Company Notes

Larsen & Toubro

DESPITE the general recession, the sales — both direct and indirect—of the Larsen & Toubro Ltd, increased during the year ended March 31, 1953, the direct sales from Rs 139.85 lakhs in the previous year to Rs 162.80 lakhs and indirect sales, and sales effected as selling , agents for Alu Capsules Ltd and India Crown Cork Co Ltd by Rs 22 lakhs to Rs 89 lakhs. With the development of new and important agencies acquired during recent years, the directors are, therefore, justified in continuing to be optimistic in respect of this sphere of the company's activities.

The supply position of the products which the company handles continued to improve throughout the year, the only exception being heavy Caterpillar crawler tractors, which are still in short supply. The company was, however, able to meet the requirements of its customers at relatively short notice.

In the face of recession and increased competition, it needed a determined and sustained sales effort to maintain and expand the company's turnover. While on the whole the average gross profit on sales has been maintained, the greater sales resistance in the market necessitated increased sales efforts and expenses in connection with canvassing, travelling, and after-sales service have been consequently higher.

After providing for depreciation a.id bonus to employees at the rate of two months' basic pay, the profits for the year amount to Rs 11.5 lakhs as against Rs 10.85 lakhs in the preceding year. Out of the profits, the directors have provided Rs 5.45 lakhs for taxation and have recommended transfer to general reserve of a sum of Rs 1 lakh. The dividend on ordinary shares of Rs 10 each is recommended to be maintained at Re 1 per share, free of income-tax, after payment of dividend on 5 per cent preference shares free of income-tax..

The whole of the cost of the goodwill amounting to Rs 7.29 lakhs, it is gratifying to note, has now been written off. The gross block of the company at Rs 2341 lakhs has been written down to Rs 10.01 lakhs. The asset at Rs 154.04 lakhs are above the current liabilities.

With an easier supply position, the, Directors report, buyers are becoming more selective, and competition is expected to become keener. Under such conditions, the sales opportunity depends on the solidity or the product and the, service reputation. The directors are satisfied that the products which the company handles, and the manufacturers it represents are the best and nave the finest possible reputation. This, in conjunction with the company's highly qualified technical and commercial staff and its extensive service facilities, should enable it to play a major role in the execution of the Five-Year Plan. The directors therefore, not unjustifiably, view the future with confidence.

Bombay Suburban Electric Supply

THE Bombay Suburban Electric Supply Ltd did not show the usual progress in sales of energy in the year ended March 31, 1953 owing to the continuation of rationing of electricity imposed by the Government of Bombay from October 1951, in addition to the restriction on new power loads and extension already in force. The rationing of electricity was lifted in August 1952, but the upward trend of sales of energy was not resumed before the end of December 1952.

The sales of energy for public lighting and general purposes improved by 3.53 per cent, from 16.08 million kilowatt hours sold in the previous year to 16.65 kilowatt hours. The sales of energy for power purposes, however, were a shade lower at 16.44 million kilowatt hours.

The Profit and Loss Account shows an increase in gross earnings from sales of energy from Rs 36.43 lakhs to Rs 37.56 lakhs. Combined sales of energy during the year, for lighting and power, rose by 1.4 per cent to 33.09 million kilowatt hours. The gross profits for the year, however, were slightly lower, being Rs 8.15 lakhs as against Rs 9.11 lakhs in the previous year. 'Phis reduction in profits was due to higher depreciation charge of Rs 4.77 lakhs, in accordance with the precision or" the Electricity (Supply) Act 1948. There is no present liability for taxation on the profits of the year, due to income tax depreciation allowances.

The directors recommend a payment of dividend for the half-year at Rs 4 per share, which together with the interim of Rs 3 per share, brings up the dividend, for the year to Rs 7. Maintenance of dividend at the same level meant a larger disbursement on account of the increase' in capital. During the year, 50,000 ordinary shares of Rs 100 each was issued at par on October 30 and were oversubscribed. The shares of this new issue are at present Rs 50 paid up.

Simplex Mills

THE Chairman of the Simplex Mills Co Ltd announced at the annual general meeting that the company had received the approval of the Assistant Controller of Capital Issues to issue one bonus share for each three shares. The proposed increase will bring up the capital of the company from Rs 31.5 lakhs to Rs 42 lakhs.

The profits for the year ending March 31, 1953 dropped due to lower sales—as a consequence of the general trade recession last year—from RS 22.32 lakhs to Rs 18.98 lakhs. The.company, however, was able to maintain the transfers to various funds, thanks to the welcome receipt of Rs 7.35 lakhs of post-war EPT Refund. Out of the profits the directors have transferred Rs 5 lakhs to machinery and building depreciation fund, and Rs 6 lakhs each to dividend equalisation fund and taxation reserve. The directors, however, recommend to reduce the final dividend on fully paid and consolidated shares of Rs 50 each from Rs 10 to Rs 9, free of income tax. With an interim dividend of Rs 6 already paid, the dividend for the year will amount to Rs 1 5 per share, absorbing in all Rs 9.45 lakhs.

The profit and loss account shows a reduction in receipts from sales of cloth and yarn at Rs 209.68 lakhs and from waste to Rs 2.93 lakhs from Rs 282.27 lakhs and Rs 7.77 lakhs respectively in the previous year. Along; with this fall in revenue, expenses showed an increase over the previous year.

Salaries and wages alone at Rs 52.77 lakhs were up by Rs 9.58 lakhs. The balance sheet, however, continues to show an extremely sound position. The liquid assets exceed liabilities by Rs 71.46 lakhs though these, incidentally, are Rs 6.3 lakhs' higher than in the previous year.

The several funds show an increase of Rs 9.7 lakhs during the year.