earned a gross profit of Rs 4.47 crores. Out of the 1964 earnings the company cleared arrears of dividends *on* the existing preference shares upto the end of 1962. The arrears on this account amount to Rs 45 lakhs.

Indian Oxygen

INDIAN OXYGEN is now in the midst of a major expansion programme spread over four years ending September 1967, It includes several new projects covering additional facilities for production and distribution of gases, production of user equipment and electrodes, etc. It is proposed to increase the share capital by the issue of 9.80 lakh new ordinary shares of Rs 10 each as rights at a premium of Rs 4 per share. Of the proposed issue, the parent company, British Oxygen, will not only take up its due share comprising 5,88 lakh shares, but it has also agreed to take up any shares not subscribed for by other members. If, as a result, the percentage of the British Oxygen's shareholding in the company should exceed the existing percentage, then it will divest itself of such excess shares within a period of two years from the date of allotment of the excess shares, at a price not exceeding the issue price. An extraordinary general meeting has been called for to consider a resolution to this effect.

The new ordinary shares will not rank for any dividend in respect of the year ended on September 30, 1965, but will otherwise rank *pari passu* in all respects with the existing ordinary shares. The directors expect to maintain the existing rate of dividend, ie, Rs 1.20 per share. They also anticipate that with the growth of the company during the coming years as a results of its Rs 6 crores expansion programme, and in the absence of any unforeseen circumstances, it should be possible for the company to contain the dividend at a satisfactory level on the capital as increased by the proposed one-for-three rights issue.

Mysore Cement

DURING the year to June last Mysure Cements' plant increased to 90 per cent of rated capacity compared to 71 per cent in the preceding year. Since June 1965, however, the plant has been working at a little over the rated capacity, and it is felt that, given proper equipment and facilities, production can be kept above the rated capacity level. The company's expansion programme aimed at doubling production capacity was earlier expected to be completed towards the middle of this year; according to the revised estimate the expanded plant should be on stream before January next, A geological survey of the company's limestone deposits has revealed adequate supplies of quality limestone for the plant.

During 1964-65, the company sold 87,070 tonnes of cement, as against 74,708 tonnes in the preceding year, and sales brought in Rs 69.13 lakhs compared to Rs 57.49 lakhs. After providing Rs 17.32 lakhs (Rs 20,85 lakhs) for depreciation, however, the outcome of the year's operations ivas a loss of Rs 5.76 lakhs compared to a loss of Rs 21.68 lakhs previously. Together with the previous loss, the total loss carried to the balance sheet has risen to Rs 52.30 lakhs. The increase in the retention price of cement from Rs 79 to Rs 83 per tonnes with effect from June last is expected to improve the company's profitability. The proposed partial decontrol of cement, when it comes into effect, should further improve the company's earnings potential.

Saurashtra Cement

A LETTER of intent has been obtained by Saurashtra Cement and Chemical Industries for establishing a third plant with an annual capacity of 3.33 lakh tonnes of cement, and the company is negotiating for purchase of the necessary capital equipment for this purpose. Meanwhile, the second plant commissioned towards the end of August last has been working only on a trial basis due partly to the teething troubles and partly to the non-availability of regular and adequate power supply. During the year ended June 1965, the production of clinker was 2.10 lakh tonnes as against 2.05 lakh tonnes previously and that of cement 2.26 lakh tonnes as against 2.19 lakh tonnes. The Singach Salt Works achieved production of 35,456 tonnes of salt, and of the total sales of 6,766 tonnes, 6,200 tonnes were exported to Japan.

The financial results for the year 1964-65 show sates a shade higher at Rs 2.20 crores (Rs 2.18 crores) but gross profit considerably better at Rs 75.56 lakhs (Rs 66.64 lakhs), reflecting the benefits of increase in the retention price of cement as well as in packing charges granted by the Government from time to time. There is a saving of about Rs 8 lakhs in the provision for depreciation, but the tax liability has syphoned off Rs 16 lakhs more than in the previous year, leaving after-tax profits only marginally better at Rs 31.96 lakhs (Rs 30.99 lakhs), What is more encouraging from the shareholders' point of view is that the company is not only clearing arrears of dividends on preference capital, but also paying a maiden dividend on ordinary capital at a handsome rate of 12 per cent.

Hindustan Brown Boveri

ALL-ROUND improvement in production, sales and earnings has been recorded by Hindustan Brown Boveri (formerly Hindustan Electric) in the year to April 1965. The company has sufficient orders on hand to ensure continuous production for the manufacturing units at Faridabad, Ghaziabad, Howrah and Gorva. The Howrah works has already reached its rated capacity for the manufacture of transformers, and the Gorya factory is expected to soon reach the licensed capacity. The management is negotiating for orders as well as necessary import licences for components for undertaking manufacture of extra high tension air blast circuit breakers.

During 1964-65. sales advanced from Rs 4.8 crores to Rs 7.7 crores and gross profit from Rs 27.37 lakhs to Rs 44.58 lakhs. Despite the increased provisions for depreciation, taxation and prior charges as also for preferential dividends, equity earnings have considerably improved from Rs 8.68 lakhs to Rs 12.24 lakhs, lifting the cover for the dividend raised by a point to five per cent from 1.67 times to 1.7 times.

Nepa Mills

A N expansion programme aimed at stepping up the factory's capacity by two-and-a-half fold to 75,000 tonnes, estimated to involve an investment of Rs 9.5 crores, is being actively pursued by National Newsprint and Paper Mills. The company has already concluded a contract with Wartsila, Finland, for the supply of certain equipment worth about Rs 1.5 crores, and the first consignment is expected at the factory site by the end of 1965.

Meanwhile, during the year to March last the company has reported lower sales and profits; the value of sales is down by about Rs 10 lakhs at Rs 3.10 crores and gross profit nearly Rs 7 lakhs lower at Rs 84.12 lakhs. Margins have suffered a setback due to the rise in costs of raw materials and chemicals A higher tax charge of Rs 31 lakhs (Rs 20 lakhs) has further widened the gap at the after-tax level, and equity earnings are a third lower at Rs 34.54 lakhs. Accordingly, the cover for the unchanged dividend of six per cent has slipped from 1.73 times to 1.17 times.