

The third stage of expansion is sanctioned, and even substantially financed, by the Central Government. The Government has subscribed shares of the value of Rs 3.5 crores and has granted a loan of Rs 4 crores. Besides, a foreign exchange credit of Rs 4.27 crores has been allocated to the Company to import 'necessary plant and machinery. The third stage is expected to be completed in 1965-66.

Rising costs and enhanced customs duty and taxes, however, have put up the estimated cost of the third stage to Rs 12 crores as against the original estimate of Rs 11 crores. Further, the power cut is likely to last till 1965 and will tend to hamper the production of the Company. The salinity of the water available to the Company needs to be controlled if production is not to be a fiasco.

Government of India is now the major shareholder in the Company. Besides, the Kerala and Madras Governments have also substantial shareholding interests. The Company was founded in 1913 and passed over dividends for several years during the 19 years of its existence. The last dividend paid was for the year 1961 at 6 per cent. The Rs 10 share is currently quoting at Rs 6.45.

During the 15 months ending March 31, 1963 the Company's operations have resulted in a net loss of Rs 35.66 lakhs as against a profit of Rs 32.64 lakhs during the 12 month period ended December 31, 1962. The loss was met in full by drawing from the previous profits carried over and from the taxation reserves not required.

The Company is now planning a joint venture with an English firm for the fabrication of chemical equipments in order to serve the needs of the fertilizer, petroleum and petro-chemical industries in the country and to save foreign exchange. The cost of the project is estimated at Rs 1.50 crores.

### Steel and Allied Products

STEEL and Allied Products has maintained its sales at Rs 60.62 lakhs for the year ended June 30, 1963, but the turnover would have been better but for the go-slow tactics of workers and a three-month strike. Labour relations later on

improved and resulted in higher productivity and maintenance of sales. Pre-tax profit after providing depreciation at Rs 3.44 lakhs (Rs 2.91 lakhs) amounted to Rs 6.54 lakhs compared with Rs 8.82 lakhs in the previous year. No amount has been taken to General Reserve which got Rs 1.50 lakhs last year. Taxation including SPT absorbed Rs 4.65 lakhs (Rs 4.50 lakhs). Dividend on the ordinary shares has been maintained at 10 per cent subject to the approval of the Industrial Finance Corporation of India and will absorb Rs 2.25 lakhs.

The Company has now completed arrangements to start manufacturing Cold Segmental Saws from early 1964. The expansion programme for the manufacture of taps, dies and chasers in collaboration with Vermont American Corporation of U S A is under way and awaits import licence. The foreign collaborators will provide machinery of the value of 50,000 dollars as their capital investment against shares in the Company. The draft amendment providing for technical know-how, etc, has already received the preliminary approval of the Central Government. To finance this project the Company proposes to make a fresh capital issue of Rs 2.50 lakhs which will be allotted to the foreign collaborators.

The Directors are hopeful of better working results for the current year.

### Mysore Sugar

MYSORE Sugar's profit for the year ended June 30, 1963 shows a sharp fall to Rs 1.57 lakhs from Rs 12.17 lakhs in 1961-62. This is attributed to various reasons, such as smaller tonnage of cane milled and sugar produced owing to shortage of cane supply, revised scales of pay and wages under the Central Wage Board's recommendations, heavy interest charges, loss on account of sugar

export quota and payment of additional bonus to employees for the preceding three years. The amount for appropriation was, however, raised to Rs 9.21 lakhs by writing back Rs 1.50 lakhs, being excess provision made in the previous year, by withdrawing Rs 5.80 lakhs from the Dividend! Equalisation Reserve and by taking into account the previous year's balance of Rs 26,000. Appropriations include: Donations Rs 1.04 lakhs (Rs 7000), Development rebate reserve Rs 0.81 lakh (Rs 0.23 lakh), Taxation provision Rs 0.70 lakh (Rs 10 lakhs). A sum of Rs 6.54 lakhs is taken to Dividend Reserve Account from which dividend will be paid at 30 per cent taxable, same as last year.

The Directors state that matters relating to increase of share capital, issue of bonus shares and investment of Rs 30 lakhs in shares of Mysore Acetate and Chemicals have been submitted to Central Government for approval. The Company has applied to Government for permission to expand its crushing capacity. As part of the Company's expansion programme some of the existing units in the factory will be replaced by new machinery and equipment for which orders have been placed\* The Table below highlights the progress of the Company during the past five years.

### Scindia Steam

SCINDIA Steam Navigation has added three motor cargo vessels to its fleet and intends to acquire two more to meet the requirements of its overseas trade.

Six vessels, ideally suited for coastal trade to handle coal and salt traffic centred at the Calcutta port, have also been purchased. The Company has further acquired one small coaster for the west coast trade and intends to procure two more small coasters for the same purpose.

