

THE METAL BOX COMPANY OF INDIA LTD.

CHAIRMAN Mr. H. CHISWELL JONE'S REVIEW

THE 23rd Annual General Meeting of The Metal Box Company of India Limited will be held on Wednesday, July 18th 1956 at 59C, Chowringhee Road, Calcutta.

The following is a copy of the Review by the Chairman, Mr. H. Chiswell Jones, which has already been circulated to the members.

SALES

During the year under review there was a high level of investment in national development. Investment activity created a rising demand for packaged goods paint-, pharmaceuticals, babyfoods, processed fruits and vegetables, lubricating oils, etc. Enterprising salesmanship and efficient production enabled us to play a significant role in satisfying this demand.

National investment during the Second Plan will create an expanding level of demand and the supply of goods to satisfy this will be a condition both of the success of the investment programme and of continued political stability. To this end your company and its customers have a major contribution to make; the processed food industry in particular is strategically placed. It is to receive active encouragement in the Second Plan and the allocation for horticulture has been increased from Rs 1 crore to Rs 9 crores. These measures are to be welcomed as the addition of processed fruits and vegetables to the national diet will make for important improvements in public health and preventive hygiene. The development of this industry involves co-operation between large and small scale industry since the safe preservation of food requires precision-made cans that only high-speed equipment equipment inseparable from large scale industry—can produce while at the other end horticulture is a part of intensive small scale agriculture. This pattern of co-operation is already established between the canners, the horticulturists and ourselves.

During the year we made solid Contributions to the food and the other Industries we serve In Bombay we commenced manufacture of open top cans for the canning

industry. The work of the newly opened Research Division at Calcutta on materials and finishes contributed effectively to improved quality and our access to the extensive research laboratories of our Technical Consultants in the U K continued to provide an invaluable part of our service.

There are, however, some ominous signs: the programme of taxation, increases in railway and ocean freights and the rise in food prices are implied threats to purchasing power. Transport and the shortage of steel and cement are capable of braking the country's economic growth. We have made a good start in the current financial year but there is no room for complacency. We are planning in a spirit of optimism tempered with caution.

PROFIT

The increase in sales of nearly Rs 1½ crores and the further diversification of our business resulted in a return to the more normal profit levels obtaining when the public first acquired an interest in the equity capital of the Company.

Prospects for the current year are good and it is hoped by virtue of increased turnover to maintain this profit level notwithstanding the increased costs referred to later.

RAW MATERIALS

It has been another year of anxiety in the matter of tinplate supply. Indigenous tinplate production remains well below demand and although The Tinplate Company have installed an additional rolling mill, they have not been able yet to obtain the extra tonnage of steel to operate the mill. Supplies of imported steel have been promised for the middle of this year but even when this is regularly available and processed, the extra 10,000 tons of tinplate produced will still leave a large gap between supply and demand. Our own imports are currently 50% of our total consumption.

Because of the time taken to obtain shipments from abroad we have had to raise our stock levels of raw materials thus increasing the strain on our finances. The price of materials and transport has risen

during the year and part of the increases had to be passed on to our customers.

We are reluctant to pass on to our customers anything but direct increases in the price of tinplate, which is our main raw material and we have met increased costs by production economies made possible by greater overall demand. Nevertheless, there is a limit to our ability to absorb price increases of a general nature and there are presently signs of inflationary pressures which could very quickly upset our price structure. Government are clearly aware of these and have indicated, that they have weapons with which they can speedily deal with the problem should it assume serious proportions. I hope they will not hesitate to do so.

There are two aspects of recent price increases which I must stress. The first is the heavy additional burden on the Company's cash resources which follows from higher raw material costs and bigger inventories the second is that we find ourselves completely priced out of a number of export markets in neighbouring countries. The cost to Government of a drawback of the Steel Equalization Fund contribution on tinplate used for containers exported from India would be small the gain in foreign exchange would be substantial; very much more so if extended to tilled as well as empty containers.

INDUSTRIAL RELATIONS

From May 1955, when work was resumed at Calcutta after the disturbances there, we have had a period of complete industrial peace and at all factories negotiations and consultations with our employees have been conducted in an atmosphere of harmony and a keen desire to reach understanding. The excellent relations throughout the year have materially contributed to the satisfactory trading results and I am happy to say that we recently concluded with our employees a Prosperity Bonus Agreement covering the next three years.

