CHAPTER IV
COATS INDIA LIMITED

Coats India was the thread division of Madura Coats Ltd., a US$ 228 million textile conglomerate in India. Madura Coats Ltd., was the Indian subsidiary of Coats Plc UK, the global textile giant with a presence in over 60 countries. The company was specialising in industrial, consumer and handicrafts threads. The company employed 25,000 direct and 2,00,000 indirect customers through 14 sales offices and 8 manufacturing units across India. Coats India was South Asia’s leading manufacturer and exporter of sewing threads and exported to over 40 countries across all over the world.

Coats India maintained International standards from the procurement of raw materials to the packaging. The delivery performance was also tracked through the International benchmarking system called Tracker. The company considered their employs as assets and invested continuously for training and development in order to exceed the company’s expectations. Coats India had a separate academy for training, research and development units for export team to listen and respond to the changing needs of the customers across the continent.

Coats India was the largest supplier of sewing thread and accessories in India operated in the different product segments like industrial sewings, consumer sewing, interlining, zips and needle crafts. Ready reference size charts for buyers and manufacturers, tech-shopping facilities for consumers, ‘Anchor do it yourself kits’ for needle crafts enthusiasts and the Anchor needle craft club were few offerings that made Coats India much more than the No.1 thread supplier in India. Coats Technical Service (CTS) provided total sewing solutions to garment manufacturers and buyers in India. In addition to onsite analysis, consultation and trouble shooting, CTS offered 3 unique
branded services called Bulleting Post, Business Edge Seminars and Kaleidoscope. Bulletin Post was a monthly technical bulleting service, whereas Business Edge Seminars was a knowledge enhancement program on threads seams and colour communication. Kaleidoscope was only a shade card service.

With the origins in Paisley, Scotland, more than two centuries ago, Coats had grown into the world’s largest supplier of industrial sewing thread and craft products. They were the world’s second largest and fastest growing manufacturer of top quality zip fasteners. The company operated through a network of manufacturing and distribution centres in 67 countries worldwide with a unique ability to service the customers anywhere in the world with a globally consistent product offer, innovative service, creative ideas and superior technical solutions. The company became a global industry standards through the traditional innovations in thread products, colour technology and manufacturing processes. The company believed in the employee’s commitment and high quality products provided the key to the future.

Coats’ wide product range delivered solutions for every conceivable application for jeans, trainers, automotive airbags and bullet-proof vests. Coats was also the second largest and the fastest growing zip manufacturer in the world. The crafts and home sewing business was created products with colour ranges and designs that inspired the artist in each and every customer. The company supported creativity, artistry and propagation of this art form worldwide through sponsorship, training and awards. The company’s knowledge of traditional craft methods combined with the latest computer aided designs and technology helped to develop a wide range of innovative products for a variety of needle crafts both for the expert and the beginner. Coats internationally
renowned brands such as Anchor and Red Heart, were part of the great tradition of products and creative ideas that brought enjoyment and satisfaction to generations of craft enthusiasts. Coats home sewing products, used for mending and sewing projects, could be found in millions of households worldwide.

Coats initiated an innovative program called Global Retailer Services, which aimed at thread partnerships with large Retail chains and Brand Owners. As pioneered in the thread manufacturing industry, Coat’s innovations in both products and services became the industry standards. Coat’s also had clients like AMC, Kmart, Express World, Liz Claiborne, Lee, Levis, Wrangler, Pepe, Gap, Nike and Tommy Hilfiger.

Coats India had an extensive customer service network in India and abroad, to deliver consistent quality and service to meet all the specific needs of the customer. Coats engaged a Technical Services Manager Dubai, who took care of the principal buyers in Mid East Asia. The company’s specialist customer service personnel did the professional enquiry, colour consultation, order processing and after sales service anywhere in the world. Coats India had a speciality products like threads for leather and tent stitching, passport identification, tea bags, machine embroidery and threads for flame retardant fabric. The company’s R&D team was fully equipped to develop special product whether it was mercerized, polished or water repellant threads. Coats India’s wide range of products includes cotton, spun polyester continuous filament polyester trilobal polyester, continuous filament nylon, continuous filament viscose, corespun and staple spun Kevlar threads.

