

THIS IS ONLY AN ANNOUNCEMENT—NOT A PROSPECTUS

Consent of the Central Government has been obtained to this issue. A licence has been obtained from the Central Government for the establishment of this new Industrial Undertaking.

A copy of the Prospectus, together with the documents specified therein, has been delivered for registration to the Registrar of Companies, Madras. An application will be made in due course to the Bombay and Madras Stock Exchanges for a quotation for the shares of the Company and permission to deal in them.

The subscription list will open at 10 A.M. on 9th January 1961 and will close at 2 p.m. on the 16th January 1961 or earlier as soon as subscriptions approximating to the amount issued hereunder to the public have been received, but not earlier than 2 p.m. on 12th January 1961.

The Madras Aluminium Company Limited

(Incorporated under the Companies Act, 1956)

AUTHORISED CAPITAL :

2,50,000 Cumulative Preference Shares of Rs. 100 each	Rs. 2,50,00,000
7,50,000 Equity Shares of Rs. 100 each	Rs. 7,50,00,000
	Rs. 10,00,00,000

ISSUED CAPITAL :

1,50,000 Redeemable Cumulative Preference Shares of Rs. 100 each	Rs. 1,50,00,000
4,50,000 Equity Shares of Rs. 100 each	Rs. 4,50,00,000
	Rs. 6,00,00,000

Rights of Preference Shareholders

The preference shareholders will be entitled to a fixed cumulative dividend of 9.3% per annum (free of Company's Income-tax but subject to deduction of taxes at the prescribed rates), payable in priority to the ordinary shares. This means the shareholders will get a dividend of 9.3% less a deduction of tax under Section 18-3 (D) of the Indian Income-tax Act, which at present is 30%.

In the event of winding up, the preference shareholders will be entitled in priority to equity shareholders to repayment of the capital paid-up at par, plus all accrued dividends, whether earned or declared, or not declared, and also declared but not paid.

The preference shares will all be redeemed at par, on 1st January 1975, on giving three calendar months' notice, with the option to the Company to redeem the whole or part of the preference capital outstanding at any time, at par, after 1st January 1972, on giving six calendar months' notice. The proposed method of redemption, whether from profits or by fresh issue of capital will be decided by the Directors at the time of giving the notice, taking the then circumstances of the Company into consideration.

The voting rights of the preference shareholders will be as per Section 87 of the Companies Act, 1956.

The issued capital is payable as follows :

- (1) Along with application at Rs. 25 per share, whether Equity or Preference.
- (2) The balance of Rs. 75 per share, whether Equity or Preference, will be called up in three calls of Rs. 25 each, with an interval of at least one month between each call, and the first of such calls will not be earlier than three months from the date of allotment of the respective shares.

Preferential Allotments and Reservation

- (1) The signatories to the Memorandum of Association have subscribed for 1,200 equity shares. The promoters, directors and their friends have subscribed for a total of 48,800 equity shares of Rs. 100 each.
- (2) The Government of Madras have agreed to the Madras Industrial Investment Corporation Ltd., Madras, underwriting and subscribing for 70,000 preference shares of Rs. 100 each and 80,000 equity shares of Rs. 100 each.
- (3) The Life Insurance Corporation of India, Bombay, have agreed to underwrite and apply for 10,000 equity shares of Rs. 100 each and 20,000 preference shares of Rs. 100 each and these will be allotted in full.
- (4) There is a specific arrangement with Messrs. Dalal & Co., Madras, for their tendering applications for 35,000 equity shares of Rs. 100 each and these will be allotted in full.
- (5) As per the agreement entered into with Messrs. Montecatini of Italy, 1,20,000 equity shares of Rs. 100 each will be reserved for allotment to them.
- (6) In accordance with the provisions in the underwriting agreement with the Underwriters and Brokers, 28,500 equity shares of Rs. 100 each have been reserved for firm allotment in respect of applications procured and marked for "firm allotment" by them.

Present Issue

The balance that is now unconditionally offered for public subscription is as follows:

- 60,000 Preference Shares of Rs. 100 each,
- 1,26,500 Equity Shares of Rs. 100 each.

