An Internship Report of Masood Textile Mills Ltd

Session 2004-06

INCHARGE INTERNSHIP

Submitted by:
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Roll No.19
M.COM 4th Semester
Evening program

Department Commerce
DEDICATED TO

Our worthy parents and the Respected teachers who Always try to find ways And thinks to provide which We do not know and don’t have -
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Acknowledgement

All praises are for Allah almighty that has bestowed upon human being the crown of creation and has endowed him with knowledge and wisdom. After Allah, is the last prophet Mohammed (SAW) who brought for us revelation and unlimited knowledge and civilized the barbarian human being.

Although this report base only my name but numerous people were very important to the development of this report without the support of them I could never successfully completed the internship as well as the report.

I am highly thankful to the staff member of Masood Textile Mills limited. Who really cooperated with me and provide me their complete guidance. As banks are very much sensitive about their secrecy, even then after taking an understanding, they let me handle their delicate operations.

My special thanks to Mr. Nasir Ali Zia (Hr. manager), MR. Munir (Finance manager)....
EXECUTIVE SUMMARY

I joined Masood Textile Mills Ltd as an Intern. The motive of joining the MTM was to have an exposure of textile sector and potential to avail a sound and promising career. I devoted our time to learn about MTM, which will be beneficial to me if I join textile sector. In this 6 weeks internship program I attended the lectures of key departments (Cutting, Stitching, PPC, Merchandising, Quality Assurance, GGT, Stores) of this largest knitted garment manufacturers of Pakistan which are delivered by experienced managers running these departments. After attending the lectures I also visited these departments for acquiring practical knowledge.

The object of this report that I have placed is to express what I observed and what are the necessary measures that can help to capitalize the strengths to overcome weakness and remove the threats.

Masood Textile is one of the largest knitted garment manufacturers of Pakistan. The company is 100% export oriented. U.S.A. and Europe are major markets of Masood Textile. It is a quality conscious company. The company is ISO 9002 certified. Company’s mission statement is “To be the world’s Best Apparel Company.” Company’s values are trust integrity, respect
TEXTILE INDUSTRY OF PAKISTAN

In 1947, at the time of independence Pakistan Textile Industry was like a feeble child with only three cotton mills, a small woolen spinning, whereas weaving, hosiery and knitwear were features of cottage industry. Now when we have entered into new millennium, Pakistan’s Textile Industry has become a stalwart fellow, which has grown in all sections. Now we are not only self-sufficient but are also exporting surplus products. Today we have over 8.358 million installed spindles, 166,000 installed rotors 20,000 shuttle less looms, 200,000 power looms, 8,000 terry towel looms, 7620 canvas looms, 157,000 woolen/worsted installed spindles, 15,000 woolen looms, 12,000 knitting machines, over 600 processing units and over 2500 garments units.

We all know, journey of textiles starts from seed and culminates at ready-to-wear garments and in present competitive world scenario, it is combination of high production efficiencies, most appropriate technologies and work methods, together with trained work force, management and marketing skills which can give any industry a successful status.

Textile industry today is the backbone of economy of Pakistan and provides the largest number i.e. about 40% of total industrial jobs and very vast industrial service opportunities. It has always been the pillar of Pakistan’s economy contributing substantially to Govt. revenues. It also has a dual linkage. As a major consumer of domestic cotton, it provides a market for a leading cash crop and thus has a critical influence on the growth and productivity in agrarian sector. Hence the performance of the textile industry has a vital impact on the over all growth and
Masood Textile Mills Ltd.

development of the economy. The industry also tops, as an earner of ever-so-
scarce foreign exchange and exported goods worth US $4.9 billion last year and
this amount is about 60% of the total national exports. Its share in total GDP is
8.5%. The investment in Textile Industry is 31% of total investment. The
interest that banks and other financial institutions earn from Textile sector is
RS. 4 billion per annum. The salaries and wages that Textile sector provides to
workers is Rs. 40 billion per annum. Its contribution to R & D is RS.116 million
per annum. This very remarkable achievement did not come easily and is due
to the combined and tireless efforts of the Govt. Planners, industrialists,
technical support staff and our hard working and inexpensive labor. On the top
of these, Pakistan has been blessed with suitable climate and perennial supply of
good quality water to grow about 1.7 million tons per annum of the lint cotton,
“the silver fiber” that forms a natural and sound base for a viable textile
industry. Pakistan textile industry consumed 1441 million Kg raw cotton and
Introduction of Company

Ch. Nazir Ahmed who was the founder established Masood Textile mills limited in 1984 and now ch. Shahid nazir is the chief executive. The Masood textile mill is established under the company ordinance 1984.

The company has latest equipment and machinery to serve globally. The company has modern computerized networking system. All the Accounting and finance relating work is carried out through computer. The company has capability in fabric, ginning spinning, knitting laundry and apparel manufacturing.

The company’s apparel division, which is producing high quality garments, is situated at Sargodha road, near singed cinema, faisalabadr. But its registered office has shifted to canal road Faisalabad.

The company implements the quality system and had awarded ISO 9002 certificate. The company maintains quality standard at all levels to establish consistency and efficiency. The company is exporting its products to U.S.A.U.K. and Germany
COMPANY INTRODUCTION

CHAIRMAN/CHIEF EXECUTIVE OFFICER: MR. SHAHID NAZIR

DIRECTORS:  
CH. MUHAMMAD AMIN
: CH. MUNIR AHMAD
: MR. FAZAL ELAHI
: MR. NASEER AHMAD SHAH
: MR. MUHAMMAD ARSHAD
: MR. MUHAMMAD NAWAZ

DIRECTOR FINANCE: MR. MUHAMMAD FAROOQ

CHIEF FINANCIAL OFFICER: MR. BINYAMIN

COMPANY SECRETARY: MR. ABDUL BARI HAQQANI

AUDITORS: M/S RUAZ AHMAD COMPANY
CHARTERED ACCOUNTANTS
Masood Textile Mills Ltd.

BANKERS: HABIB BANK LIMITED
UNITED BANK LIMITED
MCB LIMITED
THE BANK OF PUNJAB
HABIB BANK A.G. ZURICH

REGISTERED OFFICE: UNIVERSAL HOUSE, WEST
CANAL ROAD, FAROOQABAD,
FAISALABAD.

MILLS: 32-K.M SHEIKUPURA ROAD,
FAISALABAD.
Masood Textile Mills Ltd.

History of MTM

Masood Textile mills were incorporated in 1984 with 4 spinning mills. It is a public limited company with its registered office at Faisalabad and listed in all stock exchanges of Pakistan. It is vertically integrated textile unit. It has its own spinning, knitting, processing and stitching units. Initially it was engaged only in spinning. But in 1993 company changed its strategy in adding up most process and disposed off three spinning units. In 1995 company made its own garments units with only 35 stitching machines but today it has about 1000 stitching machines of different brands. All credit of this success goes to visionary personality of Mr. Shahid Nazir, the Chief Executive of the company.

They strive to lead in creating, developing and manufacturing of knitted apparel products right from basic to highly fashioned garments thus responding to emerging trends in the industry. They translate conceptual ideas of our customers into reality and shape them through our technical bent and professional acumen. The team here strongly believes that Customer satisfaction is the essence of business today. MTm has the technology with expertise, products with knowledge and most importantly the right mindset to achieve total customer satisfaction.
Welcome to the Masood Textile Mills Ltd. It operates throughout the world with over 11,000 employees as part of our team.

It’s Collection has a wide selection of quality garments including T-shirt, Polo shirt, Jogging suit, Henley shirt, Raglan shirt, Tank top, Bikini, Shorts, Pants and Sleepwear. Competent professional staff, a team of talented merchandisers, excellent supplies & support services, and state-of-the-art technology is the driving force behind Masood’s phenomenal growth in the past years. Masood has expanded its operations to include the Internet, and has taken advantage of the variety of international trade facilitated by the Web. Now Masood uses state-of-the-art client/server technology for its market information processes to coordinate its network of global buyers and agents around the world.
Business Principle of Company

Corporate Objectives

To maximize the wealth of shareholders, increase market share and achieve customer satisfaction. Making arrangements towards achieving total quality standards, To get growth through professional management, To reduce the cost of production up to minimum level, To control the atmosphere by installation of latest machinery, To continue to improve / surpass past achievement.

To lead the local manufacturers, attain a good word of mouth and to make company image stronger in the international market.

Quality and ISO 9000 in Masood Textile Mills

Masood has ISO 9002 certification and the registration # 99086699. We have the logo of three accreditation bodies ANSI RAB USA, UKS UK. MOODY conducted DAR/TAG Germany and the audits.

What is ISO (International Standards Organization) a worldwide body that prepares and issues the standards?

What is quality? Performance on the parameter or customer satisfaction is called quality.

What is quality assurance? All actions necessary to ensure that a product and services will be satisfy all quality requirements and provide the consistency in the product.
What is Total Quality Management (TQM)? A management approach based on the participation in the quality of every member of an organization to delight all customers

How does Masood maintain these factors?

Masood Textile has documented a quality manual that states the quality management system of the organization. Management establishes a documented quality plan setting out the specific quality practice, resources required and the sequence of activities relevant to particular product.

Quality Control System at Masoo

There are quality checks at every stage of manufacturing starting from Raw Cotton, Yarn Fabric, Processing, Cutting, Stitching and Packing.

Before the fabric is cut, it is checked whether it conforms to the customer’s standards of shrinkage, finished g/cm² etc. After each lot of fabric is cut, 100% cut parts inspection is conducted to ensure that only good quality pieces move to the stitching units.

During the process of sewing, each and every process is inspected by in line inspectors. The inspectors make sure that only good parts move to the next stage. An individual tracking number is sewn inside each garment. After trimming and pressing of the garments, highly experienced final inspectors inspect each garment.
The Quality assurance team monitors the performance of every individual inspector by picking up the inspected garments and checking the quality of these garments.