Training of staff continues to receive our careful attention. We have an excellent cadre of young Management Trainees and each year we

send more Indian officers abroad for training. Our Technical Consultants recently sent the Head of their Staff and Personnel Division to discuss how they can best serve us in this all important matter of training. His visit was of the utmost value.

To a degree the success of the Second Five Year Plan will depend on an adequate supply of technicians. We are making our contribution by offering facilities for practical training in our factories to students and graduates from universities, engineering colleges and technical training centres. We have also offered our co-operation to Government in the encouragement of training in scientific management.

Labour Welfare continues to engage our attention. We are operating a most successful Scheme under which sick leave not utilised during the year is offered by employees to a Pool and such leave, to a maximum of 4 months, may be used for the benefit of any employee unfortunate enough to contract T. B. In the treatment of serious cases the Company also meets 75% of the cost of special drugs and medicines. In the two years working of the Scheme more than 20 employees have been completely restored to health and have been able to resume their employment with us. A Benevolent Fund is in operation at all Branches, the Company's contribution being based on the total amount subscribed by the employees. We have also extended recreational facilities to include sports, cinema shows and libraries.

DEVELOPMENTS AND NEW PROJECTS

We have made good progress in our new developments. The expansion in demand for aluminium pilfer-proof seals has been satisfactory and manufacture in Calcutta, foreshadowed in my last Review, has now commenced with consequent savings in freight costs to many customers.

Progress in the manufacture of polyethylene bags has continued, some printing machinery has been installed and more is on order. The potential demand for products made from this material is considerable and plans have been announced by two world famous manufacturers for the production in India of polyethylene flake — the basic raw material required.

Additional equipment for the manufacture of industrial components has now been installed—we

have a substantial order book, and a large number of new enquiries which augur well for the future. We are presently producing metal components for numerous manufacturers in the electrical, automobile, radio, duplicating machine and bicycle industries—the list will extend in the near future and we are proud of the contribution we are making to the expansion of these vital industries.

Plans have been completed for the erection of the new manufacturing and office buildings at Calcutta adjoining the new printing factory. We expect the new buildings to be ready in about twelve months time and this will permit us greatly to improve our plant layout, provide adequate office accommodation and generally achieve better working conditions. An extension to the Madras factory is under consideration and we plan to install additional printing equipment there to meet the growing demands for lithographed containers in that area. The Research Division in its first year of operation has made a valuable contribution towards the improvement of indigenous metal decorating materials. The Division has esta-

lished close technical liaison with our principal suppliers and standardized numerous specifications covering both supply and application resulting in improved container quality. In line with our policy of purchasing indigenous materials wherever possible, the Division has assisted suppliers in satisfactorily producing a number of materials hitherto imported others, still under test, show considerable promise.

I wish to acknowledge our indebtedness to our Technical Consultants, The Metal Box Company Limited, London, for their continued advice and guidance in all matters affecting the progress and well-being of our Company. We are most fortunate in being able to call on their vast store of knowledge and experience.

STAFF

This has been a year of intense activity and unremitting effort on the part of the staff. The excellent results achieved would not have been possible without their sustained enthusiasm and loyal support. The Board join me in expressing our thanks to them all for their splendid efforts.

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State Trading in MANGANESE Who Gets The Money?

Here are the facts about a large well
run Manganese Mine in Western India.



1. Production is kept at its maximum—over 90,000 tons p.a.
2. No present anxiety about sales—production is already sold at highest prices upto two years ahead.
3. No trouble with transport—this Mine is favourably situated where wagons are not scarce.
4. Sales (mostly for dollars) and stock adjustment total over Rs 1,25,00,000 p.a.
5. This money is divided :—

(a) To the workers at the Mines	37.2%
(b) To maintenance & development of the Mines	30.3%
(c) To the State in Taxes and Freight	23.8%
(d) To the owners	5.5%
(e) To the management	3.2%
6. The owners comprise many little shareholders—50% hold less than 10 shares of Rs 10 - nominal each 96% hold less than 100 shares. The management is by a corporation with similar composition.
7. Trading in Manganese is a complicated technical business involving many grades of ore. Great experience and confidence between seller and buyer is a prerequisite.



THEREFORE WHAT GOOD CAN STATE TRADING DO IN SUCH A BUSINESS?

IF STATE TRADING DOES NOT RESULT IN GOOD, WHICH OF ALL THOSE ABOVEMENTIONED WILL SUFFER MOST; AND WHY?