doubt that the earning capacity of the Company will increase substantially when the expansion programme is completed. The expansion is being undertaken mostly through loans obtained with the backing of the Government and the loaes are to be repaid through the price increase allowed by the Government. The shareholders have not put in sufficient money for the expansion projects though they can legitimately claim that had there been no price control, the Company would have been able to raise the necessary resources without any help from the Government.

How will the shareholders fare in future and how far can they legitimately expect to share the prosperity of the Company? It depends on what would be regarded as fair returns in a socialistic pattern of society. The question is complicated by the widening disparity between the share capital and the fixed assets of the company. In 1953-54, for example, while the share capital was Rs 17 crores, the fixed values of the assets was Rs 51 crores. By 1956-57, the share capital had increased to Rs. 25.94 crores while the fixed assets had jumped up to Ra 93.44 crores. If the depreciated value of The assets are considered, the disparity is oven wider. As against Rs 17 crores of share capital, the depreciated value of the Company's assets in 1953-54 was Rs 18.18 crores while the figures for 1956-57 are Rs 25.94 crores and Rs 54.78 .crores respectively.

BURMAH SHELL REFINERIES
Accounts for 1956

THE Directors' Report and Balance Sheet for Burmah-Sheli Refineries Ltd. for the year 1956 is of outstanding performance as well as of unusual interest, for this is the first report to cover a full year's working of the refinery.

The Directors report uninterrupted working of the refinery apart from scheduled shut downs for routine inspection and maintenance. The company processed during the year 2.35 million tons of crude petroleum yielding 2.19 million tons of refined products and saving the country Rs 7.51 crores in foreign exchange.

The financial results of the working of the refinery had been sufficiently encouraging to enable the Directors to recommend to the company in September last year that the Government of India be advised that from October 1, 1956 the company would forgo the duty protection on motor spirit of As 2 per gallon provided for under the agreement for the construction and operation of the refinery. This was estimated to yield to the Government of India revenues in a full year of Rs 2 crores.

The net income of the company for the year to December 31, 1956 amounted to Rs 632 lakhs, after providing for normal depreciation and the estimate of liabllty for taxation. Out of this, the Directors propose additional provision for depreciation, in excels of the depreciation (including development rebate) allowed for taxation purposes to date of an amount of Rs 511 lakhs, This leaves a net amount of Rs 121 lakhs out of current year's earnings. Adding the balance brought forward from 1955 of Rs 186 lakhs, the total available for disposal amounts to Rs 307 lakhs from which Rs 302 lakhs are recommended to be paid out in dividends, leaving a balance of Rs 5 lakhs to be carried forward.

No specific provision has been made for debenture redemption and debentures will have to be redeemed, when they fall due, from reserves and from further earnings.

The Directors, however, are not equally optimistic about future financial prospects. Apart from the effect of foregoing protection on motor spirit, the Directors' point out that experience in oil refineries elsewhere shows that maintenance costs of plant progressively increase with each year's operation and this has an adverse effect on profit margins. The recent increase in crude oil prices in the Persian Gulf will also have an impact on refining margins.

The company incurred capital expenditure amounting to Rs 3.02 orores during the year. Its development programmes progressed satisfactorily. The processing unit for improving the quality of kerosene came into operation in June 1956 and the construe ton of the platform unit proceeded according to plan so that at the end of the year only minor items remained to be completed.

The training of Indian staff and the programme of Indianisation also progressed according to schedule and the number of expatriate staff was reduced during the year from 43 to 32.

SEN-RALEIGH

SEN-RALEIGH Industries were one of the very first to enter into collaboration with foreign firms for the manufacture of bicycles of worldwide repute which had also an established market in the country. The company completed seven years of its life on 30th September, 1956. That its Annual Report should become available almost a year after the closing of accounts may be regrettable but the company's operations during the year give some reason for satisfaction. Production increased by 50 per cent and sales rose to Rs 1.65 crores from Rs 1.13 crores. The profit margin after depreciation, however, declined from 9.8 per cent to 8.7 per cent on account of substantial reductions In prices. The company is still not subject to income tax due to liberal depreciation allowances but a provision of Rs 45,000 has been made in anticipation of Wealth Tax, Net block stands at Rs 1.13 crores while current assets and investments amount to Rs. 98.5 lakhs and Rs 13.9 lakhs, respectively. Secured loans have risen slightly to Rs 71.8 lakhs, including Rs 38 lakhs from the Industrial Finance Corporation, which has sanctioned a further loan of Rs 15 lakhs.

Paid up capital of the company has Increased by Rs 5.8 lakhs during the year to Rs 85 lakhs while reserves and surplus have risen from a mere Rs 71,000 to nearly Rs 10 lakhs, of which general reserve and reserve for repayment of IFC loan are Rs 2 lakhs each while reserve for machinery replacement and rehabilitation gets Rs 4 lakhs. Of the net profit after depreciation of Rs 14.36 lakhs against Rs 11.07 lakhs, distribution including dividend on preference shares amounts to only Rs 4.73 lakhs, indicating the company's firm resolve to plough back earnings.

In February. 1957 the Company received permission for substantial expansion of capacity for production of bicycles and components. It has now decided to sponsor a number of ancillary small scale units for manufacture of some of those components the manufacture of which the company does not propose to or is not in a position to take up.