THE ENTIRE ISSUE OF 60,000 PREFERENCE SHARES AND 1,26,500 EQUITY SHARES HAVE BEEN UNDERWRITTEN BY THE INDUSTRIAL FINANCE CORPORATION OF INDIA, NEW DELHI, AND BY THE VARIOUS PARTIES, AS PER DETAILS HEREIN GIVEN.

DIRECTORS

- (1) Sri R. VENKATASWAMY NAIDU, B.Sc. (Madras), B.Sc. (Tech.) Manchester, Industrialist, 984, Peelamedu, Coimbatore-4.
- (2) Sri V. RAMAKRISHNA, I.C.S. (Retd.), Industrialist, 38, Mount Road, Madras-2.

- (3) Sri T. A. VARGHESE, I. C. S.,
Secretary to the Government of Madras.
65, IV Main Road, Gandhinagar,
Madras-20.
- (4) Sri T. K. PALANIAPPAN, F. A. S.
Secretary to the Government of Madras. Department of
Industries. Labour & Co-operation,
Fort St. George, Madras.
- (5) Sri G. K. DEVARAJULU.
Industrialist. 2/239, Avanashi Road.
Coimbatore.
- (6) Sri T. S. NARAYANASWAMI,
Industrialist, "Dhun Buildings",
175/1, Mount Road, Madras 2.
- (7) Sri D. C. KOTHARI.
Businessman, "Oriental Buildings".
Armenian Street, Madras-1.
- (8) Sri P. R. RAMAKRISHNAN. M.Sc. (M.I.T.), M.P..
Engineer, "Jyothi",
6/36. Race Course Road.
Coimbatore.
- (9) Sri M. N. M. VEERABADRA CHETTIAR.
Merchant. Bungalow Road,
Near Avanashi Road, Tirupur.
- (10) Sri R. K. KANDASWAMY. B.A.. B.Sc. (Tech.), A.M.C.T.
(Manch.)
"Brindavan." Trichy Road.
Goimbatore.
- (11) Sri V. N. RAMACHANDRAN.
Industrialist, "Asoka",
22, Pantheon Road, Egmore, Madras-8.
- (12) Sri V. RAMASWAMI NAIDU.
Landlord, 131, Uppilipalayam,
Singaullur. Goimbatore.

MANAGING AGENTS

Messrs. SALGOE & COMPANY,
"Kamala Nilayanr Peelamedu. Coimbatore.

BANKERS

- STATE BANK OF INDIA, Coimbatore and Madras.
THE CENTRAL BANK OF INDIA LTD.. Coimbatore and
Madras.
THE PUNJAB NATIONAL BANK LTD.. Coimbatore and
Madras.
BANK OF BARODA LTD., Coimbatore. and Madras.
THE INDIAN BANK LTD.. Coimbatore and Madras.
THE CANARA BANK LTD.. Coimbatore and Madras.

UNDERWRITERS

- The Madras Industrial Investment Corporation Ltd.,
Madras.**
**The Industrial Finance Corporation of India,
New Delhi.**
Life Insurance Corporation of India, Bombay.
The Investment Trust of India Ltd., Madras.

UNDERWRITERS AND BROKERS

MADRAS :
Messrs. Dalal & Co.
Post Box No. 149,

- National Insurance Building,
Madras-1.
Messrs. Kothari & Sons
Post Box No. 267,
"Oriental Buildings", Armenian Street
Madras-1.
Messrs. Maconochie & Co.
Post Box No. 291,
"Mercantile Bank Buildings",
16, First Line Reach, Madras-1.
Messrs. Sornayajalu & Co.
Post Box No. 1263,
"Andhra Insurance Buildings",
337, Thambu Chetty Street, Madras-1.
Messrs. Swastik & Co.
Post Box No. 43,
7. Second Line Reach. Madras-1.

