JAY ENGINEERING'S IMPRESSIVE RESULTS

THE performance of the Jay Engineering Works Ltd during the year ended March 31. 1961 has been very impressive, in that the turnover (net) has recorded an improvement of Rs 1.08 crores to a peak of Rs 8.89 crores and the gross profit has gone up by Rs 9.72 lakhs to Rs 91.85 lakhs, also a new high. With this rise, the turnover of the company has doubled itself in the course of four years.

It must, however, he noted that the rise in profit during 1900-61 is not commensurate with the expansion in turnover, with the result that the ratio of profit to sales has dwindled from 11.4 per cent to 10.3 per cent. on account of the steep rise in costs all-round.

The increase in net profit (after proxiding of managing agents" remuneration, depreciation and taxation) from Rs 32.41 lakhs to Rs 3 1.70 lakhs is. only nominal, due to a larger provision for depreciation at Rs 29.36 lakhs, against Rs 23.55 lakhs in the previous year. and for taxation at Rs 22.85 lakhs, against Rs 19.50 lakhs. The managing agency remuneration is. however, less at Rs 1.94 lakhs against Rs 0.01 lakhs. The dividend on the ordinary shares has been maintained at 17.15 per cent on an increased capital, after raising the allocation to the development rebate reserve from Rs 7 lakhs to Rs 8.56 lakhs and reducing the transfer to the general reserve from Rs 1.80 lakhs to Rs 2.70 lakhs. The dividend on the ordinary shares absorbs Rs 18.43 lakhs (Rs 15.63 lakhs) and on the preference shares Rs 5 lakhs (Rs 5 lakhs). Thus, in all. the company has retained in business Rs 40.63 lakhs (including depreciation) or 44.2 per cent of the gross profit and has distributed 25.5 per cent to the shareholders.

The company's production, particularly of fans, has been eneouraging, the number of sewing machines produced having gone up from 242.000 to 256,000 and that of fans from 346.000 to 511 000. As a result of the intensive efforts, the exports have gone up by 50 per cent over the previous year, the number of sewing machines sold abroad having risen from 42,000 to 65,000 and fans from 44,000 to 65.000. In terms of value, exports have risen from Rs 82.5 lakhs to Rs 113 lakhs. Exports of sewing machines constitute over 25 per cent of the production and those of fans over 12.5 per cent.

The company has plans for further expansion. It has received the Government's approval for putting up a factory at Hyderabad with a capacity of 100,000 sewing machings per annum on a single shift basis. Since the close of the year under review, the company has placed orders for capital goods worth Rs 10.19 lakhs, but the Hyderabad factory will call for further huge capital expenditure. In 1960-61, the company spent Rs 01.15 lakhs on additions to its fixed assets, on lop of Rs 48.19 lakhs expended, in the previous- year. During the year under review, the company issued 007,500 ordinary shares of Rs 10 each at a premium of Rs 7.50 per share. A sum of Rs 13.25 per share. including Rs 5.75 per share as premium, has been called to date. It has also been sanctioned a loan of Rs 10 lakhs by the I F C I.

MATERIAL SHORTAGE HITS ALIND

THE shortage of raw material and competition from other units were the main factors which adversely affected the Aluminium Industries Ltd (ALIND) in the year ended March 31. 1961. It was only through increased production and sales that the company was able to maintain its profit-earning capacity. The company stepped up its production of hare aluminium conductor- from about 56.000 kilometres to 66.300 kilometres and of covered aluminium conductors front 7 million core-metres to 9 million core-metres. The output of alumi nium rod, accessories and tools wa- also maintained at a high level.

Thanks to the brisk demand for aluminium conductors and acees-ories, sales increased from Rs 3.41 crores to Rs 4.36 crores. Gross profit, however, dropped from Rs 51.68 lakhs to Rs 18.61 lakhs as a result of the sharp rise in costs all-round reducing the ratio of profit to sales from 15.2 per cent to 11.1 per cent. The cost of raw materials rose by Rs 114 lakhs, the wage bill by about Rs 5 lakhs, freight and handling charges by over Rs 7 lakhs and interest charges by Rs 6.6 lakhs. Had it not been for the increased turnover, the profit would have been far lower.

In view of the drop in profit, the managing agents' commission is lower at Rs 2.96 lakhs, against Rs 3.98 lakhs. The provision for depreciation has been reduced from Rs 11.89 lakhs to Rs 10.98 lakhs, while the tax liability is slightly higher at Rs 16.41 lakhs, against Rs 16 lakhs. The net profit, after these essential allocations, amounts to Rs 18.29 lakhs, representing a fall of Rs 1.52 lakhs compared to 1959-60. The earning per ordinary share works out at 18.3 per cent and provides just adequate cover to the proposed dividend of 18 per cent.

No provision for development rebate reserve has been made out of the profit for the year under review, since no new machinery was commissioned during the sear and so the company did not avail itself of any development rebate, Last year a sum of Rs 4.37 lakhs was set aside for the purpose. The altseme of allocation to this reserve or any other reserves has enabled the directors to maintain the dividend at 18 per cent on a higher capital without any difficult.

At the current market value of Rs 23.30. the Rs 10 fully paid-up shares of the company yield 5.71 per cent per annum, free of tax.

The company has been granted licences for increasing the manufacturing capacity of covered conductors at Kundra and for establishing a new covered conductor factory near Hyderabad. The foreign exchange required for the import of machinery and equipment has been sanctioned and import licences have been secured. In addition, the company has secured a licence for the manufacture at Kundra of a special type of low-voltage aluminium cable for under-ground applications. While the details of the project are being worked out the construction of the factory for the manufacture of high-tensile galvanised steel wire at Kundra has made satisfactory progress. Subject to availability of adequate raw materials, the directors expect the 'new factory to be in regular operation by the end of 1961.