

**OILSEEDS****Linseed at New High**

THE oilseeds market had quite an exciting time last week, with speculative interest centring mainly around the nearby June contracts. Strong bull manipulation which forced bears to rush for a cover pushed both linseed and castor further beyond their respective margin line of Rs 100 and Rs 80 (both per quintal), Margin has to be paid by bulls at the rate of Rs 1000 per 10 tonnes in the case of linseed and at rate of Rs 800 per 10 tons in the case of castor when prices rise above the first marginal line. Linseed June contract was bid up last week to a new high of Rs 101.30 and the week-end closing was only a little lower at Rs 101.05. The September contract was quoted at a discount ranging from 40 to 55 Paise below the nearby position. Castor June was marked up to Rs 80.35 but it soon receded to Rs 79.10. The September contract which had been fetching a small premium until about the middle of the week was quoted at a discount of 30 Paise per quintal.

The bullish fervour in linseed was attributed mainly to persistent support from north India operators who seem to have been emboldened by their success in rigging up mustard-seed prices. Though further trading in mustardseed, as in many other seeds and its cakes is banned, illegal speculative activity in mustardseed is reported to have assumed menacing proportions in Delhi, Agra, Bhatinda, Kanpur and a few other places.

Despite considerable excitement and bullish fervour in the futures market, linseed oil merely held steady around the previous week's level. After rising from Rs 20 to Rs 20.50, the spot quotation for linseed oil eased quickly to Rs 20 (per 10 kgs) by the week-end. Castor oil was in fact slightly subdued due to lack of any important inquiry. Market sentiment in linseed oil as well as castor oil was influenced mainly by the easier tendency in groundnut oil the spot quotation for which declined from Rs 25.10 to Rs 24.25 (per 10 kgs) on increased arrivals from various upcountry centres. It appears that stockists in upcountry centres and various producing areas are beginning to feel a little uneasy because of the approach of the monsoon. Besides, with the arrival of some 30,000 tonnes of soyabean oil, vanaspati ma-

nufacturers are no longer reported as aggressive buyers of groundnut oil.

Export activity continued to be virtually confined to groundnut extractions and cottonseed cake. While fairly good business was reported in align groundnut extractions, internal prices suffered a moderate decline due to increased offerings.

Overseas' quotations were slightly easier over the week.

**Money Market**

*Thursday, Morning*

COMFORTABLE conditions prevailed in the Bombay short-term money market during the week. The inter-bank call money rate was lower than in the previous week and at the time of writing stood at  $7\frac{3}{4}$  per cent against 8 per cent on Saturday, May 22. Demand for funds was moderate and supply good.

Funds have been steadily entering the market and it is expected that the interest rate will come down further though not, of course, to the levels prevailing at this time last year. The Reserve Bank has already directed the scheduled Banks to use the entire return flow of funds in the slack season and the accretions to deposits for repaying borrowings from it and for investing in government securities.

**BUSINESS NOTES****Guest Keen, Williams**

THERE has been a substantial expansion in our iron and steel industry, but this has been mainly focussed on the large scale production of mild steels in the integrated steel works. For some time now the urgent need has been recognised for developing the production of special steels in relatively small quantities also. Imports of these steels are at present a drain on the country's foreign exchange resources. This task is being under-taken by both public and private sectors of industry. Guest, Keen, Williams has made a study of possible further expansion in this specialised field of development, for this expansion can be of immense benefit to the company not only in safeguarding its vital needs of raw material but also in strengthening its ties with the industries, particularly the transport industries, which consume these steels.

and special Treasury Bills. Banks are thus unlikely to have a surfeit of funds in this slack season.

The scheduled bank's statement for the week ending May 14 shows an increase in net deposits by Rs 17.81 crores to Rs 2,644.16 crores. Investments were lower at Rs 718.15 crores against Rs. 718.30 during the previous week. Bank credit increased by Rs 6.47 crores at Rs 2,119.63 crores. Bank's borrowings from the Reserve Bank went up by Rs 5.14 crores and stood at Rs- 166.29 crores, a new high. Money at call and short notice advanced by Rs. 1.54 crores to Rs 46.03 crores.

