b>Total</b>	<b>1,938.70</b>	<b>100.00</b>

**Market Segmentation of the Industry**

Sl no	End-users		%age
1	Automobiles		75%
2	General engineering		12%
3	Defence		5%
4	Railways and others		8%
	<b>Total</b>		<b>100%</b>

**Competitive conditions**

The forging industry in India has a pyramid-like structure, which means as the establishment size reduces, the numbers swell. The structure can be categorised into four broad segments, namely: large, medium, small and tiny. While the large segment consists of less than 10 units, the medium segment consists of around 30 companies. The small segment has close to 250 units, and several innumerable units that fall under the fourth segment. This indicates maximum competition and lowest margins for the units in the small and tiny sector, which are typically involved in making small sized products catering primarily to the replacement market.

The domestic sector is categorised by fragmented capacities. The unorganised sector has major presence in the open die forging segment, which has lower capital costs, while the organised players dominate the closed die forging segment.

The Directors confirm that there have been no events or circumstances since the date of the last financial statements as disclosed in the Prospectus which materially and adversely affect or is likely to affect the trading or profitability of the company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.



## VIII. FINANCIAL OF GROUP COMPANIES

The following are the group companies:

### 1. Jalan Forgings Pvt. Ltd.

#### Background of the Company

The company was incorporated on 10.06.1991 having its registered office at 6, Waterloo Street, 4<sup>th</sup> Floor, Kolkata- 700069. The company is engaged in activities related to investment in shares and securities.

The Company has made an application to the Reserve Bank of India to be registered as an NBFC vide its application dated 8.7.1997 and is awaiting the registration.

The directors of the company are:

3. Mr. Naresh Jalan
4. Mr. Pawan Kumar Kedia

#### Financial Highlights

The financial highlights for 3 years are given below.

(Rs. in Lacs)

Year Ended March 31	2001 (Audited)	2002 (Audited)	2003 (Audited)
Total Income	0.31	0.30	0.19
Profit after tax (PAT)	0.10	0.07	0.01
Share Capital	50.00	64.00	75.00
Reserves (excluding revaluation reserve)	0.84	0.91	0.91
Earnings per share (EPS) (in Rs.)	0.02	0.01	0.00
Net Asset Value (NAV) per share (in Rs.)	10.16	10.10	10.09

Sources: Audited Financial Statements

Notes:

Face value of each equity share is Rs. 10

There are no pending litigations, disputes or suits against this Company and there is no default in meeting any of the Statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

### 2. Appcon Finance Pvt. Limited.

#### Background of the Company

The company was incorporated on 15.01.1996 having its registered office at 6, Waterloo Street, 4<sup>th</sup> Floor, Room No. 406, Kolkata- 700069. The company is engaged in activities related to investment in shares.

The Company is registered with Reserve Bank of India as an NBFC vide certificate No. B.05.05326 dated 28<sup>th</sup> of January 2003.

The directors of the company are:

1. Mr. Naresh Jalan
2. Mr. Pawan Kumar Kedia

### Financial Highlights

The financial highlights for 3 years are given below.

(Rs. in Lacs)

Year Ended March 31	2001 (Audited)	2002 (Audited)	2003 (Audited)
Total Income	38.43	52.68	61.66
Profit after tax (PAT)	0.07	0.23	1.07
Share Capital	95.27	119.27	119.27
Reserves (excluding revaluation reserve)	0.18	0.41	1.48
Earnings per share (EPS) (in Rs.)	0.01	0.02	0.09
Net Asset Value (NAV) per share (in Rs.)	9.98	10.01	10.06

Source: Audited Financial Statements

Notes:

Face value of each equity share is Rs. 10

There are no pending litigations, disputes or suits against this Company and there are no defaults in meeting any of the Statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.

### 3. Basuki Portfolio Pvt. Ltd.

#### Background of the Company

The company was incorporated on 10.04.1995 having its registered office at 6, Waterloo Street 3<sup>rd</sup> Floor, Kolkata- 700069. The company is engaged in activities related to investment in shares and securities.

Basuki Portfolio Pvt. Ltd is registered with Reserve Bank of India as an NBFC vide certificate No. B.05.04058 dated 5<sup>th</sup> of March 2001.

#### The directors of the company are:

1. Mrs. Rashmi Jalan
2. Mrs. Uma Sawalka
3. Mr. Sanjeev Sharma

### Financial Highlights

The financial highlights for 3 years are given below.

(Rs. in Lacs)

Year Ended March 31	2001 (Audited)	2002 (Audited)	2003 (Audited)
Total Income	2.67	0.44	152.76
Profit after tax (PAT)	(0.12)	(0.06)	(7.21)
Share Capital	26.93	26.93	238.43
Reserves (excluding revaluation reserve)	(1.34)	(1.46)	(8.73)
Earnings per share (EPS) (in Rs.)	-	-	-
Net Asset Value (NAV) per share (in Rs.)	9.51	9.45	9.63

Sources: Audited Financial Statements

Notes:

Face value of each equity share is Rs. 10

There are no pending litigations, disputes or suits against this Company and there is no default in meeting any of the Statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1956.



## IX. BASIS FOR ISSUE PRICE

### Qualitative factors

1. Profit making company since inception.
2. One of the fastest growing companies in the forging sector in Eastern India with a turnover of around Rs. 3000 Lacs.
3. The company is going for expansion of its forging capacity and installation of a new CNC machining unit for ready to use auto components.
4. One of the promoters have experience of more than three decades in the forging sector.
5. Strong Management Team

### Quantitative Factors

#### Adjusted Earning Per Share (EPS)

Year	EPS	Weight
2000-01	4.15	1
2001-02	3.80	2
2002-03	2.83	3
<b>Weighted Average</b>	<b>3.38</b>	
<b>Price Earning Ratio in relation to Issue Price</b>		
Based on 2002-03 EPS of Rs. 2.83	7.07	
Based on weighted average EPS of Rs 3.38	5.92	
<b>Industry P/E*</b>		
Highest	25.20	
Lowest	1.00	
Average	14.40	
<b>Return on Net Worth</b>		
Year	RONW (%)	Weight
2000-01	17.22%	1
2001-02	15.48%	2
2002-03	11.18%	3
<b>Weighted Average</b>	<b>15.80%</b>	
<b>Minimum return on total networth needed to maintain EPS at Rs. 2.83</b>		
<b>Net Asset Value (NAV)</b>		
(a) As at 31.12.2003	16.95	
(b) After issue	18.81	
(c) Issue price	20.00	

#### Notes:

- a. The Earnings per Share and the average return of net worth has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/prior period items pertaining to the earlier years.
- b. The denominator considered for the purpose of calculating Earnings per Share is the average number of Equity Shares outstanding during the year.

## Ramkrishna Forgings Limited

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c. Net Asset Value Per Share represents Shareholder's Equity as per restated financial statements less miscellaneous expenditure as divided by number of shares outstanding at the end of the period.

\* (Source: Capital Market Vol XIX/01, Mar 15- 28, 2004, Castings and Forgings)

### Comparison with industry peers

Comparison of the accounting ratios of the issuer company as mentioned above with the industry average with the accounting ratios of the peer group (i.e. companies of comparable size in the same industry for the year ending 31<sup>st</sup> March 2003) is as follows.

	Company	Peer Group					Industry
	Ramkrishna Forgings Limited	Ahmed nagar Forgings	Am Forge Ind	EL Forge	Kalyani Forge	MM Forgings	
EPS (Rs)	2.83	5.30	3.90	0.20	13.50	21.30	
PE Ratio	7.07*	15.00	29.10	-	8.70	6.70	20.40
RONW	11.18%	10.60%	-	-	19.90%	16.90%	
Share Price (Mar 8, 04)		79	114	29	117	142	

\* Based on the Issue price

(Source: Capital Market Vol XIX/01, Mar 15- 28, 2004, Castings and Forgings)



## X. OUTSTANDING LITIGATIONS OR DEFAULTS

There are no pending litigations in which the promoters of the Company are involved.

There are no overdue, defaults to the Financial Institutions/Banks, Rescheduling of Loans to Banks/FI's by the Company. There are no pending offences of non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposit holders and arrears of cumulative preference shares by the promoters of the Company and by the Companies/firms promoted by the promoters.

There are no cases of litigations pending against the Company or against any other company whose outcome could have a materially adverse effect on the position of the Company.

There are no pending litigation's against the Promoters / Directors in their personal capacities and also involving violation of statutory regulations or criminal offences.

There are no pending proceedings initiated for economic offences against the Directors, Promoters, Companies and Firms promoted by the promoters.

There are no outstanding litigation's, disputes pertaining to the matters likely to affect the operations and Financials of the Company including disputed tax liability, prosecution under any enactment in respect of Schedule XIII of the Companies Act, 1956.

There are no litigations outstanding against the Promoters/Directors in their personal capacity. The Company, its promoters and other Companies with which promoters are associated have neither been suspended by SEBI nor any disciplinary action has been taken by SEBI. There are no prosecution launched by Income Tax Authorities and no liability compounded by the Promoters/Company/Companies/Ventures with which the Promoters are associated is subsisting.

There are no cases of pending litigation/defaults in respect of the firms/Companies with which the Promoters are associated in the past but are no longer associated.

### Details of Unsecured Loans of Ramkrishna Forgings Limited as on 31st December, 2003

Particulars	Rs. in Lacs
Loan From AIADA	0.81
Loan From Bodies Corporate	0.02
Sales Tax under Deferred Scheme	46.31
<b>Total</b>	<b>47.14</b>

There are no unsecured loans taken by the promoter companies or any other company forming part of the promoter group.

### The details of sundry debtors along with an aging analysis as on 31st December, 2003 are as under:

Name of the Party	Debt outstanding for a period exceeding six months	Debt outstanding for a period less than six months	Amount in Rs. In Lacs
Besco Limited	14.02	14.02	
Bharat Earth Movers Ltd	-	39.09	39.09
Bharat Earth Movers Ltd (Kgf)	-	4.97	4.97
Bhilai Engineering Corporation Ltd.	0.04	0.03	0.06
Burn Standard Company Ltd.	-	0.02	0.02
Cab Incorporated	-	7.30	7.30
Calcast Ferrous Ltd	-	11.52	11.52
Central Railway	-	24.01	24.01
Compressed Air Equipments	-	0.30	0.30
Diesel Component Works, Patiala	-	0.06	0.06
Eastern Railway	-	21.90	21.90
H V Transmissions Ltd.	-	1.05	1.05
H.V.Axles Ltd.	-	0.04	0.04
Hindustan Engineering & Industries Ltd.	-	2.19	2.19

<b>Name of the Party</b>	<b>Debt outstanding for a period exceeding six months</b>	<b>Debt outstanding for a period less than six months</b>	<b>Amount in Rs. In Lacs</b>
Hindustan Motors Ltd	-	15.20	15.20
Iemco Industries (P) Ltd.	-	0.29	0.29
Integral Coach Factory	-	0.03	0.03
International Auto Ltd	-	21.24	21.24
Jmt Auto Ltd.	-	0.49	0.49
Kross Manufacturers (I) Pvt Ltd	-	4.42	4.42
Mds Pneumatic Tools Pvt Ltd	-	0.23	0.23
Multitech Auto Ltd.	-	1.78	1.78
National Engineering Industries Ltd.	-	9.33	9.33
Nirmal Mineral	-	3.62	3.62
North East Frontier Railway	-	11.20	11.20
North Eastern Railway	-	6.80	6.80
North Western Railway	-	1.42	1.42
Northern Railway	-	14.80	14.80
Ordnance Factory Medak	-	1.53	1.53
Oxford Engineered Material Corporation	-	79.72	79.72
R.S.B Transmission (I) Ltd.	-	89.70	89.70
Rail Coach Factory	-	17.38	17.38
Rifle Factory	-	0.17	0.17
Sanjay Gupta	-	0.10	0.10
Simpson Sabind Industries Ltd	-	3.33	3.33
South Central Railway	0.47	0.82	1.29
South Eastern Railways	-	0.44	0.44
Southern Railways	0.99	15.54	16.53
Tata Iron & Steel Co. Ltd.	-	4.74	4.74
Tata Motors Ltd	-	9.26	9.26
Texmaco Ltd	-	6.91	6.91
Timken India Ltd	-	3.89	3.89
Vehicle Factory, Jabalpur	1.06	1.84	2.90
Viat Instrument (P) Ltd	-	0.04	0.04
Western Railway	-	8.94	8.94
<b>Total</b>	<b>2.55</b>	<b>461.71</b>	<b>464.26</b>

None of the parties mentioned hereinabove is related to the directors or promoters of the issuer company.