To ensure that the garments are packed as per the requirements of our valued customers, we can even track & check, which ease the garments, has been packed in. With the help of this, we plan to achieve the Zero Defect Level.

Corrective and Preventative Action

Masood has a very strong corrective and preventative action plan. Masood has centralized the corrective action and controls the non-conformity arising in the system. If necessary the relevant person immediately takes the corrective action. For preventative action, the department head keeps the record. Electronic records are kept by the Information Technology Department.

ISO & TQM

ISO department provides a management system at Masood, which is free of non-conformance. The department has training system that creates awareness of Total Quality Management System (TQM). All the departments and people at all involved in this program. Masood has a team of qualified and certified auditor who would check, improve and ensure the consistency in the system.
Vision Statement

- A leading producer of textile products by producing the highest quality of products and services to its customers.
- To strive for excellence through commitment, integrity, honesty and teamwork.
- Highly ethical company and be repeated corporate citizen to continue playing due role in the social and environmental sectors of the company.
- To develop and extremely motivated and professional trained workforce, which would drive growth through innovation and renovation.
- Sustained growth in earning in real terms.
Mission Statement:

Our mission is to be a dynamic, profitable and growth oriented company by providing good return on investment to its shareholders and investors, quality products to its customers, a secured and friendly environment place of work to its employees and to project Pakistan’s image in the international market.
Organizations Values

- Trust
- Integrity
- Respect

Customer profile

Masood Textile Mills has also proud of work with world best Labels like

- JC Penney (Stafford, Arizona, St. John’s Bay)
- War Naco (Chaps Ralph Lauren, Calvin Klein)
- Indus (Vantage, Champs, Tom Taller)
- Vanity fair Lee, Wrangler
- Perry Ellis
- Levi’
Corporate Objectives

1. Maximization of wealth of shareholders.
2. To increase market share.
3. To achieve customer satisfaction.
4. Making arrangements towards achieving total quality standards.
5. To get growth through professional management.
6. To growth through professional up to minimum level.
7. To control the atmosphere by installation of latest machinery.
8. To continue to improve/ surpass past achievement.
9. To lead the local manufactures.
10. To attain a good word of mouth and to make company image.
11. Stronger in the international market.
Management and Departmental Hierarchy in MTM apparel division

MTM is consisting of the following departments:

1. Merchandising
2. Production Planning & Control (PPC)
3. Industrial engineering
4. production
   i. Cutting
   ii. Stitching
   iii. Finishing
   iv. Clipping
   v. Packing
   vi. Shipment
5. Quality assurance
6. Quality control
7. Human Resource
8. Information Technology
9. Procurement
10. Finance
11. Forwarding
12. Stores
13. Marketing
14. Transportation
15. Compliance
16. Washing
Management Hierarchy in MTM

Top Management

Chief Executive Officer

General Manager

Middle Management

Manager

Senior Officer
Deputy Manager
Assistant Manager
Officer

Lower Level Management

Supervisor

Helpers
Foreman
Operators
Departmentation

Departmentalization is the arrangement of Individuals job activities into groups and these groups are combined to from larger department and units to form the total organization.

The Departmentalization in Masood TEXTILE is very clear. These departments are Human resources marketing finance production export, purchasing, administration and quality assurance.

Except quality assurance all department are under the supervision.
HR. Department in MTM

Structure of Hr. Department

Human Resource Manager
    ↓
Sr. Human Resource Officer
    ↓
Human Resource Officer
    ↓
Management Trainee

HR department in MTM is involved in different types of human resource development and human resource development activities. Here are the activities of HR department in MTM;

1- Recruitment
2- Training and Development
3- Compensation
4- Performance Appraisals
5- Employee welfare
6- Rewards and Punishments
7- Retiring and Termination Benefits
1- Recruitment:

HR Department in MTM regarding recruitment is almost online up to the middle level management and has the following procedure:

- Approved strength in each department
- Invitation of vacant or new position applications
- Scrutinizing of applications.
- Test including intelligence and aptitude tests
- Interviews in panel form

2- Training and Development:

The training and development process in MTM is very strong and has following setup

A- Indoor Training

- Apprentices
- Trainee supervisors
- Trainee Operators
- Trainee Engineers
- Management Trainees
B- Out Door Training

- Training in institutions
- Meetings and reviews

3- Compensation

MTM has setup for workers as

- Market rate
- Overtime
- Incentives
- Vehicles
- Accommodation

4- Rewards and Punishment:

MTM gives in terms of rewards

- Appreciation
- Cash Prizes
- Promotions
In MTM for the control purpose there are also punishments

- Disciplinary Actions
- Show cause notices
- Suspension
- Terminations
- Charge sheets
- Fines

5- Performance Appraisals:

Promotions in MTM have very fair methodology. Personality and job related traits are evaluated at regular basis. Best performance results in good rewards in MTM.

6- Employee welfare:

There are many employee benefits policies being followed in MTM. Some of them are as follows;

- Health insurance
- Social Security
- EOBI
- 5% of Profit
- Accommodation
- Transportation
- Canteen and Mess
7- Retiring and Termination:

Gratuity and provident fund is being maintained for the retiring personals in MTM.

HR department in MTM is almost computerized and includes:

- HRMS (Human Resource Management System)
- GMS (Gate Management System)
- JMS (Job Management System) (Yet to be Introduced)
- JOB Bank (Yet to be Introduced)

Objectives of HR Department:

- To help the organization to reach its goals.
- To increase employee’s job satisfaction and motivation.
- To employ the skills and abilities of the workforce efficiently.
- To develop and maintain a quality of working.
- To communicate and implement HR policies.
**Information Technology Department**

**Structure of Information Technology Department:**

- Electronic Data Processing Manager
- Deputy Manager Data Processing
- Deputy Manager Data Operations
- Deputy Manager Web/E.mail
- Assistant Manager Data Processing
- Assistant Manager Data Operations
- Assistant Manager Web/Email
- Data Processing Officer
- Data Operating Officers
- Web Developers

**Introduction**

The IT department of MTM is very well established. It reduced the paper work system. All the work is done on computer. Data is transmitted from one Apparel to another and to the mills is through the wide area networking (WAN). In wide area networking siss routers are used which replicate the data and send it to the apparel. And they also have an ability to update the whole data in main server. There are three servers in overall Masood, one is online server, and other
is stand by and third is replication server. Whole the process of manufacturing can be tracked from computer in MTM. Our customers can also check the status of their ordered product by only using net. MTM is at almost pure Dot Com positions and we can say that IT has been so much flourished in TM that it will be difficult to survive for MTM without IT at this time. Most of the departments have been computerized except Finance Department.

The system developed by the IT department includes

HRMS        Human Resource Management System
AMS         Apparel management system
GMS         Gate Management System
IMS         Inventory management system
FMS         Fabric Management System

**Objective**

MTM Garments Division has very modern fully equipped I.T department. The basic objective of I.T department is to collect, interpret and summarize the data in an easily understandable form. Now we discuss I.T at Masood briefly.

i) **Applications of I.T at MTM:**

Information technology department has different programs for different functions. Those are following.

- **H.R.M.S**
Human resource management system is a program in which all the data about employees is stored. This data is readily available for higher management. HRMS works on following grounds.

- Employees Evaluation Form
- Evaluation History of the Employees
- Complaints against Employees.
- Department Wise Strength of Employees & Budget.
- Month Wise Employees Turnover.

- Reports About Employees.

**G.M.S**

Gate Management System is a program, which deals with the function of gate office. In this system following functions are performs.

- Employees In/Out record and time.
- Visitors In/Out record and time.
- Candidate Employees In/Out record and time.
- Temporary Employees In/Out record and time.

Every employee of MTM has a card. Which he or she scans while In/Out. Its time is noted.

There are certain reports about In/Out system preserve in GMS and are available for higher management.

**E.P.S**

Employees payroll system is design to generate employee’s salaries and benefit in computerized system this system performs on following ground.

- Generation of Employees Salary.
Masood Textile Mills Ltd.

- Generation of Pay Slips.
- Salary History Employee.
- Gratuity Record.
- Leave Encashment Record.

This system makes easy the payment procedure and reduces corruption and increase efficiency.

ii) **Apparel Management System (A.M.S)**

Apparel Management system of MTM is very unique. It keeps the total record of every piece made by MTM up till now; every garment manufactured at MTM has a barcode no. This is fed in AMS. And whenever is needed this no is feded and complete history of that garments is open.

AMS works on following grounds.

- Complete backtrack of garment.
- On line status of a customer’s P.O.
- Worker Evaluation.
- In line Inspectors and Final Inspectors Evaluation.
- Contractual Employees Wages Calculation and Financial Summary.
- Error Tractability in finished products.
- Reduction in fabric loses.
- Reduce duplication of work.
- Paperless environment.
- System Security.
- Unique ID tracking No. of each garments.
Masood Textile Mills Ltd.

➢ Back tracks from cotton crop type, yarn, knitting, fabric processing, cutting, stitching, inspection, packing and shipment.

iii) Local Area Network/Wide Area Network

**LAN:** Masood Textile’s Apparel Division has about 180 computers. These computers are interlinked via local area network. This network provides fast moving of required data and also facilitates Intranet facility within the company. All employees within the organization can easily communicate through it MTM has a hub, which provides LAN facility according to requirements of the system.

**WAN:** Masood Textile Mills (Apparel Division) is linked Masood Textile Mills (Fabric Division) which is 32 Km far from it. All computers of Apparel Division are linked to Fabric Division through a communication Tower. This system works like mobile phone system. Beside that MTM has its on ISP (Internet Service Providing facility). It has satellite Internet system. For this a satellite dish is installed at the factory. Every employee of MTM has free Internet facility.

iv) E-Commerce/Web site

Masood Textile is working as a “B to B” company. It uses Internet for its negotiations and transactions with its customer.

