CHAPTER II

PROFILE OF SAMBANDAM SPINNING MILLS LIMITED
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Sambandam Spinning Mills Limited is situated in Kamaraj Nagar Colony, Salem – 636 014. It has been incorporated as private limited company on November 7th, 1973, under the Companies Act, 1956. The word “Private” was deleted under the provisions of the Section 43 A (22) of the Companies Act, 1956, with effect from July 1st, 1989 to become a deemed public limited company.

The company became a full-fledged public limited company with effect from June 17th 1994. The registered office of the company is situated in the State of Tamil Nadu. The factory is constructed in a modern type.

Promoters of the company are:

Sri S.P.Sambandam
Sri S.P.Ratnam
Sri S.P.Rajendran

Sri K.R.Manicka Mudalir – pioneered themselves in Textile Industry and Trade in Salem over three decades and whose progenitors are in the industry for over three generations.

At the time of incorporation of the company, the share capital was just Rs.3 lakhs but now the authorized capital of the company is Rs.500 lakhs
and the paid-up capital is around Rs.427 lakhs. Thus the company has a prosperous growth in its life time.

Mills situated at:

UNIT – I
Kamaraj Nagar Colony, Salem – 636 014

UNIT – II
Ayepalayam, Athanur, Salem – 636 301

Sister concerns:

1) Kandagiri Spinning Mills
   UNIT – I, Udayapatti, Salem
   UNIT – II, Mettupatti, Vazhappady

2) Mallur Siddheswar Spinning Mills Limited,
   Athanur, Rasipuram

3) Sambandam Siva Textiles Limited,
   Seshanchavaḍi, Salem.

Salem is one of the important cities in Tamil Nadu. It is not only a “Mango City” or a “Steel City” but it is also justly famous as a textile City, a mini, mini, Manchester. Significant contribution has been made to the Textile Industry by SAMBANDAM SPINNING MILLS LIMITED, which is one of the modern mills in the Southern Part of the Country.
GENESIS AND DEVELOPMENT

Ventured in 1973 with a small capacity of 3,000 spindless by Sarvashri S.P. Sambandam and S.P. Rajendran, who had decades of experience in Textile Trading, today it has grown into a massive monolith, having a total spindleage of 53,540 in two units, one at Kamaraj Nagar Colony, Salem and another at Ayeepalayam, Athanur (Post), Rasipuram Taluk, Namakkal Dist. The Company has a track record of productivity and profitability and has been providing high quality yarn ranging from 20s to 100s, ‘THE SAMBADNAM BRAND’ for the domestic and export markets. The following figures for the past three years will speak for the company’s success:

<table>
<thead>
<tr>
<th>Rs.in Lakhs</th>
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<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Sales</td>
<td>7,109</td>
<td>7,286</td>
<td>8,840</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>153</td>
<td>519</td>
<td>599</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>00</td>
<td>311</td>
<td>329</td>
</tr>
<tr>
<td>Dividend (%)</td>
<td>20</td>
<td>35</td>
<td>35%</td>
</tr>
</tbody>
</table>

COMPANY’S MISSION STATEMENT

The Company’s Mission is “to strive for excellence in every sphere of company’s activity, to give best quality product which saves the cost and
time for the customer and best service, customer friendly in fulfilling their requirements, aiming at steady development through upgradation of technology and diversification for value addition”.

PUBLIC ISSUE AND EXPANSION PROGRAMMES

In 1995, the Company went for Public Issue of Equity Shares which was a resounding success. The proceeds of the public issue were utilized for the expansion project, together with the financial assistance of financial institutions such as IFCI and the State Bank of India, at a total cost of Rs.2200 lakhs. It is now proposed to modernize Unit.I and take up value added items, in the context of opportunities thrown open by WTO 2005 and the challenged posed by it.

