

Somi Conveyor Beltings Ltd fixed price IPO subscribed 1.9 times

The fixed price IPO of Somi Conveyor Beltings Ltd has been subscribed 1.92 times even when the stock markets are witnessing heavy selling pressure. The Company is manufacturing Rubber Conveyor Belts of various sizes used for industrial applications of material handling in various industries such as coal, lignite, iron ore, mining, cement, power, steel, fertilizer and sugar and it has also recently introduced food grade belts for tea gardens and salt industries.

The Company had entered the Capital markets on 24th June, 2008 with an Issue of 62,27,860 Equity shares of Rs 10 each at a fixed price of Rs 35 (including a premium of Rs 25 per equity share) aggregating to Rs 2179.75 Lakhs. The net issue to the public would constitute 40% of the fully diluted post issue paid up capital of the company. Ashika Capital Limited is the Lead Manager to the Issue.

The Company proposes to utilize the net proceeds of the issue to part finance its Rs 3509 lakh project cost. The expansion and modernization project consists of setting up of new manufacturing unit, purchase of land and building for office use, meeting margin money requirement for enhanced working capital and meet the interest cost during the construction period. The Company, earning profits since last 5 years, had commenced production with an initial capacity of 36,000 MPA and it has expanded to present operating capacity of 1,67,660 MPA. Depending upon the width of the rubber conveyor belt the capacity utilization can be stretched up to 2,00,000 MPA. Considering the potential for growth, it intends to raise production capacity to 4,00,000 MPA and also enlarge the belt width from the current 1200mm to 2000mm.

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