**Details of the Loans and Advances made by the Company as on 31st December, 2003.**

Rs. in lacs

<b>Heads of Account</b>	<b>Total</b>
<b>Current Assets</b>	
<b>Loans, Advances &amp; Deposits</b>	
Advance to Staff & Labour	20.50
Advance against Tour	0.16
Tax Deducted at Source	1.77
Income Tax Advance	11.00
DEPB Post Export Benefit Receivable	16.70
	50.13



Heads of Account	Total
<u>Central Excise</u>	
Central Excise Duty (PLA)	0.29
Central Excise Duty (RG 23A)	3.21
Central Excise Duty (RG 23C)	0.14
Cenvat Recoverable (RG -23C)	13.31
	16.95
Prepaid Expenses	1.01
<u>Deposits</u>	-
Telephone Deposit	0.59
CESC Ltd.	0.71
Earnest Money	0.84
Security Deposit (Cellular Phone)	0.19
Security Deposit (Cylinder)	0.04
Security Deposit -JSEB	22.44
Security Deposit (Rent)	0.18
Security Deposit (Panchwati Resort)	0.40
Sales Tax Deposit (To Party)	0.04
	25.43
<u>Advances to Suppliers</u>	-
Airtorq India	0.10
A.K Roadways	0.05
Alok Kumar	0.01
Basant Mechanical Works	3.25
B.D Construction Co.	0.06
Besra Construction	0.54
BOC India Limited	0.05
Chamunda Forgings(P) Ltd.	4.00
Eastern Tradelink	0.70
Encon Thermal Engineers (P) Ltd	0.76
G.H Induction (I) Pvt. Ltd	27.75
Hercules Hoists Limited	1.00
Hindustan Hydraulics Ltd.	0.05
Hindustan Petroleum Corp. Ltd (Budge Budge)	2.69
Hindustan Petroleum Corp. Ltd(Jsr)	3.19
Hindustan Petroleum Corp. Ltd(Surinam)	1.83
H.K Ghosh	0.15
Indian Oil Corp. Ltd.	0.15
Indian Oil Corp. Ltd. (Jsr Depot)	1.54
Indranil Baksi & Associates	0.74
Inox Air Products Ltd.	0.05
International Stores	0.01
Jamshedpur Hardware & Sanitary Mart	0.56
Labtest Services	0.11
Laxmi Fabricators	0.01
Metal Power Analytical (I) Pvt. Ltd.	0.27
M.R associates	0.48
Neel Controls	0.26
PSR Furniture	0.00

Ramkrishna Forgings Limited

Heads of Account	Total
Pushpak Financial Services Ltd.	1.70
Pyromaster Furnaces	1.00
RCP Enterprise	0.10
Sadhan Construction	1.75
Shiv Narayan Yadav	0.04
Shreeram Engineers	0.83
SKS Engg. Products	0.75
Standard Equipments (P) Ltd.	0.05
Surajit Day	0.05
Surendra Verma	0.17
Techno Fabco	1.13
TISCO Ltd	0.48
Union Roadways Ltd	5.77
UT Limited	12.96
U.V Agencies	4.41
Voltamp Transformers Pvt. Ltd.	2.30
Windston Spring Pvt. Ltd.	0.36
Zhinku	0.02
Santi Moni & Co.	0.20
Arup Jyoti Sabarna	0.10
ECGC	0.08
Gospel India Marketing Pvt. Ltd.	0.13
Nilu Hnadcrafts	0.95
United India Insurance Co.	0.11
ACE Designers Ltd.	7.62
Eastern Tradelink	3.00
Lakshmi Machine Works Ltd.	12.00
Miven Mayfran Conveyors Pvt. Ltd.	0.30
Rao Communications	0.04
	<b>108.75</b>
<b>Grand Total</b>	<b>202.27</b>

None of the parties mentioned hereinabove is related to the directors or promoters of the issuer company.

A list of all Creditors having an outstanding balance of Rs. 1.00 Lac or more outstanding for more than 30 days is mentioned herein below:

**Creditors to whom the Company owes a sum exceeding Rs. 1.00 Lac (which is outstanding more than 30 days as on 31.12.2003)**

Sr. No.	Name of the Creditor	Amount in Rs.
1	Aarti Steels Ltd	18.87
2	Arjan Dass & Sons	7.13
3	ASL Marketing P. Ltd.	5.14
4	Atlas Copco (I) Ltd.	15.45
5	Awagaman Road Carriers Ltd.	4.50
6	B.P Engg. Works	1.19
7	B.T. Engineering Works	5.58
8	Balaji Udyog	1.47
9	Balaji Udyog	3.43



<b>Sr. No.</b>	<b>Name of the Creditor</b>	<b>Amount in Rs.</b>
10	Beekay Steel Industries Ltd.	35.45
11	Boyd Smiths	2.00
12	Calcutta Techno Heaters (India) Pvt Ltd.	4.95
13	Credence Engg. Co.	1.07
14	Eastern Software Systems Ltd	1.00
15	Goel Steels	3.14
16	Goyal Forging Pvt. Ltd.	76.56
17	Haidery Hydraulics & Lubrication Co.	1.08
18	Hardcastle & Waud Mfg. Co. (J)	2.10
19	Hindustan Motors Ltd	12.47
20	Indian Alloys Fabricators	54.53
21	Indian Forging & stamping Co.	1.13
22	Indo Steel Fabrico	2.23
23	Indo Steel fabrico	5.07
24	Invasive Protective Security Guards Pvt. Ltd.(J)	1.14
25	Jacksons Limited	4.80
26	Jagdish Chaudhari & Co.	1.48
27	Jmt Auto Ltd	1.05
28	Krishna & Co.	1.18
29	M. Hari Dass & Co.	1.60
30	M.S. Trading Co.	1.41
31	Mangalam Infotech Services	114.50
32	Manish Kumar Agarwal	2.98
33	Manish Kumar Agarwal	3.18
34	Mill Stores Trading Company	1.34
35	Narayani Electric Co.	1.53
36	Nav Bharat Petroleum Co. (J)	1.67
37	P-Cats	1.49
38	PCK Buderus(I) Special steels Pvt. Ltd. (J)	1.63
39	Rajeshco	1.44
40	S.K.D Enterprise	2.38
41	S.R.C Engineers (India)	1.06
42	Shailake Nocarb Pvt. Ltd (J)	9.01
43	Shivam Highrise (P) Ltd	5.26
44	Shree Ram Transport Corporation (J)	1.13
45	Singh Trading Co.	2.52
46	Singhbhum Steels (J)	1.94
47	Sunflag Iron & Steel Co. Ltd	30.06
48	Tarun Tools (J)	1.12
49	TISCO Rings	3.24
50	Tools Craft (J)	1.52
51	Vandana Rolling Mills Ltd.	4.45
52	Vardhman Special Steels	27.99

**(None of the above are Registered SSI Unit)**

The following are the details of Promoters / Directors who were signatories to Memorandum of Association of other Companies.

<b>Name of Director</b>	<b>Name of the Company</b>
Naresh Jalan	Chaitanya Forgings Pvt. Ltd.

## **XI. RISK ENVISAGED BY MANAGEMENT & MANAGEMENT PROPOSALS TO ADDRESS THE RISKS RISK FACTORS AND PROPOSALS TO ADDRESS THEM**

Investors should consider carefully the following risk factors, together with the other information contained in this Prospectus before they decide to buy the Company's Equity Shares. If any of the following risks actually occur, the Company's business, financial condition and results of operations could suffer, the trading price of the Company's Equity Shares could decline and you may lose all or part of your Investment.

### **INTERNAL FACTORS:**

#### **1. Risk Envisaged by Management**

The total cost of the project is Rs.2,629.26 Lacs. Canara Bank, Bistupur Branch, Jamshedpur (Bankers to the Company) has appraised an amount of Rs.1,513.14 Lacs (Phase I) of the project . The phase II of the project has not been appraised by any Bank or Financial Institution and is based on the company estimates. The funds received from the issue for the phase II will be deployed at the sole discretion of the Management.

##### **Proposals to address the risk**

The Company has drawn out a business plan for the activities to be pursued in the steel forging industry. The promoters of the Company have experience in this business for over three decades. In conceptualising the proposed expansion plan the management has been assisted by their experienced team of managers who have a good experience in the line of business. The Company will ensure judicious deployment of funds depending upon requirements at predetermined intervals.

#### **2. Risk Envisaged by Management**

The company is yet to place the orders for the plant and machinery for the fresh machines of auto parts amounting to Rs. 574.60 Lacs, constituting 34% of the total cost of plant and machinery.

##### **Proposals to address the risk**

The company has received various quotations from the suppliers and is in the process of final negotiations. The orders for the plant and machinery for the implementation of the project will be placed shortly.

#### **3. Risk Envisaged by Management**

The prices of the major raw materials for the manufacture of Steel billets, rounds, squares, and flats, etc are susceptible to volatility. Since these are the main raw material for the Company to manufacture the forgings and other auto components, its own cost will be affected likewise, which may bring about uncertainty in the profitability of the company.

##### **Proposals to address the risk**

The volatility in prices of major raw materials can be negated by entering into contractual agreements with the vendors for supply of major raw materials. The Company is sourcing raw materials from multiple vendors thereby receiving competitive prices on a long-term basis.

#### **4. Risk Envisaged by Management**

The Company is going in for such large expansion for the first time in the history of their operations.

##### **Proposals to address the risk**

The Company is under the management of entrepreneurs who have adequate experience in the forging industry. So far they have managed the business effectively and efficiently both in terms of production and marketing. Further, expansion plans of the Company are aimed at increasing its capacities and initiating forward integration in its core line of business, where they have sufficient expertise.

#### **5. Risk Envisaged by Management**

The Company has not obtained the No Objection Certificate (NOC) from the Pollution Control Board for the new unit.

##### **Proposals to address the risk**

The Company has NOC from the Pollution Control Board for their existing facility and for the expansion of the same. The management does not foresee any problem in obtaining the NOC for the new unit. As the plant is being set up in the Aditaypur Industrial Area and the NOC is given only on the commencement of commercial production.



## **6. Risk Envisaged by Management**

The existing plant has a connected load of 665 KVA. The expansion project would require an additional 635 KVA of power. The total power requirement for the new unit is estimated to be 500 kva, firm arrangements for which are still to be made.

### **Proposal to address the Risk**

The management has already arranged for the increased electricity load for the expansion of the exiting unit with JSEB. Sanction and installation of power for the new unit from JSEB shall be completed by July 2004 as per the Schedule of Implementation. Over and above the JSEB power, the company also has captive power generation facility of 1700 kva and hence does not foresee any shortage of power.

## **7. Risk Envisaged by Management**

The expansion plan is funded substantially from the IPO. Any delay / failure of the IPO will adversely impact the Company.

### **Proposals to address the risk**

The Management is in a position to make alternate funding arrangements through a right mix of secured/unsecured loans, internal accruals and additional contribution from the promoters, in case there is delay or failure of the IPO.

## **8. Risk Envisaged by Management**

The additional working capital requirements of Rs.185 Lacs and Rs.445 lacs amounting to Rs.630 Lacs for the envisaged expansion programme have not been tied up as yet.

### **Proposals to address the risk**

The company already sanctioned working capital limits of Rs. 500 lacs from Canara Bank for exiting operations. An application has been made to the Canara Bank for the working capital requirement for the expansion plan. The Bank has stipulated that when the commercial production commences for the new unit the existing working loan limits shall be enhanced so as to meet the requirements of the company.

## **9. Risk Envisaged by Management**

Around 30% of the company's products are consumed by Indian Railways. Over dependence on a single customer exposes the company to concentration risk.

### **Proposals to address the risk**

The Company has substantial experience of working with railways and is an approved vendor with RDSO (Ministry of Railways), which would ensure regular supply of orders in future also. The company is also approved vendor with DGQA (Vehicles and armaments) a defence organization, a wing of the Ministry of Defence, to which it supplies 10% to 15% of its output. The Company also has certification from BVQI (UKAS) and possesses QS9000/ISO 9000/2001 certification, which has helped it to expand its customer base and have included majors like TATA MOTORS, TAFE, Hindusthan Motors and other corporates in the auto ancillary segment in its customers list. The company is also exporting its products to the western countries now. In view of the gradual change in the product and customer profile of the company, the management feels it is in a position to mitigate the above risk.

