



# Nepali Paper Products Pvt. Ltd.

Handmade Papers and Paper Products

The Global Compact Office



27-Feb-09

Dear Sir,

Please find attached COP of Nepali Paper Products Pvt. Ltd.

We have been applying all ten Principles of U.N. Global Compact and we would like to assure you that we will continue to apply all ten Principles of Global Compact.

For your information we have already achieved the certification of ISO 14001:2004 few months back.

Thanks & Regards

B.P. Shrestha

Chairman & Managing Director  
Nepali Paper Products (P) Ltd.

## 1.1 Progress Report Nepali Paper Products Pvt. Ltd.

Nepali Paper Products Pvt. Ltd. Came into market in the year of 1991; with joint effort of people who came from different walks of life significantly contributing in the establishment of Nepali paper Products Pvt. Ltd. The company manufactures handmade Nepali Paper Products. Today, Nepali Paper Products Pvt. Ltd. Is popular known as one of the biggest and leading manufacturers and exporters of handmade paper and paper products. The products line includes handmade notebooks, wedding boxes, gift bags, albums and other stationeries.

With total employees of 265 and management staffs of 15, Nepali Paper Products Pvt. Ltd. Has come a long way proving itself many times that it really can do the unbelievable in production of Lokta paper products. Due to the combination of organization's vision and hard work of employees, today, Nepali Paper Products Pvt. Ltd. is able to cover 20% of the market share on paper products in Europe and 20% of market share of U.S. NPP alone holds 90% market share on paper products in France. Moreover, to compete in to the international market and to provide quality products, NPP received ISO 9000: 1: 2000 on April 15, 2003.

With the expansion in its business, NPP feels that it needs to broaden its market. As a result, Paper Craft Udhyog Pvt. Ltd. and Hatale Udhyog Pvt. Ltd. were established in the year of 2000 both the companies are sister concerns of NPP and they were established with an incentive to mobilize the local women in business ventures. Today, Paper Craft Udhyog Pvt. Ltd. is more involved in manufacturing handmade paper products whereas Hatale Udhyog Pvt. Ltd. is more involved in felt making business. Hatale Udhyog Pvt. Ltd. manufacturers and exports felt products such as handbags, shoes, muffler, hat and more accessories in foreign market. All these products have been exporting to European and US markets.

The company has been growing continuously each year. The company has received **Top Exporter Award** for four consecutive years as and the company has been in list of the top ten exporter of Nepal from the very beginning. "**International Award for the Best Trade Name New Millennium Award, 2001**" was also awarded to NPP. The company was honored with **National Excellency Award** from Federation of Nepalese Chambers of Commerce and Industries (FNCCI) in the year 2003 and 2004. Moreover the company was awarded with "**International Gold Star Award in Quality**" form Business a Directive from Belgium. In 2005, the company has also received **Certification of Appreciation** from Ministry of Women, Childred and Welfare Society.

## 1.2 Vision

"To be recognized as a global leader in the Nepali Handmade Paper and Paper Products Industry expanding the business across all segments of the market and exceeding the customers' satisfaction."

### 1.3 Mission

"To develop the handmade paper making industry and to generate income to provide support programs to marginalized and destitute women through proper utilization of producers' skills as well as raise their standard."

### 1.4 Objectives

- To increase sales by 100% in five years of time
- To increase the job opportunity by 35%
- To export only to importer, wholesaler agent, departmental store and mail order
- To enter in to the new market of Germany, UK, Italy, Spain, Japan, Finland & Belgium

## 2 Quality Philosophy of Nepali Paper Products Pvt. Ltd.

"We are committed to achieve continuous improvement in our activities to meet or exceed the requirements and satisfaction of our valued customers by providing Nepali Paper Products that conform to relevant quality specifications at competitive prices and meeting delivery schedules on time, every time, with a continuous review of our quality objectives."

## 3 Quality Practices at NPP:

Customers are backbone of any business organization. At NPP, satisfaction of both internal and external customer is regarded as the key quality practice.

NPP sees customers broadly at two levels i.e. Internal Customers and External Customers.

**Internal Customer:** At NPP, employees are regarded as the key component of its internal customers. Here, by employees we mean each and every person working in all functions and aspects of the business i.e. designing, manufacturing, sales and marketing, financial management and general administration etc. NPP puts employees at the core of its organizational practices. It is because of them the organization can utilize the resources in efficient and effective way. It is the employees, who are responsible for increasing productivity and achieving the organizational goal.

**External Customer:** External Customers are the real buyers of the business. They may be the intermediary buyers such as the whole sellers, retailers and the end users.

