*Business Notes*

# Aluminium Industries

WITH a background of experience of over 14 years in the cable making line, Aluminium Industries, Kundara, in collaboration with a reputed Japanese firm, will shortly begin manufacturing a diversified range of cable-making machines. Negotiations are said to have reached an advanced stage now. For financing this new project the Company is likely to issue additional capital at the appropriate time. The general policy in the past was to draw on current resources and avail of bank borrowings for sundry capital programmes. The under-capitalisation of the Company was subjecting it at times to some stresses and strains. A new capital issue will relieve the Company of these problems and rectify the imbalance between the block account and capital.

The Company has a good market in India for its bare conductors, supplying about 60 per cent of the country's requirements and the Chairman, Shri S Narayanaswamy, stated at the last Annual General Meeting on September 28, that the order book is now so full as to keep the two units of the Company engaged for well over two years. Plans are also afoot for expanding the bare conductor capacity of the Company at Kundara and Hirakud; they have been approved by the Central Government. Necessary equipments will be imported shortly and production might begin in the latter half of 1965.

The 'Solidal' plant for the manufacture of low voltage underground cables will go on stream within a few days. Production of welding cables—the first attempted with aluminium metal in India—which have been well received in the market will be considerably augmented.

The Company has also built up an export business by continually exploring markets in the African continent, East European countries, the Middle East and the Far East. Although in 1963-64 it exported only Rs 1.11 lakhs worth of cables, exports during the first four months of the current financial year amounted to Rs 2.75 crores and orders are pending for Rs 1.14 crores.

In the manufacture of covered cables using P V C as the principal insulating and sheathing material, the dependence of the Company on indigenous production of PVC, whose price is on the high side, is impairing its competitive capacity. Production of India rubber remaining meagre in the face of an expanding demand, the need for making available alternative insulation materials for cables on reasonable terms is vital and Shri Narayanaswamy has, therefore, drawn the Government's attention to the urgent need for making processing materials available to this vital engineering-cum-public utility industry.

To operate its high tensile steel wire plant, the Company depends on external resources for high carbon steel. On account of the erratic supply position of high carbon steel, the Company's steel plant was idle on occasions last year. Shri Narayanaswamy appealed to the Government to issue more regular import licences for special steel rods.

Shri Narayanaswamy laid the greatest emphasis on the need to augment supplies of aluminium metal itself. For some years copper using cable industries have been switching over to aluminum. In the meantime, the position of aluminium itself is not reassuring. The units already working or licensed will not be in a position to meet the constantly expanding demand of the country for at least another four years. Liberal imports of the metal are therefore called for. This is a point which the Government should bear in mind if the aluminium consuming industries are not to be faced with shortage and consequent under-utilisation of capacity.

## Greaves Cotton

TRADING profits of Greaves Cotton & Co for the year to March 31, 1964 increased from Rs 41.69 lakhs to Rs 50.19 lakhs, i e, by over 20 per cent. This has followed a substantial rise of about 40 per cent in the turnover from Rs 784.42 lakhs to Rs 1092. 84 lakhs in spite of rising costs and keen competition. Total net profit for the year, including other incomes, aggregated Rs 60.48 lakhs as compared with Rs 54.53 lakhs in 1962-63, showing a rise of about 31 per cent. The Company is not liable to sur-tax and no provision has been made in the year's accounts for any liability. The Directors, however, estimate the tax liability at Rs 28.47 lakhs which they propose to meet from the General Reserve when the assessment is completed. Assessments are pending from the financial year 1960-61 onwards.

After taking into account the previous year's balance and making other necessary adjustments, the disposable amount has stood at Rs 61.56 lakhs (Rs 56.01 lakhs) from which Rs 20,000 (Rs 80,000) has been transferred to Development Rebate Reserve, and Rs 61.25 lakhs (Rs 11.25 lakhs) to General Reserve. The transfer of the entire surplus after providing for development rebate reserve is a departure from the previous practice of the Company of allocating amounts to various Reserves, From the General Reserve a sum of Rs 19.775 lakhs (same) will be utilised to pay the Preference and Equity dividends. Equity dividend has been repeated at 12 per cent in spite of the higher profits having regard to the estimated tax liabilities, known commitments in respect of investments, the need to support a steadily growing turnover and the larger requirements of funds for ploughing back. The Chairman, Shri L M Thapar has expressed his apprehension that even as the year's accounts reflect the heavy burdens of costs in respect of various items, future profitability will continue to be affected by the same factors. He is hopeful though that at the same time a progressive improvement in the profits can be expected. In fact trading during the current year so far has revealed promise of a larger turnover.

The Company's investments in the shares of subsidiary and associated companies have increased during the year by Rs 10.24 lakhs to Rs 205.81 lakhs and the increase was met from the Company's own resources. Dividends from these companies however fell during the year from Rs 11.20 lakhs to Rs 7.43 lakhs.

Among the more important associate companies to yield worthwhile revenues, Crompton Parkinson (Works), a manufacturing organisation, and Greaves Cotton and Crompton Parkinson, a selling organisation, in each of which Greaves Cotton and Company has fifty per cent partnership with Crompton Parkinson of U K, have made substantial progress during the year. The manufacturing organisation has received the approval of the Government for a substantial expansion. Dividend received from this Company during the year was less at Rs 3.28 laks (Rs 3.76 lakhs). The lower dividend was attributed to the impact of surtax on the Company's profits for the year to June 30, 1963. Dividend from the selling organisation also fell during the year from Rs 4.13 lakhs to Rs 1.81 lakhs, due partly to lower profits made in the accounting year ended December 31, 1962 and partly to the impact of Super-Profits tax. During the year 1963, however, this Company made increased profits which will be reflected in the current year's accounts of Greaves Cotton.