**E-Commerce:** For on line transactions MTM use “EC Vision X-expression” it is a software use for commerce.
Masood Textile Mills Ltd.

MTM negotiates all terms and conditions of product, size, color, P.O., item and transportation details through on-line. It also sends a copy of L.C. online and it use EDI electronic data interchange for it. Beside that MTM advertises its facilities of production, its customer portfolio and its achievements on-line. Recently MTM wins the best supplier award 2001-2002 from "J.C Penny" Company used different passwords for different customers to secure their identity.

Web Site: - MTM has its web site named www.masoodtextile.com this web site contains complete history, profile, production facilities, workforce strength, job opportunities and customer order status of the company. www.masoodtextile.com is updated daily and latest company news is also shown on it.

Recently Masood Textile launches its own e-mail services names “…..@masoodtextile.com”. This facility is developed, managed and controlled through MTM’s own IT. Team. This facility is available for all the employees of MTM. They can use this service for sending and receiving e-mails.
Merchandising

Customer → Merchandiser → Factory

2) Merchandising Department:

- Merchandising Manager
  - Sr. Merchandiser
  - Merchandiser
  - Assistant Merchandiser
  - Management Trainee
Merchandising performs the following functions

- Market analysis
- Data analysis
- Procurement
- Visual presentations
- Feedback
- Product planning
- Pricing
- Distribution

Market analysis includes anticipation of future trends in the market regarding economic, lifestyle, fashion, and competitors. Currently, MTM anticipates the future competitors like China and India as a result of WTO policies and has now successfully competed with China in terms of quality and price.

Analyzing all the available data for improvement and anticipation, Merchandiser also searches about the accessories purchase and to negotiate. Product planning concerns about sampling and research and development.

The merchandiser starts his work with new inquiries, new inquiries are the customers' first knock at MTM. The merchandisers increase sales of products through personal selling, seminars, and physically selling in worldwide cloth fairs and exhibitions. But currently, due to high quality of MTM and customers' trust on MTM quality, MTM only relies on personal selling or old customer relations.
When new inquires come in the merchandising department starts working on it on the bases of customer demand required in the inquiry. Merchandising deptt. prepares samples.

**Confirmation of PO and follow up**

After the conformation of PO the merchandiser sends it to PPC and production deptt. for performing their functions. The last function of merchandiser is follow up of the PO from sample to shipment and communicates with the customer.

**Marketing Mix:**

**Product Mix.**

Products of Masood Textile Mills are cotton/ synthetic fiber yarn, knitted / dyed fabrics and garments. MTM exports whole of its products to US, Germany and various other country. Major portion of yarn are used in manufacturing process and surplus is exported.

**Product Line**
Masood Textile Mills Ltd.

Masood Textile Mills produced different high quality export oriented products to the international market. These are as under.

⇒ Yarn

⇒ Knitted Fabric

⇒ Garments

(1) Yarn:

Masood Textile Mills Limited produces high quality yarn according to the demand of the market. 80 to 90% yarn is exported rest of the yarn is used is in Masood Textile Mills.

(2) Knitted Fabric:

One of the largest Fabric facility in Pakistan having the capability to produce all kinds of knitted fabrics in 100% cotton & blends.
Masood Textile Mills Ltd.

Garments:

MTM is a leading apparel company in Pakistan having expertise & machinery capable of transforming customer ideas into superior quality garments, which are taken as the most famous brands in the world.

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These includes the

Loungewear

Sportswear

Activewear

Sleepwear

Athletic

Underwear
Physical Distribution:

MTM exports its products through two different marketing channels.

Direct Marketing Channels:

MTM directly contact with its customers through mail, telephone, and personal contacts and sell its products directly to the ultimately buyers.

Indirect Marketing Channels:
When it comes to indirect marketing channel, distribution is made through intermediaries. MTM exports its products through many agents in some cases.

MTM is using different channels of transportation for the distribution of its products like, ships, airship etc.

**Countries of Export:**

MTM is making a good effort to increase the market share. Today company is exporting its products to many countries like,

- USA.
- Hong Kong
- Japan
- Germany
- Malaysia
- Singapore
- Korea
- Thailand

**Promotional Activities:**

Major export of MTM is made through telle-mail services. Many contracts are settled through personal sitting. MTM do not waste any chance to promote its product. MTM participate in various exhibitions that take place under export promotion bureau in different areas of the worlds.

MTM also take part in world trade show for promoting its products. It also sends many samples to its potential customer.
Promotion is one of the four major important elements. The main promotion tools are advertising and other country business relationship. The MTM should advertise its products not only in the worlds trade magazine also in national industry magazine. The company has to decide how to set the promotion budget. The appropriate budget approach is to send the company can afford with respect to its funds and product.
PPC works as a bridge between merchandising and production. It stands Production planning and Control. In this department the works starts when new inquire converted into purchasing order. The merchandiser sends to PPC department which starts work on it.

**Functions of PPC:**
- Optimization of resources (man, machine, material)
- Costing research and development (R&D)
- Purchase order receiving
- Capacity
- Time line (time, action)
- Fabric accessories (stitching and packing)
- Fabric demand plan (lead time)
- Accessories demand plan

**Costing**

This is the most important responsibilities of PPC department. It is responsible for accurate costing of production. The price of the single accessory can’t be ignored. On the basis of cost, given by PPC,
merchandiser negotiates with the customer. This is crucial point in getting the purchase order (PO) The main things that are taken into account during costing and pricing of product are as follows.

1: Fabric Cost (Yarn Dying and Knitting)

2: Stitching Cost

3: Packing and Accessory Cost

4: Overhead Financial Charges

5: Margin and Rejection

6: Freight on Board

**PPC Profile:**

A PPC profile is prepared which contains all the specifications that has been demanded by customer and distributed to all the concerned departments in which whole execution of order is done. Following points are included in this profile.

1: Purchase Order

2: Buyer Name

3: Description

4: Quality

5: Color and size Breakdown

6: Time Line

7: Size Chart and cutting Design

8: Packing Program
PPC department have two types of planning regarding production

1) Martial planning

2) Unit planning or time line & machine planning

**Martial planning**

Martial planning includes,

a) Fabric planning

b) Accessories planning

**Fabric planning**

Each purchasing order has its own demand about fabric. Each purchasing order has its own product package. Project package means every purchasing order has a different (GSM) gram per square meter. There is a slight margin in GSM, which is allowed by the customer due to shrinkage effect, it is up to 5%. Fabric planning also includes that what type of cotton requires for producing this fabric.

In fabric planning color and size brake down has another important function, when purchasing order receives it has its own requirement of color and size. The department has check weather this type of dying facility has available in MTM mills or it requires some outsourcing.
Then PPC department informs the mills what size sheet is more efficient for this purchasing order. What type and gage size is required for this fabric? Weather this size of sheet length is suitable for this order or not.

PPC also plans for marker making (most precise size for different parts cutted from lay sheet). Department plans the size of sheet which has minimum wastages during cutting.

There are two types of wastages from sheet.

- Big wastage
- Small wastage

85% output are required from the sheet. The fashion body part has less efficiency as compare to simple wear. PPC department also concern a different sizes of a shirt e.g. large, small, extra, large, and medium.

How many quantities of each size required by the customer and how much sheets size is more efficient for each size.

PPC transforms all these information to mills for fabric.

**Accessories planning**

- Stitching
- Packaging

  ✓ Stitching accessories planning includes thread, buttons, labels, or any thing extra is customer’s wants to attach with
the shirt. Some time customer’s gives some instruction cards attach with the shirt.

✔ In packaging accessories all the martial includes which will used in packaging e.g. Rappers, paper packaging.

PPC plans about accessories are forward to procurement deptt. Which have responsible to purchase these accessories. Some times customer sends these accessories or some part of accessories to MTM.

It may possible that customer may indicate or bond MTM management to purchase these accessories from specific buying house. If customers not suggests then procurement deptt. Purchase it from open market.

**Unit planning or time line & machine planning**

It includes the capacity and no of machine required for a specific purchasing order. For the specific purchasing order PPC cooperates with industrial engineering departments. For example, for a purchasing order of polo shirt, PPC send the sample of shirt to trial room where the expert stitches stitch this shirt and finds out how much time require for each stitch. In trial room there are different levels of stitches performing this activity so that it’s near to reality.

According to this time line for specific stitch PPC plans how many no of machines and stitches required for this shirt and for each specific operations like collar stitch, collar attach, button attach how many machines are required to speedy flow in production.

According to this time line PPC department give shipment date to both merchandiser and production department.
Production department

We believe that prevention is better than cure. During the process of stitching we have inline inspection and final inspection processes. The garments are 100% inspected by highly experienced inspectors. Our objective is to produce with Zero Defects. The ‘BACK TRACKING SYSTEM’ plays a vital role in developing sense of responsibility and accountability in every person in making and inspecting the garments. The same thing is emphasized in ISO-9002, so we are not only the ISO-9002 Certified holder but also the true executors. The company has independent Quality Assurance Team that conducts inline audits and final finished goods audits. The QA. Manager ensures that before the goods leave the factory, they comply with the customer’s AQL standard.

Followings are the stepwise operations, which are followed by the production department

- In the first step when a new P>O is going to be produced then production planning and control department forward a ppc file to the production department.
- In second step industrial engineering department calculates the standard allowed minutes for a particular function such as collar attachments.
- After the above two steps production department will design the flow of garment.
- Then fabric will cut in the cutting department.
After cutting induction will be moved to the allotted units.
Stitching of the garments will be done in the units.
Clipping is done after stitching and pressing
Final Inspection
Super final Inspection
Packing
Internal audit
External audit
Ex-factories

Types of Fabric:
A material made from fibers or threads by spinning, weavings, knitting, processing...etc as any cloth. There are different types of fabrics.

