

Chairman's Statement

Alind's Eighteenth Annual General Meeting

Mr S Narayanaswamy Reviews Activities

Addressing the Eighteenth Annual General Meeting of the Aluminium Industries Limited held at the Registered Office, Kundara on 28th September 1964, Mr S Narayanaswamy, Chairman, said:

At the outset, let me perform the solemn and melancholy duty of expressing our sorrow on the passing away of our esteemed Prime Minister, Pandit Jawaharlal Nehru. It is not given to every country to have in unchallenged helmsmanship of affairs, a person of his moral and cultural stature, for a cycle of seventeen years—particularly in the wake of discarding the fetters of foreign rule, which was accompanied by the pains of partition. It was good to have had a statesman of his calibre, with an unshakable distaste for wrong doing, in administrative captaincy of India. This exalted the country's image before the world. The sorrow caused by his passing is mitigated in some measure, by one whom he loved, esteemed and trusted becoming his successor. Mr Lai Bahadur Shastri's unanimous choice as Prime Minister of India has been well received and been acclaimed by the world as sagacious and sound. Let me wish Mr Shastri a purposeful and long term of office.

The year 1963-64 has been for ALIND a period of fulfilment and consolidation, no less of expansion and preparation for greater expansion. From the point of view of distribution, it has been the year of restoration of dividend to what may be called its classical level, this having been rendered possible by the abolition of the Super Profit Tax—which is of course not saying much for its twin successors—the Surtax and Dividend Tax. It was not necessary to substitute a retrograde tax by other imposts that tend to render the reliefs somewhat unsubstantial in content. In particular, the Dividend Tax is infelicitous in concept—in so far as it implies that distribution of any dividend on risk capital is among things that Government disapprove, which is far from being Government's intention.

Taxes imposed in post-independence years have proved that the psychological damage done by tax levies has a sinister way of outliving the financial damage done to corporations as to in-

dividuals. The long term victim of such damage is the New Issue Market, which Government are so anxious to see revived.

Solidal Plant

The company's "Solidal" plant for the manufacture of low voltage underground cables has just been erected and will go on stream next month. Members of our Engineering staff that went to Europe to receive training in operating and field-laying of these cables are back in Kundara. The problem of acquainting the Indian consuming market with the properties and high keeping qualities of this comparatively unfamiliar type of underground cable, is being actively tackled. "Solidal" will take ALIND quite a distance on the highway to comprehensive cable production.

Our production of welding cables—the first attempted with Aluminium metal in India—has been well received by consuming markets and the indications are that we shall be considerably augmenting our production of these. Production of microgauge aluminium wire required for stranding in the manufacture of cables has opened up a new field of possibilities in the manufacture of welding and trailing cables.

Your company has received Central Government's approval for substantial expansion of bare conductor capacity at Kundara and Hirakud. Items of balancing equipment are required to be imported to put this expansion through and the required foreign exchange is being secured in part by a loan from the I.C.I.C.I. Licences for the erection of a second rod rolling mill have been received and orders have been placed with the suppliers. This is expected to go into production in the third quarter of 1965.

The company has been in correspondence with Japanese friends with a view to establishing a plant for the manufacture of cable making machines. This has now reached an advanced

stage and the Board is actively considering the details of terms of collaboration offered by a reputed Japanese firm for establishing the manufacture of a diversified range of cable making machines. This is but a logical step from cable making in which this company has been engaged for 14 years now. At the appropriate time, your Board will be making a supplementary share issue to finance this project.

The company having set up a tradition of drawing on its current resources for sundry capital programmes, has frequently experienced ways and means discomforts. These are aggravated by the added needs of working funds, generated by the very expansions so put through. The Board has been wrestling with this problem from time to time but beyond a stage it is unwise to subject the company to stresses and strains, stemming from under-capitalisation, which has the direct result of swelling our bank obligations. I may assure you that the Board has this matter under constant review. Consistent with the large draft made on the company's profits by current levels of corporate taxation, we are straining every nerve to plough back funds into the company.

While it is not my purpose to repeat what has been stated in the Annual Report, I think you will be glad to know that the orders for bare conductors currently on our books are of a magnitude as to keep both our bare conductor units occupied for well over two years.

Exports

The company has contributed its modest mite towards export promotion—and has during the first four months of the current financial year exported about Rs 275 lakhs, with orders pending execution being Rs 114 lakhs. We exported Rs 1.11 lakhs worth cables in 1963-64. We are continually exploring external markets—the African Continent, East European countries, Middle and Far Eastern countries, with our Sales Manager Mr

Peer Mohammed, keeping in personal touch with these developing markets.

