Company Notes

Travancore Rayons

UNFAVOURABLE market conditionsj which continued during the year, adversely affected the results of the Tavancore Rayons Limited tor the year ending December S[1], 1952. Prices of paper and yam touched levels even lower than m the previous year and stocks accumulated with the company. Factors which contributed to this situation were the free imports of rayon permitted by the Government of India and the putting of staple fibre, an important competitor, on the OGL. This policy was revised in the second half of 1952 but the benefit of this change began to appear only by the third quarter of the year. While the rayon section was working throughout the year, the transparent paper section had to be shut down from February 6 to October

The year's working shows a profit of Rs 16.8 lakhs. After providing Rs 12.45 lakhs for depreciation, the balance of Rs 4.35 lakhs, together with Rs 4.93 lakhs brought forward from the previous year, made the total available for distribution Rs 9.28 lakhs. In providing a sum of Rs 12.45 lakhs towards depreciation the directors have taken into account the excess provision made in the previous year. The rates adopted for the year are 10 per cent on plant and machinery and 5 per cent *on* all buildings, both based on original cost.

Unlike the National Rayon Corporation Ltd, which has cleared all the arrears of dividend on cumulative preference shares, the Travancore Rayons Ltd could clear the arrears for only three years 1946, 1947 and 1948. The contingent liability as shown in the balance sheet of Rs 17.8 lakhs in respect of dividend on 500,000 5 per cent Travancore tax-free cumulative preference shares of Rs 10 each was Rs 17.8 lakhs. With the improved working results in the current year, however, it may be confidently expected that the arrears of preference dividend will be cleared next year. The cost of materials consumed at Rs 88.82 lakhs is higher than the proceeds from sales of rayon yarn and 'transparent paper at Rs 87.92 lakhs. Closing stocks are, however, higher at Rs 56.1 5 lakhs as against the opening stock of Rs 50.23 lakhs.

With the four years' dividend on preference shared still outstanding, the current quotation of Rs 10 paid up 5 per cent cumulative preference shares at Rs 8-7 is a good speculative attraction. Rs 10 fully paid-up ordinary shares are currently quoted around Rs 5-12.

Indo-Burma Petroleum

VERY satisfactory working results are reported by the Indo-Bunna Petroleum Company, Limited, for the year ending December 31, 1952. The gross profit of the company has increased from Rs 44.09 lakhs in the previous year to Rs. 46.10 lakhs. After payment of the usual dividend on preference shares, the directors have recommended a final dividend of Rs 4-8 per share, which, together with the interim of Rs 1-8 per share already paid, will total Rs 6 per share free of income-tax as compared with Rs 4 per share paid last year. This dividend distribution is the highest paid in the post-war period. The total dividend distribution will absorb Rs 17.58 lakhs.

The increase of Rs 2 per share in the dividend on the ordinary share capital is explained by the directors as resulting from the additional profit during the year. The profit, and loss account reveals a profit of Rs 5.21 lakhs from the sale of the company's oil tanker, ss *Shivedagon.* The company also received a sum of Rs 7.20 lakhs from writing back the provision which was made in previous years for the Special Survey Docking which had then been contemplated for the tanker.

The sales of oil products showed a small overall increase over those of the previous year, which reflects the steady trading conditions that prevailed. The proceeds from sale of products during the year amounted to Rs 607.05 lakhs. The gross expenditure, including the cost ducts, salaries and wages and establishment expense, amounted to Rs 580.84 lakhs. The' higher profit has enabled the directors to allocate Rs 8 lakhs to general reserve and to increase the dividend equalisation reserve account from Rs 3.5 lakhs to Rs 5 lakhsj in addition to the increase in the ordinary dividend.

The balance sheet of the company (see table) reycsals an extremely sound position, The paid-up capital of the cornpany is Rs 1.5 crores, consisting of Rs 1 crore in 250,000 ordinary shares of Rs 40 each and Rs 0.5 crore in 50,000 7 per cent taxable cumulative preference shares of Rs 100 each. Reserves and surplus total Rs 157.57 lakhs, of which capital reserve alone amounts to Rs 130 lakhs. The current assets of Rs 351.62 lakhs are much above the current liabilities and provisions of Rs 222.88 lakhs. The cash position of the company is very strong, amounting to Rs 2 11.32 lakhs of the current assets of Rs 351.62 lakhs.

The negotiations between the Oil Companies and the Union Government of Burma for the hitter's participation in the oil industry advanced considerably since the last report, but there was some months' delay at the end of the year on account of a reference being made to the Supreme Court of Burma to test the validity under the Burmese Constitution of Government participation on the basis proposed. A satisfactory decision was given recently.

It was reported last year that additional units to increase the output of refined products from the distillation plant at Chauk might be completed at the end of. 1952 but there has been some delay, and it is not now expected that they will be ready for commission until the second half of 1953-

Balance Sheet Indo-Burma Petroleum

(in rupees lakhs)

Liabilities		Assets	
Share capital	150.00	Gross block	104.61
Reserves and surplus	157.51	*Less* depreciation	77.70
Current liabilities and provisions	222.88	Net block	26.91
		Merger contribution	150.45
		Trade investments	1.41
		Current assets	351.62
	530.39		530.39