CHAPTER – II

PROFILE OF THE SPB LTD.
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2.1. INTRODUCTION ABOUT PAPER INDUSTRY INDIA

Paper owes its origin to papyrus, a plant that grew in abundance in delta areas of Egypt. Though in ancient times papyrus was the most widely used writing material its defibriring, an essential element in modern papermaking did not take place for a long time.

In India, paper industry was first established in 1812. The demand for paper is going up every year with rapid growth of population and literacy rate. Shortage of raw materials is a chronic problem in this industry. This has been further accentuated by the stricter ecological regulation around the world, restricting the feeling of trees.

The forest cover of India is estimated to have declined from about 51 million hectares in 1988 to about 36 million hectares in 1995. With depleted forest resources, the supply of forest-based raw materials has reached a precarious stage.

The National Forest Policy of 1988 has put certain restraints on the use of forest based raw materials by the industry. The policy decided that:

As far as possible, a forest-based industry should raise the raw materials needed to meet its own requirements.
No forest-based enterprise, except at the village cottage level, should be permitted in future unless it has first been cleared after a careful scrutiny with regard to assured availability of raw materials. In any case fuel fodder and timber requirements of the local population should not be sacrificed for this purpose.

Thus only these mills which have an assured supply can avail economies of scale. In the above context, the need to develop viable alternative source of raw material becomes imperative. The presence of cellulosic substance is a must for paper making through sustained study and efforts, bagasse (the residue after extracting juice from sugarcane) was developed as a viable alternative to wood for papermaking. Though the availability on a large scale, is a big question it has come to stay as a viable alternative to wood. India is rich in sugarcane cultivation, and is definitely a viable alternative to wood. With the restrictions in using wood as detailed above, the use of bagasse for papermaking is the only alternative. With this in mind, a project was conceived for manufacturing both Newsprint and printing and writing paper with begasse as the main raw material.

The pulp and paper industry is one of the India’s key industrial sector. Unfortunately, it is highly fragmented. Recently, about 380 paper mills are in existence in India with an installed
capacity of about 4 million tonnes per annum as registered with the GOI. Raw Material-wise classification of 380 paper mills is given in table.

Out of 380 mills 21 are large mills each one having a capacity to produce above 33,000 tpa and 359 mills are terms as medium and small mills with a capacity to produce less than 33,000 tpa. (Small mills capacity is below 10000 tpa). However, presently as many as 135 number in total of large, medium and small paper mills are lying closed. The total capacity of the closed units is about 1.02 million tpa and thus the effective capacity of 245 running mills is about 2.934 million tonnes.

Now, SPB Ltd., is producing paper and paper material, boards etc. by using both bagasses and wood pulp and chemicals.

Against this effective capacity, the production of paper during 1997-98 was 2.9 million tpa as reported by Indian Paper Manufactures Association.
### TABLE 2.1

RAW MATERIAL-WISE CLASSIFICATION OF PAPER MILLS

<table>
<thead>
<tr>
<th>Type of Raw material</th>
<th>No. of Mills</th>
<th>Installed Capacity (MT)</th>
<th>% of capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest based (Woods</td>
<td>28</td>
<td>1.449</td>
<td>37</td>
</tr>
<tr>
<td>Bambo)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agro based (Straw</td>
<td>111</td>
<td>1.240</td>
<td>31</td>
</tr>
<tr>
<td>Bagasse etc.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others (Waste Paper</td>
<td>241</td>
<td>1.265</td>
<td>32</td>
</tr>
<tr>
<td>etc.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>380</td>
<td>3.954</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Development council for pulp, papers and allied products, GOI.

### 2.2 PAPER MILLS IN TAMILNADU:

In Tamilnadu, there are few small and medium sized paper industries producing less quantity of paper and paper products. Since their activities are very low, there is no scope for effective HRD practices in these industries. Only there are two major industries in Tamilnadu, i.e. TNPL as a public sector organization and SPB Ltd., as a Private Sector organization producing 600 tonnes of paper and its products per day and 450 tonnes of paper and paper products per day respectively.
Some of such small and medium size mills are:

1. Sun Paper Mill at Trinelveli producing 80 tonnes of paper per day in order to meet its own requirements.
2. Venkateswara Paper Mill at Udumalpet producing 50 tonnes of paper per day having it seven small subsidiary mills in Tamil Nadu.
3. Pondicherry Paper Mill producing 30 tones of paper per day.
5. Serve all Paper Mill at Nilakottai producing 50 tones of paper per day.

So, the researcher undertakes his study in SPB Ltd. to examine the existing motivational factors of job satisfaction in the company.