CALCUTTA:

Messrs. G. M. Pyne,
'Allahabad Bank Buildings",
14, India Exchange Place.
Calcutta-1

BOMBAY :

- Messrs. Devkar Nanjee & Co.**
17, Horniman Circle, Fort, Bombay-1.
Messrs. Jamnadas Morarjee & Co.
8-10, Dalai Street, Fort, Bombay-1.
Messrs. Merwanjee Bomanjee Dalai
Allahabad Buildings, Fort, Bombay-1.
Messrs. Kamanbhai Lalbhai Sheth
No. 5. Stock Exchange Building,
Apollo Street, Bom bay-L
Messrs, P. R. Suhramanyam,
70-A, Stock Exchange Building,
Apollo Street. Bombay-1,
Messrs. Harish Chandra Gutt & Co.
15-47, Apollo Street, Fort.
Bombay-1.
Messrs. A. B. Pandit & Co.
32. Apollo Street, Bombay-1.

BANGALORE :

Messrs. M. Nanjappaiah Jahgirdar.
181, Cavalry Road. P. R. No. 71,
Bangalore-1.

BROKERS

- Messrs. Lewis & Jones**
"Bank of Baroda Buildings", Apollo Street, Bombay-1.
Messrs. Narandas & Sons
"Union Bank Buildings", Apollo Street, Fort, Bombay-1.
Sri Narendrabhai Lalbhai Sheth, B.A., LL.B.
Stock and Share Broker, Manek Ohowk, Ahmedabad.
Messrs. Desh Bandhu Gupta & Co.
45. Stock Exchange Building, Asaf Ali Road, New Delhi-1.

LEGAL ADVISERS

MESSRS SUBBARAYA AIYAR, SETHURAMAN &
PADMANABHAN,
Advocates, Pelathope, Mylapore, Madras-

AUDITORS

(1) MESSRS. M. S. KRISHNASWAMY & JAGANNATHAN,
Chartered Accountants, R. S. Puram, Coimbatore

(2) MESSRS. SURI & CO.
Chartered Accountants, 1/29, Mount Road, Madras-2.

REGISTERED OFFICE

"Kamala Nilayam", Peelamedu. Coimbatore-4.

OBJECTS

The Company was incorporated on 31st August 1960 for the several purposes set forth in the Memorandum of Association, and in particular to undertake the manufacture of aluminium ingots and alloys, from the bauxite reserves in the Sheveroy Hills. The plant capacity will be 10,000 tons, of which 7,000 tons will be ingots and 3,000 tons alloys, as per the Licence No. L/1B(1)/N 7/60, dated 6th May, 1960, granted to this Company by the Government of India.

The Company has also applied to the Government of India for a licence, to erect a Rolling Mill, as an adjunct to the proposed factory, for the manufacture of A.C.S.R. and A.A.C. Cables, extrusion, rods, foils, etc., and the licence is awaited.

The rapid progress made by the aluminium industry can be gauged from the fact that world production of aluminium, which was a little over 7,00,000 tons in 1939, has increased to over 3 million tons at the present time.

The development of a large scale aluminium industry is of particular importance to our industrial economy. Aluminium is the only non-ferrous metal for the manufacture of which, on a scale commensurate with our increasing requirements adequate natural resources are available in the country. And as indicated above, it is a non-ferrous metal with properties which permit its use as a substitute for several purposes for other non-ferrous metals like copper, lead, zinc, and tin. The indigenous production of which cannot be developed to the required extent because of the very limited resources of the necessary raw materials as far as is known at present. It is in this context that the development of aluminium industry assumes a special significance in our plans for industrial progress.

According to the draft outlines of the Third Five Year Plan, the estimated capacity of the Aluminium Industry in 1960-61 has been placed at 17,500 tons and production at 17,000 tons, against the production of 7,300 tons in 1955-56. The 1965-66 targets are estimated at a capacity of 82,500 tons and production of 75,000 tons.

The per capita consumption of aluminium in India is very low at about 0.12 lb. compared to 19 lbs. in U.S.A., 12 lbs. in Canada and 10 lbs. in the United Kingdom. With the growing use of aluminium for industrial purposes, the demand for aluminium is bound to far exceed production for several years to come.

RAW MATERIALS

Bauxite is the basic raw material for the production of alumina, while electric power is also as vital a necessity as bauxite. Bauxite deposits of Sheveroy Hills are considered to be very suitable for the manufacture of aluminium, because it is so soft and easily soluble in caustic soda in the process for the manufacture of alumina. The deposits in Sheveroy Hill are estimated at about 7 million tons.