## **10. Risk Envisaged by Management**

The Company is an approved source for the sourcing of rough forgings by ancillary units of Tata Motors. Owing to capacity constraint, the company is unable to approach other automobile and tractor manufacturers. The Low capacity has lowered the order acceptance level.

### **Proposals to address the risk**

The Company proposes to increase its forging capacity from 5,550 Metric Tonnes per annum to 12,150 Metric Tonnes per annum by implementing the proposed project . The company will also set up a CNC Machining unit for manufacturing finished auto components in order to move towards the forward integration process.

## **11. Risk Envisaged by Management**

Adityapur Industrial Area Development Authority has allotted lease of plot Nos. M15 and M16 admeasuring 3.9 acres for a period of 30 years to the Company in Phase VII of Adityapur Industrial Area. The Company is yet to get the land registered in its name.

**Proposals to address the risk**

The company has already received the possession certificate of land from Adityapur Industrial Area Development Authority after payment of the required consideration for the plot Nos. M15 and M16 admeasuring 3.9 acres. The Company has already taken steps to get the land registered in its name and the Management is hopeful that all the legal formalities for the same shall be completed before the end the current financial year.

**12. Risk Envisaged by Management**

The Contingent liability of the Company as on 31 December 2003 is estimated at Rs. 70.82 Lacs against capital work remaining to be executed and advance paid against the aforesaid capital work is Rs.49.42 Lacs.

**Proposals to address the risk**

The funds relating to the payment of contingent liability arising on supply of the ordered goods is incorporated in the cost of project.

**13. Risk Envisaged by Management**

The management has recently taken over the management of an NBFC company by the name of Basuki Portfolio Pvt Ltd, which has incurred losses in the last three years of operation of an amount of Rs.7.21 lacs, Rs.0.06 lacs and Rs.0.12 Lacs in the year ended 31<sup>st</sup> March 2003,2002,2001 respectively.

**EXTERNAL FACTORS:**

**1. Risk Envisaged by Management**

The Company's profitability is subject to volatility in prices, exchange rate fluctuations and market conditions.

**Proposals to address the risk**

The Company is seized of the impact of the risk. In order to mitigate the supply side risk, the company can enter into contractual arrangements with vendors.

**2. Risk Envisaged by Management**

The company operates in a globally competitive business environment. Growing competition may force the Company to reduce prices of its products, which may impact margins and market share.

**Proposals to address the risk:**

The management is seized of the threat and would use its experience in effectively mitigating the risk. Moreover adequate demand in the market and growing opportunities of forging product exports are likely to mitigate the risk.

**3. Risk Envisaged by Management**

Changes in the regulatory environment relating to manufacturing and marketing forging products in and outside the country will significantly impact the business of the Company.

**Proposals to address the risk**

The Company keeps itself abreast of the various developments in the regulatory environment and gears itself to comply with the dynamics. Should the Company fail to adapt itself to such changes, the business will be adversely affected.

**4. Risk Envisaged by Management**

Terrorist attacks and other acts of violence or war involving India and other countries where the Company sells its products could affect the Company's business.

**Proposals to address the risk**

The consequences of any potential conflicts are unpredictable, and the Company may not be able to foresee events that could have a materially adverse effect on its business, financial condition or results of operations.

**MECHANISM FOR INVESTOR REDRESSAL**

The Company has appointed Karvy Consultants Limited, the Registrar to the Issue, to handle the investor grievances in co ordination with Compliance Officer of the Company. All grievances relating to the present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled.



## PART II

### i. GENERAL INFORMATION

#### CONSENTS

Consent in writing of the Directors, Lead Manager, Auditors, Registrar to the issue, Bankers to the issue, Bankers to the Company, Company Secretary and Compliance Officer, and the Legal Advisor to act in their respective capacities have been obtained and filed along with a copy of the Prospectus with Registrar of Companies as required under Section 60 of the Companies Act 1956 and none of them have withdrawn their consent upto the time of delivery of a copy of this Prospectus for registration.

M/s N.K.Tekriwal & Associates, Chartered Accountants, the Statutory Auditors of the Company have also given their written consent to their report being included in the form and content in which it appears in this Prospectus and also of the Tax benefits accruing to the Company and its members and same consent has not been withdrawn upto the time of the delivery of this Prospectus for registration to the Registrar of Companies, West Bengal at Kolkata.

#### EXPERT OPINION

No opinion of any expert has been obtained by the Company, except Auditor's Certificate regarding the Tax benefits available to the Company and members of the Company as referred in page 27 in this Prospectus.

#### AUTHORITY FOR THE PRESENT ISSUE

Pursuant to section 81(1A) of the Companies Act, the present issue of 84,75,000 Equity shares by the Company has been authorized by a resolution passed by the Board of Directors of the Company at their meeting held on 20.10.2003 and a special resolution passed at the General Meeting of the shareholders of the company held on 17.11.2003.

#### CHANGE IN THE BOARD OF DIRECTORS DURING THE LAST THREE YEARS

The current directors of the company are:

Name	Date of Appointment
Mr. Mahabir Prasad Jalan	12.11.1981
Mr. Naresh Jalan	25.01.1995
Mr. Ram Prasad Saraf	15.09.2003
Mr. Ramawtar Agarwal	15.09.2003
Mr. Sajjan Kumar Naredi	15.09.2003
Mr. Pawn Kumar Kedia	15.09.2003
Mr. Manish Chaudhari	15.09.2003

Mrs. Rashmi Jalan and Mrs. Uma Sawalka resigned from the directorship on 25.09.03.

#### CHANGE IN THE AUDITORS DURING THE LAST THREE YEARS

N.K.Tekriwal & Associates, Chartered Accountants having their office at 6, Waterloo Street, R-303, 3rd Floor, Kolkata 700 069 are the Statutory Auditors of the company. There has been no change in the auditors of the company since the last three years i.e. from the Financial Year 1999-00 to 2002-03.

#### DISPOSAL OF APPLICATIONS AND APPLICATION MONEY

No receipt will be issued for application money. However, the Bankers to the issue receiving the applications will acknowledge the receipt of the application by stamping and returning the detachable acknowledgement slip appended to each application form.

The sum received in respect of the issue will be kept in separate bank account and the Company will not appropriate the funds unless approval of the Calcutta Stock Exchange Association Limited is obtained for allotment and listing, and where listing has been proposed on more than one exchange, no utilisation shall be allowed till listing approval is available from each of the exchanges concerned.

The Board reserves the right to accept or reject any application in whole or part and in either case without assigning any reason thereof.

### **Basis of allotment**

In the event of public issue of equity shares being over-subscribed, the executive Director/managing director of the National Stock Exchange of India Limited (The Designated Stock Exchange) along with the post issue Lead Manager, Board of Directors and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalised in a fair and proper manner with the following guidelines:

- i. Applications will be categorised according to the number of shares applied for.
- ii. The total number of Shares to be allotted to each category a whole shall be arrived at on a proportionate basis, i.e., the total number of the shares applied for in that category (number of applicants in the category multiplied by number of Shares applied for) multiplied by the inverse of the over subscription ratio.
- iii. Number of Shares to be allotted to the successful allottees will be arrived at on a proportionate basis, (i.e., total number of shares applied for by each applicant in that category the inverse of the over subscription ratio.)
- iv. In all the applications where the proportionate allotment works out to less than 100 shares per applicant, the allotment shall be made as follows:
- v. Each successful applicant shall be allotted a minimum of 100 shares

The successful applicants out of the total applicants for that category shall be determined by draw of lots in such a manner that the total number of shares allotted in that category is equal to the number of shares worked out as per (ii) above.

If the proportionate allotment to an applicant works out to a number that is more than 100 but is not a multiple of 100, the number in excess of the multiple of 100 would be rounded off to the higher multiple of 100 if that number is 50 or higher. If that number is lower than 50, it would be rounded off to the lower multiple of 100. All applicants in such categories would be allotted shares arrived at after such rounding off.

1. If the shares allocated on a proportionate basis to any category are more than the shares allotted to the applicants in that category, the balance available shares for allotment shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of shares.
2. If the process of rounding off the number of shares to allottees to the nearest multiple of 100, results in actual allotment being higher than the shares offered, the Company may allot additional equity share upto a maximum of 10 % of the size of the net public offer. The requisite resolution has been passed by the Company in this regard.
3. The above allotment is further subject to the following guidelines in the case of over subscription:
  - a) A minimum 50% of the net offer of securities to the public shall initially be made available for allotment to retail individual investors, as the case may be.
  - b) The balance net offer of securities to the public shall be made available for allotment to:
    - i. individual applicants other than retail individual investors, and;
    - ii. other investors including Corporate bodies/ institutions irrespective of the number of shares, debentures, etc. applied for.
  - c) The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall / may be made available for allotment to applicants in the other category, if so required.

The term 'Retail Individual Investor' means an investor who applies for securities of or for value of not more than Rs. 50,000/-.

The drawl of lots (where required) to finalise the basis of allotment, shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

Investors may note that in case of over-subscription allotment shall be on proportionate basis and will be finalised by the Executive Director/Managing Director of the National Stock Exchange of India Limited (Designated Stock Exchange) along with the post issue Lead Manger and the Registrars to the issue as per the guidelines issued by the SEBI. RMB (Compendium) series circularNo.2 (1999-2000) on 16-02-2000.



### Denomination of share

The Equity Shares will be issued in market lots of 1 Equity Share of face value of Rs. 10/- each.

### Shares/allotment letters/refund orders

Letter(s) of Allotment/Share (s) together with refund orders of value over Rs.1,500/-, if any, to allottees and Letter(s) of Regret together with refund orders of value over Rs.1,500/- to non-allottees will be despatched by registered post and refunds of value Rs.1,500/- and less will be despatched under certificate of posting at the applicant's sole risk within 30 days of the closing of subscription list.

Adequate funds for the above purpose will be made available to the Registrar to the issue to ensure despatch of refund orders, allotment letters and share s by Regd. Post/ certificate of posting.

### Interest in case of delay on allotment and despatch.

- As far as possible, allotment of securities offered to the public shall be made within 30 days of the closure of this offer.
- The Issuer shall pay interest @ 15% per annum for the period of delay beyond 30 days if the allotment has not been made and /or refund orders have not been despatched to the investors within 30 days from the date of closure of the offer.

### Interest on excess application money

Payment of interest at the rate of 15% per annum on the excess application money will be made to the applicants for the delayed period, if any, beyond 30 days from the date of closure of the subscription list, in terms of the provisions of the Companies Act, 1956 and the guidelines issued by the Ministry of Finance vide Letter No.F/8/6/SE/79 dated 21.7.83 and as amended by Letter No.F/14/2/SE/85 dated 27.9.1985 addressed to Stock Exchanges and as further modified by SEBI's circular dated May 15, 1996.

### Application of Section 269SS of the Income Tax Act, 1961.

In respect of the provisions of Section 269SS of the Income Tax Act, 1961, the subscription against the equity shares should be effected only by an account payee cheque or an account payee draft/, if the amount payable is Rs.20,000/- or more. In case the payment is made in contravention of this provision, the application money will be refunded and no interest will be paid.

### Investors Grievances Redressal Mechanism

The Registrar to the Issue will handle investors' grievances pertaining to this issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-ordinating with the Registrar to the issue in attending to the grievances of the investors.

The Company assures that the following schedules shall be adhered to by the Board of Directors in respect of the complaints, if any, to be received.

