THE ECONOMIC WEEKLY

Company Meeting

The Dunlop Rubber Co. (India) Ltd.

Mr Cecil Stack's Review

THE 29th Annual General Meeting of The Dunlop Rubber Go (India) Ltd was held on the 25th April in Calcutta, Mr Cecil Stack, Managing Director' said:

Gentlemen,

The Directors' Report and Accounts for the year 1954 have been in your hands for some time, and with your permission I will take them as read.

I should like to preface my remarks this year by referring to a change in our Board of Directors. Sir Satyendra Nath Roy, who has been a Director since 1948, resigned his seat on the Board for reasons of ill health. His wide knowledge, experience and astute judgment have been of great help to us and I would like to express our sincere appreciation of the valuable service he has rendered to the Company, also the hope that it will not be long before he will be well again.

The Year's Trading

The year under review has generally been a satisfactory one. The volume of sales of all our products was higher compared with the previous year. In terms of production and using our principal raw material, crude rubber, as the basis, we exceeded 1953 by 18 per cent. On the other hand, total sales in value increased only 9 per cent. This difference is largely explained by the reduction made last year in our selling prices of tyres for passenger cars, trucks and buses, motor cycles, cycles and animal drawn vehicles.

Our consumption of crude rubber in 1954 was the highest since our factory commenced production in 1936 and this is indicative of the progress made by the Rubber Manufacturing Industry as a whole, which in my opinion can be regarded as evidence of the sound manner in which the Industry has been allowed to develop. The increasing expansion of India's economy, the implementation of the Five-Year Plan and the emphasis to be placed on Industry in the second Five-Year Plan all help to accentuate the growing importance of our own particular Industry. The development of mechanisation in agriculture as well as the expansion of Industry as a whole will make demands which rubber manufacturers will only be able to meet by expanding their output and by producing a wider range of articles.

With the exception of Cycle, there was no overall shortage of tyre stocks throughout the year under review but difficulties associated with the distribution of our products continued to be experienced as the result of transport bottlenecks and inadequate availability of Railway wagons.

The net profit for the year was Rs 96,37,915 compared with Rs 92,88,299 for 1953 but because of the selling price reductions already referred to, the ratio to turnover has declined in 1954 from 7.4 per cent to 7 per cent before taxation and from 4.6 per cent to 4.3 per cent after taxation.

Products

Our Technical stall work in close contact with the worldwide Group research establishments of the Dunlop Rubber Co Ltd, the benefits of which are fully available to your Company. In this way we are able to keep abreast of all new developments such as the tuneless car tyre, the introduction of which during the year was an outstanding achievement. This tyre is the most important development since the advent of balloon tyres in 1922. It provides added protection against punctures and bursts. It also retains the air much better than the conventional tyre, thus maintaining a more constant air pressure and so reducing tyre wear. With all its advantages it costs no more than a conventional cover and tube of the same size.

In the truck and bus range our Trakmaster tyre, introduced only the year before, became so popular that it proved impossible to meet the demand. More equipment is now in use which will help to remedy the situation.

Our sales of pneumatic tyre equipment for animal drawn vehicles were well in excess of any previous year; likewise our sales of tractor and aero tyres. In addition, the continued rapid expansion of India's bicycle manufacturing industry helped us to break the record set the year before in our production and sales of cycle tyres and rims.

In line with tyres, sales of all our other products advanced substantially. The intensity of our sales efforts, supported by sustained publicity has popularised Dunlopillo Latex Foam Cushioning throughout the country.

The remarkable progress made in our Industrial Transmission Belting business in the previous year continued throughout 1954, and our Conveyor Belting, the manufacture of which only commenced in 1953, is already being used on the major hydro-electric projects as well as in mines, power stations, steel works and numerous factories where the inexpensive handling of large quantities of materials is vitally necessary. Our Industrial Vee Belts and Fan Belts also continue to sell in increasing quantities and as the result, we were able to reduce our selling prices.

During the year we commenced the manufacture of pneumatic tool, welding and high pressure Braided Hoses by the lead press moulded process. This type of hose in long lengths had not formerly been made in India and I am glad to say that our hoses are already proving popular wherever there is a demand for them.

This overall expansion of our manufacturing activities contributed in no small measure to the fact that in 1954 rubber manufacturers consumed approximately 4,000 tons of rubber more than India produced. That the deficit this year is expected to be over 5,000 tons should encourage the Rubber Planting Industry in South India to make serious efforts to increase their production.

Raw Materials

The raw materials supply position was satisfactory throughout 1954. Hold-ups in the clearance of shipments through the Calcutta Port due to labour troubles caused anxiety at certain times. There were no significant changes in prices except of crude rubber of which we were allowed to import part of our requirements because indigenous supplies were insufficient. Prices
ranged between Rs 84 and Rs 150 per 100 lbs as compared with the controlled price for local rubber of Rs 138.

Profit & Loss Account
As I have indicated earlier, the net profit for the year was Rs 96,37,915, and after deducting the charge for taxation the balance of profit available for disposal is Rs 69,45,891 compared with Rs 62,39,833 for 1953. The Directors are recommending the same rate of Ordinary Dividend as for 1953, that is 15 per cent, which will absorb Rs 24 lakhs. The Directors also recommend the transfer of Rs 30 lakhs to General Reserve as against Rs 24 lakhs last year. This will increase General Reserve to Rs 1 crore 68 lakhs as shown in the Balance Sheet. The total amount transferred to Reserves during the last 10 years was Rs 2 crores 45½ lakhs. These appropriations represent shareholders' profits retained and fully employed in the business. I would like to stress here the great need for such conservation of the financial resources of the Company. In addition to the funds required for development and expansion schemes the Company is continually striving to improve the standard of living conditions for its factory employees by providing more residential, hospital, educational and other welfare facilities. During the last ten years the Company has spent over Rs 80 lakhs on buildings for this purpose and very considerable additional expenditure, depending on the continuing prospects of the Company, is planned for the next three years. The Company's housing estate at present accommodates just over 3,700 persons representing employees and their families, and this number will continue to rise over the next 3 or 4 years if, as we hope, the resources are available to complete our plans.

Balance Sheet
The additions to Fixed Assets during the year amounted to Rs 30 lakhs, consisting mostly of plant for expansion and rehabilitation. The amount of depreciation written off in 1954 was Rs 30,20,000 as against Rs 27,78,000 in 1953. Stock Inventories at Rs 395,81,000 are Rs 33,22,000 higher than at the close of the previous year. This was due mainly to increased production, raw material prices having remained fairly stable throughout the year. Sundry Debtors are up by Rs 41,40,000 as a result of the greater sales turnover. Bank and Current Balances are also higher than last year, making the total increase in Current Assets Rs 80,15,000. The net working capital increased by approximately Rs 68 lakhs during the year, which is partially reflected in the closing bank overdraft of Rs 128 lakhs compared with Rs 88 lakhs at the end of 1953.

Employee Relations
During the past year we have striven further to extend and improve our social amenities for employees. The 64 new staff flats constructed in 1953 were all allocated and occupied in 1954, the building of new quarters for the Watch and Ward staff was commenced, as well as additions to the existing facilities for sport, and the survey work was put in hand for the construction of a further 100 married operatives' quarters. Thus we endeavour to maintain our high reputation for working conditions and general labour relations, which have remained consistently good throughout the year. Staff and operatives have continued to exert their best endeavours and have contributed greatly towards the successful outcome of the year's activities. I am sure you will wish to join with the Directors in expressing warm thanks for their loyal and faithful service.