

India Textile Machinery Exhibition in Mumbai

Dec. 2 – 7, 2012

A) General Overview of Indian Textile Machinery Sector

With a huge domestic demand, the Indian textile industry is the world's 2nd largest, next to China with an employment of 35 million people and accounts for 14% of the total industrial output of the country. It is for this reason, that the textile machinery sector is putting additional focus on this important market and the Exhibition provided a comprehensive overview of manufacturing and servicing of the sector to the textile industry.

India has great advantage in the spinning sector ranking second globally in spindleage and first in terms of loom capacity. It is the second largest producer of cotton and silk and has a presence in the entire process of operation and the value chain and contributes for example 25% of global trade in cotton yarn & fabrics. Indian fabric is in demand with its ethnic design and texture and accounts for 30% of the total export conveying a tremendous potential with an urgent need to expand production capabilities even more.

The biggest business potential in Textiles of India is the growing economy, increasing the purchasing power of the middle class, providing manufacturing flexibility to the large domestic market. Other opportunities come from the new rural markets and opportunities in nonwoven industry. The Industry report estimates the growth of the nonwoven sector in India around 11 to 13% and opportunities exist in natural fibre nonwoven and recycled nonwoven fabrics, a high potential also lays in technical textile in infrastructure and geo-textile market and automotive sectors.

The Indian Textile manufacturers are looking to increase their production capacity, improve their production quality and reduce their cost through technology up-gradation and modern machinery. There is a tremendous need for new and modern machinery and accessories in India.

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In terms of investment, the Indian textile industry requires investments of a whopping Rs. 2 billion (40 million USD) over next 10 years keeping/ expanding capacity for production of various fibres. This all indicates a tremendous opportunity for textile machinery and accessory industries in India, unmatched elsewhere in the world, except for China.

Source: www.indiantextilejournal.com, other various sources

B) India ITME 2012 - Exhibition

Spread over 45,000 sq mtrs, with approximate participation of about 750 exhibitors and over 100'000 business visitors from over 35 countries, ITME 2012 was the focal event for the textile and textile engineering industry in India 2012. The next Indian exhibition is planned for 2016 in Gujarat, Ahmedabad.

Interesting Developments at ITME

- Oerlikon has signed an agreement to divest the Natural Fibres and Textile Components Business Units from its Textile Segment to the Jinsheng Group of China. After the divestment, Oerlikon Textile will focus on the manmade fiber business, a high performing segment with less cyclicity. The transaction is based on an enterprise value of around CHF 650 million and is expected to close in Q3 2013.
- Kirloskar Toyota Textile Machinery (KTTM), a Toyota joint venture company, has officially launched the new RX1240e Ring Spinning Frame, which is claimed to be India's longest ring frame.
- ATE launched specifically for the Indian market a machine – Facnication Lace. This is a very interesting machine, which produces a completely embroidered sari.
- Coimbatore-based Lakshmi Machine Works has launched Card LC636 at the event, Card LC636 is designed for higher production of up to 250 kg an hour.

C) Swiss Company Involvement and Developments

This short description of companies met is not an exhaustive list. Important producers who were represented could not be visited. It was our objective to get a good overview and draw some of our own conclusions.

Swiss and German Manufacturers still are amongst the leaders of Textile Machinery Manufacturing. As illustrated amongs others by the example of Oerlikon there is pressure also on established Swiss manufacturers, to either further develop technological cutting edge at home to keep – in spite of high prices – ahead of developing markets or to fully go local and/ or partner with existing organisations in target markets.

Many Swiss and other foreign manufacturers have large manufacturing operations in China and it took them some time to streamline their production capability and marketing efforts. Sourcing has been less often used, also because of the need to have high flexibility for production under largely fluctuating production demand. The better they can predict market development and the more

flexible they are in their output and marketing strategies, the better they cope and can be competitive. Indian Market entry strategies have been undertaken, both from Europe and China, with some reservation for establishment of new production facilities in India remaining. As one Swiss representative put it: China has a disciplined workforce, India a lot of good people with many ideas.' Saurer (former Oerlikon) is not the only Swiss company belonging to a Chinese Group, as shows the example of Steiger, a champion of Swiss circular knitting technology, now owned and exhibited under the label of Ningbo Cixing Co..

An example of a world leading, new local establishment on existing market basis is Rieter, who have now ended their JV with Lakshmi Textile Machinery and have reorganized and concentrated their Asia wide ring spinning machinery manufacturing operations in a brand new and a renovated factory in Pune ; further they joined sales forces for the supply of technology components (Bräcker, Graf, Novibra & Suessen) under the heading of their premium component manufacturers.

SSM, inventor of electronic yarn traverse systems has been exhibiting a host of new solutions for cost effective and energy-saving winding and yarn processing.

Jakob Müller AG Frick, who equally have been in India since over 20 years are a world leader in production of band and narrow textile machinery, but also Stäubli are prominent, known for their Jacquard looms and complete textile range and have achieved further concentration after divesting in Switzerland by successful takeovers/ mergers in Europe and overseas. India is the most important market for Benninger, who have established an operation in Pune and are providing complete systems solutions from there as from Q3 2013. Uster Technologies help Indian Manufacturers to achieve excellent product quality, for example in Arvind Mills' Denim business.

A number of smaller units such as Rotorcraft, Swiss Spinning Solutions could also be visited. Some impressive German developments were also exposed such as for example new speedy circular knitting machines from Karl Mayer & Cie from Germany.

Interesting developments can be found in waste collection and disposal technology and tie-ups and further involvement of Swiss Cleantech Industry in this Area could be sought.

People met included:

- SSM Management (E. Maurer, H. Lüchinger, T. Elsener)
- Xetma Vollenweider (P. Baumann)
- Uster Technology (A.R. Iyer)
- Schönherr Stäubli Group (S. Süppel)
- Rieter (P. Gnägi, M.Enderle, Sales & Marketing People)
- Bräcker, Graf, Novibra, Suessen (S. Rufo)
- Rotorcraft (W. Höher)
- Jossi (W. Kiechl)
- SERV (A.Oel, D. Aubert)
- ZKB (Halbheer, Kirchhofer, Teeler, Krishnamoorthy)
- Jakob Mueller (C. Kuoni, Mr. Seidl)
- Karl Mayer & Cie. (M. Mayer)
- Trütscher India (S.K. Joshi)
- Leevams Technical Solutions (D. Mehta)
- Neuenhauser (W. Langius)
- IndoAsia Consult (M. Schaal)
- Swissmem (L. Sigrist)

D) Potential for Cooperation

Many textile manufacturers are established in Maharashtra (Mumbai or Pune). Indstrat. International can support them in terms of efficiency checks (strategy, business excellence, implementation support). Especially the optimal tie-in of their Swiss and Indian and/ or Chinese and Indian operations can be supported effectively from Pune and Switzerland. Further we can help establish marketing organisations or sourcing partnerships to those, who wish to locally establish or partner, as already done for example for Ruckstuhl.

Horgen/ Pune, 17. December 2012
Dr. Christoph Sievers/ Sanjyot Joshi