Sl. No	Nature Of The Complaint	Time Taken
1	Non-receipt of the refund warrants or share s subject to production of satisfactory evidence.	Within 7 days of receipt of complaint,
2.	Change of Address notification	Within 7 days of receipt of information
3.	Any other complaint in relation to Public Issue all relevant details.	Within 7 days of receipt of complaint with

The Company has appointed Mr Rajesh Mundhra as Compliance Officer who would directly deal with SEBI office with respect to implementation of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the compliance officer in case of any pre issue/post issue related problems. The Compliance officer will be available at the following address:

### RAMKRISHNA FORGINGS LIMITED

6, Waterloo Street, 4th Floor,  
 Kolkata -700 069  
 Phone No. 033 - 2242-0018 / 2243-5613  
 Fax: 0330 - 2242-0019  
 Email: info@ramkrishnaforgings.com

**COMPANY INFORMATION AND ISSUE MANAGEMENT TEAM**

**REGISTERED OFFICE OF THE COMPANY  
RAMKRISHNA FORGINGS LIMITED**

Registered office: 6, Waterloo Street,  
R-406, 4th Floor, Kolkata 700 069, India  
Tel.: (033) 2242-0018/2243-5613  
Fax: (033) 2242-0019  
**E-mail: info@ramkrishnaforgings.com**

**LEAD MANAGERS TO THE ISSUE**



**MICROSEC INDIA LTD**  
Azimganj House, 2<sup>nd</sup> Floor 7,  
Camac Street, Kolkata-700 017  
Tel- (033) 22829330  
Fax: 91-33-22829335  
E-Mail: ipo@microsec.co.in  
SEBI Registration No. INM 000010791

**KARVY INVESTOR SERVICES LIMITED**  
Merchant Banking Division "Karvy House"  
46, Avenue 4, Street No:1, Banjara Hills,  
Hyderabad - 500 034.  
SEBI Registration No.: MB/INM/000008365  
Tel: 040 - 23312454/23320251  
- 23321840/23320752 Fax: 040-23374714



**REGISTRAR TO THE ISSUE  
Karvy Consultants Limited**  
46, Road No. 4 , Street No. 1  
Banjara Hills Hyderabad - 500 034  
Tel : 040 - 23312454, 23320251-53  
Fax: 040 - 23374714  
E-mail : mailmanager@karvy.com  
SEBI Registration No.: INR 000000221

**AUDITORS  
M/S N.K. Tekriwal & Associates**  
6, Waterloo Street, Room No : 303,  
Kolkata- 700 069  
Tel.: 033-22486198, 22109547

**BANKERS TO THE COMPANY  
Canara Bank**  
Gajraj Mansion, 1<sup>st</sup> Floor, Bistupur,  
Jamshedpur - 831 001  
Tel. : 0657 2434008  
Fax : 0657 2437613  
33/1, Netaji Subhash Road,  
Kolkata- 700 001  
Tel.: (033) 22200049/8246  
Fax: (033) 22209417

**LEGAL ADVISOR TO THE ISSUE  
Sandip Agarwal & Co.**  
10 Old Post Office Street  
3<sup>rd</sup> Floor, Room No. 99  
Kolkata - 700 001  
Telephone: 033- 2210-0582/83  
Fax: 91-33-2210 0668

**BANKERS TO THE ISSUE  
HDFC Bank Limited**  
SEBI Regd. No.: INB100000063  
**Controlling Branch**  
2/6, Sarat Bose Road  
Kolkata- 700 020  
Tel.: (033) 2474 2383/2384  
Fax: (033) 2486 0712  
Email: gourab.roy@hdfcbank.com  
ramadoss.ramaswamy@hdfcbank.com

**COMPANY SECRETARY CUM COMPLIANCE OFFICER  
Rajesh Mundhra  
Ramkrishna Forgings Limited**  
6, Waterloo Street, 4th Floor,  
Kolkata 700 069  
Tel.: (033) 2242-0018/2243-5613  
Fax: (033) 2242-0019  
E-mail: info@ramkrishnaforgings.com

Investors can contact the Compliance Officer in case of any pre-issue / post-issue related problems such as non-receipt of letters of allotment / shares / refund orders , etc.



## II. FINANCIAL INFORMATION

### Auditors Report

To,  
The Board of Directors,  
Ramkrishna Forgings Limited  
6, Waterloo Street, R-406, 4th Floor,  
Kolkata 700 069 , India

Dear Sirs,

Re.: Public Issue of 61,25,000 Equity Shares of Rs.10/- each for cash at a premium of Rs.10 per share aggregating to Rs. 12,25,00,000/- .

Dear Sirs,

We have examined the books and accounts of Ramkrishna Forgings Limited for the five financial years/period ended March 31, 2003 being the last date to which the accounts of the Company have been made up and audited by us for presentation to the members. We have also audited and found correct the accounts of the Company for the period from April 1, 2003 to December 31, 2003 prepared and approved by the Board of Directors of the Company.

In accordance with the requirements of:

- a. Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956
- b. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 19, 2000 in pursuance of Section 11 of SEBI Act, 1992, "the SEBI Guidelines"

We report that the profits/losses of the Company for the above years/period are as set out below. These profits/losses (expressed in Lacs of Rupees) have been arrived at after charging all expenses of management, including depreciation and after making such adjustments as in our opinion are appropriate and are subject to the notes given below. Adjustments may be necessary to make the accounts for the period from April 1, 2003 to December 31, 2003, to comply with the requirements of the law relating to accounts to be laid before the Company in the general meeting, but at the date of signing of this report, we are not aware of any material adjustments which would affect the results of the accounts.

1. Statement of Profits and Losses (Annexure I)
2. Statement of Assets and Liabilities (Annexure II)
3. Major Notes to Accounts (Annexure III)
4. Capitalisation Statement (Annexure IV)
5. Taxation Statement (Annexure V)

We further report that the "other financial information" has been correctly computed from the figures as statements of Adjusted Assets and Liabilities and Adjusted Profits and Losses of the Company.

We further confirm that the Company does not have any subsidiaries within the meaning of section 4 of the Companies Act, 1956.

This report is intended solely for your information for inclusion in the proposed Public Issue of Equity Shares of the Company and is not to be used, or distributed for any other purpose without our prior written consent.

**N.K.Tekriwal & Associates**  
Chartered Accountants

Place: Kolkata  
Date: 17<sup>th</sup> February 2004

**(Nirmal Tekriwal)**  
Proprietor

**ANNEXURE I**

**SUMMARY OF PROFITS AND LOSS ACCOUNT, AS RESTATED**

Rs. In Lacs

<b>For the Year Ended 31st March</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>31.12.03 (9 mths)</b>
<b>INCOME</b>						
Sales Manufacturing	785.91	882.13	1,514.19	2,195.43	2,566.78	2110.29
Sales (Scrap)	18.68	17.44	35.78	56.77	99.31	96.79
Sales Trading	2.51	-	-	-	-	-
Sales (Export)	-	-	-	-	169.66	149.81
Job Work	30.65	36.68	37.14	56.79	86.02	102.32
DEPB Post Export Benefit	-	-	-	-	25.96	20.94
<b>Sub Total</b>	<b>837.75</b>	<b>936.25</b>	<b>1,587.11</b>	<b>2,308.99</b>	<b>2,947.73</b>	<b>2,480.15</b>
Other Income	0.74	2.05	6.31	3.74	4.21	11.27
Increase (Decrease) in Inventories	(9.54)	18.22	74.49	20.41	(3.53)	83.21
<b>TOTAL INCOME</b>	<b>828.95</b>	<b>956.52</b>	<b>1,667.91</b>	<b>2,333.14</b>	<b>2,948.41</b>	<b>2,574.63</b>
<b>EXPENDITURE</b>						
Raw Materials Consumed	393.32	439.38	609.79	957.01	1,273.64	1,093.18
Manufacturing expenses	214.26	243.61	396.35	486.09	622.91	539.63
Administration Expenses, Selling, Distribution and Other Expenses	85.57	96.21	100.69	129.51	194.82	168.40
Central Excise Duty Paid / Debited	-	-	204.42	298.79	358.89	300.38
Sales Tax Paid / Debited	-	-	59.39	75.21	62.15	37.26
Payment to and prov for employees & directors	53.15	76.80	111.25	144.42	187.58	127.38
<b>TOTAL EXPENDITURE</b>	<b>746.30</b>	<b>856.00</b>	<b>1,481.89</b>	<b>2,091.03</b>	<b>2,699.99</b>	<b>2,266.23</b>
<b>Net profit before interest, depreciation, Tax and extraordinary items.</b>	<b>82.65</b>	<b>100.52</b>	<b>186.02</b>	<b>242.11</b>	<b>248.42</b>	<b>308.40</b>
Interest	24.95	28.07	50.34	71.99	56.84	46.01
Depreciation & discarded assets	20.47	31.73	49.88	74.24	95.90	96.04
<b>Net Profit before tax and Extraordinary Items</b>	<b>37.22</b>	<b>40.72</b>	<b>85.80</b>	<b>95.88</b>	<b>95.68</b>	<b>166.35</b>
Provision for Taxation	8.90	8.86	6.80	9.07	11.91	13.00
Provision for Deferred Tax	-	-	-	-	22.98	43.00
Extraordinary items (net of tax)	1.19	-	-	-	-	-
<b>Net Profit as per audited balance sheet (A)</b>	<b>27.13</b>	<b>31.86</b>	<b>79.00</b>	<b>86.81</b>	<b>60.79</b>	<b>110.35</b>
<b>Adjustment on account of Change in Accounting Policies (B) (Refer note )</b>	<b>5.84</b>	<b>7.34</b>	<b>25.24</b>	<b>26.33</b>	<b>-</b>	<b>-</b>
<b>Adjusted Profit &amp; Loss (A-B)</b>	<b>21.28</b>	<b>24.52</b>	<b>53.76</b>	<b>60.48</b>	<b>60.79</b>	<b>110.35</b>
Previous Year P&L	57.42	68.68	93.20	146.96	207.44	268.23
Less: Deferred tax for prior period set aside Refer Note	(10.02)	-	-	-	-	-
Less : Issue of Bonus Shares	-	-	-	-	-	(130.68)
<b>Balance Carried To Balance Sheet</b>	<b>68.68</b>	<b>93.20</b>	<b>146.96</b>	<b>207.44</b>	<b>268.23</b>	<b>247.90</b>

**Note:**

- (A) The Figures given above has been reclassified, rearranged and recasted wherever considered necessary to reflect the operation of the company on the basis of a uniform practice.
- (B) The Company has accounted for Deferred Tax asset/liability for earlier years in accordance with provisions of Accounting Standard - 22 "Taxes on Income" issued by the Institute of Chartered Accountants of India. The notional current and deferred tax impact of adjustments has been computed on the Profit/(Loss) arrived after making the adjustments on the basis of the rates applicable to respective years.
- (C) The deferred tax liability for the year ended 31<sup>st</sup> March 1999 includes Rs. 10.02 lacs for earlier years.

**Details of other income**

(Rs. in Lacs)

<b>For the Year Ended 31<sup>st</sup> March</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>31.12.03 (9 mths)</b>
Miscellaneous Receipts	0.41	1.01	0.53	0.14	0.09	0.09
Sundry Credit Balance Written Back	0.15	0.82	4.41	1.69	0.61	0.33
Profit on Sale of Fixed Assets	-	0.22	-	1.38	0.72	0.01
Interest Received	0.16	-	1.37	0.52	0.13	0.04
Profit on Sale of Shares	0.02	-	-	-	2.66	6.26
Cash Discount Received	-	-	-	-	-	4.55
<b>Total</b>	<b>0.74</b>	<b>2.05</b>	<b>6.31</b>	<b>3.74</b>	<b>4.21</b>	<b>11.27</b>
Profit before tax as shown in Profit and Loss Account including other income (A)	37.22	40.72	85.80	95.88	95.68	166.35
Other Income as a percentage of (A)	1.99%	5.03%	7.36%	3.90%	4.40%	6.77%

Note: The Other Income has arisen out of normal business activities and is of Non Recurring nature

**ANNEXURE II**

**SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED**

The assets and liabilities of the Company at the end of the each financial periods/years i.e. March 31, 2003, 2002, 2001,2000 and 1999 audited by us and presented to the members and, as at December 31, 2003 prepared and approved by the Board of Directors and examined and found correct by us and, after making such adjustments and subject to the notes appearing hereinafter are set out below:

(Rs. in Lacs)