In the manufacture of covered conductors, we have been using P.V.C. When we commence production of "Solidal," we shall be using P.V.C. as the principal insulating and sheathing material. Import of P.V.C. has been banned as indigenous production of P.V.C. has been on for some time. However, the price of P.V.C. manufactured in India is somewhat on the high side and tends to push up the end price of our P.V.C. cables of all descriptions, in such a manner as to impair our competitive capacity. Particularly, when Indian rubber production is rather meagre in comparison with the mounting demands made on it, it becomes important to make alternative insulation material for cables available on reasonable terms to the cable industry. It is time Government paid attention to this important aspect of making processing material available to this vital engineering-cum-public utility industry.

High Carbon Steel

Your company depends on external sources for high carbon steel to operate its high tensile steel wire plant. Supply of this has been uncertain and fitful. The somewhat erratic supply position has compelled us to keep our steel plant idle on two occasions recently. After all, prompt erection of transmission lines for electricity supply depends on the bare conductor industry making cables available according to schedule. Capricious or poorly regulated licensing of high carbon steel can hold up these supplies through shortage of reinforcing wire. We, therefore, appeal to Government to ensure regular licensing of special steel rods until domestic producers commence manufacture of such steel.

Aluminium Metal

Which brings me on to the larger question of aluminium metal. It is some time since the Government of India announced their policy decision that the cable industry in the country should switch over from copper to aluminium, on the ground that we have very little copper production in India and that having regard to our known bauxite reserves and the increasing output of aluminium metal in the country, it would be safer to depend on aluminium. The copper-using cable industries have accordingly been putting through a phased programme of switchover to aluminium cables. Meantime, the statistical position as to the demand for

aluminium and supply of the metal from the limited number of reduction units functioning in the country, is far from reassuring. It is true some units are shortly increasing their production and some more units have been licensed. But having regard to the highly capital-intensive character of the industry, blue prints may take time to be translated into production units and it is prudent to expect that they will not be able to add to available metal for at least four years. Meantime, the metal consuming engineering units are fast multiplying. The technical position of aluminium metal availability renders it necessary for Government to license liberal import of the metal for at least the next five years—if we are not to confront shortage and consequent under-utilisation of industrial units, which the country can presently ill afford.

Cordial Employee Relations

Our relations with labour have been quite cordial. Workers in three out of four manufacturing units are covered by Long Term Agreements that provide for orderly collective bargaining, prompt disposal of grievances, a fair wage system and reasonable working conditions. These agreements further provide for "payment by results" in the matter of incentive bonuses evolved with the help of work study teams. The last of the Kundara Agreements was signed on 1st June 1963. The agreements have in the past secured undisturbed plant operations and a pronounced productivity consciousness among the works as is reflected in output.

The company has been endeavouring to build up a sound framework of Supervisory and Managerial personnel through intensive training and affording of opportunities to the executives to prove their mettle. Apart from domestic facilities provided, we have availed of opportunities to send our men to Management Institutes, the Administrative Staff College, Hyderabad and the National Productivity Council Courses. Under the NPC and allied training programmes, we sent four of our executives abroad for training in Management. The company believes that investment in human material is of vital importance to the future of industry and managerial skills are a basic need of modern organisation.

I would like to conclude my observations with placing on record the Board's deep appreciation of the splendid work done by Messrs Seshasayee Brothers

(Travancore) Private Ltd., and in particular, by its Managing Director Mr B V D Menon, and their sustained endeavour to expand and broad-base the company's activities. The fine work done by the General Manager, by the Managerial and Supervisory personnel and by all ranks of workers and staff has been in good measure responsible for the year's results and the Board wishes to convey to them their grateful thanks.

I now move for adoption the company's Report and Accounts for 1963-64. In doing so, I shall be glad to answer any question concerning these.

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

Road Planning Boards

IN a letter addressed to all Chief Ministers, Shri Raj Bahadur, Minister of Transport, has emphasised the need for expediting the setting up of Road Planning Boards in their States. The Minister observes that the Boards should be in position soon so that integrated and co-ordinated road plans for inclusion in the Fourth Plan could be formulated.

The Road Planning Boards, Shri Rai Bahadur says, would broadly speaking suggest criteria and methods for assessing cost and benefits, examine proposals for road development drawn up for the Annual and Five Year Plans, advise on the preparation of co-ordinated long-term development plans, recommend priorities and phasing of programmes, appraise progress made from time to time, promote research and training, consider questions concerning road specifications and standards in relation to utilization of different types of vehicles.

In this context he refers to the recommendations of the Transport Development Council which met in Srinagar in July this year that integrated and co-ordinated road plans should be drawn up and the road network of the country should be visualised as an interconnected system and its development and expansion so planned as to provide a national road plan. To prepare such a national road plan, of which State Road Plans would form an organic part, technical advisory bodies which might be designated as Road Planning Boards, should be constituted both at the National Level and in the States, and they should consist of the representatives of all the principal Government agencies concerned.