Company Notes

Alloy Steel and Tractor Plants:

Mahindra's New Projects

A substantial improvement in sales of jeeps and allied vehicles, following a rise of 23 per cent in production, has been mainly responsible for the encouraging performance of Mahindra and Mahindra during the year ended December 31, 1961. The results of the steel division have *been* affected somewhat by the reduction in imports of steel but this has been to some extent made good by the fulfilment of large unexecuted orders brought forward from the previous year. Sales show an increase from Rs 13.64 crores to Rs 15.42 crores and the gross profit from Rs 54.07 lakhs to Rs 89,01 lakhs, raising the. ratio of profit to sales, from 3.96 per cent to 5.77 per cent.

The net profit at Rs 86.83 lakhs represents an increase of Rs 15.42 lakhs and gives an earning of Rs 2.45 per share. The dividend which has been stepped up from Rs 1,25 (per share of Rs KM to Rs 1.50, including a cash bonus of 25 nP is well covered by the net profit. In spite of the large dividend cover, the directors have thought fit to follow a cautious dividend policy, in view of the need for conserving the resources for tile expansion programmes on hand. Accordingly, they have ploughed back Rs 15 lakhs, against nil, besides adding Rs 60,000 (against Rs 1.58 lakhs) to the statutory development rebate reserve. The preference dividend takes up Rs 4.48 lakhs and the ordinary dividend Rs 19.80 lakhs.

The sales of jeeps and allied vehicles rose during the year from 6,499 units to 8,133 units and there was a commensurate increase in sales of spare parts. The machine tool division was also active within the limitations of import restrictions.

The outlook for the company promises to be bright with its programme of expansion, but how far the heavy capital outlay involved will bring a commensurate increase in the return to the shareholders, it is difficult to foresee. The Government of India has approved of the company's proposal to double the jeep manufacturing capacity to 10,000 units per annum. It is expected that the I C I C I and L I C will provide loans to cover a substantial part of the additional financial requirements. It is also proposed to raise fresh capital by the issue of 600,000 ordinary shares of Rs 10 each at a premium of Rs 2.50 to the existing shareholders in the ratio of one new share for every two. The funds from the rights issue will be utilised not only for the jeep programme but also for expansion into two new fields, the setting up of an alloy, tool and special steels plant in Madras and a tractor-manufacturing project in Bombay. The alloy steel project is expected to take final shape during the current year. The tractor project will be undertaken by a new company to be formed by Mahindra and Mahindra in association with the American firm. International Har. vester Export Company of Chicago, Illinois, and its British subsidiary. The American firm, besides investing in the new company, will provide a long-term loan to cover the cost of plant, equipment and tooling.

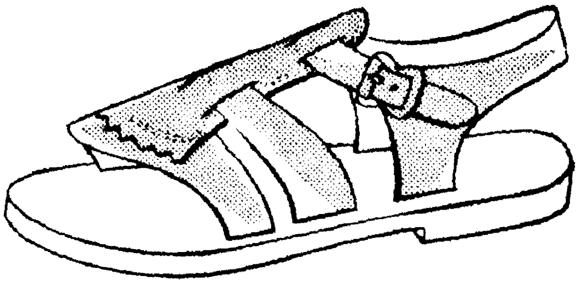
Sales of jeep vehicles during the first quarter of the current year amounted to 1,999. Steel bookings are comparatively lower, but they are expected to recover before the year-end.

Dunlop Rubber's Silver Jubilee Year

IN more than one respect the year 1961 was a significant *one* for the Dunlop Rubber Co. In the first instance,, the year marked the completion of 25 years' manufacturing at its Sahaganj factory. As the leading manufacturer of rubber goods, it supplied during the year about 60 per cent of the automobile tyres and 80 per cent of the cycle tyres used in the country, besides equipping the first supersonic aircraft and turboprop transport planes manufactured in India. Secondly, the company's sales reached a record level of Rs. 32.85 crores, representing an increase of Rs. 2.39 crores over the previous year. Commensurate with this, the gross profit rose by Rs. 84.12 lakhs to a new high of Rs. 348.76 lakhs reflecting the increased turnover and lower coat of imported rubber. This has raised the ratio of profit to sales from 8.7 per cent to 10.6 per cent.

