Business Notes

Century Spinning

PRODUCTION in the textile and rayon units of the Century Spinning and Manufacturing was well maintained during 1963. Costs of production showed increases on all fronts. Raw materials costs, manufacturing expenses, wages and administration and other expenses rose by Rs 2.04 crores to Rs 15.56 crores. Sales realisations were, however, higher by Rs 3,17 crores at Rs 19.56 crores.

The gross profit amounted to Rs 4.86 crores compared with Rs 3.78 crores in 1962. Depreciation absorbed Rs 177 lakhs (Rs 110 lakhs). Taxation provision was raised from Rs 87 lakhs to Rs 112 lakhs. Managing agents got Rs 13.46 lakhs (Rs 9.78 lakhs) as remuneration. From the balance of net profits amounting to Rs 145 lakhs (Rs 122 lakhs), Development Rebate Reserve took away Rs 57.85 lakhs (Rs 30.96 lakhs). Preference dividend at 8.57 per cent was already paid out of Dividend Equalisation Reserve. Interim equity dividend at Rs 12 per share absorbed Rs 30.59 lakhs. A sum of Rs 57.18 lakhs was transferred to Dividend Equalisation Reserve from which a final equity dividend at Rs 18 per share was declared, and would absorb Rs 45.88 lakhs. The net profit margin has remained almost the same, around 7.3 per cent. Earning per equity share increased from Rs 43.55 to Rs 52.58.

The Company's tyre-cord plant went into production in May 1963 and achieved full production during the year. The quality of the tyre-cord yarn stands on a par with that produced by the Company's foreign collaborators, and hence the product is popular with leading tyre manufacturers in this country. At the same time the indigenous manufacturers of tyre-cord yarn are experiencing difficulty in selling their products as tyre manufacturers have freedom to import 50 per cent of their requirements from outside. The Company has permission to expand its tyre-cord capacity from 5 million lbs to 15 million lbs. The Caustic Soda plant will go into production shortly, but the Company has abandoned its nylon project.

The Directors deferred their previous decision to issue bonus shares. They will now issue 25,000 redeemable Cumulative preference shares of Rs 100 each carrying dividend at 8.57 per cent. The new issue will be on a rights basis in the proportion of one share for every five shares held.

The Directors state that the outlook for 1964 for the textile section does not appear very satisfactory due to increased costs of imported raw-materials and stores and the stupendous rise in the wage bill and in the costs of other labour amenities such as D F A, Providend Fund contribution, paid holidays, etc. A steep rise in excise duty on rayon yarn, medium-ftne and super-fine clothes and chemicals will add to the burden of the textile and rayon units.

Jaya Shree Textiles

JAYA Shree Textiles and Industries made satisfactory progress during the year 1963. The operation of the flax plant was satisfactory. It did not experience any difficulty in getting imported raw-materials as the unit had substantial orders from the Defence Department. The cotton spinning unit at Rishra, however, did not achieve full production due to non-delivery of, and delay in obtaining supplies of imported and indigenous machinery. With the commissioning of the spinning unit, the cotton weaving department at Rishra has become self-sufficient. The capacity of the cotton mill will be increased in about a year from 15,200 spindles to 25,000 spindles. More flax looms have been ordered and the existing flax plant is being gradually modernised. Machinery for the insulator project is expected to arrive by the end of the year.

Sales increased during the year by about 35 per cent to Rs 297 lakhs from Rs 220 lakhs in 1962. As a result, the gross profit improved by 32.6 per cent from Rs 44 lakhs to Rs 58.52 lakhs. The net profit after depreciation and taxation was higher by 41.5 per *cent* at Rs 23.22 lakhs (Rs 16.41 lakhs). Among allocations, Development Rebate Reserve got Rs 2.68 lakhs (Rs 8.60 lakhs); General Reserve was strengthened by raising it by Rs 12 lakhs to Rs 13.25 lakhs. Ordinary dividend was only repeated at Rs 1 per share of Rs 10 which absorbed Rs 7.38 lakhs.

The Directors have decided to raise additional capital of Rs 24.59 lakhs, for financing the various schemes of the Company by the issue of rights shares in the ratio of 1 for 3. As the schemes to diversify and enlarge the activities of the Company are making satisfactory progress, the Directors are optimistic about the future prospects of the Company.

Shree Niwas Cotton Mills

SHREE Niwas Cotton Mills stepped up the equity dividend from 14 per cent to 16 per cent for the year ended December 31, 1963. The turnover and profits were highest on record since the inception of the Company. Turnover increased by .9 per cent over the previous year and gross profit went up by 37 per cent. The improvement was achieved by a planned programme of modernisation and renovation carried out over the past few years. The net profit after providing for depreciation and taxation for the year amounted to Rs 30.94 lakhs (Rs 22.10 lakhs) showing a rise of about 40 per cent. Depreciation absorbed Rs 26.72 lakhs (23.78 lakhs); taxation provision was made for Rs 23.50 lakhs (Rs 13.40 lakhs); Develop ment Rebate Reserve got Rs 5.5 lakhs (Rs 3.75 lakhs); and General Reserve was raised by Rs 3 lakhs (nil).

The installation of additional spindles is being carried out in stages. Combing capacity will be increased. Plans are under consideration to instal more automatic looms. Due to the switch-over to finer counts, the pattern of cotton consumption has changed substantially and foreign cotton constitutes about 80 per cent of the mill's total consumption.

The Company's subsidiaries, Shree Madhusudan Mills and Shree Gopal Industries, showed further improvement during the year.

Podar Mills

DESPITE pressure on costs for various reasons, Podar Mills has maintained its progress during the year ended December 31, 1963. Sales increased from Rs 255.6 lakhs to Rs 277 lakhs. Pre-tax profit after providing depreciation amounted to Rs 5.10 lakhs (Rs 1.25 lakhs). Taxation absorbed Rs 2.75 lakhs as against Rs 1 lakh. A sum of Rs 1.23 lakhs was brought in from the previous year's account and another Rs 1 lakh was written back from surplus tax provision made last year. From the balance