

BUSINESS AND FINANCE

Company Reports

The New Union Mills Ltd.

The working of the company for the year ended December 1950, has been much better, showing a gross profit of Rs. 3.5 lacs against a loss of Rs. 1.5 lacs in the preceding year. The working would have been still better but for the general strike of textile workers which continued for over two months. There is a net profit of Rs. 2 lacs from which the directors have transferred Rs. 1.25 lacs to Reserve Fund and distributed the balance to shareholders at 8 as. per share, free of income tax. The directors also propose to transfer from the Provision for Taxation Account to the Special Depreciation Fund Account a sum of Rs. 1.75 lacs.

The net block of the company stands at Rs. 10 lacs. The company has secured from their bankers a loan of Rs. 12 lacs by hypothecation of stocks of cotton, cloth and process stock of the company. Total stock-in-trade is valued at Rs. 44.5 lacs at the end of the year while liquid assets are shown at Rs. 60 lacs.

The company has earned by sales of cotton, cloth and waste a sum of Rs. 1.34 lacs. On the debit side, the cost of cotton consumed is Rs. 74 lacs and expenses on salaries and wages Rs. 35 lacs. Depreciation provided for during the year amounts to Rs. 1.25 lacs. The closing balance of stocks of cloth, yarn and waste as on December 1950 is Rs. 8.75 lacs as against the opening balance of Rs. 8 lacs.

It is to be noted that the net profit carried down is subject to taxation as no amount is provided for in the Profit and Loss account.

The Atul Products Ltd.

Once again the company reported a loss of Rs. 1.25 lacs for the year ended December 31, 1950. The total loss carried upto the end of the year is more than Rs. 2 lacs. As against the total expenditure of Rs. 1,40,000, there is a revenue of only Rs. 11,000. Expenses on salaries are at Rs. 60,000 and on interest Rs. 27,000.

The various factory buildings which were under construction are

nearing completion. The installation of machinery and other equipment is in hand and it is expected that production would commence in the course of the year. Further, an agreement has been arrived at with two other companies under which the company will manufacture pharmaceuticals such as aureomycin, sulfadiazine and folic acid. An understanding has also been reached with Cibas and other companies who will allow some of their products to be manufactured by the company.

The company's paid-up capital is Rs. 94 lacs, not including Rs. 6 lacs for calls in arrears. The net block of the company stands at Rs. 64 lacs.

The Ochterlony Valley Estates (1938) Ltd.

The Thirteenth Annual Report and Statement of Accounts just released for the year ended October 31, 1950, reveals a profit of Rs. 8 lacs after providing for depreciation.

The profits this year are higher by Rs. 2 lacs over the previous year. A sum of Rs. 5 lacs is transferred to General Reserve Fund from the available profits. The directors have maintained the dividend at 25 per cent on fully paid Ordinary shares of Rs. 2 each.

The position of reserves is considered to be sound at Rs. 15 lacs as against the paid up capital of the company at Rs. 9.75 lacs. The company has secured two non-convertible First Mortgage Debenture Stocks at 6 per cent and 5.5 per cent for Rs. 6 lacs and Rs. 5 lacs respectively against the immovable property of the company and its estates. It is to be noted that out of the first series of Debenture Stock, nearly 85 per cent of it is already redeemed. There is also Debenture Stock Redemption Reserve standing at Rs. 4 lacs. This means that the net liability of the company is quite negligible.

The net block stands at Rs. 21 lacs against a total stock-in-trade valued at Rs. 9 lacs. The net proceeds of tea crop at Rs. 9.25 lacs are lower by more than Rs. 1.5 lacs than

in the previous year, while the proceeds of the coffee crop have increased by Rs. 3 lacs to Rs. 20.5 lacs. It is seen from the statement of progress that the tea crop is on the decline while the coffee crop is increasing. The expenses on tea and coffee amounted to Rs. 19 lacs,

A total tea crop of 5 lac lbs. was harvested for the season at a cost of 142 cents per lb. and realised an average price of 177 cents against 174 cents last year. The shortfall in the crop was entirely due to the complete failure of rains in the season. The next year's crop is estimated at 7,70,000 lbs. to be harvested at an F.O.B. cost of 113 cents per lb. The production of the coffee estates next year is estimated higher at 750 tons.

TAX EVASION

The amounts of income-tax, super-tax and excess profits tax actually assessed and levied between 1st November 1950 and 31st March 1951, as a result of the Income-Tax Investigation Commission's Report, aggregated to Rs. 287 lakhs. Of this, about Rs. 70 lakhs was realized during the period. This was the information given out in Parliament by the Minister of State for Finance in reply to a question.

The number of cases settled on compromise during the same period was one hundred and one, involving a tax of Rs. 263 lakhs. A sum of approximately Rs. 49 lakhs has been collected in respect of these cases. No definite time limit has been fixed to recover the balance which will be paid in suitable instalments.

In the cases not settled on compromise, proceedings for recovery of the full tax are commenced immediately on the completion of the assessment or re-assessment proceedings, the Minister of State added, but in such cases the progress of recovery is slow due to various reasons.

The expenditure incurred on account of the working of the Commission during the same period was Rs. 3,76,107. This figure includes the expenditure incurred on enquiries and investigation in respect of cases referred to the Commission.