A REPORT ON THE ORGANISATION
STUDY
AT
KITEX LTD
KIZHAKKAMBALAM, ERNAKULAM

SUBMITTED TO:
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BHARATA MATA INSTITUTE OF MANAGEMENT
CHAPTER: 1
INTRODUCTION
3.1 ORGANISATION STRUCTURE

Kitex Limited follows the line/military organisation structure. Managing director is at the apex level. Other functional managers follow him. The span of control of the organisation is narrow span. The main advantages of this type of control are close supervision, clear chain of command, close control and fast communication between subordinates and superiors.

An efficient management system plays a dominant role in the success of all business units. It is this section that declares the level of output, its product in pattern, pricing technique, marketing style and even the mode of conduct of its executives.

Chairman the representative of shareholders take important decisions of the group concerns. He is responsible for the strategic planning and policy making. General Manager is responsible for smooth, efficient and productive functioning of units.

The middle level management comprises of production manager, marketing manager, finance manager, personnel manager, purchase manager, store manager and quality controller.

Average Qualification of Employees

- **Top Level**: Professionally qualified having sufficient industry experience.
- **Middle Level**: Graduation and above with experience in the relevant areas. (both technical and managerial)
- **Junior Level / First line management**: Diplomas / industrial training certification in the textile industry and experience.
3.2 ORGANISATION CHART

The following chart shows the organisational structure of Kitex:
Different departments of Kitex:

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**PRODUCTION DEPARTMENT**

Production is the process by which raw material and other inputs are converted into finished product. In Kitex mainly the production of greige clothes take place under the production process.

DGM Production is the head of production department. Mr. R. Rajeev is the current DGM production in Kitex Limited. The production department or factories have an installed capacity of power looms and generally 100% capacity is utilized for production. In addition to those looms, the company has recently installed 22 modern Sulzer looms. The advantages of these looms over power looms are that they are, fully automated, more productive with quality goods at reduced manpower. Widths of the cloth produced by modern looms are much more than power looms. Modern Sulzer looms are operated by qualified and highly experienced personnel. The company has tie up with other company in Coimbatore (Chacks Weaving pvt. Ltd. Avinashi, Thekkalur) with about 20 modern looms (rapier picanol) for bleaching and dyeing due to the pollution problem in Kerala.
Greige cloth is the main product of Kitex Limited. The actual production of greige cloth around is an average of 10,000 meters/day. The Company is undertaking production on job order basis. The production department works in two shifts. (8.00 AM – 5.00 PM & 5.00 PM – 2.00 AM)

**STRUCTURE OF PRODUCTION DEPARTMENT**

The following chart shows the structure of production department:

![Diagram of production department structure](chart-no-3.3.1.png)

Chart No: 3.3.1
The main functions of production department are as follows:

- Production
- Health and safety of employees
- Pollution control

**Stages in the production process**

- Warping
- Sizing
- Beam Drawing
- Weaving
- Cutting, Un-winding and checking in warehouse
- Folding
- Recounting
- Grading and sorting
- Bailing (Packing).

**Health and safety policy**

- Kitex Limited is committed to protect employees by imparting training and providing protective equipment wherever necessary.
- Kitex Maintains clean and safe working environment.
- Safety class for workers is conducted on a yearly basis.
**Pollution control**

The company does not have any pollutant products/byproducts. The only pollutant may be the cotton particles that may get spread in the loom shed. To prevent this, the factory is having sufficient humidifier to help the cotton particles settle on the ground. In addition to this, the factory and premises are cleaned on a regular basis.

**DUTIES AND RESPONSIBILITIES OF DGM PRODUCTION**

- Overall supervision and control of all sections in the production areas of Kitex and to provide quality fabrics in accordance with requirements and to maintain high quality standards.

- Prescribing required quality control measures and implementing the same.

- Planning, scheduling and coordinating work of different sections of the department.

- Raw materials indenting or scheduling and co-ordination with purchase department.

- Implementing proper safety measures.

