CHAPTER – II
HISTORY OF SAMBANDAM SPINNING MILLS LTD., SALEM
CHAPTER – II

HISTORY OF SAMBANDAM SPINNING MILLS LTD, SALEM

2.1. INTRODUCTION 22

2.2. HISTORY AND BUSINESS OF THE COMPANY 22
   2.2.1. INTRODUCTION 22
   2.2.2. LOCATIONAL ADVANTAGE 24
   2.2.3. EXPANSION 25
   2.2.4. PROJECTIONS FOR FUTURE ACTIVITIES 25
   2.2.5. PLANS ON DIVERSIFICATION 26
   2.2.6. RESEARCH AND DEVELOPMENT 27

2.3. PRODUCTION PROCESS 27
   2.3.1. PRODUCTS 27
   2.3.2. PROCESS OF MANUFACTURE 27
   2.3.3. PROCESS IN DETAIL 29
   2.3.4. COTTON PURCHASE 34
   2.3.5. YARN 36

2.4. ORGANIZATION 37
   2.4.1. MANAGEMENT 37
2.4.2. STATISTICAL QUALITY CONTROL DEPARTMENT 38

2.4.3. HUMAN RESOURCE DEVELOPMENT

DEPARTMENT 40

2.4.4. WELFARE MEASURES TO EMPLOYEES 45

2.4.5. MAINTENANCE DEPARTMENT 46

2.4.6. WASTE MANAGEMENT 47

2.4.7. ADMINISTRATION 48

2.4.7.1. COTTON DEPARTMENT 49

2.4.7.2. ACCOUNTS DEPARTMENT 49

2.4.7.3. STORES 50

2.5. MARKETING DEPARTMENT 50

2.6. SHAREHOLDER INFORMATION 56

2.7. SUMMARY 60
CHAPTER-II
HISTORY OF SAMBANDAM SPINNING MILLS LTD, SALEM

2.1. INTRODUCTION

Textile industry is the most prominent industry as it supplies cloth to the populations. It also assists for the survival of other small-scale industries. The Sambandam Mills Ltd., Salem is one of the healthy mills among other mills in Salem. This group has been in Yarn trades and manufacture for over FIVE DECADES. They started in a small way with 3000 spindles in Sambandam Spinning mills in 1973 and gradually increased their capacity to 25000 spindles in unit – I. It has also unit – II which started its commercial production from 1.12.90 with 12,480 spindles. The two units turnover in 1993-94 has crossed Rs.29.50 crores and profit after tax was Rs.1.84 crores. The total yarn production of the group mills is around 25 tones per day. Now, in this chapter let us see the history of the mill, its production process, functions of various part, working and progress of the mill in detail.

2.2. HISTORY AND BUSINESS OF THE COMPANY

2.2.1. INTRODUCTION

1. SSML was incorporated as Private Limited Company on 7th Nov. 1973 under the companies Act 1956. the word “private” was deleted under the provisions of Sec. 43(a)(2) of the Act with effect from 1st

2. The company was started with the main objects of carrying on the business of spinning and weaving mills in cotton, waste cotton, artificial silk, rayon and other substances.

3. The company's first Unit at Kamaraj nagar Colony, Salem - 14 (Unit-I) was started in 1974. This commenced commercial production in May 1974 with an installed capacity of 3,300 spindles. The spindlegge was gradually expanded in stages to 15,000 between the years 1974 and 1980, the expansion being financed by way of Term Loans from Financial Institutions, Banks like TIC, State Bank of India Etc., further expansion programmes were undertaken between 1980 and 1988 to increase the spindlegge from 15,000 to 24,796. The capacity increase was financed by way of Term Loans from SIPCOT and also internal accruals.

4. The second unit at Ayeepalayam, Athanur in Salem district (Unit-II) was started in 1990 with an installed capacity of 5,760 spindles at a cost of Rs.335 lakhs. The capacity was expanded to 12480 spindles in 1993 at a cost of 565 lakhs. Both the above projects were financed by way of Term Loans from IFCI and also internal accruals. By 1994,
the aggregate installed capacity of both the Units amounted to 37,276 spindles. Now the installed capacities of both the units are 52,580 spindles. The following table shows its progress from the year 1997-98.

The profit per day has been worked out by taking the working days as 359 per year on an average basis.

**PROGRESS REPORT**

**TABLE 2.1.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Spindle Capacity Spindles</th>
<th>Production / Day (in Tones)</th>
<th>Operating profit/Day (Rs. in lacs)</th>
<th>Sales / day (Rs.inlacs)</th>
<th>% Of Operating profit On Sales</th>
<th>E/P$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-98</td>
<td>49276</td>
<td>10.86</td>
<td>2.33</td>
<td>17.16</td>
<td>13.59%</td>
<td>3.44</td>
</tr>
<tr>
<td>1998-99</td>
<td>49700</td>
<td>11.67</td>
<td>2.28</td>
<td>18.49</td>
<td>12.31%</td>
<td>2.46</td>
</tr>
<tr>
<td>1999-2K</td>
<td>49700</td>
<td>10.81</td>
<td>2.36</td>
<td>18.00</td>
<td>13.10%</td>
<td>2.57</td>
</tr>
<tr>
<td>2000-01</td>
<td>52580</td>
<td>10.52</td>
<td>2.57</td>
<td>20.30</td>
<td>12.66%</td>
<td>2.66</td>
</tr>
<tr>
<td>2001-02</td>
<td>52580</td>
<td>10.05</td>
<td>2.39</td>
<td>19.80</td>
<td>12.07%</td>
<td>2.31</td>
</tr>
<tr>
<td>2002-03</td>
<td>52800</td>
<td>10.29</td>
<td>3.61</td>
<td>20.29</td>
<td>17.77%</td>
<td>7.29</td>
</tr>
</tbody>
</table>

From the above table we may conclude that the operating profit is shows an increasing trend.

