

**Around Bombay Markets**

# Dalal Street Hesitant

Wednesday, Morning

WHILE commodity markets showed considerable animation with cotton and oilseeds rising to the highest levels for a long time, the Stock Exchange was generally in a holiday mood during the last fortnight. Interest was selective and the volume of business was limited, traders preferring to keep their commitments light in view of the Christmas and New Year holidays.

Dalai Street was rather depressed during the first week by considerable bull selling and modest bear pressure induced partly by technical considerations and chiefly by growing anxiety about Indo-Pakistani relations following increasing evidence of American military aid to Pakistan. The firmness in commodities and frequent suggestions of an early announcement of steel retention prices had a steadying effect. Sentiment was also influenced by clarification about tax refunds on shares in blank transfer.

Closing prices on December 24 showed all-round small gains over the previous week's levels. Steel shares attracted renewed speculative support due to optimism about retention prices. Indian Iron were particularly firm after improved Calcutta advices. Informed sources discount the possibility of an early rise in retention prices because the Tariff Commission has not yet completed its report.

Except for the shares of the Tata group of mills, which recorded marked improvement due to influential buying on suggestions about their merger. Cotton Textile shares were generally quiet due to subdued advices from the cloth market. Benefits from the merger can easily be exaggerated. How the shareholders of different companies will be affected will depend on the valuation of the assets and liabilities of the companies. Only the "insiders" can afford to risk buying these shares on merger ideas. With rising demand for coarse and medium cloth shares of mills producing these varieties will continue to attract increasing attention.

Miscellaneous issues made a mixed showing with a few "bright spots", Bombay-Burmah, Shivrajpur, Tata Chemicals and Hindustan Motors were marked up to the highest levels for a long time. After rising to

Rs 120, record high level for some years, Premier Construction receded on corrective profit-taking. Alcock were in good demand. Scindia were slightly subdued. National Rayon continued to show remarkable strength on reports that the installation of new machinery will raise output considerably.

Insurance and Electric shares maintained a quietly steady tone. Bank shares were firm with good inquiry for Bank of Baroda and United Commercial due to suggestions of higher dividends. The Gilt-edged market eased slightly, reflecting tight money conditions due essentially to year-end considerations. Although selling was not marked, new support was lacking.

Few people have any doubts about the primary up-trend of the Stock Exchange, reflecting inflationary ideas, rising industrial production, and a growing belief that the Government is inclined to make a more practical approach to economic issues. The belief in a reduction in the Bank Rate is also gradually in-

creasing. The immediate outlook, however, is considered uncertain. Traders are inclined to watch developments following the reported American military aid to Pakistan before taking a definite view of the market. Meanwhile fluctuations in kerb dealings are being influenced chiefly by the movements in cotton futures.

**Commodities**

## Bullion Steadier

Thursday, Morning

SHEIKH MEMON STREET is gradually shaking off its lechary. Although business continues small and activity remains mainly professional prices are gradually developing a steadier tendency. Uncertainty about the by-laws has continued to discourage public participation. Impression, however, is gradually gaining ground that bullion prices cannot escape the impact of seasonal influences, which indicate a rising demand for

### MARKET LEADERS DURING THE WEEK

(In Rupees and Annas)

	Closing Dec 16	Week's* High	Low	Closing Dec 24	1953 High Low	
<b>STEELS:</b>						
Tata Steel Defd	2001- 4	2028-12	1977- 8	2023-12	2062- 8	1687- 8
Tata Steel Ord	342- 0	346- 0	337- 8	345- 8	353- 8	299-12
Indian Iron	26- 4	26- 6½	25-13½	26- 6½	27- 1	21-11¼
<b>TEXTILES:</b>						
B'bay Dyeing	397- 8	402- 8	393-12	401- 4	406- 4	353-12
Central India	177- 0	188- 0	178- 0	185- 0	188- 0	141- 0
Century	283- 4	284- 0	278- 0	281- 8	293- 0	243- 8
Kohinoor	293- 0	296- 8	291- 4	296- 0	323-12	259- 0
Svadeshi	266- 0	275- 8	266- 4	272- 8	275- 8	228- 8
<b>MISCELLANEOUS:</b>						
ACC	183-12	186- 0	183-12	185-12	189-12	166- 4
Belapur	258- 8	260- 8	248- 0	248- 8	274- 0	209- 8
	C.D.	C.D.	X.D.	X.D.		
B'bay Burmah Old	360-10	380- 0	358- 2	377- 8	407- 8	323- 2
Premier Constn	116- 0	120- 0	114- 8	117- 0	120- 0	79- 8
Scindia	15-14	15-15½	15- 8½	15-13	16- 6	12- 8

C.D.—Cum dividend X.D.—Ex dividend.

\* The week consists of eight days to include trading on December 24, after which the market has remained closed for Christmas holidays.

raw jute supplies are very much less and the crops of both Indian and Pakistan are much smaller, raw jute prices have increased from under Rs 18 per maund to Rs 28 per maund. There has naturally been an increase in prices for jute manufactures as well. At one stage, 11 porters ready had gone down below Rs 38; they are now offered only at Rs 47. In the case of B T mills the lowest rate touched was Rs 88. The current rate is Rs 108, the highest for the year. The lower prices for jute manufactures for the most part of the year were naturally reflected in lower export earnings and at the last meeting of the Export Advisory Council, Shri Karmarkar disclosed that there had been a drop in the early months by RS 56 crores on account of this item alone. If, however, the present conditions continue for some considerable time, as they are likely to do, the value of exports in 1954 can be expected to be 10 or 15 per cent higher. Mills are already well booked and quotations for April-June are fairly steady for

porters, around Rs 45.