- To control wastage to the minimum, both in finished goods as well as raw materials consumption.
PRODUCTION FLOW CHART

Warping

The yarn from the spinning mill is obtained in the form of cones or copes. The warping process consists of winding of a known number of warp threads of a definite length parallel to each other on a warping beam or weaver’s beam from the cones according to the number
of ends for particular quality. There is a limit for the number of ends to be taken in a warping beam, it is known as the 'creel capacity' of warping machine. In Kitex Limited, the warping machine is from Amritha Lakshmi Machine Works, Mumbai. Its creel capacity is 560. Depending on the kind of stock yarn and processing technique, warping may be done by the following three methods.

- Beam warping
- Section warping
- Section beam warping

From these three methods Kitex Ltd. is using Beam Warping method.

**Sizing**

It is the process of strengthening the yarn wound on beams (warp). In this process the warp is passed through sizing chemicals, which are mainly starch and other adhesives. This process makes the yarn move rigid and this prevents it from breaking while weaving. The purpose of sizing is to ensure processing of warp in looms with minimum breakage rate.

**Beam development**

The warp ends from sized beam is first drawn through drop wires, heads, eyelets, and then reed dents according to the design or weave (plain, twill, drill, satin, weave). These drawn beams are gaited/knotted in the loom for weaving. Trained and experienced worker do this manually.

**Prim winding**

Prim winding is the process of winding yarn or prims for preparation of weft yarn for weaving. This yarn need not require sizing. Most often weft prims use automatic shuttle looms (power looms). Due to weft yarn winding, the parameters of the prim are changed. The yarn quality is improved owing to the elimination of dust, fluff and spinning faults. After winding, the yarn has a more uniform and balanced structure. There are two types of winding machines in Kitex Ltd;

- Automatic pin winding machines
- Circular winding machine.

**Weaving**

The method or process of interlacing two yarns is termed weaving. The warp threads or end run lengthwise in the fabric and filling threads (weft or picks) run from side to side. The weaving looms may be categorized into groups, shuttle, micro shuttle, rapier and jet type looms. Kitex Ltd is having shuttle looms, micro shuttle looms (Sulzer) and rapier looms. Process equipment of looms is heads, frames, reeds, shuttles, pickers, lug straps, droppers and temples.

**Cutting, unwinding and checking in warehouse**

The woven fabric cut from the loom is again un-winded and checked for the quality under the supervision of trained checkers before folding and bailing. The checking inspection is as per American 4 point system.

**Folding**

After classifying the fabric it is folded by machine (1 mtr. pinning). Followed by counting the meter and marking.

**Recounting**

This meter is again re-counted and assured. After this the fabric is sealed and sent for grading.

**Grading or sorting**

In the grading department, different operations are carried out. Sorting or grading of greige fabrics and checking to ensure that all the technical conditions stipulated for each style are strictly satisfied. After that the fabrics are cleaned from fluff, thread ends, knots and tags putting a special mark with a pen on the ends of the fabric piece indicating the fabric style, measure and grade.
Baleing (packing)

The graded /sorted fabric is packed under the supervision of bailing supervisor on the basis of quality.
MARKETING DEPARTMENT

Marketing is the activity through which a company is able to generate revenue for the functioning of the organisation. Kitex Ltd has got a very good marketing department controlled by efficient and dynamic marketing managers. Marketing managers report to DGM Marketing and Managing Director. Marketing department is divided into three such as Marketing (Greige fabric), Marketing (finished fabric / bags) and Advertising and Sales Promotion. Under each section Assistant Managers, Marketing Executives, Sales Executives are present.

Kitex markets its processed products like lungies, dhoties, bed sheets, bags and garments mainly through dealers. Almost all Kitex products are available at the dealer shops. The products are transported to the dealers by delivery vans. Sales Executives take orders for different items from the dealers once a month. The company is having around 4000 dealers spread all over Kerala. Kitex also has 25 showrooms all over Kerala.