In view of the advantages of nearness of bauxite, power, water, transport facilities etc. the factory will be located at Mettur on a plot of about 400 acres reserved for this Company by the Government of Madras. The Madras State Electricity Board have assured adequate power supply at the rate of Rs.

155 kW/y for the Alumina section and Rs. 120 kW/y for the Smelter section.

TECHNICAL COLLABORATION

The Company has been fortunate in having secured the technical collaboration with Messrs. Montecatini of Italy, who are associated with the Neyveli Project of the Government of India, and who are one of the world known names in the manufacture of aluminium products, designing, erection and successful working of aluminium plants. Under the terms of the collaboration, M/s. Montecatini are to supply technical know-how, designs and specifications, procure the required machinery for the Indian Company, attend to erection, to supply required technical personnel and also train Indian technical personnel in their factory. The Government of India have approved the technical collaboration terms under which M/s. Montecatini are to be paid Rs. 15 lakhs for technical know-how, Rs. 10 lakhs for engineering fees, drawings, assistance in purchase of plant and other allied services, and Rs. 35 lakhs for cost of foreign experts, contractors and agencies for the construction, supervision and other service charges etc, and these payments are to be satisfied by the issue of 1,20,000 equity shares of Rs. 100 each. No further technical know how fees are payable either for expansion of the plant capacity upto 20,000 tons or for the Rolling Section.

COST OF THE PROJECT

The cost of the project, as estimated by Messrs. Montecatini for a plant capacity of 10,000 tons of aluminium of which 7,000 tons will be ingots and 3,000 tons alloys, is approximately as follows :

Foreign Side:			
Plant and Machinery (to be imported)	Rs.		Rs-
	3,40,00,000		
Technical Know-how	15,00,000		
Fees for designing, specifications etc	40,00,000		
For technical services	35,00,000		
			1,60,00,000
Indian Side:			
Land and Buildings	1,70,00,000		
Fabrication of machinery	1,00,00,000		
Customs Duty, freight, and Insurance	75,00,000		
Erection and implementation expenses	40,00,000		
Pre-operating expenses (plant trial expenses including raw materials)	13,00,000		
Bank guarantee commission for 3 years for deferred payment	15,00,000		
Preliminary expenses, Underwriting Commission Brokerage and Share Issue expenditure	18,00,000		
Working Capital	50,00,000		
Contingencies	19,00,000		
			5,00,00,000
			9,60,00,000
		Total	9,60,00,000

The estimated foreign loan requirements (Hess Montecatini's share participation) of about 5,000 million Italian lire, equivalent to about Rs. 3.80 crores would be financed by a long term loan under deferred payment arrangements, by 'Meedibanca' of Italy, for repayment in nine years commencing from 1st January 1965 in which direction preliminary negotiations have been completed.

The Industrial Finance Corporation of India have agreed to give the guarantee for the foreign loan plus interest on the terms and conditions specified by them, one of which is mortgaging all present and future fixed assets in favour of the said Corporation for the duration of guarantee commitment.

ESTIMATE OF PROFITS

Aluminium ingots are now imported to meet the needs of the Rolling Mills in India. Secondly, rolled metal fetches good prices. The Company intends to instal upto-date machinery and equipment and utilise the latest methods in the manufacturing processes. Based on current market conditions, the Directors anticipate that the operation of the factory will yield a satisfactory return on the capital invested.

COMMENCEMENT OF BUSINESS

After incorporation of the Company on 31st August, 1960, in order to facilitate carrying of all the arrangements and entering into early contracts for going ahead with the project* the Company obtained the certificate of Commencement of Business on 26th December 1960 from the Registrar of Companies, Madras, after filing the Statement in lieu of Prospectus.

MANAGING AGENTS

Messrs. Salcoe & Co. a partnership firm consisting of Sri R. Venkataswamy Naidu, Sri P. R. Ramakrishnan, Sri T. S. Narayanaswamy, and Sri V. Radhakrishnan as partners, are proposed to be appointed as the Managing Agents of the Company for a period of ten years, as per the terms and conditions laid down in the draft agreement, with such modifications as may be suggested by the Central Government, and approved by the Board at their meeting held on 20th September, 1960, based on which an application has been made to the Central Government for approval of the appointment of the said Messrs. Salcoe & Co. as the Managing Agents of the Company.