**2.2.2. LOCATIONAL ADVANTAGE:**

The Unit has regular supply of raw material, as it is situated in major cotton growing center. Enough power supply is available and the Unit is also having sufficient generating capacity to meet its needs during power cut. It has established transportation facilities to various markets and it has also made proper arrangement for efficient disposal of yarn and waste. Besides it has sufficient facilities for supply of utilities and services to cater to its requirements.
2.2.3. EXPANSION

The company went for another expansion at a cost of Rs.22 crores.

The means of finance were:

- IFCI - (Rupee Term Loan) Rs. 650 lakhs
- SBI Rs. 300 lakhs
- Rights Issues Rs. 150 lakhs,
- Public issue of equity shares Rs.600 lakhs.
- Loan from promoters Rs.50 lakhs
- Internal accruals Rs.450 lakhs.

The spindle capacity has increased slowly and at present the total capacity stands at 52,580.

2.2.4. PROJECTIONS FOR FUTURE ACTIVITIES

The company has now undertaken establishment of 10 wind Mills at Tirunelveli District a vast and ambitious project. The project is nearing completion. The same is being done at a cost of about Rs.30 crores for which SBI have sanctioned a sum of Rs.20 crores by way of Term Loans.

The Wind Mills will meet about 70% of the Power needs of the company.

The following items are planned for the Future.

- 100% Double Yarn of High Quality (high strength and high RKM)
- For special fabrics
- Compact Yarn
- Weaving and knitting projects.
Equipment for the above value additions are to be taken at a cost of 20 crores through assistance under Technical Upgradation schemes.

Sambandam Spinning Mill Unit – I alone has a present capacity of 27,620 spindles. SSM has planned to increase its capacity to about 37,000 spindles.

2.2.5. PLANS ON DIVERSIFICATION

There is a NEED OF DIVERSIFICATION due to the following reasons:

- Spinning Industry becomes more competitive.
- Market fluctuations are very high.
- Margins are thinner and this trend is likely to be continued.

DIVERSIFICATION WILL LEAD TO:

COST REDUCTION

Cost reduction by the way of setting of Wind Farm for self power generation.

REASONS FOR DIVERSIFICATION ARE:

VALUE ADDITION - In the form of
1. MORE DOUBLE YARN
2. COMPACT YARN
3. HIGH QUALITY YARN

COTTON YARN FORWARD INTEGRATION SUCH AS

1. WEAVING
2. KNITTING
3. GARMENT MANUFACTURING etc.
2.2.6. RESEARCH & DEVELOPMENT

It has well-established R&D department with necessary equipment to test the quality of cotton and yarn. It put forth its efforts towards increasing the quality and improvement of productivity. The companies in the group are the members of South Indian Textile Research Association (SITRA), which is a nodal textile research agency for textile mills situated in the southern part of the country.

2.3. PRODUCTION PROCESS

2.3.1 PRODUCTS

The company has been producing carded, combed, ring double, TFO, auto coned, knitting, open end and reeled yarns from count ranging from 10s to 100s.

2.3.2. PROCESS OF MANUFACTURE

In simple the process flow has the following structure:

The exact process flow is depicted in the process flow chart.

**PROCESS FLOW CHART**

**CHART 2.1**

- **Blow**
  - Room
  - **LAB SHEET**
  - **SLIVER LAP**
  - **RIBON LAP**
  - **COMBER**
  - **DRAWING**
    - **BREAKER**
    - **FINISHER**
  - **DRAWING SLIVER**
  - **SIMPLEX**
  - **SIMPLEX SLIVER**
  - **SPINNING** — Single yarn
    - **DOUBLER WINDING**
    - **YARN**
    - **DOUBLING COPS**
      - **CONE WINDING**
      - **REELING**
      - **CONE PRODUCTION**
        - **HANK PRODUCTION**
        - **PACKAGING**
  - **CONES**
  - **REELS**
  - **PRODUCTION**
2.3.3. PROCESS IN DETAIL

The different types of cotton are purchased and are suitably blended before they fed into the process. The blending is done to suit the quantity of the finished product.

The mixing of different varieties of cotton is done manually in the mixing room. The mixed cotton is fed to the Blow room, which converts it into lap form. The cotton laps are drawn into slivers while being processed through pre-spinning departments. Finally the yarn is spin in Ring frames, after which it is converted into Cones and Hanks. Cones are packed in cone cases and cone Bags and Hanks are packed in full or half bales.