STRUCTURE OF MARKETING DEPARTMENT

The following chart shows the Structure of marketing department:

Chart No: 3.3.3
Co-ordination of marketing activities

Marketing strategy

Market segmentation

Marketing mix

Marketing policy

Advertisement

Co-ordination of marketing activities

All Sales Executives are directed to report to the Marketing Executives every day. The Assistant Manager and the Marketing Executives are in constant touch with all Sales Executives who are in the field. All Sales Executives are expected to submit the Daily Sales Report (DSR) on all Mondays. On all Mondays there is a meeting of all personnel in Marketing Department presided over by the DGM Marketing. In this meeting all the activities and achievements of the departments are discussed, new plans and strategies to increase sales are formulated and other issues connected with marketing are discussed.

Marketing strategy

This department is always vigilant about its environment and very conscious about the market potential, major competitor’s strategies and weaknesses. To maintain the efficiency and effectiveness the top management has appointed a DGM for marketing department. Kitex products achieves the maximum market demand in the period of festivals like Onam, Christmas, Ramzan and Vishu. In normal case, profit margins of the products are 15% to 20%. In the case of technical competence Kitex introduced new automatic weaving looms, which are imported from Switzerland. The quality, usage and brand image of Kitex products in the market is very high.

Market segmentation

Marketing consists of different buyers. They may differ in their wants, purchasing power and geographical location, buying attitudes and buying practices. Any one of the variables can be
used to segment a market. The market segmentation procedure of Kitex mainly focuses on survey.

**Marketing mix**

Marketing mix consists of everything a firm can do to influence demand for its products. Kitex also follows the ideas of marketing mix, they are:

- Place mix
- Product mix
- Price mix
- Promotional mix

**Marketing policy**

The marketing policies of Kitex is that it does not entertain middleman and a direct marketing approach is preferred. It can be seen that Kitex by following this approach has a more favorable condition in the market situation. The company is following a hierarchical channel of distribution.

**Advertisement**

The basic function of advertisement is to influence and motivate people to buy a product. The main media used by the company are television and print media. Apart from this advertisement are made through hoardings, wall paintings, banners, metal boards, stickers and danglers. The company has special advertisement schemes like sponsoring entertainments like sports and festivals.

**DUTIES AND RESPONSIBILITIES OF DGM MARKETING**

- Monitoring of order taking and to ensure prompt delivery.
- Occasional field visits to monitor the sales executives.
- Dealing with direct enquires.
- Maintaining a good customer relationship.
- Marketing survey report analysis.
- Supply of products based on the order taken and handling collection of cash from dealers.

**PERSONNEL AND ADMINISTRATION DEPARTMENT**
Kitex Ltd has a good Personnel and Administration department. It maintains good relations with employees. This helped company to achieve tremendous growth. All employee related activities are managed by this department. The company employs over 1700 skilled workers and 183 staff and does not have any trade union problems. The workers and management sit across the table and negotiate their demands and rights.

STRUCTURE OF PERSONNEL AND ADMINISTRATION DEPARTMENT

The chart displays the structure of Personnel and Administration department:

[Diagram of the structure of the Personnel and Administration department is shown here.]
Human Resource Planning

In Kitex Ltd, the Personnel department is always updating the list of people so that effective forecasting of human resource can be easily done.

Recruitment and Selection

In Kitex Ltd, the personnel and administration department have a clear cut recruitment planning. For this they give advertisement in newspaper and other media. After collecting all applications, department sorts these application and call up the right candidate for screening test.

After screening test candidates are called for interview. For the post of office staff and managerial position various other tests are also conducted with the help of experts in the field. The short listed candidates from above tests will go for final interview. The interview panel consists of M.D, G.M, Department head, and Administration manager. After the selection process the selected supervisory and managerial position holders have to undergo probation of 6 months.

Training and development
Training and development refers to the imparting of specific skills, abilities, and knowledge to an employee. Successful candidate placed on the job need training to perform duties effectively. For weaver trainees, the period is 5 months. The company is also conducting on the job training programs. Training program includes morning and afternoon sessions. During the training period food and accommodation is provided by the company. After successfully completing the training the candidates are awarded certificates.