The figures relating to stocks, production and despatches in the 11 months ending November are given on page 23. It will be seen that in the first 4 months the total stocks rose by over 10,000 tons. Thereafter, there was an irregular trend upto August. Only after the hessian duty reduction there has been a marked improvement in both.

Sacking stocks have not shown any marked downward trend. In September and October there was a decline, while in November the off-take was just equal to production. The total output of sacking and hessian for the eleven months of 1953 was 790,100 tons which is 20,000 tons lower than in 1952 on account of the greater concentration on the manufacture of hessian. This enabled mills to avoid heavy losses, though there was necessarily a greater wastage of raw material.

Total despatches were 808,200 tons in the eleven months under reference or 18,100 tons more than production.

ing the year which yielded satisfactory profits in the first season, the total crop being 5,906 cwts.

The voluntary liquidation of Bombay Bunnah Plantations Ltd is yet to be completed; its tax liability remains, to be determined. In addition; to the sum of Rs 3.1 lakhs which was taken to Investment Reserve last year and is now transferred to Profit and Loss Account further accumulated profits of Rs 1.55 lakhs were received from the liquidator during the year and have been taken into Profit and Loss Account.

In conformity with the amended Companies Act, Reserves are no longer sub-divided into Capital and Revenue. The Reserves were further strengthened by a payment from the Burmese Government for the forest assets in Central Burma, which have been taken over, and a net sum of Rs 5.01 lakhs has been added to Burma Forests Assets Realisations on this account. Fixed Property Reserve has been charged with the capital loss of Rs 1.35 lakhs suffered in the sale of a steam launch and shows a net reduction of Rs 1.03 lakhs.

The balance sheet, however, shows the extremely sound position of the company. The paid-up capital of Rs 94.5 lakhs consists of 100 shares of Rs 2,500 each, 40,000 old shares of Rs 129 each fully paid up, and 84,000 new shares of Rs 125 each Rs 50 paid-up. As against this, the block account stands depreciated at Rs 156.29 lakhs. Moreover, buildings and machinery worth Rs 20.26 lakhs are being put up. The total Reserves stand at Rs 375.07 lakhs. Current Assets at Rs 468.54 lakhs well exceed the Current Liabilities totalling Rs 238.18 lakhs. The cash and other balances alone add up to the impressive total of Rs 192.68 lakhs.

In view of the heavy fall in profits, dividend to shareholders is recommended to be reduced to 12 per cent, free of income tax from 18 per cent paid last year. Even with this lower dividend, the yield on Old and New shares at the current quotations of Rs 350 and Rs 125 work out at 4.28 per cent and 4.8 per cent respectively.

### Burma Oil Refinery

Burma's first oil refinery will start functioning on January 6, when the Prime Minister U Nu will conduct the inauguration ceremony. The installations are built at Chauk, about 200 miles from Rangoon.

### Company Notes

## Bombay Burmah Lowers Dividend

A DECLINE in revenue from all the lines caused a steep fall in the profits (subject to tax) of the Bombay Burmah Trading Corporation Ltd for the year ended May 31, 1953 from Rs 32.76 lakhs in Rs 8.8 lakhs. The total revenue from different accounts dropped from Rs 85.81 lakhs to Rs 53.38 lakhs. On the other hand office and sundry expenses rose sharply from Rs 18.62 lakhs to Rs 25.94 lakhs. The major increase was in the bill for salaries and wages from Rs 5.72 lakhs to Rs 14.21 lakhs. Provision for depreciation has been lowered slightly from Rs 14.14 lakhs to Rs 12.09 lakhs.

The Timber operations of the company fared the worst, the receipts falling by half of the previous year's figure. It has become more and more difficult to find royalty paid logs in Rangoon for salvage. Tin's business is still profitable, however, Sundry Trading and Agencies became less remunerative. The results of the teak operations in Siam, though not so good as in the previous two years, were nevertheless satisfactory. Profits were reduced by higher royalty and taxation and unfavourable exchange rates; costs also tended to rise. Although a larger quantity of hard-

woods was produced in Sarawak, the quality of timber was disappointing. It has been decided to close this branch and to concentrate on the new forest area in the neighbouring territory of North Borneo, where production of timber is being rapidly expanded. Receipts in the Timber Account were adversely affected by the poor working at Sarawak. It is understood that the Sarawak Estates incurred a heavy loss.

The South Indian Tea Estates of The Company, in common with tea plantations in general, suffered from the heavy fall in tea prices during 1952. The total crop manufactured declined by 4.5 lakh lbs to 44.92 lbs, mainly because of the failure of the pre-monsoon showers. The cost of production increased from 18.16 annas per lb in 1951-52 to 19.27 annas per lb while the rate of realisation declined from 29.44 annas per lb to 26.90 annas per lb. The Company's tea factory in Burma did not fare so badly. It produced 8,50,478 lbs of tea at a cost of Rs 2-5 per lb. These figures are practically the same as in the previous year. Lower sale prices, however, reduced the profits.

A new coffee estate in Coorg was acquired by the company dur-