Premier Automobiles

PREMIER Automobiles' turnover during the year ended June 30, 1963 declined—for the second year in succession — to Rs 20.12 crores from Rs 21.48 crores in the previous year. Cars sold by the Company were 4,350 compared with 7,193 in the previous year, while salts of trucks were better at 5,712 as against 5,324. The decline in the turnover was attributed to restricted production of passenger cais since the advent of the Emergency to step up the output of vehicles to meet defence requirements. Poduction of Fiat cars dropped by 2,790 units owing to a cut in the foreign exchange allocation by 30 per cent.

Profits after providing depreciation, development rebate and taxation fell to Rs 22.14 lakhs from Rs 39.54 lakh's. Not only a lower production of cars, but also the rise in cost of raw materials and components, especially indigenous items, overheads, interest charges, various additional levies of Government in sales tax, excise and import duties, tite, were responsible for the decline in profits. Depreciation took away more at Rs 63.47 lakhs (Rs 60.38 lakhs) ; development rebate reserve was higher at Rs 13.75 lakhs (Rs 8,00 lakhs); provision for taxation absorbed much less at Rs 19,15 lakhs (Rs 49.00 lakhs); Managing Agents to whom Rs 3.91 lakhs (Rs 6.76 lakhs) are due as remuneration have agreed to forego the amount if they are not assessed to tax on the said amount, and hence no charge is made in the accounts for the commission; and an expenditure of Rs 23.76 lakhs is transferred to capital accounts.

Including Rs 1.82 lakhs brought in from last account and Rs 2.05 lakhs being excess provision made in previous years, the disposable surplus has been raised to Rs 22.41 lakhs from which Rs 15 lakhs have been transferred to General Reserve and Rs 10.90 lakhs adjusted for expenses and claims relating to previous years. The dividend for the year has been passed over (Rs 7 gross for 1961-62) and a small surplus of Rs 40,487 is carried to the next account.

In the case of ears, indigenous components cost more to the industry than imported ones, in some cases 100 per cent more. This is due to the small quantum of production. The only way to improve the position is to increase production and the Company, the directors state, is making all efforts to achieve this objective. The Company's plans to have its own press plant at Kalyan for sheet metal components are now Itearing completion with the help of the loan of 7.2 million dollars granted by the D L F under U S Foreign Aid programme. The first phase of production is expected to go through in the first quarter of 1961 and the second phase in the second quarter. The indigenous content will then reach 85 to 90 per cent in the case of cars and trucks. The Company will also expand its truck manufacturing capacity to 15,000 trucks per year, and its expansion programme for trucks is approved by Government. It has already received an order for the supply of vehicles to the Defence Department. The manufacture of Meadows engines will he stepped up from 100/125 units per month to 250 units per month. Machinery and equipment for this expansion have been ordered. The Company is also licenced to manufacture 15,000 Automotive diesel engines per year.

The automobile industry is subject to exorbitant taxation at various stages of manufacture and sale. This accounts for the high prices of vehicles in the country. On commercial vehicles the taxation works out at 30 nP per vehicle mile which represents 20 to 30 per cent in the case of buses and 25 to 35 per cent in the case of goods transport vehicles, savs Shri Lalchand Hirachand Chairman of the Company, A surcharge on excise duty of 20 per cent and 33 1/3 per cent on commercial vehicles and cars, a general surcharge of 10 per cent on all import duties, and a variety of imposts on numerous raw materials have been imnosed under the Finance Bill of 1963 leading to an increase in the cost of manufacture. As such rise in cost would retard the future development of the industry, Shri Lalchand pleads for a reconsideration of the tax burden on the industry.

During the current year, the Company's sales for the five months ended November 1963 amounted to 1,660 cars (2,271 cars in the corresponding period of last year) and 2,522 trucks (1,909 trucks), fetching Rs 74,36 lakhs including for spare parts against Rs 66.22 lakhs in the corresponding" period of last year. Production of vehicles for supply to the Defence Department and of Fiat cars will be stepped up during the current year.

Belapur

BELAPUR Co has shown larger sales and higher gross profits during the year ended September 30, 1963, but this *has not* benefited the shareholders whose dividend has been cut from Rs 20 to Rs 18 per share. Sales of sugar increased from Rs 261.31 lakhs to Rs 321.92 lakhs. Even with higher provisions for depreciation at Rs 4.42 lakhs (Rs 2.79 lakhs), development rebate reserve at Rs 1.70 lakhs (Rs 579), Managing Agents' Commission at Rs 6.65 lakhs (Rs 5.08 lakhs), the pretax profits stood higher at Rs 59.97 lakhs compared with Rs 36.08 lakhs in the previous year. Provision for taxation (including agricultural income tax of Rs 9.16 lakhs and SIT of Rs 2,90 lakhs) took away Rs 33.71 lakhs, compared with Rs 15 lakhs in the previous year. As a result the net profit fell from Rs 31.08 lakhs to Rs 26.27 lakhs, out of which provision had to be made for taxation in respect of previous years amounting to Rs 25.38 lakhs. The Company had an opening balance of Rs 13.80 lakhs which together with a further amount of Rs 9.96 lakhs brought back from gratuity provision was availed of to transfer Rs 24 lakhs to the Dividend Equalisation Fund. The dividend of Rs 18 per share of Rs 50 was paid out of the Dividend Equalisation Fund and it absorbed Rs 25.38 lakhs.

During the year the factory at Harigaon crushed 1.88 lakh tons of cane and produced 2.35 lakh bags of sugar with a recovery of 12.5 per cent. The continued increase in domestic consumption and exports reduced the closing stocks of the mills. The Company's exports amounted to 46,151 bags on which Its loss was estimated at Rs 5.90 lakhs.