**Performance Appraisal**

Yearly evaluation of performance is done for the employees. The evaluation criteria for the managerial and supervisory levels are:

- Conceptual skills
- Decision making skills
- Organising skills
- Job ability
- Integrity and honesty.

**Employee Remuneration**

In Kitex Ltd, employee remuneration include:

- Wages and salary
- Incentives
- Fringe benefits
- Perquisites
- Non- monetary benefits.

**Employee Welfare Measures**
• Sanitary and hygiene facilities
• Washing facilities
• Drinking water
• First-aid Box
• Ambulance Room
• Rest shelter facilities
• Canteen facility
• Hostel facility
• Recreation facilities
• Transport facilities

**DUTIES AND RESPONSIBILITIES OF DGM HUMAN RESOURCE DEPARTMENT**

• To create necessary infrastructure for HR development activities.
• To liaise with other managers in identifying areas for HR development.
• To arrange proper placement to trained employees.
• To activate association and employees to take part in HR development activities which are beneficial to both employee and management.
• To monitor the effectiveness of training and development.

**FINANCE DEPARTMENT**

Mr. Dony Dominic is the finance manager of Kitex Limited. He decides when and where the acquire funds to meet firms investment needs. Finance department handles decision making area of investment, finance and dividend. Books maintained by finance department are:

• Cash book
• Sales pay book
• Purchase pay book
• Journal register

**STRUCTURE OF FINANCE DEPARTMENT**

The following chart displays the structure of finance department:
FUNCTIONS OF FINANCE DEPARTMENT

- Maintains books of account
- Preparation of budget estimate
- Preparation of the monthly and annual accounts
- Verification of all proposal related to finance
- Strict adherence to bill of material during purchase

In addition to the above mentioned work the following reports are prepared by the finance department.

- Annual report containing past performance, current financial figures, profit and loss account, balance sheet and other financial statement.
- Half yearly and quarterly reports.
• Monthly reports to the top management on the financial performance of the company including sales achieved and profit generated.
• Conduct and co-ordination of internal and statutory audits.
• Perpetual stock verification and asset verification.
• Investment analysis or feasibility study in production, supply order, contracts.

**DUTIES AND RESPONSIBILITIES OF DGM FINANCE**

• Recording of day to day transactions.
• Preparation of various statements regarding stock, receivable etc. which are to be submitted to various authorities like, bankers, insurance etc.
• Planning and controlling of the expenses and funds for production.
• Approving and making payments to different parties, creditors or suppliers.
• Receiving payments from customers and dealers in specified time.
• Raising short term loans or creditors from banks and other financial institution.
• Preparation of sales budget or revenue budget and expenditure budget on a quarterly basis.
• Preparation of fund flow and cash flow statement for every month.
• Timely preparation and filling records.
• Preparation and filling of quarterly and final income tax returns.
• Preparation and implementation of cost reduction and cost control programs.

**PURCHASE DEPARTMENT**

The company is having a centralized Purchase department headed by DGM purchase. Mr.Venugopal is DGM Purchase of Kitex Limited. He is assisted by purchase officers and an assistant purchase officer. The DGM Purchase reports to the General Manager and Managing Director. The Purchase manager coordinates the entire purchase activities. In case of local purchase or minor items which are frequently required, it is the responsibility of the purchase officers to ensure the timely procurement of these materials. The basic objective of setting up a separate purchasing department is to ensure continuous availability of quality materials, so
that production is not held up and reduce the cost of finished product according to their proper plan.

**STRUCTURE OF PURCHASE DEPARTMENT**

The following chart displays the structure of purchase department:

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DGM PURCHASE

AGM MATERIA

PURCHASE MANAGER

AGM STORE

STORE MANAGER

ASST. PURCHASE MANAGER

OFFICE ASSISTANT

STORE ASSISTANT

Chart No: 3.3.6
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**FUNCTIONS OF PURCHASE.**

The main functions of purchase department are as follows:

- Before purchasing materials purchase department should know the total requirements of various materials of different departments.
- Locate the sources of suppliers.
- Select the vendors after checking terms and conditions.
- Prepare comparative statements after analysis of quotations.
• Orders are to be placed with suppliers after verifying quality and quantity.
• Minimum stock and inventory balance should be maintained.
• Excess stock should be avoided.
• Materials should be kept in standard containers and packages.
• Up to date record of purchase should be maintained.
• While purchasing materials, it is seen that it is purchased at reasonable low price by the store department.