	<b>Particulars as at 31st March</b>	<b>1999 Audited</b>	<b>2000 Audited</b>	<b>2001 Audited</b>	<b>2002 Audited</b>	<b>2003 Audited</b>	<b>As at 31.12.03 (Audited)</b>
<b>A</b>	<b>Fixed Assets:</b>						
	Gross Block	283.00	396.76	576.38	868.32	1,182.65	1,313.80
	Less: Depreciation	78.45	108.10	153.28	215.90	303.60	376.71
	Net Block	204.55	288.66	423.10	652.42	879.05	937.09
	Less: Revaluation Reserve	-	-	-	-	-	-
	<b>Net Block after adjustment for Revaluation Reserve</b>	<b>204.55</b>	<b>288.66</b>	<b>423.10</b>	<b>652.42</b>	<b>879.05</b>	<b>937.09</b>
	Capital work-in progress	15.46	123.69	155.71	-	0.47	496.12
	<b>Total Fixed Assets (A)</b>	<b>220.01</b>	<b>412.35</b>	<b>578.81</b>	<b>652.42</b>	<b>879.52</b>	<b>1,433.21</b>
<b>B</b>	<b>Investments</b>	-	-	-	-	<b>3.66</b>	-
<b>C</b>	<b>Current Assets, loans and Advances:</b>						
	Inventories	86.26	118.70	242.21	242.36	415.46	666.62
	Sundry Debtors	219.42	248.30	344.90	455.75	497.72	464.26
	Cash & Bank Balances	2.70	11.03	4.87	2.92	61.47	2.68
	Loans and Advances	28.33	43.38	47.39	47.72	151.34	202.27
	Other current assets	-	-	-	-	-	-
	<b>Total (C)</b>	<b>336.71</b>	<b>421.41</b>	<b>639.37</b>	<b>748.75</b>	<b>1,125.99</b>	<b>1,335.83</b>
<b>D</b>	<b>Liabilities and Provisions:</b>						
	Secured Loans	184.41	354.19	466.76	493.20	735.48	1,144.75
	Unsecured Loans	42.31	81.94	123.49	215.13	254.47	47.13
	Current Liabilities and Provisions	152.83	166.99	277.22	237.53	387.71	591.54
	Deferred Tax Liability	15.86	23.20	48.43	74.76	97.74	140.74
	<b>Total (D)</b>	<b>395.41</b>	<b>626.32</b>	<b>915.90</b>	<b>1020.62</b>	<b>1475.40</b>	<b>1,924.16</b>
<b>E</b>	<b>Net worth (A+B+C-D)</b>	<b>161.31</b>	<b>207.44</b>	<b>302.28</b>	<b>380.55</b>	<b>533.77</b>	<b>844.87</b>
<b>F</b>	<b>Represented by</b>						
	1. Share Capital (A)	87.20	108.95	150.00	168.00	261.35	429.93
	2. Reserves	74.11	98.63	152.40	212.88	273.65	291.22
	Less Revaluation Reserve	-	-	-	-	-	-
	Reserves (Net of Revaluation Reserves) (B)	74.11	98.63	152.40	212.88	273.65	291.22
	Share Application	-	-	-	-	-	137.00
	Miscellaneous Expenditure (C)	-	0.14	0.12	0.33	1.23	13.28
	<b>Net worth (A+B-C)</b>	<b>161.31</b>	<b>207.44</b>	<b>302.28</b>	<b>380.55</b>	<b>533.77</b>	<b>844.87</b>
	<b>Accounting Ratios</b>						
	Earnings per share (Rs)	2.44	2.25	3.58	3.60	2.33	3.42
	Return on net worth %	13%	12%	18%	16%	11%	17%
	Net asset value per share (Rs)	18.50	19.04	20.15	22.65	20.42	16.95
	<b>No. of equity shares of Rs. 10 each</b>	872000	1089500	1500000	1680000	2613500	4299300

**Note:** i) For 9 months of 31.12.2003 figures have been annualised for ratios  
 ii) The deferred tax liability for the year ended 31<sup>st</sup> March 1999 includes Rs.10.02 Lacs for earlier years.  
 iii) The share application money has been brought by the promoters as part of their promoter contribution and hence has been considered as part of networth.  
 iv) The NAV per share has been calculated after including the number of shares lying a share application as on 31st December, 2003.

**Statement showing details of Reserves & Surplus**

<b>Particulars as at 31st March</b>	<b>1999 Audited</b>	<b>2000 Audited</b>	<b>2001 Audited</b>	<b>2002 Audited</b>	<b>2003 Audited</b>	<b>As at 31.12.03 (Audited)</b>
Profit & Loss Balance (Opening Balance)	57.42	68.68	93.20	146.96	207.44	268.23
Less: Transitional adjustment on account of adjustment of deferred tax of previous years	(10.02)	--				
Less: Issue of Bonus shares						(130.68)
Add: Transferred from P&L A/c	21.28	24.52	53.76	60.48	60.79	110.35
<b>Profit &amp; Loss Balance</b>	<b>68.68</b>	<b>93.20</b>	<b>146.96</b>	<b>207.44</b>	<b>268.23</b>	<b>247.90</b>
Share Premium						37.90
Investment Allowance Reserve	4.84	4.84	4.84	4.84	4.84	4.84
Capital Subsidy	0.45	0.45	0.45	0.45	0.45	0.45
Interest Subsidy	0.14	0.14	0.14	0.14	0.14	0.14
<b>Total</b>	<b>74.11</b>	<b>98.63</b>	<b>152.40</b>	<b>212.88</b>	<b>273.65</b>	<b>291.22</b>

**ANNEXURE III****ACCOUNTING POLICIES :**

Annexed to and forming part of the Statement of Accounts for the period ended 31st December, 2003.

**BASIS OF ACCOUNTING :**

The Company prepared its accounts on accrual basis, in accordance with the normally accepted accounting principles.

**FIXED ASSETS :**

Fixed Assets except land are stated at cost less accumulated depreciation. Land is stated at cost.

**METHOD OF DEPRECIATION :**

Depreciation on Fixed Assets except land has been provided under "Written down Value Method" at the rates prescribed in Schedule XIV of the Companies Act, 1956 (as amended).

Depreciation on Fixed Assets added/disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal.

**VALUATION OF INVENTORIES :**

Inventories of Raw Materials, Stores & Spares, Dies & Others stock are valued at lower of cost or estimated net realisable value. Cost is determined on the basis of first in first out.

Inventories of Work-in-process is valued at cost.

Finished goods is valued at cost or market value whichever is less.

Forging Scrap is valued at net realisable value.

**EXCISE DUTY:**

Excise Duty on manufacturing goods is accounted for at the time of their clearance from the factory rather than at the time of manufacture, however the above policy has no impact on the operating results of the Company.

**SALES:**

Sales are accounted for on passing of property of goods to the customers which generally coincides with delivery. Returns against sales are recognised as and when ascertained and are netted from the amount of sales of respective year.

**NOTES ON ACCOUNTS :**

Income Tax provision for the current year appears to be adequate. However, necessary adjustment, if any, as per the policy followed by the company, would be effected upon disposal of the proceedings.

Fixed Deposit of Rs.Nil (previous Year Rs.60,000/-) is lying with Canara Bank, Bistupur (Jamshedpur) as security for Bank Guarantee.

**CONTINGENT LIABILITIES:**

Estimates liabilities against capital work remaining to be executed - Rs.70.82 Lacs (Previous year- Rs.81.57 Lacs).

Advance against above capital work, - Rs.49,42,000/- (Previous year – Rs.57,11,047/)

Outstanding Guarantee furnished by Bank is Rs.Nil (Previous year - Rs. 2,40,000/-)

**LICENCED AND INSTALLED CAPACITY :**

Class of Goods	Licenced Capacity	Installed Capacity
Forgings of Railway and Coach Spares, Automobiles Components and general suppliers	N.A.	5500 M.T.

**Note :** Installed Capacity as certified by the management.

Earning in Foreign Exchange Rs. 62,50,016 (Previous year :11265124)

Expenditure in Foreign Currency Travelling :Rs.397353/ (Previous Year :635695)

**Value of Imports on CIF Basis**

Capital Equipment Rs. 81,956/- (Previous Year: 15,79,450).

Remittance on Foreign Currency on Account

Of Dividend to Non- Resident Shareholders : NIL (Previous Year: NIL).

There are no outstanding dues to small scale industrial undertakings in excess of Rs. 1 lakh which are outstanding for a period more then one month.

Managerial remuneration paid/payable to Managing & Whole Time Director:

Rs in Lacs

	30.09.03 Rupees	2002-03 Rupees
Chairman	4.50	6.00
Managing Director	3.60	4.80
Directors	3.20	5.40
<b>Total</b>	<b>11.30</b>	<b>16.20</b>

**Details of related party transactions**

a) List of related party and their Relationship: -

Party	Relationship
Appcon Finance Pvt. Ltd.	Promoter Company
Jalan Forgings Pvt. Ltd.	Promoter Company
Basuki Portfolio Pvt Ltd	Group Company
Mahabir Prasad Jalan	Chairman
Naresh Jalan	Managing Director
Uma Sawalka *	Whole Time Director
Rashmi Jalan *	Whole Time Director

\* Note: Mrs. Uma Sawalka and Mrs. Rashmi Jalan have resigned from the directorship of the company with effect from 25.09.2003.



b) Related Party Transactions: -

**i. Jalan Forgings Pvt. Ltd**

(Rs. in Lacs)

<b>Transactions</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>31.12.2003 (9 months)</b>
Opening Balance	2.37	2.45	6.48	1.13
Add Received During the Year	0.27	4.29	0.19	0.00
Less Repaid during the Year	0.19	0.27	5.54	1.13
Closing balance	2.45	6.48	1.13	0.00

**ii. Appcon Finance Pvt. Ltd**

(Rs. in Lacs)

<b>Transactions</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>31.12.2003 (9 months)</b>
Opening Balance	9.27	21.20	49.31	28.58
Add Received During the Year	17.55	30.90	3.26	0.00
Less Repaid during the Year	5.62	2.79	23.99	28.57
Closing balance	21.20	49.31	28.58	0.01

**iii. Basuki Portfolio Pvt. Ltd**

(Rs. in Lacs)

<b>Transactions</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>31.12.2003 (9 months)</b>
Opening Balance	Nil	Nil	Nil	33.62
Add Received During the Year	Nil	Nil	33.62	12.50
Less Repaid during the Year	Nil	Nil	Nil	46.11
Closing balance	Nil	Nil	33.62	0.01

The company has no other business transactions with these group companies.

Source: Audited accounts of the company.

**iv. Transactions with the Directors**

(Rs. in Lacs)

<b>Transactions</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>31.12.2003 (9 months)</b>
<b>Director Remuneration</b>				
Mahabir Prasad Jalan	4.50	6.00	6.00	4.50
Naresh Jalan	2.70	4.80	4.80	3.60
Uma Sawalka	1.80	1.80	1.80	1.20
Rashmi Jalan	1.80	3.60	3.60	2.00
<b>Rent</b>				
Naresh Jalan	0.48	0.48	0.48	0.36

**ANNEXURE IV  
CAPITALISATION STATEMENT**

(Rs. in lacs)

<b>Particulars</b>	<b>PRE ISSUE AS AT 31.03.2003</b>	<b>PRE ISSUE AS AT 31.12.2003</b>	<b>POST ISSUE</b>
Short term debt (incl. current liabilities)	642.18	638.67	638.67
Long term debt	735.48	1,144.75	1,757.33
<b>Total debt</b>	<b>1,377.66</b>	<b>1,783.43</b>	<b>2,396.01</b>
<b>Shareholders fund</b>			
Share capital	261.35	429.93	1,277.43
Reserves and surplus	273.65	291.22	1,138.72
<b>Total shareholders fund</b>	<b>535.00</b>	<b>721.15</b>	<b>2,416.15</b>
Long term debt /equity	1.37	1.59	0.73

**ANNEXURE V  
TAX SHELTER STATEMENT**

(Rs. in Lacs)

<b>PARTICULARS</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Tax rate(Including Surcharge)%	35.00	38.50	39.55	35.70	36.75
Profits	37.22	40.73	85.80	95.86	95.67
Tax at Notional rate	13.03	15.68	33.93	34.22	35.16
Adjustments : Export Profits	-	-	-	-	(0.91)
Tax Depreciation	32.59	51.63	118.55	143.95	158.05
Depreciation as per Companies Act	20.47	31.72	49.88	74.24	95.90
Difference between Tax Depreciation & Book Depreciation	(12.12)	(19.91)	(68.67)	(69.71)	(62.15)
Other Adjustments	0.23	-	0.41	(0.75)	(0.21)
Net adjustments	(11.89)	(19.91)	(68.26)	(70.46)	(63.27)
Tax saving thereon	(4.16)	(7.67)	(27.00)	(25.15)	(23.25)
Total taxation	8.87	8.02	6.94	9.07	11.91
Extra Ordinary Items	1.19	-	-	-	-
Taxation on extra-ordinary items	0.42	-	-	-	-
Tax on profits before extra- ordinary items	9.28	8.02	6.94	9.07	11.91



## II. I PRINCIPLE TERMS OF LOAN AND ASSETS CHARGED AS SECURITY

The details of the total secured loans of the company as on 31st December 2003 are as follows:

(Rs. in lacs)

Particulars	Sanctioned Limits	Bal as on 31.12.03	Rate of Interest	Nature of security
<b>Working Capital Limits Canara Bank</b>				
Cash Credit Facilities	400	260.64	12.75%	Secured by hypothecation of stocks book debts and personal and guarantee of Directors.
Packing Credit Canara Bank of stock and personal guarantee of directors	100	99.14	8.00%	Secured against hypothecation
FCLR Loan Canara Bank		273.44		Secured against hypothecation of stock, book debts and personal guarantee of directors.
<b>Term Loan</b>				
Term Loan Canara Bank	925.00	510.06	11.50%	Secured against hypothecation of Plant and Machinery and Stock
<b>Other Secured Loans</b>				
Loan ABN AMRO Bank		0.54		Secured against hypothecation of car
GMAC-TCFC Loan		0.92		Secured against hypothecation of car

The Principal terms of approval received from banks are as follows:

### 1. Terms Of Enhanced Credit Limits

Sanctioning Bank	Canara Bank
Date of Sanction	28.03.2003
Letter Reference	263 CR 153 2003 AAK

### Overdraft Cash Credit /Odbd

(Rs. in Lacs)

Limit	400.00	Against Hypothecation of stocks, raw materials, work in process and finished goods, consumable stores, tools and and spares and other current assets , Hypothecation of Book debts not older than 90 days.
Margin	25%	On stocks
	40%	On Book Debts
Rate of Interest	12.75% p.a.	
Apportionment		OCC/OBBD Rs. 25.00 Lacs to be made available at N.S. Road Kolkata.

