

Anna group in national and global textile industry



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The history of development in World Textile industry was started in Britain as the spinning and weaving machines were invented in that country . High production of wool, cotton and silk over the world has boosted the industry in recent years. Though the industry was started in UK, the textile production passed to Europe and North America after mechanization process started in those areas. From time to time Japan, China and India took part in industrializing their economies and concentrated more in that sector. Japan, India, Hong Kong and China became leading producers due to their cheap labour supply, which is an important factor for the industry. According to statistics, the global textile market possesses a worth of more than \$400 billions presently. In a more globalized environment, the industry has faced high competition as well as opportunities. It is predicted that Global textile production will grow by 25 percent between 2002 and 2010 and Asian region will largely contribute in this regard.

In the earlier periods we can see that the US and European economies restricted import of textile products from different countries through Multi Fibre Agreement (MFA). India under MFA receives a quota of 2% and 3% in the US and European markets. However in 1995, a new agreement, Agreement on Textile and Clothing (ATC) was signed and this was aimed at phasing out the MFA, this in effect ended the quota regime. This is of benefit to developing nations like India which has a big textile industry set up. The Indian textile industry has a peculiarity that is, not only the industry grows its own raw materials like silk, cotton, jute, wool, but also processes the same into high value products like fabrics and garments.

Our main competitors in the textile sector include China, Bangladesh, Sri-Lanka, Indonesia, and Pakistan. Like India these countries are too cost effective producers due to advantage of lower labour costs. But we have advantage over them, say if we compare labour cost of China they may have an upper hand but still we have is the capital cost.

2. Indian Scenario

The Indian textile industry, which has a tradition of over 5000 years, is on the verge of creating history. The Indian textile industries have a fairly complex structure. At one end of the spectrum is the hand spinning, hand loom, power loom and on the other end a highly sophisticated capital intensive and high speed manufacturing activity. Within the two extreme phases, the industry produced a staging range of fabrics, fascinating dress materials and floor coverings made ups and garments. The Indian textile are predominantly cotton based with 70% of raw materials consumed being cotton.

If the industrialization by the colonial masters reduced the status of Indian textiles as glorified converters, the rule based trading symbolized by the World Trade Organization is expected to propel Indian textiles as global clothier, secondly to China. The journey from being a colonial masters converters to becoming a nerve centre for outsourcing essentially captures the survival instincts of Indian textiles being featured in international forums and global magazines. Entrepreneurs and corporate houses that have made necessary adjustments to meet global challenge could reap windfall gains, while the others could marginalize. Nevertheless it should be admitted that

adoption of world class technologies, economies of scale and global manufacturing practices are very vital.

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Over the past years, companies have to set up captive power plants to ensure regular supply and control costs. Replacing high cost fuel with cheaper alternatives, such as LNG for Naphtha, was another to cut costs. The removal of reservation for small scale units in the garment sector has also stimulated the investment in the sector. Fabric makers have set up

Garment manufacturing units to cater the needs of export market. The fragmented nature of the industry has made its supply chain un-reliable. It takes India between 40 and 60 days to ship goods to US, while it takes China around 15 days because of the later superior infrastructure.

In short the textile industry is not afraid of facing external challenges or competition, if a level-playing field is provided and all basic issues confronting it are addressed. The challenges are totally from within and

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centred on the frame work of government policies as the industry has done its best by benchmarking itself with the global market leaders.

3. Textile Industry in Kerala

The first cotton textiles mill was established in 1883 in Kallai near Kozhikkode by P. S Santhappa Chettiyar and M. Guptan Namboothiripad, known as Malabar Spinning and Weaving Mill. The commercial production was started in 1887. Later in 1976 the mill was taken over by Government of Kerala and handed over to Kerala state textiles corporation. The second mill presently called Parvathi Mills Ltd. was started in 1884 by James Darragan, an English man using 19 acres of land donated by the Maharaja of Travancore. In 1888, the mill was sold to another British industrialist named AT VIN. In 1932 the management was taken over by Kerala Textiles Corporation. In April 1974, the mill was nationalized under sick textiles undertaking (nationalization) Act and was made a unit of National Textiles Corporation (NTC) Limited Bangalore, which is a subsidiary of NTC Delhi. Sitaram Textiles Ltd., another oldest mill was established in 1903 as a Private Limited Company. Balarama Iyer started it. Later due to mismanagement and labour problems, company was liquidated in 1954.

