

installation of these plants marks a significant departure from the mills' past pattern of production which had been confined to coarse and medium varieties ever since their establishment 46 years ago.

Like other mills, both the Tata mills have suffered from scarcity of domestic cotton. The supply position of foreign cotton, however, has been satisfactory as they have fulfilled the requirements under the export promotion scheme and the user import quota.

Mafatlal Group of Mills

THE Mafatlal Group of cotton mills is one of the largest and most well-equipped in the country. It consists of 6 companies, of which one is a private limited company. The operating results of the 5 public companies in 1959 are presented in the table below.

Total capital invested in these companies at the end of 1959 amounted to Rs 10.16 crores, an increase of Rs 91 lakhs over that in the previous year. The whole of this amount is financed from internal resources, i.e., paid up capital and reserves. The latter in fact exceed the capital invested; the balance is used for inter-corporate investment. Internal resources consist predominantly of reserves which is a measure of the prudence with which the Mafatlals have conserved and ploughed back their earnings over the years.

Sales turnover of these 5 companies at Rs 19.27 crores in 1959 was more than Rs 1 crore higher than in 1958. Cross profit on sales turnover improved from 12.8 per cent in 1958 to 14.6 per cent in 1959.

Net earnings after tax were substantially higher at Rs 1.44 crores against Rs 94 lakhs. Consequently, net earning on capital invested increased from 10.2 per cent to 14.2 per cent, and on net worth from 9.5 per cent to 13.7 per cent. This is a satisfactory performance by any standard. In addition, the companies incurred capital expenditure of Rs 1.16 crores on modernisation of plant and ancillary items without any strain on their resources. Their total gross block now exceeds Rs 12 crores.

Mafatlals are interested mostly in fine and superfine fabrics, but one of their largest units, Sassoon cotton, is a leading producer and exporter of coarse and medium products. The operating results of Sassoon have not been as favourable as those of other units, but they show considerable improvement over the previous year. All the units, except Shorrock, have in fact done appreciably better than last year.

The group continues to plough back a large part of its earnings, which can be observed from the considerable difference between the earnings and dividends per share.

Mafatlal Fine has ceased to hold any interest in its former subsidiary, M C Investment Corporation Private Limited, a managing agency concern.

National Pipes & Tubes

THE first and still perhaps the only manufacturer of non-ferrous pipes and tubes, National Pipes and Tubes, has shown satisfactory working results during the year ended September 30, 1959, despite stoppage of production for about 2½

months. Sales turnover remained stationary at Rs 83 lakhs and gross profit margin also remained constant at 23 per cent. Net earning, nevertheless, went up from Rs 7 lakhs to Rs 8.62 lakhs, giving a net return on capital invested and net worth of 14.6 per cent against 12.6 per cent. Earning per equity share is Rs 2.67 against Rs 2.17; dividend is Rs 1.50 gross against Rs 1.25 net.

The company has installed additional processing plants which have already gone into production. These have increased the output of smaller sections of non-ferrous semis. Severe restrictions on the supply of copper and zinc, however, continue to inhibit expansion of output.

Machine Tools Import

THE Centre has decided to issue licences for the import of permissible types of machine tools to established importers on the basis of a quota of 30 per cent general and 30 per cent soft during the current half year.

Applications for import of machine tools should be submitted by June 30, 1960.

Established importers will also be permitted to submit applications on behalf of actual users for import of actual users for import of machine tools required by the latter.

The applications should be supported by the essentiality certificate by the appropriate recommending authority. Licences will be granted in the name of the actual user with a letter of authority in favour of the importing house.

Operating Results of Mafatlal Mills

	(Rs lakhs)									
	Standard		Sassoon		New Shorrock		Mafatlal Fine		Shorrock	
	1959	1958	1959	1958	1959	1958	1959	1958	1959	1958
1. Capital Invested (net fixed assets and net working capital)	369	356	240	197	155	130	140	136	112	106
2. Net Worth	365	354	159	156	195	170	220	209	110	104
3. Paid Up Capital	122	122	38	38	52	52	87	87	29	29
4. Gross Fixed Assets	405	353	285	254	194	181	222	208	125	119
5. Sales	629	609	565	518	285	273	245	224	203	196
6. Gross Profits	85	78	24	10	90	74	56	40	27	31
7. (6) as % of (5)	13.5	12.8	4.2	2.0	31.6	27.0	23.0	18.0	13.0	16.0
8. Profits before tax	73	69	16	4	76	65	49	34	23	27
9. Profits after tax	44	28	11	3	46	33	29	17	14	13
(of which Development Rebate)	(11)	(12)	(7)	(3)	(3)	(5)	(3)	(3)	(3)	(3)
10. (8) as % of Capital Invested	12.0	7.7	4.8	1.4	30.0	25.0	20.7	12.5	12.5	12.0
11. (8) as % of Net Worth	12.0	7.7	7.2	1.7	24.0	19.0	13.0	8.0	12.7	12.5
12. Times Preference dividend covered	65	40	—	—	—	—	16	9	—	—
13. Net Earning per Equity Share (Rs)	39.00	25.00	3.00	0.70	110.60	79.30	46.70	25.90	47.90	44.40
14. Dividend per Equity Share (Rs)†	29.00	20.00	2.50	2.00	55.00	35.00	29.00	18.00	30.00	22.00
15. Price per Equity Share (Rs)	890	—	52	—	1,385	—	793	—	695	—
16. Price as Times Earning (15÷13)	23	—	17	—	13	—	17	—	15	—
17. Yield net of tax	2.3	—	3.4	—	2.8	—	2.6	—	3.0	—

† Figures for 1959 are gross of tax deduction at source: those for 1958 are net.