Business Notes

Saurashtra Cement

SAURASHTRA Cement and Chemical Industries proposes to clear the arrears of preference dividend from the date of allotment to the year ended June 30. 1960. The Eighth Annual Report of the Company for the year ended June 30 1964 shows that the. profits during the year after wiping out past losses have enabled the Company to clear a part of the arrears of preference dividend. Net profit earned during the year was somewhat less at Rs 30.99 lakhs as against Rs 34.66 lakhs in 1962-63, but this is after providing a higher depreciation at Rs 33.35 lakhs (Rs 23.81 lakhs) and taxation at Rs 2.30 lakhs (nil). Again the excess provision of Rs 11.68 lakhs made in previous years for development rebate reserve has been written back to the Profit and Loss Account, and thus the disposable amount has been raised to Rs 42.67 lakhs. This amount has enabled the Directors to set aside Rs 5.74 lakhs as provision for development rebate reserve, and rehabilitation and development reserve, to wipe out the brought forward loss of Rs 22.70 lakhs, to transfer to a special reserve Rs 12.00 lakhs and to carry forward Rs 2.23 lakhs to the next account. The proposed preference dividend will be paid out of this special reserve which is exempt from tax under Sees 84 and 101 of the I Tax Act. 1961.

The working of the Company during the past year was quite regular and normal. Production of clinker was slightly less by 5,500 tonnes at 210.500 tons, but that of cement was higher by 5,400 tonnes at 219,400 tonnes. The Company did excavation of gypsum at Adesar Mines in Kutch and produced 622.750 tonnes, a part of which was sold. The Company produced about 647 tonnes of lime also and sold a good part of it. Total sales realisations aggregated Rs 2.18 crores as against Rs 1.90 crores in the previous year.

The Directors state that the Company is progressing steadily with erection work of the expansion project which will be ready for production in the first quarter of 1965. At that time, the Company will reach a rated capacity of 5 lakh tonnes of cement per annum as against the existing capacity of 2 lakh tonnes.

Investment Trust of India

THE Investment Trust of India (Madras) has made a lower net profit of Rs 59,565 (Rs 81.075) during the year ended September 30, 1964. The Company's dividend income was less at Rs 68,960 compared with Rs 70,315 in the previous year. Dividend tor the year is, however, maintained at 6 per cent and will absorb Rs 60,000.

The investments of the Company were maintained almost without any major changes. The Directors observe in their report that the year was a crucial one for the investment market in particular and economy in general. The Budget for 1964-65 provided some relief for the corporate sector as it reduced the severity of certain measures imposed in the previous year. Turnover and profits of industries showed an improvement in terms of money value but increased costs made an impact on profit margins. The condition of the capital market was no better than in the previous year. High taxation and dearer money effected the Row of risk capital to industry. The rise in official Bank Rate confirmed the de facto high interest rate previously prevailing. The Directors have expressed the view that in the present monetary and fiscal climate, more than ordinary vigilance and continued awareness over yield and scope for capital appreciation is called for.

Waterfall Estates

NET profits of Waterfall Estates contracted from Rs 15.22 lakhs to Rs 11.41. lakhs for the year ended June 30, 1964, but the Company has repeated the equity dividend at 10 per cent. Tea crops harvested fell from 8.28 lakh kilos to 7.90 lakh kilos, while production of coffee showed an increase from 5.25 lakh kilos to 5.51 lakh kilos. Sale proceeds of tea, however, were higher at Rs 41.32 lakhs (Rs 40.10 lakhs). Coffee crop proceeds were also better off at Rs 17.95 lakhs (Rs 16,66 lakhs). Income from coffee curing works rose from Rs 3.46 lakhs to Rs 5.84 lakhs.

The planting of about 250 acres of tea and the gradual replanting of old coffee in Anamallais form the development programme of the Company, and a new factory will be commissioned early in 1965.

The Chairman, D C Kothari, in his statement circulated with the Annual Report observes that with consistently improving production in other countries, world tea prices were rather depressing. He suggests that Indian production should be planned judiciously to avoid a shortfall or a glut. The targets of the Third and Fourth plans can easily be attained if the industry is given necessary incentives to meet and if the internal finances are stabilised and augmented adequately to meet its replanting and expansion expenses. The tea industry will have to increase the acreage at the rate of 24,000 acres a year, but the high cost of opening out new areas inhibited expansion. In this context, the present financial assistance offered by the Tea Board at Rs 4000 per acre may bring further acreage under tea cultivation, but is not adequate and does not cover the cost of buildings, labour quarters and other welfare amenities which form a considerable portion of the block expenditure of a plantation company, says Kothari. He welcomes the formation of the Chari Committee and hopes that this Committee will look into all problems of tea industry and recommend suitable measures. As rehabilitation expense for rubber is exempted from tax by the Madras State Government, he pleads that tea and coffee industries also should be afforded the same privileges,

Coffee prospects are expected to be good, but Indian coffee's long-term outlook will depend on the maintenance of quality and promotional methods.

Blue Mountains

NET profit of Blue Mountain Estates and Industries has suffered a sharp setback from Rs 5.88 lakhs to Rs 1.59 lakhs during the year ended June 30, 1964. Sale proceeds of tea and coffee were lower during the year at Rs 43.03 lakhs (Rs 45.53 lakhs) and Rs 20.38 lakhs (Rs 26.10 lakhs) respectively. Proceeds of fertilizers, however, were more than double at Rs 76.35 lakhs (Rs 37.70 lakhs). The equity dividend is reduced from 10 per cent to 8 per cent.

The reasons for low profits are smaller crop and lower prices in tea and smaller crop in coffee. Lower crops were ascribed to climatic conditions. Tea crop fell by 1.67 lakh kgs from the previous year's production and coffee crop harvested was less by 174 tonnes.