The factory was gutted down due to fire in 1959 and spinning production was completely stopped. The Government of Kerala purchased this unit as a result of liquidation and public auction in 1972, with the modest start of these mills, the number of cotton textile mill rose to 31. The government of Kerala has announced in state assembly on March 29, 1994, its willingness to start 5 more spinning mills, one each in Kazargode, Kozhikode, Thrissur, Kottayam and Malapuram along with the commissioning of co operative

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spinning mill at Kareela Kulangara at Alleppey with a spindle capacity of 6000 spindles.

The cotton textiles industries are concentrated in district of Thrissur and Palghat followed by Ernakulam and Kannur. These 4 districts taken together accounts for nearly 3/4th of the mills in Kerala. The numbers of existing composite mills are quite low i. e., only four in number, its growth during the last 10 years is nil. Due to the unprofitable nature of composite mill, Malabar spinning and weaving mill discontinued its weaving operation and concentrated on spinning only. Calicut modern spinning mill once turned sick is now taken over by a financially sound third party and found earnings before the last, decade. There are 7 cotton textile mills in Trissur including one composite mill. Kottayam stands last in the list with only one state owned mill.

There are 16 private mill in Kerala of which 14 are spinning mills and the rest 2 are composite mills. The national textile corporation has got under it, 4 spinning mills and 1 composite mill. The co operative sector owns only 2 spinning mills. In Kerala the Trissur cooperative spinning mills with an installed spindle capacity of 12, 000 spindles is the smallest mill followed by Kathayee Cotton Mills Limited with 14, 860 spindles.

Another welcome feature was that a 100% export oriented unit, Past Pin India Ltd. Started commercial production at Palghat. These units are located at Palghat near Kerala- TamilNadu border. Another co operative mill, Alleppey Co operative spinning mill at Kayamkulam is yet to be commissioned. Out of the 31 mills in Kerala, 14 are private sector, 8 under

National Textiles Corporation, 4 under Co operative Sector and 5 under K. S. T. C.

4. Anna Group of Companies

More than 3- decades ago in 1968 when Mr. M. C. Jacob formed the Anna Aluminium Company, he made break with the past, belonging to an affluent family of plantation owners, he ventured in to the risky world of manufacturing industry and hoped for the best, by working very hard to make his maiden venture a success. Today the group is involved in the manufacture of aluminium sheets, vessels and utensils from aluminium, spices, fabrics, garments, bags etc.....

The Anna range of vessels and utensils are highly popular in domestic market and in the Middle East, USA, Africa, and Australia. The group turn over is 200 crore or more

5. SISTER CONCERNS

5. 1 Anna Aluminium Company

Anna Aluminium is the flagship company of Anna Group. Engaged in the manufacturing and marketing of vessels and utensils as per ISI standards for the past three decades, it is presently the only company having ISI Certification for vessels in Kerala. The company manufactures vessels only using 99. 5% pure aluminium ingots. The brand ‘ ANNA’ has become a household name in Kerala due to its high standards of quality and workmanship. The Company has more than 525 different varieties of vessels and utensils, marketed through more than 1200 dealer outlets in India.

5. 2 Kitex limited

Anna Group's weaving unit, KITEX LIMITED was established in 1975. The company is engaged in the production of fabrics made of cotton and other blends; Grey cloth, Bed sheets, and Lungies. Through the years, the company has carved a niche for itself in this highly competitive industry with its tradition of world class quality for its products. The Kitex range of garments manufactured in multi crore factories is a popular brand that is recognized not just within India, but abroad too, catering to the fashion conscious markets across the world. Made from 100% combed cotton, Kitex bed Sheets are suitable for all climates and comes in a variety of shades and designs. Some of the important products available under kitex are:

Dago Bert Shirting and Suiting.

Agna and Adonis Inner Wear

Scoobee Day Bags

Trawellday Bags

5. 3 Kitex garments limited

The 100% Export Oriented Unit under a separate name- ' KITEX GARMENTS LTD' is devoted solely to the manufacture and export of readymade garments, as per export standards. The products include Ready made garments like hosiers, shirts woven, polar fleece, t-shirts, kids wear, nylon, jackets, pants/T/C fleece, shorts, night wear and cotton undergarments like innerwear, outerwear and knitted cotton wears. The highly equipped and flexible manufacturing system makes KITEX GARMENTS extremely capable of

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adapting vigorously to the changing needs of the world fashion market. The unit is equally competent to execute tailor-made customer specifications along with standardized production. Moreover every single finished piece reflects kitex insistence on superior quality.

