

July 6, 1957

From the Chair

The Indore Malwa United Mills Ltd

Speech of the Chairman Shri Kudilal Govindram Seksaria

CFEECH delivered by the Chairman, Shri Kudilal Govindram Seksaria, at the 50th ordinary annual general meeting of the company held on Monday, the 10th June, 1957 at Seksaria Chambers, 139, Meadows Street, Fort, Bombay—1.

Gentlemen,

I really consider it my privilege to welcome you all here today to the FIFTIETH ANNUAL GENERAL MEETING OF THE COMPANY, which is an auspicious occasion of the Golden Jubilee of your Company. The Directors' report and the annual accounts of the Company for the year ended 31st December, 1956 have been in your hands for sometime and with your permission I take them as read.

You are fully aware of the dynamic changes that your Company has undergone during all these years, and especially after my father, late Seth Govindram Seksaria took up the Managing Agency of the Company. From year to year your Company has gained strength so much so that I would humbly venture to claim that Us rich potentialities today make it not only a premier Textile Unit of Indore or Madhya Pradesh, but rather whole of India.

Since we met last, much water has flown under the bridge and though it is not my intention to enumerate the events at home or abroad I must comment upon some of the worst Jolts that we all experienced in the pulse of the world economics. The temporary blockade of Suez not only created a political chaos but it disrupted the economy of various countries especially the Asian ones, including ours, which are so vitally linked with its passage. This paralysis of the canal passage has spelt an unprecedented additional coat to our Second Five-Year Plan and made the problem of foreign exchange unfortunately more acute. But thanks, however to our Prime Minister by virtue of whose instrument of Panchshtia, the boiled waters have calmed down.

At home, hardly a month back the new Union Budget, probably the most controversial one since independence, has been presented, whose guiding star has been obviously to find out the resources for the implementation of the Second Five-Year Plan and as a result of which the popular impression has gained ground that the Kaldor Report has become the Bible of the Union Finance Ministry. The Honourable Finance Minister, Shri T. T. Krishnamachari, has been metaphorically called a fisherman casting his net far and wide and in presenting his bold and imaginative measures he has been frequently, accused of "killing the goose that lays the golden egg." But with such a Herculean task before him, I sincerely believe none else would have fared better.

The critics have termed the new Plan to be too ambitious and have expressed their doubts about its success. It is feared to involve many a danger and risk but in this connection, I entirely agree with our worthy Prime Minister Nehru that all these have to be faced in the process of revitalising the country. He seems to have well said, "it is only the dead that carry no risks".

Not Plan Conscious

Both from expected and unexpected quarters the criticism has continued to be made that the Plan has been drawn up in an over ambitious spirit and that it must be revised in order to make the implied burdens less heavy for the people. The one question which is being repeatedly asked is whether the plan cost could not be cut to suit the size of the resources cloth. Without indulging into economic and political reasons, I feel that the real crux of the problem is that our people are not fully plan conscious today. True it is that we face today certain fundamental problems which dishearten us and present a very dark picture of our dreams, but the world itself is passing through

a crisis and India is no exception. Food problem causes the most alarming situation. The imbalance of foreign exchange is another big hurdle. Absence of personnel for the Management of public sector is also a great handicap. All these evidently persist to shatter our faith in the implementation of the Second Five-Year Plan but surely that is no reason why we should not march ahead. We have already gone half way on the road to economic progress and there is no return without ruin.

The industrial core of the plan involving heavy burdens of steel, coal transport and ancillary power should not be confused with arguments about the economy in Government expenditure or avoiding waste and the like. I agree that economies should be effected and probable waste avoided. Talking of waste which is apprehended to be maximum 10 to 15% in the new plan, I may submit that it is not only rampant in public sector, but it is equally found in private sector also. You, I and all others in private sector are fully aware of it. And even if a great drive was made a few crores of rupees might be saved. But it would not touch the basic question very much. The basic problem is that "big sums" have to be spent on the steel plant and other industrial undertakings. For this we require money and it can come only through taxes or savings. Everyone in the country has to share burdens and make sacrifices, and I on my part shall always be happy to accept my share and perform my duties with no regrets or complaints.

Undaunted Faith

Though I was born a capitalist, I have always thought in terms of a Socialist. Somehow, or the other I am also naturally inclined to be optimistic in my views and even with dark clouds over our heads today I have an undaunted faith in India's future. We have been rendered materially poor in the process of centuries of Slavery, but, I still consider India to be

rich in the great potentialities of its vast natural resources and gigantic manpower. Their exploitation are capable to overcome any hurdles that might come in its path of the socialistic goal of the society I have myself pledged to this goal and at any cost or sacrifice shall continue to make my humble contribution in the achievement of the goal.