Types of Fabric:
- Jersey
- Pique
- Inter Lock
- Rib
- Waffle
- Min Thermal
- Fleece
Production Department (Stitch to Pack)

The basic objective of stitching department is to stitch the best quality garments in efficient manner according to the specifications of the customers.

i) Process Flow Stitching: -

Stitching unit takes its lot from induction department and start stitching process. The workers in this department are on contractual basis. Every stitching unit has a separate brand for stitch. Chain flow technique is used in stitching units. Every worker performs a single function on all pieces and forwards it to next worker for further function. Until the piece is complete. After stitching the clipping function is done on the garments. All extra threads are removed in this function. After it the garments are pressed. Steam is used for this purpose. After pressing the garments are forward for audit. In stitching unit following machines are used for garments making.

i) Flat Lock Machine.

ii) Over Lock Machine

iii) Lock Stick Machine

iv) 2 NCS Machine.

v) Zig. Zag Machine.

vi) Bar Taking Machine.

vii) B/Sewing Machine

viii) Snap Machine.
ii) **Packing Process:-**
After stitching the garments are forward for packing. Chain flow is used for packing One person checks the product, other attach stickers, then putting in Polly bags and than shifting to cartons. Every person who done any operation on the garment take a barcode slip. And last slip is attached with the garments. This bar code is feed in a computer program. And can be use for back tracking if necessary. Than these cartons are shifted to shipment store for further proceedings.

iii) **Role of Inline Quality Control: -**
Inline quality control is strictly applied. Inline inspectors check the stitching, plucking, pressing, accessories, sizes and packing specification of the garments. If there is any variation they immediately follow it and try to cover it.
The main responsibility of inline quality control is to ensure quality at every cost. They have to check every single piece manufactured in the stitching unit. So that each piece is according to specifications of the customer.

iv) **Balance of Responsibilities b/w Production & Quality Control**
The responsibility of production department is to produce every piece according to specifications of customer and in the given time. While the responsibility of quality control department is to ensure quality in each piece during production. They work together for achieving their objectives:-
**Finishing department**

Main Finishing Checks:
1: Stain
2: Rafu
3: Re Stitch

In finishing department different activities are performed. This is very important department because from here the garments are dispatch to shipment. After sewing the garment goes to clipping department, where extra thread from fabric cuts. After clipping the garment has checked to find out the stain and spots. the garment which has stains sends for removing stain to separate table where different chemicals are using for removing the stains. There is 100% checking of measurement of the garment by final inspectors, which is also another check on the quality of the garment. Here some under quality garment are sends to operators for alteration and the garments that not even alter are rejected. There is a separate sheet for rejected garment. Finishing in charge randomly checks the garment. Finally the ok garment sends to packing table, where whole garment is checked 100% before packing. Then garments are packed into rappers and rappers packed in paper packaging and sends to shipment department.

All the information regarding shipment and garment attached through the label.
accessories, which are used:

Labels:
Main label
Size label

GMT Specification of garments:

- straight shoulder
- across shoulder
- sleeve opening
- sleeve inseam
- sleeve length
- sleeve length from HPS
- sleeve hem height
- upper arm/bicep
- across chest
- chest
- side seam
- bottom
- neck back drop
- arm hole straight
- arm hole curve
- neck front drop
- sleeve length from CBN
- shoulder slope
Masood Textile Mills Ltd.

- waist
- collar bad width
- placket opening
- placket length
- waist band width
- side seam excluding waist band
- side seam including waist band
- leg opening
- leg hem height
- fly opening
- crotch seam
- Thai
- hip
Shipments

The shipment department has following procedure:

1. Receiving of packs → Racking
2. Information to quality assurance department
3. Quality assurance audit → pink slip if rejected
4. Green slip if ok
5. Scans and shipped

The hole can be rejected on the basis of this quality audit.

**Process in Apparel Division of MTM**

Following steps are involved in all processes of apparel division:

- PPC merchandiser → Communication with customer → Proto
Masood Textile Mills Ltd.

Samples → Fit Samples → Size Samples → Pre Production
→ Approvals of Fabric, Color, Lab Dips → Order

Received with Time Line → Fabric PO Forwarded to Mills → Fabric Arrives from Mills → QC Checking → Fabric Received in store → Cutting Planning → QC and QA Checking → Cutting According to Cutting Plan → Bar coding Bundling (Roll To Roll & Lot Wise) → ticketing Induction → Stitching unit receiving → hanging → initial or prep operations → swing operations
In line Inspection (QC & QA) → stain removing → alteration → q/a inspection → specs → Final Inspection → Super Final Inspection (QC & QA) → Packing and Packaging → shipment department → Racking → quality assurance audit → acceptation or rejection → Dispatching to customer one of distinguish quality of Masood, s production system is

This is the department, which can be said as an agent from MTM side, which checks the required parameters and recommends solution at each level of process. It has two sections, Grey section, which checks the fabrics for faults,
Quality Control

Quality is a standard achieved by processes to render a defect free product to the customer. Quality control is a system implemented to make these processes successful. Different quality control systems are as follow:

- Feeding inspection
- Seven to zero system
- Traffic control system
- 5 part ticket system
- Clipping Inspection
- End line inspection
- Final inspection
- Specs inspection
- Presentation inspection
- Packing inspection

Role of Quality Control:

In parallel to cutting quality control works. There are in line supervisor in cutting department who audits the bundles. Match mock-ups and find faults. They count the pieces, 100% pieces are counted and 20% pieces are audit. If the pieces are not up to the
specifications they are rejected. If the pieces are Ok they are approved and send to induction department.

iii) **Laboratory Tests for Fabric Quality:**

Certain lab tests are used in MTM for the checking of fabric quality. These are following:

i) Shrinkage Test  
ii) G.S.M. Tests  
iii) Width Stretch Test.  
iv) PH scale Test  
v) Crooking Test.  
vi) Bleeding Test  
vii) Scorching Test  
viii) Hot Wet Press Test  
ix) Cotton Polyester Test  

Qualified fabric specialists in a lab do these tests.
Quality Assurance Department:-

- Quality Assurance Manager
- Deputy Manager Quality Assurance
- Assistant Manager Quality Assurance
- Quality Assurance Officer
- Quality Assurance Auditors
- Management Trainee

Preventive measures taken to make defect free product.

Responsibilities of quality assurance:
There are three responsibilities of quality assurance.

1. Monitoring the system
2. Evaluating staff involved
3. Assuring quality of product

Corrective and Preventive Actions:

The corrective and preventive actions are very strong in Masood. Strong preventive actions are designed to ensure the quality and avoid any kind of fault. But if anything goes wrong then relevant person immediately take corrective action.

1. Preventive Actions:
   a) Fabric Audit
   b) Cutting Audit
   c) Inline Audit
   d) Measurement Audit
e) Finishing Audit
f) Final Good Audit

Corrective Actions:

a) Warnings
b) Demotions

How do They Maintain Quality Factors?

Masood has documented a quality manual that states the quality management system of the organization. Management establishes a documented quality plan setting out the specific quality practice, resources required and the sequence of activities relevant to particular product.

Main Objective of Quality Assurance Department:-

The main objective of the quality assurance departments is to ensure the quality of finished products according to the customer’s specification.

i) Role of Quality Assurance

Quality assurance department’s first responsibility is to check the quality of finished products. For this purpose quality audit is conducted. In which the finished garments are checked according to customers P.O. Fabric. Quality, Color, Sizes, Accessories, Embroidery, Stitching Quality every thing is checked
by Quality Assurance Department. If everything is OK then the shipment is approval otherwise it is rejected. Because quality policy of MTM is to satisfy customer at every cost.

While auditing finished goods Q.A Officer also checks the measurements of the garments and tallies them with standard measurements for the respective sizes. In final inspection the officer have a standard fault form. He checks the garment and find faults. If the fault ratio is more then 2.5% he rejected the piece.

In that form description of faults are mentioned. Q.A department ensures that 100% quality is maintained. Beside quality audit Quality Assurance department evaluate the performance for the In-line inspectors and final inspectors. On these evaluations their pays and bonuses are allocated. The department also gives cash awards to best performers. And a quality trophy is also given to best unit.
Forwarding Department:

Organize the safe and efficient movement of goods through different mode of transportation.

We use the most effective and economical methods of transport for goods that might be the services of shipping lines, airlines or road and rail freight operators.

The forwarding department play very important role for shipment of garment to various countries with using of many documentation.

They use container to transfer of garments like 20ft, 40ft and 40 ft HC. They use the following formulas to calculate the CBM.

\[ L \times W \times H / 61023 \times \text{No. of cotton} \]

For air.

\[ L \times W \times H / 366 \times \text{No. of cotton} \]

L=length
W=width
H=height
**Functions of forwarding.**

- Research and planning of appropriate route for shipment
- Obtaining, checking and preparing documentation to meet customs and insurance requirements.
- Arranging air transport for urgent basis.
- Working closely with customer and third parties to insure smooth operations to deadlines.
- Maintaining current knowledge of relevant legislation, political situation and other factors that could be affected.
- Transmitting data by internet and tracing of shipment

**Mode of transportation:**

- Road transportation
- Rail transportation
- Air transportation
- Sea transportation
**Documents:**

**Bill of leading**

A document that establishes the terms of a contract between a shipper and transportation company.

The following heads includes:

- Shipper name
- Consignee
- Notify party
- Export reference numbers
- Agent’s name
- Vessel number
- Port of discharge
- Place of delivery
- Final destination
- Description of goods
Air way bill;

An air way bill is a documentary proof of the contract of carriage between the shipper and the carrier.

It includes the following heads

- Supplier name
- Consignee
- Form export number
- Invoice number
- Notify party
- Airport of discharge
- Airport of receipt
- Airport of loading
- Description of goods
- Gross /net weight
- L.C number
Commercial invoice:

The commercial invoice made by the forwarding department which go to the buyer of products.