2.3 PROFILE OF SPB LTD.

Many States in India had built Pulp and Paper Mills during 1960’s but the State of Tamilnadu was without any paper mill till the drawn of 1960, but in 1960 Sri S.Viswanathan (Chairman) undertook efforts to set up a paper mill. Seshasayee Paper and Boards Limited were incorporate in 1960. Commencement of production took place in November 1960. The mill was built in
collaboration with the leading U.S. Company "White More" New York. The initial capacity of the mill was 2000 tonnes per annum.

The first expansion of the company took place in 1969. The capacity was increased to 30000 tonnes per annum. It went for second expansion in 1978 when the production capacity was increased to 60000 tonnes per annum. The total number of employees working in the organization are 1600. Seshasayee Paper and Boards Limited is going for the next expansion at present and the production will be increased to 120000 tonnes per annum. Besides Two old machines and one modern paper machine was installed in the year 2001-2002. Due to this production of paper was doubled from 60000 tonnes p.a to 1,20,000 tonnes p.a.

LOCATION:

Seshasayee Paper and Boards Limited is situated near Cauvery Railway station, Erode. The total area of the company is 161 acres. Out of which the factory area is 100 acres. The Registered Office is situated near Cauvery Railway Station, Erode.

NATURE OF MAIN ACTIVITY:

Main activity of Seshasayee Paper and Boards Limited is the manufacture of Papers, Boards and provides consultancy works for paper manufacture.
MAJOR DEPARTMENTS:

1. Personnel
2. Purchase
3. Accounts
4. Systems
5. Forest
6. Shares
7. Marketing

MAJOR SECTIONS (TECHNICAL):

1. Weigh Bridge
2. Water Treatment
3. Chipper House
4. Pulp Mill
5. Stock Preparation
6. Paper Machine
7. Cutters
8. Finishing Housing
9. Godown
10. Quality Control Laboratory
11. General Laboratory
12. Soda Recovery (Process)
FINANCE DEPARTMENT:

Finance is the lifeblood of any organization. All the other departments are depending upon the Finance Department for their survival.

CAPITAL STRUCTURE OF THE COMPANY:

In the year 1960 the company issued 3500000 equity shares the face value of which is Rs.10 each.

In 1976, the 1750000 equity shares were given as bonus shares at the rate of 2:1 for existing share holders.

In 1989 the company issued 10 lakhs equity shares to Financial Institutions like LIC, ICC, IFCI and UTI and 10 lakhs equity shares by way of private placements. In 1991, the 100000 shares were allotted to private placements.

In 1993, the company issued 30 lakhs equity shares out of which 1650000 equity shares are offered to the existing shareholders at the premium of Rs.10 per share.

SHARE CAPITAL:

Out of authorized 250000 equity shares Rs.10 each. Issued subscribed and paid up capital is 11250000 equity shares at Rs.10 each fully paid up at present.
ORGANISATION SET UP:

The company is managed by Board of Directors who have delegated to Managing Director substantial powers of management, plus power to appoint personal at all levels, enter into contracts in ordinary course of business purchase and sell assets and invest funds of the company within limits fixed by Board from time to time. The Managing Director delegates his power to Vice-president (Operations) who is the sole in charge for the normal administration and day-to-day functioning of the factory.

Determination of sales policy, fixing the selling prices, settlement with labourers, undertaking new projects long term loans are done with the approval of the Managing Director and if necessary the same will be submitted to the Board, purchase and sales, selecting suppliers, placing orders to them, Production Planning, Distribution of finished goods, manpower planning and recruitment up to middle management and decisions are taken care of by the Vice-president (Operations).

The Vice-president (Operations) is aided by three Deputy General Managers viz. Deputy General Manager (Works), Deputy General Manager (Purchase and Systems) and Deputy General Manager (Personnel/HRD). There is a flow of delegation of authority from Deputy General Manager of functional Chief
Managers. The Functional Managers are fixed with the responsibility of achieving the targets and goals of their respective functions.

Monthly meetings of various Heads of Departments held to review the performance of functional Chief Managers to monitor and control their activities. These meetings are beneficial to all Heads of Departments in appreciating problems faced by individual sections and ensuring better co-operation and co-ordination.

It exports papers to different countries and thus fulfill the new economic policy laid by the Government of India.

It even competes with other industries for making the sick units viable.