PURCHASE PROCEDURE

• Purchase Indent
• Enquiry
• Receiving Quotations
• Preparation of comparative statement
• Approval
• Issuing Purchase Order
• Receiving and inspecting of materials
• Checking and Passing of bills for payment

DUTIES AND RESPONSIBILITIES OF DGM PURCHASE

• To ensure continuous availability so that there may be uninterrupted flow of material for production.
• To make purchase competitive and price at the most economical form.
• To make purchase in reasonable qualities to keep investment in material minimum.
• To purchase proper quantity of material to have minimum possible wastage of material and loss in production.
• To develop alternative source of supply so that material can be purchased from those alternative source if particular supplier fails to supply the material.
• To adopt the most advanced method of purchase to ensure smooth delivery of material from supplier and to avoid the risk of any dispute and financial loss.
• To serve as an information center on the material knowledge relating to purchase, source of supply specification and mode of supply.

4 ORGANISATION’S CONTRIBUTION TO THE SOCIETY

The Board of Directors, Management and all the employees subscribe to the philosophy of compassionate care. They believe and act on the philosophy of generosity and compassion, characterized by a willingness to build a better society.

4.1 SOCIAL RESPONSIBILITIES
Their vision for CSR, is to transform Kizhakkambalam Panchayath into the best among the 978 Panchayaths in the state. In the past year, the Company undertook CSR initiatives at the core level that impacted many lives. These include:

**Health Care**
Health and Medical Check-up Camps were conducted, in which about 3800 families participated. Free medicines were distributed and follow up medical facilities were extended to 463 major/minor operations at some of the leading hospitals in the district.

**Drinking water**
Safe drinking water was provided to some of the backward colonies located near the Kitex factory. Six bore wells were provided in these colonies with provision for water storage tanks with a total capacity of 1.02 lakh litres.

**Housing**
Renovation work for 40 houses located within the backward colonies in Kizhakkambalam Panchayath were undertaken and more are under consideration.

**Agriculture**
Participative Farming was undertaken in 300 acres of farmland with the full co-operation of farmers in and near the Kitex factory. Multi-crop harvesting was carried out through the year.

**Education**
At the beginning of school calendar year of 2013, the Kitex Group distributed 2278 bags to school children in the backward areas of Ernakulam District with an effort to extend primary education to economically backward students.

**Food Security Programme**
Kerala witnessed a heavy monsoon that debilitated life in many areas. During the last monsoon, the Kitex Group distributed 65 Tons of food materials which included rice, pulses and cereals to the needy.

4.2 ENVIRONMENTAL RESPONSIBILITIES

Kitex takes necessary steps to protect the environment around the organisation. They are as follows:

- Effective utilization of resource to reduce waste.
- Abide by environmental law and regulations.
- Continual improvement of environment performance.
- Establish awareness among employees and business associates.
- It follows all the norms set by pollution control board.
- The goods produced are eco-friendly and do not cause any harmful hazards to the environment.
- The company has strict pollution control measures.

5.1 SWOT ANALYSIS

Strength, weakness, opportunities and threats are the elements or key factors that influence the survival and development of any organization. The following is the SWOT analysis of Kitex Ltd.

**Strength**

- Largest manufacturer of textile products in Kerala.
- Pioneers in their segment as a brand.
- Effective distribution channel.
• Products are benchmark for other company.
• Better employee-employer relationship.
• No trade union.
• ISO certification.
• The organization does have ERP in place.
• Act as vendor for V-star (V-guard), Jockey, Mother care and other brands.
• Follow a meticulous 3-step inspection method to maximize the quality standards.
• Overall 4000 dealers and 25 showrooms in Kerala.