It includes the following heads

- Invoice number
- Shipper name
- Consignee name
- Notify party
- Agents name
- Export registration number
- Payments terms
- Discretion of goods
Procurements department:

It is the acquisition of goods and services at the best possible cost of ownership in the right quantity at the right time in the right place for the direct benefits of the organization.

Functions of procurement department.

- Receive PPC sheet from store
- Take acquisition
- Price negotiation
- Order place
- Shipment of goods
- Time line
- Follow up tools
- IGP&GRN
- Accessories
- Payments of purchased goods
Stores in MTM.

1) Main store
2) Fabric store (Stock pledge)
3) Shipment store

Main Store:

There are two types of things, which come under main store.

(I) General:

Stationary, machine parts, maintenance and sentry etc.

Structure of Inventory Stores Department

__________________  __________________
Inventory Manager

Fabric Store Manager  Shipment Store Manager  Main Store Manager
 Store Incharge       Store Incharge          Store Incharge
(II) Accessories:

Buttons, thread, zips, labels, and needles etc.

- Forward purchase dept.
- Interward Gate Pass (IGP)
- Goods Received Now (GRN)
- Quality check by dept.
- After approval GRN take over main store
- Store issue Requisition

- Procurement dept.
- Interward Gate Pass (IGP)
- Goods Received Now (GRN)
- Quality control
- After approval GRN take over main store
- Store issue Requisition
**Industrial engineering**

Industrial engineering is that branch of engineering, which deals with the Productivity increases the using all the available resources. These resources are following.

I. Men  
II. Materials  
III. Money  
IV. Machine  
V. Methods  
VI. Systems  
VII. Land/space

Industrial engineering provides us a systematic (step by step) organized way of increasing productivity using simple techniques.

**Productivity:**

It is defined as the ratio of output and input i.e.

\[
\text{Productivity} = \frac{\text{Output}}{\text{Input}}
\]
Scope of I.E.

Industrial engineering techniques are applicable everywhere, starting from a small Office, home, training places, small industry to a large industry. It helps in:

1. Better layout planning.
2. Designing work aids.
3. Re structuring an organization/ Re engineering
4. Methods improvement.
5. Training in better methods
6. Setting SAMs for the better methods
7. Problem solving using studies by scientific methods

Advantages:

1. Managing extra work in the same available space.
2. Vacating extra premises got on rent.
3. Increased output with the same manpower and machines.
4. Increased quality due to better managing/methods
5. Reduced throughput /cycle time, using refined layouts.
Finance is the art of science of managing money.

Masood textile mills have a joint finance/ accounts department. As the complexity and size of the organizations, the finance department of MTM totally computerized to record the transactions, instead of recording manually. The finance department of the MTM apparel division is connected with the LAN.

Thus the MTM is keeping the clerical cast low to increase the efficiency of processing transactions. Finance department has major hold in Masood Textile mills. This department plays an important role in any project investment, product analysis and its budgeting. This department also performs investment decisions and asset management decision functions. How the working capital managed. How debt is used in asset management.

How and when the liabilities are to be paid. What are the achievements of the organization by implementing decisions? Past financial decisions are reviewed and imposed with new trends and requirements.

The function performed by the finance department is to collect and raise funds with the varying demands of MTM. Funds are created through loans or by issuing share of the organization. This department also makes financial analysis; cash flow and profit and loss account. Finance department is headed by director finance manager is marked. Under there personal, many subordinates are worker like account officers and assistant account officers.
The main objective of finance department of MTM is to manage finance in such a way that maximum output is taken by minimum input. MTM’s financial administration is very strict in giving information. Company rules are very strict for it. Following are the main functions of finance department.

i) Financial Management

It deals with the cash inflows and outflows major cash inflows are following.

- Sales Collection
- Interest of Deposits
- Sales of Wastes
- Capital Gains

Major sources of cash outflow are:-

- Purchase of raw materials.
- Purchase of packing materials.
- Purchase of fuels.
- Wages and Salaries Payments.
• Duties and Taxes.

Major Banks of MTM are following.

• Habib Bank Ltd. (HBL)
• Muslim Commercial Bank Ltd. (MCB)

The company invests its surplus money in investment banks, stocks and it gives short-term loans to employees.

ii) Book Keeping

MTM has separate accounts division for book keeping. The main function of book keeping is to record the business transaction in a set of books of accounts.

• Daily Payments and receipts entries are recorded in original book of entries.
• Subsidiary ledgers are used to maintain debit and credit account.
• Main ledger is prepared for daily journal entries and monthly trial balance is drawn through it. At the end of the year annual accounts have been prepared.

iii) Pay Roll

In this section attendance record is maintained EPS (Employees Payroll System) prepare the pay according to company rules.
Function of finance.

- Preparation of financial statement
- Internal control
- Conduct of audit
- Comparison
- Order wise profit and loss account and their analysis
- Checking of wage and salary
- Procurement bills
- Purchase bills
- GRN
- I.T bills
- Machine bills
- Dyeing
- Allowances
- Overtime
- EOBI
- Gratuity
- Marriage and death
- Gate pass
- Extra payment
- Local sale
Risk management policies

The company issues financial instrument mainly to acquire finance to its operations. The company issues financial instrument such as trade debts and trade creditors arise directly forms the company’s operation.

Overall risk arising from the company’s financial instruments is limited.

- Interest rate risk
- Foreign exchange risk management
- Credit risk
- Fair value of financial assets and liabilities

Strengths and weaknesses of finance department

Strengths

- Friendly work environment
- Hire Young staff
- Use of management system

Weakness

Lack of awareness about employee
Misuse of Network
- Punctuality
Lack of coordination between employee

Recommendations for Finance Department

- The system of the finance department is a well established. However, there is a need for high development for better performance.
- Staff dressing working environment, furniture equipment and establishment of the finance department should be according to the ISO requirements.
- By making the freedom of association, prohibition of discrimination and building cooperation finance department of finance can restructure for its betterment.
FINANCIAL ANALYSIS

The financial analysis of the company presents us the true picture of the company and its performance regarding the utilization of resources, worth and its profitability.

Usually there are three types of financial analysis in which one analysis the financial statements of the company mostly Balance Sheet Analysis and Income Statement Analysis.

Following are the three types of analysis:

- Vertical Analysis
- Horizontal Analysis
- Ratio Analysis
## Masood Textile Mills LTD

**Profit & Loss Account**

**Horizontal analysis**

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<th>Description</th>
<th>Changes 2004-2003</th>
<th>%</th>
<th>Changes 2002-2001</th>
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<td>Rs (000) (94966)</td>
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<td>(0.07)</td>
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<td>Financial changes</td>
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<td>Worker’ participation Fund</td>
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<td>(11.04)</td>
<td>(7,559)</td>
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Masood Textile Mills LTD

Profit & loss Account

Horizontal analysis

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<th>Description</th>
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</table>
## Masood Textile Mills Ltd.

### Horizontal analysis

<table>
<thead>
<tr>
<th>Description</th>
<th>Changes 2003-04</th>
<th>%</th>
<th>Changes 2002-01</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity and Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital stock</td>
<td>Rs in (000)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Reserves</td>
<td>100,000</td>
<td>50</td>
<td>5000</td>
<td>105.04</td>
</tr>
<tr>
<td>Unappropriated profit</td>
<td>100,000</td>
<td>46.62</td>
<td></td>
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<tr>
<td></td>
<td>95,169</td>
<td>582.11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus on revelation of operating fixed assets</td>
<td>295,169</td>
<td></td>
<td>85,320</td>
<td>63.91</td>
</tr>
<tr>
<td>Deferred income on sale and lease</td>
<td>(12,553)</td>
<td>68.51</td>
<td>(31)</td>
<td>0.01</td>
</tr>
<tr>
<td>Back of operating fixed assets</td>
<td>(217)</td>
<td>73.26</td>
<td>(263)</td>
<td>20.05</td>
</tr>
<tr>
<td>None current Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term finances</td>
<td>88,348</td>
<td>13.95</td>
<td>(26,571)</td>
<td>(20.05)</td>
</tr>
<tr>
<td>Long term loans</td>
<td>(65,101)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities against assets subject to finance</td>
<td>57,878</td>
<td>50.14</td>
<td>51,801</td>
<td>(20.14)</td>
</tr>
<tr>
<td>Finance lease</td>
<td>17,126</td>
<td>19.71</td>
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<tr>
<td>Deferred liability for gratuity</td>
<td>98,251</td>
<td>2.94</td>
<td>6453</td>
<td>329.36</td>
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<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
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<td></td>
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<tr>
<td>Current portion of long term Liabilities</td>
<td>68,383</td>
<td>35.80</td>
<td>31683</td>
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<tr>
<td>Short term financing</td>
<td>307,455</td>
<td>379.54</td>
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<td>7.84</td>
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<tr>
<td>Creditors and other liabilities</td>
<td>15,608</td>
<td>327.64</td>
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<tr>
<td>Workers participation fund</td>
<td>(13,731)</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>17,808</td>
<td>2876</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed dividend to minority shareholders</td>
<td>2300</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unclaimed dividend</td>
<td>(359)</td>
<td>(2,065)</td>
<td></td>
<td>6.01</td>
</tr>
<tr>
<td></td>
<td>144</td>
<td>(457)</td>
<td></td>
<td>6.03</td>
</tr>
<tr>
<td><strong>Total equity liability</strong></td>
<td>783,162</td>
<td></td>
<td>231,681</td>
<td>14.47</td>
</tr>
</tbody>
</table>

2 3
<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
<th>2003</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
</table>