### Packing Credit

Rate of Interest	12.75% p.a.
<b>Limit</b>	100.00
Margin	20%
Rate of Interest	8.00%
Period	Not to exceed 180 days

**Sub Limit**

FBE/FBD	100.00
Margin	Nil
Rate of Interest	8.00%

**Bank Guarantee**

	40%	On Book Debts
	15.00	For issue of BG in connection with Earnest Money Deposit, security Deposit, performance, Retention money requirement favouring defence/ Railways.
		To Issue BG for the Advance received from TISCO for Job Work.
Margin	25%	
Period	Not to exceed Two years with claim period	
Commission	As per Banks Norms	

**Inland Letter Of Credit (Da)**

(Rs In Lacs)

Margin	25%	
Limit	10.00	
Margin	25%	Of invoice value
Purpose	For procurement of raw materials such as steel billets and rounds, steel seamless tubes from M/S Ferro Alloys Corporation Ltd. Nagpur and Kalyani Seamless Tubes Ltd.	
Usance Period	90 days	
Period of LC	90 days	
Commission	As per banks Norms.	

**Others**

Ad hoc OCC Limit of Rs. 50.00 lacs permitted to merge with enhanced OCC limit. Other ST Limits to continue.

**Other permission**

Collection of 50% of normal commission on fund transfer from Kolkata (Twice a week)

To continue apportionment of FB limit (OCC/OBD- Rs.25.00 lacs) to N.S.Road Kolkata.

Rate of Interest be fine rate (presently 12.75%)

**Security**

**Prime Security**

1. For Working Capital : Inventory and receivables – Rs. 664.34 lacs as per stock statement dated 31.12.2002.
2. For Term Loan: Plant & Machineries, building – Rs.652.34 lacs other fixed assets ABS as at 31.01.2002  
Inventory and receivables relating to Unit I and Unit II should be available as security
  - a. First Charge /EMT of L&B measuring 90000 sq ft. situated at Adityapur Industrial Area Adityapur.
  - b. First Charge /EMT of leasehold rights of 56000 sq ft. acquired by the company at Adityapur Industrial Area Adityapur.

**Collateral Security**

First Charge /EMT of L&B situated at Liluah Calcutta for Unit II in the Name of M.P. Jalan & Naresh jalan , Uma Sawalka – Value Rs. 37.54 lacs.



### C. PERSONAL GUARANTEE

Mahabir Prasad Jalan Chairman

Uma Sawalka Director

Naresh Jalan Managing Director

Rashmi Jalan Director

Corporate guarantee

Jalan Forgings Pvt. Ltd.

### Subordination

Subordination of the unsecured loans (from Body Corporate) to the extent of Rs.92.87 lacs as per Annual BS 31.03.2002

### 2. Terms Of New Term Loan Received

Sanctioning Bank	Canara Bank
Date of Sanction	27.06.2003
Letter Reference	263 CR 234 2003 AAK

### Term Loan

(Rs. in Lacs)

Limit	925.00	
Rate of Interest	PTLR Presently 11.50%	
Margin	37%	On Machines, Fixed Assets and Building & Civil Construction
Repayment	In 20 quarterly instalments of Rs. 46.25 Lacs each starting from the last quarter of 2004-05. Interest as and when due.	
Repayment holiday	One year from the Date of first disbursement.	

### Sub – Limit Under Term Loan

#### Foreign Letter of Credit (ST)

Limit	425.00	
Margin	28%	(i.e. project margin after excluding Working Capital Margin)
Purpose	For procurement of imported items of plants and machineries – estimated cost shown at Rs.415.00 Lacs. Contingencies taken into account in arriving at the limit.	
Period	Not exceeding six months	
Commission	As per norms + Opening Charges	

Document will be retired out of Term Loan proceeds

#### Inland Letter of Credit (ST)

Limit	500.00	
Margin	28%	(i.e. project margin after excluding Working Capital Margin)
Purpose	For procurement of domestic items of plants and machineries – estimated cost shown at Rs.458.00 Lacs+ Contingencies component.	
Period	Not exceeding six months	
Commission	As per norms + Opening Charges	

Document will be retired out of Term Loan proceeds

**Security**

**A. PRIME SECURITY**

1. Sole charge Equitable Mortgage (EMT) of the land and building Limit having estimated cost of Rs. 170.89 Lacs under the project.
2. First Charge on Plant & Machineries, Misc.Fixed assets having estimated capitalized value of Rs.958.74 Lacs under the project.

**B. COLLATERAL SECURITY**

1. First charge on existing Plant & Machineries, Building and other Fixed Assets of value of Rs. 652.42 Lacs (WDV as at 31.03.2002) as prime and collateral securities for existing Term loans.
2. Hypothecation of stocks and Book debts under First Charge for WC Limits of value Rs. 317.25 lacs & Rs. 347.09 Lacs respectively (Dec.2002).
3. EMT of following properties presently held under our First charge
  - a. First Charge /EMT of L&B measuring 90000 sq ft. situated at Adityapur Industrial Area Adityapur.
  - b. First Charge /EMT of leasehold rights of 56000 sq ft. acquired by the company at Adityapur Industrial Area Adityapur.
  - c. First Charge /EMT of L&B situated at Liluah Calcutta for Unit II in the Name of M.P. Jalan & Naresh jalan , Uma Sawalka – Value Rs. 37.54 lacs.

**C. PERSONAL GUARANTEE**

1	Mahabir Prasad Jalan	Chairman	33.57
2	Uma sawalka	Director	20.19
3	Naresh Jalan	Managing Director	28.55
4	Rashmi Jalan	Director	19.90

**D. CORPORATE GUARANTEE**

Jalan Forgings Pvt. Ltd. (Annual BS 31.03.2002) 64.91

**E. SUBORDINATION**

- a. Subordination of the unsecured loans (from Body Corporate) to the extent of Rs.92.87 lacs as per Annual BS 31.03.2002
- b. Subordination of proposed unsecured loan (Rs.150.00 lacs) shall be taken

**TERMS & CONDITIONS**

**DRAW DOWN PERIOD :**

TL Rs.200.00 lacs, meant for expansion of existing unit – not beyond Dec 2003.

TL Rs.725.00 lacs, meant for new unit – latest upto Dec 2004.



### **III. STATUTORY AND OTHER INFORMATION**

#### **MINIMUM SUBSCRIPTION**

The minimum subscription to be raised by this Issue is 55,12,500 Equity Shares aggregating to Rs. 1102.50 lacs being 90% of 61,25,000 Equity Shares aggregating to Rs. 1225 lacs offered through this Prospectus.

If the Company does not receive the minimum subscription of 90% of the net offer to the public on the date of closure of the issue or the subscription level falls below 90% after the closure of the issue on account of cheques having been returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. For delay beyond 8 days, after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act 1956.

#### **RIGHTS OF THE EQUITY SHAREHOLDERS**

The Equity Shares now being issued are subject to the terms of this PROSPECTUS, the Application Form, Memorandum and Articles of Association of the Company, the Guidelines issued by the Government of India and Securities and Exchange Board of India from time to time and the Companies Act, 1956. These new equity shares shall rank pari-passu with the existing issued equity shares of the Company in all respects.

Shareholders are entitled to receive dividend as and when declared, Bonus and Rights shares as and when made. Further the rights of the above and other holders of the instruments are subject to the provisions of Section 206A of the Companies Act, 1956 and other laws applicable from time to time.

#### **EXPENSES OF THE ISSUE**

The expenses of the Issue payable by Ramkrishna Forgings Limited inclusive of brokerage, fees payable to the Lead Manager to the Issue, Registrar to the Issue, Legal Advisors & Tax Consultants, stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses will not exceed Rs.75 Lacs, and will be met out of the proceeds of the present issue.

#### **FEES PAYABLE TO THE LEAD MANAGER**

The total fees payable to the Lead Manager to the Issue will be as per the Memorandum of Understanding signed with the Lead Manager viz. Microsec India Limited, copies of which are available for inspection at the Registered Office of the Company.

#### **FEES PAYABLE TO THE REGISTRAR TO THE ISSUE**

The fees payable to the Registrar to the Issue as set out in their offer letter, copies of, which are kept open for inspection at the Registered Office of the Company.

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

#### **BROKERAGE**

Brokerage will be paid @1.5% on the nominal value of the equity shares on the basis of allotments made against applications bearing the stamp of a member of any recognised stock exchange in India in the brokers column. Brokerage at the same rate will also be payable to the bankers to the issue in respect of allotment made against applications bearing their respective stamps in the brokers column.

In case of tampering or over stamping of broker/agents codes on the application form, the Issuer's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

#### **PREVIOUS ISSUE OF CAPITAL DURING LAST FIVE YEARS.**

The Company has not made any public issue of equity / debentures whatsoever prior to this issue. The details of issue of capital have been outlined in the paragraph on the build up of the share capital under the capital structure.

#### **ISSUE OF SHARES OTHERWISE THAN FOR CASH**

The Company has issued 13,06,750 Bonus Shares out of the cash reserves of the Company in the ratio of One fully paid equity share of Rs.10 each in lieu of Two equity shares held on 21.08.2003. Other than the Bonus shares no shares or debentures have been issued or agreed to be issued as fully or partly paid otherwise than for cash since incorporation.

### **PREFERENCE SHARES AND DEBENTURES**

The Company has not issued any preference shares or debentures since its incorporation.

### **ISSUE AT A PREMIUM OR DISCOUNT**

The Company has issued 3,79,050 equity shares of nominal value of Rs.10 each of the Company at a premium of Rs.10/ each per share on 25.092003. Other than these shares the Company has not issued equity shares either at a premium or at a discount since its incorporation.

### **OPTION TO SUBSCRIBE**

Except as otherwise stated in this PROSPECTUS, the Company has not entered into nor does it at present propose to enter into any contract or arrangement whereby any option or preferential right of any kind has been or is proposed to be given to any person to subscribe to any shares or debentures of the Company.

The investor shall have option either to receive the security's or to hold the securities in dematerialised form with a depository.

### **PURCHASE OF PROPERTY**

Save in respect of the property purchased or acquired or proposed to be purchased or acquired under the contract referred to herein below under the heading Material Contracts and Documents for inspection, there is no property which the Company has purchased or acquired or proposes to purchase or acquire which is to be paid, wholly or partly out of the proceeds of the present issue or the purchase of acquisition of which has not been completed on the date of issue of this PROSPECTUS other than the following:

- a) The contract for the purchase or acquisition whereof was entered into in the ordinary course of the company's business, the contract not being made in contemplation of the issue in consequence of the contract.
- b) In respect of which the amount is not material. Except as stated in this PROSPECTUS the Company has not purchased any property in which any of its promoters or directors has or have any direct or indirect interest or in respect of any payment thereof.

