

Kamani Engineering Corporation Ltd

A Successful Year of Working

Chairman Shri R H Kamani Outlines Expansion Programme

STATEMENT of Shri R H Kamani, Chairman, Kamani Engineering Corporation Ltd at the 19th Annual General Meeting of the Shareholders held in Bombay on 30th March 1965,

I take great pleasure in welcoming you all here today to this 19th Annual General Meeting of the Company.

The past year has been a very critical one for the country. We lost our beloved Prime Minister Jawaharlal Nehru. Tributes to his memory from all over the world bore an eloquent testimony to his greatness. Shri Nehru was one of the principal architects of our Independence on whom fell the glorious task of piloting the nation through the formative years on the morrow of independence. The void created by his death will not be easy to fill. AU of us must, therefore, exert ourselves to the utmost to extend and enrich the efforts for the improvement in the standard of living of the people. We can take some comfort from the orderly transition to the post-Nehru era which many had feared would be extremely difficult. We offer our heartiest congratulations to Prime Minister Lal Bahadur Shastri and his colleagues and wish them all success,

Agriculture and Industrialisation

The year was marked by a severe food crisis the like of which had never been seen before. We have just perhaps turned the corner of the critical situation. While on this topic of food problem, it is important to understand that any significant increase in agricultural productivity is now very much dependent on industrialization. The complementary character of industrialization to agricultural development needs to be fully realized. Rural electrification can play a very useful role in facilitating the use of modern technology by our agriculturists. By promoting the spread of electrification our company is not only assisting the efforts for industrialization but is also supporting in a very substantial manner the efforts of improving agricultural productivity and raising the standard of living of the people.

Rising Prices

Rising prices have become a source of constant worry to the nation. Commerce and industry are immediately affected by rising prices, which induce costs to go up generating friction between employers and workers, lowering productivity, affecting industries' competitive capacity and weakening export efforts. Our company has had to pay Rs 2,34,000/more as a result of increased cost of living during the year under review. The Planning Commission and Government have often spoken of the need to keep prices under check. In practice, however, this objective has not been achieved. It is to be hoped that the Government will now give a more serious thought to this aspect of the economic problem. In our company we are doing everything possible to keep prices down, despite the rising costs of raw materials and labour. Between 1954 and 1964 the basic cost of steel alone went up by Rs 287 per tonne from Rs 433 to Rs 720. Yet the selling price of a tower increased only by Rs 100 during the same period. This was possible only by the success in our constant efforts to reduce costs through improved designs and better mode of working.

Working of the Company

The company did well during the year under review. The company earned a gross profit of Rs 35.04 lakhs during the year ended 30 September, 1964 against Rs 32.24 lakhs in the previous year.

The dividend was maintained at the preceding year's level at 12 per cent.

Allocations include Rs 2.27 lakhs for the Managing Agents' remuneration as against Rs 3.04 lakhs in the previous year, and Rs 7.49 lakhs for depreciation as against Rs 6.55 lakhs. The estimated tax liability will be Rs 16.60 lakhs against the provision of Rs 21.50 lakhs made in the previous year.

The development rebate absorbs Rs 36,000 against Rs 37,000 in the pre-

ceding year. The net allocation to the General Reserve has been raised from Rs 5.15 lakhs to Rs 6.15 lakhs. The company can confidently look forward to the future since the extension of the electrification programme will naturally result in an increased demand for the supply of transmission line towers. Transmission of high voltage electricity over long distances is a very difficult task and can be handled only by companies having adequate technical skill and manpower. The creation of the zonal power grids and the national power grid will increase the demand for such long distance transmission of high voltage electricity. The experience gained by the company in the field during the previous decades places the company in a particularly favourable position to handle such difficult jobs which are vital for the nation's progress.

Steel Structures and Erection

The production of galvanized and painted steel structures during the year under review was 18,248 tonnes which is almost the same as that of the previous year. Production could not be increased further as the company continued to encounter difficulties in getting tested steel of required sections.

Sales of factory products and erection work undertaken during the year amounted to Rs 3,95,13,965.

Orders on hand for towers and structures at the end of the year were 45,422 tonnes and for erection of transmission line, the pending orders were 3,597 kilometres.

Railway Electrification

The Indian Railways have spent about Rs 110 crores on electrification of tracks during the last 40 years, but still the programme is reported to be 20% behind the target. Our company has been entrusted with the work of railway electrification for 370 kilometres in Group 18 of the scheme of railway electrification from Igatpuri to Nand-

gaon. During the period of the fourth Five Year Plan 3,348 route kilometres (6,975 track kilometres) of railway are proposed to be electrified. With the achievement to its credit our company can confidently look forward to playing a very substantial role in railway electrification during the next plan period as well.