Masood Textile Mills LTD
Balance Sheet Account
Vertical analysis
<table>
<thead>
<tr>
<th>Assets</th>
<th>Non current assets:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible Assets:</td>
<td>Operating fixed assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>25.25</td>
<td>23.84</td>
<td>38.4</td>
<td>47.51</td>
</tr>
<tr>
<td></td>
<td>10.25</td>
<td>8.28</td>
<td>5.23</td>
<td>1.38</td>
</tr>
<tr>
<td></td>
<td>0.27</td>
<td>3.19</td>
<td>1.03</td>
<td>0.15</td>
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<tr>
<td></td>
<td>35.77</td>
<td>35.30</td>
<td>44.66</td>
<td>49.03</td>
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<tr>
<td></td>
<td>1.55</td>
<td>3.20</td>
<td></td>
<td>4.77</td>
</tr>
<tr>
<td></td>
<td>37.32</td>
<td>38.50</td>
<td>48.90</td>
<td>53.80</td>
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<tr>
<td>Current Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Store and spare parts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.72</td>
<td>5.27</td>
<td>4.75</td>
<td>3.92</td>
</tr>
<tr>
<td></td>
<td>29.61</td>
<td>25.07</td>
<td>16.72</td>
<td>8.83</td>
</tr>
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<td></td>
<td>16.17</td>
<td>19.59</td>
<td>12.47</td>
<td>18.16</td>
</tr>
<tr>
<td></td>
<td>11.30</td>
<td>11.31</td>
<td>16.02</td>
<td>14.35</td>
</tr>
<tr>
<td></td>
<td>0.89</td>
<td>0.27</td>
<td>1.13</td>
<td>0.94</td>
</tr>
<tr>
<td></td>
<td>62.69</td>
<td>61.50</td>
<td>51.10</td>
<td>46.21</td>
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<tr>
<td>Total Assets</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
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</table>
### Masood Textile Mills LTD
### Balance sheet Account
### Vertical analysis

<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
<th>2003</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity and Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital stock</td>
<td>6.86</td>
<td>5.57</td>
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<tr>
<td>Reserves</td>
<td>7.20</td>
<td>5.98</td>
<td>0.79</td>
<td>1.22</td>
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<tr>
<td>Unappropriated profit</td>
<td>2.55</td>
<td>0.46</td>
<td>0.27</td>
<td>5.37</td>
</tr>
<tr>
<td>Surplus on revelation of operating fixed assets</td>
<td>16.61</td>
<td>12.01</td>
<td>11.94</td>
<td>8.34</td>
</tr>
<tr>
<td>Deferred income on sale and lease</td>
<td>3.72</td>
<td>4.88</td>
<td>16.60</td>
<td>19.00</td>
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<tr>
<td>Back of operating fixed assets</td>
<td>0.01</td>
<td>0.02</td>
<td>0.06</td>
<td>0.08</td>
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<tr>
<td>None current Liabilites</td>
<td>4.78</td>
<td>3.36</td>
<td>5.75</td>
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<td>5.51</td>
<td>8.53</td>
<td>13.13</td>
<td>15.03</td>
</tr>
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<td>Long term loans</td>
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<td>6.98</td>
<td>3.68</td>
<td>0.98</td>
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<tr>
<td>Liabilities against assets subject to Finance lease</td>
<td>1.02</td>
<td>0.77</td>
<td>1.22</td>
<td>0.99</td>
</tr>
<tr>
<td>Deferred liability for gratuity</td>
<td>18.37</td>
<td>19.64</td>
<td>23.78</td>
<td>25.24</td>
</tr>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current portion of long term Liabilities</td>
<td>4.69</td>
<td>3.80</td>
<td>3.26</td>
<td>2.13</td>
</tr>
<tr>
<td>Short term financing</td>
<td>42.72</td>
<td>43.48</td>
<td>27.90</td>
<td>26.40</td>
</tr>
<tr>
<td>Creditors and other liabilities</td>
<td>12.49</td>
<td>14.78</td>
<td>14.13</td>
<td>16.00</td>
</tr>
<tr>
<td>Worker ,s participations fund</td>
<td>0.13</td>
<td>0.17</td>
<td>0.31</td>
<td>0.37</td>
</tr>
<tr>
<td>Provion for textation</td>
<td>1.19</td>
<td>1.07</td>
<td>1.76</td>
<td>2.14</td>
</tr>
<tr>
<td>Proposed dividend to minority</td>
<td></td>
<td></td>
<td>1.76</td>
<td>0.29</td>
</tr>
<tr>
<td>Share holders</td>
<td></td>
<td></td>
<td>0.13</td>
<td>0.02</td>
</tr>
<tr>
<td>Unclaimed dividend</td>
<td></td>
<td></td>
<td>0.02</td>
<td>0.03</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>47.35</td>
<td>0.99</td>
</tr>
<tr>
<td>TOTAL equity and liability</td>
<td>61.29</td>
<td>63.45</td>
<td>47.63</td>
<td>47.63</td>
</tr>
<tr>
<td>Description</td>
<td>2004</td>
<td>2003</td>
<td>2002</td>
<td>2001</td>
</tr>
<tr>
<td>-------------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Assets</td>
<td>Rs. in (000)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non current assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating fixed assets</td>
<td>248,508</td>
<td>29.06</td>
<td>(56781)</td>
<td>(7.46)</td>
</tr>
<tr>
<td>Assets subject to finance lease</td>
<td>151,119</td>
<td>50.89</td>
<td>73822</td>
<td>335.28</td>
</tr>
<tr>
<td>Capital work in progress</td>
<td>(102,819)</td>
<td>(89.89)</td>
<td>16,519</td>
<td>692.04</td>
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<tr>
<td>Long term advances, deposits and deferred</td>
<td>269,808</td>
<td>23.43</td>
<td>33,560</td>
<td>4.27</td>
</tr>
<tr>
<td>(47,114)</td>
<td>(41.06)</td>
<td>1397</td>
<td>1.83</td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Store and spare parts</td>
<td>249,694</td>
<td>18.08</td>
<td>34,957</td>
<td>4.06</td>
</tr>
<tr>
<td>Stock in trade</td>
<td>17,260</td>
<td>9.28</td>
<td>24,260</td>
<td>38.62</td>
</tr>
<tr>
<td>Tread dbts</td>
<td>394,469</td>
<td>43.85</td>
<td>16,517</td>
<td>116.81</td>
</tr>
<tr>
<td>Advances, deposits, prepayments</td>
<td>4,217</td>
<td>0.60</td>
<td>62,867</td>
<td>(2142)</td>
</tr>
<tr>
<td>88,284</td>
<td>21.77</td>
<td>63,867</td>
<td>27.78</td>
<td></td>
</tr>
<tr>
<td>29,238</td>
<td>304.53</td>
<td>5730</td>
<td>38.21</td>
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<tr>
<td>Cash and bank balances</td>
<td>533,468</td>
<td>24.18</td>
<td>196,724</td>
<td>26.59</td>
</tr>
<tr>
<td><strong>Total ASSETS</strong></td>
<td>783,162</td>
<td>21.83</td>
<td>231,681</td>
<td>14.47</td>
</tr>
</tbody>
</table>
Ratio analysis.

Ratio analysis is very useful approach to keep the management, shareholder and creditors in making various decisions about company.

For analysis of the financial statement ratios can be classified as follows.

1. Liquidity ratios
2. Profitability ratios
3. Activity ratio
4. Solvency ratio

The ratios measure the short term ability of the company to pay its current short-term liabilities.
1. Liquidity ratio

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current ratio</td>
<td>1.023:1</td>
<td>.969:1</td>
<td>1.072:1</td>
<td>.976:1</td>
</tr>
</tbody>
</table>

2. Quick ratio.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Quick ratio</td>
<td>.539:1</td>
<td>.574:1</td>
<td>.722:1</td>
<td>.789:1</td>
</tr>
</tbody>
</table>
The liquidity ratio measured by the current assets over current liabilities. The company performance to meet their current obligation form their current assets. The company have increasing trend in current ratio in 2004 as compared to 2003 due to decrease in short term liabilities. The quick ratios of the company continuously decrease due to increase in stock trade with is unfavorable trend.

Profitability ratio.

The profitability ratio measure the income and operation success or overall performance of the company for a particular period of time.

1. Gross profit ratio
2. Operating profit ratio
3. Net profit ratio

1. Gross profit ratio.

\[
\text{Gross profit/Net sale} \times 100
\]

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross profit ratio</td>
<td>18.67%</td>
<td>19.69%</td>
<td>24.66%</td>
<td>22.59%</td>
</tr>
</tbody>
</table>
2. Operating profit ratio.

\[
\text{Operating profit/Net sale} \times 100
\]

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>8.07%</td>
<td>7.96%</td>
<td>11.71%</td>
<td>11.08%</td>
</tr>
</tbody>
</table>


\[
\text{Net profit/ net sale} \times 100
\]

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>2.46%</td>
<td>3.09%</td>
<td>5.48%</td>
<td>5.62%</td>
</tr>
</tbody>
</table>

Profitability ratio.

Profitability analysis shows that company gross profit continuously decrease from 2001 to 2004. There is little bit increase in operating income in 2004 as compared to 2003 while there is continuously decrease in net income. So company’s overall performance is unsatisfactory.
Activity ratio.

1. Total assets turnover.

\[
\text{Sale} / \text{total assets}
\]

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0.77</td>
<td>0.84</td>
<td>0.89</td>
<td>1.08</td>
<td></td>
</tr>
</tbody>
</table>

Activity ratio.

The total assets turnover analysis shows that there is continuously decrease in assets turnover ratio because increase in total assets is 21.83% while they increase in sale is 11.52% from 2003 to 2004 which shows that the % of assets is greater than sale %.

Management does not work well and should take immediate step for the improvement of sales.

Solvency ratio.

These ratios measure the ability of the company to survive over a long period of time.

