



Sungei Ramal Syndicate Limited.

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Sungei Ramal Syndicate Limited.



16th Annual Meeting.

Strong Financial Position: 20% Dividend.

Chairman And Crop Restriction.

The sixteenth annual general meeting of Sungei Ramal Syndicate Ltd. was held at the registered office of the company, No. 1, Embankment, Kuala Lumpur, on Friday with Mr. N.C. English, the Chairman of Directors, presiding.

After the notice convening the meeting had been read by a representative of the Secretaries, Messrs. Bonstead & Co., Ltd., the Chairman addressed the meeting as follows:—

The Accounts and Directors' Report having been circulated to Shareholders, in whose hands they have been for the required period, I will with your permission take them as read.

The nett profit for the year 1929 amounted to \$55,264.61 or about 27½ per cent on the issued capital, against about 25 per cent the previous year. The crop harvested amounted to 369,211 lbs against 320,092 for 1928.



COSTS OF PRODUCTION.

We received a circular from the R.G.A.

strongly requesting us not to publish our costs of production, and gave our consent for this year, though your Directors were not personally particularly in sympathy with the idea, as they thought it unlikely that the request would have unanimous support in which case the value of its costs would be lost. However, we gave our support in order to avoid doing anything to prevent the rubber industry for once doing something unanimously.

Quite a number of companies have been publishing their costs recently so that our fears were justified, and we now hold ourselves free to publish our costs in future if it is desired to do so, as we think this information is of interest to shareholders, and helps to stimulate emulation towards cost reduction. Incidentally we have no reason to be ashamed of our costs and a statement of them is laid on the table for the inspection of shareholders who are present.

The crop was harvested from 824.91 acres tapped on the alternate daily A.B.C system, or 447 lbs per acre all over. Taking two thirds of the area as having been actually tapped throughout the period (say 550 acres) the yield averaged about 670 lbs per acre tapped.

The A.B.C. system has only been in use for about a year so that its full effects have not been felt yet. During 1930 we are not pressing for crop and on some of the less good areas the cuts are being placed specially high on the trees so as to allow for a maximum future bark renewal. The estimate for the year is only 375,000 lbs. and I shall be surprised if this is not obtained approximately even if no tapping is done in May, as I think our original estimate was low.

As regards general restriction of crop, I personally favour no interference with production in the way of arbitrary crop restriction. There are so many complications of a serious nature to be dealt with that it seems to me any scheme is just likely to make things worse eventually as to make them better. However, again in order to encourage co-operation within the industry, we propose to support the R. G. A. recom-

recommendation for stoppage of tapping in May, and trust its final effects will be better than we expect.

Increasing Productivity.

We have sold forward 60 tons of our 1930 crop, which will bring in some \$57,000 against a total estimated expenditure including upkeep of immature rubber of \$68,000. We have left some 240,000 lbs of rubber to sell on the open market, and supposing the average price for the year were only to be 20 cents per lb. this crop would bring in an extra \$48,000, still leaving us with a profit.

Cultivation work is being carried on steadily and a policy of selective weeding has been adopted over all mature areas with the strong support of the Visiting Agent. These measures cannot fail to increase the productivity of the estate.

In view of our strong financial position as shown by the Accounts, and of our forward contracts, we do not recommend the drastic cutting down of dividends, and have therefore proposed a final dividend of 7½ per cent, making a total of 20 per cent. for the year, or the same as in 1928.

We could have paid more, but thought it prudent to have a good carry forward which may enable us to pay an interim dividend before very long, if prices are not much worse than they are at present.

We think it good policy to assure shareholders receiving fairly regular dividends as far as we can do so.

Increase Of Capital.

If our proposals for the increase of capital are approved, the future dividend rate per issued share will of course be cut down by one half, so that we shall require quite a substantial sum to pay say a 5 per cent. dividend. We have no forward contracts for 1931, but should a good opportunity occur during this year of selling forward some rubber at a reasonable price we are in favour of doing so, as we think it a good principle to make sure of a part of our cash requirements out of revenue, in advance.

Soon after this meeting, an Extraordinary General Meeting is to be held to consider the increase of the nominal capi-

tal of the company to \$500,000 and the issued capital to \$100,000, by the issue of 200,000 bonus shares. This was forecasted in my speech last year and the opinion of shareholders was invited. Except for those present at the last annual meeting no further opinions have been received, other than a number of proxies to vote in favour of the resolution. It would seem therefore that the feeling of shareholders is likely to be in favour of the increase.

Main Objects.

