CHAPTER – II

PROFILE OF THE STUDY

PLACE OF TEXTILE INDUSTRY

An endeavor is made on the profile of the study, Super Spinning Group of Mills, which become super structure of the concern on which depends the effective management financially and managerially. Hence, discussion is made on profits of the Super Spinning Group of Mills including the evolution of textile industry.

The Indian Textile Industry has an impressive performance with an annual turnover around Rs.1, 24,000 crores which is accounted for one-fifth of the industrial production of India. So far exports concerning, it constitutes over 30 per cent of total textile production. India is the largest producer of cotton yarn trade. Further, India is the third largest producer of cotton, Second largest producer of silk and fifth largest producer of synthetic fibers. India is the highest number in loomage and ring- spindles in the world.

In the scenario of organised industrial colony, spinning was pioneer. This laid the foundation for growth and development of industrial economy of the country. The cotton textile industry is holding a second position among the nations of the world.

The first cotton mill at Port Gloster near Kolkata in 1818 was established and the mills in other places followed. The modern cotton

mill took its roots from the mill, which started in Mumbai by Parsi Capitalists in 1854.

EVOLUTION

During the decade 1895-1905, the spinning industry suffered serious setbacks due to famines and plagues in the country. In the trade of yarn, there was a boom between 1905-1910. As a result, the spinning mills have an opportunity of a fair deal transaction earning better income; and have a fair profit position. Another good experience that favoured the spinning mills was that of expansion due to adverse effects of the world-war. In other words, a real spurt for spinning industry came from the world-wars as blessing in disguise resulting in the industry's increased productivity enormously to cater the demands being created on account of war. The war situations, thus, created a greater scarcity of cloth; and prices began to raise up-wards. Under this situation of rising prices, the controls were imposed to keep them within the fair price limits, and to make the cloth available to all the needy.

Arrival of low price and coloured fine varieties of cloth brought about change in faster speed and clothing habits of consumers. Because of this, the market for hand-weaving cloth has decreased. A large number of hand-spinners under this pathetic condition migrated in search of choosing alternative job opportunities. Subscribing this Fact-

Finding Committee (Handloom and Mills) is said thus: "The large and growing imports of mill spun yarn aggravated the trouble; and the hand-spinning practically disappeared as an occupation. All these put together increased the pressure on land. This is, generally considered to be one of the causes of the frequent occurrence of famines in nineteenth century." As only option, some handloom weavers slowly and steadily themselves to use mill yarn and adopted their loom to suit the mill yarn which is twisted, strengthened and fine, compared to hand spinning yarn.

The most unsatisfactory developments as above gave a chance to the co-operative sector to organise the spinning mills. When the yarn began to come from distance places and dealers; the financiers, middlemen, brokers and master weavers crept in; and the handloom industry has become a prey in their hands. The establishment of spinning mills in the country and introduction of technical improvement, chemical dying and bleaching were further developments.

Though the Swadeshi Movement organised in the country helped a lot for some operations of weavers to a limited extent, the weavers plunged into ups and downs of speculation and unevenness in the supply of yarn; and never depended on the imported yarn were the orders of the day. The outbreak of war in 1914-18 led to a decline in the imported yarn, and the internal demand for yarn had increased.

The Indian Spinning Mills were once again forced to supply yarn to the textile mills and made available very less to the handloom weavers.

In nineteen twenties, an import duty was levied on yarn as a protective measure, but it also placed burden on handloom-weavers who were the bulk consumers of yarn. The Tariff Board of 1936 remarked that "Indian mills section of the industry has been placed industry in a better position to compete against the handloom industry which is definitely handicapped by the tariff on yarn."

PROBLEMS OF COTTON TEXTILE INDUSTRY

The cotton textile industry is facing several problems; some general and others financial. They are;

a) Irregular and inadequate supply of raw material
b) Inadequate supply of power
c) Increasing production cost
d) Managerial incompetence
e) Low capacity utilization
f) Incorrect product mix
g) Unhealthy industrial elations
h) Inefficient marketing

All or some of these on cumulative basis led to sickness of most of the firms in spinning industry. The long drawn textile strike in 1980

led a death blow to the organized weaving sector. As a result, the premier industry is struggling to remain competitive. What is alarming is that 483 mills have been referred to Board of Industrial Financial Reconstruction.

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SUPER SPINNING GROUP OF MILLS - BACK GROUND

The Super Spinning Group of Mills was incorporated as public limited company in 1962 under Indian Companies Act, 1956, at Elgi Towers, Coimbatore. It has plant at Kirikera and Hindupur in Anantapur District.