DIRECTORS

The number of Directors, shall neither be less than four nor more than twenty-one

The qualification of a Director, other than the Ex-officio Directors, Italian Directors, if and when appointed by virtue of clause 135 of the Articles of Association, Corporation Director, Government Director, Debenture-holders' Director and Alternate Director shall be the holding of at least fifty Equity Shares of Rs. 100 each in the Company, of the total nominal value of Rs.5,000.

PAYMENT TO PROMOTERS

No amount of benefit has been paid or given or is intended to be given to any Promoter or Director of the Company, apart from the sitting fees for the Directors and the Managing Agency. The Commission to the three Directors, Sri R. Venkataswamy Naidu, H. T. S. Narayanaswami and Sri P. R. Ramakrishnan, as partners of the proposed Managing Agents, Messrs. Salcoe & Co.

UNDERWRITERS

The Industrial Finance Corporation by their Letter No. C. 12/60—20657 dated 24th December 1960 have agreed to underwrite 60,000 equity shares of Rs. 100 each and 60,000 Redeemable Cumulative Preference Shares of Rs. 100 each, and these 60,000 equity shares and 60,000 cumulative preference shares are offered unconditionally for public subscription.

In addition to the specific underwriting arrangements with the Madras Industrial Investment Corporation Ltd., Life Insurance Corporation of India, and Messrs. Dalal and Co., set out in the paragraph under "Preferential Allotments and Reser-

vation" the Company, has entered into underwriting agreements with the following parties, who have agreed to underwrite the number of equity shares set out against each of their names. The number of shares for which they will be tendering applications for full allotment (marked for "Firm allotment") has also been shown as a deduction from the number of shares underwritten, in order to give clearly the number of shares offered unconditionally for subscription by the public.

	Number of shares underwritten	Less firm allotment promised	Balance offered unconditionally for public subscription
MADRAS			
1. Messrs. Dalal & Co.,	12,500	3,750	8,750
2. Messrs. Kothari & Sons	5,000	1,500	3,500
3. Messrs. Maconochie & Co.,	5,000	1,500	3,500
4. Messrs. Somayajulu & Co.,	3,000	900	2,100
5. Messrs. Swastik & Co.,	3,000	900	2,100
6. The Investment Trust of India Ltd.	5,000	1,500	3,500
BOMBAY			
7. Messrs. Devkaran Nanjee & Co.	10,000	3,000	7,000
8. Messrs. Jannadas Morarjee & Co.	10,000	3,000	7,000
9. Messrs. Merwanjee Bomanjee Dalal	5,000	1,500	3,500
10. Messrs. Harish Chandra Gatt & Co.	10,000	3,000	7,000
11. Messrs. Ramanbhai Lalbhai Sheth	10,000	3,000	7,000
12. Messrs. P. R. Subramanyam	5,000	1,500	3,500
13. Messrs. A. B. Pandit & Co.	5,000	1,500	3,500
CALCUTTA			
14. Messrs. G. M. Pyne	3,500	1,050	2,450
BANGALORE			
15. Messrs. M. Nanjappaiah Jahngirdar.	3,000	900	2,100
Total	95,000	28,500	66,500

The Directors are of the opinion that the resources of the Underwriters are sufficient to discharge their respective underwriting obligations.

All the Underwriters will be paid an underwriting commission of 2½% of the nominal value of shares underwritten by each of them.

BROKERAGE

Brokerage at the rate of 1% will be paid on all allotments made in respect of applications bearing the stamp of any Bank or recognised Broker.

Brokerage on the same basis is payable to the Underwriters, in addition to the underwriting commission, as mentioned in the preceding paragraph, on allotments in respect of shares allotted on applications made or procured by them and bearing their stamps.

APPLICATION FOR SHARES

Copies of the Prospectus and application forms can be had from the Registered Officer of the Company, or from the Underwriters or Brokers or from the Bankers of the Company, or from the Branches of such Bankers, at Madras, Bombay, Calcutta, Delhi, Bangalore, Coimbatore or Ahmedabad.