The production centers in the processing are

1. Mixing and Blow room
2. Carding
3. Combining
4. Drawing
5. Simplex
6. Spinning
7. Doubling
8. Cone & Doubler winding
9. Reeling
10. Auto cone winding
11. Packing
DESCRIPTION OF THE DEPARTMENTS INVOLVED AND THEIR FUNCTIONS

The raw material is cotton. The cotton having visible impurities like small sticks, polythene papers, nylon, colors, color papers, which are to be cleared by manually. The Raw material can be purchased by various states, and also imported by various countries. These Raw materials are stored in godown. The Raw materials are purchased by lots and bales.

MIXING AND BLOW ROOM

It consists of cryghton opener cleaner, Mixing and lap making machines. The cotton received in a textile mills is in hard-pressed bale form. The bale contains lot of impurities. The machinery installed in the blow room aids in opening the cotton bales and removing the impurities. The trash and foreign matter in the cotton are to be extracted out. The cotton after getting cleaned should be suitably blended to achieve uniform quality to suit the requirement for various counts produced. Two or more varieties of cotton are mixed to obtain the proper blend. This is done in mixing and Blow room. The machines installed helps to convert the cleaned cotton into sheets called laps, which are then delivered to the next department, i.e., carding.
CARDING

The cotton laps received from blow room are processed on the carding machines, which are installed to individualise the fibers and remove the sand, leaf and other impurities. The laps are then converted into thin web called slivers. These slivers are stored in cans.

COMBINING

This is inserted as an optional process mainly to get yarn of better quality and finer count. For improving the quality of yarn short fibres in the cotton are to be removed. The comber removes the short fibres and also straightens out the other fibres and places them parallel to the axis of the fibre. The combed yarn is sent to drawing department for further processing.

DRAWING FRAMES AND SPEED FRAMES (SIMPLEX)

Drawing is the process in which 8 slivers are made together into one single and correct uniformity length. Scanning rollers are used to make these 8 slivers into one single sliver. The approximately its metre is 5500 metres.

In the older models these two departments were functioning as three i.e., inter, slubbing and roving. Through modernization, already introduced, only two departments help to remove the uniformity of slivers fed and to parallelise the fibres before they can be drawn out as finished year.
When the corded slivers are processed on the Draw Frames they are made uniform in thickness by the doubling process and the fibres get drawn parallel to axis of the sliver by the drafting process.

The functioning of the fly frames is to attenuate the slivers to the level required. A suitable twist is also inserted in the roving so that the slivers can withstand the winding and unwinding tensions. The roving is wound with suitable bobbins.

In the modern technology introduced the stubbing and roving process is combined into one operation called the can fed or simplex process.

RING FRAMES

Spinning process is the last stage in the manufacture of yarn. To convert roving passed on to bobbins to obtain the yarn of the required counts, various operations are carried out in the ring frames, such as drafting, twisting and winding. The first process in the ring frame section is drafting and this is mainly to reduce the thickness of to suit to the requirements at the final stage and the two subsequent processes carried out are twisting and winding. Twisting and winding wind the twisted yarn on bobbins.

DRAFTING/TWO FOR ONE TWISTER

When the yarn is twisted into doubled yarn it gives additional benefits in terms of strength, a abrasive resistance and luster. Two or more single
yarn could be twisted to make the doubled yarn. TFO is the latest for of doubling facility.

**CONE WINDING, AUTO CONE WINDING AND REELING**

The yarn manufactured on the spinning frame is further processed according to the end use. It is wound on cones, to be used as warp or weft or for sale. Auto cone winding is used specially for export yarn. When it is to be sold in hanks form it is reeled, bundled and packed. When it is to be processed in loose yarn forms, it is reeled and the reeled hanks are used for further processing such as bleaching, dyeing etc.

**PACKING**

Finally, the reeling hank is made into bales and the packing cones are made into cartons, which are made ready to marketing.

The produced cones are exported to various countries like Middle East, Saudi Arabia, Italy, Europe and South Africa. For this wonderful production this concern get the prestigious “ISO 9002” award for its Quality standards. The productivity ranking within top ten mills in India.
### TABLE 2.2.
**DEPARTMENTWISE ACTIVITIES**

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>INPUT</th>
<th>OUTPUT</th>
<th>MAINTENANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blow room</td>
<td>Mixed cotton</td>
<td>Lap</td>
<td>Clearing once in 15 days.</td>
</tr>
<tr>
<td>Carding</td>
<td>Blow room lap</td>
<td>Sliver</td>
<td>General clearing once in a week</td>
</tr>
<tr>
<td>Sliver lap machine</td>
<td>Sliver</td>
<td>Sliver lap</td>
<td>Once in a week</td>
</tr>
<tr>
<td>Ribbon lap machine</td>
<td>Sliver lap</td>
<td>Ribbion lap</td>
<td>Once in a week</td>
</tr>
<tr>
<td>Comber</td>
<td>Ribbon lap</td>
<td>Carded sliver / Combed sliver</td>
<td>Once in 10 days</td>
</tr>
<tr>
<td>Drawing</td>
<td>Carded sliver</td>
<td>Drawn sliver</td>
<td>Once in a week</td>
</tr>
<tr>
<td>Simplex</td>
<td>Drawing lap</td>
<td>Roving in the form of Bobbin</td>
<td>Once in 10 days</td>
</tr>
<tr>
<td>Spinning</td>
<td>Simplex roving</td>
<td>Yarn in the form of Cop</td>
<td>Once 7 days</td>
</tr>
<tr>
<td>Cone winding</td>
<td>Yarn or doubling cop yarn</td>
<td>Yarn in the form of cone</td>
<td>Once 7 days</td>
</tr>
<tr>
<td>DRT</td>
<td>Two cone yarn</td>
<td>Yarn in the form of cheese</td>
<td>Once 7 days</td>
</tr>
<tr>
<td>Doubling</td>
<td>Cheese Yarn</td>
<td>Yarn in the form of cop</td>
<td>Once 7 days</td>
</tr>
<tr>
<td>Reeling</td>
<td>Cone yarn</td>
<td>Yarn in the form of Hank</td>
<td>Once 7 days</td>
</tr>
</tbody>
</table>

