

Poysha Industrial Company Limited

Speech of the Chairman, Shri M R Ruia

The following is the address delivered by the Chairman, Shri M R Ruia, at the 7th Annual General Meeting of the Company held on Monday the 24th August 1964:

I AM glad to report that the year 1963-64 has been a satisfactory year in most respects. Even in the existing factory at Bombay, with all its limitations, we have been able to show a distinct improvement in production, by increased efficiency and a certain amount of rationalisation. Our Production of containers increased by no less than 18% over last year's, and a substantial proportion of it was open top sanitary cans used mostly in the food preservation industry, the balance being general line-cans for various industries like oils, paints, vanaspati, confectionery, etc. This performance must be regarded as quite satisfactory in relation to our resources. The very fact that, even after providing, among other things, Rs 8.58 lakhs for taxation as against Rs 2.95 lakhs in 1962-63, the profits for 1963-64 amounted to Rs 4.26 lakhs as against Rs 2.11 lakhs in the preceding year, is a measure of our striking improvement. The staff reorganisation already initiated has begun to produce results, and I am sure the performance during the current year will be even more satisfactory. I may mention that this will probably be the last year in which we shall function throughout the year in the present factory in Bombay, as we expect to move into the new modern factory near Thana before the end of 1965.

Expansion Programme

We have not been idle regarding our expansion programme. We have now acquired a total area of 33 acres of valuable land for our factory near Thana from the Maharashtra Industrial Development Corporation. Tenders are being invited for the construction of the new factory buildings on the basis of plans and lay-outs prepared by our architects. We hope to begin construction soon after the monsoon, and shall complete it as speedily as possible.

The land for the Cochin factory, comprising about ten acres, has also been bought at Mamala near Ernakulam, and we are now studying the plans for the factory buildings and installation of the plant. The site is a good one, about a mile, as the crow flies, from the new Oil Refinery complex.

The actual site for the new factory at Ghaziabad has also been selected, after personal inspection of the Uttar

Pradesh Industrial Estate, and we are now negotiating the detailed terms of the purchase,

Kaira Can Company

I may also mention that the requirements of our Associate, Kaira Can Company, which has been created solely to meet the needs of the Kaira District Co-operative Milk Producers' Union at Anand, have been receiving full attention. As there were difficulties in the procurement of land for this Company through the State Government, our Associate carried on private negotiations and has succeeded in selecting a suitable site (about 10 acres) near Anand. The plans for the factory buildings are also under preparation.

As regards the plant, a modern automatic printing plant has already been imported for our Bombay factory and is now awaiting installation at the new factory at Thana. I am also glad to report that we have at last succeeded in getting permission from the Government of India for a second automatic bodymaker line for our Bombay factory, the absence of which has been a bottleneck in production there. The new equipment will enable quick changeovers from one can diameter to another, without appreciable loss of time, and we shall also be in a position to manufacture containers of larger diameters. The Government have also agreed to the importation of all the plant and machinery we had selected for the factories at Cochin and Ghaziabad, and we expect the import licences to be issued shortly.

The Kaira Can Company has already placed orders with American suppliers for the machinery required, and we expect the equipment to reach India some time before the end of this year.

The present year and the next will, therefore, be a very active year for our Company, involving the construction of four new factories for ourselves and our Associate, and the installation of up-to-date plant in each of them. When they start production, we shall get rid of our present strategic disadvantage in having only one important manufacturing centre at Bombay, and having to bear the handicap of long transport and high packing costs to various markets in distant parts of India. We shall, like the major producer of cans

in this country, be in the happy position of catering for regional markets from the regional plants.

I mentioned in my last review the new developments regarding receipt of orders for various types of cylinders, etc., from the Defence Departments. We have made much progress in this respect, and were able to secure substantial orders, a considerable part of which has already been executed.

Our share in the present export drive has continued to expand, and I am glad to report that during 1963-64 about Rs 20 lakhs worth of goods were exported in our containers. The beginning of the present year has already shown further remarkable progress in this direction, and new export markets have been created.

