ties and provisions to Rs 45.55 lakhs. The net block account including capital work-in-progress stands at Rs 40.32 lakhs. Investments at cost amount to Rs 168.88 lakhs, of which quoted ones (at Rs 142.45 lakhs) have a market value of Rs 140.64 lakhs at the end of the year. Current assets and loans and advances aggregate Rs 95.52 lakhs.

Rights Issue by Travancore Rayon Likely

THE Chairman of Travancore Rayons has held out in his speech at the Annual General Meeting of the company held this week the prospect of an increase in the equity capital by a rights issue to meet a part of the capital expenditure of Rs 3.50 crores on the proposed expansion of the company's rayon production capacity by 5 tons to 13.6 tons per day. The balance would be met by long-term borrowing. He was unable to give any details of the capital issue, since the entire scheme depended on the company securing an import license. It has secured an industrial license for the project.

The expanded capacity in rayon production together with the two new ventures, mainly cotton linter and rayon grade pulp production, will improve the earnings considerably and will enable the company to pay a reasonably good dividend, if not to maintain the present rate of dividend on the increased capital. The possibility of the company maintaining the dividend cannot be ruled out, as the margin of profit is very high. The company's progress during the last few years has been phenomena] and it has consolidated its position well.

Of course, the enhancement of the excise duty on rayon yarn in 1961, of which two-thirds the company had to bear, and the non-utilisation of its capacity in the cellulose fibre section to the full extent due to slackness in demand in the latter part of 1961 affected the results of the company for 1961. The sales declined from Rs 376.88 lakhs to Rs 366.49 lakhs and the gross profit from Rs 122.63 lakhs to Rs 111.40 lakhs. The net profit too dropped from Rs 51.52 lakhs to Rs 35.58 lakhs. However, thanks to the substantial reduction in the provision for development rebate reserve from Rs 15.70 lakhs to Rs 2.75 lakhs the dividend on ordinary shares has been well maintained at 20 per cent, though this has also meant a slight cut in the transfer to the reserves from Rs 10 lakhs to Rs 8 lakhs. While a sum of Rs 10 lakhs was added to the general reserve last year, the directors have created a dividend reserve with an allocation of Rs 8 lakhs in order to enable the company to have recourse to it in case of necessity, when the available surplus in the coming years becomes inadequate on account of the development rebate claimed by the company.