Ahmedabad Advance

AS A diversification of its activities, " Ahmedabad Advance Mills proposes to set up a plant at Navsari in Gujarat for the manufacture annually of 3,600 tons of cold rolled steel strips of 25 to 40 swg. per shift. The steel strips will be used for manufacture of certain items used in the textile industry. The plant will also manufacture other items like bicycle rims, stamped hardware, concrete sheathings, etc. The capital cost of the project will be about Rs 69 lakhs excluding working capital of about Rs 12 lakhs. The capital cost includes the cost of import of the Sendzimir mill for rolling ferrous alloys together with other equipment and accessories from the US at a cost of about $ 700,000 for which purpose the TOO has sanctioned a foreign exchange loan equivalent to approximately Rs 34 lakhs. The plant and equipment is expected to arrive in India at the end of the next year. The raw materials required will be hot rolled strips manufactured at Rourkela by Hindustan Steel.

The company installed during 1964 new plant and machinery worth about Rs 19 lakhs to further improve the quality and output of cloth. The main terns were automatic and ordinary ooms, stentering and drying range, auto copser winding machine, scouring md chemicking equipment and drawing frames and carding engines. Of the 240 automatic looms for replacement permitted by the government, 142 looms were installed and 98 wee avaiting installation. Under the expansion scheme, the company has been permitted to instal additional 3.617 spindles and 101 looms, but the permission has not been utilised due to lack of space and heavy financial commitments.

During the year 1964, the company's production suffered to some extent as a result of the dismantling and erection of looms because of the continuous reorganisation taking place in th-i mills. The financial results were affected mainly due to an all-round increase in cost of production, particularly in wages. Sales of cloth, yarn and waste brought in Rs 3.86 crores against Rs 3.79 crores a year before, but gross profit was lower at Rs 13.90 lakhs compared to Rs 16.44 lakhs. With depreciation charges alone claiming Rs 14.40 lakhs (Rs 9.81 lakhs), the accounts show a deficit of Rs 0.50 lakh. Last year, there was a net profit of Rs 2.73 lakhs even after setting aside Rs 3.55 lakhs for development rebate reserve and Rs 0.35 lakh for the tax liability. The ordinary dividend is lowered by a point to Rs 9 per share but since the new bonus shares have also become entitled to half the dividend rate, the total requirement on this account is Rs 4.95 lakhs (5 lakhs). Preferential dividend amounts to Rs 0.71 lakh as before. For paying-dividends Rs 5.40 lakhs are to be withdrawn from general reserves.

Orissa Cement

THE refractory industry continues to face difficulty in securing sufficient orders. Much surplus capacity has been created as a result of continuous expansion without realistic assessment of demand for different types of refractories. These conditions are reflected in the working of Orissa Cement's refractories unit in 1964 when it suffered a further setback and its operations resulted in a loss. One of the basic tunnel kilns had to be closed down and the other operated below capacity. The general increase in manufacturing costs due to underutilisation of production capacity was aggravated by the rise in costs of fuel, railway freight and wages.

There has been a continuous downward trend in demand for silica bricks since 1961 due to the rapid conversion of open hearth furnaces from silica roof to basic roof. Production and despatches of steel quality silica bncks went down further in 1964. The company was, however, able to manufacture and supply a larger quantity of coke oven silica bricks. Production of fireclay refractories has been higher than in 1963 but the available capacity could not be fully utilised diie to lack of balancing equipment which could not be imported for want of foreign exchange. Production and despatches from the chemically bond ed section have, however, shown a welcome improvement during the year. The demand for these refractories is expected to increase further in the current, year.

The working of the cement and cement products units has resulted in a slight improvement in profit due to higher production and despatches. Clinker production rose from 3.39 lakh tonnes to 3.45 lakh tonnes, cement production from 3.53 lakh tonnes to 3.71 lakh tonnes and cement despatches from 3.53 lakh tonnes to 3.64 lakh tonnes. Production and despatches of spun pipes as well as prestressed products have been substantially higher. The company has been granted a licence for manufacturing 1.5 lakh tonnes of Pozzolana cement subject to the condition that the total production of both Portland and Pozzolana cement should not exceed the installed capacity already licensed for Portland cement by more than 30,000 tonnes per annum. Manufacture of this cement is expected to start during the current year.

The company's financial results show sales lower from Rs 518.07 lakhs to Rs 502.35 lakhs and gross profit down from Rs 98.77 lakhs to Rs 88.25 lakhs. After providing Rs 53.96 lakhs (Rs 35.39 lakhs) for depreciation, Rs 7.34 lakhs (Rs 2.80 lakhs) for development rebate but nil (Rs 38.05 hkhs) for electricity charges relating to previous years, the pre-tax profit is tetter at Rs 26.95 lakhs compared to Rs 22.54 lakhs a year ago. To this is added a sum of Rs 11.08 lakhs (Rs 0.45 lakh) transferred from development and rehabilitation reserve. The tax charge takes away Rs 18 iakhs (Rs 9 lakhs), development and rehabilitation reserve Rs 3.42 lakhs (Rs 3.34 lakhs), contingency reserve Rs 5 lakhs (nil) and reserve for bad and doubtful debts Rs 0.15 lakh (nil). The remaining surplus of Rs 11.46 lakhs (Rs 10.66 lakhs) is allocated to dividend reserve from which will be paid the unchanged dividend of a rupee per share on ordinary shares and Rs 5.85 per share on preference shares, together requiring Rs 24.84 lakhs.

Indore Malwa

B EARING in mind the frequent stoppages of power supply and dislocation in working due to the continued programme of modernisation and renovation, the 1964 results of Indore Malwa United Mills are good. Despite only a marginal increase in sales from Rs 3.82 crores to Rs 3.87 crores, the gross profit has shown a fair improvement from Rs 20.39 lakhs to Rs 23.29 lakhs. Of this, depreciation requires Rs 16.31 lakhs against only Rs 9.30 lakhs previously. Though allocation to development rebate is lowered from Rs 4.55 lakhs to Rs 3.75 lakhs and there is no provision for taxation, which took away Rs 3 lakhs in the previous year, the disposable profit is slightly lower at Rs 3.24 lakhs against Rs 3.54 lakhs a year ago. After taking *credit* for Rs 0.59 lakh being refund of taxes, provision is made for paying the unchanged dividend of Rs 8 a share. This requires Rs 4 lakhs.