Ropeway

The company has also secured an order, in collaboration with the well-known German firm of M/s Pohlig-Hecle Bleichert Vereinigter Maschinenfabriken Ag for the installation of a ropeway from Chasnalla to Burnpur for the Indian Iron & Steel Co Ltd for a distance of 60 kilometres. The ropeway will have a carrying capacity of 450 tonnes per hour and will be the heaviest ropeway in the world for the distance covered.

Road Rollers

Due to the very considerable increased interest and demand for "Tractamount" Road Rollers, a separate Department was constituted in June 1964 to look after planning, production, and sales of road rollers.

The number sold in the six-month period ending 30 June, 1964 was the highest for any previous half year.

I am pleased to announce that the production during the half year ending December 31, 1964, left the previous record figure far behind.

Plans are now in hand for considerable expansion of the Tractamount road roller department with an annual production of 300 road rollers as the target.

Expansion Project

The company has decided to raise its annual production capacity from 24,000 tonnes to 60,000 tonnes. The expansion project consists of modernisation and expansion of the existing plant at Kurla, Bombay, so as to raise its production capacity from 24,000 tonnes to 30,000 tonnes per annum, and the installation of a new plant at Jaipur in Rajasthan with a capacity of 30,000 tonnes per annum. The total capital expenditure for implementing the expansion programme in Jaipur and Bombay is estimated at Rs 170 lakhs.

Applications for raising long-term loans to the extent of Rs 98 lakhs including the foreign exchange requirement are being made to the financing institutions and the balance will be arranged from the company's internal resources. The company has already purchased about 50 acres of land at Jaipur West Railway Station and the development on this is now in progress. A new office has been opened in Jaipur to look after the work of expansion.

Testing Tower

The tower testing site at Bombay was dismantled under terms of an agreement signed with the Central Government on 17 June, 1964. The company has already received from the Government Rs 4.50 lakhs by way of compensation and expects to receive a further sum of Rs 1.50 lakhs on the completion of the construction of the new tower testing station at Jaipur.

Exports

The value of exports of engineering goods from the country had gone up from Rs 13.47 crores in 1963 to Rs 16.86 crores in 1964.

Our company has played a creditable part in promoting the export of the non-traditional goods from India. The company executed orders from the Philippines which included designing, testing, manufacturing and shipping, in the record time of seven months. The Nigerian Government order for the supply of 132 KV Transmission Line Towers was also executed for the most part. Earlier, the company had exported its products to Canada, New Zealand, Thailand, Taiwan, West Indies and Tanganyika. The company's growing maturity in the export field is shown by the fact that these orders were secured by the company in face of stiff competition from suppliers from other countries.

In the field of export, however, the company has suffered from several handicaps. Only a limited range of steel sections is rolled in India as compared to a much larger range produced in other countries. As the Indian tower designer has thus to limit his designs to the available steel sections, he is compelled to make use of heavier sections, unnecessarily adding to the weight of the towers. As towers are repetitive structures required in large numbers, any undue increase in weight will in-

flate the cost and reduce the competitive appeal of Indian-made structures,

Agency Activities

The working of this department has shown a tendency towards reduction in turnover. However, the commission earned during the year is Rs 10,53,559, only about Rs 50,000 less than the commission earned last year.

As you are aware, the company in its general meeting held on 28 December 1964, decided, subject to the approval of the Central Government, to subscribe to 25.5% of the paid up share capital of Rs 60 lakhs in a company to be jointly floated by Andhra Pradesh Industrial Development Corporation Ltd for the manufacture of porcelain insulators. The proposed investment would enable the company to increase its agency activities by selling the insulators which are likely to have an ever-increasing demand in the country. This will be in addition to the advantages and profit the company will be able to earn as shareholders.

Research and Development

Continuous importance has been attached to research for evolving lighter towers and structures and lower production cost. One of the designs is the 450 ft high All India Radio supporting mast using box type sections. The company has also made its humble contribution to the defence preparedness of the country.

Personnel

The growth of every organization is vitally dependent on the human element. The company continues to have excellent relations with workers and members of the staff.

The relations with workers were subjected to some strain as a result of the events following the company's appeal to the Supreme Court from Part II of the Tribunal's award and the closure of the Heavy Shop for want of orders. After this temporary set back, the relations between management and labour have steadily returned to normalcy and in fact, production during the last four months has reached new heights.

I should like to express my sincere appreciation of the loyalty of our workers, members of the staff, officers, and executives.

Thank you.