The net profit, after provision for depreciation which has been raised from Rs. 58.71 lakhs to Rs. 61.39 lakhs and taxation which takes up Rs. 122.62 lakhs, against Rs, 81.37 lakhs last year, shows a rise of Rs. 40.19 lakhs. While the total tax liability is of the order of Rs 141.37 lakhs, the charge against the profit has been reduced to Rs. 122.62 lakhs, the balance of Rs. 18.75 lakhs representing the tax on bonus issue being charged to the general reserve. The net profit provides an earning of Rs. 3.56 per ordinary share on the increased capital as raised by the one-for-two bonus issue made during the. year and covers more than 1.75 times the dividend of Rs. 2 per share on the higher capital. On the old capital the proposed dividend for 1961 works out lo 30 per cent, against 21.5 per cent paid on it for 1960. Such liberal distribution has been made even after taking Rs. 62.50 lakhs or nearly 38 per cent of the net profit to the general reserve, which bad received Rs, 37.50 lakhs last year. The transfer to the development rebate reserve has been reduced from Rs. 17 lakhs to Rs. 7.50 lakhs following the lower development rebate to which the company is entitled for the year and this accounts partly for the heavy tax liability referred to above.

The financial position of the company is very impressive. Even after the capitalisation of Rs. 1.50 crores. raising the paid-up capital to Rs. 5.20 crores. the reserves and surplus stand at Rs. 5.08 crores. The borrowings have been reduced from Rs. 3.76 crores to Rs. 3.50 crores, while current liabilties and provisions are higher at Rs. 3.82 crores. against Rs. 3.44 crores. The additions to the block account during the year aggregate Rs. 54 lakhs, raising the gross value thereof to Rs. 10.92 crores. The net book value of the fixed assets is Rs. 6.31 crores. The current and other assets amount to Rs. 11.29 crores. The net worth per ordinary share is Rs. 21.3. against which the current market value is Rs. 43.56.



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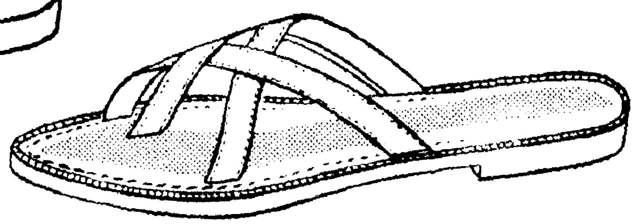

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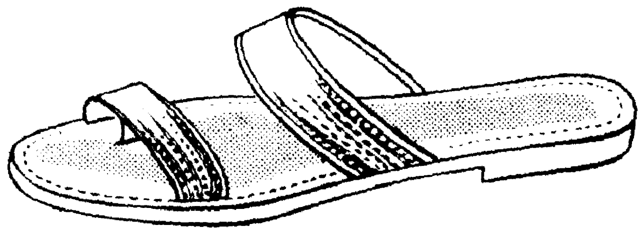

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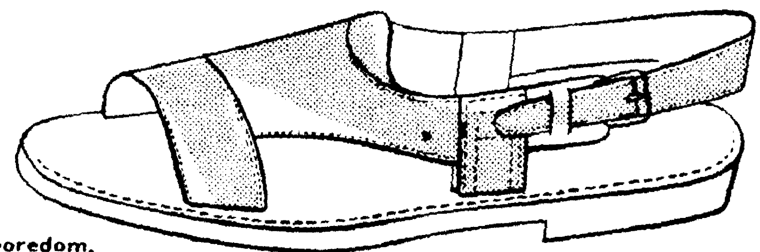
SUN LIGHTED SANDALS



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