biles has been primarily due to a price disadvantage of Rs 2,000 in the case of a PAL truck and about Rs 900 in the case of a Fiat car when compared with the prices fixed for other comparable vehicles. Although the Company is now in a position to launch on its expansion programme for the manufacture of 15,000 commercial vehicles and components, the Chairman feels that the necessary finance can be raised only if the Company can earn enough profits to provide for a reasonable return to the investor and for a plough back as reserve. He has, therefore, urged the Government to review and relax the existing price controls on vehicles.

Scindia Steam

CCINDIA Steam Navigation's freight earnings fell by Rs 56 lakhs to Rs 17.13 crores during the year ended June 30, 1964. Including other receipts the total income aggregated Rs 17.65 crores which was lower by Rs *57* lakhs than in 1962-63. Expenditure, including operating costs, amounted to Rs 16.30 crores compared with Rs 16.84 crores. Profit before taxation stood at Rs 134.46 lakhs as against Rs 138.24 lakhs. As taxation provision absorbed only Rs 22.50 lakhs as against Rs 68.00 lakhs in the previous year, profit after taxation was higher by Rs 41.72 lakhs at Rs 111.96 lakhs. But the Company had to provide Rs 97.50 lakhs for Statutory Development Rebate Reserve with the result that the balance of profit dwindled to Rs 14.46 lakhs (Rs 61.24 lakhs), which together with the amount of Rs 7.74 lakhs brought in from last account amounted to Rs 22.20 lakhs. A sum of Rs 50.00 lakhs was transferred from General Reserve to raise the disposable amount to Rs 72.20 lakhs and to disburse therefrom Rs 70.40 lakhs as dividend at the rate of Rs 1.25 (Re 1) per share of Rs 20.

The Directors Report states that there was a sustained improvement in the general level of overseas tramp freight rates during the year. In liner trades, there was an increase of 10 per cent in the rates from India to UK-Continent. The higher rate on east coast-USA freight was effective from October 1963, and that on west coast-USA freight from March 1964. In the eastbound trade there was an increase of 10 per cent from U S ports to India as from July 1963. While the voyage results partly reflect the increased freight, the continued upward trend in operating costs has tended to offset the benefit However, it has been possible to retain to some extent the advantage of the freight increases.

The improvement noted earlier in the year in respect of coastal services was offset by delays due to disturbances in Calcutta and reduction in the availability of coal cargoes in the latter part of the year. The Directors apprehend that coastal operations will continue to be unremunerative unless the freight structure is revised upwards.

Sirpur Paper

SIRPUR Paper Mills has fared much better during the year to June 30. 1964. Net sales rose sharply from Rs 3.40 crores to Rs 5.20 crores. After providing Rs 40.89 lakhs (Rs 32.46 lakhs) for depreciation, the gross profit realised was Rs 63.72 lakhs compared with Rs 5.94 lakhs. But provision for development rebate reserve absorbed Rs 53.00 lakhs as against Rs 3.00 lakhs in the previous year. Hence the balance of profit was down to Rs 10.73 lakhs, but was nevertheless more than the previous account's profit of Rs 2.94 lakhs. By writing back Rs 41 lakhs from development rebate reserve, and including other adjustments, the disposable amount was raised to Rs 53.09 lakhs from which Rs 3.00 lakhs were allocated to Contingency Reserve, Rs 11 lakhs to General Reserve. Rs 5.53 lakhs for preference dividend and Rs 32.78 lakhs for Ordinary dividend at Rs 1.20 per share of Rs 10 inclusive of an interim dividend of 35 P already paid.

The Company's production rose from 24,000 tons to 36,000 tons during the year. The increased production enabled the Company to maintain cost of production and profits, in spite of a general rise in the cost of raw materials, chemicals, wages, etc. The Company has placed orders for certain indigenous equipment for effecting improvement in the existing plant. It has also applied to Government for foreign exchange for substantial expansion of the Mills to be effected in collaboration with Kimberly Corporation of USA.

