

Company Notes**Tata Chemicals**

THE financial results of Tata Chemicals for the year ended June 30, 1961 fully vindicate the Chairman's statement that the Company's successful efforts to achieve greater efficiency and curtail costs, which were testified to by the Tariff Commission, have been thwarted by the simultaneous combination of an act of God and arbitrary fixation of soda ash price by the Government. The higher production is reflected in a rise of 27 per cent in sales from Rs 4.16 crores to a peak of Rs 5.31 crores during the year. But the manufacturing and other expenses have also gone up by Rs 1.17 crores to Rs 4.79 crores and interest charges by Rs 4.10 lakhs to Rs 23.79 lakhs, with the result that the gross profit has fallen from Rs 58.41 lakhs to Rs 52.69 lakhs, bringing down the ratio of profit to sales from 14 per cent to 9.9 per cent.

The rise in costs has to a large extent been due to the additional purchase of salt. This became necessary following the extensive damage to the company's salt pans by heavy rainfall, involving an extra expenditure of Rs 26.6 lakhs, the arbitrary cut of Rs 20 per tonne in the ex-works price of light soda ash recommended by the Tariff Commission and the further impost of Rs 19 per tonne in the form of unrecovered freight charges. These cost no less than Rs 17 lakhs to the company during the year. In other words, but for these adverse factors, the company's gross profit for the year would have been about Rs 43.6 lakhs more than what it actually was during the year.

The provision for depreciation has been raised from Rs 23 lakhs to Rs 35.75 lakhs, partly due to the dual rates of depreciation prescribed under the income-tax rules. The profit after providing for depreciation has halved itself from Rs 34 lakhs to Rs 16.94 lakhs. As there is no assessable profit, no statutory provision for development rebate reserve has been made, while last year a sum of Rs 17.40 lakhs was set aside for this purpose.

The company's production of soda ash rose by 28 per cent to 102,000 tonnes during the year and the current rate of production is substan-

tially higher than last year's average. The output of sodium bicarbonate was higher by 11 per cent, and steps are being taken to increase production to 30 tonnes per day. The shortage of salt caused by frequent damage by monsoon will be overcome when the additional 700 acres of pans now being developed and the new salt works in the Okhamandal area reach full production. Along with the development of salt works, the company is concentrating on achieving production of soda ash and derivative chemicals at the full-rated capacity and the production of dense ash is

being pressed forward. The manufacture of caustic soda by chemical process has been discontinued and efforts are being made to double the production by the electrolytic process. With this, the current programme of modernisation and expansion of the company will have been completed. With a modest amount of capital expenditure the company will gradually increase the production of soda ash by another 100 tonnes or so per day. When this is achieved, the Mithapur plant will have reached optimum potential having regard to local resources.



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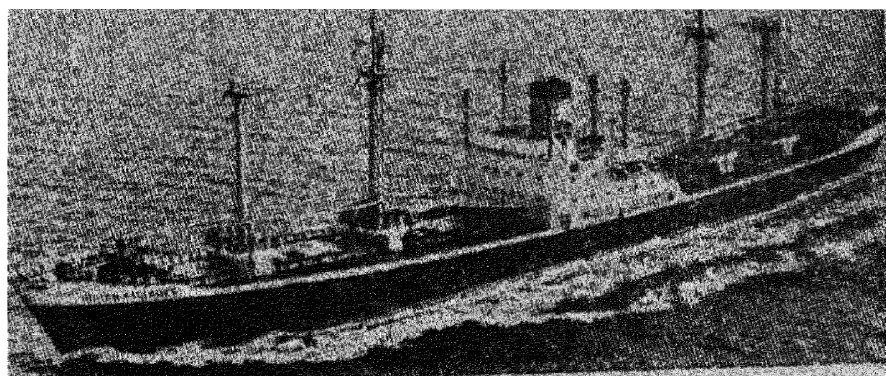
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