#### 2.3.4. COTTON PURCHASE

Cotton is the raw material for the production. It procured mostly from Andhra Pradesh (80%) partly from Madhya Pradesh (10%), a few from imports and the rest from local dealers. Generally cotton is bought through agents. During October to January the procurement of cotton found to be huge because of the boom period of cotton (Oct-Jan). This period is the cotton season.

Cotton is produced in lots. One lot consists of 50 bales. (1 bale = 165 to 170 kgs). Mostly cotton is purchased on the candy price value.
COTTON VARIETIES

There are number of varieties of cotton available. They are as follows:

TABLE 2.3.

<table>
<thead>
<tr>
<th>Superior Quality</th>
<th>Punjab Cotton</th>
<th>Foreign Cotton</th>
<th>Other Varieties</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCU-5</td>
<td>J-34</td>
<td>Egyptian GIZA-80</td>
<td>LRA</td>
</tr>
<tr>
<td>DCH-32</td>
<td>F-414</td>
<td>Egyptian GIZA-81</td>
<td>MP Shankar</td>
</tr>
<tr>
<td>JOTHI-Y1</td>
<td>Sudan-GIB</td>
<td>Sudan-GZB</td>
<td>602</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>H-4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>H-6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>MECH-1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>S-4 Gujarat</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Local</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Savitha</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Jayadhar</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>R&amp;H</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>HHI</td>
</tr>
</tbody>
</table>

ASSESSMENT OF QUALITY COTTON

The cotton is tested both manually and electronically (by using computers). By manual method the cotton is tested by an instrument called “BARE SHORTER”. But this method is time consuming for testing the samples. In electronic method, a machine called “SPIN-LAB HVI-900” is used for testing the samples. This is very fast and accurate. This is advanced electronic and computerized equipment. By this method the cotton is tested within two minutes.

The quality of the cotton is assessed by taking following as parameters.

1. Strength
2. Fibre strength
3. Maturity
4. Fineness
5. Trace cotton
6. Short fibre content
7. Colour and Trash

**REQUIREMENT OF COTTON**

Normally 1200 bales are required per month for consumption. Approximately 60 bales are required per day. Usually three months cotton requirement is stored in the godown. The capacity of the Godown is 5000 bales and it is insured (1 bale = 165 to 170 Kgs)

**2.3.5. YARN**

Generally two varieties of yarn is produced, namely carded Yarn and combined yarn.

The various counts of yarn are as follows

<table>
<thead>
<tr>
<th>120s, 100s, and 80s</th>
<th>Superior counts</th>
</tr>
</thead>
<tbody>
<tr>
<td>10s, 20s, 30s, 40s, and 60s</td>
<td>Other counts</td>
</tr>
</tbody>
</table>

**ASSESSMENT OF QUALITY OF YARN**

The quality of yarn is assessed in each and every department ie., from blow-room to spinning. There is a department called wrapping department, which analyse the count and strength product of yarn (count x strength = CSP)
The finished product of yarn is tested in two methods.

<table>
<thead>
<tr>
<th>1. USTER TESTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. ELECTRONIC TWIST TESTER</td>
</tr>
</tbody>
</table>

1. USTER TESTER

i. To find the unevenness of the material

ii. To find out the thin, thickness and imperfection of the yarn.

2. ELECTRONIC TWIST TESTER

To determine twist per inch and twist per metre a twist multiplier, in double and single yarn.

2.4. ORGANIZATION:

The various departments in the company have been organized in such a way to get maximum efficiency in discharging their duties. The following discussion is related to its organization.

2.4.1. MANAGEMENT

The company is managed by the managing director who is elected by the Board of Directors. It is managed by efficient persons having rich experience in the concerned field. The enclosed organization chart, briefly shows the flow of authorities. The company has adequate qualified and experienced technical, accounting and administrative personnel. The organizational structure depicts the flow of authorities and the persons engaged in discharging duties efficiently.
2.4.2. STATISTICAL QUALITY CONTROL DEPARTMENT (SQC)

The SQC Section will have the following broad categories of work assigned to it.
FUNCTIONS OF STATISTICAL QUALITY CONTROL DEPARTMENT

1. QUALITY ASSURANCE FUNCTION

This activity is one of the most important aspects of quality control work in the mills. The work of evaluation of outgoing quality of yarn and the quality of packages made as well as an analysis of customer complaints and suggestions will form part of the quality of yarn. The SQC department regularly presents the quality evaluation report to the management.

The SQC department can also be entrusted with the responsibility of making routine tests with the equipments available in the laboratory (evenness tested, moisture oven, micronai, twist tester and staple length tester). It evaluates quality of the incoming cotton, stores materials and output received by different production departments.

