Company Notes

Dunlop Rubber

A SUBSTANTIAL decline in sales despite increased selling expenses reported by the Dunlop Rubber Company (India) Ltd for the year 1952 clearly reflects the change in the market situation from a sellers' to a buyers' market. Sales fetched Rs 12.97 lakhs in 1952 compared with Rs 14.19 lakhs in 1951. The decrease was due in part to reduced selling prices but the fall 111 the volume of sales was also substantial. The full measure of the impact of the general recession in trade which was a characteristic feature of the year, however, cannot be bad unless the figures of actual sales and production are also given.

Although the net profit (before providing for depreciation and taxation) declined from Rs 107.90 lakhs to Rs 99.68 lakhs, the ratio of profit to turnover actually improved from 7.6 per cent to 7.7 per cent, without taking taxation into account. If profit is taken net of taxes, the extent of improvement in the ratio of turnover is greater- from 4.2 per cent to 4.8 per cent. It is clear that this improvement in the profit turnover ratio would not have been possible in a period of lower sales, lower prices and higher sales expenses, without substantial economics in other directions, say in raw mate rial costs. The value of stock invent ones (at or below cost) at Rs 4.27 crores, however, does not show a tall. It was Rs 4.14 crores a year ago.

That the directors have recommended the ordinary dividend at 15 per cent, the same rate as that for 1951, although net profit has declined, suggests that so far as the trade in rubber manufactures is concerned the future might be viewed with optimism. The amount avail able for distribution this year is larger, being Rs 73.58 lakhs compared with Rs 66.35 lakhs last year. This is is because the provision for taxation has been reduced substantially from Rs 48.06 lakhs to Rs 33.05 lakhs. This decrease is only partly attributable to lower profits. It is due also to the benefit of relief from double taxation in respect of previous years to the extent of Rs 3.5 lakhs. Nevertheless, it is evidence of the continuation of the policy of expansion pursued by the management that they have in a year of lean sales further increased the usually generous provision for general reserve from Rs 32 lakhs to Rs 30 lakhs to swell that fund to the impressive figure of Rs 1.14 crores which may be com pared with the paid-up capital at Rs 2.3 crores. Further additions to the fixed assets have been made to the value of a little more thanRs 50 lakhs. The accompanying table gives an idea of the progress achieved by the Company during the year under report.

	1952	1951
	(in Rs lakhs)	
Fixed assets	154.35	130.37
Share Capital	230.00	230.00
Surplus and Reserve	132.01	92.78
Current Assets	574-88	576.22
Current Liabilities and Provisions	245.10	-57-71

The large allocation to General Reserve, while the dividend equalisation fund has not been increased, indicates the optimism of the directors with regard to the future. It may be noted that the Rs 11 lakhs in the dividend equalisation fund is less than half the amount required to distribute an ordinary dividend at the present rates, It is evident that the company docs not expect the short-fall in net profit of 1952 to be a permanent feature and has pressed on with the programme of expansion for which funds are accumulated in General Reserve. This bold policy deserves commendation.

Ahmedabad Electrics

THE two charts accompanying the balance sheet of the Ahmedabad Electricity Co Ltd for the year ended September 30, 1952, illustrate the satisfactory progress the company continues to make in its expansion programme. This has resulted in higher profits of Rs 40 lakhs realised during the year as against Rs 35.58 lakhs earned in the previous year. The dividend to shareholders, however, is recommended to be main tained at 6½ per cent per share, though, it will be paid on an increased capital of Rs 524.68 lakhs as against Rs 419.42 lakhs in the pre vions year.

The first series of 1,75,000 ordinary shares of Rs 100 each, issued at par, in September 1950, was fully called up during the year. Since the close of the year, the second series of 1,75,000 ordinary shares of Rs 100 each at par have been issued and fully subscribed.

During the year under report, 2,512 new connections were made bringing the total upto the close of the year to 33,152 of which 87 are large HT supplies. There was however no change in rates of supply during the year. Sales during the year made statisfactory *progress as to* be seen from the table below. Thei overall increase in sales was 30.13 per cent over those of the previous year and 62.57 per cent over the sales in 1949-50.

The full plant capacity of both A ' and ' B stations at Sabannati Power Station, aggregating 97,500 kw was 111 commercial operation throughout the year. The shipments of Plant materials ordered from abroad for C ' station commenced to arrive during the year and the erection of the Boiler and Coal Handling Plant is proceeding according to the schedule. The peak demand at the Generating Station reached 75,200 kw, which was 20.90 per cent higher than in the previous year.

The company has no liability for taxation on the profits of the year in view of Income Tax Depreciation Allowances. In compliance with the provision of the Electricity (Supply) Act, 1948 regarding compulsory Reserves, an appropriation of Rs 1.56 lakhs has been made to Con tingencies Reserve and Rs 1.49 lakhs each to Tariff and Dividend Control Reserve and Consumers" Benefit Reserve, It is proposed to take Rs 1.73 lakhs to Equalisation of Dividend Reserves and Rs 1 lakh to Employees Retiring Gratuities Re serve.

The Gross Earnings from Sale of Energy increased from Rs 148.58 lakhs to Rs 189,10 lakhs for the year under review, while on the expenditure side, expenses on Coal, Oil, Water and Engine Room Stores increased by about Rs 20 lakhs to Rs So. 56 lakhs. The bill for Salaries and Wages has also gone up to Rs 22.13 lakhs from Rs 18.84 lakhs in the previous year. Thus, there remains a balance of profit of Rs 40 lakhs after providing Rs 19.34 lakhs tor depreciation as compared with Rs 1 3.43 lakhs in the previous year.

The Fixed Capital Expenditure account stands depreciated at Rs 498.66 lakhs. Upto the end of the year the total depreciation written off amounted to Rs 127.19 lakhs. The total additions to the Block account during the year amounted to Rs 42.95 lakhs.

At the current quotation of Rs 115 cum-dividend, Rs 100 paid-up ordinary shares of the company 'give an attractive return of 5.6 per cent on the recommended dividend of Rs 6-8-0 per share.

kw hrs sold

For the year ended 30-9-1952	Public & Private Lighting & Fans	Power	North Gujerat Grid	Total	Increase on previous year per cent
1950	13,391,210	184,106,824	—	197,498,034	2.69
1951	14,555,494	225,742,819	7,970,098	248,268,411	25.71
1952	16,189,800	268,884,030	38,007,850	323,081,680	30 - -