Delhi Cloth

DELHI Cloth & General Mills has now completed 75 years of successful and progressive working. From a small beginning, the Company has now become one of the seven biggest companies in the country. The late Lala Shri Ram was its chief architect. The fall in net profits of the Company despite an expansion in gross profit is attributed by Lala Bharat Ram, Chairman , to the large investments made in new industries which on account of the need to provide for initial depreciation and development rebate, have yet to contribute to the earnings of the Company.

All units of the Company did well during the year except the sugar unit which in common with other units in the industry suffered. The Company's PVC Plant is now in full production although production is likely to fall on account of a cut in electricity by the Rajasthan Government The Company is, however, making efforts to find a solution to this problem of power supply. The Rayon tyre cord plant will start operations shortly.

In his speech at the Annual General Meeting held on November 24, Dr Bharat Ram attributed the spurt in prices of agricultural commodities to shortfalls in production on the one hand and excessive spending by Government on non-productive purposes on the other hand. He felt that the farmer should have adequate incentives to produce more and be provided with adequate facilities at the right time. He suggested that industrialists, at least those who run industries primarily based on agriculture, should take direct interest in agriculture and apply to agriculture the techniques that are employed for the successful running of industries. The Fourth Plan outlays must be such that they should augment productivity. A mere enlarged expenditure without concentrating efforts on increasing production and controlling prices will not be of any avail.

Referring to the present slump in the capital market, he pointed out that the major factor which led to the freezing of the flow of finance from the public was additional taxation, particularly in the budget for 1963-64, which is likely to yield about Rs 800 crores more than the provision made for the Third Plan period. While the diversion of funds to Government has depleted the investible funds in the private sector, a large part of what flowed to the Government was dissipated by it in uses which did not increase the productive capacity of the country. To this extent, growth of national income has been suppressed and the generation of investible finance has been lessened. Borrowing from the capital market would have been a better alternative. Establishment of newer financial institutions will deter the growth of normal channels which alone can sustain development If industry depends on financial institutions, these institutions will virtually assume an unhealthy dominant position.

Indian Oil Corporation

THE Indian Oil Corporation which has been formed by the merger of Indian Refineries and the Indian Oil Company on September 1, 1964 has netted a substantially higher profit of Rs 104.77 lakhs for the year ended June 30, 1964. as against Rs 02.41 lakhs in the previous year, yielding a return of 21.1 per cent on the equity capital as against less than 20 per cent in the previous year. The net profit after taxation gives a return of 16.8 per cent. While sales of oil products and petroleum coke were almost doubled, the operational costs came down from Rs 30.16 per kilo litre in 1962-63 to Rs 29.21 in 1963-64.

The Company has increased its tankages at; installations and depots and built many new depots during 1963-64 and this has enabled the Corporation to effect larger sales. The Corporation is now confident of selling more than two millions kilolitres with its existing facilities.

P A Gopalakrishnan, Chairman of the Company, stated at the Annual General Meeting that the profit would have been still higher but for tne under-recovery of railway freight of Rs 55.77 lakhs and under-recovery of Central Sales tax amounting to Rs 26.92 lakhs. The former is that portion of freight which is incurred lor moving the products from Gauhati to the port from where they are moved to the consuming points. The selling prices fixed by Government include only freight charges from the port to the consuming points. The other oil companies buying products do not share the additional freight paid by the Indian Oil Corporation, as they cannot legally recover the same from other consumers. With regard to the Central sales tax applicable at 2 per cent, while State Governments like Maharashtra and Andhra Pradesh have exempted inter-company transactions from sales tax. other States have not so far done so.

Cooper Engineering

DESPITE an appreciable increase in sales from Rs 261.67 lakhs to Rs 311.16 lakhs, Cooper Engineering has met with a loss of Rs 1.11 lakhs during the year ended June 30, 1964. The Directors attribute this loss to increased cost of raw materials, labour and other items without a corresponding rise in the selling prices of various products and to the additional provision for depreciation at Rs 22.60 lakhs compared with Rs 16.69 lakhs in the previous year. The Company's sales are largely in respect of diesel engines and shaping machines whose prices have been controlled for the last several years. Some price revisions have been effected now and the results will be reflected in the current year's accounts. The Company's plan for manufacture of vertical turret lathes for which foreign exchange loan of Rs 18.5 lakhs has been arranged with ICICI is under way.

