

Company Notes**Bank of India**

THE effects of monetary stringency and the general rise in interest rates are reflected in the accounts of the Bank of India, one of the Big Five, and perhaps the most conservative bank in India. Deposits increased by only Rs 9 crores to Rs 109 crores in 1960, while the credit ratio went up from 07 to as high as 77 per cent. The investment ratio, on the other hand, declined from 26 to 15 per cent. Interest and commission earned covered interest paid 2.4 times against 2.2 times in the previous year. Interest paid on deposits and borrowings went up by 8.5 per cent and the salary and wage bill by 1.1 per cent. Interest and commission earned increased by 11.5 per cent. Net profit, after payment of bonus and tax, has increased from Rs 48 lakhs to Rs 60 lakhs.

Among the other interesting items in the accounts for 1960 is the increase in "guarantees given on behalf of customers" from Rs 12 crores to Rs 18 crores and increase in "outstanding foreign exchange contracts" from Rs 13 crores to Rs 18 crores. An idea of the greater interest taken by the Bank in investment in shares is given by the near doubling of contingent liability on partly paid shares to Rs 35 lakhs. This figure may be compared with the amount of Rs 10 lakhs specified as the value of partly paid shares in the balance sheet. The amount of Rs 10 lakhs is clearly the result of undervaluation.

Premier Tyres

ACCORDING to the first annual report of Premier Tyres, the first enterprise under Indian management to venture into the manufacture of giant rubber tyres, production should commence by the end of the current year. Construction of the factory is proceeding according to schedule and the bulk of imported plant and machinery would be on site by the middle of this year. The company has applied to Government for approval of expansion plans, including the manufacture of V belts, fan belts and other industrial beltings. The technical collaborators, Dayco Corporation of the U S A, will assist in the expansion as well.

During the 14 1/2 months ended December 31, the company earned

Rs 2.28 lakhs by way of interest. Of this amount, Rs 1 lakh has been provided for taxation and the balance retained. Almost the entire expenses for the year have been transferred to balance sheet presumably for capitalisation later. The expenses include Rs 40,000 as minimum remuneration to managing agents and nearly Rs 46,000 as Directors fee and travelling. Fixed assets are valued at Rs 23 lakhs. The contingent liability of Rs 107 lakhs on account of contracts for machinery is adequately covered by fixed deposits at banks of Rs 65 lakhs and calls on shares of Rs 17 lakhs payable on January 19,

United Bank

THE accounts of the United Bank of India, formed by the amalgamation of four banks in Bengal in 1950, indicate that it has not been able to take full advantage of the changes in interest rates on deposits and advances last year. Interest and commission earned and interest paid on deposits both increased in 1960 by 10 per cent, and the former covered the latter 3.2 times, as in the previous year. Salaries and wages are up by 8 per cent. Deposits, nevertheless, have increased from Rs 48 crores to Rs 52 crores and credit has expanded from Rs 28 crores to Rs 32 crores. The credit deposit ratio has, consequently, moved up from 57 to 61 per cent. The reduction of Rs 1 crore in investments has been utilised to increase call and short loans.

During the 10 years of its working, deposits have almost doubled while advances have more than doubled. The Bank has opened 24 new branches, many of them at places where modern banking facilities were either absent or inadequate.

Mysore Sugar

THE net sales of sugar and distillery products of Mysore Sugar, a Government Company, increased during the year ended June 30, 1960 from Rs 287 lakhs to Rs 325 lakhs. The net profit shown in the accounts has increased from Rs 8 lakhs to Rs 0 lakhs and allocation to reserve for rehabilitation of plant has been maintained at Rs 5 lakhs. The latter is in addition to depreciation, but no cumulative total for this reserve is mentioned in the balance sheet. The Company's net worth stands at Rs 127 lakhs while the equity is Rs 22 lakhs only. A dividend of 30 per

cent gross has been declared, the same as in the previous year.

Sugarcane crushed and the average recovery of nearly 10 per cent were slightly lower than in the previous year. An industrial licence has been received for the establishment of plant in Mandya for the manufacture of 3,300 tons of cellulose acetate per annum. The securing of suitable technical collaboration and foreign exchange is under active consideration. A separate company will be sponsored to undertake the new project. Mysore Sugar will manufacture acetic acid from alcohol and supply it to the new company on a long term basis. The company has also taken up more than 30,000 equity shares of Rs 10 each in Mandya National Paper Mills.

Kil Kotagiri Tea and Coffee

CALCULATIONS of tea and coffee of Kil Kotagiri of the Pierce Leslie Group fetched Rs 27 lakhs during the year ended October 31, 1960, against Rs 21 lakhs in the previous year. Net earnings have gone up from Rs 4.5 lakhs to 5.5 lakhs. The latter represents 17 per cent on net worth and 30 per cent on equity capital. Dividend is Rs 25 per cent. Equity capital was increased during the year from Rs 8.59 lakhs to Rs 17.17 lakhs by capitalisation of reserves and share premium account.

Average price realised per lb of tea during the year was Rs 2.41 against Rs 2.71 in the previous year, and all-in cost of production was Rs 1.49 against Rs 1.61.

Trombay Plant of Union Carbide

THE opening of the Trombay Plant of Union Carbide India recently is one of the most significant events in the development of the chemical industry in India. Built at a cost of Rs 4.5 crores, the plant will produce approximately 15 mn lbs of polyethylene resins and organic chemicals per annum valued at Rs 2.5 crores. All the products manufactured in this plant will be based almost exclusively on industrial alcohol. The plant's annual requirement of 3 mn gallons of industrial alcohol will be supplied by the Maharashtra Government's giant distiller, at Ghitali, situated about 200 miles from Trombay.

Although the manufacture of polyethylene resins and compounds