**STRUCTURE OF PERSONNEL DEPARTMENT**

Deputy General Manager (Personnel)

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Deputy Manager (Industrial Relations) Deputy Manager (Safety) Deputy Manager (Welfare) CSM SM

**2.4 RESPONSIBILITY AND AUTHORITY:**

DGM (Personnel/HRD):

- Preparation of Man Power Plan for selection and recruitment of right person for the right job.
- Planning and Organising suitable Training Programme for development of human resources.
- Maintaining harmonious industrial relations to ensure uninterrupted production throughout and comply all statutory requirements.
- Administration of Welfare activities both statutory and non-statutory.
- Arranging suitable plan for the safety of the employees.
- Maintaining discipline among the work force.
- Maintaining cordial relations with Trade/Union/Employees.
- Ensuring the safety and security of company properties.
- Approving allotment of company residential quarters to employee and matters connected with it.

**Deputy Manager (Industrial Relations):**
- Maintaining harmonious Industrial Relations.
- Maintaining good relationship with all Trade Union.
- Ensuring good relationship between Trade Union.
- Maintaining all registers that are required statutorily as per the various factory laws applicable.
Deputy Manager (Welfare):

- Providing all welfare facilities to the employees as per the various statutory and voluntary welfare amenities.
- Maintaining all registers that the required statutorily applicable to various factory rules.
- Allotting company residential quarters to employees depending on the availability.

Deputy Manager (Safety):

- Providing safety measures to all employees and render first aid as and when required.
- Formulating on site ‘Emergency Plan’ and ensuring training at regular intervals for adequate number of employees.
- Maintaining all statutory registers and requirements as per factory laws.

Human Resources (Procurement, Selection, Placement):

Man Power requirements are prepared as and when need arises in consultation with department taking into consideration the resignation, retirement etc. of human resources as well as future needs for expansion. Records are maintained in the HRD department
in regard to training, experience and educational qualification requirements prescribed for each category of employees.

**Campus Recruitment:**

Potential Educational Institutions are identified from which the human resources with requisite educational qualification can be obtained.

Campus Test/Interviews are organized to short list suitable candidates.

Final interview is organized at the factory for the selection of suitable candidate.

**Open Recruitment:**

Regarding the requirements of the human resources for recruitment advertisement is given in newspapers and also through internal circulars, applications voluntarily received is kept in records.

Applications received are screened and candidates according to the qualifications/experience etc. are selected.

Test/Interview for selection of suitable candidate are conducted.
Final Selection:

The list of selected candidates after suitable negotiations wherever necessary regarding salary and other terms and conditions is finalized.

Offer of appointment with approved terms and conditions to the selected candidate is issued. On receipt of acceptance for the candidates and after verification of medical examination reports, Appointment order with other terms and conditions is issued.

Instruction Training and Placement:

On the joining of the candidate, a comprehensive induction training plan is provided, wherever necessary by the Manager (Personnel) in consultation with Vice-president (Operations) performance appraisals of the trainee are conducted once in six months by Department/Section head and observation recorded in the prescribed performance appraisal format.

On successful completion of the training and based on the performance appraisal, issue suitable order through the concerned departmental head.

Classification of workmen (as per the standing order):

A “Permanent” workman is one whose name has been entered in the master roll and who has been given a permanent ticket and has
completed a probationary period of six months in the same (or) another occupation in the industrial establishment.

A "Probationer" is one who is provisionally employed to fill a permanent vacancy and these not completed six months service in that post. The period of probation may be extended further up to a maximum period of six months. Unsatisfactory work and such extension should be intimated before the expiry of the original probation period.

An 'Apprentice' is a learner who is given a nominal allowance during the period of training.

A 'casual workman' is a workman whose employment is at a casual nature and whose name is shown in the casual labour register.

A 'Temporary Workman' is one who is engaged for work which is of an essentially temporary character and whose employment is to be terminated on 3 days notice.

Awards and Prizes

During the year, the Company received the following awards:

- Price under the State Safety Award Scheme for achieving highest percentage reduction in weighted frequency rate in accidents, in the year 1993.
- Energy Conservation Award – 1995 for the Company’s export efforts and
- ’Exports House’ status accorded by the Directorate General of Foreign Trade, Ministry of Commerce, Government of India owing to the consistently high levels of export performance and very low imports.

**Environmental Protection:**

The company continues to attach paramount importance to the conservation and improvement of the environment. The Company is taking all-out efforts to improve the quality of its effluents.

The Directors are happy to report that, during the year, the Company was awarded “ISO 9001” accreditation, for its quality systems, by Det Norske Veritas, The Netherlands.

Exports performance of the Company recorded a modest improvement in 1996-97. 7625 tonnes of paper and paper boards were exported as compared to 6290 tonnes in 1995-96. The proceeds amounted to US $192901, equivalent to Rs.2218 lakhs, as compared to Rs.2084 lakhs, during the previous year.