WIND MILL PROJECT

In 2002-2003, the Company successfully established 10 Wind Mills, at a total expenditure of Rs.29 Crores, financed by the State Bank of India to the extent of Rs.20 Crores, which takes care of 60% of the power requirement of the Company.

QUALITY CONTROL

The Company strictly adheres to the quality of yarn which has paid rich dividends to the Company by way of getting the best possible price for
its yarn. It employs a formidable array of the latest manufacturing technologies backed by stringent quality control measures and highly trained and skilled human resources. It is an ISO 9001-2000 Company.

PRESENT MANAGEMENT

Sri S.Devarajan, Managing Director who is sincere, motivated with hands on approach towards all issues and leading from the front, presently heads the Company. His brothers Sarvashri S.Jegarajan and S.Dinakaran and his son Sri D.Sudharsan ably assist him. They have been involved in the running of the Company for the past more than 2 decade and have acquired considerable knowledge in finance, textiles and general management. Sri D.Sudharasan is a technocrat in the Textile Engineering.

FUTURE PLAN

The Company is planned for an forward integration, in the area of weaving, knitting and processing and also garments manufacturing for exports within a period of 2 years.

GROUP STRENGTH

The Company’s clout is greatly enhanced on account of the sister concerns M/s.Sambandam Siva Textiles (P) Limited, M/s.Kandagiri

FULFILMENT OF SOCIAL RESPONSIBILITIES

The Company has contributed its share to the well being of the society. It lends a helping hand towards the running of a state of the Art Multi-speciality Hospital, the SPMM Hospital and Heart Foundation established by its Promoters.

SIGNIFICANT INFORMATION

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fixed Assets</td>
<td>5572.58</td>
<td>5291.69</td>
<td>2753.02</td>
<td>2600.69</td>
<td>2624.91</td>
<td>2812.93</td>
</tr>
<tr>
<td>2. Net Current Assets</td>
<td>2900.43</td>
<td>1504.70</td>
<td>1626.11</td>
<td>1599.12</td>
<td>2096.94</td>
<td>2147.11</td>
</tr>
<tr>
<td>3. Total Capital Employed</td>
<td>8792.16</td>
<td>7007.41</td>
<td>4551.30</td>
<td>4378.39</td>
<td>4853.60</td>
<td>5070.15</td>
</tr>
<tr>
<td>4. Shareholders’ Funds</td>
<td>1691.92</td>
<td>1483.95</td>
<td>1326.17</td>
<td>1769.81</td>
<td>1712.14</td>
<td>1680.44</td>
</tr>
<tr>
<td>5. No. of Shares</td>
<td>42,64,600</td>
<td>42,64,600</td>
<td>42,86,400</td>
<td>42,86,400</td>
<td>42,86,400</td>
<td>42,86,400</td>
</tr>
<tr>
<td>6. Net Worth per share (Rs)</td>
<td>40</td>
<td>35</td>
<td>31</td>
<td>41</td>
<td>40</td>
<td>39</td>
</tr>
<tr>
<td>7. Sales-gross</td>
<td>8840.28</td>
<td>7285.62</td>
<td>7108.73</td>
<td>7286.81</td>
<td>6462.10</td>
<td>6638.98</td>
</tr>
<tr>
<td>8. Operating Profit</td>
<td>1872.61</td>
<td>1294.57</td>
<td>858.02</td>
<td>922.74</td>
<td>846.66</td>
<td>817.22</td>
</tr>
<tr>
<td>9. Profit before tax</td>
<td>598.85</td>
<td>519.93</td>
<td>153.40</td>
<td>141.17</td>
<td>125.00</td>
<td>118.30</td>
</tr>
<tr>
<td>10. Profit after tax</td>
<td>327.85</td>
<td>310.93</td>
<td>98.90</td>
<td>114.16</td>
<td>110.00</td>
<td>105.30</td>
</tr>
<tr>
<td>11. Retained Earnings</td>
<td>904.99</td>
<td>620.91</td>
<td>422.98</td>
<td>403.84</td>
<td>388.37</td>
<td>355.53</td>
</tr>
<tr>
<td>12. Dividend (%)</td>
<td>35</td>
<td>35</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>13. Basic earning per share (Rs.)</td>
<td>7.69</td>
<td>7.29</td>
<td>2.31</td>
<td>2.66</td>
<td>2.57</td>
<td>2.46</td>
</tr>
<tr>
<td>14. Spindle Capacity (Spindles)</td>
<td>53,540</td>
<td>52,580</td>
<td>52,580</td>
<td>52,580</td>
<td>49,700</td>
<td>49,700</td>
</tr>
</tbody>
</table>
PRODUCT PROFILE