Satisfying the customer's requirement is the only way to stay competitive in today's marketplace. Nepali Paper products Pvt. Ltd. has not only understood this but also practiced this as a key mantra to success. NPP understands that customers have ever increasing level of expectations from the company and these expectation must be met through continuously increased quality of goods and services. For this, the company has to carefully consider what customers want and what the company can provide to maximize the firm's long-term profit.

While it is critical to be in sync with the overall business objectives of the organization, it is also equally important to understand the requirements of final customers, and the value they find in services provided by NPP. Therefore, to meet the satisfaction level of customers, NPP regularly keeps itself updated with its customers on their needs of new designs and new products. It also invites its customers in the factory and encourages them to work on samples and designs as they like.

After the completion of product development, the company accepts the orders, manufacturers and delivers accordingly. Customer's satisfaction at NPP is not happening by chance. As a matter of fact it is the result of a consciously crafted strategic choice. We are presenting the five key elements of NPP's strategy for customer satisfaction – both internal and external.

#### **4. Measures for employee & internal customer satisfaction at NPP**

Employees are perceived as the crucial channel between the corporate brand and the customers. NPP firmly believes that dissatisfied employees often lead to dissatisfied customers. NPP's experience tends to believe the following aspects:

- i. Satisfied employees tend to do higher quality work
- ii. Satisfied employees tend to be more productive
- iii. Satisfied employees are more likely to stay with the company
- iv. Thus, satisfied employee tends to create satisfied customers.

NPP understands that employee satisfaction is a must. "Unless the company is able to satisfy its employees, it will not be able to satisfy its external customers. Thus – "The overall improvement process begins from the improvement of the employees" says its Managing Director.

NPP has set up a comprehensive policy to hire, retain, and motivate its employees. The company has established certain incentives which help it to keep its employees happy & satisfied. Some of the key measures towards the employee satisfaction are given below:

#### **4.1 Employee Benefits**

- i. The salary scope of shop floor workers is generally higher than as prescribed as the minimum salary by the Government.
- ii. More than 75 % of its workers & staffs are women from the nearby villages, 60 % of them are illiterate.
- iii. Beside the salary, NPP provides dearness allowance, transport, and provident fund.
- iv. Provident Fund: 10 % of the total salary is contributed by each employee, it is matched by the company by adding another 10 % of the salary. Then the PF is deposited in the employee's account in the Government's Provident Fund Office.
- v. Each year the employees get approximately 16 – 17 months of salary including the bonus.
- vi. Regular training programs has been conducted since last 6 years through external resources/ consultants in Quality Control, Quality Awareness, How to develop positive attitude towards the work, Awareness about HIV AIDS etc. The company spends about Rs 300,000.00 in hiring local & international consultants each year.
- vii. NRs 300.00 are provided to the children of each employee for school fee each month. However, the employees must give evidence that their children are enrolled in the school.
- viii. Overtime Allowances: For the work beyond working hours, overtime payment is in hourly basis with an additional of extra 50 percent in normal salary rate plus Rs 30.00 is provided as food allowance.
- ix. Rs 4000.00 are paid in each maternity case for women.
- x. Rs 4000.00 are paid for emergency expenses in the event of death of the employee's parents or spouse.

- xi. There's an accidental insurance coverage for up to Rs 200,000.00 for all employees.
- xii. A one month salary per year is paid as medical expenses.
- xiii. There's a 5 percent salary increment to all its employee each year.
- xiv. There's a fund for gratuity which is provided upon the retirement or on leaving the service to its employees.
- xv. A medical clinic facility is based inside the factory premises with subsidized rate of medicines.

#### **4.2 Employee Working Environment:**

NPP has provided necessary accessories for its employees to use during the working hours. The organization has provided masks, gloves and dresses to its employees. The working environment is also made better with the installation of exhaust fan and well ventilated windows. Cleanliness of working areas is given high priority. All these facilities has helped the employees to work in a stress free and safe environment. This has also helped to increase their output level.

#### **4.3 Measurement of Customer Satisfaction Level**

In order to assess the satisfaction level of the employees, employee satisfaction survey also known as Climate Survey is conducted on annual basis by using the external consultants. The results are then analyzed and the suggestions & recommendation are thoroughly implemented.

#### **4.4 Job Fitness – Job design**

Handmade paper production process involves higher variety of product lines but lower volume and process. Employees have to process large number of skills to suit the production needs of diverse range of products. While designing the job for each employee, high priority is given to have a perfect match between his/her aptitude, personality and the job being performed.

#### **4.5 Quality Circle – Employee**

To increase the participation of employees in the process of improvement, employee's quality circle has been developed for hand work section and

machine section. Recommendations & solutions from the quality circle group is achieved through the process. Below we are presenting an short case study of QC in NPP.