1. Debt ratio.

\[
\text{Long term liabilities} / \text{Total assets} \times 100
\]

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>79.66%</td>
<td>83.09%</td>
<td>71.41%</td>
<td>72.58%</td>
<td></td>
</tr>
</tbody>
</table>
2. Debt to equity ratio.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>14.56%</td>
<td>17.93%</td>
<td>9.16%</td>
<td>8.00%</td>
</tr>
</tbody>
</table>

**Solvency ratio.**

The solvency analysis has to do with testing the organization's ability to meet the liabilities and remain solvent. The solvency of Masood textile shows that the organization's total liabilities are greater than the equity of the company however the assets of the company are greater than the liabilities which describe that in the long run the firm is quite solvent. But company should avoid borrowing more loans.

**Cash Turnover Ratio:**

\[ \text{Cash Turnover Ratio} = \frac{\text{C.G.S.- Depreciation}}{\text{Cash}} \]

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>68.22</td>
<td>245.60</td>
<td>57.34</td>
</tr>
</tbody>
</table>

**Liquidity Analysis:**

The liquidity of a business firm is measured by its ability to satisfy its short-term obligations as they come due. Liquidity refers to the solvency of the firm's overall financial position.
Masood Textile Mills Ltd.

The company is in a good liquidity position as compared to previous year 2003, because in 2004, the company has sufficient net working capital. Cash ratio also shows that company is in a position to meet its short-term obligation.

**Inventory to net working capital:**

\[
\text{Inventory to net working capital} = \frac{\text{Inventory}}{\text{Current Assets- Current liabilities}}
\]

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>21.25</td>
</tr>
<tr>
<td>2003</td>
<td>12.83</td>
</tr>
<tr>
<td>2002</td>
<td>4.83</td>
</tr>
</tbody>
</table>

Indicate that percentage of Net Working Capital is in inventory. This result may be considered positive or negative, depending on the industry standard for companies of similar size and activity. A negative value is a sign that the company may have difficulties meeting short-term financial obligations.

**Net Working Capital:**

\[
= \text{Current assets-Current Liabilities}
\]

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>Rs. 60,872,000</td>
</tr>
<tr>
<td>2003</td>
<td>Rs. (70,084,000)</td>
</tr>
<tr>
<td>2002</td>
<td>Rs.63,507,000</td>
</tr>
</tbody>
</table>

**Cash Ratio:**
Masood Textile Mills Ltd.

\[ \frac{\text{Cash + Marketable Securities/Current Liabilities}}{\text{Current Liabilities}} \times 100 \]

2004 1.56%
2003 0.95%
2002 2.61%

**Dividend Payout Ratio:**

\[ \frac{\text{Cash dividend}}{\text{Net income}} \times 100 \]

2004 2.90%
2003 4.79%
2002 5.05%

**Dividend Analysis:**

Dividend Pay out ratio shows the relation of dividend in respect of net income. As the net income of the company is continuously decreasing so the dividend pay out ratio also shows the decreasing trend.

**Profitability analysis:**

Profitability analysis measures or evaluated the firms earning with respect to a given level of sales a certain level of assets the owner’s investment or share value. Without profits a firm could not attract outside capital. Owners, creditors,
and management pay close attention to boosting profits due to the great importance placed on earning in the market lace.

    All profitability ratios calculated above show the decreasing trend so it is concluded that profitability of the company is unfavorable.

**Days to collect average receivable:**

\[
\text{Days in a year/Receivable turnover rate}
\]

<table>
<thead>
<tr>
<th>Year</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>76 days</td>
</tr>
<tr>
<td>2003</td>
<td>84 days</td>
</tr>
<tr>
<td>2002</td>
<td>50 days</td>
</tr>
</tbody>
</table>

**Operating Cycle:**

\[
\text{Days to sell inventory + Days to collect receivable}
\]

<table>
<thead>
<tr>
<th>Year</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>247 days</td>
</tr>
<tr>
<td>2003</td>
<td>218 days</td>
</tr>
<tr>
<td>2002</td>
<td>139 days</td>
</tr>
</tbody>
</table>

**Activity Analysis:**
Masood Textile Mills Ltd.

The total assets turnover analysis shows that there is continuously decrease in assets turnover ratio because increase in total assets is 21.83% while the increase in sales 11.52% from 2003 to 2004, which shows that the % of assets is greater, then sale %.

Inventory turnover ratio is decreasing, which shows the less speed of inventory converting into cost of goods sold. The days to sell the average inventory are increasing. The receivable turnover rate is also decreasing. Days to collect average accounts receivable are increasing as compared to previous years.

All activity ratios show unfavorable trends.

**Sale per employee:**

\[
= \text{Sale for the year / Average no. of employees}
\]

<table>
<thead>
<tr>
<th>Year</th>
<th>Sale (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>846,440</td>
</tr>
<tr>
<td>2003</td>
<td>928,498</td>
</tr>
<tr>
<td>2002</td>
<td>619,566</td>
</tr>
</tbody>
</table>

Indicate the approximate value of sales generated per employee for the year. This result can be considered positive or negative depending on the industry standard for companies of similar size and activity and the costs attributed to making the sales.

**Fixed assets utilization:**

\[
= \text{Net sale / Fixed assets}
\]

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>3.03</td>
</tr>
</tbody>
</table>
Fixed assets utilization ratio shows the net income in relation to fixed assets. Ratio shows the decreasing trend in 2004 as compared to 2003 which shows that company not utilizing its fixed assets properly

**Net income as a percentage of net sale:**

\[
= \frac{\text{Net income}}{\text{Total sale}} \times 100
\]

2004 2.46%
2003 3.09%
2002 5.48%

**Return on total assets:**

\[
\frac{\text{Net profit after tax}}{\text{Total assets}} \times 100
\]

2004 1.89%
2003 2.59%
2002 4.91%

**Measure of profitability:**
Masood Textile Mills Ltd.

Return on equity.

\[ \text{Return on equity} = \frac{\text{Net income}}{\text{average total equity}} \]

- 2004: 11.38%
- 2003: 21.55%
- 2002: 41.13%

Earning per share:

\[ \text{Earning per share} = \frac{\text{Net income - preferred dividends}}{\text{Average No. of common shares}} \]

- 2004: Rs. 2.75 per share
- 2003: Rs. 4.64 per share
- 2002: Rs. 4.50 per share

Analyzing Activity:

1. Inventory turnover ratio
2. Days to sell the average inventory
3. Receivable turnover rate
4. Days to collect the average receivable
5. Operating cycle

Inventory turnover ratio:

\[ = \frac{\text{Cost of goods sold}}{\text{inventory}} \]
Days to sell the average inventory:

\[ \text{Days to sell} = \frac{\text{Days in a year}}{\text{Inventory turnover}} \]

- 2004: 171 days
- 2003: 134 days
- 2002: 89 days

Account receivable turnover rate:

\[ \text{Account receivable turnover} = \frac{\text{Net sale}}{\text{Average account receivable}} \]

- 2004: 4.75 times
- 2003: 4.28 times
- 2002: 7.19 times

Operating expenses ratio:

\[ \text{Operating expenses ratio} = \frac{\text{Operating expenses}}{\text{Net sale}} \times 100 \]
Masood Textile Mills Ltd.

2004 10.60%
2003 11.73%
2002 12.95%

Price/earning ratio:

\[
\text{Price/earning ratio} = \frac{\text{Market price per share of common stock}}{\text{EPS}}
\]

2004 Rs. 3.64
2003 Rs. 2.16
2002 Rs. 2.22

Interest coverage ratio:

\[
\text{Interest coverage ratio} = \frac{\text{Operating income}}{\text{Annual interest expense}}
\]

2004 1.74:1
2003 2.01:1
2002 2.34:1
Masood Textile Mills Ltd.

The interest coverage ratio shows the decreasing trend to meet the financial charges. Because company acquire more loans so its annual interest expenses is increasing as compared to their profitability.

Debt to assets ratio:

\[
\text{Debt to assets ratio} = \frac{\text{Total liabilities}}{\text{Current + Fixed assets}} \times 100
\]

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>113.72%</td>
</tr>
<tr>
<td>2003</td>
<td>117.18%</td>
</tr>
<tr>
<td>2002</td>
<td>111.73%</td>
</tr>
</tbody>
</table>

Debt to assets ratio shows the favorable trend in 2004 as compared to 2003 which shows the liabilities are decreasing in relation to current and fixed assets of the company.
PEST ANALYSIS

It is very important that an organization considers its environment before beginning the marketing process. In fact, environmental analysis should be continuous and feed all aspects of planning. The organization's marketing environment is made up from:

➢ The internal environment e.g. Staff (or internal customers), office technology, wages and finance, etc.
The micro-environment e.g. our external customers, agents and distributors, suppliers, our competitors, etc.

The macro-environment e.g. Political (and legal) forces, Economic forces, Socio cultural forces, and Technological forces. These are known as **PEST** factors.

**POLITICAL FACTORS**

The political arena has a huge influence upon the regulation of businesses, and the spending power of consumers and other businesses. You must consider issues such as:

- How stable is the political environment?
- Will government policy influence laws that regulate or tax your business?
- What is the government's position on marketing ethics?
- What is the government's policy on the economy?
- Does the government have a view on culture and religion?

The political situation of Pakistan is not satisfactory and unstable. Rapid change in the Govt. and the change of the policies of the previous govt. by the new govt. abruptly effect the Pakistan’s political situation. Due to these entire factors
the foreign investor hesitates to invest in Pakistan. Govt. should device such policies that are beneficial for the local exporter as well as for the investors.

ECONOMIC FACTORS

Marketers need to consider the state of a trading economy in the short and long-terms. This is especially true when planning for international marketing. You need to look at:

- Interest rates
- The level of inflation
- Employment level per capita
- Long-term prospects for the economy
- Gross Domestic Product (GDP) per capita, and so on

The economic condition of Pakistan is not suitable for investment. Market growth rate is very low and new investors hesitate to invest. Increasing inflation rate due to heavy loan make the business environment strict. Actually increase in inflation rate leads to high cost of production so our country products sell out at a high price but with low margin.