Coat India was an eco-friendly company. The policies, strategies, products and activities were all geared towards protecting the environment. The environmental
philosophy, the eco-mantra was communicated to all level of the organisation and the work-force was trained in the relevant aspects of environmental best practices.

Coats India's sophisticated machinery, testing equipment and manufacturing processes were backed by the latest manufacturing technology and expertise of not only its parent company, Coats UK but also the group companies around the world. Raw materials like polyester fibre and filaments were imported from the world's largest producers like Teijin, Dupont, Kosa and SANS. Dyestuffs were sourced from Clariant and BASF.

The manufacturing units were ISO 9002 certified. All threads were subjected to in-process and final quality assurance checks. The synthetic and Rayon Textile and Export Promotion council of India awarded Coats India, the best exporter award in the sewing thread category.

Coats India was the first sewing thread company in India achieved, the Oeko-Tex standard 100 certificate for its polyester threads, for all product classes. The company also won the competitions for Energy Conservation organized by the IBPL Urja Research Foundation, Mumbai. The Ministry of Power and Non-conventional Energy Service for connection of power granted Award of Excellence to Coats India from 1989 to 1991.

Policy:

The company practiced environmental policy at all levels and at all sites of the organisation. The monitor programme ensured its operations comply with all relevant legislation and defined group standards. They managed all environmental issues either at or as close to their source as practicable. The company designed and developed products
which had the minimum environmental impact. It practiced to minimise energy usage and waste wherever possible and reused materials. They set environmental targets which would strive to achieved. The company purchased goods and services from environmentally responsible suppliers. Provide its employees with the necessary training in environmental best practice. Communicated internal and external auditing and regularity report on its environmental . The company reviewed its environmental policy on a regular basis.

**Land Marks in the History of Madura Coats:**

1880  A&F Harvey was registered at Ballery and commenced the ginning and pressing of cotton at Virudhunagar and the export of cotton through Tuticorin.

1885  The Tinnervelly Mills Co. Ltd. begun operations it’s Water Mill at Papanasam (Ambasamudram)

1886  Harvey Brothers Agency, London, was incorporated. The Tinnevelly Mills Co. Ltd. Paid its maiden dividend.

1889  Madura Mills Co. Ltd. was registered. The Coat Mills co. Ltd. begun operations at Tuticorin.

1937  The Jumna Thread Mills was transferred to Bombay by J &P Coats Ltd.

1951  A new factory was set up at Koratti, Kerala by J&P Coats Ltd.

1974  Madura Mills, J&P Coats (India) and A&F Harvey merged to form Madura Coats limited.

1993  With Coats Viyella Plc. took 51 percent stake in Indian company, Madura Coats Ltd. becomes Coats Viyella India Ltd.

1998  Coats Viyella India Ltd., changed its name back to Madura Coats Ltd.
Vision and Philosophy:

Coat’s corporate philosophy consisted of six tenets that embody the very cornerstone of its existence, that linked the world of coats. All these six links were held together by strategic management. These links enabled the company to realise the vision to listen and respond, made the best offer and developed the best people to became the first chance among the customers all over the world.

People, innovation, resourcing, operating excellence, information management and the market were the key links. The company attracted and developed the best people with the right skills – who constantly brought new products and services to the market quickly and effectively to meet the changing consumer used. Coats India managed the supply chain including the long-term partnership with strategic suppliers to deliver lowest cost and optimum service. Total trust was the basic to deliver 100 percent promised time, colour and quality at low cost. World wide information and communication system enabled outstanding customer service with minimal stocks. The company knew the attitude and motivation of the consumers and customers.

Manufacturing Units:

The largest Manufacturing plant was located at Ambasamudram in Tamil Nadu. The other plants were in Panoli (Gujarat) and Faridabad near Delhi. Coats India’s manufacturing facilities included the most modern equipment at every level of production. The company employed a select range of state of the art machine from spinning and twisting to dyeing and finishing to produce the very best world class threads.
Global Retailer Service:

Coats had mostly 200 years of experience in supplying quality threads. The company developed and staffed a global progress to meet the need of the retailers of all sizes. Retailers interested in specifying threads at shade level could took advantage of Coat's International Color Reference (ICR) guide. The ICR shade standards were held in every coats dye works in the world. A retailer could confidently select a shade and colour number that would be consistently identified and reproduced.

