Company Notes

India Steam

THE freight earnings of India Steam during the year ended March 31, 1959 went up from Rs 7.75 crores to Rs 8.04 crores and cargoes carried also increased steeply from 5.82 lakh tons to 7.34 lakh tons. The slump in overseas freight rates, however, reduced gross profit margin on freight earnings from 33.4 per cent to 16.3 per cent. Net earnings (thers is no current tax liability), declined from Rs 1.75 crores to Rs 60.67 lakhs. Net earning on capital invested has consequently come down front 1.2.3 per cent to 3.6 per cent, on net worth from 32.8 per cent to 10.1 per cent; earning per equity share has gone down from Rs 7 to Rs 2.40, Dividend has been maintained at Re 1, free of tax.

The profits of the year were more than twice the amount required for dividend distribution, but were only two-fifths of the development rebate allowable for income tax purposes. Consequently the entire profits had to be carried to reserve, and the dividend had to be paid out of the dividend equalisation reserve.

The company's expansion programme as in the case of other shipping companies, continues to rely heavily on Government loans. Out of the capital invested of Rs 17 crores, nearly Rs 11 crores has come from the Government, and the balance from owned resources. The loans are covered nearly one and a half times by net fixed assets, while interest charges are covered more than thrice over by profits.

The company now owns 19 modern express cargo ships exceeding 1,27,000 tons GRT. Three more ships are expected to be delivered in the course of this year. The fleet is insured for £ 15 million and is maintained in Lloyd's highest class.

Indian Aluminium Debentures Issues

THE expansion plans of Indian Aluminium, an affiliate of Aluminium of Canada, constitute an important part of the Plan programme for the production of aluminium. A Convertible Note issue of Rs 2.68 crores in 1956 had helped the company finance a considerable part of its expansion; most of this issue has already been converted into equity shares. The company now proposes to double the capacity of its smelter plant, and along with it, complete an integrated expansion programme for a well-balanced aluminium indue, try. The amount required for the expansion programme, including additional working capital, is estimated at Rs 9.1 crores, part of which will be financed by the issue of Rs 3-crore 6| per cent Debenture Stock, maturing in 1970-75. In addition, the company has made arrangements with its Canadian affiliate for a dollar loan; the balance of the expenditure will be met from reserves and bank loans.

Of the Rs 3-crore Debenture issue, Rs 1.5 crores has already been taken up by underwriters, and the balance is open to public subscription.

The Debenture Stock is covered more than twice over by the net value of fixed assets. Net worth is nearly Rs 7 crores. Current assets are nearly two and a half times higher than current liabilities and loans. The Debentures will constitute a first charge on the fixed assets.

NICCO

THE sales of National Insulated Cables during the year ended March 31, 1959 declined from Rs 2.85 crores to Rs 1.92 crores due to a strike lasting more than two months in the company's works. Gross profit margin on sales turnover has been maintained at around 28 per cent. Profits before tax declined from Rs 59 lakhs to Rs 37 lakhs and net earning from Rs 26 lakh to Rs 16 lakhs. Net earning on capital invested has consequently declined from 11.3 per cent to 6.4 per cent on net worth from 17.2 per cent, to 10.2 per cent, and on equity capital from 44 per cent to 27 per cent.

Debenture liability is more than 7 times covered by net fixed assets, while total interest liability is covered nearly 18 times by profits before tax. Reserves are nearly one and a half times higher than share capital, which has been increased in the current year by Rs 30 lakhs to Rs 90 lakhs. The new shares will participate in the profits for the current year. Considering the company's earnings, there should be no difficulty in maintaining the same gross dividend of 20 per cent; whether the net distribution can be maintained is difficult to say,

National Rolling

THE sales of National Rolling and Steel Ropes during the year ended June 30, 1959 went down from Rs 1.16 crores to Rs 93 lakhs, due to a strike in the company's works, but the gross profit margin on sales went up slightly from 12.6 per cent to 13.2 per cent. Net earnings have remained nearly the same at Rs 8.94 lakhs, giving an earning on capital invested of 10.6 per cent against 10.5 per cent, on net worth of 11.3 per cent against 11.9 per cent. The tax-free preference dividend has been earned only 7 times against 10 times last year due to the withdrawal of grossing up. Earning on equity capital has gone down only slightly from 20 perr cent to 19 per cent. Dividend is Re 1 gross against Re 1 net last year. The company proposes to redeem its entire preference capital of Rs 15 lakhs, by the end of this month, at a premium of 10 per cent, for which purpose Re 5 lakhs will come from the specific reserve and the balance from other sources.

Killick's New Board

THAT Killick Industries had been passing through rather difficult times was no secret. This was not because any of the many undertakings which they manage were encountering difficulties, but because of certain differences among the members of the Managing Agency firm. Now that the Government of India has given its sanction to the changes in its constitution and has approved of the. appointment of new directors for the two who have retired, the Board should be able to function without any frictions as in the past.

The new directors who have joined the managing Agency in the place of Sir Chunilal V. Mehta and Shri Jaisinh Vithaldas are Shri Chandrakant M. Mehta, Solicitor to the Government of India in Bombay City Civil Courts, and Shri M. R. Chinoy of the Bombay Garage. With a homogenous Board, the management has regained stability and is able to plan and expand its activities without being inhibited by divided counsel.

Killicks have lately turned their attention to consumer goods industries in a big way and have been going in for many new lines of production, e g pressure cookers, carbon paper etc. The large schemes of expansion in power generation and supply are also being pushed with their wonted vigour.