

Become a member | Log In  
Portfolio | Forbes Magazine-77% savings



U.S. EUROPE ASIA

Home Page for the World's Business Leaders

Free Trial Issue

Search

Stock Quote

Home Lists Business Tech Markets Personal Finance Entrepreneurs Leadership ForbesLife Opinions Newsletters  
Video ForbesWoman CEO Network Org Chart Wiki Mobile Portfolio Tracker Blogs E-mail Newsletters Special Reports

E-mail | Print | Comments | Request Reprints | E-Mail Newsletters | My Yahoo! | RSS

ADVERTISEMENT

### On The Cover/Top Stories

## "I Don't Relax"

Naween A. Mangi 07.03.06



- [The Celebrity 100](#)
- [Export Problem](#)
- [The Opportunist](#)
- [Bad Girl Interrupted](#)
- [Complete Contents](#)

**Competition is suddenly much stiffer for Pakistan clothingmaker Kings Apparel. But Chairman AZIZ MEMON is spending big to keep his export machine cranked up.**

The advent of free trade in clothing last year was supposed to open new markets and boost business. Instead it has landed Pakistan's garment industry in a dogfight. After years of rising, exports have fallen, from \$3 billion in 2004 to \$2.5 billion last year, and some 150 of the country's 2,500 factories have shut down in the past 12 months. "At this rate hundreds more will be shuttered in the next 12 months," says Bilal Mulla, president of the Pakistan Readymade Garments Manufacturers & Exporters Association. "We just can't compete anymore."

But Aziz Memon is gambling that his closely held Kings Apparel Industries in Karachi can compete, even as many of the country's smaller

News by E-mail Get stories by E-Mail on this topic FREE

#### Companies

- Target
- Wal-Mart
- Sears
- J.C. Penney

Become a member FREE

Already a Member? [Log In](#)

Weather EDIT

CLICK HERE TO Personalize Forbes.com

Weather provided by AccuWeather.com

Recommended Stories

America's Top Selling Cars

Forbes Attaché You Navigate. We Notice.

Recommended content based on your interests.

CLICK HERE TO Personalize Forbes.com

The Greenest Gasoline?

and less efficient outfits disappear. He's spending more than \$60 million to upgrade his operations, and he's rolling out new products, such as organic yarn, so he can break into new markets. "He always thinks about doing things that others think can't be done," says Majyd Aziz, Memon's friend of 14 years and the president of Karachi's MHG Group of Companies, which produces fabric and trades commodities.

For years an international system of quotas rationed the export business among dozens of developing countries. That system helped make Pakistan the world's 15th-largest clothing exporter. But that regime ended at the beginning of last year, freeing up huge-scale producers such as China and India to export as much clothing as they could. Finding it tough to compete on either volume or price, garmentmakers elsewhere are getting hammered. Kings is typical: Revenues (all from exports) dropped from \$43 million in 2004 to \$25 million last year, and its profit margin fell from 15% to 6.5%. "Competition from India and China has meant sales and profits are not what they used to be," says the 62-year-old Memon matter-of-factly.

Bangladesh has swiped some of his customers, too. The end of quotas also ended Pakistan's exemption from a 12% tariff in the European Union, but Bangladesh, as a less-developed country, held on to its exemption. Kings was hit particularly hard, because 62% of its revenue in 2004 came from the EU. "That was a real setback for me," he says.

Pakistan's textile industry, which also saw quotas lifted last year, has fared much better. More than twice as large as the garment sector, it's dominated by players such as Ibrahim Fibres and Nishat Mills, both of which last year made FORBES ASIA's list of the best 200 companies with up to \$1 billion in annual revenue. This heft allowed the industry to invest heavily to prepare for the start of free trade; it spent \$5.7 billion versus just \$300 million for the garmentmakers.

Memon, who is the chairman and co-owner of Kings (his younger brother, Munir, holds the other half), has a lot at stake. Kings is one of Pakistan's largest garmentmakers. With 6,000 employees, it makes clothes for global names such as Van Heusen, and sells almost half its production to U.S. retail giant **Wal-Mart** (nyse: [WMT](#) - [news](#) - [people](#) ), some \$12 million worth last year. **Sears** (nasdaq: [SHLD](#) - [news](#) - [people](#) ), **J.C. Penney** (nyse: [JCP](#) - [news](#) - [people](#) ) and **Target** (nyse: [TGT](#) - [news](#) - [people](#) ) are also major buyers. Of course, dealing with big American discounters is a mixed blessing. "Target and Wal-Mart keep advertising their slashed prices," Memon says. "Well, guess how they did that? By squeezing me."

Memon has overcome setbacks before. At the age of 18 he emigrated to Karachi from Mumbai with his family, then worked as a bookkeeper to pay his way through college. Later a job with an airline business took him

Select Your Title

Receive Special Offers?

[Sign Me Up!](#)

[FAQ](#) | [Terms, Conditions and Notices](#) | [Privacy Policy](#)

Also available: [E-Mail Newsletters](#)

### Trading Center

Brought to you by the sponsors below

### CEO Book Club

[more >](#)

BOOK REVIEW

#### Robert Lenzner



BOOK REVIEW

#### It's Value Time

Robert Lenzner

With the Dow over 12,000, value investing is back. *The Little Book of Value Investing* shows you how to take advantage.

### Search Books

Title

[Advanced Search](#)

[Go](#)

[New & Notable](#)

first to Saudi Arabia and then to New York, where he found his calling.

