company's manufacturing programme is its collaboration with third parties, many of whom are small-scale units, in various sectors such as electronic measuring instruments, industrial D C units, public address equipment, amplifiers and cinema projectors. The directors are keen on expanding the scope of collaboration with these units which play an important role in the company's manufacturing schemes.

The production of lamps at the Bombay lamp factory, from the end of the year under review is expected to add to the earning capacity of the company during the current year. In the coming years the manufacture of various other products in this factory, for which the Government has accorded sanction, will further improve earnings.

Elphinstone Mills

A SIGNIFICANT increase in sales during 1961 has contributed to a rise of Rs 6.95 lakhs to Rs 42.78 lakhs hi the gross profit of the Elphinstone Spinning and Weaving Mills during the year. But the net profit has suffered a setback from Rs 22.53 lakhs to Rs 18.70 lakhs. as a result of the larger provisions for depreciation and taxation. The former has been raised from Rs. 6.30 lakhs to Rs 8.08 lakhs and the latter from Rs 7 lakhs to Rs 16 lakhs.

Though this has not affected the distribution to the shareholders, which on the contrary has been raised from 18 per cent to 22 per cent in view of the large dividend cover, (the earning on the ordinary capital being 56.50 per cent) the amount ploughed back has been reduced from, Rs 14.54 lakhs to Rs 9.01 lakhs. The dividend *on* the ordinary and preference shares absorbs Rs 8.35 lakhs, against Rs 7.15 lakhs last year.

The outlook for the current year is rather bleak, as in the case of other textile units in the country. Besides the shortage of cotton, the increase in ceiling price of cotton in the 1962-63 season will, it is feared, seriously affect the earning capacity of the company, especially in the. absence of any corresponding upward prevision of cloth prices. The steep increase in excise duty on processed cloth will affect earnings, unless the company is able to pass it on to the consumer. The further increase in basic wages with effect from January 1962 will also contribute to the decline in the current year's profit.

Digvijay Cement

THE decline in the output of cement from 4,49,317 tonnes, to 4,04,104 tonnes, consequent on the stopping of one of the grinding mills at Sikka for major overhauling, has not affected the profit of Shree Digvijay Cement during the year 1961. On the contrary, the gross profit has jumped by more than 50 per cent from Rs 43.93 lakhs to Rs 67.47 lakhs. The profit includes a sum of Rs 10.77 lakhs received by the company as dividend from West Coast Paper Mills up to the year ended June 1961. Even if this income is excluded, the profit would have shown a rise of Rs 12.77 lakhs. This is probably due to the fact that the fall in the output of cement at Sikka has to some extent been compensated by the output of the clinker grinding plant at Bombay, which went into production in November 1961. Besides, there has also been an increase in cement prices with effect from November 1961.

The net profit has more than doubled itself from Rs 13.97 lakhs to Rs 28.22 lakhs, giving an earning of Rs 17 per share after providing for the preference dividend liability. But the directors have decided to give only a token increase in dividend from Rs 9 to Rs 10 per share. The higher dividend is being paid without drawing anything from the reserves, in view of the large dividend cover. In the previous three years the company had drawn as much as Rs 16.57 lakhs in all to supplement the profit available for distribution. After providing Rs 6.23 lakhs for development rebate reserve and setting aside Rs 77,150 for rehabilitation reserve and development rebate, the dividend on the preference and ordinary shares absorbs Rs 18.64 lakhs, leaving a surplus of Rs 2.58 lakhs to be carried forward.

With the benefit of the higher cement prices accuring for a full year, the current year's results are expected to be better. On a long-term view, the company's performance is expected to improve significantly, when the expansion programme is completed. The Government of India has sanctioned the import of machinery for the expansion of its capacity from 4.30 lakh to 6.30 lakh tonnes under the DLF loan and the import licence has been received. The company's asbestos sheet and pipe plant which is being established at Ahmedabad with an initial capacity of 32,000 tonnes per annum is expected to go into production very shortly. The country has finalised negotiations with Johns Manville Corporation for technical and financial collaboration. While the technical collaboration agreement has been finalised, the proposal for financial collaboration has been approved by the Government in principle but the price at which the shares are to be offered is under examination by the Controller of Capital Issues.

Maharashtra Sugar Mills

IN refreshing contrast to the experience of many sugar mills in the country, the performance of Maharashtra Sugar Mills during the year ended September 30, 1961 has been strikingly encouraging. The sales have increased from Rs 222.79 lakhs to Rs. 238.95 lakhs and the gross profit has jumped from Rs 65.75 lakhs to a new high of Rs 79.75 lakhs following an increase in the production of sugar to a record level and the rise in the output of spirits. The ratio of profit to sales has risen from 29.5 per cent to 33.3. per cent, The results are encouraging considering the fact that the year was one of lower realisation on the company's export quota and higher incidence of wages following the implementation of the Wage Board's recommendations.

The net profit at Rs 44.85 lakhs shows a rise of Rs 5.79 lakhs. Nevertheless, the distribution to the shareholders has been reduced from Rs. 21 to Rs 17.50 per share. Evidently, the directors wish to conserve the resources to finance the expansion scheme. This is indicated by the fact that even after transferring Rs 10 lakhs to the expansion reserve (against Rs. 7,50 lakhs added last year) they are carrying forward Rs 9.50 lakhs to the next year's account. Further, the outlook for the industry during the current year is murky with a huge carryover of sugar