2. CONTROL FUNCTION: PROCESS CONTROL

Process control is one of the main functions of the SQC department. It also takes the following responsibilities:

(i) Maintenance of quality, production, waste, machine utilization etc., at the desired standard levels.

(ii) Timely reporting to production department, personnel department and to the top management.

(iii) Follow up work, and sending weekly reports to top management.

The person, who will be entrusted with the work of data collection, can undertake direct responsibility for analysis of data timely reporting to
the persons concerned and arranging for necessary follow ups: The SQC
department is entrusted with the responsibility of 1) preparing regular SQC
reports, 2) conducting regular meeting, and 3) checking maintenance work.
SQC staff used to meet Managing Director, General Manager every day
between 10 and 11 a.m. and give a short review of the highlights of the
activities of the SQC section. It is the work of the SQC department to
control all technical work of related to packing, production and waste
collection departments.

3. DEVELOPMENT FUNCTIONS

SQC department also conducts studies related to yarn-quality,
machine utilization, and various feasible cotton-mixing patterns. SQC also
helps for conducting for special studies. Though the actual job of carrying
out special investigations including data collection etc., are done by other
person, the responsibility for proper designing statistical analysis,
interpretation and reporting will be in hands of SQC department.

4. COST CONTROL

SQC department also helps in evaluations of the cost of production
for each count, profit margin, locating places and scope for cost reduction,
formulation of budgeting etc.

2.4.3. HUMAN RESOURCE DEVELOPMENT (HRD) DEPARTMENT

The object of the HRD department is to develop cordial relationship
between the employer and employee.
FUNCTIONS OF HUMAN RESOURCE DEVELOPMENT

The following fields of work regularly performed in Sambandam group of spinning mills in respect of labour force.

1. Man power planning, forecasting, scheduling
2. Interviewing screening, testing and recruiting new hands
3. Training and development
4. Personnel appraisals / rating efficiency
5. Arranging and conducting Education Programme
6. Assignment of works / Placement Programme
7. Wages and Salary administration
8. Labour leave matters
9. Welfare measures
10. Maintaining, Statutory records under labour acts
11. Counseling
12. Diplomacy proceedings
13. Innovation
14. Reviewing
15. Preparing project reports
16. Advising management in respect of workloads, remuneration and in installing new machines etc.
ORGANISATION

The department of Human Resource Development is headed by Manager – HRD who is assisted by Asst. Manager HRD, and Assistance spinning Master (Training) in each unit. The functions of HRD department are under the direct control of executive director cum General manager. The special tasks in the areas of introducing new machineries, new work concepts etc are inspired, motivated and directed by executive director – Cum administrative officer.

HRD ORGANISATION CHART

CHART 2.3

Managing Director

Executive Director

HRD Manager

ASST. Manager HRD

ASST. Spinning Master

Time Keepers

Watch & Ward

Supervisors

Clerks
OBJECTIVES:

The HRD department has the following objectives:

1. To bring happiness of works
2. To gain confidence among workers over the Management
3. To create job awareness and belongingness among workers with their jobs.
4. To get better co-operation from workers
5. To motivate all workers and develop their skills.
6. To inculcate best work culture
7. To work best quality of work and yarn
8. To reduce process wastage by creating awareness among workers
9. To bring happiness in the family of the workers by providing educational facilities to the employee’s family members.
10. To solve all types of problems both within the mill and family on humanitarian grounds.
11. To innovate new work concepts and new work methods.
12. To establish effective communication network at all levels of management.
13. To implement new work methods and work assignments.
14. To ensure safety.
15. To expose talents and skills of workers and to make them proud out of it.
TRAINING AND DEVELOPMENT

The prime function of HRD department starts with the training and development. The object of Training is to impart skill and will to work. All workers are given training periodically and systematically to make use of the best work methods.

The following are the some of the activities related to training and development:

1. Face to face meeting
2. Periodical review meeting
3. Counseling
4. Direct communication
5. Informal Communication
6. Group discussion
7. Individual skill appreciation and Recognition
8. Literacy Programme

AIMS OF TRAINING

The following are the main aims of the training department:

To improve production
To enhance quality
To reduce waste
To avoid accidents
To achieve the above aims the following Training Programmes are conducted by the employer

1. Technical Training Programme
2. Safety training Programme
3. HRD Programme

2.4.4. WELFARE MEASURES TO EMPLOYEES

Some of the welfare measures to employees which are provided by the company are:

1. P.F. SCHEME

The company has already a well-established P.F. Scheme to the workers. Every employee has been receiving contributions from the employer towards the PF scheme.

2. CANTEEN

The company has one canteen, which is run by the management. In that canteen all the food items, coffee, tea, etc., are provided at fair prices to their workers.

3. BONUS

The company provides bonus facilities to their employees like any other concerns. The worker’s are receiving their bonus at the time of Deepavali, however the administrative staff are receiving their bonus at the time of the Pongal.
4. REFRESHMENT

The company provides refreshment facilities during night shifts to the workers. It also provides tea or coffee at two times during the office hours to the office staff.

5. FIRST AID FACILITIES

The company provides the first aid facilities to the employees by means of providing the first aid boxes and other timely helps to all the departments.

2.4.5. MAINTENANCE DEPARTMENT

The company has a well-equipped maintenance department. It has various plans for providing efficient maintenance services to various departments.