Yarn is not a final product, Only semi-finished goods.

The yarn is sold in Cone form and Hank form. Cone yarn is used to make powerloom fabrics. Han yarn is used in handloom sectors. The company is producing yarn in following varieties:

SINGLE YARN

<table>
<thead>
<tr>
<th>WEAVING</th>
<th>HOSIERY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>COMBED</td>
</tr>
<tr>
<td>COMBED</td>
<td></td>
</tr>
<tr>
<td>30/1</td>
<td>30/1</td>
</tr>
<tr>
<td>40/1</td>
<td>36/1</td>
</tr>
<tr>
<td>50/1</td>
<td>40/1</td>
</tr>
<tr>
<td>56/1</td>
<td>60/1</td>
</tr>
<tr>
<td>60/1</td>
<td></td>
</tr>
<tr>
<td>66/1</td>
<td></td>
</tr>
<tr>
<td>74/1</td>
<td></td>
</tr>
<tr>
<td>80/1</td>
<td></td>
</tr>
<tr>
<td>80/1</td>
<td></td>
</tr>
<tr>
<td>94/1</td>
<td></td>
</tr>
<tr>
<td>100/1</td>
<td></td>
</tr>
</tbody>
</table>
DOUBLE YARN

<table>
<thead>
<tr>
<th>TFO</th>
<th>CARDED</th>
<th>RING DOUBLED</th>
<th>CARDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMBED</td>
<td>CARDED</td>
<td>COMBED</td>
<td>CARDED</td>
</tr>
<tr>
<td>30/2</td>
<td>30/2</td>
<td>50/2</td>
<td>40/2</td>
</tr>
<tr>
<td>36/2</td>
<td>40/2</td>
<td>56/2</td>
<td>60/21</td>
</tr>
<tr>
<td>40/2</td>
<td></td>
<td>60/2</td>
<td></td>
</tr>
<tr>
<td>50/2</td>
<td></td>
<td>66/2</td>
<td></td>
</tr>
<tr>
<td>56/2/</td>
<td></td>
<td>74/2</td>
<td></td>
</tr>
<tr>
<td>66/2</td>
<td></td>
<td>80/2</td>
<td></td>
</tr>
<tr>
<td>74/2</td>
<td></td>
<td>94/2</td>
<td></td>
</tr>
<tr>
<td>80/2</td>
<td></td>
<td>100/2</td>
<td></td>
</tr>
</tbody>
</table>

DAILY PRODUCTION

The production capacity of this company is 5,000 Kgs. per day

Input = 6,250 Kgs. per day

Output = 5,000 Kgs. per day

MARKET PROFILE

This company’s products are being sold to industrial consumers at local market in

- Erode
- Shevapet (Salem)
- Karur
EXPORT

This company is stepping into International Yarn Market by Exports to several countries.

They are United Kingdom, Italy, Spain, Portugal, Sweden, Czechosloka, Malaysia, Taiwan, Hong Kong, Japan & Middle East Countries.

HRD DEPARTMENT

In most companies, staffing, appraisal, training and development, compensation, health and safety are included in the purview of the Personnel Department. Only a few firms have departments which specialize in some of these functions and which are separate from the Personnel Department.

