

GIVEN a separate report, contents of which are not known. The shareholder is thus left in the dark about the auditors' strictures and where, the management have been carrying on in an objectionable manner.

The report for 1949 discloses no

dividend and a dividend of 0-6-0 per share is declared for 1950. Gross profits are shown at Rs. 7 lakhs after providing Rs. 3.68 lakhs for depreciation. The Ordinary capital stands at Rs. 50 lakhs and Debenture capital at Rs. 11 lakhs. The depre-

ciated block stands at Rs. 34 lakhs.

A striking item in the profit and loss account is the fantastic figure of Rs. 17,000 and Rs. 12,000 for car upkeep expenditure against value of cars at Rs. 40,000. This certainly calls for explanation.

Company Meeting

The Associated Cement Companies, Ltd.

Speech of the Chairman, Shri Dharamsey M. Khatau.

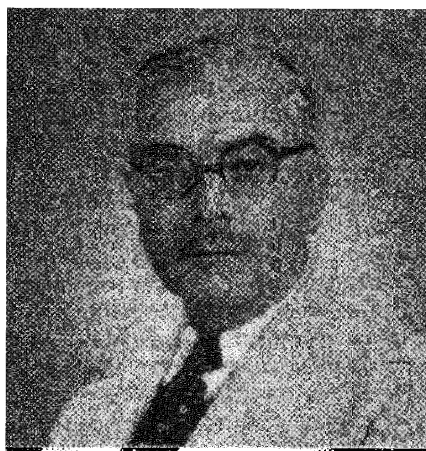
SPEAKING at the 14th Annual General Meeting of the Associated Cement Companies Ltd., held on Wednesday, 24th January, the Chairman Mr. Dharamsey M. Khatau referred to the latest international situation and events nearer home and expressed the hope that wise counsels of our Prime Minister and our representatives in the World Assembly would prevail and a third world war would be averted.

In this hour of darkness, Mr. Khatau continued, it is indeed an irreparable loss that India has suffered by the sudden death of one of her greatest sons and one of the principal architects of her freedom---Sardar Vallabhbhai Patch. A great patriot and a great organiser Sardar Patel's services to his country and his achievements as an administrator and statesman will be long remembered. He brought peace and order into this country without which no industrial development or economic progress is possible, and his masterly achievement of integrating the Princely States into the Indian Union is an outstanding testimony to his peaceful and persuasive statesmanship. His death is indeed a great national loss.

Economic Consequences of Partition

The trend of events during the first year of the Republic has belied our hopes of a speedy solution of the basic problems confronting the nation and an early return of confidence and stability in the economic sector. Most of the maladies may be traced to the economic consequences of Partition, which has left its impress on every branch of political and economic activity, as also to the post-war legacy of depleted resources, increased costs and decreased production. The responsibility of looking after a large number of refugees has further caused a tremendous

drain on the country's meagre finances. Above all is the feeling of insecurity that prevails among all



Shri Dharamsey M. Khatau

sections of our people. When I say insecurity, I mean a feeling of uncertainty about various policies of Government, viz., uncertainty about Central and State taxes and on the question of nationalisation, uncertainty about labour and industrial awards, the fixation of prices, etc. These factors are largely responsible for the present mood of the investor who is shy of risking his capital in doubtful ventures. Naturally, industry and industrial progress are the worst sufferers and production—the one means of raising the standard of living in this country—is at a low ebb. Low production leads to higher prices and higher prices result in controls. A vicious circle thus set in and it will continue till a feeling of confidence and security is restored. It is heartening to note, however, that there has been a growing realization on the part of the Government of the need for continuation of private enterprise. The Finance Minister's recent statement that, by clever and skilful management of our economy, India may yet be out

of the woods, holds a ray of hope for a brighter economic future for this country.

Fair Progress and Prosperity

-Coming to the problems immediately affecting us, I feel I must sound a warning against any complacency that our industry can thrive independently of the fate of the other sectors of the economic and industrial structure of the country. The position of the cement industry, and therefore of your Company, is closely linked with the progress of the various nation-building activities, and its prosperity is therefore largely dependent on the progress in other spheres. My observations' on the working of the Company must, therefore, be read with some measure of cautious optimism. Your Company achieved fair progress and prosperity during the year. This may be attributed mainly to (a) the consistent application of a policy of careful husbanding of the Company's resources and (b) the successful exploitation of a policy of rationalized plant and market expansion.

I am sure you will find the progress of the Company during the year satisfactory. As a result of the steady progress in the expansion

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programme of our group, backed up by a substantial improvement in transport facilities, both production and off-take increased substantially, production showing an increase of 4.21 lakhs tons over last year. It may interest you to know that of the total 8 lakhs tons of additional production capacity for the whole industry which came into operation towards the end of last year, our share was 50 per cent. Our despatches during the year represented an increase of about 18 per cent. over the last year and equalled 70 per cent. of the total despatches for the entire industry in India. You will be glad to know that we have been able to keep pace with the rapidly increasing demand in the country by maintaining production at the maximum level possible.

