

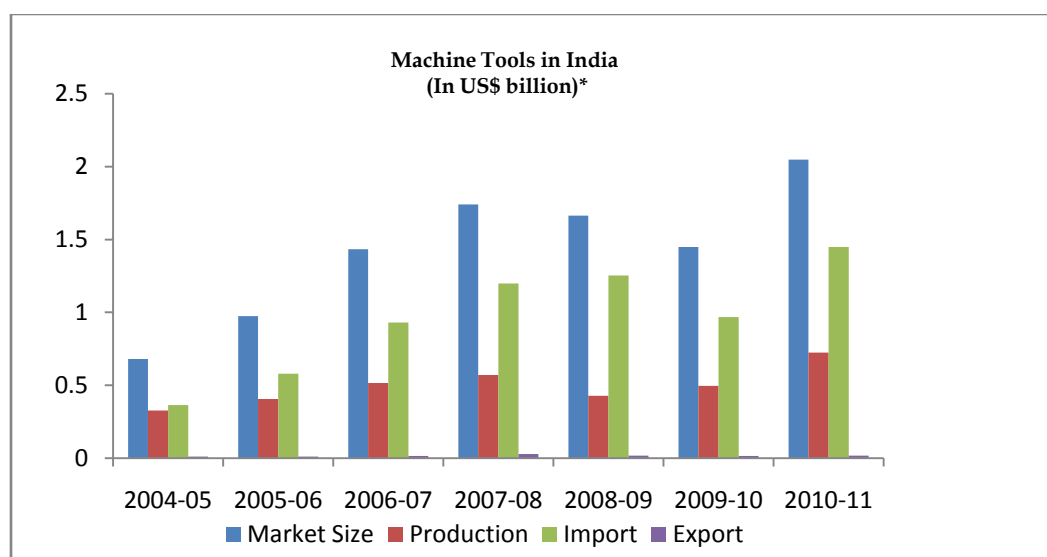
## Capital Goods: Industry Structure

The capital goods sector can be broadly classified into following major segments: Machine tools, Process plant machinery, Electrical machinery, Textile machinery and Earth Moving, Construction & Mining machinery. A brief analysis of major segments has been done hereunder.

### Machine Tools

Machine tool industry is considered as mother industry for capital goods sector as it supplies machinery for the entire manufacturing sector. The industry constitutes almost 800 manufacturers, largely SMEs. Various types of machine tools currently manufactured in India include General/Special Purpose Machines, Standards CNC machines, Gear cutting, Grinding, Medium sized machines, EDM, Presses, Press Brakes, Pipe Bending, Rolling, Bending, Measuring, metrology and gauging, etc.

The demand for machine tools has been growing at a fast pace (nearly 16% per annum) but the domestic supply is not sufficient to meet the same. Consequently, India is highly dependent upon imports of machine tools.

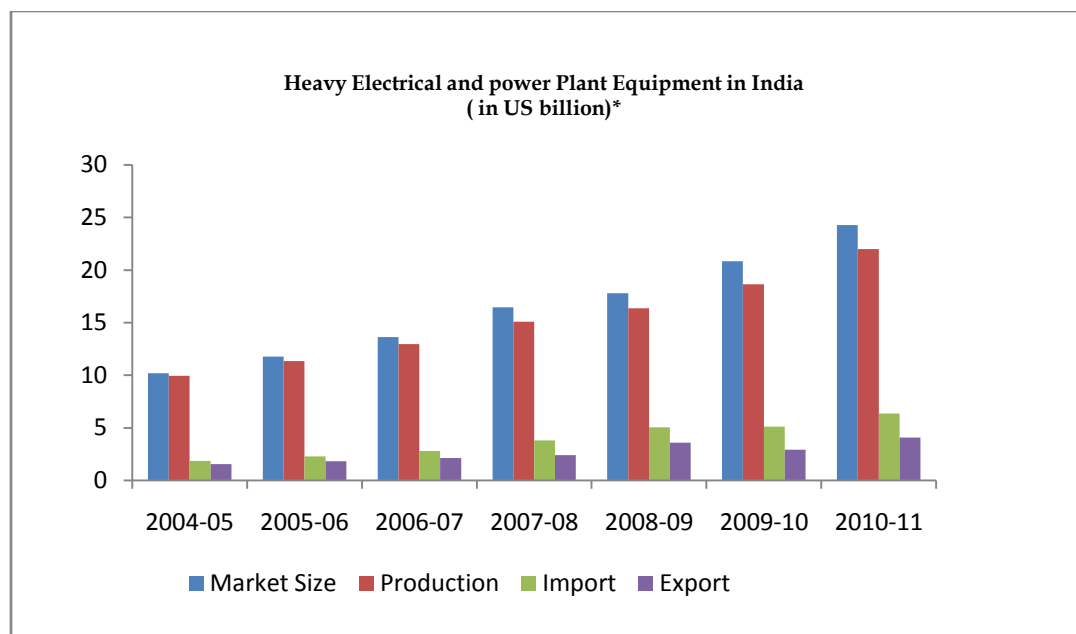


Source: Report of the Working Group on Capital Goods & Engineering Sector for the 12th Five Year Plan (2012-2017)

\* The currency conversion rate assumed for all years is Rs.50 = 1 US\$.