It was 1986. "Upon hearing I was from Pakistan, everyone I met in the U.S. would ask me how to buy textile products from there," he says. He finally accepted an order for 240 T shirts from a Spanish company. He filled it with the help of his brother and then returned to Pakistan to set up a knitwear factory.

Memon built his company by pulling off something rare in business: He's been both Mr. Inside and Mr. Outside. Inside Kings, he's demanding to a fault and an obsessive stickler for details. "I can't compromise on the way I want things to be done," he says. "And I don't relax, not even on Sundays. I take vacations but only if my cell phone goes with me." Outside the company, he's involved in all manner of social, community and trade groups, heading up the Pakistan-Japan Business Forum, for instance, and often helping to represent Pakistan at World Trade Organization meetings. And despite a taciturn nature, he's a consummate partygoer. Memon says he's out at least six nights a week, driving his Mercedes 220 to as many as four events a night.

Today his challenge is not to build a business but to turn it around. He's already spent \$10 million upgrading his knitwear factory in Karachi. "We have to increase capacity so we can do larger orders and keep big customers," he says. "Besides, big orders mean lower costs because of scale."

Another \$50 million will go to build a second factory and enter a new business--cotton yarn. Pakistan is the world's fourth-biggest cotton producer, and Memon figures that Kings can add \$27 million to annual revenue by spinning homegrown cotton into yarn, turning some into garments and exporting the rest. The new factory should be ready to start production in nine months, he says.

At the same time Memon is trying to cash in on the global organic craze, which is now reaching the textile industry. Going back still one more step on the production chain, he leases 4,000 acres of land west of Karachi, where he produces 10,000 bales of organically grown cotton a year. Part of his crop will be turned into organic yarn that will be sold to textile customers in Indonesia, India and Turkey. He admits that the organic label is a marketing tool. "You have to show you're always up to something new," he says.

Meantime, the more-efficient factory machinery will help Kings cut costs in competing with China. He says China's prices are 20% lower than Pakistan's because labor and power are cheaper there, and in a recent visit he marveled at Chinese factory productivity. He arranged to have Chinese quality-control experts visit his plant and give him advice. But he insists that Pakistani exporters are more reliable at shipping out orders.



What's Driving  
**Gold?**  
  
LEARN MORE 

**G8/G20**  
Summit 2010  
Magazine  
[Click to view eBook](#)

**Forbes**  
com  
Newsletters  
Sign Up  
Today >

"China has big delivery problems," he says. "Some of our customers have seen that and are now coming back to us."

He expects sales to pick up this year because price cuts also are bringing back customers--he gave buyers in Germany, France and Spain a 12% break to get them back from Bangladesh--and his greater capacity is winning bigger orders. He expects to export 30% more this year, or \$32.5 million. "He's very aggressive in marketing, has invested in machinery and R&D, and has created a class of professionals in this field [people he's trained]," says garment association chief Mulla. "This is a very rare combination in Pakistan, and it's what's made him successful."

For his part, Memon credits years of toil, inspired by heroes like former South African president Nelson Mandela, "who have not had it easy but have desired and then struggled."

## Wear and Tear

Apparel shipments abroad are more critical to Pakistan's economy than to some others in Asia. Bangladesh's is the most dependent.



**More On This Topic**

**Companies:** [WMT](#) | [SHLD](#) | [JCP](#) | [TGT](#)

**E-Mail Newsletters:** [Sign Up Now To Stay Informed On A Range Of Topics](#)

**Attaché:** [Customize Forbes.com Now To Track This Author And Industry](#)

**Article Controls**

[E-mail](#) | [Print](#) | [Comments](#) | [Request Reprints](#) | [E-Mail Newsletters](#) | [My Yahoo!](#) | [RSS](#)

**Related Sections**

[Home](#) > [Magazines](#) > [Forbes Global](#)

**Today On Forbes.com**



**Taking Tesla Public**

Morgan Brennan and Travis Collins

Founder and CEO Elon Musk on the electric car company's plans to overcome losses.

- [Elon Musk's Financial Car Wreck](#)
- [Tesla Electrifies The IPO Market](#)
- [Tech Billionaires' Wildest Bets](#)



[How To Fix Corporate Boards](#)



[Female Venture Capitalists](#)



[Best-Ever Advertising Jingles](#)



[Aziz Ansari Is The Next Big Thing](#)

[News Headlines](#) | [More From Forbes.com](#) | [Special Reports](#)

**Subscriptions >**

[Free Trial Issue of Forbes](#)

[Forbes Gift Subscription](#)

[Subscribe To Newsletters](#)

[Subscriber Customer Service](#)

[SITEMAP](#) [HELP](#) [CONTACT US](#) [INVESTMENT NEWSLETTERS](#) [FORBES CONFERENCES](#) [FORBES MAGAZINES](#) [FORBES AUTOS](#)

[Ad Information](#) [Forbes.com Mobile](#) [RSS](#) [XML](#) [Reprints/Permissions](#) [Subscriber Services](#)

© Forbes.com LLC.™ All Rights Reserved [Privacy Statement](#) [Terms, Conditions and Notices](#)

Tested By



Market Data By



Market Data By



Market Data By



American History



Polska



Luxury Cars



Luxury Travel



Careers By



Stock quotes are delayed at least 15 minutes for Nasdaq, at least 20 minutes for NYSE/AMEX. U.S. indexes are delayed at least 15 minutes with the exception of Nasdaq, Dow Jones Industrial Average and S&P 500 which are 2 minutes delayed.

Powered By



Intelligent Content  
Distribution System

Oracle DBA by



REMOTE DBA  
Oracle • SQL • MySQL