### Mysore Sugar

	(Rs lakhs)				
	1958-59	1959-60	1960-61	1961-62	1962-63
Gross profit	31.89	42.33	38.92	36.59	29.59
Pre-tax profit	20.82	27.10	20.07	12.10	1.57
Taxation provision	8.00	13.50	11.00	10.00	0.70
Reserves	90.00	104.39	113.81	118.47	119.08
Dividends	6.54	6.54	6.54	6.54	6.54
Dividend (Per cent)	30	30	30	30	30
Sugar produced (Tons)	35771	31550	38949	37938	27390

The Company's fleet will be strengthened by two fast motor vessels which are under construction at Hindustan Shipyard. One vessel is expected to be ready by 1964 and the other in 1965. The Company has plans to acquire a few more large vessels for the overseas bulk trade and to build smaller vessels for its west coast trade. The Company has made its own financial arrangements for all its acquisitions and it has not been necessary for the Government to release any foreign exchange.

#### Mahindra and Mahindra

THE two new major projects of Mahindra and Mahindra, namely the alloy steel and the tractors projects, will shortly enter the capital market and a portion of the new issues will, subject to the approval of Government which is now awaited, be made available to the shareholders of Mahindra and Mahindra for subscription. These facts were revealed by Keshub Mahindra, the new Chairman of the Company, who was its Director from 1948 and has now succeeded the late K C Mahindra.

Mahindra UGINE Steel, formed for the purpose of manufacturing alloy steel in technical collaboration with a French firm, will be setting up its factory at Khopoli near Bombay with an annual capacity of 25,000 tons which will be attained by the middle of 1965. The outlay on the project is estimated at Rs 6.5 to Rs 7 crores and the turnover is expected to reach Rs 4.5 crores by the end of 1966.

The other company, International Tractor, which will be in-technical collaboration with a U S firm, will erect its factory at Kandivli, Bombay, and will have a production capacity of 3,500 tractors a year with an initial indigenous content of 50 per cent. The project which will start operation from early 1966 is estimated to involve about Rs 2.25 crores and is expected to show an annual turnover of Rs 4.5 to Rs 5 crores.

#### Morarjee Mills

THE Directors of Morarjee Gocildas Spg & Wvg Co, have now decided to drop their previous proposals to issue bonus and right

shares; the necessary resolutions for rescinding previous decisions are being placed before the Annual General Meeting. They feel that on account of the rising costs and taxes, the Company will not be able to maintain or step up dividends on the increased share capital. As the Controller of Capital Issues insists on a premium for the issue of right shares, it is felt that the prevailing financial conditions in the country make it unsuitable for the issue of shares at a premium. Moreover the Company's working for the year ended June 30, has obviously not encouraged the Directors to go ahead with their previous proposals.

#### Assam Sillimanite

THE new refractory plant at Raingarh of Assam Sillimanite is now under completion with the technical assistance of the Company's German collaborators. The existing Factory which is already in operation with some extensions and new equipments is expected to step up its annual production from 3,000 tons of sillimanite and fire clay refractories to 5,000 tons. In addition to sillimanite and fireclay, the factory will be geared to produce acid proof bricks and Calcined Kyanite which are in great demand.

#### Money Market

Thursday, Morning

CALL funds were freely available throughout the past fortnight and more except on the last working day of December. Inter-bank call rate eased from 1.5 per cent to 1 per cent during the last week of December and even touched 3.5 per cent at one time. During the last two working days of last year call funds were reported to have been recalled on account of end-year requirements, and this together with a last-minute rush for funds by some led to a spurt in the rate to 5 per cent on Monday, the last working day of the year. The scramble for funds did not, however, cause any sustained strain on banks. In the circumstances the spurt in the call rate may be only temporary, and the rate may be expected to resume a reasonable level shortly.

The Scheduled Banks' statements for the weeks ended December 13

and December 20 show that bank credit continued to expand as before, but on a lower scale, rising by about Rs 30.70 crores during the fortnight ended December 20. Simultaneously an increase of Rs 19.51 crores in deposits during the same fortnight was a welcome feature for banks and obviously relieved the strain a great deal. The banks have however continued, their policy of liquidating investments, and during the fortnight ended December 20, about Rs 17.09 crores of securities have been unloaded with the result that their liquid position was so comfortable that they even reduced their borrowings from Reserve Bank by Rs 7.25 crores.

The Reserve Bank's statement on December 20 shows that notes in Circulation after an expansion of Rs 71.18 crores during the first half of December did not rise any further during the week ended December 20. But they were fractionally lower by Rs 48 lakhs. The Banking Department having absorbed Rs 1.40 crores, there was a net note issue of Rs 91 lakhs which was covered by a rise of Rs 94 lakhs in Rupee coins in the Issue Department.

Central and State Governments' deposits fell by Rs 6.17 crores while their borrowings were up by Rs 2.53 crores. Scheduled Banks not only reduced their borrowings by Rs 89 lakhs but also added Rs 1.04 crores to their deposits and this reflects a comfortable position of banks. During the week ended December 20, Bills discounted and purchased by the Reserve Bank were lower by Rs 11.86 crores while the Bank's investments rose by Rs 15.66 crores.

In the prevailing conditions of the money market with call and deposit rates remaining more attractive, it is surprising that the yield on Treasury Bills tendered on December 24 moved down to 2.310 per cent from 2.315 per cent. The intermediates sold during December 18 to 21 and December 26 to 28 were also higher at Rs 2.35 crores and Rs 2.10 crores respectively as compared with an aggregate amount of Rs 1.62 crores in the preceding two periods.