### **REVALUATION OF ASSETS**

There has been no revaluation of the assets since incorporation of the Company.

### **INTEREST OF DIRECTORS AND PROMOTERS**

Except as otherwise stated elsewhere in this PROSPECTUS, all the Directors may be deemed to be interested to the extent of remuneration and fees payable to them for attending the meeting of the Board or Committee thereof and reimbursement of travelling and other incidental expenses, if any, for such attendance's as per the Articles.

All the Directors/ Promoters of the Company shall be deemed to be interested to the extent of shares held by them and/or their friends and relatives and which may be allotted to them out of the present issue, and are deemed to be interested to the extent of remuneration and perquisites being drawn by them from the Company.

The Whole-time Director is interested to the extent of remuneration paid to him for services rendered to the Company. Further, the Managing Director is interested to the extent of equity shares that may be subscribed and allotted/ transferred to him out of the present Offer in terms of the Prospectus and also to the extent of any dividend payable to him and other distributions in respect of the said Equity Shares.

The Directors may also be regarded as interested in the shares, if any, held by or that may be subscribed by and allotted/ transferred to the companies, firms and trust, in which they are interested as Directors, Members, partners and/or trustees. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by LHIL with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Except as stated otherwise in this Prospectus, the Company has not entered into any contract, agreements or arrangement during the preceding two years from the date of the Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.



## Directors and Remuneration.

Mr. Mahabir Prasad Jalan, Mr. Naresh Jalan and Mr. Pawan Kumar Kedia were appointed as Chairman, Managing Director and Director Finance respectively. The remuneration payable to the above Directors is as under:

Name of Director	Date of passing in General Meeting	With effect from	Tenure for
Sri Mahabir Prasad Jalan	30 <sup>th</sup> September, 2000	1 <sup>st</sup> April 1998	5 Years
Sri Naresh Jalan	27 <sup>th</sup> April 2001	1 <sup>st</sup> April 2001	3 years
Sri Pawan Kumar Kedia	15 <sup>th</sup> September, 2003	15 <sup>th</sup> Sept, 2003	5 Years

### 1. Sri Mahabir Prasad Jalan, Chairman

- i) **Salary** of Rs.50,000 (Rupees Fifty Thousand only) per month including dearness allowance.
- ii) **Perquisites:** The Whole Time Director shall also be entitled to the perquisites listed below, subject to the condition that the perquisites listed under part –“A” shall be limited to the Annual salary of Rs. 6,00,000/- per annum.

#### PART – “A”

##### (a) Medical Reimbursement :

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years .

##### (b) Leave Travel Concession :

For self and family once in a year incurred in accordance with any Rules specified by the Company.

##### (c) Club Fees :

Fees of Clubs, subject to a maximum of two clubs may be provided but no Life membership fee or Admission fee is to be paid by the Company.

##### (d) Personal Accident Insurance :

Of an amount, the Annual Premium of which shall not exceed Rs. 1,000/-.

#### PART – “B”

- (a) Company's contribution towards Provident Fund as per Rules of the Company, but not exceeding 10% of the Salary.
- (b) Company's contributions towards Pension/ Superannuation Fund such amount as together with the Company's contribution to the Provident Fund does not exceed 25% of the salary .
- (c) Gratuity : Not exceeding one-half month's salary for each completed year of service, subject to a maximum limit as prescribed under Schedule XIII to the Companies Act, 1956.

#### PART – “C”

- (a) Provision of Company's Car with driver for use on Company's business. He will be billed by the Company for use of car for private purposes, if any.
- (b) Free Telephone facility at Residence. Personal long distance calls, if any, will be billed by the company to him.

##### iii) Earned/Privilege Leave :

On full pay and allowances, as per Rules of the company but not exceeding one month's leave for every eleven month's of service subject to the further condition that leave accumulated but not availed of will not be allowed to be encashed.

- iv) The Whole Time Director will also be entitled to the reimbursement of the entertainment expenses actually and properly incurred for the company and such payment shall not form part of his remuneration.

### 2. Sri Naresh Jalan, Managing Director

- i) **Salary** of Rs.40,000 (Rupees Forty Thousand only) per month including dearness allowance.

- ii) Perquisites:** The Whole Time Director shall also be entitled to the perquisites listed below, subject to the condition that the perquisites listed under part –“A” shall be limited to the Annual salary of Rs. 480000/- per annum.

**PART – “A”**

**(a) Medical Reimbursement :**

Reimbursement of expenses incurred for self and family subject to a ceiling of one month’s salary in a year or three months salary over a period of three years .

**(b) Leave Travel Concession :**

For self and family once in a year incurred in accordance with any Rules specified by the Company.

**(c) Club Fees :**

Fees of Clubs, subject to a maximum of two clubs may be provided but no Life membership fee or Admission fee is to be paid by the Company.

**(d) Personal Accident Insurance :**

Of an amount, the Annual Premium of which shall not exceed Rs. 1,000/-.

**PART – “B”**

(a) Company’s contribution towards Provident Fund as per Rules of the Company, but not exceeding 12% of the Salary.

(b) Company’s contributions towards Pension/ Superannuation Fund such amount as together with the Company’s contribution to the Provident Fund does not exceed 25% of the salary.

(c) Gratuity : Not exceeding one-half month’s salary for each completed year of service, subject to a maximum limit as prescribed under Schedule XIII to the Companies Act, 1956.

**PART – “C”**

(a) Provision of Company’s Car with driver for use on Company’s business. He will be billed by the Company for use of car for private purposes, if any.

(b) Free Telephone facility at Residence. Personal long distance calls, if any, will be billed by the company to him.

**iii) EARNED/PREVILEGE LEAVE :**

On full pay and allowances, as per Rules of the company but not exceeding one month’s leave for every eleven month’s of service subject to the further condition that leave accumulated but not availed of will not be allowed to be encashed.

**iv)** The Whole Time Director will also be entitled to the reimbursement of the entertainment expenses actually and properly incurred for the company and such payment shall not form part of his remuneration.

**3. Sri Pawan Kumar Kedia, Director Finance**

<b>i) Basic Salary</b>	12000
<b>HRA</b>	3000
<b>Conveyance Allowance</b>	1750
<b>Children Educational Allowance</b>	2000
	<b>18750</b>

(Rupees Eighteen Thousand Seven Hundred and Fifty only) per month including dearness allowance.

- ii) Perquisites:** The Whole Time Director shall also be entitled to the perquisites listed below, subject to the condition that the perquisites listed under part –“A” shall be limited to the Annual salary of Rs. 225000/- per annum.

**PART – “A”**

**(a) Medical Reimbursement :**

Reimbursement of expenses incurred for self and family subject to a ceiling of one month’s salary in a year or three months salary over a period of three years .



**(b) Leave Travel Concession :**

For self and family once in a year incurred in accordance with any Rules specified by the Company.

**(c) Club Fees :**

Fees of Clubs, subject to a maximum of two clubs may be provided but no Life membership fee or Admission fee is to be paid by the Company.

**(d) Personal Accident Insurance :**

Of an amount, the Annual Premium of which shall not exceed Rs. 1,000/-.

**PART – “B”**

- (a) Company's contribution towards Provident Fund as per Rules of the Company, but not exceeding 12% of the Salary.
- (b) Company's contributions towards Pension/ Superannuation Fund such amount as together with the Company's contribution to the Provident Fund does not exceed 25% of the salary.
- (c) Gratuity : Not exceeding one-half month's salary for each completed year of service, subject to a maximum limit as prescribed under Schedule XIII to the Companies Act, 1956.

**PART – “C”**

- (a) Provision of Company's Car with driver for use on Company's business. He will be billed by the Company for use of car for private purposes, if any.
- (b) Free Telephone facility at Residence. Personal long distance calls, if any, will be billed by the company to him.

**iii) EARNED/PREVIILEGE LEAVE :**

On full pay and allowances, as per Rules of the company but not exceeding one month's leave for every eleven month's of service subject to the further condition that leave accumulated but not availed of will not be allowed to be encashed.

- iv) The Whole Time Director will also be entitled to the reimbursement of the entertainment expenses actually and properly incurred for the company and such payment shall not form part of his remuneration.

**THE MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY**

The Authorised share capital of the company is Rs.14,00,00,000 (Rupees Fourteen Crores only) divided into 1,40,00,000 Equity shares of Rs. 10/- (Rupees Ten) each with the rights, privileges and conditions attaching thereof as are provided by the regulations of the company for the time being into several classes and to attach thereof respectively such preferential rights privileges or conditions as may be determined by or in accordance with the regulations of the company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for time being be provided by the regulations of the company or as may be permitted by the Companies Act.

**Increase of capital by the company and how carried into effect**

- 4. The Company in General Meeting may, by an Ordinary Resolution from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General meeting resolving upon the creation thereof shall, direct, and if no direction be given, as the Directors shall determine, and in particular, such shares (either redeemable or non-redeemable) may be issued with a preferential right to dividends and in the distribution of assets of the Company, and with a right of voting at General Meetings of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company is increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

**Lien**

- 38. The company shall have a first and paramount lien upon all the shares (other than fully paid up shares registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest of such shares and equitable interest in any shares shall be created except upon the footing, and upon the condition that Article 22 thereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless

otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

**Forfeiture of share**

41. If any member fails to pay any call or instalment on or before the day appointed for the payment of the same the Board may at any time thereafter during some time as the call or instalment remains unpaid, serve notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the company by reason of such non payment.
42. The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state a day in the event of non-payment at or before the time, and at the place appointed the shares in respect of which such call was made or instalment is payable will be liable to be forfeited.

**Dematerialisation of securities**

64A. The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Articles.

**1. For the purpose of this Article:**

'Beneficial Owner' means a person or persons whose name is recorded as such With a depository, 'SEBI' means the Securities & Exchange Board of India; established under Section 3 of the Securities & Exchange Board of India Act, 1992 and

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as depository under Securities & Exchange Board of India Act, 1992; and wherein the securities of the Company are dealt With in accordance With the provisions of the Depositories Act, 1996.

2. The Company shall be entitled to dematerialise securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.
3. Every holder of or subscriber to securities of the Company shall have the option to receive certificates for such securities or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted bylaw, in respect of any securities in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates for the Securities.

If a person opts to hold his Securities with the depository, the Company shall intimate such depository the details of allotment of the Securities, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the Securities.

4. All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by on behalf of the beneficial owners.
5. (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities of the Company on behalf of the beneficial owner.  
(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.  
(c) Every person holding securities of the Company and whose name is entered as the beneficial owner of securities in the record of the depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a depository and shall be deemed to be a Member of the Company.
6. Notwithstanding anything contained in the Act or these Articles to the contrary, where securities of the Company are held in a depository, the records of the beneficiary ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
7. Nothing contained in Section 108 of the Act or these Articles, shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.



8. Notwithstanding anything contained in the Act or these Articles, where a depository deals with securities, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
9. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
10. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

#### **Transfer of fully and partly paid shares**

52. The Instrument of Transfer shall be in writing and all the provisions of Section 108 of the Act shall be duly complied with in respect of all transfer of shares and the registration thereof.
53. Every such instrument of transfer shall be executed both by transferor and the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The Board shall not issue or register a transfer of any share in favour of a minor (except in cases when they are fully paid up).
61. Every instrument of transfer shall be presented to the Company dilly stamped for registration accompanied by such evidence as tile Board of Directors may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the Board of Directors shall from time to time prescribe, and every registered instrument of transfer shall remain in tile custody of the Company until destroyed by order of the Board of Directors.
62. For the purpose of tile registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (same as provided in Section 108 of the Act) a properly stamped and executed instrument of transfer.

#### **Register of transfers**

51. The Company shall keep a book to be called the "Register of Transfers", and therein shall be fairly and directly entered particulars of every transfer or transmission of any share.

#### **Transfer fee**

63. There shall be paid to the Company, in respect of the transfer or transmission of any number of shares to the same party, such fee, if any, as the Directors may require.

#### **Directors may refuse to register transfer**

55. Subject to the provisions of Section 111 & 111A of the Act, the Board of Directors may at its own absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of shares (notwithstanding the proposed transferee be already a Member), but in such case it shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal to register such transfer provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons, indebted to the Company on any account whatsoever, except where the Company has lien on shares

#### **Registration of persons entitled to shares otherwise than by transfer**

59. Subject to the provisions of articles 56 and 57, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or the marriage of a female member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board of Directors (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respects of which he proposes to act under this article of his title, as the holder of the shares or elect to have some person nominated by him and approved by the Board of Directors, registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing to his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares. This Article is referred to in these Articles as the Transmission Article.

