16th. What caused this sharp decline ? Surely, not the weather news. It is too early to blame the weather for anything. Farmers are still awaiting the showers before they can take to sowing. It also seems unlikely that speculators have taken their cue from Shri Manubhai's assurances that the Government is doing its best to secure adequate supplies of cotton because, notwithstanding all the efforts that have so far been made, the outlook for imparts is still far from encouraging. The selling which produced last week's fall would appear to have been based on the argument that the March 1963 'contract had started off at a price which offered little scope for further quick rise. Hence it was good to trade 'for a fall. This may not appear good logic but speculators do not always, base their transactions on very sound reasoning. Quilte often they merely engineer fluctuations and nobody need blame them for this. In fact, there is not much sense in granting permission to trade in the nn\ crop contract so early in the vear. Speculation at this stage must be a pure gamble. Until the outbreak of the monsoon, fluctuations in cotton futures will be guided mainly by the whims of big professional operators.

The cotton supply position is so very tight that unless the Government makes arrangements for importing large quantities of cotton at an early date, the textile industry may be forced to curtail production. The discussions at the recent meeting of the Cotton Textiles Consultative Board indicated that the Board is seized of the situation and it is exploring the the possibility of importing cotton in exchange for the sale of surplus commodities like sugar, manganese and ferro-manganese. The current visit of the Sudanese cotton deligation has raised hopes that a way will be found for the exchange of Sudanese cotton with Indian cloth or some other commodities which the Sudan needs. Fortunately, the cotton crop in the Sudan is said to be a bumper one, around one million bales. But the shortage of cotton in India is so serious that it is unlikely to be made good except through large-scale imports of cotton from the U S.

Company Notes

Amar Dye-Chem

Hit by Liberalisation of Imports

THE changes in Government policy on imports, the abolition of the tariff on naphthols and fast bases and the reduction in prices of some of the items in order to meet the competition from low priced imports following the abolition of tariff have been mainly responsible for the decline in sales and profit of Amar Dye-Chem during the year 1961. It is with great difficulty that the Company has been able to push the sales to Rs 170.40 lakhs, against Rs 176.15 lakhs reached in 1960. The gross profit has declined from Rs 67.72 lakhs to Rs 64.08 lakhs, bringing down the ratio of profit to sales from 38.1 per cent to 37.6 per cent. Even so. the profit margin is very much higher than in many other industries. It is evidently on account of the huge profit margin that there is a keen demand for dyes and chemicals shares and these command a large premium in

The net profit at Rs 28.68 lakhs is lower by Rs 4.56 lakhs. The amount ploughed back to the various reserves has been reduced from Rs 35.78 lakhs to Rs 20.41 lakhs, after taking into account claims and excess provisions in respect of previous years. The dividend too has been pruned with the new shares issued during the year participating in a proportionate distribution. What is more, while the previous year's dividend was entitled to exemption from deduction of tax at source, as it was distributed entirely out of profits under Section 15C of the Income-tax Act. the dividend for 1961 is subject to deduction of tax.

In spite of the keen competition and raw material shortage, the company is going ahead with its plan? for putting additional plants already undertaken and for further expansion. The Ron acid plant is expected to go into commission by the end of the current year. Separate plants for fast red 'B' base and fast red GL base have been installed and put into commission. Similarly, separate plants for fast scarlet G base and fast red TR base are being put up and when completed, there would be ample plant facilities and the company would be in a position to show better results, provided, of course, raw materials become available in sufficient quantities.

Under the expansion programme, the plant for the manufacture of TPM dyes is expected to be ready by the beginning of 1963. The agreement of technical know-how for the first phase of the programme for the manufacture of intermediates for dyes has been finalised with A C N A of Montecatini. Arrangements for the second phase are under negotiation. The Company has finalised arrangements for technical know-how for the manufacture of Rota Naphthol project with A C N A subject to the approval of the Government. The plant for manufacture of pigment colours is expected to be ready by the end of the current year. The production of a few items of reactive dyes is likely to commence in 1963.

Guest, Keen, Williams

CONSIDERING the fact that production during 1961 was affected adversely by power cute and inadequate supplies of good quality billets for re-rolling and of matching materials for the engineering division. the financial results of Guest. Keen, Williams for the year are satisfactory. While sales have gone up by "nearly Rs 1 crore to Rs 10.66 crores. the gross profit has improved by Rs 22.53 lakhs to Rs 155.69 lakhs, raising the profit margin from 13.75 per cent to 1 1.63 per cent.

The net profit, after raising the depreciation and tax provisions at Rs 79.99 lakhs. shows an increase of only Rs 5.06 lakhs. It represents an earning of Rs 2 per share and provides an adequate cover to the dividend of Rs 1.40 per share on the entire increased capital as raised by the doubling of the capital during the year. The previous year's distribution of Rs 1.60 per share was made up of 80nP per share on the old capital and 80nP on the increased capital. While