



AB (Spinning) Mill

**Corporate Governance &
Strategic Planning
Document**



Strategic Planning – Scan

(SWOT Analysis of AB (Spinning Mill))

Financial

Customer

Process

People

Strengths

- We are group of companies, so it provides financial security to our organization.
- Banks portfolio is increasing and, currently working with five banks.

- High customer satisfaction.
- Customer are accommodating with respect to deliveries.
- Zero Bad Debts in the history of AB (Spinning Mill)

- State of the art machinery facility in all technical departments.
- Automation system is core Strength.
- Smart energy management system for AC Plants.
- Compact system to produce high quality production with average quality raw material.

- Technically sound, and experience staff.
- Low turnover rate, even in Non-management staff.



Strategic Planning – Scan (SWOT Analysis of AB (Spinning Mill))

Financial

- Receivable recoveries are weakness of the organization.
- High dependence on the banks.

Customer

- Current product counts are our weakness.

Process

- Availability of raw material wrt quality & quantity.
- Annual conversion plan and annual Procurement plan is missing.
- Sometime critical parts are delayed due to unforeseen reasons.

People

- Leadership skill set is the weaker link of Spining staff.

Weakness



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Opportunities

- Dollar exchange rate is on higher side, there is opportunity to increase the export sales.
- Export sales are directly benefit for tax relaxation and long terms financing.
- Spinning unit can be integrated with socks in terms of legal status, to get financial & non-financial benefits for the group.

- Denim slub / Lycra yarn are the opportunity.
- Local sales to LC based special purchased orders, is the benefit for the organization.

- Energy mix can be shift on the alternatives i.e solar.
- Cooling towers are converting on radiator system which will reduce, water and chemical consumption.
- Organization can do formal strategic planning.
- Supply chain manual can be developed.

- Human resource manual, can be developed.
- Properly functional HR Department can be establish.



Strategic Planning – Scan (SWOT Analysis of AB (Spinning Mill))

	Financial	Customer	Process	People
Threats	<ul style="list-style-type: none">• Current economic situation is threat for the business.• Current inflation rates, high finance cost, high energy rates are threats.• High receivable balances can be threat for the organization.	<ul style="list-style-type: none">• Occasionally, small quantities customers cannot be entertain due to production limitations.• Over supply of yarn in the market & increase in credit sales.• New producers are threat, weavers are installing spinning units.	<ul style="list-style-type: none">• Energy crisis is the issue of survival.• No electricity connection at the mill site.• Gas is the only fuel, as of today.	<ul style="list-style-type: none">• New spinning units are hunting trained staff from AB (Spinning Mill)





Strategic Planning – Scan (SWOT Analysis of AB (Spinning Mill))

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- We are group of companies, so it provides financial security to our organization.

- European customer (OTTO group) is loyal customer.
- Up to 40% of the total production capacity is fulfilled by OTTO group.
- Special health care socks (Anti-skid) are the Strength, 30 to 40% of total production volume.

- State of the art machinery facility in all technical departments.
- High recovery rates from raw material due to machinery factor.
- All required certifications are available to meet current needs of the business.

- Well trained and Technically sound, and staff.

Strengths



Strategic Planning – Purpose (Mission) Statement

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Strategic Planning – Inspiration (Vision 2027) Statement



Strategic Planning – Inspiration (Financial Vision 2027)

Business	Revenue PKR (Current)	Revenue PKR (FY 26-2027)
AB (Spinning Mill)	5.683 billion	12,193,640,000



Strategic Planning – Shared Corporate Values

- 1: Quality
- 2: Respect
- 3: Systems
- 4: Clear Communication
- 5: Planned Growth
- 6: Continuous Research & Development
- 7: Commitment
- 8: Sharia Compliant Financing



Strategic Planning – Corporate & Business Strategy

Corporate Strategy of AB (Spinning Mill)

- Finalize feasibility study of weaving unit maximum till end of FY 2022-23
- Finalize feasibility study of dying unit maximum till end of FY 2022-23
- Finalize feasibility study of Garments unit maximum till end of FY 2022-23

Business Strategy AB (Spinning Mill)

Business strategy for **AB (Spinning Mill)** will be “Cost Leadership”

Functional Strategy of AB (Spinning Mill)

- Lycra would be add in product line.
- Doubling of yarn.
- Innovation in spinning and socks





Balanced Scorecard (2022 – 2023)

AB (Spinning Mill)

A photograph of rows of red stadium seats, viewed from a low angle, creating a sense of depth and perspective. The seats are arranged in a tiered fashion, typical of a large arena or stadium.

