

The Structural Engineering Works Limited

Speech of the Chairman Mr A D Shroff

THE following is the speech of the Chairman, Mr A D Shroff delivered at the Annual General Meeting of the Structural Engineering Works Ltd held on 31st December 1956: -

The Directors' Report and Audited Accounts for the year ended 30th June 1956 have been in your hands for some time and I am sure you will find the results satisfactory.

As pointed out in the Directors' Report, both the Works at Sewri and Mulund continued to be fully occupied. As a matter of fact, the demand for structural fabrication capacity in the country has been insistent and your Directors are seriously considering increasing the capacity from 350 to 750 tons per month. The Mulund Works are busily occupied with the completion of the Vaitama-cum-Tansa Pipe Line Scheme. I am glad to inform you that the Company has been able to secure by direct and independent negotiations with the Bombay Municipality the work relating to the fabrication and laying of pipes for the third stage for about 15.1/2 miles. It is a matter of considerable gratification that the authorities concerned have been fully satisfied with the type and quality of work executed on this pipeline scheme. Besides, the Company is negotiating with other Municipal authorities in the country for substantial contracts of a similar nature, some of which are likely to fructify before the end of this official year.

A Tribute

The Company has now completed its thirteenth year and it would not be inappropriate if I refer to some of the salient features in its operations during this period. I am confident that the shareholders of this Company will look with pride upon the success of this Company as an achievement of free enterprise in the medium-scale industry. It must, however, be put on record that this achievement is very largely, if not entirely, due to the enterprise, pioneering spirit and faith of Mr N B Bhagat, the founder of this Com-

pany. Starting with very modest means and with the assistance of the late Mr M C Ghia and the Investment Corporation of India, he embarked on this industry in 1943 when, being unknown to the investing public, he could not gather sufficient capital. But his faith in the ultimate success of the Company and the persistence with which he fought the difficulties in the initial stage have fortunately brought this Company to its present stage of strength and prosperity. Perhaps it may not be generally known that in undertaking the Tansa Pipeline Project, he mortgaged his personal properties to raise additional finance supplementary to banking facilities to cope with the increasing fund[^] required for the execution of the contract. Men of Mr Bhagat's courage and faith in the industrial development of the country are contributing towards raising the status of India as an industrial country.

Ploughing Back Profits

Your Directors are recommending the payment of a dividend of Rs 15 per ordinary shares, which is fully justified by the results of the last year. As a matter of fact, some shareholders have complained that the dividend recommended is disproportionately low and I have full sympathy with them realising that since the inception of the Company the average dividend distributed to shareholders only comes to 4.61 per cent. I, however, want the shareholders to appreciate that in view of the number of projects, both expansion and new, the Directors are compelled to plough back a substantial amount of the profits to enable the Company to successfully implement them. It is the general experience of all industries in recent months that the availability of funds, both in the 'shape of new capital and working capital from Banks, is definitely diminishing and I shall be very unhappy if, for lack of finances, this Company is precluded from completing the various projects under the consideration of your Directors.

Penal Supertax on Dividends

From other platforms I have earnestly pleaded with the Finance Minister for examination of the position of Companies like these which come under the mischief of Section 23-A of the Indian Income-tax Act. There are good and sound reasons rooted in the historical background of a number of smaller medium-scale industries which justify a differential treatment from those companies which have been essentially formed to avoid large payment of direct taxes. Similarly, the history of this Company confirms my plea that the penal supertax on dividends is both illogical and unscientific as it completely ignores the average return earned by shareholders over a period of years.

I am glad to say that our relations with our workers have been very happy and satisfactory throughout the year.

I wish to take this opportunity of expressing our gratitude to all those who have rendered such devoted and loyal services to achieve the results of the last year and I am sure the shareholders will join me in paying this tribute to our entire staff.

Milk Industry in Second Plan

SCHEMES costing about Rs 17.5 crores for the development of milk industry during the Second Five Year Plan envisage 36 co-operative milk unions, for supplying milk to urban areas by procuring milk from surrounding villages on a cooperative basis.

It is proposed to establish colonies for milk cattle dislodged from the cities of Bombay, Calcutta, Delhi and Madras with large dairies for improving the milk supply of these cities. Schemes are being finalised for the establishment of cooperative rural creameries and 7 milk products factories, expansion of existing dairies to increase their milk handling capacity and milk boards for improvement and overall control of milk supply.

January 5, 1957

THE ECONOMIC WEEKLY

PLANNING FOR PROGRESS