The Dunlop Rubber Co (India) Ltd

Mr John Luckham’s Review

THE 31st Annual General Meeting of the Dunlop Rubber Co. (India) Ltd. was held in Calcutta on the 29th April, 1957. Mr. John Luckham, Managing Director, said:

Gentlemen,

The Directors' Report and Accounts for the year 1956 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 changes in your Board of Directors. Mr. Cecil Stack, who had been a Director of the Company since 1942 and Managing Director for the last six years, resigned at the end of last month. During the last year Mr. Stack had been in indifferent health and since he had served for 33 years in this country he decided to accept an appointment offered to him by the Dunlop Rubber Co. Ltd. in London. It was with great regret that the Board accepted his decision and I am sure you will wish to join me in expressing our appreciation of Mr. Stack's long and valuable services.

You will have seen from the notice convening the meeting that it is proposed to appoint Sardar II. S. Malik to the Board. Sardar Malik, as I am sure you are all aware, has recently retired from a long and distinguished career in the service of the Government of India and latterly as Indian Ambassador to France. I am confident that Sardar Malik's wise counsel and great knowledge of affairs will be of the utmost assistance to your Board and I commend this appointment for your approval.

The Year's Trading

The factory was working to full capacity throughout the year and new records of output were achieved. Nevertheless, we were unable to meet the demand for all of our products and a shortage of Giant and Cycle Tyres and Cycle Rims necessitated the Government granting import licences for these products to alleviate the situation. We have plans for increasing our production and I will deal with these later on in this review.

Once again distribution of the Company's products was adversely affected due to the shortage of railway wagons. Many pleas have been made from both the public and private sectors for serious action to be taken to improve the situation, and it is to be hoped that this important problem will receive the attention it deserves.

Total sales in value were 12½% higher than in 1955, but with the lower level of selling prices prevailing throughout 1956, the ratio of profit to turnover declined from 3.6% to 3.2% after taxation. This exceedingly modest profit percentage provides, I think, a good measure of our service to the community.

Products

We have continued to receive the full benefits of the Dunlop world-wide research activities and many improvements have been put into effect during the year.

Last year my predecessor announced the introduction of the new Dunlop Roadster Giant Tyre, and it is with great pleasure that I am able to tell you that this has been extremely successful and has proved ideal for most conditions. This new tyre, combined with the ever popular Dunlop Trakmaster Giant Tyre, provides users with an ideal selection to choose from to cover the different types of service conditions which are found in this country.

Car Tyre performance continues to be excellent and we have retained our premier position in the market.

I must make mention here of the very rapid growth in the development of the Scooter and to say that your Company have prepared themselves to meet the demand for the special type of tyre required.

The Bicycle Industry continues to develop very rapidly and so far we have been unable to keep pace with the demand for our Cycle Tyres and Rims, and, as already stated, imports were necessary to help fill the gap.

Substantial increases in sales were also achieved in our Industrial Rubber Products range. The second Five Year Plan has already increased the demand for Conveyor Belting and we are taking steps to ensure that we can play our part in meeting this. Further great strides were made in Dunlopillo Latex Foam Cushioning and demand remains ahead of production.

Our work in chemical plant lining made considerable progress during 1956, and we now have orders in hand which fully justify our decision to undertake this work.

New Factory

I am happy to be able to tell you that in addition to the expansion which has taken place and will continue at least for the next two years at your Sahaganj factory, the Company has obtained Government approval for the establishment of another tyre factory in Madras. The Chairman stated at this time last year that we as a Company hoped to play our full part in meeting the very considerable increase in demand for rubber products which would arise under India's Second Five Year Plan. The new factory in South India will, it is hoped, give us sufficient overall capacity to meet the demands for our products for some time to come. A substantial amount of additional capital will be required to finance this new project and as soon as our plans have been finalised you will be advised of the Board's proposals. An issue of further share capital will form the basis of these plans.
Raw Materials
The raw material supply position, with the exception of crude rubber, was generally satisfactory and we were fortunate that at the time of the Suez Canal crisis we had adequate stocks of imported materials.

As in the previous year, consumption of raw rubber by manufacturers at 31,405 tons for exceeded production at 23,444 tons and substantial imports were made.

Since the world market price of rubber had fallen below the Indian controlled price, Government introduced a cess on imported rubber equal to the difference between the landed cost of the imported rubber and the local price, applicable to all imports after August, 1956. The amount collected under this price equalisation policy is payable to the Rubber Board as a contribution to the rehabilitation of rubber plantations. We were happy to co-operate with Government in this scheme, but have been unable to get any indication of how the importer will stand in the event of the world rubber price again rising above the local price.