Increased sales have not only resulted in better profits this year, but also enabled the Company to market its product at the old price level.

Plant Extensions

The Company's plant extensions at Lakheri and at Bhupendra Works of our subsidiary, are well in hand, and the resultant extra capacity will be brought into operation in the near future. The new factory at Sevalia, located on the Anand-Godhra section of the B. B. & C. I. Railway, will be ready to go into production in March or April. The Management have also in hand, simultaneously, schemes for modernizing the Dwarka and Shahabad factories, and their completion will further step up production and efficiency. In this connection, I would like to express my appreciation of the work of the departments in charge of factory administration and materials procurement as well as of the technical personnel at the Works. I would also like to put on record the Company's appreciation of the valuable assistance from the Ministry of Industry and Supply for the import of capital and essential goods.

Central Marketing Organisation

You are perhaps aware of the efforts made by the Government for bringing about a Central Marketing Organisation for the distribution of the entire cement production in the country. In our present 'controlled economy, such an organisation has, perhaps, its own advantages. Your Company was naturally called upon to play a leading role in evolving a suitable organisation. Although negotiations have not yet yielded any concrete results, it became apparent, in the course of our discussions

with the Central Government and with our co-manufacturers, that the immediate effect of setting up such an organisation might possibly be an increase in the price of cement to the consumer. As you all know, the Company's basic policy has all along been to give the consumer a quality product at as reasonable a rate as our cost of production would from time to time permit, without detriment to the investor. With the production catching up with demand, decontrol of cement appears to be not only a logical but also a desirable step. Whatever may be the outcome of these negotiations, the Company will continue to serve, as in the past, the best interests of the consumer.

Welfare of Workers

The welfare of our workers and staff and the provision of good working and living conditions for them are matters of the highest importance and the Company has maintained satisfactory progress in this respect. During the year under review, over 400 additional quarters were constructed at the various works and two hospitals, two canteens, two club houses, one cinema and one creche were also added. I must mention, however, that in the matter of providing amenities to labour, it would not be to the benefit of industrially underdeveloped countries like ours to push up wages and amenities without linking them up to a large extent with increases in production. Our industries cannot survive unless our unit cost of production is low, and it will rest with our labour a lot, whether or not we can do this. Labour can only earn for itself amenities and privileges by helping industry to increase production. I am not hinting that labour should tighten its belt. I am only appealing to our labour to put forth its best.

Unfortunately, our labour is sometimes ill-informed and misled. In spite of the Company's solicitude towards their welfare and its eagerness to meet all their reasonable demands, I regret to report that labour relations this year have been far from happy at some of our Works, resulting in substantial losses in man-hours and production. This unreasonable attitude of labour is symptomatic of the labour unrest all over the country. The machinery set up by Government for the settlement of industrial disputes has proved to be far from adequate. It is to be hoped that at least the con-

stitution of the Central Appellate Tribunal, which gives the employer an opportunity to appeal against inequitable awards, will ensure a better sense of proportion and uniformity in the principles governing these awards.

Amenities To Labour

I would ask you as well as the numerous workers employed in different units of the organisation to look for a moment at the picture in the Report "showing the ratio of distribution of the Company's revenue. As much as 34.50 pies in every rupee of the revenue is now being spent on and for the employees as against 19.87 pies some eight years ago, which works out to almost one-fifth of the Company's revenue. I would also refer to the considerable headway that has been made towards provision of amenities to the factory labour, the responsibility for some of which should rightly have devolved on the State Governments concerned. The Company's expenditure on amenities up-to-date has reached the figure of 168 lakhs of rupees—an impressive figure, indeed, for any industry, if I may say so.

Dividend

In recent years, with the exception of the financial year 1948-49, the Company has been unable to maintain its normal dividend level due to the Dividend Limitation Ordinance and other factors beyond its control. Bearing this in mind and having regard to the fact that a premium of Rs. 50 per share was paid in cash by the shareholders at the time of the recent additional issue of Capital, your Directors have considered it fair to recommend a dividend of 8½ per cent. this year. This higher dividend helps to bring the average of the dividends declared during the last four years closer to the normal rate which the Company strives to maintain.

The Board has recommended this year the payment of a bonus equivalent to two months' salary, to the staff at the Head Office, the Works and other places, and to labour at the Works, Mines and Quarries, and I am sure you will approve of this recommendation.

The Chairman concluded by recording the Company's appreciation of the loyal and efficient service rendered by the staff at the Head Office and Branches and the workers at the various factories, collieries and quarries. The report and the Audited Statement of Accounts for the year ended 31st July, 1950, was then adopted.