Tinplate Supplies

I must mention one point in connection with the availability of our present raw material, namely tinplate. While on the whole we had a slightly better, though still not an adequate supply of tinplate for our manufacturing requirements, the disturbing feature has been that arrivals have not been following any regular pattern. We get very larger quantities of tinplate in some months, followed by a lean period, including some months with no arrivals at all. This absence of a proper phasing militates against any sensible planning of our whole manufacture throughout the year, and causes our customers considerable inconvenience. I do not know what the Government can do in the present circumstances to help us out of this condition of a relatively hand-to-mouth existence; but any long-range programme by them involving the proper staggering of indigenous production, as well as of imports, would be a real boon to us.

You will be interested to see from the relevant Balance Sheet and Profit and Loss Account annexed to this report that our wholly-owned subsidiary, Colrige, has also had a successful year. The sales in 1963-64 exceeded Rs 6 lakhs, and the previous loss has been converted into a sizeable profit.

A word regarding our future activities. You will observe from the Directors' Report that the capital is going to be increased from Rs 25 lakhs to Rs 110 lakhs. We have carried on detailed negotiations with important financing

agencies like the Industrial Credit and Investment Corporation of India, Kerala State Industrial Development Corporation, Industrial Finance Corporation, Life Insurance Corporation, the U P State Industrial Corporation, and certain Banks, for foreign exchange or rupee loans, or underwriting facilities. I am confident that these negotiations will soon fructify and that we shall shortly be fully armed at every point to embark on our scheme of modernisation and expansion, at the end of which we and our Associate will have four modern plants, combining the latest Continental and American techniques, and located at strategic centres, to enable us to cater for the greater ^art of India, besides contributing our tangible share to Indian exports.

All this has been possible as the result of combined team-work at all levels. Our stall have fully co-operated, and our relations with labour continued to be harmonious. I am happy to convey my thanks to them on your behalf.

Finally, I feel I should take the opportunity to refer to a topic which will be of paramount importance to the Can manufacturing industry in this country within a decade or two. As you are well aware, tinplate has been facing increasing competition from other materials like aluminium, paper, plastics, etc, and has had to adapt itself to meet

this competition. The enormous impact of aluminium as a package material on the American beer can manufacture industry first made American tinplate producers seriously think of a modified tinplate to meet this formidable challenge; and "thin tinplate", otherwise known as "double cold reduced tinplate" was expressly created to meet the challenge. A survey of current tinplate manufacture in the United States reveals that this particular variety of tinplate is now developing very rapidly and that almost all producers, including the "Big Three", have now started large-scale manufacture of this type. Another recent development is tinplate "foil" which has a paperthin gauge of two-thousands of an inch. We, in this country, cannot afford to stand still while all these modifications are going on in the largest tinplate producing country in the world, whose practices and methods are bound to have a controlling effect on tinplate manufacture elsewhere. Many other countries outside America (e g, the U K and Japan) have also taken up the manufacture of thin tinplate and are likely to take up the manufacture of tinplate foil also. All of India's tinplate production at present is hot-dipped, which is already outmoded (less than 3% of the total manufacture of tinplate in the U S A is of this variety today), and I note that a beginning is to be made in Rourkela

in the manufacture of electrolytic tinplate. This is good so far as it goes. Unless, however, the Government take a long-range view, and modify the Rourkela programme in the Fourth Plan and take steps now for the manufacture of at least a certain percentage of thin tinplate and tinplate foil, I am afraid we will be hopelessly outclassed in the not too distant future. The same consideration applies to the proposed new plant at Bokaro. I would earnestly request the Government to give this matter serious thought and arrange for a progressive increase in the manufacture of these two new varieties which have a great bearing on reducing the cost of tin cans and will enable our industry to face competition from containers made of other materials, not only in India but as regards exports also. An ancillary suggestion I would also make is that during the period in which this manufacture is being started in this country, imports should be allowed of tangible quantities of these two new varieties of tinplate to enable us to try them out on our plants and get ready in time to cope with full-scale production when the need arises. This need, I repeat, will be on us within possibly a decade.

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



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