Sri L.G. Balakrishna was the founder pioneer in the development of Super Spinning Group of Mills. He played a major role in shaping the growth and development of the company. The Super Spinning Group of Mills went into production in 1964 with an initial capacity of 12096 spindles. It produces the finest quality yarn. Now, Super Spinning Group of Mills is one of the leading spinning mills in India noted for its progressive outlook and technical excellence.

SUPER SPINNING QUALITY POLICY READS AS:

"QUALITY LEADING TO CUSTOMERS SATISFACTION SHALL BE OUR TOP PRIORITY. ALL EMPLOYEES SHALL BE SYSTEMETICALLY TRAINED, DEVELOPED AND MOTIVATED CONTINUOESLY TO IMPROVE QUALITY OF THEIR WORK".

Board of Super Spinning Group of Mills

The constitution of Board of Directors of the company consists of the following persons.

FOUNDERS OF SUPER GROUP	: SHRI V.N.Ramachandran.
	: SHRI V.N. Damodaran.
	: SHRI L.G. Balakrishnan
	: SHRI L.G. Varadraj
CHAIRMAN OF THE COMPANY	: SHRI L.G. Ramamurthy.
VICE CHAIRMAN AND MANAGING DIRECTOR	: SHRI Sumanth Ramamurthy.
BOARD OF DIRECTORS	: Mr. C.S.K. Prabhu
	: Mr. C.R. Ramamurthy
	: Mr. S. Ramaswamy Naidu
	: Mr. D. Sarath Chandran
	: Mr. Sudarsan varadraj
	: Mr. D. Vidya Prakash
	: Mr. B. Vijay kumar

REGISTERED AND CENTRAL	
OFFICE	: "ELGI TOWERS"
	PB 7113, 737-D, Green Fields
	Puliakulam Road
	Coimbatore-641 045
	Tamilnadu
COMPANY SECTETARY	: Mr. N. Mohan Ram
AUDITORS	:M/s Reddy, Goud & Janardhan
BANKERS	: Union Bank of India
	: State Bank of India
	: Citibank N A
	: The Bank of Nova Scotia
	: Andhra Bank
	: IDBI Bank

The Super Spinning Group of Mills has three Units. They are:

A-UNIT

Super-A is the first unit, which is situated at kirikera in Hindupur of Anantapur District of Andhra Pradesh on the National Highway 7. Though registered in 1962, it commenced production in 1964 with the installed capacity of 12096 spindles per day. As on date, the installed

capacity of A-Unit is 59520 spindles. This unit manufactures yarn 24 hours a day and 7 days in a week (24x7) basis. Hosiery yarn is related yarn and 2-ply in counts ranging from 40's to 90's of cotton varieties. The production of yarn of this unit is the finest in the country. This Unit produces the finest quality of yarn for:

Domestic Market : 50's, 60's, 2/60's, 80's and 84's combed yarn.

Export Market : 60's/1, 62's/1 Combed Yarn, 80/2 combed yarn

The production of yarn in count ranges between 30's and 100's in counts in both carded and combed in single and 2-ply varieties to suit different end-users. It used cotton and ciscoes raw material, which are selected, purchased and supplied by the central office. The utmost care and caution will apply while purchasing raw materials, in terms of quality, quantity and price.

The produced yarn of A-Unit is used in manufacturing banians, T-shirts, dhoties, lungies, and sarees. Perhaps, this made a wide market to yarn of A-Unit regionally, nationally and globally. Global market finds in Japan, Singapore, Malaysia, U.K., Italy, Germany, Bangladesh and Switzerland.

B-UNIT

Super-B unit is established in 1983 with an installed capacity of 28,800 spindles per day at Kotnur, near Hindupur in Anantapur District

of Andhra Pradesh. This was expanded to 51840 spindles by 1991. This unit produces hosiery yarns; warp yarns 2-ply and 3-ply in counts ranging between 30's and 60's both carded and combed varieties to suit different end users. This unit produces finest quality yarn for domestic Market: 40's, 60's, 2/60's, 74's combed yarn and 2/30's DL and 2/36's and 2/40's combed Mercerized Yarn.

The yarn produced by this unit is being widely used for banians, knit wear, dhoties, sarees, and zari. The imported countries of this yarn of Super-B Unit are Singapore, Malaysia, U.K., South Africa, Canada and Dubai.

C-UNIT

Super-C unit is situated at D-Gudulur, Venda Sandur Taluk, Dindigal Anna District of Tamilnadu in 1992 in an area of 25 acres with spindles of 10,800 per day. The mill manufacture spinning yarns in counts ranging from 20's Ne to 34's Ne in both carded and combed varieties to suit different foreign end-users in the countries of Israel, Singapore, Malaysia, Hong Kong, Mauritius, Bangladesh, Argentina and Philippines. It is capable of producing yarn in counts ranging from 18's Ne and 100's Ne in both carded and combed varieties and for 20's, 24's and 30's cotton knitting yarn.