In the Company's automatic looms project, parts for production of 50 looms are already received and further parts are expected before the end of the current year. The collaboration agreement between the Company and a West German firm for the manufacture of gear nobbing machines has now been approved by the Government.

Though the operations during the year showed a loss of Rs 1,11 lakhs, provisions aggregating Rs 3.76 lakhs made in earlier years but no longer required helped to show a credit balance of Rs 2.66 lakhs from which Rs 2.65 lakhs have been shifted to Reserve. Dividend has been declared on equity shares at 8 per cent, for which Rs 7.91 lakhs will be utilised from the General Reserves.

Deccan Sugar

THE operations of Deccan Sugar and Abkhari Co for the year ended March 31, 1964 turned out to be more favourable than in the previous year. The Company's Samalkot factory crushed 154,413 tonnes (105,993 tonnes) of cane and produced 8,500 tonnes (11,757 tonnes) of raw sugar and 6,784 tonnes of white sugar. The crushing season was also longer, lasting for 181 days (128 days). In its Pugalur factory, during the special season, cane crushed amounted to 68,851 tonnes (30,508 tonnes) and sugar produced was 6,161 tonnes (2,865 tonnes) and during the main season, cane crushed was 207,425 tonnes (139,131 tonnes) and sugar produced was 19,135 tonnes (14,672 tonnes). Both the cane crushed and sugar produced constituted a record for the factory.

Sales showed a rise of Rs 24.00 lakhs at Rs 4.53 crores, but trading profits were less at Rs 24.62 lakhs compared with Rs 27.50 lakhs in the previous year. However, other incomes being more, net profit for the year stood higher at Rs 29.86 lakhs as against Rs 27.60 lakhs. Including the other adjustments of the previous year, the pre-tax profit amounted to Rs 33.74 lakhs (Rs 29.00 lakhs) from which taxation provision absorbed Rs 18.55 lakhs (Rs 16.83 lakhs), and thus the profit available for appropriation came to Rs 15.18 lakhs (Rs 12.17 lakhs). After earmarking Rs 1.35 lakhs (Rs 1.80 lakhs) for development rebate reserve, and Rs 5.30 lakhs (Rs 2.50 lakhs) for Rehabilitation Reserve, the Directors decided to pay 18 per cent (same) on ordinary shares, including an interim dividend of 6.5 per cent.

Modella Woollens

PRODUCTION and sales of Modella Woollens in its Shoddy Spinning unit during the year ended June 30, 1964 exceeded those of the previous year. A large quantity of special blanket yarn was spun for defence requirements, but the margin of profit was lower as sales had been effected at prices fixed by the Textile Commissioner. Production in the beginning of the financial year was mainly confined to combing Indian wool and later with stoppage of defence demands the unit, was used for combing both wool and polyster fibre on behalf of other spinners. The dyeing unit commissioned in February last is engaged for dyeing wool and polyster fibre tops on customers' account, and with increased demand for such services, the Company is taking steps to increase its installed capacity. A printing plant for tops will be commissioned shortly and a grease extracting plant is under construction.

The year's working has yielded a profit of Rs 22.91 lakhs as against Rs 18.11 lakhs in *the* previous year, following a sharp rise in the sales from Rs 68.94 lakhs to Rs 107.59 lakhs. Depreciation absorbed Rs 11.46 lakhs (Rs 5.25 lakhs); development rebate reserve got Rs 65,000 (Rs 5.82 lakhs). Provision was made for taxation at Rs 3.55 lakhs (Rs 1.30 lakhs). Dividend at 7 per cent will take away Rs 4.32 lakhs (Rs 3.10 lakhs). Of the balance, Rs 2.50 lakhs (same) has been shifted to General Reserve leaving Rs 4.762 to the next account,

Mysore Chemicals and Fertilisers

Mysore Chemicals and Fertilisers has passed over the dividend for the second year in succession. Operating profit before taxation for the year ending March 31, 1964 amounted to Rs 32,741 as against a loss of Rs 51,544 in 1962-63. Sales dropped from Rs 44.28 lakhs to Rs 37.44 lakhs. The reduction in sales is attributed to restricted production of ammonium sulphate because of higher production cost compared with that of other manufacturers.