Generally costs tended to rise during the latter half of the year, chiefly due to increases in freight rates and import duties. For instance, the duty on rayon yarn, one of our chief raw materials, was increased by 25% and to a lesser extent carbon black and tyre valves were also affected.

Profit & Loss Account
The net profit for the year after providing for depreciation, interest and taxation was Rs. 35,09,909 and after taking into account the balance of profit carried forward the amount available for disposal is Rs. 66,81,594 compared with Rs. 61,28,686 for 1955. The Directors are recommending the same rate of Ordinary Dividend as for 1955, that is 15%, which will absorb Rs. 24 lakhs. The Directors also propose the transfer of Rs. 26 lakhs to General Reserve as against Rs. 22 lakhs last year. This will increase the General Reserve to Rs. 216 lakhs and you will see from the Balance Sheet that the Ordinary Share Capital is covered more than twice by the total Reserves and Surplus. These reserves are, of course, fully employed in the business and the continued availability of profits for appropriation to reserves is very necessary to assist in providing the funds for development and expansion.

Balance Sheet
The additions to Fixed Assets during the year amounted to Rs. 42,22,000, consisting mainly of Plant and Machinery for expansion and modernisation. The amount of depreciation written off in 1956 was Rs. 30,55,000 as against Rs. 27,51,000 in 1955.

Stock inventories at Rs. 455,47,000 were Rs. 63,84,000 higher than at the close of the previous year. This was partly due to increased production but also to the fact that some raw material stocks were abnormally low at the end of 1955. Sundry Debtors were up by Rs. 28,79,000, due to the greater sales turnover. Cash, Bank and Current Balances were also higher, making the total increase in Current Assets Rs. 107,15,000. Deducting the increase of Rs. 17,96,000 in Sundry Creditors and other current liabilities there is shown a net increase in working capital during the year of approximately Rs. 89 lakhs, which is reflected in the combined rise in the bank overdraft (including the usance promissory notes) and unsecured loans.

Employee Relations
During the past year we have continued our efforts to maintain and improve our high reputation for congenial working conditions and welfare facilities. At our Sahaganj factory we now house, at low rents, a community of 4,600 employees and their families. The standard of housing is very high and excellent medical services including a modern hospital are available to all. Canteens have been provided in which good meals are available at subsidised prices. The existing educational facilities for children are now proving inadequate and a new school building is under construction. A market building is also being provided to improve shopping conditions for the residents in the Company's housing estate. The construction of 65 additional houses, to which the Chairman referred on this occasion last year, is now well advanced and improved street lighting is being installed. All forms of sport are encouraged, for which the Company provides the necessary grounds and buildings. Thus we strive to look after the welfare of our employees and extend their social amenities. General labour relations remained consistently good throughout the year. Staff and operatives have given us their loyal support and contributed greatly towards the successful outcome of the year's activities. I am sure you will wish to join with the Directors in thanking them for their faithful service.

NOTE:—This does not purport to be a record of the proceedings of the Annual General Meeting.

Currency Reform in Sudan
SUDAN introduced its own independent currency from April 8. Egyptian currency which under the Anglo-Egyptian condominium, circulated in the Sudan and has continued to circulate there since the Sudan's independence (January 1, 1956) will now have to be repatriated. As part of a settlement for the redemption of Egyptian currency circulating in Sudan, UK had undertaken to transfer a reasonable sum, to be agreed between the Sudan and Egypt, from Egypt's sterling balances to a separate Sudanese account. With Egypt's consent, the British Government has agreed to transfer £15 million sterling to Sudan from Egypt's blocked sterling balances.

In addition to Egyptian notes and coins, between £1 mn and £2 mn of British silver has been circulating as currency in the Sudan. The United Kingdom Government has also agreed to redeem this at face value in sterling as and when the coin is repatriated to the United Kingdom.—L P S.
how far

can a

road reach?

It can reach right into the future
...it can break down isolation...it
can gain access to the inaccessible
...it can bring economic uplift.
But no modern road can reach far
without oil! Oil to power construc-
tion equipment; bitumen to surface
the road; fuels and lubricants for
buses, trucks and cars. The Caltex
Refinery, nearing completion at
Visakhapatnam, will play a vital role
in transport development by
supplying India with Caltex
quality petroleum products.
It is a tribute to free enterprise.

OIL is the Lifestream of Progress

CALTEx

CALTEx Petroleum Products