**Weakness**

• Lack of modern weaving machines and quality checking machines.
• Untrained employees.
• Huge variations in the incentives with change in season
• Non utilization of full 100% capacity.
• Less usage of modern ways of transaction.
• Sales of Dhotis on a lower side.
• Manual checking of ScooBee day bags quality.
• Market Demand for Dezire (College Bags) is less.

**Opportunities**

• India with a large cotton cultivation has a great scope in textile market.
• Growing market demand.
• Increased opportunities in export market due to globalization.
• Availability of land for expansion.
• Expansion of market into rural areas.
• Since workers from outside Kerala is readily available, there will be no shortage of workers.

**Threats**

• Sales of some products depend up on seasons.
• Presence of reputed competitors in the market.
• Kitex faces a great threat from China in the textile market.
• Implementation of technology.
• Efficiency is low with the use of old machineries.
• Medium market coverage.
• This generation moving towards tracks, pajamas and bermudas.
• Lack of support from local government bodies/ political interference.

6.1 CONCLUSION

The project study entitled “Organizational study of Kitex Limited, Kizhakkambalam” has given me deep knowledge about the organization as well as the textile industry. The data with regard to the study collected from Kitex helps to understand the process of production of textiles. Each department in Kitex was analyzed in detail. I was able to understand how the management make use of management tools, concepts, theories and principles in actual practice.

Kitex Ltd is one of the largest employers in providing employment opportunities to the under privileged rural people and women. Kitex Ltd is an ISO 9001- 2008 certified company. It implements ERP with help of SAP software. It has a good total quality management system.
Kitex also has a passionate social responsibility, their dream is to transform Kizhakkambalam Panchayath into the best one in the state.
The study has given information about the products, organizational structure of the company, departmental functions and gives a good knowledge about the duties and responsibility of various departmental heads of the company. The co-operation extended by the employees and management has made it possible to carry out organisational study.

6.2 CRITICAL ANALYSIS OF ORGANISATION AND SUGGESTIONS AND RECOMMENDATIONS

This organizational study helps me to find out areas of strength, opportunities, weakness and threats of company. It also helps me to know more about the industry with the new scope and trends. It also helps me to familiarize with various policies adopted by company Kitex ltd for their success. This company has a good market in both inside and outside the country. They have a respectable customer service. The company is more engaged in the quality hence implemented TQM. This practice is the success behind their triumph. In my understanding, my major findings are:

- Kitex products have great demand in Kerala.
- The Kitex customers have better brand loyalty.
- Kitex lungies have little competition.
- Kitex is more familiar in the middle aged people.
- MCR is the nearest competitor for Kitex dhoties in the market.
- They provide good facilities for their employees.
• There is no trade union exist in the organisation because of the good relationship between employees and management.
• Majority of the workers are women.
• They can venture into more textile products as the distribution channel is strong.
• The factory is situated at an ideal place.

SUGGESTIONS AND RECOMMENDATIONS

• Give sufficient training to employees.
• Increase the promotional budget. Introduce a celebrity as brand ambassador.
• Should expand plant as market demand is high.
• Provide more employee empowerment.
• Expand the distribution to rural areas also.
• Complete the computerization process.
• Should introduce a Systems\IT Department.
• Introduce more modern looms.
6.3 EXPERIENCE AT THE COMPANY

I had a delightful and informative experience at the company. According to me every student doing a MBA course needs to undertake this study with paramount importance because this gives him/her a chance to explore the practical side of the subject that he/she studied. It also helps us to get a clear cut idea about the different departments and their functions.

The organization study at KITEX Ltd, Kizhakkambalam has given me the opportunity to gain valuable industry related exposure that would allow me in selecting which specialization I should opt for. The skills and knowledge I gained at college was quite different from the experience. The guidance, support, feedback and useful suggestions provided by my Project Guide helped me to successfully complete this Organization Study. The organization study definitely broadened my mind.

This study also helped me to know more about the industry with the new scope and trend. It also helps me to familiarize with various policies adopted by company for their success. This company has a good market in both inside and outside the country and I had the chance to interview some of the departmental heads and enlighten myself.