

*company meeting*

# The Dunlop Rubber Co. (India) Ltd.

## Mr. Cecil Stack's Review

THE 27th Annual General Meeting of The Dunlop Rubber Co (India) Ltd was held on the 2nd April in Calcutta. Mr Cecil Stack, Managing Director, said:

The Directors Report and Accounts for the year 1952 have been in your hands for some time and with your permission I will take them as read.

### THE YEAR'S TRADING

I am afraid I am not in the happy position of a year ago of being able to report to you an expansion of business and higher profits. Turnover was in fact 121 ½ lakhs of rupees, or 84 per cent, lower than in 1951. This was partly due to reductions in selling prices but even more to an all round drop in the volume of business. Compared with the 1951 level a sharp decline took place early in 1952 and persisted throughout the rest of the year. Although there has been some slight recovery since, I am afraid this feature of out 1952 trading, brought about by lighter credit conditions and general recession of trade, must be regarded as a contraction of demand which may not be fully restored for some time to come.

Although tyre stocks were adequate throughout the year under review, the distribution of our products was again hampered to some extent by transport difficulties and delays. Rail transport to the districts more remote from our Factory was frequently not available and the irregularities of coastal and river services caused temporary shortages in various parts of the country, particularly Assam and South India.

I was able to advise you at our last Annual General Meeting that cycle tyre selling prices, had been reduced in April, 1952. Falling raw material prices enabled us to reduce our prices of Motor and Giant tyres in September. This trend has continued and I am glad to say that further substantial reductions were found possible last month, applicable on this occasion to Motor, Motor Cycle, Truck and Bus, Tractor and Cycle Tyres, also Dunlopillo Latex Foam Cushioning.

These developments bear out the remarks I made last year regarding your Board's policy of passing on to the consumer without delay the benefits of lower manufacturing costs.

Although the net profit declined by Rs 8 lakhs compared with 1951, the ratio of profit to turnover remained at almost the same level—7.7 per cent compared with 7.6 per cent, both figures being gross before deduction of tax. To those who consider industrial profits are excessive I suggest, as I did on this occasion last year, that the ratio to sales rather than the amount of profit is the real measure. The results achieved by your Company in recent years, representing as they do the wholesale distributor's profit as well as the manufacturer's profit, are in the opinion of your Board no more than adequate. To cut margins any liner would be an unhealthy and even dangerous policy,

### NEW PRODUCTS

The range of tyres being manufactured by the Company is constantly under review and a number of new sizes and types were added during the year to meet the requirements of users in this country. Several modifications in line with the latest developments in tyre construction were introduced with entirely satisfactory results. The quality of our products has never been higher than it is today and the widespread acceptance of this fact by the public is a source of great encouragement to your Board and to all employees of the Company.

I informed you a year ago that Dunlopillo Latex Foam Cushioning had been added to our range of products manufactured at Sahaganj, I am glad to say that, output is expanding satisfactorily and this product is rapidly gaining in popularity. In addition to domestic articles such as mattresses, pillows, cushions and furniture upholstery, this material is widely employed for seating in cinemas, omnibuses, cars and aircraft.

During the year we commenced production of Industrial Transmission Belting at Sahaganj. Our

plant is the first installation in India for the manufacture of this type of rubber ply belting to British Standard Specifications, large quantities of which have been imported in the past. By supplying their needs of high quality belting more quickly and economically, this installation will, I feel sure, prove to be a valuable source of supply to the industries of this country.

Two further products recently added to our range are Fan Belts and Industrial Vee Belts. Here again the plant which the Company has installed is the first of its kind in India and the quality of the belts which we are now producing has hitherto had to be imported. Our range of sizes is as yet restricted but early results are most encouraging and I have no doubt that this development will in course of time result in adequate supplies of highest quality belts being available in India at reasonable prices.

The enterprise behind these extensions to the Company's manufacturing activities is an indication of your Board's determination to utilise the resources of the Company in a manner which it is hoped will be beneficial not only to the shareholders but also to the country. These developments provide a notable contribution to the national productive effort by affording increased opportunities for direct employment as well as encouraging the growth of the indigenous rubber planting industry.

### RAW MATERIALS

The raw material supply position was on the whole much better in 1952 than in any previous post-war year. In the early months we had difficulty in obtaining sulphur but the restrictions in the United States were relaxed and the supply position eased as the year progressed. Indigenous rubber was difficult to procure for a time until on 28th October, 1952, the Government-controlled price was increased by Rs 10 per 100 lbs. Apart from indigenous rubber, the general price trend was downwards in the latter half of the year, although the Com-

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pany's inventory position prevented the financial year 1952 getting the full benefit of this decline in prices. I have already referred to the reductions made in the Company's selling prices and it will be noted that no upwards adjustment was felt necessary when the price of rubber was increased in October last.

I would now like to comment very briefly on the Accounts.

#### PROFIT AND LOSS ACCOUNT

I have already referred to the decline in sales which resulted in a reduction of Rs 8 lakhs in the net profit compared with the previous year. After deducting the lower debit for Taxation the balance available for disposal is, however, higher at Rs 73,58,409. The Directors are recommending the same rate of Ordinary Dividend as for 1931, i.e. 15 per cent which will absorb Rs 24 lakhs. The Directors also recommend the transfer of Rs 39 lakhs to General Reserve as against Rs 32 lakhs last year. This will increase the total General Reserve at the end of 1952 to Rs 1 crore 14 lakhs, as shown in the Balance Sheet.

#### BALANCE SHEET

The Company expended Rs 50 lakhs on additions to Fixed Assets, against Rs 43.1 lakhs in 1951. These additions in the main consisted of buildings and plant required for the recent expansion in our range of products. The depreciation written off in 1951 included a special provision for plant obsolescence and the normal depreciation in 1952, amounting to Rs 26 lakhs, is considered adequate.

Inventories were Rs 12 ½ lakhs higher in value than at the end of 1931, but at that time the quantities held of certain raw materials were abnormally low. There is, however, a reduction of over Rs 14 lakhs in Sundry Debtors in line with the lower turnover, so that in total Current Assets show little variation compared with the previous year. The net Working Capital of the business increased by Rs 32,00,000 during the year, which is partially reflected in the closing Bank overdraft of Rs 146 lakhs compared with Rs 125 lakhs at the end of 1931.

#### EMPLOYEE RELATIONS

It is usual at this meeting each year to ask you if I might send on your behalf a message of thanks to Dunlop employees for their work

during the year. The recession in our business to which I have already referred necessitated the working hours at Sahaganj being reduced below normal at various times during the year and this naturally involved some financial loss to the operatives. Nevertheless, the situation was accepted loyally and there was no deterioration in the hourly rate of production. By the same token the task of the sales staff to maintain and in many districts improve our position in the market was harder. All employees have continued to exert their best endeavours throughout the year and I would like to send them your renewed thanks for their faithful service and devotion to duty.

#### FIVE-YEAR PLAN

It is fitting at this time that

I should make a brief reference to the impact of the Five-Year Plan on the rubber manufacturing industry in general and your Company in particular. The allowance under the Plan for road development would appear to be disproportionately low but nevertheless it must be obvious to all of you that implementation of the Plan will increase the demand for such consumer goods as tyres of all kinds, industrial belting and hoses, etc. I can only assure you that your Company will be prepared to play its part, as always in the past, in meeting any additional demands placed upon it and in contributing towards the well-being of the community and the national economy in every possible way.

The Report and Accounts were adopted.

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