### Heavy Electrical and power plant equipment

There are about 675 manufacturers of electrical machinery in India including Heavy electrical power generation Equipment like Boiler, Turbine & Generator sets. BHEL, a public sector undertaking, is the major manufacturer of electrical and power equipment and nearly 90% of other manufacturers are SMEs. Various products manufactured under this category include Transmission Line Towers, HT Switchgear, Transformers, Motors (FHP, LT, HT& DC), AC Generators, Conductors, Capacitors, Cables, Energy Meters, etc.

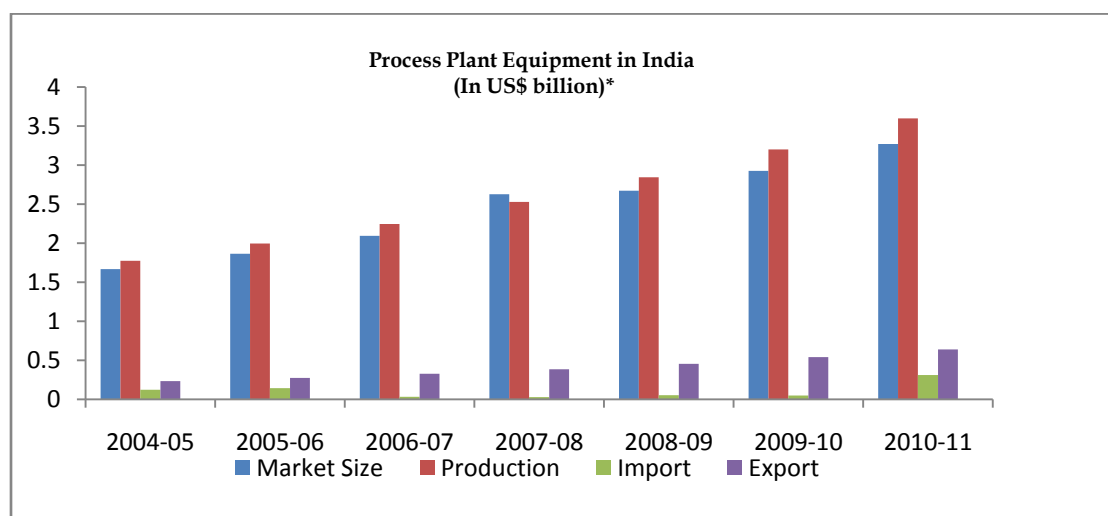


Source: Report of the Working Group on Capital Goods & Engineering Sector for the 12th Five Year Plan (2012-2017)

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### Process Plant Equipment

There are over 200 units engaged in the manufacturer of process plant machinery in the country out of which 65% are SMEs. Major process plant machineries include tanks, pressure vessels, evaporators, stirrers, heat exchangers, towers & columns, crystallizer, furnace, etc. are used in energy sector, gas, oil, refinery, chemical & petrochemical, fertilizer, paper & pulp, sugar, cement, dairy industry, etc.



Source: Report of the Working Group on Capital Goods & Engineering Sector for the 12th Five Year Plan (2012-2017)

\* The currency conversion rate assumed for all years is Rs.50 = 1 US\$.



Decide with Confidence

The Indian capital goods industry has been historically dominated by PSEs in segments like heavy engineering, machine tools and boiler manufacturing while private players are predominant in manufacture of industrial machinery such as cement, sugar, textile and other machinery. In terms of the market share and output concentration, there are a few companies at the top (primarily PSEs), followed by some large private companies and MNCs, and finally a large number of SMEs at the bottom.

Over the years, Indian capital goods manufacturers have improved in terms of technology utilisation and quality control (though it is still lower in comparison to major competing countries). Several players in the industry possess state-of-the art technology and have added significant capacities to increase the plant size at par with global companies. Further, the manufacturers have shifted focus from mere fabrication and are present across the value chain, from design and engineering at the back-end to erection and commissioning at the front end. However, the industry lacks the know-how on process technology, which has made it dependent on Overseas process Licensors.