Company Notes

DYER MEAKIN MAINTAINS PROGRESS

THE marked rise in sales and profit of Dyer Meakin Breweries for the year ended March 31, 1961 may not have surprised those who had followed the rapid strides made by the company in recent years. The increase of Rs 65.85 lakhs to Rs 382.02 lakhs in sales and of Rs 22.51 lakhs to Rs 82.14 lakhs in the gross profit is only a continuation of the upward trend noted since 1954-55. when sales amounted to Rs 93.27 lakhs and the gross profit to Rs 8.66 lakhs.

The net profit at Ra 55.25 lakhs, after making larger provisions for depreciation and taxation, shows an increase of Rs 11.62 lakhs over the year. It represents an earning of over Rs 10 per share, that is two times the paid-up value of the share itself, and covers more than 6.5 times the proposed dividend of Rs 1.50 per share, raised from Rs 1.25 per share paid the previous year. The dividend for the year under review is on a higher capital, raised in February 1960 by a two-for-five rights issue at a premium of Rs 2 per share.

Such a large dividend cover suggests that the dividend could have been more liberal. But the directors do not consider it expedient to increase it further, in view of the heavy capital commitments on hand. Accordingly, almost the entire net profit has been ploughed back to the reserves and, in effect, the dividend which requires Rs 8.51 lakhs (against Rs 5,06 lakhs in the previous year is being paid out of the unclaimed surcharge on beer bottles which amounts to Rs 10.87 lakhs.

The larger sales reflect the popularity of the new brands introduced last year and it is stated that the company is not in a position to meet the growing demand for its products. The directors, however, add a note of caution that the "threat of prohibition continues to hang on our heads".

The fruit juice section, cold storage, etc, of the Mohan Nagar project have started functioning and the brewery, which had been delayed on account of the late arrival of plant and machinery, is expected to commence functioning by the end of this year or the beginning of next year. The malt-extract plant is also expected to be pressed into service shortly and the work on other projects, such as the distillery, the ice factory, and the plant for manufacture of yeast, etc. is in an advanced stage. All these projects can be expected to enhance the earning capacity of the company substantially.

The impressive progress made by the company during the last few years has enabled it to build up a sound financial position, which should be the envy of any company. The paid, up capital of Rs 28.68 lakhs is backed by reserves and surplus amounting to Rs 176.43 lakhs, which are more than six times the paid-up capital. The loans and current liabilities at Rs 115.51 lakhs are covered by a large margin by current assets aggregating Rs 188.62 lakhs. Fixed assets of the value of Rs 86 lakhs have been written down to Rs 58.28 lakhs. The heavy capital commitments undertaken by the company are reflected in the capital works in progress amounting to Rs 7371 lakhs.

Tube Investments' Modest Dividend

THE substantial increase of 51.2 per cent in sales to a peak of Rs 5.73 crores has enabled Tube Investments of India (formerly TI Cycles of India) to raise its gross profit, from Rs 86.77 lakhs to Rs 140. 41 lakhs also a new high, during the year ended June 30, 1961. This was achieved as a result of higher production, despite shortage of power and water. This is the first time in the short history of the company that the gross profit has crossed the one-crore mark. The larger provisions for depreciation, on account of the sizeable additions to fixed assets made during the year. and taxation, in consonance with the marked rise in profit, have still left with the company a bumper net profit of Rs 64.70 lakhs, which is Rs 20.22 lakhs more than that earned in the previous year,

In spite of this commendable progress, the shareholders have had to content themselves with a modest dividend of 10 per cent, subject to deduction of tax, the same as that paid for 1959-60. The explanation for the conservative dividend policy is to be found in the large retention in business. In addition to the sum of Rs 27.74 lakhs provided for depreciation out of the gorss profit, the directors have added to the re serves as much as Rs 30.71 lakhs (against Rs 16.84 lakhs) out of net profit. Such large allocations still leave a surplus of Rs 12.03 lakhs to be carried forward including Rs 3.04 lakhs brought in. Thus the total amount retained in business out of the year's earnings is Rs 67.45 lakhs or 48 per cent of the gross profit.

While the modest dividend of 10 per cent may be viewed with disappointment by investors, inasmuch as the shares at the current market value of Rs 285 cd offer a poor yield of 3.6 per cent (gross-), the various expansion programmes on hand for production of saddles, chains, lamps and tubes offer potentialities of greater earnings at lesser cost. The Wright saddles are expected to be in the market soon. The cold rod mill, the commissioning of which was delayed on account of the non-receipt of plant and machinery will go into production next month. The range of tubes produced by the company in its tube mill has been increased and a manipulation department is being established for manipulating tubes for various industries. Production of electrical conduit tubes commenced during the year. An industrial licence has been received for the manufacture of metal sections and the plant is expected to go into production in the second half of 1062, The production of bicycle chains will be increased when the new factory of the subsidiary, TI Diamond Chain is opened early in 1062, when it will also start pro duetion of industrial chains. The other subsidiary- TI Miller, which will manufacture Miller lamps, will commence production by the end of the current financial year.

The written down fixed assets of the company together with the work-in-progress amount to Rs 417.01 lakhs. The investments and other current assets at Rs .349.02 lakhs. provide enough cover for loans and other current liabilities amounting to Rs 348.08 lakhs, The net assets