The practice of separating “Personnel” from labour and industrial relations has declined in recent years.

The Management function also consists of guiding, directing and controlling the efforts of all those human beings employed in the
organization, without the productive human efforts, materials and other resources would be meaningless.

The personnel department is primarily concerned with

Advising Management for effective use of Human Resources

Manpower Planning

Selection

Training and Development

Maintenance of Records

MANPOWER PLANNING

This is the first stage which involves ability to think, analyse and to decide. Planning includes how many employees should be selected for the next period and also production increase.

RECRUITMENT

It is the process of searching for prospective workers and stimulating them to apply for jobs in the concern. The recruitment is done through campus interviews. After selecting employees, job training is given.

STAFF SELECTION

Staff selection is done through interview by the Directors. During the selection process, the company consider the following aspects.
Qualification and previous experience

Emotional

Moral and Social Qualities

Honesty

Loyalty

Interest

Competency

WORKERS SELECTION METHOD

The sources for workers recruitment are casual callers at company’s gate, through labour relations and advertisement in the newspapers.

The criteria considered in the selection are

Minimum Qualification

Sex

Age (Above 17 years)

Finger Flexibility

Eye Sight

Colour Blindness

Height (153 (m)

Weight (Min.40 Kgs.)

Experience (Fresh Candidate)

Extra curricular activities
ISO TRAINING METHOD

After the selection, as per the ISO policy on training, all the workers have to attend the following training programs:

1. Job Orientation Training
2. Quality Management Training
3. First Aid Training
4. Fire Fighting Training
5. Safety Training
6. Disciplinary Training
7. Humidification Training
8. Material Handling

General Training

Apart from the above, all the workers have to undergo the following general training:

Electronic Yarn Cleaner Training

Total Quality Management Training (TQM)
PROMOTION OF WORKERS

The promotion of workers based on their experience in the company, skill, efficiency and personal activities, which are being considered once a year.

INCREMENT

The workers are given increment every year in January based on their job performance. The rate of increment is Rs.15/- for Good performers and from Rs.12/- to Rs.15/- for Average performers. Afterwards, the increment is based on the profit for the year.

TIME OFFICE FUNCTIONS

The Time Office is under the control of Personnel Department. The main function of this section is to register the attendance and its related works.

The registers being maintained by Time Office are

- Attendance Register for permanent workers
- Extra hours worked register
- Promotion register
- Family planning register
- Apprentice register
- Register of maintenance
This section is also responsible for the implementation of statutory provisions given in the Provident Fund Act ESI Act, Bonus Act, Gratuity Act, Factories Act, etc.

**NUMBER OF WORKERS**

The manpower details are

- Total numbers of workers are 778
- Out of this, Permanent workers 301
- Temporary workers 477

**OFFICE STAFF**

- Non-technical staff - 90
- Technical staff - 50
- Total - 140

This staffs are employed at Corporate Office.

**ALLOCATION OF WORKERS**

The workers in the company are working in different departments as per the details given below:

- Upto Preparatory - 58
- Spinning - 107
- Cone winding - 198
- DRT - 26
Doubling - 47
Reeling - 146
Bundling/Packing - 23
Maintenance & Cleaning - 75
Others - 96
Total - 778

FORMATION OF SHIFT SYSTEM

The shift timing for General shift workers and staff category is

<table>
<thead>
<tr>
<th>Non-technical</th>
<th>Technical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morning</td>
<td>Morning</td>
</tr>
<tr>
<td>9.00 am to 1.00 pm</td>
<td>8 am - 1 pm</td>
</tr>
<tr>
<td>Afternoon</td>
<td>Afternoon</td>
</tr>
<tr>
<td>2.00 pm to 6.00 pm</td>
<td>2 pm - 5 pm</td>
</tr>
</tbody>
</table>

The shift working for workers are

I Shift 7.00 am to 3.00 pm with half an hour break
II Shift 3.00 pm to 11.00 pm with half an hour break
III Shift 11.00 pm to 7.00 am with half an hour break

The shift timing is adjustable according to the workload in the company. For the extra hours of work, overtime is being paid to workers.