During the current season which began on October 29,1963, the results are reported to be satisfactory, although the recovery and yield of cane per acre are slightly lower than in the last season. The current year on the whole is expected to be quite good.

Kamani Metals and Alloys

KAMANI Metals and Alloys earned a gross profit of Rs 35.50 lakhs during the year ended June 30, 1963 as against Rs 34.50 lakhs in the previous year. The Company's production, mostly of industrial sheets and strips, went up by approximately 17 per cent during the year and sales turnover, including conversion charges, rose by about 25 per cent from Rs 231.50 lakhs to Rs 291.28 lakhs. The net profit available for appropriation, however, fell from Rs 10.64 lakhs to Rs 6.15 lakhs with the result that the dividend had to be reduced from 28 per cent to 17 per rent. Allocations included Managing Agents' remuneration Rs 2.04 lakhs (Rs 1.96 lakhs); depreciation Rs 5.17 lakhs (Rs 5.66 lakhs); taxation provision Rs 19.76 lakhs (Rs 14.60 lakhs); General Reserve Rs 1.80 lakhs (Rs 3.70 lakhs); dividends Rs 4.32 lakhs (Rs 6.52 lakhs).

The Company's Special Division set up to look after enquiries and orders from the Defence Department of Government is being geared up. For satisfying the highly technical demands of the Defence Department and for better and more efficient utilization of plant and equipment the Company, stated the Chairman, Shri R H Kamani, at the last Annual General Meeting, has embarked on a diversification programme involving a capital outlay of Rs 66 lakhs. A loan of Rs 41 lakhs will be availed of from the Industrial Finance Corporation of India and the balance will be met from the Company's own resources. Technical collaboration will be provided by Imperial Metal Industries (Kynoeh) of U K, a subsidiary of Imperial Chemical Industries, for the manufacture of sheets, strips, coils, etc, with high technical perfection.

The Company is the biggest exporter of sheets strips and coil to the Far East, Europe, America and others and was able to step up its exports during the year by 150 per cent over the previous year, Besides, the Company has become a pioneer in extending technical collaboration to other countries in the non-ferrous semi-manufacturing line. For instance, the Company has extended technical collaboration to M/s Ay inch, Teheran (Iran) and has acquired controlling interest in that company,

Baroda Rayon

BARODA Rayon Corporation's sulphuric acid, carbon di-sulphide and power plants were commissioned in October 1962. The power plant's teething troubles were overcome only in June 1963. The output of yarn of various deniers of the rayon plant was 1,420 metric tonnes during the year ended September 30, 1963, and the rayon plum attained its rated capacity of 6.25 metric tonnes per day at the end of June 1963. The quality of production is being progressively improved. Being a high cost unit, the Company has applied to the Tariff' Commission, which is now enquiring into the cost structure of various rayon units for recommending fair prices of rayon, to recommend higher prices for new high cost units than for established units.

The Company has plans to inciease the production capacity of the plant by 1.25 tons for which industrial licence has been obtained and import licence is awaited. Necessary steps are being taken for converting the coal-firing boilers to oil-firing boilers.

The accounts for the year ended September 30, 1963 show that the net sales of yarn, waste, etc, amounted to Rs 1.04 crores (nil in the previous year) and the year's operations ended in a loss of Rs 40,407 after transferring expenses of Rs 3.45 lakhs to "Expenditure during Construction A/c". The erection of plant and machinery and construction of civil engineering works were completed during the year and the total expenditure incurred during the period of erection from the beginning to the date of starting production amounted to Rs 54.88 lakhs which has been capitalised and allocated to various heads of accounts. The loss of the year has been wiped out from the balance of Rs 3.74 lakhs brought in from the last account against which has been adjusted depreciation of Rs 1.49 lakhs of previous years. Depreciation for the year amounting to Rs 49.67 lakhs has not been provided for in the accounts and is held in arrears. A balance of Rs 2.03 lakhs is finally carried to next account.

Elpro International

ELPRO International which has issued its first annual report for the period front July 27. 1962 (date of incorporation) to September 30, 1963, has now completed its factory building and installed about 95 per cent of its plant and machinery. Commercial production of cast alnico magnets, immersion heaters, surface units. distribution class lightning arrestors, x-ray tables, etc, has started during the current year.

In its second phase of production, the Company will manufacture goods from imported raw material, but, at the same time, it will make efforts to replace imported materials and parts. It will also try to take on new lines such as sintered magnets and fused magnesium oxide for utilizing their equipment and plant to their full capacity.

The chairman, Shri A D Shroff considers the prospects of electrical industry in our developing country to be excellent and hopes that the Company will play its role as manufacturers of quality electrical goods. The Company has the collaboration of General Electric of New York, which has subscribed Rs 42.50 lakhs in foreign exchange lo the paid-up capital of Rs 85 lakhs. Of the balance, the public subscription has amounted to Rs 21.25 lakhs while the remaining Rs 20.90 lakhs has been subscribed by the Directors, associates and friends of Investment Corporation of India, and employees and friends of International General Electric (India), The foreign collaborators are making available to the Company a reconditioned plant at favourable prices to the Company with a guarantee for satisfactory performance. International General Electric (India) has been appointed as distributor of the products of the Company on a non-exclusive basis.

During the period ended Septum ber 30, 1963, the Company's accounts show a net loss of Rs 2.23 lakhs after transferring from expenditure Rs 12.45 lakhs to TuaNoeated Capital Expenditure'