SOCIAL FACTORS

The social and cultural influences on business vary from country to country. It is very important that such factors are considered. Factors include:

- What is the dominant religion?
- What are attitudes to foreign products and services?
- Does language impact upon the diffusion of products onto markets?
Masood Textile Mills Ltd.

- How much time do consumers have for leisure?
- What are the roles of men and women within society?
- How long are the population living? Are the older generations wealthy?
- Does the population have a strong/weak opinion on green issues?

The change in the lifestyle of the people affects the growing demand of the MTM products. The change in the lifestyle and needs in different demographics also affect the demand of the customers.

Due to all these changes MTM is performing excellent for the excellence of organization as well as for the customer.

TECHNOLOGICAL FACTORS

Technology is vital for competitive advantage, and is a major driver of globalization. Consider the following points:

- Does technology allow for products and services to be made more cheaply and to a better standard of quality?
Do the technologies offer consumers and businesses more innovative products and services such as Internet banking, new generation mobile telephones, etc?

How is distribution changed by new technologies e.g. Books via the Internet, flight tickets, auctions, etc?

Does technology offer companies a new way to communicate with consumers e.g. Banners, Customer Relationship Management (CRM), etc?

Availability of spare parts and technicians.

Technological advancement in all the sectors of the country has changed the entire socio-economic environment. Especially textile sector has incorporated technological development and advancement in their organizations.
SWOT ANALYSIS

SWOT analysis is a tool for auditing an organization and its environment. It is the first stage of planning and helps marketers to focus on key issues.
Once key issues have been identified, they feed into marketing objectives. It can be used in conjunction with other tools for audit and analysis, such as PEST analysis and Porter's Five-Force analysis.

**SWOT** stands for **strengths, weaknesses, opportunities, and threats.** Strengths and weaknesses are **internal** factors.

**Strength** could be:

- Your specialist marketing expertise.
- A new, innovative product or service
- Location of your business
- Quality processes and procedures
- Any other aspect of your business that adds value to your product or service.

A **weakness** could be:

- Lack of marketing expertise
- Undifferentiated products and service (i.e. In relation to your competitors)
- Location of your business
- Poor quality goods or services
- Damaged reputation

Opportunities and threats are **external** factors. For example:

An **opportunity** could be:

- A developing market such as the Internet.
Masood Textile Mills Ltd.

- Mergers, joint ventures or strategic alliances
- Moving into new market segments that offer improved profits
- A new international market
- A market vacated by an ineffective competitor

A threat could be:

- A new competitor in your home market
- Price wars with competitors
- A competitor has a new, innovative product or service
- Competitors have superior access to channels of distribution
- Taxation is introduced on your product or service
<table>
<thead>
<tr>
<th><strong>OPPORTUNITIES</strong></th>
<th><strong>THREATS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. ISO 9002 Certification.</td>
<td>1. Increased employee turnover</td>
</tr>
<tr>
<td>2. WRAP Certified</td>
<td>2. Centralized management system</td>
</tr>
<tr>
<td>3. Vertically integrated.</td>
<td>3. High cost of production.</td>
</tr>
<tr>
<td>4. High quality products.</td>
<td>4. Low production capacity.</td>
</tr>
<tr>
<td>5. Excellent market image in the local and international market.</td>
<td>5. De-motivated Staff.</td>
</tr>
<tr>
<td>7. Adequate financial resources.</td>
<td>7. Insufficient benefits for the employees.</td>
</tr>
<tr>
<td>10. Recruitment on merit.</td>
<td></td>
</tr>
<tr>
<td>11. Loyal customers.</td>
<td></td>
</tr>
<tr>
<td>12. Skilled Labor.</td>
<td></td>
</tr>
<tr>
<td>13. Broad and motivational vision.</td>
<td></td>
</tr>
<tr>
<td>14. Back Track System</td>
<td></td>
</tr>
</tbody>
</table>
1. Can expand its division such as entering in weaving sector also.

2. Can introduce its own label in domestic as well in international market

3. Can capture new market segment.

4. Full potential of entertaining the local market.

5. Can reduce the cost by proper utilization of resources.


7. Can hire well-educated and experienced staff.

1. Entry of new competitors just like China & India.

2. Buyer need and demand changes.

3. Political instability.


5. Change of government policies.

6. Low price offered by competitor.

THE INTERNAL FACTOR EVALUATION (IFE) MATRIX

This strategy formulation tool summarizes and evaluates the major strengths and weakness in the functional areas of a business, and it also provide a basis for identifying and evaluating relationship among those areas. Intuitive judgments are required in developing an IFE matrix.
## Key Internal Factors Analysis

<table>
<thead>
<tr>
<th>Internal Strengths</th>
<th>Weight</th>
<th>Rating</th>
<th>Weighted Score</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ISO 9002 Certification</strong></td>
<td>0.10</td>
<td>4</td>
<td>0.20</td>
</tr>
<tr>
<td><strong>WRAP Certified</strong></td>
<td>0.05</td>
<td>4</td>
<td>0.40</td>
</tr>
<tr>
<td><strong>Vertically integrated.</strong></td>
<td>0.05</td>
<td>3</td>
<td>0.15</td>
</tr>
<tr>
<td><strong>High quality products.</strong></td>
<td>0.05</td>
<td>4</td>
<td>0.60</td>
</tr>
<tr>
<td><strong>Back Track System</strong></td>
<td>0.05</td>
<td>3</td>
<td>0.15</td>
</tr>
<tr>
<td><strong>Highly qualified management.</strong></td>
<td>0.05</td>
<td>3</td>
<td>0.15</td>
</tr>
<tr>
<td><strong>Adequate financial resources.</strong></td>
<td>0.05</td>
<td>3</td>
<td>0.15</td>
</tr>
<tr>
<td><strong>Competitive advantage.</strong></td>
<td>0.05</td>
<td>4</td>
<td>0.20</td>
</tr>
<tr>
<td><strong>Adopting information technology</strong></td>
<td>0.05</td>
<td>3</td>
<td>0.15</td>
</tr>
<tr>
<td><strong>Broad and motivational vision</strong></td>
<td>0.05</td>
<td>3</td>
<td>0.15</td>
</tr>
<tr>
<td><strong>INTERNAL WEAKNESSES</strong></td>
<td>10</td>
<td>1</td>
<td>0.10</td>
</tr>
<tr>
<td><strong>Increased</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
THE EXTERNAL FACTOR EVALUATION MATRIX
<table>
<thead>
<tr>
<th>Opportunities</th>
<th>weight</th>
<th>rating</th>
<th>weighted score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can expand its division</td>
<td>.15</td>
<td>1</td>
<td>.15</td>
</tr>
<tr>
<td>Such as entering in weaving</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sector also.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Can introduce its own label</td>
<td>.05</td>
<td>3</td>
<td>.15</td>
</tr>
<tr>
<td>in domestic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As well as in international market.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Can capture new market Segment.</td>
<td>.05</td>
<td>1</td>
<td>.05</td>
</tr>
<tr>
<td>Can reduce the cost by Proper utilization of</td>
<td>.15</td>
<td>4</td>
<td>.60</td>
</tr>
<tr>
<td>Resources.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Can hire well-educated and experienced staff.</td>
<td>.10</td>
<td>3</td>
<td>.30</td>
</tr>
</tbody>
</table>

<p>| Threats                                           |        |        |                |
| Entry of new competitors                           |        |        |                |</p>
<table>
<thead>
<tr>
<th>SUGGESTIONS &amp; RECOMMENDATIONS</th>
</tr>
</thead>
</table>

| just likes China & India.     | 0.20 | 1  | 0.20 |
| Buyer need and demand         | 0.10 | 2  | 0.20 |
| changes.                      |      |    |      |
| Political instability.        | 0.10 | 2  | 0.20 |
| Changing geopolitical         | 0.05 | 3  | 0.15 |
| situation.                    |      |    |      |
| Change of government policies | 0.05 | 2  | 0.10 |
| Total                         | 1.00 |    | 2.15 |
There is no doubt MTM is very organized textile mills. Still there is always room for improvements and following are some measures I suggest for improving the performance of the company.

i) Decisions making should be decentralized. Middle and lower level management should have participation in decision making.

ii) Company should have separate organized marketing department.

iii) Company should introduce products with its own brand name.

iv) Company should capture Middle East markets.

v) Company should start its own “Apparel Stores Chain”.

vi) Company should try to reduce workload.

vii) Promotions, increments and other benefits should be performance based in the company.

viii) Company should introduce fork lifters for indoor logistics.

ix) The company should build a dispensary for workers in the premises.

x) Company shouldn’t depend upon large customers it should also try to capture small ones.

xi) Company should try to develop over all thinking in employees, not only departmental thinking.

xii) Company should try to create interdepartmental coordination and harmony.

xiii) Company should try to control wastage of fabric. It reduces cost of production.

xiv) Company should try to enhance its customer portfolio by increasing marketing efforts.

CONCLUSION:
Masood Textile is a big name in knitted garments. Its working environment is simply the best in Faisalabad. The company has fully equipped cutting, stitching and packing units. Its quality assurance system is one of the best in Pakistan. Recently it wins “Best supplier awards 2001-02” from JC Penny the World Wide stores chain. The company’s infrastructure is good. Offices are fully furnished. The company is centrally air-conditioned. The company is working in “Papers less” environment. Computerized bar coding and back tracking system are there. Company has good warehousing capacity for fabrics and garments. Customer portfolio of the company is very broad. World leaders in Apparel are working with MTM.

Company has no separate marketing department. CEO and Marketing Manager of the company perform marketing functions individually. Company is engaged in merchandising and its merchandising department is very efficient for taking orders and fulfilling them accordingly. Company’s decision making is centralized. All major decisions are made by higher management and implemented by lower management.

Now Company is giving preference to its personals separate personnel department is established and a ladies wing is also incorporated. Financially the company is performing well. Its sales are increasing and its profits are rapidly growing.

Simply we can say that Masood Textile Apparel Division is performing well.