Thus, the present total installed capacity of the Super Spinning Group of Mills is 121440 spindles.

According to survey conducted by South India Textile Research Association in 1996 out of 270 Mills, Super-Spinning mills productivity performance ranked as under:

A -UNIT ----- 21st Rank

B - UNIT----- 10th Rank

C – UNIT----- 6th Rank

The process of manufacturing of yarn is briefly explained hereunder;

MIXING

The first step in the process of production of yarn begins with mixing. Various cotton bales are opened up and spread out evenly in the form of stock with preliminary loosening of the matted cotton. Then, this cotton is highly compressed and stored for a long time before it opened for preparation of cotton fiber in hygroscopic. This needs a certain amount of moisture for proper processing. This is achieved by means of installing spot humidifiers. Re-usable waste is also mixed in the process.

BLOW-ROOM

The cotton taken from mixing room is fed into blow-room. After cleaning of raw cotton, it is converted into a thin sheet form and rolled completely into what is called 'Lap'. The function of cleaning is done by the centrifugal force at the revolving beaters with the air-current; which separates sand particles and fragments of seed heavier impurities.

CARDING

The performance of individualization of fibers is called carding. All the spinners are familiar with an adage "to card well is to spin well". The lap passes through a jaw throated revolving hick Erin that opens up the cotton into very small tuffs and eliminates seed bits, husks. The opened cotton is transferred to a cylinder, which is clothed with small metallic wire points and further intensive opening of the cotton takes place between the flats that are making slowly on cylinder. Due to the difference in speed, the close proximity (10/1000") and design of the wire point between flats and cylinder fibers are fully individualized. These fibers are then transformed to doffer and then to crust rolled (which completely pulverized the foreign matter). The cotton is divided in to a thin web which is condensed again into a rope form called 'sliver' and is collected in a cone.

DRAWING

Fibers emerging out of the cards are all individualized but laid in a cross-cross fashion along the axis of the sliver. The fibers in this sliver are perfectly parallel to each other. The draw frames fulfills this objective by doubling and drafting. The doubling of ends also ensures a thorough blend of various components of the mix. The draw frames consists of various pairs of roller, each successive pair of roller revolving faster than the preceding one. This draws one of the fibers and arranges them in a parallel fashion. Normally, two passages of draw frames are employed.

COMBING

Combing is an additional process employed whenever yarn of good quality is required. Generally, cotton consists of fibers of long and short. The presence of the latter in the cotton is a nuisance, and will result in a poor evenness, high imperfection, such as thick and thin places in the yarn, which result in lower yarn strength. By removing short fibers, the quality of yarn can be substantially improved. The process of eliminating the short fibers is done by means of combers. Normally, first passage which draws frames cones are fed to super lap framer, and is preparatory machine for combing.

SUPER LAP

About 36 to 48 ends of slivers are combed together giving a slight draft; and are converted into a lap from suitably feeding at combers.

COMBERS

Removal of short fibers in the process is called combing. The combers passed in the fringe cotton held by nippers. The short fibers, which are not held by nippers are combed, removed and collected at the back of the machine. This process is done continuously on the combers.

FLY-FRAMES

The material in the form of sliver is fed into this machine. It would pass on to a package called bobbin. Normally, each bobbin contains 0.9 to 1.0 k.g. of the material which is called roving. This is now ready for feeding at the ring frames.

RING-FRAMES

The ring frames converts the roving into the final yarn. The riving is drafted or thinned down about 15 to 30 times. The issuing strand of fibers is twisted and is then winds on to ring frame. The twist inserted depends on the quality of the cotton and end-use of the yarn. The factors controlling the production at ring frames are twist inserted and spindle speed. The twist is inserted to the yarn by means of ring traveler; which is moving on. This traveler lags behind the spindle; and hence winds the yarn on to the bobbins.

DOUBLING

When yarn of a better uniformity and higher strength is required, doubling is resorted to the feed package of the doubling frame in cheeses, which is produced at the doubled winding.

WINDING AND REELING

The yarn delivered at spinning or doubling is in the form of small package called cops. This cannot be directly delivered to the customers of yarn. Besides, the consumers require the yarn in different types. Because of this, the yarn is converted either to cone or hank form.

CONE WINDING

The yarn from cops is wound on to a bigger package, which is normally one k.g. in weight. The package comes in the form of a cone. This is normally resorted to where the total length of yarn required is more as in the case of warp yarns for weaving on automatic passed between two closely set combs, which remove foreign matter and this places in the yarn.