Changes in Management

Coming to the affairs of your Company, I wish to speak a few words about the revolutionary changes that your Company has undergone last year. You are aware that after resignation of your Managing Agents the Board delegated its power of Management to a committee of whole time Directors. I cannot, however, on this occasion of the Golden Jubilee of the Company, miss the opportunity to pay my glowing tributes to your late Managing Agents Messrs. Govindram Sekaria, whose invaluable services and contributions have rejuvenated the very life of your Company. It is due to them that our enterprise today occupies a premier position on the map of the Indian Textile World. However, in deference with the views of the Government your Company abolished the Managing Agency System and appointed this committee of whole-time Directors for which the Central Government has been duly moved to accord its formal approval. You will appreciate that this has meant a substantial saving to your Company in remunerations as compared to that paid to the Managing Agents.

A second step which all of you will most welcome is in your Directors deciding to take up a Labour Director and Technical Director on the Board of Directors, for which I am happy to inform you that necessary permission has already been obtained from the Central Government to increase the maximum number of Directors from seven to nine. I hope to have as my colleague a Labour Director and a Technical Director in the near future. This was also a step marching along with the changing times and you will be proud that your Company has not lagged behind.

As usual, our relations with the Labour have been very cordial

last year, also there being no strikes or stoppages of work. The ties between the Labour and Management are bound to be further strengthened after their participation is available even in the Management of your Company.

Profits

Turning to the Profit and Loss Accounts, you will observe that despite the adverse factors, which I shall presently mention, the gross profits of your company have been well maintained last year. Although the gross profits had shot up to their peak heights in 1955, a record set up since 1945, they have very nominally receded last year. The figures rose from Rs 6.78 lacs in 1954 to Rs 27.93 lacs in the following year and Rs. 24.02 lacs last year. The year 1956 started with a cheerful and healthy atmosphere and there was also almost a boom in the textile industry for the first six months so much so that looking to the all round features of your mills and steadiness of the textile industry, your Directors were induced to raise the ad-interim dividend to 5% as compared with that of last year's 3% thus making the total dividend up to 11% as compared with 9% of the previous year. Had it not been for the additional excise levied with effect from 1st September, 1956, I am sure, the results would have been far better than even the previous year and a new record in profits would be inevitably set up. I hope, this explanation and the enthusiasm on the occasion of Golden Jubilee of the Company will amply justify the increase in the dividend. By virtue of the timely distribution of the dividend, the latest changes in the fiscal measures have coincidently proved beneficial to the Company in so far as the dividend factor is concerned. It has, also to some extent, reduced the incidence of new wealth tax on your Company.

A glance at the audited accounts for the year 1956 will show that the Company has made a nett profit of Rs, 12,50,744-13 2, after providing sufficiently for depreciation and development rebate. As I have stated before though the gross profits last year have receded from Rs. 27.93 lacs in 1955 to Rs. 24.02 lacs in comparison with the last year, yet the nett

profits, however are higher than the previous year. After making provision for remuneration to whole time Directors and Selling Agency Commission, depreciation and taxation the nett profit amounted to Rs. 8.89 lacs, as compared with Rs. 7.53 lacs for 1955. The higher nett profit' inspite of decline in the gross profit is due to lower provision made for all the three counts namely agents' commission, depreciation, and taxation, the details of which are given in the Directors' Report and the accounts. The stocks of cloth bales with your mills have considerably increased which would be quite evident from the balance sheet as at 31-12-1956 showing them at about Rs 58 1/2 lacs from about Rs. 31 lacs as at 31-12-1955. It was due to the upward revision in Excise duty with effect from 1st September' 1956, the Cloth market became weak and the factor coupled with acute stringency in money market resulted in the poor offtake of cloth and consequently the mills had to carry larger stocks.

Excise Burden

You are aware that your Mills are mostly manufacturing Coarse and Medium qualities, the excise duties of which have been increased from one anna per sq. yard to an anna and a half and from one anna to two annas respectively. As a result of this, your Company had to pay over Rs. 4.5 lacs during the months of September to December 1956- It is feared that unless the demand and offtake of cloth both improve substantially thus restoring the shattered confidence of the textile world, this burden of Excise duty and the high prices of raw cotton may tell heavily upon the result of the Company this year.

The Directors' Report has already dealt with all the detailed particulars of the accounts and they will give you a sufficiently clear picture of the financial position of your Company.