#### **4.6 Training employees**

NPP believes that it is very important to train its employees on various aspects, not only to develop the workmanship but also to develop their knowledge, skill, positive attitude and awareness. Therefore, since last six years, NPP is providing continuous training to its staff in different fields such as Total Quality Management, Quality Circle, Quality Awareness, Effective communication, and Skill development, Awareness on HIV Aids & Family Planning, Health and Safety, First Aid etc.

#### **5. Product Offerings**

All the products from NPP are handmade and skillfully crafted by its workforce. The company produces various products made from Nepali Handmade & Machine made Papers combined as per the customer's choices. The product line includes decorative sheet papers, journals & notebooks, photo albums, gift boxes & bags, diary, stationary products, envelopes etc

##### **5.1 Nepali Handmade Paper**

Nepali handmade paper is made from the inner bark of a wild under storey shrubs locally known as "Lokta" or "Daphne Cannabin" which is found in an altitude of 6500 – 9500 feet. These plants are observed growing gregariously in the under storey of both coniferous and broad leafed forests. At favorable sites, it attains a height of 10 – 15 feet with basal diameter ranging from 2 – 3 inches.

The leaves are alternate green in color, 2- 4 inches long and about half inch wide. The flowers are white with a sweet smelling scent. The inner fibrous bark of this plant is the raw material used for the making of Nepali handmade Lokta paper. The "Lokta" has characteristics of growing after cutting from above 6 inches from the ground, and again get matured to be cut after 6 – 8 years. Thus it preserves the fragile forest ecology of Nepal. The long fibers in handmade paper are prized for its rough attractive texture, its durability, strength and resistance to insects.

##### **5.2 Coloring of Handmade Paper**

The coloring of Nepali handmade paper is done in its own factory. The process is to deep the paper itself inside the bucket of colored water, squeeze it and later let in dry in the sunlight.

NPP has its own laboratory to test and match the colors as per the prototype, and a space of 50,000 sq meters of land for drying, processing & storing.

NPP has an extremely strict policy against Azo dyes, or any dyes containing harmful chemicals. For this, various lab tests has been performed to ensure the chemical used are totally harmless.

### **5.3 Product Design**

At NPP, high priority is given to involvement of customers choice from the beginning i.e. the product design phase. The company always strives to produce the products as per its customer's design and preferences.

The customers can participate in any of the following three ways during the product design phase.

- i. First, the customers themselves can visit the factory, and develop the product as they like.
- ii. Second, the customers can develop the product concept and send them to NPP for a request of a prototype.
- iii. Third, the customers can develop the product themselves and send them to NPP for further production.

The next approach is to allow the in house designers to develop new products as per the trend & market, and send them to the customers for follow up, feedback and selections.

In order to facilitate the designing process as per the customer's desire, and also to innovate new products on regular basis, in house designers have been employed on permanent basis. The designers are in constant communication with the buyers. The teams receive samples, sample requests, designs and do the necessary follow up for the finalization & selection.

**No – Hassle Revisions:** Before following up with any customer's order, NPP make a prototype as per the requirement of the customers. Then it is sent for the confirmation of order from the customer, and the finalization of the product. NPP has a policy of providing free of cost initial samples & revisions to its customers. NPP is always



concerned with “*How can we make it easier and better for our customers?*” The organization wants not only to satisfy its customers but also **delight** them.

#### **5.4 Quality in Process:**

Superior product design is not enough. A superior product design must be supported with equally superior manufacturing processes.

Superior work is related to the quality that any organization provides to its customers. It is related to the product quality or the quality of service that the organization provides to its customers. Nepali Paper Products is concerned in providing best quality to its customers. Before the production starts, the designers provides training and technical know – how for how to produce the particular items.

The organization follows a detailed guideline and processes as outlined in ISO 9001: 2000. Clear work instruction and manuals are developed for each product, and the workers follow these standards & instructions during the production. Production documentation is maintained accordingly.

#### **Quality Inspection & Control System:**

Quality inspection & checking are performed at following phases:

- i. Inspection of raw material,
- ii. At each key production control points,
- iii. At packaging,
- iv. At the shipment & delivery

#### **5.5 Quality in Product delivery and service stage**

Nepali Paper Products has been fulfilling its customer’s requirement by completing the customer’s order within the agreed time negotiated between NPP and its customers. If a customer needs quicker delivery, the company makes special arrangements for production and delivery of such orders so that the customer receives his/her shipment on time.

Delivery orders are monitored strictly. NPP has a policy of delivering all orders within a month including the production period.