Balanced Scorecard

Overview

- This balanced scorecard is an official document of AB (Spinning Mill) with an objective to clear the strategic direction of Spinning and Socks for next Year (July 2022 to June 23).
- The strategic planning covered:
 - Financial Targets
 - Non- Financial Targets



Financial Aims of AB (Spinning Mill) – (2022-23)

- **Revenue:**
 - Targeted Revenue: **8,050, 000,000** (with increase of 4800 spindles & 15% inflation impact, base figure is 5,000,000,000)
- **Gross Profit:**
 - Targeted Gross Profit: **20%** (Current 18.5%)
- **Net Profit:**
 - Targeted Net Profit: **12%** (Current 12%) Excluding other incomes



Customer **Aims** of AB (Spinning Mill) – **(2022-23)**

- Sale in Local Market: **80% of revenue**
- Export Sale: **20% of revenue**
 - * **Note:** Sale based on Cost Benefit Analysis , irrespective of above ratios
- No. of Customer Complaints (Non-Financial): **0 / Month**
- Financial Claims by Customers(Including Sale Return): **0%**
- Avg. Sales Receivables Days – Ring (Denim / 30/1 fine count): **30 Days**
- Avg. Sales Receivables Days – Auto(Denim): **60 Days**
- Overdues: Above **5 working days** from agreed payment terms.
- Max Yarn Unsold Stock Levels - Ring: **3000 bags**
- Max Yarn Unsold Stock Levels - Auto: **2000 bags**
- **Credit limits for parties in PKR & no of Bags (31st Aug, 2022).**
- Percentage of Sales to new Customers / Old: **3 Customer / Month**
- Customer categorization A,B,C (**13th Aug, 2022**).
- Level of Customer Satisfaction (Quarterly Survey): **80% above**

Processes Aims – (2022-23)

▪ Targets / Sales

	Target FY2022-23	Last Year 2021-22
▪ Raw Material to Sales % =	72.10%	72.60%
▪ Power to Sales % =	2.85%	3.69%
▪ Labour to Sales % =	3.00%	3.16%
▪ Mills Store to Sales % =	1.00%	1.01%
▪ Packing Material to Sales % =	0.95%	0.95%
▪ Other Expenses to Sales% =	0.17%	0.18%

▪ Targets / Manufacturing

▪ Raw Material to Manufacturing % =	85.00%	85.49%
▪ Power to Manufacturing % =	4.25%	4.35%
▪ Labour to Manufacturing % =	3.55%	3.72%
▪ Mills Store to Manufacturing % =	1.18%	1.18%
▪ Packing Material to Manufacturing % =	1.12%	1.12%
▪ Other Expenses to Manufacturing% =	0.22%	0.22%

▪ Other Process Targets

▪ Production no of Bags =	Ring – 500 / day, Auto 290 / day	Ring – 324 / day, Auto 251 / day
▪ Yeild =	87.40% (Auto) 86.00% (Ring)	87.40% (Auto) 85.90%(Ring)
▪ OPS Ring =	Avg. OPS 30/1 (6.66), 25.1s (9.15), 20/1s (10.9), 16/h (15.11), 16/w (14.22), 10 sairo (24), 8 sairo (27.55)	
▪ OPS Auto=	Avg. OPS 8/1s (218), soft 10/1s (175), hard 10/1s (165), hard 12/1s (128), hard 16/1s (92)	
▪ WIP KGs=	Auto 12,709kg, Ring 48,259kg	
▪ Power / Bag (Units) =	95.00 (Ring) 65.00 (Auto)	130.53 (Ring) 69.38 (Auto)
▪ Quality Standards =	Cotton/ Yarn Standard (GM SB)	

Processes **Aims** – (2022-23)

▪ Audit Targets

Target FY 2022-23

Last Year FY 2021-22

- | | |
|---|--|
| ▪ Development of Corporate Audit Department: | 30 th Sep, 2022. |
| ▪ Development of Audit Charter & Audit Plan | 15 th Oct, 2022. |
| ▪ Transactional Audit | |
| ▪ Pre Audit of all purchase (R.M , store etc.) orders = | Same day / 8 working hours |
| ▪ Pre Audit of all Payments (R.M, store etc.) = | 8 working hours |
| ▪ Sales Order Audit before approval= | 4 working hours |
| ▪ Stock Take = | 1 st of each month through the year |