5. 4 Kitex community college

Established and administrated by the group in January-2003. This college is affiliated to Madras centre for research and development of community education. Mainly started for the purpose of training for unemployed people to provide employment opportunity. The courses offered are bag making, utensil manufacturing, general English, apprenticeship and training, communication etc.....

5. 5 Sara spices

SARA SPICES is the condiment producing unit of the Anna Group. It is involved in the production and exporting of Curry powders, whole Spices, etc. for the past two decades. Since its inception in the year 1976, Sara Spices have come a long way, tingling the palates of gourmets the world over with its delicious range of Spices and Masala powders.

5. 6 Latest ventures

Recently Anna Group has ventured into a number of areas. These include manufacture of instant food and hard products. It has also started fashion technology institute to cater to the increasing demand for qualified person in the world of fashion.

6. OWNERSHIP PATTERN

The company Kitex Ltd was incorporated in 1975. It is a public limited company. The shares of the company are all internal shares . The company is not listed in the stock market Founder is Shri M. C. Jacob. The company doesn't have any promoter group. The duties of a promoter are carried out by the Board of Directors itself. Shri M. C. Jacob is the Chairman and Managing Director of the company. The other directors of the company include Mr. Bobby M Jacob and Mrs. Mini Bobby.

7. COMPANY HISTORY

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Kitex is engaged in the production of fabrics made of Cotton and other blends, Grey Cloth, Bed sheets and Lungies. Kitex lungies are available in four various types- Executive, Medium Super medium and Economy all priced differently. Kitex White' gives you an array of white dhotis -single as well as double. It comes with streaks of colour and gold to add to the looks of your dhoti. They also have beautiful and wide range of bedspreads under the label of Sweet Dreams. Through the years, the company has carved a niche for itself in this highly competitive industry with its tradition of world class quality.

Kitex markets its products through a network of over 2000 authorized dealers. KITEX fabrics are now exported to many parts of the world. KITEX is going in for a major expansion plan to augment the production capacity.

8. LEGAL FRAME WORK OF THE ORGANIZATION

Legal frame work of the company means the rules and regulations which governs the company. To be more precise it means the rules and regulations that each and every Individual employee or employer of an organization should perform. Kitex Limited has a well structured legal frame work which can be considered to be the most important factor for the success of the organization.

A standing order has been issued to each and every members of the organization. This standing order prescribes the manner in which every member should perform; it also contains a detailed report on the rights of each individual in the organization.

An employer cannot dismiss a particular employee in the organization without following certain procedures and they must act within the legal frame work of the organization. It contains details regarding how an employee should perform in the organization or details of how an employee must behave in the organization.

OBJECTIVES OF THE COMPANY

World Class Manufacturer

Customer

Leadership, Team work and TEI

Quality process and people

Policy strategy

A world class manufacturing company focusing on all round business excellence through a Total Quality Management system with committed leadership, effective team work, delighted customers, and satisfied employees in an environment friendly organisation.

9. Products

Kitex is engaged in the production of fabric made of cotton of other blends, gray cloth, bed sheets and Lungies with big brands under their belt like Scoobeeday bags, Travelllday bags, Dago Bert shirtings and suitings, and Adonis and Agna.

10. COMPETITORS

From the marketing department we can get an idea about their products, marketing strategies, strengths and weakness, competitors, competitor's strategy, attraction weakness etc.

Major competitors are;

MCR

ANGEL

JANSON

VBC

KKB

RAM RAJ

The competitor's strategies are advertising, promotion through film stars etc. This is very high in case of MCR. The variety of 'KARAS' are introduced in case of MCR dhotis and they also sell different colour lungies in market for attracting customers.

In case of KITEX LIMITED, the margin is comparatively low. The major problems of competitor's products are poor color dyeing, poor quality etc. Compare to KITEX products other products are cheaper. Most of the customers choose KITEX products.

Kitex lungies have good brand image. The competitors of lungies are;

Angel

Bombay Dyeing

Jansons

KKB

11. GROWTH PROFILE

Kitex Limited, a prominent prodigy in the field of textile industry began its spectacular display in 1975 at Kizhakkambalam, Aluva, and Ernakulam. This prestigious company, one of the vibrant divisions of Anna-kitex group of companies is a celebrity among industrial giants in our country. This weaving unit is engaged in the production of fabrics made of cotton and other blends, greige cloth, bed sheets, dhotis, mull and lungies. They are marketed through a network of over 2000 authorized dealers. Through the years, the

company has carved a niche for itself in this highly competent industry with its tradition of internationally accepted products.