REELING

When the yarn is to be used in the handlooms or for dying before weaving, the yarn is transformed into hank form. In this department, the spinning cops are reeled to hank form. One hank is 840 yards in length. The yarn is passed through brushes, which remove the adhering foreign matter, etc., These hanks are converted into small bundles and then on to bales for dispatching to the markets.

In all the process done in various departments, the humidity condition properly maintained which is made possible by installing humidification plants with recirculating facilities. While the quality control division looks after the quality of the yarn, the maintenance division looks after the maintenance of plant and machinery.

PRODUCTS

The company's three units produce variety of yarn in counts ranging between 20's and 100's in both carded and combed varieties to suit different end-users. Its products are of high quality being appreciated globally. The produced yarn products of Super Spinning Group of Mills are as follows:

20's Combed Hosiery

24's Combed Hosiery

30's Combed Hosiery

40's Combed Hosiery

40's Combed Hosiery Diamond

40's Ruby

50's Combed Hosiery Reel

60's Combed Special Hosiery

60/2's Special Hosiery

74's Combed Hosiery

60's Fine Hand Cross Plain Red

80/0's and 50/1's Grey Combed

2/30's 3/36, 2/40's Single Mercerized and Bleached.

MARKETING

Quality of product results in expansion of market regionally, nationally, and globally. The Super Spinning Group of Mills has very

good sales in the past. It is exporting its products to various countries like Singapore, Malaysia, U.K., South Africa, Mauritius, Italy, Japan, Switzerland and Dubai.

BUSINESS HOURS

I Shift	:	8.00 AM to 4.30 PM with 30 minutes Interval
II Shift	:	4.30 PM to 1.00 AM with 30 minutes Interval
III Shift	:	1.00 AM to 8.00 AM with 30 minutes Interval
General Shift	:	8.00 AM to 5.00 PM with 60 minutes Break

ATTENDANCE PROCEDURE

Punching the code given to workers in the computer Network in HRD Office marks daily attendance. Workers have to punch their code numbers (called token numbers) in the computer while coming for duty and after interval.

LEAVE DETAILS

There is no leave restriction for managerial staff. However, staff expected to follow the norms applicable to non-managerial staff. Leave norms for non-managerial staff:

Casual and Special Leave	:	18 days per year.
Earn Leave	:	18 days per year.

REMUNERATION

The monthly stipend / salary is credited to employee bank account on 4th of the following month.

RETIREMENT BENEFITS

Provident Fund, Gratuity, and Super Annuation Contribution are provided to eligible employees. The Provident Fund amount is deposited with the Regional Provident Fund Commissioner Cuddapah. Trustees through the Life Insurance Corporation of India manage the Gratuity and Super Annuation Contribution.

WELFARE MEASURES:

CANTEEN

A canteen is running for all the employees on reduced rates at different timings. At the staff mess, breakfast, lunch and dinner are available. A cup of tea at 10 AM and 2.30 PM will be provided at work place itself so that the work will not get disturb.

INCENTIVES

To encourage family planning an incentive of Rs. 1000/ shall paid for an employee having two or less children. A gift article worth Rs. 1000/ and 500/ will be presented to the newly married staff and workmen respectively on behalf of management.

FAIR PRICE SHOP

The company is running a fair price shop of domestic requirements for convenience of employees and their families.

INTERCOM

Every office is provided with an intercom. The operator will connect all incoming calls to the reception offices directly.

TRADE UNION

The management has one independent Trade Union consisting of 11 office bearers. The regular structured meetings with the union will take place to resolve problems, if any and to maintain cordial relations.

The profile of the Super Spinning Group of Mills undoubtedly shows that it has conducive environment for undertaking the business operations. This would certainly reflect on sound financial management with managerial effectiveness.

The working capital also called circulating capital refers to difference between current assets and current liabilities. A business firm needs circulating capital to meet the day-to-day expenses of the business firm. Because of this phenomenon, the working capital is regarded as life – blood of business firm, without which a firm cannot carry its operations effectively. So, in order to operate the business successfully, the current assets and current liabilities should be structured effectively in terms of financial soundness and profit orientation. To be managed the current assets financially, one would need to be got answers to questions given below.

1. What is the need to invest funds in current assets?
2. What should be the proportion of long-term and short-term funds in current assets?
3. Use of which source of funds should be appropriate to current assets

The business firms whenever needs working capital make arrangements to get it in time. In the same way when the firm has surplus funds, it should not keep idle, because idle investments earn nothing or cause to loss. Hence, it should be invested in short-term securities. Thus, working capital can be regarded as that portion of the company's total capital, which is employed in short-term operations. It takes the form of cash or near cash assets, which are moving towards cash form in short period.