Quality Policy:

The manufacturing unit had been equipped with full fledged laboratories with the latest testing equipment to constantly conduct in-process testing and final quality assurance tests. Coats India ensured total customer satisfaction through the best performance, delivery and price. Coats India's major quality policy was as follows:

- Listened to the customers to understand their product and service needs.
- Continually improved it's range of products and services.
- Ensured product specifications remain fully competitive in any market in which it operated.
- Ensured that all goods sold fully met its customer's expectations.
- Comply with all statutory requirements of company's Quality Management System.
- Reviewed the objectives continually and changed wherever and whenever required.

Employment Policy:

Coats Ltd. all over the world follow ethical employment standards. The company fulfilled all its legal obligations in terms of wage and benefit practices. Whatever may be the country it operated, there was no employees under 15 years of age. All the employees
had the right to collective representation within legal framework of the country in which they work. All over the world, there was no discrimination on the basis of sex, race, religion, or age. The company was providing adequate and timely training for everyone for the job. The career advancement was provided on the basis of the performance. The company was responsible to provide safe and healthy work environment. The employee’s wage rates reflected the rate in the sector in every country in which it operates.

Information Technology Strategy:

The Coats India Ltd. was connected it’s branches across the world. So the major IT decision was usually took at UK head quarter. As per the IT policy of the company, Enterprise Resource Planning was decided to implement in branches across the world. The company selected SAP R/3 and the implementation process was going on in each and every branches all over the country. The company had SAP R/3 in Bangalore office. But the mills in India were not yet implemented SAP R/3.

NetGems (E-commerce Portal):

Coats India invested heavily in IT to speed up processing and delivery time. A satellite link between the commercial and production sites ensured quick transmission of data and cuts down on lead time. Coats India operated in 4 different divisions called embroidery segments through Anchor brand polyester sewing thread through R M G and Astra, polyester-coatmen through Corespun and Epic. They operated in New Zealand, Australia, Indonesia, Malasia, Japan, Hongkong, Bangladesh, Sri Lanka, Dubai, Abudhabi, Saudi Arabia, Oman, Lybea, Labanon, Kuwait, Cypress, Bahrain, Sharjah, Egypt, Kenya, Tanzania, Mulavi, Zymbave, South Africa, Mouritious, Madagaskar, Tunesia, Murokko, Nygeria and in Europe. They also operated in Turkey, Italy, Spain,
Portugal, France, Germany, Finland, UK, Poland, Hungary, Rumania, Bulgaria, Chek
Republic, Brazil, Columbia, Ecodor, Chili, Peru, Argentina, Costovicka, Enquirgna,
Marico, Onduras, USA, Canada.

Coat India operated in the above countries with their own companies in each
country for the thread supply. Coat India supply threads through the Global export
Management system. Coats India do all their business through Coats operating in
different regions of the world to the business partner.

Coats India operated in the export market through their web enabled Global
Export Management System called NetGems. This system worked between the group of
companies of Coats all over the world. Coats India was one among the player. NetGems
was a total transparent system between the group of companies. The client was provided
with a username and password. Whenever the client logon to the system he/she could see
the order status and date of delivery.

Whenever a client or group of companies wanted to submit an enquiry about the
delivery date and price without calling/faxing or without any human intervention, the all
details about a particular order was available on the website. The sample, quantity of the
order, delivery date, was also available through the system.

NetGems was an E-commerce site for Coat's group of companies. NetGems was
also accessible to wholesalers in UAE. That was the only non-group market forCoats
India. Most of the business transactions took place between the Coat's group of
companies. Coats India permitted the Dubai non-group company to access NetGems by
providing a separate user name and password. By looking at the huge market in Dubai
Coats India wanted to reduce the total cost of order of execution through the latest Information Technological scenario.

Coats India started with a computer based documentation system ie. the Electronic Data Interchange system through clipper and foxpro. Later SQL was incorporated. Then the company developed website and merged the entire electronic documentation system and formed NetGems.

