

Company Notes**Ahmedabad Electricity**

THERE has been an all-round improvement in the working of Ahmedabad Electricity during the year ended March 31, 1962. The sales of electricity have recorded a rise of 4.58 per cent to 790 million kWh, though the pace of increase is less than that in the previous year. This is evidently due to some restrictions imposed in the middle of 1961 by the Gujarat government on supply of power, though continuity of supply to consumers was well maintained. The rise in sales is reflected in the increase in earnings from Rs 5.42 crores to Rs 6 crores and in gross profit from Rs 140.17 lakhs to Rs 162.10 lakhs. The net profit too shows a sizable improvement from Rs 82.03 lakhs to Rs 96.33 lakhs, even after setting aside larger sums of Rs 9.29 lakhs (Rs 8.46 lakhs) for agents' remuneration, Rs 51.41 lakhs (Rs 49.68 lakhs) for depreciation and Rs 5.07 lakhs (nil) for taxation. The dividend has been stepped up from 7 per cent to 8 per cent, absorbing Rs 69.98 lakhs, against Rs 61.23 lakhs in the previous year, and reserves have been strengthened by Rs 26.13 lakhs on top of Rs 19.73 lakhs added in the previous year.

The restrictions of the power supply was removed in February 1962 with the commissioning of the 30 mW, at the Sabarmati power station. With a view to meeting increasing demand for electricity in the company area, it is proposed to expedite the second 30 mW set. Further the company is to get additional power from the Dhuvaran power station of the Gujarat Electricity Board to provide for this additional power supplies and to meet the growing consumer's demand the company has pledged to strengthen its distribution mains and other power service facilities.

In order to finance the additional projects the company has decided, subject to consent of the Controlled of Capital Issues, to issue debentures carrying interest at 6½ Per cent to banks. These debentures will be made over to the company's bankers as security for fresh borrowings. These debentures will rank pari-passu with the existing debentures except that they carry a higher rate of interest. The existing debentures of the value of

Rs 3 crores carry interest at the rate of 5¼ per cent. As the listing requirements of the Bombay Stock Exchange insist that these debentures are to be offered in the first instance to the existing ordinary share holders of the company unless otherwise decided by them, the company has sought the approval of the share holders to offer these debentures to these bankers.

In pursuance of the programme of development the company incurred a capital expenditure of Rs 3.07 crores during the year under review. The capital work in progress at the end of the year stood at over Rs 1 crore. The additional expenditure is to be financed partly by borrowings from the Agency for International Development, Washington.

**A C C—Vickers — Babcock**

THE third annual report for the year ended March 1962 of ACC-Vickers-Babcock in which Associated Cement Companies has a fifty per cent interest, shows a deficit of Rs 44.31 lakhs after providing Rs 22.46 lakhs for depreciation. Together with the previous year's accumulated loss of Rs 1.72 lakhs an aggregate deficit of Rs 46.03 lakhs, is being carried forward. As the company has not earned any taxable income, it has not been able to avail of the development rebate of Rs 58 lakhs to which it is entitled. The directors observe that in view of the considerable time lag between the placing of the orders and the final delivery of the type of plant being manufactured, it will not be possible to show the true financial results the company is capable of until some units have been delivered.

The greater part of the construction work at Durgapur has been completed ahead of schedule. Some of the heavier machine tools are yet to be received from overseas, but it is expected that the initial construction programme will be completed and the work fully equipped by the end of September.

The company has received large firm orders for the manufacture and delivery of boiler plant, of an estimated value of Rs 8.23 crores and orders for a further five boiler units

of the value of Rs 7.5 crores are expected under the Indian power projects programme. Orders for cement-making machinery and ancillary plant of an estimated value of Rs 68.76 lakhs have been received.

**Greaves Cotton**

THE substantial improvement in the turnover of Greaves Cotton during the year ended March 31, 1962 from Rs 6.61 to Rs 7.52 crores and in the income from investments from Rs 10.49 lakhs to Rs 12.87 lakhs is not accompanied by a corresponding rise in gross profit. The gross profit has gone up by only Rs 2.89 lakhs to Rs 55.14 lakhs. The larger turnover has been achieved at a lower profit margin, it is stated, due to increasing competition and higher cost of sales and service. The increasingly difficult foreign exchange position has no doubt resulted in further restrictions on imports, but the company has been able to sustain its activity by securing a larger portion of its business from goods manufactured in India. A larger production could have contributed to a further improvement in the company's turnover but for the frustrating delays in the fruition of several new manufacturing projects.

The net profit, at Rs 30.61 lakhs is only fractionally higher than the previous year's figures of Rs 30.38 lakhs, as the rise in gross profit has been offset by the increase in the provision for taxation from Rs 20.25 lakhs to Rs 22.25 lakhs and that for depreciation from Rs 1.62 lakhs to Rs 2.28 lakhs. The dividend has been reduced from 13 per cent to 12 per cent but the allocation to the reserves has not been affected. In fact a slightly larger sum of Rs 10.87 lakhs has been added to the various reserves against Rs 10.35 lakhs. The ordinary dividend absorbs Rs 16.20 lakhs, against Rs 17.56 lakhs and the preference dividend takes up Rs 3.57 lakhs.

The directors take a hopeful view that the company will be able to sustain its business during the current year. The initial difficulties in respect of several new manufacturing activities have been overcome and some contribution to the company's trading is now being made by these recently initiated projects,