The company was established to set up an efficient industrial estate to provide technical, industrial, financial and marketing facilities to power loom owners and to create job opportunities to educate unemployed. About 400 power looms were established in the premises under the banner of Kizhakkambalam Textiles Limited, which has been later renamed as Kitex Limited.

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12. FUTURE PLAN

Weaving capacity is doubled from 500000 to 1000000 by adding 120 shuttle looms. Now the company is planning to import raw materials Dornier and Pecanor. Diversification of new products is being added.

13. SWOT ANALYSIS

The basic objective of SWOT analysis is to provide a frame work to reflect on the firm ability to overcome barriers and to avail of opportunities emerging in the changing environment, the diagnosis of strength and weakness can be fruitfully on if the environment factors and market conditions are considered always with the internal capabilities. SWOT analysis is an important tool to find strength, weakness, opportunities and threats.

STRENGTHS

1. One of the oldest manufacturers of textile products in Kerala.-Kitex is one of the oldest textile manufacturers who started operations since 1975this has actually contributed to the credibility by standing to the test of time.
2. Effective distribution channel-Kitex has a dealer network of more than 2500 dealers spread all over Kerala, Karnataka and TamilNadu. They have direct outlets in Kerala and Tamil Nadu.
3. ISO certification – Kitex received the ISO 9001-2008 certification for their commitment to manufacture and deliver quality products. Kitex Limited is the leading manufacturer with ISO 9001 – 2008 in South India of all varieties of Grey Fabrics, Yarn dyed fabrics, Dobby and Leno doobby fabrics made of Cotton, Polyester cotton, Cotton Nylon, Cotton Flax, Linen, Cotton Linen, Cotton Lycra, Polyester Lycra etc
4. Highest market share for lungies- The market share of Kitex lungies in Kerala will come to around 68% as quoted by the company officials.

WEAKNESS

1. High labour attrition- Due to lack of skilled workers the labour attrition rates are very high. When workers get jobs in a shop or in a DTP centres they leave their jobs because they get the same pay without taking so much effort.
2. High rate of absenteeism- From the official records the rate of absenteeism is very high. This shoots up just after the monthly pay is given.

3. Huge variations in the incentives with change in season – During seasons there is huge variations in pay. When more orders are to be met the company has to adjust with the existing employees. So the company pays the employees huge amounts in the form of overtime pay.

4. No 100% utilization of the installed capacity- Many machines in the plant lay idle.

5. Lack of modern weaving machines and quality checking machines. There are no fully automated and sophisticated weaving and quality checking machines.

OPPORTUNITY

1. High demand for cotton material. Now due to increase in temperature more and more people prefer to use cotton outfits.

2. India with large cotton cultivation has a great scope in textile market - India is the 2nd largest cotton producer followed by China. India produces

23. 5 million bales annual production

3 Increase opportunities -in export market due to globalization

THREATS

1. Change in the fashion is a factor of preference of customers. Now a day's even people in villages have reduced the usage of lungies and the younger generations have switched on to Bermudas and shorts.

2. Flexibility of government policy – the government makes frequent changes in regulations

3. Availability of cheaper products in the market. Today lot of cheap substitutes are available in the market

POSSIBLE IMPLICATIONS AND CHALLENGES

1. Kitex has got an effective distribution channel with an effective dealer network of more than 2500 dealers spread all over Kerala, Karnataka and TamilNadu. They have direct outlets in Kerala and Tamil Nadu.
2. Due to lack of skilled workers the labour attrition rates are very high. When workers get better oppurtunities they leave their jobs.
3. The company does not make 100% utilization of the installed capacity. Many machines in the plant lay idle.
4. The company does not have modern weaving machines and quality checking machines. There are no fully automated and sophisticated weaving and quality checking machines in the company.
5. There are variations in pay due to changes in seasons. During peak seasons

inorder to meet the orders the company has to go for overtime production which leads to variations in pay.

SUGGESTIONS

1. The organisation should try to retain their available skilled workforce through various retention strategies suitable for the firm.

2. The organisation should increase the pay for the workers working in the production unit other wise the workers will keep on leaving the organisation for choices which they feel better.

3. The organisation should provide continuous training and up gradation programs for the plant workers so that they can contribute their best to the organisation.

4. The company should purchase fully automated and sophisticated weaving and quality checking machines which will inturn help to increase the quality of their products.

5. The company should also take necessary steps to make 100% utilization of the installed capacity.