Every workman is provided with time card showing his numbers and classification of work and his attendance. This card should be delivered to
Time Office while entering for work and collect it back while leaving the company after the close of work.

Identity card is given to all the workers. For easy identification, green colour card is given to permanent workers and yellow colour card is given to temporary workers.

**TIMEKEEPING**

The ticket boy collects the cards from the box and hands over to Time Keeper. The Time Keeper marks the attendance in a note roughly and returns the card to departments for distribution to workers.

After the close of work, the rough attendance is marked on the main attendance register.

**ANNUAL LEAVE WITH WAGES**

The company is working on seven days in a week basis. On rotation the workers are getting their weekly off.

As per the provisions of the Factories Act, all the workers are provided with one-day annual leave for the 20 worked days in the previous year.

Apart from this, maximum 9 days of National & Festival holidays are allowed in a calendar year. They are
Republic Day 1
May 1
Independence Day 1
Gandhi Jayanthi 1
Pongal Days 2
Mariamman Festival 1 (Local Festival)
Ayutha Pooja 1

PAYMENT OF WAGES/SALARY

Wages

The wages are disbursed to workers on 7th of every month

Salary

The salary to staff is being paid on 1st of every month by way of cheque.

STATUTORY BENEFITS

PROVIDENT FUND

The company is deducting 12% of Basic plus Dearness Allowance of employees as employees’ contribution to Provident Fund and the company is contributing 12% as its contribution. In this, 3.67% goes to Provident Fund and the remaining 8.33% goes to Family Pension Scheme.
ESI SCHEME

The company is deducing 1.75% on total wages/salary of employees as contribution to ESI Scheme and the company is contributing 4.75% as its contribution.

The various benefits which the employees enjoying under this scheme are

1) Sickness benefit
2) Maternity benefit
   An insured women is entitled to claim maternity benefit in case of
   Confinement
   Miscarriage
   Sickness arising out of pregnancy, confinement, premature birth of
   child or miscarriage.
3) Funeral benefit
4) Dependents benefit
5) Medical benefit
6) Disablement benefit
TAMIL NADU LABOUR WELFARE FUND

All the employees have to contribute the prescribed amount to this fund every year. The benefits from this fund are

a. Scholarship for workers' children
b. Funeral expenses upto Rs.1,000/- for the worker.
c. Medical facilities

BONUS

The minimum bonus payable as per the Bonus Act is 8.33%. Last year the company had declared 22% Bonus to its employees.

WELFARE FACILITIES

The workers are provided with the following facilities.

➢ Canteen facility
➢ Hospital
➢ Co-operative society

INCENTIVES

For the full attendance of 26 days in a month, workers are paid with an incentive of Rs.26/- extra in their wages.
CANTEEN FACILITY

The token system is being followed. Permanent workers can get a token book once in a month and amount will be deducted from their wages whereas, the temporary workers have to pay the amount to get a token book.

LOAN

In case of marriage, family function and any emergency expenses, workers are provided with loan. This loan is recoverable from their wages in monthly installments.

SAFETY MEASURES

Adequate safety measures with water and fire extinguisher are provided throughout the mill.

UNIFORM

Aprons and caps are provided to female workers. Male workers are provided with Baniyans and Trousers. Free uniform is given permanent workers once in a year.

Temporary workers purchase their uniform outside. The company will issue Baniyans and the cost will be deducted from their wages.
UNION

Trade Union principle underlined in the above is that a group of persons whether workers or employers will have a better voice than an individual raising alone voice.

There are two Labour Unions. One union is affiliated to AIADMK Party and the other one is DMK. The management is having cordial relationship with both the Unions to avoid any grievance, disputes and strike.