ADVANTAGES OF MAINTENANCE

The following are the benefits one can get from good maintenance:

1. Improvement in quality.
2. Reduction in breakdown.
3. Improvement in productivity.
4. Reduction in spare consumption.
DEPARTMENTWISE MAINTENANCE SCHEDULE
TABLE 2.4.

<table>
<thead>
<tr>
<th>Department</th>
<th>Frequency</th>
<th>Man Hours/Machine</th>
<th>Man/Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blow room</td>
<td>Once in 7 days</td>
<td>72</td>
<td>1.64</td>
</tr>
<tr>
<td>Carding</td>
<td>Once in 7 days</td>
<td>18</td>
<td>3.89</td>
</tr>
<tr>
<td>Drawing</td>
<td>Once in 7 days</td>
<td>4.0</td>
<td>1.06</td>
</tr>
<tr>
<td>SI Machine</td>
<td>Once in 15 days</td>
<td>16.0</td>
<td>0.33</td>
</tr>
<tr>
<td>Comber</td>
<td>Once in 10 days</td>
<td>16.0</td>
<td>1.50</td>
</tr>
<tr>
<td>Simplex</td>
<td>Once in 10 days</td>
<td>20.0</td>
<td>2.53</td>
</tr>
</tbody>
</table>

2.4.6. WASTE MANAGEMENT

WASTE DETAILS

Some amount of waste is discharged at every stage of production. In order to optimize productivity, cost and quality it is always necessary to maintain wastage at a particular level which in turn depends upon the cotton. The waste can be classified under two different heads.

![Waste Diagram](#)

**HARD WASTE**

Hard waste include all the waste that comes from the process such as Spinning, Cone Winding, Doubler winder (DRT), Doubling, Reeling etc. These wastes can't be reused in production but can be sold out. Therefore they are called as salable waste. They are usually sold at very low cost.
SOFT WASTE

This waste also arises from the production process. There are two types of soft wastes. They are depicted below:

![Diagram of Soft Waste]

**USABLE WASTE**

Usable Waste includes all the waste that can be used in production process. These wastes come out from the processes such as Blow Room Lab Bits, carding sliver Lab Bits, Ribbon Lap Bits, Comber Sliver Bits, Drawing silver bits, Simplex Roving Bits, Spinning Pneumatic Waste. Usable waste are used in production along with raw-cotton.

**SALABLE WASTE**

Salable Waste is the waste that can't be used in production process. A part of soft waste is salable waste. It includes all the waste from the processes such as Blow Room Droppings, carding short fibre, comber noils, etc.

**2.4.7. ADMINISTRATION**

The following chart shows the flow of authority of various persons in performing their duties. All administrative works are in the hands of company secretary. All the other administrative persons should report to the company secretary. It is discussed below:
2.4.7.1. COTTON DEPARTMENT

In this department records are maintained for various varieties of cotton in respect of different lots, regarding their arrival and issues.

2.4.7.2. ACCOUNTS DEPARTMENT

1. In this department accounts are maintained with the help of computer systems. All the records regarding purchase, sales and expenses are maintained.

2. 20 systems are available for the overall maintenance of various activities.

3. EDP operators enter the particulars related to purchase, sales and expenses.
4. Proper records are maintained for Sales Tax, income Tax and Central Excise.

2.4.7.3. STORES

In this department records are maintained for each machinery equipment and spare parts, regarding their arrival and issues to various departments. The head of the Department of the factory will give the machinery requirement after consultation with the management for their anticipated production capacity.

2.5. MARKETING DEPARTMENT

The ultimate purpose of production is to earn high profit. The primary objectives of any business undertaking is to sell the goods successfully. Hence, the ultimate goal of a proprietor or business undertaking is to earn optimum profit. It can be achieved either by increasing sales or decreasing the overheads to some extent in production, purchasing, financing etc. Sales play a vital part in the company as well as in the competitive market.

Good profit and competitive price alone are not enough to ensure a company’s success. Company’s success is affected by the dealings and association of the sales department and its representatives with customers and with other departments this influences the company’s reputation with the public.
Sales promotions are to be implemented only by effective business operations. Cost control and cost reduction plays an important role in aiming more profit.

**CHART 2.5.**

**MARKETING DEPARTMENT**

- **DIRECTOR (OPERATION)**
- **MARKETING ASSISTANT**
- **YARN CLERK**
- **CENTRAL EXCISE CLERK**

**TO CONTROL EXPENSES**

The sale of goods is the Chief activity for every trading company. Hence, every aspect of sales must be adequately documented. The sequence of operation of sales is as follows.

**THE ENQUIRIES**

The enquiry from the customers and brokers may arrive by telephone and by telegram.

It should be forwarded first to the office then to the sales manager who will take appropriate action to follow it up.
THE QUOTATION

Based on the enquiry the company issues quotations. This is an offer to supply at a quoted price with the specified quantity and quality. The quotations consist of the terms and conditions prescribed by Sambandam Spinning Mills Ltd., in Salem.

THE ORDER

The order will be received by the company from the customers and brokers. This order forms will be scrutinized to ensure that it is made on the basis of the terms and conditions specified in the quotation issued to them. If there is any defect in the order form a phone call should be made to clarify the detail.

THE INVOICE

Invoice is a business document made out whenever a person sells goods to another.