NPP strives to provide more to its customers than they expect. Often NPP delivers the shipment before the deadline and surprises its customers. It always looks for providing

quality goods at reasonable prices. The organization believes in *“We don’t leave you wanting more...we leave you with more”*

### **5.6 Application of Information Technology to remain readily accessible, always available.**

In order to meet the needs of its customers in the most efficient way, NPP is equipped with well managed MIS system. Today, NPP is able to respond back all its queries and emails of its customers within few minutes. As a matter of policy, all emails are answered within 24 hours, most receiving replies the same day. The company also practices a software that checks and record all past productions and sales data – customer wise, category wise, and color wise. Eventually, NPP plans to fully integrate the customer orders with the production on real time tracing and tracking basis.

### **5.7 Customer Feedback System**

NPP has developed a customer feedback survey form, which is given to the customers to fill and send them back to the company for the review.

Every year, NPP evaluates its customer’s satisfaction on the basis of the forms and its interaction with the customers. Collected information is analyzed and used to find out the weakness and flaws in the organization. As a result of such analysis, decision is made about how to improve the production process and service level for each client.

## **6. Main Customers**

Lamali in France and Savoir Faire from USA are the main customers of NPP. NPP is the producer of lamali brand products which are selling widely in Europe. Beside these two main customers, NPP is working regularly with many other customers like UNICEF, Helvetas, Ashes and Snow etc NPP exports mainly to USA, France, Denmark, Canada, Turkey, Switzerland, Japan, Sweden, Portugal, South Africa etc

## **7.0 Corporate Social Responsibility – CSR**

NPP has a policy of investing 10 percent of its net profit in the sectors of different community development activities in rural & urban areas such as drinking water, road construction, scholarships to students etc

NPP is a member of United Nation Global Compact so it is strictly following the principles of UN Global Compact.

On the other hand, it is funding 0.01 percent of total turnover to the Nepalese Handmade Paper Association, and 0.025 percent to the Federation of Nepalese Handicraft Association for the development of its various programs.

## **8.0 Environmental Policy**

NPP, a pioneer in Nepalese handicraft sector acquiring ISO 9001:2000 certification, is committed to produce quality Nepali paper products based on indigenous raw materials in an utmost eco – friendly manner, retaining its export strategy thus boosting the Nepalese economy.

The Environmental policy as declared by the board of directors is as follows:

- i. Enhance productivity through continual reduction of air pollution, solid wastes and effluent load by all available means under its control and influence.
- ii. Conservation of resources by adopting recycles and reuses practices where applicable.
- iii. Comply with all relevant national as well as international laws & regulations and other requirements where necessary.
- iv. Regularly review its operational procedures to continually improve its environmental performance.
- v. Communicate the benefits of EMS (Environmental Management System) and OHS (Occupational Health & Safety) through periodic training.

This policy shall be made available to the public & other interested parties and will be reviewed periodically.

NPP is currently proceeding for the certification of ISO 14001. In addition, NPP is working to install a Waste Water Treatment facility in its factory with the co – operation from GTZ, the contract of which has already been signed. NPP feels it is very important to address drinking & waste water problem in Kathmandu, so it has agreed to set up a waste water treatment plant very soon. This will be a model project to various other industries in Nepal, and in the entire south Asian region.

### **Award Received by Nepali Paper Products Pvt. Ltd.**

1. **“Best Industry Award”** among the Handicraft Industries from Nepal Handicraft Industries Association 2006
2. **“International Gold Star for Quality”** award in Geneva 2000 by Business Initiative Directions for significant contributions to the business world, for high standing and professionalism demonstrated by the company’s prestigious performance
3. **“ International Award for the Best Trade Name New Millennium Award, 2001”** by Trade Leaders Club in Madrid, Spain
4. **“Top Exporter Award”** by Handicraft Association of Nepal continuously for 5 years since 1195/96 to 2000/2001
5. **“ National Excellency Award”** for commendation for significant achievement in employees development in Small Scale Category-2003
6. **“ National Excellency Award”** for commendation for significant achievement in work system and standardization in Small Scale Category-2004 & 2005 by Federation of Nepal Chamber of Commerce & Industries (FNCCI)
7. **“Certificate of Appreciation”** from Ministry of Women, Children and Social Welfare for providing highest no. of job to women 2006.

8. **"VIKAS RATTAN AWARD"** from Indo – Nepal Friendship on 12<sup>th</sup> April 2007.  
For Meritorious Services, Outstanding performance and Remarkable Role By  
Hon'ble Shri Joginder Singh Former CBI, Director, Govt. of India.
9. **"Top Exporter Award in Nepali Handmade Paper & Paper Products"** by  
Federation of Handicraft Association of Nepal 2007.