Notes in circulation contracted by Rs 39.80 crores to Rs 2,729.78 crores during the week to May 22, according to Statement of the Reserve Bank and notes held with the Banking Department increased by Rs 5.43 crores at Rs 20.08 crores. Total notes issued thus declined by Rs 34.37 crores at Rs. 2,749.85 crores.

Central Government deposits increased by Rs 15.51 crores to Rs 67.38 crores, while State Government's deposits were reduced by Rs 18 lakhs at Rs 17.98 crores. Scheduled banks' deposits are higher by Rs 5.78 crores at Rs 100.03 crores while loans and advances have declined by Rs 56 lakhs at Rs 163.89 crores.

Speaking to the shareholders of GKW at their annual meeting held on May 21, 1965 in Calcutta the Chairman, Sir Raghavan Pillai, said that backed by the technical and financial resources of Guest, Keen, and Nettlefolds the company was well equipped to take part in this specialised field. Referring to the company's expansion programme in hand, he said that much progress had been made in the Sankey Division in the development of new products and in the overall expansion of capacity for electrical stampings production. By improved productivity and by the installation of new and sophisticated plant, productive capacity was raised by some 20 per cent. Plant for the manufacture of brake components for the automobile industry was fully installed at the Bhandup works during 1964, and a start had been made in developing the die casting of rotors'. This should help to conserve

the country's meagre supplies of copper and, together with the introduction of steam blueing, would constitute an additional and useful service to the electrical industry.

#### Dharamsi Morarjee Chemical

WITH the commissioning of the " 300-tonnes contact sulphuric acid plant at Ambernath, the original 50-tonne plant of Dharamsi Morarji Chemical is being shifted to Kumhari for more fruitful operations as that factory has been experiencing in acute shortage of sulphuric acid for raising the production of superphosphate and alumina sulphate. The company has been permitted to increase the capacity of superphosphate from 40,000 tonnes to 75,000 tonnes per annum.

two additional projects viz, a chlorosulphonic acid plant of 3300 tonnes per annum at Kumhari and a triple superphosphate plant of 27,000 tonnes per annum at Ambernath have also been licenced.

During the year to December 1964, the company's sales increased from Rs 2.90 crores to Rs 3.67 crores and gross profit was up from Rs 38.21 lakhs to Rs 52.79 lakhs. Of this, depreciation has taken up Rs 29.15 lakhs (17.80 lakhs), taxation Rs 4.50 lakhs (6.75 lakhs) and prior charges Rs 12.46 lakhs (0.81 lakh), with the result that, equity profit is almost halved to Rs 6.68 lakh from the previous year's level of Rs. 12.58 lakhs. The dividend of Rs eight per share now payable on an enlarged capital requires<sup>1</sup> Rs 7.72 lakhs, as against Rs 6.62 lakh a year ago.

#### Batala Engineering

THE machine tool manufacturing capacity of the Batala Engineering Company is proposed to be expanded, and the government's sanction is being sought for this purpose. The company could not achieve the expected target of machine tool production in 1964 owing to some teething troubles. However, it has now been able to standardise production technique as well as quality, and the rated capacity is expected to be reached before the end of this year. This should also help reduce the overall costs.

Meanwhile, the company has produced satisfactory results for the year to December 1964. These results are not strictly comparable to those of the previous period which was of nine months. The turnover expand-

ed from Rs 60.49 lakhs to Rs' 76.55 lakhs, and gross profit was up from Rs 9.60 lakhs to Rs 12.18 lakhs. After providing Rs 2.99 lakhs (2.19 lakhs) for depreciation, Rs 0.22 lakh (0.68 lakh) for development rebate reserve and Rs 4.50 lakhs (3.62 lakhs) for taxation, there is left a

balance profit of Rs 4.47 lakhs against Rs 3.12 lakhs, enabling payment of a dividend of 12 per cent on the old equity capital besides a pro-rata payment on the capital issued during 1964. The transfer to general reserve has been stepped up from Rs 1.29 lakhs to Rs 2.41 lakhs.

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