#### **Persons entitled may receive dividend without being registered as member**

60. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, is entitled to receive and may give discharge for any dividends or other moneys payable in respect of the share.

**Company not liable for disregard of a notice in prohibiting registration of a transfer**

64. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effort to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the Prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or deferred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company; but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board of Directors shall so think fit.

**Power to borrow**

66. The Board may, from time to time, at its discretion subject to the provisions of Section 292 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company; provided that the Board shall not without the sanction of the Company in General Meeting borrow any sum of money which together with any money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.

**Payment or payment of moneys borrowed**

67. The Board may raise or secure the repayment of such sum or sums in such; manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future including its uncalled capital for the time being).

**Register of mortgages etc. to be kept**

71. The Board of Directors shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages and charges specifically affecting the property of the Company; and shall cause the requirements of Sections 118, 125, 127 and 144 (both inclusive) of the Act in that behalf to be duly complied with, so far as they are required to be complied with by the Board of Directors,

**Annual general meeting**

75. The company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meeting shall be Extraordinary General Meetings. The first Annual General Meeting shall be held within eighteen months from the date of incorporation of the company and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which the first Annual General Meeting was held and thereafter an Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166(1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for on a time during business hours, on a day that is not a public holiday, and shall be held in the office of the company or at some other place within the city in which the office of the Company is situated as the Board may determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. The Company may in any Annual General Meeting fix the time for its subsequent Annual General Meeting. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditors of the Company shall be entitled to attend and to be heard at any General Meeting which he attends on any part of the business, concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report (if not already attached in the Audited statement of Accounts) the proxy Register with proxies and the Register of Directors' Share holdings of which latter Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of Members, summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.



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### **Extraordinary general meeting**

76. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the paid-up capital as at the date carries the right of voting in regard to the matter in respect of which the requisition has been made.
77. Any valid requisition so made by members must state the object or objects of the meeting proposed to be called and must be signed by the requisitionists and be deposited at the office provided that such requisition may consist of several documents in file form each signed by one or more requisitionists.
78. Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting, and if they do not proceed within twenty-one days from the date of the requisition being deposited at the office to cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists, or such of their number as represents either a majority in value of the paid-up share capital of the Company as is referred to in Section 169(4) of the Act, which ever is less, may themselves call the meeting, but in either case, any meeting so called shall be held within three months from the date of tile delivery of the requisition as aforesaid.

### **Number of directors**

111. 1. Until otherwise determined by a General Meeting of the Company and subject to tile provisions of Section 252 of the Act, the number of Directors (excluding Debenture and Alternate Directors, (if any) shall not be less than three nor more than twelve.

The first Directors of the Company were the following

- i. Mr. Mahabir Prasad Jalan
- ii. Mr. Girdhaari Lal Agarwalla

### **Retirement and rotation of directors**

129. At every Annual General Meeting of the Company, one-third if such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office.
130. Subject to Section 256(2) of the Act, the Directors to retire by rotation under Article 129 at every Annual General Meeting shall be those who have been longest in the office since their last appointment, but as between persons who became directors on the same day, those who are to retire, shall, in default of, and subject to any agreement among themselves, be determined by lot.
131. A retiring Director shall be eligible for re-election.

### **Appointment of alternate director**

114. The Board may appoint an Alternate Director to act for-a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original director in whose place he has been appointed and shall vacate the office of the Original Director when he returns to that State. If the terms of office of the Original Director are determined before he so return1S to that state, any provisions in the Act or in these Articles for the automatic reappointment of any retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

### **Additional directors**

115. Subject to the provisions of Sections 260 and 264 of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not at any time exceed the maximmm11 fixed under the Article 111. Any such Additional Director shall hold office only up to the date of the next Annual General Meeting.

### **Directors' power to fill casual vacancies**

118. Subject to the provisions of Section 262, 264 and 284(6) of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy Any person so appointed shall hold office only up to the date to which the Director in whose place he is appointed would have held office if it had not been vacated by him.

**Directors may act notwithstanding any vacancy**

121. The continuing Directors may act notwithstanding any vacancy in their body but if, and so long as their number is reduced below the minimum number fixed by the Article 111 hereof, the continuing Directors not being less than two, may act for the purpose of increasing the number of directors to that number or for summoning a General Meeting but for no other purpose.

**Secretary**

156. The Directors may from time to time appoint, and at their discretion, remove the Secretary provided that where the Board comprises only three Directors, neither of them shall be the Secretary. The Secretary appointed by the directors pursuant to this Article shall be a whole-time Secretary. The Directors may also at any time appoint some person, who need not be Secretary, to keep the registers required to be kept by the Company.

**The seal its custody and use**

157. (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

(b) The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

158. Every Deed or other instrument, to which the seal of the Company is required' to be affixed, shall unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and Secretary or some other person appointed by the Board for the purpose, provided that in respect of the Share , the Seal shall be affixed in accordance with the Article 19(a).

**Capitalisation**

172. Any General Meeting may resolve that any moneys, investments, or other assets forming part of undivided profits of the Company standing to the credit of the Reserves, or any Capital Redemption Reserve Fund, in the hands of the company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the Share Premium Account be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such members in paying up in full any unissued shares, debentures, or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the said capitalised sum. Provided that any sum standing to the credit of a Share Premium Account or a Capital Redemption Reserve Fund may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

173. A General Meeting may resolve that any surplus money arising from the realisation of any capital asset of the Company or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.

174. For the purpose of giving effect to any resolution under the two last preceding. Articles hereof the Board may settle any difficulty which may arise in regard the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value of distribution of any specific assets, and may determine that cash payment shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the Board. Where requisite, a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the person entitled to the dividend or capital fund, and such appointment shall be effective.

**The company in general meeting may declare a dividend**

160. The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividend shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

**Dividends only to be paid out of profits**

161. No dividend shall be declared or paid otherwise than out of the profits of the financial year arrived at after providing for depreciation in accordance, with the provisions of Section 205 of the Act or out of the profits



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of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both, provided that;

- (a) If the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or years.
- (b) If the Company has incurred any loss in any previous financial year or years, the amount of the loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act, or against both.

162. The Board may, from time to time, pay to the Members such interim dividend as in their judgment, the position of the Company justifies.

#### **Interim dividend**

162. The Board may, from time to time, pay to the Members such interim dividend as in their judgment, the position of the Company justifies.

#### **Capital paid up in advance not to earn dividend**

163. Where the capital is paid in advance of calls, such capital may carry interest, but shall not in respect thereof confer a right to dividend or participate in profits.

#### **Dividends in proportion to amount paid up**

164. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

#### **Retention of dividends until completion of transfer under article 60**

165. The Board may retain the dividends payable upon shares in respect of which any person is under Article 60, entitled to become a member on which any person under that Articles is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

#### **Debts may be deducted**

167. No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares while any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either along or jointly with any other person or persons; and the Board may deduct from the interest or dividend payable to any member all sums of money so due from his to the Company.

#### **Transfer of shares must be registered**

168. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer.

#### **Unclaimed dividend**

170. No unclaimed dividend shall be forfeited by the Board unless the claim thereto becomes barred by law and the company shall comply with the provisions of Sections 205A and 205C of the Act in respect of all unclaimed or unpaid dividends.

#### **Interest may be paid out of capital**

26. Where any shares are issued for the purpose of raising money to defray the expenses of the Construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of the share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.

**Directors to keep true accounts**

175. (1) The company shall keep at the office or at such other place in India as the Board thinks fit, proper Books of Account in accordance with Section 209 of the Act, with respect to
- a) all the sums of moneys received and expended by the Company and the matters in respect of which the receipts and expenditure take place.
  - b) all sales and purchases of goods by the Company.
  - c) the Assets and liabilities of the Company.
- (2) Where the Board decides to keep all or any of the Books of Account at any place other than the office of the Company the Company shall within seven days of the decision file with the Registrar a notice in writing giving, the full address of that other place.
- (3) The Company shall preserve in good order the Books of Account relating to the period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such Books of Account.
- (4) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the Article if proper Books of Account relating to the transactions effected at the branch office are kept at the branch office and proper summarized returns made up to date at intervals of not more than three months are sent by the branch office to the Company at its offices at other place in India, at which the Company's Books of Account are kept as aforesaid.
- (5) The Books of Account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain its transaction. The Books of Account and other books and papers shall be open to inspection by any Directors during business hours.



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## **MATERIAL CONTRACTS AND INSPECTION OF DOCUMENTS**

The following contract and agreement referred to in Para "A" below (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before the date of this PROSPECTUS) which are / or may be deemed to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred to in Para "B" below all of which have been attached to the copy of this PROSPECTUS and which have been delivered to the Registrar of Companies, West Bengal at Kolkata for registration and may be inspected at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day from the date of this PROSPECTUS until the date of closing of subscription list.

### **A) MATERIAL CONTRACTS**

1. Memorandum of Understanding between the Company and the Lead Manager, Microsec India Limited and Karvy Investor Services Ltd., dated 28<sup>th</sup> November 2003.
2. Memorandum of Understanding between the Company and the Registrar to the Issue, Karvy Consultants Limited dated 28<sup>th</sup> November 2003.
3. Inter se Memorandum of Understanding between the Lead Managers Microsec India Limited and Karvy Investor Services Ltd., dated 19<sup>th</sup> December 2003.
4. Agreement dated 10<sup>th</sup> March 2004 between the Company, KARVY CONSULTANTS Limited and National Securities Depository Limited for dematerialisation of shares.
5. Agreement dated 10<sup>th</sup> March 2004 between the Company, KARVY CONSULTANTS Limited and Central Depository Services (India) Limited for dematerialisation of shares.

### **B) DOCUMENTS FOR INSPECTION**

1. Memorandum and Articles of Association of the Company.
2. Certificate of Incorporation and Certificate of change of name from Ramkrishna Forgings Limited to Ramkrishna Forgings Limited.
3. Consent letters from Lead Manager to the Issue, Registrar to the issue, Bankers to the issue, Bankers to the Company, Directors, Auditors, Legal Advisor, Compliance Officer, Company Secretary as referred to in this Prospectus to act in their respective capacities.
4. Copy of the Resolution passed under Sections 81(1A).
5. Copy of the Auditors report dated 15<sup>th</sup> December, 2003 advising the Company about the tax benefits available to the Company and its members.
6. Auditors report dated 17<sup>th</sup> February, 2004 included in the Prospectus and copies of the Balance Sheet referred in the said report.
7. Copy of auditors certificate dated 18<sup>th</sup> March, 2004 certifying the deployment of the funds by the company towards the proposed project till 17<sup>th</sup> March, 2004.
8. Power of Attorney from all Directors, in favour of Sri Mahabir Prasad Jalan, Naresh Jalan, Pawan Kedia and Rajesh Mundhra.
9. Copy of the Members resolution dated 15<sup>th</sup>. September 2003 for appointment of Whole-time Director.
10. Copy of the in principal approval received from the Stock Exchange, Mumbai dated 15<sup>th</sup> January 2004.
11. Copy of the in principal approval received from the National Stock Exchange of India Limited dated 3<sup>rd</sup> February, 2004
12. Copy of SEBI observation dated 15<sup>th</sup> March, 2004 issued in respect of this Prospectus.

## **PART - III**

### **DECLARATION**

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government or the guidelines issued by the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the statements in this Prospectus are true and fair.

We, the directors of Ramkrishna Forgings Limited, hereby declare and confirm that no information / material likely to have a bearing on the decision of the investors in respect of the equity shares issued in terms of the Prospectus has been suppressed / withheld and / or incorporated in the manner that would amount to misstatement / misrepresentation. The Company accepts no responsibility for statements made otherwise than in the Prospectus or in the advertisements or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at his/her own risk.

### **Signed by the Directors:**

1. Mr. Mahabir Prasad Jalan (Chairman)
2. Mr. Naresh Jalan (Managing Director)
3. Mr. Pawan Kumar Kedia (Whole time Director)
4. Mr. Sajjan Kumar Naredi
5. Mr. Manish Chaudhari
6. Mr. Ram Prasad Saraf
7. Mr. Ramawtar Agarwal

Place: Kolkata

Date: 18<sup>th</sup> March, 2004