Company Notes

Scindia Steam

SOME of the important issues fating the Indian shipping companies in general and Scindia in particular are pinpointed by Shri D M Khatau, Chairman of the Scindia Steam Navigation, in his statement circulated to the shareholders. Although rationalisation of services in some of the trades coupled with a 10 p c increase in the freight rate in east-bound U K-Continent services from October 1961 have resulted in additional earnings from overseas trade, the improvement is not sufficient to cover the increasing coat of operations without an upward revision in the west-bound rates also Instead, in the west-bound services, there is a constant pressure to bring down the rates on important commodities to uneconomic levels ignoring the cost of maintaining Liner services by fast modern ships. Shri Khatau counts upon Government's support to bring about a better understanding between shippers and shipping companies to enable the latter to operate their services effectively and economically.

In respect of coastal shipping, Shri Khatau points out, the industry has not been granted adequate freight rates to cover increased costs and provide a fair and reasonable return on the capital employed. The demand of the industry for a 37 p c increase in the rate was only partially met by the grant of a 15 p c increase from June 1, 1962. Besides, the freight rate on coal carried from Calcutta to ports upto Cochin — which form quite a substantial volume of cargo — was increased only by 10 p c. In any case, this increase, according to Shri Khatau, will not benefit the industry inasmuch as the meagre advantage derived will be offset on the one hand by higher costs resulting from delays and on the other by reduced cargoes consequent upon deteriorating drafts. As a measure of immediate assistance, Shri Khatau urges that the 5 p c concession in freight on coal should be abolished.

The Scindia Chairman supports the request of the shipping industry *tot* an enquiry into its position by the Tariff Commission, He is doubtful about the maintenance of coastal steamer tonnage at the level required to meet expanding national needs, unless early steps are taken to put the industry on an economic footing.

As for the future prospects of the Company, Shri Khatau states that with the downward trend in the quantum of freightable cargoes. with no increase in west-bound cargo rates and with pressure to cut down rates on important commodities, it is difficult to visualise any improvement in freight earnings sufficient to cover the costs and provide a reasonable return on capital The Company is. however, continuing its efforts at rationalisation and economy in its operations and is working in conjunction with other interests to bring about an improvement in the level of freight rates.

Associated Cement

STEEL is not the only industry in which producers have complaints about the Government's modification of Tariff Commission-suggested prices. In his statement to the shareholders of the Associated Cement Companies, the Chairman Shri D M Khatau has criticised the arbitrary manner in which the Government has staled down the increase in retention price of cement recommended by the Tariff Commission. According to Shri Khatau. even the prices recommended by the Tariff Commission were not adequate to meet the recent increases in costs and laves. As such the reduction in these prices by the Government cannot but hamper the progress of the cement industty. . A representation has been made through the Cement Manufacturers" Association for a revision of the retention prices, according to Shri Khatau.

Shri Khatau is frankly disappointed with the progress of the cement industry. At present the industry's capacity is about 10 million tons as against the target of 15 million tons for 1965-66. Even this target Shri Khatau considers insufficient to meet the likely demand.

Reminding the shareholders of the role of ACC as a pioneer in the cement industry and of its proud record of achievements during the past quarter of a century, Shri Khatau has drawn pointed attention to the manufacture of cement-making machinery at the Company's workshops at Shahabad and at the AVB Heavy Engineering Works at Durgapur established in collaboration with Vickers and Babcock and Wilcor which will not only meet the Company's own requirements but also those of the cement industry and thus conserve much foreign exchange.

West Coast Paper

DURING the year ended June 30, 1962 sales of paper of West Coast Paper Mills have gone down by Rs 23 lakhs to Rs 3.61 crores, and that together with a rise in manufacturing costs and expenses, has led to the decline in gross profit by Rs 13.50 lakhs to Rs 92,27 lakhs. However, as the provisions for Depreciation and Development Rebate Reserve are lowered to Rs 39.12 lakhs (Rs 47-33 lakhs) and Rs 25 lakhs (Rs 40 lakhs) respectively, the net profit is higher at Rs 28.16 lakhs compared with Rs 18.44 lakhs in the previous year. After transferring a sum of Rs 7 lakhs to General Reserve, the Directors propose to utilize Rs 7.02 lakhs for payment of Preference. dividend and Rs 12 lakhs for payment of a taxable dividend of Rs 8 per share of Rs 100 (Rs 7 50 per share in the previous year) on Ordinary shares and carry forward the balance of Rs 2.R4 lakhs to the next account.

Despite a strike in the Mills for a duration of about three weeks, production has been almost maintained at 25,604 tonnes (25,771 tonnes). Since the prices fixed by the Tariff Commission proved to be unremunerative. Government has sanctioned an *ad hoc* increase of Rs 60 per ton in the price of all varieties of paper as from June last, but has withdrawn the rebate of Rs 40 per ton on paper in reels. The Directors state that due to a rise in the prices of raw materials, chemicals, stores, freight, electricity, etc, the production costs of paper have been rising. The Company is negotiating with the Mysore Government for additional