The main objects of the increase in capital are :

(1) to make the issued capital of the Company more truly representative of the amount of money spent on the estate than it is at present, as the present low capitalisation per acre gives quite a false impression of actual costs ; (2) it is hoped to make the Company's shares more easily marketable than they are now by increasing the amount of shares that may be dealt in. At present there is no true market value of Sungei Ramal shares because there are practically no dealings in them : (3) to give the Company the your right to issue further shares for cash should it be decided with your agreement, to interest ourselves in a further planting programme of any kind. Before embarking on any such proposal, it is the intention of the Directors to circularise or otherwise consult Shareholders, giving them particulars so as to obtain their views.

Sungei Ramal should be able to produce rubber at a low enough price to make profit for some years to come, but your directors consider that estates planted on modern methods and with modern stock must as time goes on be able to produce very much more cheaply than is possible now, and the cheapest producers alone are likely to do really well. Nor does there seem to be any reasonable doubt but that plantation rubber will always continue to be saleable for as long ahead as one cares to think of. It is therefore thought to be advisable to consider the investment of some money in planting up good land with the best available stock, planting smallish areas only so as always to have the latest por-

ved material. Should this opportunity occur we could probably finance our share for the first year or so from our accumulated funds so that it would not be necessary to issue further capital in a hurry at an unfavourable time.

Moreover we suggest that in future years, including 1930, as capital expenditure on Sungei Ramal will be very little a sum of money should be written off as depreciation on the estate yearly and kept in cash to be used if required for such a planting proposition as I have suggested. The writing off of depreciation in future to my mind is only a reasonable business proposition.

It is realised by your Board that any fresh planting outside Sungei Ramal estate is a matter on which divergent views may quite possibly exist, and I should like to make it quite clear that no action on a large scale will be taken by us if any considerable proportion of shareholders is against it.

As regards tin, an option was given Selangor Tin Ltd. to prospect part of the estate, and they at last succeeded in obtaining a Prospecting Licence from Government which entitles the Company to select an area for mining. The option is on the basis of giving the miners a sublease on a tribute basis, with a substantial guaranteed minimum tribute payable per acre for any land mined.

The position at the moment is that prospecting work has confirmed that done by previous prospectors, and proved a surface deposit on a small area, and that this deposit is derived from the decomposing of a vein approximately one chain long by two or three feet wide.

As no sinking has been done yet, it is impossible to say what depth the deposit extends to. A mining lease on this part is being applied for and also permission to dump tailings into a small swamp belonging to the estate, the condition of which will be improved by this work.

It is hoped later to do further prospecting on adjoining land in case other deposits may be discovered.

Immature Rubber.

As regards your immature rubber, I notice there is a small misprint in the Directors' Report which I regret. The dates of planting of immature rubber should read "1926/9," the last 14 acres having been planted last December only.

The 1926 block including some 50 acres of low lying land caused considerable trouble owing to high cost of weeding and drainage works. The drainage done during the earlier part of the year and previously had very disappointing results, but by the end of the year what seems to be a really satisfactory drainage system has been completed, and all costs are expected to drop very rapidly. The growth of the rubber here has been considerably delayed in consequence. Apart from this the clearings generally are satisfactory and should make a very valuable addition to the estate in due course. There are still further small areas which can be planted later.

From January this year, all costs of immature rubber and new clearings if any, as well as the whole of general charges are to be debited to revenue, this being in the nature of writing off depreciation on the property. The expenditure however will be small and I have already suggested that further depreciation be written off annually. As the value of buildings is written down, the total of property account as shown in the Balance Sheet at \$409,565 44 will gradually decrease until it amounts to about \$400,000, which will be the issued capital of the Company, if it is increased as proposed.

Directors' Visits.

All your Directors have paid one or more visits to the property since we last met, and have kept in close touch with progress. Our thanks are due as usual to the Manager who has put in a lot of hard work. Mr. Lane, who has acted for part of the year for Mr. Leyne, has taken a lot of trouble to give us planting advice, for which thanks of the rest of the Board are due.

I now propose that the statement of accounts and Balance Sheet as printed,

at 31st December, 1929 be and are here-
by adopted, but before asking Mr. J.
Hands to second this motion, I shall be
glad to answer to the best of my ability
whatever questions any shareholders may
wish to ask.

The report and accounts as presented
were passed and adopted, and a final
dividend of 7½% (making 20% for the
year) declared.

The retiring Director, Mr. E G. Leyne,
was re-elected, and Mr. D.H. Hampshire
appointed a Director.

Messrs. Neill & Bell were re-appointed
Auditors.

The meeting terminated with a vote of
thanks to the Chair.