

Business Case: Style Textiles (Pvt) Ltd, Lahore - Formalization Journey

1. About the Enterprise

Style Textiles (Pvt) Ltd, established in 1992 and formally registered as a private limited company in 1993, is one of Pakistan's leading garment manufacturers and exporters. Headquartered in Lahore, it operates as a composite unit with complete in-house facilities and is recognized as one of the country's top exporters of apparel. The company is fully registered with SECP, FBR, Social Security, EPA, and EOBI, and strictly maintains compliance with regulatory requirements. Out of a workforce of 48,000 employees, 7,000 are registered with tax authorities, 38,000 with Social Security, and all 48,000 with EOBI. Equipped with an Oracle-based ERP system, Style Textiles ensures complete alignment with domestic and international compliance requirements. The company exports garments to major global brands such as Nike, Tommy Hilfiger, Levi's, and Zara through buying offices, maintaining the highest compliance standards required by international clients.

2. Pre-Formalization Status

In its early years, Style Textiles began operations as a modest garment unit serving local buying offices and small importers. With no compliance certifications or recognition from regulatory authorities and international certification, the company faced limitations in expanding market access and building credibility with international buyers. The absence of documented systems also restricted its ability to secure institutional financing and long-term supply contracts. Like other emerging textile units of that time, Style Textiles recognized that informality constrained its growth and prevented it from tapping into the global value chain.

3. Why They Decided to Formalize

The leadership of Style Textiles made a strategic choice to formalize operations in order to achieve long-term growth, gain trust of international buyers, and provide formal job opportunities to its workforce. Global brands, especially in the US and EU, demanded documented compliance with labor, environmental, and quality standards, making formalization a prerequisite for exports. Although the process was moderately challenging—requiring multiple approvals, document submissions, and delays due to bureaucracy—the company understood that formalization would bring legal protection, trust with suppliers and buyers, and access to premium markets. Leadership further emphasized that benchmarking Pakistan's regulatory framework with regional competitors is essential for improving ease of doing business and ensuring competitiveness.



4. Comparative Analysis: Pre vs Post Formalization

Aspect	Pre-Formalization	Post-Formalization
Market Access	Local traders, small buyers	US & EU exports to Nike, Tommy, Levi's, Zara
Workforce	Mostly unregistered, no social protection	48,000 employees registered with EOBI & majority with Social Security
Finance	Cash-based, personal networks	Institutional financing and international contracts
Technology	Manual systems, limited oversight	Oracle-based ERP, digital compliance and traceability
Supply Chain	Informal vendors	100% formal vendor base achieved
Reputation	Limited credibility	Recognized global exporter, trusted by leading brands

5. Challenges Faced by the Enterprise

- High competition from informal enterprises avoiding compliance costs.
- Bureaucratic hurdles and delays in documentation and approvals.
- High logistics costs and inconsistent government policies limiting competitiveness.
- Lack of government support in product diversification and innovation.
- Stagnant or shrinking garment exports due to limited value addition.

- Poor infrastructure: unreliable power supply, weak road networks, and digital gaps.
- Corruption and inefficiencies in ESSI and EOBI, discouraging worker engagement.
- Dependence on government trade bodies, which underperform in driving export growth.

6. Strategies Adopted to Overcome Challenges

- Invested in Oracle-based ERP and digital production systems for efficiency and transparency.
- Expanded vendor base and achieved 100% reliance on registered, formal suppliers.
- Maintained strict compliance with international labor, environmental, and quality standards to retain global clients.
- Advocated for business incentives such as relaxation of advance taxation, lower interest rates, and SME-friendly financing.
- Recommended donor and government collaboration to support technology transfer and certification programs.
- Promoted shared vendor base collaboration, inventory management systems, and access to high-end global value chains.
- Suggested taxpayer incentives such as rebates on travel, exhibition participation fees, and school fee concessions.

7. Outcomes of Formalization

Formalization enabled Style Textiles to emerge as a leading exporter, securing long-term partnerships with globally recognized brands such as Nike, Tommy Hilfiger, Levi's, and Zara. Full compliance with SECP, FBR, Social Security, EPA, and EOBI not only enhanced credibility but also provided legal protection and stability in operations. With 100% of its supply chain formalized, the company successfully implemented best business practices, ensuring quality, traceability, and reliability. The adoption of Oracle-based ERP streamlined processes, reduced inefficiencies, and ensured alignment with both domestic and international compliance requirements. These steps positioned Style Textiles as one of Pakistan's most competitive garment manufacturers, demonstrating that formalization directly translates into global trust, sustainable growth, and leadership in the apparel industry.

8. Recommendations from the Enterprise

The company strongly recommends that the government create a more enabling business environment by benchmarking regulatory practices against regional competitors to improve competitiveness. Relaxation of advance taxation, reduced interest rates, and better access to affordable financing would encourage SMEs and large enterprises alike to sustain compliance. Rapid digitalization of FBR processes and reforms in ESSI and EOBI are essential to improve efficiency and rebuild trust among workers. Establishing accredited testing and standardization labs in Pakistan would further support compliance and export facilitation. The company also calls for stronger trade and business bodies to promote product diversification,

innovation, and entry into high-value global value chains. Incentives such as rebates on international travel, exhibition participation fees, and school fee concessions for compliant taxpayers would also encourage more enterprises to formalize.



9. Lessons Learned

- **Compliance as a Growth Driver:** Formalization and regulatory compliance are essential for building credibility and sustaining global competitiveness.
- **Employee Welfare Matters:** Investing in workforce registration with Social Security and EOBI fosters loyalty, stability, and higher productivity.
- **Formal Supply Chain Strengthens Business:** Achieving a 100% formal vendor base ensures quality consistency, transparency, and stronger buyer trust.
- **Digital Systems Enable Efficiency:** ERP adoption and digitization are critical for operational transparency, efficiency, and compliance with international standards.
- **Systemic Reforms are Crucial:** Despite enterprise-level efforts, sustainable growth requires improved infrastructure, supportive government policies, and institutional reforms.

10. Conclusion

The case of Style Textiles (Pvt) Ltd demonstrates how full formalization and commitment to compliance can transform a domestic enterprise into a global leader. By adopting international best practices, implementing ERP systems, and ensuring a fully formalized



supply chain, the company has become one of Pakistan's top exporters, trusted by the world's most recognized brands. Despite challenges such as high logistics costs, poor infrastructure, and inconsistent policies, Style Textiles has proven that formalization delivers credibility, resilience, and long-term competitiveness. The enterprise's experience highlights the importance of supportive government policies, reforms in regulatory institutions, and stronger trade facilitation measures to ensure that more enterprises in Pakistan can replicate this success and drive national export growth.