Usually the company’s invoice contains the following information:

1. Name of Address of the interested parties.

2. An exact description of the goods with quantity and the unit price and the details of the trade discount etc.

3. Terms on which the goods are sold (i.e.) on (or) credit basis.

Usually the cash sales are made in the company. Occasionally the cheques are also accepted for regular customers.
BROKERS

In the SAMBANDAM SPINNING MILLS LTD., the sale is done through brokers. Brokers are the main linkage between producers and customers. Brokerage is given on the basis of sale value of bales. Brokerage is major expenses in related to the sales department.

ADVERTISEMENT

Due to existence of heavy demand in the market, there is no need for the company to make advertisement for moving its products in the market.

At present, the situations of yarn market are as seller market, but when there is a large competition arises, the advertisement of a product becomes a necessity one for every company.

EXCISE DUTY

Excise duty is levied on yarn. It differs from count to count of sales value.

SALES TAX

This is an indirect tax levied by the State Govt. It is also levied on the sale of cotton waste. The company has to pay the sales tax at the appropriate rates and submit sales tax returns regularly.

Sales tax rates
- for local sales - 4% on coned yarns
- 2% on hank yarns
- for merchandise - 2% on coned yarns
- 2% on hank yarns
- export - 2% on hank yarns

53
The yarns are also produced by SAMBANDAM SPINNING MILLS LIMITED, for export garments, lungies, dhotis etc.

MODES OF SALES

1. STOCK SALES

In Sambandam Spinning Mills Limited, there are some regular customer for certain type of products. Such products are kept under stock, based on the customer requirements.

2. ORDER SALES

In this type of sales, the Company has to plan its production, based upon the order received. They start producing the goods only after receiving the orders.

3. LOCAL SALES

The company used to sell their yarns usually within the state of Tamilnadu and also outside the state of Tamilnadu. If the sales are made within different states it is called as merchandise export.
4. EXPORT

Export market is a market where goods are sold to other country.

The company makes direct exports to various countries.

The following table shows the places in which the sales take place:

TABLE 2.5.

<table>
<thead>
<tr>
<th>INTRA STATE</th>
<th>INTERSTATE</th>
<th>EXPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERODE</td>
<td>WITHIN</td>
<td>ITALY</td>
</tr>
<tr>
<td>SALEM</td>
<td>INDIA</td>
<td>DUBAI</td>
</tr>
<tr>
<td>KARUR</td>
<td>BUT OUTSIDE</td>
<td>SRI LANKA</td>
</tr>
<tr>
<td>MADURAI</td>
<td>TAMIL NADU</td>
<td>JAPAN</td>
</tr>
<tr>
<td>TIRUPUR</td>
<td></td>
<td>COLUMBIA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HONGKONG</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SINGAPORE</td>
</tr>
<tr>
<td></td>
<td></td>
<td>U.K</td>
</tr>
<tr>
<td></td>
<td></td>
<td>U.S.A</td>
</tr>
</tbody>
</table>
The following table depicts the progress in marketing their products both in India and abroad.

**TABLE 2.6.**  
(Rs. in Lacs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Within India</th>
<th>Direct Export</th>
<th>Merchandise Export</th>
<th>Total Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-1998</td>
<td>2581</td>
<td>977</td>
<td>2605</td>
<td>6163</td>
</tr>
<tr>
<td>1998-1999</td>
<td>3527</td>
<td>709</td>
<td>2403</td>
<td>6639</td>
</tr>
<tr>
<td>1999-2000</td>
<td>4269</td>
<td>96</td>
<td>2097</td>
<td>6462</td>
</tr>
<tr>
<td>2000-2001</td>
<td>4130</td>
<td>573</td>
<td>2399</td>
<td>7102</td>
</tr>
<tr>
<td>2001-2002</td>
<td>4159</td>
<td>393</td>
<td>2557</td>
<td>7109</td>
</tr>
<tr>
<td>2002-2003</td>
<td>4968</td>
<td>204</td>
<td>2114</td>
<td>7286</td>
</tr>
</tbody>
</table>

Source: secondary data

2.6. SHAREHOLDER INFORMATION

The capital of the company is divided into units of a fixed denomination. These units are called shares. They carry with them certain rights. Share is held to denote the right to participate in the profits of a company. The company's number of shareholders were 6033, 5496 and 5601 respectively for March 31, 2001, March 31, 2002 and March 31, 2003.

Number of shares of the company are 42,86,400, 42,86,400 and 42,64,600 respectively for the years 2001, 2002 and 2003. The number of shares held by the shareholders has declined in the year 2002 – 2003. However, earnings per share has increased in the year 2002 – 2003 when compared with years 2000 – 2001 and 2001 – 2002 the following table displays the shareholding pattern, Distribution of share holding and earnings for years 2001, 2002 and 2003 respectively.
SHAREHOLDERS INFORMATION

Distribution of Shareholding as at March 31, 2001

TABLE 2.7.