Accounts & Finance

- | | |
|-----------------------------------|--|
| ▪ Financing Targets = | Addition of 1 new bank currently working with 5 banks & addition of 500 million financing limit. |
| ▪ Reporting Targets = | Management accounts prepared and presented to BOD till 10 th of every month. |
| ▪ Coordination & Support Targets= | Provide data, analysis and workings to all concerned timely when and where needed. |
| ▪ Budgeting= | Annual organizational budget prepare and approved from BOD before 30 th of September. |
| ▪ Cash flow Targets= | Monthly projected cash flow with variance analysis presented to BOD up to 10 th of each subsequent month. |
| ▪ Cost analysis of Spin plan= | Cost analysis of every new spin plan (budgeted Vs actual) & development of new spin plan in coordination with GM. |
| ▪ Costing & Price of Contract = | Verified at the time of contract / sale order approval. |

▪ MIS & IT

- | | |
|---------------------------|---|
| ▪ ERP Development Targets | = Upgrade existing SAP B1 (8.82) to SAP B1 (10.0) / Additions of Users , Development of new crystal reports timely when & where needed by the user. |
| ▪ Networking Targets | = IT Infrastructure (all devices, computers, switches, cables etc.) is properly maintained and in working condition throughout the year. |
| ▪ Security Targets | = Zero data loss and 100% safe from virus and hacking attacks. Regular Data backups as per policy. |
| ▪ Downtime Targets | = Network & ERP Down time including emergencies & maintenance under 24 hours annually. |

Processes **Aims** – (2022-23)

▪ Purchase

- Annual Purchase Plan = 31st Aug, 2022.
- Annual Purchase Budget = 31st Aug, 2022.
- Local Procurement Days= 21 Days after demand generation.
- Import Procurement Days= As per situation ideal is 45 days max in current situation 60 days
- Emergency Procurement Days= Same day / 48 hours
- Cost Effective Purchase Target= Will be derived from budget
- Purchase Documentation Target= 3 Days after GRN.
- Purchase Quality Target= zero rejections
- Supplier Evaluation Target= 30th September, 2022.
- Approved Supplier Targets = 30th September, 2022.

▪ Sales & Marketing

- Contract Entry Targets (shafi sb) = Same day / 8 working hours of contract
- Dispatch Target = As per Dispatch Plan
- Commission Processing Targets with in same week of payment receipt
- THIC-K Targets = 31st Aug, 2022
 - Touch
 - Hit
 - Inquiry
 - Convention
 - Keep



Processes **Aims** – (2022-23)

- **Quality Assurance**

- Develop & Implementation of Quality Standards (cotton quality standard, yarn quality standard, maintenance quality standard) 31st Aug, 2022.
- Cost of Quality (Calculation of internal cost of quality of 8 types of wastages based on last 3 months data till 15th Sep, 2022)
- Waste Reduction Target (to be decided 15th Sep, 2022.)

- **Maintenance / Repairs**

- Development & Implementation of Preventive Maintenance Plan (31st Aug, 2022 submission of approved plan)
- Maintenance Budget (31st Aug, 2022 submission of approved plan)
- Maintenance Consumption Report (10th of each month along with accounts)



People **Aims of AB (Spinning Mill) – (2022-23)**

- Development of Corporate HR Department: **15 Oct, 2022.**
- Non-Management Turnover %: **Less Than 6%**
- Management Staff Turnover %: **Less Than 4%**
- Execution of Monthly Performance Management System **Beta / trial run Dec, 2022**
- Department wise manpower to machine ratio: **30th Sep, 2022**
- Weekly Meeting Target: **Every week 31st Aug, 2022**
- Implementation of SOP at MILLS and HO **30th Nov, 202**
- Compensation & Benefits Targets **Policy would be finalize till 30th Oct, 2022**
- HR Development Targets
- Establishment of R & D department at Group Level **31st Oct, 2022**
 - By keeping in view sustainability; introduce at least one new textile product
 - Define the R & D mechanism and connected with the KPIs of the concerned person **15th Nov, 2022.**



Developed By:

Approved By: