formalities before loan documents are finalised. A sum of the order of Rs. 6 crores was paid out during the year under report by way of interim loans alone.

INSPECTION OF LOANEE CONCERNS

A larger percentage of loanee concerns was inspected in the course of the past year than in the previous one, and I am glad to say that in the case of the large majority of them we were completely satisfied with their progress in implementing their schemes and with their general financial position and the progress of their production. Quite a few of them also declared handsome dividends with our prior concurrence. The defaults committed by loanee concerns in the payment of interest and repayment of principal tended to come down further in the past year, the percentage being 1,*2* and 4.3 as against 1.4 and 5.4 respectively of the previous year. I would add that, in spite of our vastly increased activities, our administration expenses were not allowed to shoot up on Parkinsonian lines. As a per rentage to our gross income they came down in the past year to 4.66 from 5.11 of the previous year, and 15.65 of four years prior to that.

I am glad to say our relations with the various Chambers of Commerce and other similar organisations continued to be as close and friendly as in the previous year, and so were our relations with our loanee concerns too. We went ahead during the year with the programme that we had initiated a few years ago of having suitable non-officials nominated as our representatives on the Boards of Directors of our loanee concerns, and I take this opportunity to thank these gentlemen on my behalf, and on behalf of our Board of Directors, for the very valuable work they have done in this capacity.

It is also my very pleasant duty before I conclude, to convey our hearty thanks to the members of our five Advisory Committees—non officials and officials—for the very able and effective assistance they have rendered to the Corporation. My thanks are due also to my colleagues on our Board of Directors for their very valuable co-operation and wise counsels, and their generous response to the many calls I have had to make on their time. Finally, I have also great pleasure in conveying the thanks of the Board of Directors, as well as my own, to the General Manager and the entire staff of the Corporation for another year of loyal and devoted work on their part.

Company Notes

Greaves Cotton

GALES and direct sales compensation of Greaves Cotton fetched Rs 512 lakhs during the year ended March 31, I960. The com pany, in addition, earned more than Rs 1 lakh as remuneration from managed companies and nearly Rs 8 lakhs from investment income. Net profit after tax came to Rs 28 lakhs which represents 9 per cent on net worth. Net earning per equity share is Rs 17.70 and the dividend is Rs 11 grass. Of the total net profit, roughly two-thirds has been distributed and the remaining one-third retained.

The company has secured a ten-year loan of Rs 40 lakhs from the I C I C I at 6½ per cent, *plus* one per cent if the company's net profit after normal depreciation and tax exceeds Rs 28 lakhs a year after April 1962. This loan will be utilised for larger investments in two associated companies. Ruston and Hornby, and David Brown Greaves,

The company's subsidiary, Ruston and Horusby, increased its sales during 1959 from Rs 87 lakhs to Rs 152 lakhs and made a net profit after tax of Rs 6 lakhs. It has obtained a manufacturing licence for the production of a new range of vertical engines which are expected to be produced by June nftxt year.

The profits of Grompton Parkinson (Works) Private, in which Greaves Cotton has a 50 per cent interest; were adversely affected by a slump in the electrical engineering industry last year.

Another associated company. Greaves Cotton and Crompton Park inson, in which also Greaves Cotton has a 50 per cent interest, however, showed an improvement in trading results.

Kenyon Greaves, in which Greaves Cotton has a 75 per cent interest, suffered a further decline in turn over and profits; this company now proposes to undertake manufacture of products other than those required for the textile industry.

Greaves Foundry Services, a wholly owned subsidiary, has made considerable progress during the second year of its working and is steadily expanding its range of manufacture of fluxes and exothermics.

Greaves Dronsfield, in which Greaves Cotton has a 50 per cent interest, commenced operations only in June last year; it manufactures Emery Fillets used in textile mills. The other new associated companies are. Mather Greaves (40 per cent), David Brown Greaves (75 per cent) and Drayton Greaves (51 per cent).

Among the new projects which Greaves Cotton has in hand are manufacture of Calender Bowls (Mather Greaves) and of reduction Gears and Marine (rear Boxes (David Brown Greaves). Steam traps and regulators will be manufactured by Drayton Greaves. A proposal to manufacture diamond drilling bits in collaboration with Mindrill of Australia is under negotiation.

Kesoram Cotton

Sales of Kesoram Cotton during the year ended March 31. I960 earned Rs 628 lakhs against Rs 540 lakhs in the previous year. Net profit shown in profit and loss account has increased to Rs 17 lakhs from Rs 3 lakhs. The entire profit for the year has been absorbed by development rebate. Due to the loss incurred during the year ended March 31. 1958 and inadequate profits in subsequent years, the company has not be able to charge adequate depreciation on its fixed assets. Dividends on preference shares are. nevertheless, proposed to be maintained at *net* rates and a dividend of 5 per cent on ordinary shares has also been declared. The entire dividend will be paid out of the general reserve.

The company has net worth of Rs 372 lakhs and loans of Rs 260 lakhs. These are represented by Rs 483 lakhs of net fixed assets. Rs 10 lakhs of investments and Rs 112 lakhs of net working capital-

Earnings from exports increased to Rs 114 lakhs from Rs 19 lakhs in the previous year. Necessary steps are being taken to modernise and rationalise the textile unit over the next five or six years. The rayon plant went into production in December last year, and practically full production has already been achieved. Orders for the expansion of this plant have already been placed. It is hoped that the new plant will go into production about the end of next year. The erection of a cellophane paper plant is progressing according to schedule; this plant is expected to be commissioned by March 1961.

The company has also received a licence for the manufacture of steel lubes up to a capacity of 60.000 lons per year. An application has been made to the I F C for a substantial foreign currency loan to cover the foreign exchange requirements of this scheme. To finance the expansion of the rayon plant and the new projects, permission has been obtained to increase the equity capital by Rs 40 lakhs.

Shareholders have been asked to approve, at the next annual general meeting, of changes in the company's Memorandum to allow it to undertake the manufacture of transparent paper, carbon black, spun pipes and steel tubes, in addition to the manufacture at present of cotton piecegoods and rayon yarn.

The company's wholly owned subsidiary. Bharat Kala Rhandur. increased its sales during the year from Rs 190 lakhs to Rs -187 lakhs. The profit of Rs 1 lakhs in the previous year was. however, converted into a loss of more than Rs 1 lakh. This loss has been incurred in spite of substantially larger sales, a fairly large profit on hedging and non-fulfilment of contracts. profit on sale of investments and income from "Difference in Share Transactions'.

Mandya Paper

WITHIN two years of its establishment. Mandya National Paper Mills shows a balance sheet total of Rs 152 lakhs, of which less than Rs 4 lakhs consists of miscellaneous expenditure. Plant and machinery of the value of Rs 1 crore has already been installed.

The company issued 3,97.927 shares of Rs 10 each and 60,000 seven per cent, tax-free redeemable cumulative preference shares of Rs 100 each, during the year ended June 30 this year. The equity issue was heavily over-subscribed. A further capital issue of Rs 60 lakhs is now proposed to finance doubling of the present capacity of the plant from 35 tons to 70 tons per day. The total cost of the expansion is estimated at Rs 180 lakhs, of which Rs 120 lakhs is to be met by deferred payment arrangement with technical collaborators, and the remaining Rs 60 lakhs will come from the fresh issue of share capital. This will comprise Rs 50 lakhs worth of equity and Rs 10 lakhs worth of 6 1/2 per cent cumulative preference shares redeemable after 15 years.

Pesticides

A NEW company. Pesticides Limited, will be making a public offer of Rs 24.50 lakhs worth of equity shares in the near future. The promoters, their associates and friends will subscribe for another Rs 25.50 lakhs. The Chairman of the company is Shri Madanmohan Ruia. and the promoters are Pulverising Mills Pvt Ltd. Captain Nagin S Shah, who has been associated with the promoters since 1951 will be Managing Director of the Company. The promoters have been in the chemicals business since 1951.

The principal object of the company is to manufacture and sell agricultural chemicals and fertilisers, particularly insecticides. It will manufacture 1,500 tons of Benzine Hexachloride per year with the technical collaboration of Itoh and Kareha Chemical of Japan, The company proposes to reserve the right to fabricate certain parts of the plant in India. Government has already given an industrial licence and an import licence for this plant. Among the other chemicals proposed to be manufactured are Malathion, the plant for the manufacture of which will be largely fabricated at home; this will be the first enterprise of its kind in India.

The company expects to commence production by the end of next year. Land measuring 75.000 sq yards has been acquired in Thana. near Bombay, for erection of the factory.

The total cost of the project is estimated at about Rs 50 lakhs, of which about Rs 20 lakhs will be working capital and reserve for contingencies.