<table>
<thead>
<tr>
<th>Equity Shares held</th>
<th>Number of Shareholders</th>
<th>Percentage</th>
<th>Number of Share held</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 5000</td>
<td>5845</td>
<td>96.884</td>
<td>6,74,700</td>
<td>15.74</td>
</tr>
<tr>
<td>5001 – 10000</td>
<td>82</td>
<td>1.359</td>
<td>63,800</td>
<td>1.49</td>
</tr>
<tr>
<td>10001 &amp; above</td>
<td>106</td>
<td>1.757</td>
<td>35,47,900</td>
<td>82.77</td>
</tr>
<tr>
<td>Total</td>
<td>6033</td>
<td>100.00</td>
<td>42,86,400</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: secondary data

SHAREHOLDING PATTERN AS ON MARCH 31, 2001

TABLE 2.8.

<table>
<thead>
<tr>
<th>Category</th>
<th>No of Shares held</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indian promoters</td>
<td>29,59,180</td>
<td>69.0364</td>
</tr>
<tr>
<td>Financial Institutions</td>
<td>1,25,200</td>
<td>2.9209</td>
</tr>
<tr>
<td>Bodies Corporate</td>
<td>2,34,100</td>
<td>5.4615</td>
</tr>
<tr>
<td>Non Resident Indians</td>
<td>8,920</td>
<td>0.2081</td>
</tr>
<tr>
<td>Indian Public</td>
<td>9,59,000</td>
<td>22.3731</td>
</tr>
<tr>
<td>Total</td>
<td>42,86,400</td>
<td>100.0000</td>
</tr>
</tbody>
</table>

Source: secondary data
### DISTRIBUTION OF SHAREHOLDING AS AT MARCH 31, 2002

#### TABLE 2.9.

<table>
<thead>
<tr>
<th>Equity Shares held</th>
<th>Number of Shareholders</th>
<th>Percentage</th>
<th>Number of Share held</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 5000</td>
<td>5784</td>
<td>92.276</td>
<td>7,11,100</td>
<td>16.59</td>
</tr>
<tr>
<td>5001 – 10000</td>
<td>69</td>
<td>1.160</td>
<td>76,200</td>
<td>1.78</td>
</tr>
<tr>
<td>10001 &amp; above</td>
<td>93</td>
<td>1.564</td>
<td>34,99,100</td>
<td>81.63</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5946</strong></td>
<td><strong>100.000</strong></td>
<td><strong>42,86,400</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

*Source: secondary data*

### SHAREHOLDING PATTERN AS ON MARCH 31, 2002

#### TABLE 2.10.

<table>
<thead>
<tr>
<th>Category</th>
<th>No of Shares held</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indian promoters</td>
<td>29,59,180</td>
<td>69.0364</td>
</tr>
<tr>
<td>Financial Institutions</td>
<td>1,25,200</td>
<td>2.9209</td>
</tr>
<tr>
<td>Bodies Corporate</td>
<td>2,34,100</td>
<td>5.4615</td>
</tr>
<tr>
<td>Non Resident Indians</td>
<td>8,920</td>
<td>0.2081</td>
</tr>
<tr>
<td>Indian Public</td>
<td>9,59,000</td>
<td>22.3731</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>42,86,400</strong></td>
<td><strong>100.0000</strong></td>
</tr>
</tbody>
</table>

*Source: secondary data*
DISTRIBUTION OF SHAREHOLDING AS AT MARCH 31, 2003

TABLE 2.11

<table>
<thead>
<tr>
<th>Equity Shares held</th>
<th>Number of Shareholders</th>
<th>Percentage</th>
<th>Number of Share held</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 5000</td>
<td>5453</td>
<td>97.36</td>
<td>7,11,100</td>
<td>16.69</td>
</tr>
<tr>
<td>5001 – 10000</td>
<td>56</td>
<td>1.00</td>
<td>64,400</td>
<td>1.55</td>
</tr>
<tr>
<td>10001 &amp; above</td>
<td>92</td>
<td>1.64</td>
<td>34,88,500</td>
<td>81.80</td>
</tr>
<tr>
<td>Total</td>
<td>5601</td>
<td>100.00</td>
<td>42,64,600</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: secondary data

SHAREHOLDING PATTERN AS ON MARCH 31, 2003

TABLE 2.12.

<table>
<thead>
<tr>
<th>Category</th>
<th>No of Shares held</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indian promoters</td>
<td>30,11,120</td>
<td>70.6073</td>
</tr>
<tr>
<td>Financial Institutions</td>
<td>1,25,200</td>
<td>2.9358</td>
</tr>
<tr>
<td>Bodies Corporate</td>
<td>2,25,302</td>
<td>5.2831</td>
</tr>
<tr>
<td>Non Resident Indians</td>
<td>9,100</td>
<td>0.2134</td>
</tr>
<tr>
<td>Indian Public</td>
<td>8,93,878</td>
<td>20.9604</td>
</tr>
<tr>
<td>Total</td>
<td>42,64,600</td>
<td>100.0000</td>
</tr>
</tbody>
</table>

Source: secondary data
# EARNINGS PER SHARE

## TABLE 2.13.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>EARNINGS PER SHARE (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 – 2001</td>
<td>2.66</td>
</tr>
<tr>
<td>2001 – 2002</td>
<td>2.31</td>
</tr>
<tr>
<td>2002 – 2003</td>
<td>7.29</td>
</tr>
</tbody>
</table>

## 2.7. SUMMARY

In this chapter we have seen the history of the Mill, its Locational advantage, Expansions, Future Plans and Diversifications. Production, Process, Management of the Company, Marketing, Waste management, Administration, Finance & Accounts and Human Resource in operation etc.