Production during the first two months April and May 1997, was 9404 tonnes (at 8749 tonnes (at 83 gsm) produced during the corresponding period last year. Sales realization (net of excise duty
and cess) amounted to Rs.1609 lakhs (5850 tonnes) is compared to Rs.2073 lakhs (7139 tonnes) for the same period last year.

During the above two months period, 359 tonnes of paper and boards values at US $ 280346 (equivalent to Rs.'00 lakhs) were exported.

**TABLE 2.2**

**PRODUCTION**

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</thead>
<tbody>
<tr>
<td>Production (in tones)</td>
<td>60042</td>
<td>60800</td>
<td>101812</td>
<td>113684</td>
<td>117271</td>
</tr>
</tbody>
</table>

*Source: Annual Reports*

The above table explains the production of SPB Ltd. for the 5 years 1999-2000 to 2003-04.

**Production:**

There was 60042 tonnes of paper and paper products in the year 1999-2000 and production was increased from 60800 tonnes of paper and paper products in the year 2000-2001 to 101812 tonnes in the year 2001-02. It was also increased from 113684 tonnes in the year 2002-03 to 117271 tonnes in the year 2003-04. This was possible due to the installation of one new modern paper machine in the 2003-04.
CHART 2.1

PRODUCTION

Year


In tonnes

0 20000 40000 60000 80000 100000 120000 140000


60800 812 17271 113684 17271

60842 101812

60
TABLE 2.3

SALES

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Sales (in tones)</td>
<td>57530</td>
<td>58620</td>
<td>60060</td>
<td>112970</td>
<td>116598</td>
</tr>
<tr>
<td>Sales (in Rs.lakhs)</td>
<td>15867</td>
<td>15925</td>
<td>16115</td>
<td>39124.69</td>
<td>41800.39</td>
</tr>
</tbody>
</table>

Source: Annual Reports

Sales:

The company sales was 57530 tonnes in the year 99-2000 and gradually it was increased to 58620 tonnes of paper and paper products in the year 2000-2001 and it was increased to 60060 tonnes during 2001-2002.

Sales value was increased Rs.15867 lakhs and 15925 lakhs during 1999-2000 and 2000-2001 respectively.

And also it increased to Rs.15925 lakhs and to Rs.16115 lakhs in the year 2000-2001 and 2001-2002 respectively. Likewise, sales value of paper and paper products was also increased from Rs.39124.69 lakhs in the year 2002-03 to Rs.41800.39 lakhs in the year 2003-04.
TABLE 2.4

NET PROFIT

<table>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>N/P after tax (Rs. in lakhs)</td>
<td>514</td>
<td>535</td>
<td>590</td>
<td>1688</td>
<td>1966</td>
</tr>
</tbody>
</table>

Source: Annual Reports

The above table shows the N/P of SPB Ltd., for the 5 years 1999-2000 to 2003-2004.

Net Profit after tax:

During the year 1998-99, the net profit was slowly increased to Rs.326 lakhs and to Rs.514 lakhs in 99-2000.

Net profit of the company was also increased from Rs.535 lakhs. In the year 2000-2001 to Rs.590 lakhs in the year 2001-2002 and also it was increased from 1688 lakhs in the 2002-03 to Rs.1966 during the year 2003-04.
<table>
<thead>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity (in tones)</td>
<td>5121</td>
<td>5440</td>
<td>5620</td>
<td>24346</td>
<td>24011</td>
</tr>
<tr>
<td>Value (Rs.in lakhs)</td>
<td>1547</td>
<td>1590</td>
<td>1626</td>
<td>7459</td>
<td>7402</td>
</tr>
</tbody>
</table>

*Source: Annual Reports*

The above table shows the export of SPB Ltd., for the 5 years 1999-2000 to 2003-04.

**Exports:**

In the year 1999-00 5121 tonnes of paper and paper products worth of Rs.1547 lakhs was exported to foreign countries which stood at 5620 tonnes of paper and paper products worth of Rs.1626 lakhs in the year 2001-2002. And also export of SPB Ltd was increased to 24346 tonnes worth of Rs.7459 lakhs in the year 2002-03 which against stood at 24011 tonnes worth of Rs.7402.
CHART 2.4

EXPORT

<table>
<thead>
<tr>
<th>Year</th>
<th>Quantity (in tones)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-2004</td>
<td>24011</td>
</tr>
<tr>
<td>2002-2003</td>
<td>24346</td>
</tr>
<tr>
<td>2001-2002</td>
<td>5620</td>
</tr>
<tr>
<td>2000-2001</td>
<td>5440</td>
</tr>
<tr>
<td>1999-2000</td>
<td>5121</td>
</tr>
</tbody>
</table>

Quantity (in tones)