Transport

Despite the disadvantages of an up-country mill a salient feature which particularly your Mill enjoys, is that saving in freight charges, which issue is becoming of growing importance to your country as it exerts a considerable influence on your competitive

position in the market. The Mill consumes roughly 40,000 bales of Cotton in a year and almost all of it is available locally, thus saving a lot of freight charges. The transport difficulty is another serious bottleneck these days in our national economy and the cost of freight seems to be increasing everyday. As announced in the latest Finance Bill, an increase of 5% in the existing surcharge is to be levied in the freight charges with effect from 1st July, 1957. But I am happy that your Mills will bear a lesser impact on account of the reason mentioned. Further, Indore is being connected by a broad gauge line with Ujjain, as a result of which also transport system will be more efficient and costs considerably reduced.

Rationalisation

There are certain points, however, which have been disadvantageous to the growth of your Mills and which your Directors have had to face every now and then. Our labour per 1000 spindles and per 100 looms is considerably higher than the labour at Bombay or Ahmedabad, for which the logical remedy seems to be the rationalisation of muster. Your directors have taken steps to reduce the excess labour by a system of voluntary retrenchment of labour by payment of compensatory gratuity, which has already reduced the labour force considerably.

Your Mill is still running on coal and old type of steam engines, which not only increase your cost of fuel and power generation, but also affect us adversely in our programme of rapid modernisation of machinery. Off and on the efficiency and working of the Mills are handicapped on this account. The poor quality of coal and difficulty of transport situation always keep us in a very unsteady position. But I have now to give you a very good news in this respect. The Government of Madhya Pradesh has sanctioned a load of 1250 K. V. Our hopes are further converged on the new Hydro Electric Plant which is a part of the Chambal Project carried out in our area and on its completion during the course of next two years of time, your Mills may be totally running on electricity as most of textile units are doing.

Coming specifically to the problem of Plant and Labour you will remember I had drawn your pointed attention to this in my last year's speech. I am happy to inform you that the progress in this direction is quite satisfactory in accordance with our plan. You are aware that the machinery of your undertaking dates to the year 1907 and you all appreciate the gradual investment made by your Directors to equip your Mills with the machinery requisite to the needs of the time. "As you will see from the accounts an expenditure to the tune of Rs. 14 lacs has already been incurred in renovation, replacements and additions of the machineries. Your Directors contemplate to spend an equal amount this year also.

As intimated to you in the notice, we would be transacting some special business in the meeting, which followed by the explanatory

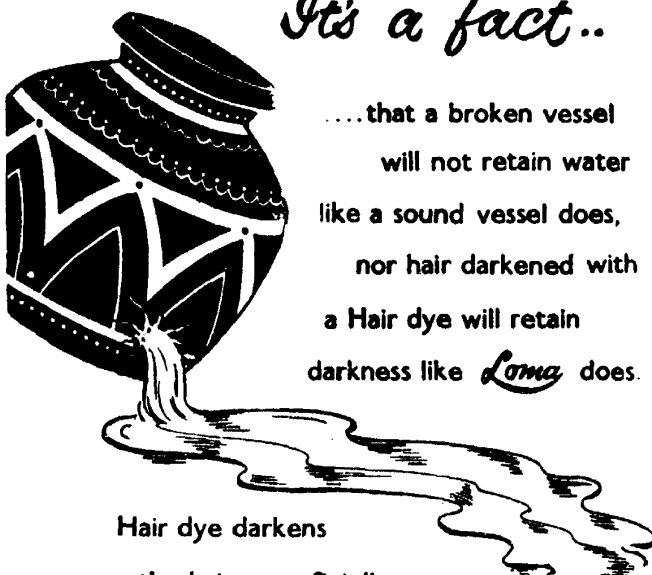
memo" in the notice must have already made the purpose clear to you. In the larger interests of the Company I hope you will accord your sanction to it.

On behalf of the Board and myself, I should like to express my thanks to all of you—the shareholders, Directors, to the management, all Officers, Technicians and employees both in the Mills and at the Registered Office and the Company's selling agents for the co-operation and hard work they have put in to bring out the most satisfactory results that are before us.

Gentlemen, I now beg to move: "Resolved that the Directors' report and Audited Statement of accounts for the year ended the 31st December, 1956, already sent to the Share-holders be and are hereby approved."

Note: This does not purport to be the proceedings of the meeting.

It's a fact..



.... that a broken vessel
will not retain water
like a sound vessel does,
nor hair darkened with
a Hair dye will retain
darkness like *Loma* does.

Hair dye darkens
the hair superficially.
Loma darkens the hair naturally.



**THE UNIVERSALLY
ACCLAIMED NATURAL
HAIR DARKENER**

Sole Agents: M. M. KHAMBHATWALA AHMEDABAD 1.
Agents: C. NAROTAM & CO. BOMBAY 2. Tel: 30575