It had taken 8 weeks time to process the order. The order reached in the front office either through courier or fax message. Even then if the communication was not clear the executive at the receiving end has to contact back and get it corrected. All these process incurred time and cost for the business partners. The company wanted to eliminate the unnecessary expenses and maintain a good and fast relation between the business partners.

Now the order acceptance itself had changed. Whenever the client logon to the site and send his/her order, within seconds it reached the front office. Once the order was viewed in the site, the order confirmation goes to the client with a click of a mouse. So the 3 days for order acceptance and confirmation took formerly had been reduced to seconds. The objective of the web based system was an aspiration to the customers.

The Ambasamudram plant act as a source for other mills. But these mills were not directly accessible through NetGems. All the mills were interlinked through internet. So the full fledged E-commerce activity happened only in the front end office of Coats India, Bangalore.

When order was executed, the executive at front end checked the mill status and sent a proforma. Once the proforma was confirmed by the business partner, it was loaded
to the local Gem, ie. the intranet. Then it was converted to the logistic order or mill order. When the confirmed proforma was posted to the local Gem, the intranet system automatically generate logistic order number. After the generation of logistic order number, the company could amend or modify the proforma.

The front end office at Bangalore actually exchanged the whole business transaction data from the web based NetGems to the local intranet. Then it goes to the concerned Mills in India. Coats India implemented ERP at their Ambasamudram plant on a trial basis. This was not integrated with the internet system.

All the exports happened through International Chamber of Commerce situated in Geneva. All the exports took place based on Incotems, UCP and UCC. Incotems was the terms of transaction of international business updated in 2000. It also followed Uniform Customs Practice (UCP) and the business partners have a Uniform Custom for Collection.

The payment criteria for group of companies was 60 days credit facility even after the shipment date. The payment was forward contract through dollar. All the printed commercial document and regulatory documents were forwarded through the C&F agents. The digital version of these documents were invalid in most of the countries.

Coats India also provided E-commerce facility at the back-end. The system permitted the C&F agents to enter the B/L (Bill of lading) details and sailing date. So the client was able to see the port of delivery, the size of the container. The client could also track the cargo.

The company officials said that the business expanded with the same number of staff. Coats India made sale turnover of Rs.150 crores in 2003-2004. The company
officials were confident that this amount of business was impossible without the web enabled services. The total lead time in the front office reduced from 1 week to 3 days. But this had not resulted change internally.

The product had been classified as to which mill code was attached. So the order received in the front end automatically generated mill order and goes to the concerned mill. This net enabled business saved material cost, communication act and processing cost.

The day cargo was ready, the mill manager communicated about the details of the cargo packed and kept ready for dispatch from the mill. The time taken for packing list of data processing had been reduced from 2 days to 15–30 minutes. This has happened through the usage of scanner machine to the warehouses. When the packing list data was ready, the front office generated invoice and sent to the client. A copy of the invoice was also sent to the mill. The mill then dispatched the cargo.

Formerly the packing data list was communicated through fax messages or telephones which took much time had been eliminated by intranet. So the communication now became very clear, faster and cheaper. The communication gap also was reduced. The invoice also saved much time and cost through the intranet facility.

The pre-shipment documents invoice, packing list and shipping instruction has to be communicated to the C&F agents. As soon as the invoice was ready Coats India sent an e-mail attached with order number and invoice details to the business partners. The C&F agent’s duty was to facilitate easy shipments to the documents and make the earliest shipment. The company also mentioned sailing line to the agent.
Once the Cargo was loaded on to the vessels the B/L was issued. Pro-shipments documents were collected by agents. These documents were forwarded through the company’s bank to the customer’s bank. As soon as the B/L comes to the C & F agent’s hand he would update in the company’s NetGems. St.George (Freight) system (P) Ltd. At Tuticorin was the C&F agents for Coats India Ltd.

The C&F agent enter date of shipment, the expected date of delivery, the position of the sailing strip, vessel details in the NetGem. So the client sitting at any part of the world could easily see the cargo position. So the cargo operation became so transparent. When the client gets to know about the sailing operators he/she can track, the shipment through the concerned operator’s website.

The NetGem operated through the leased line whereas the local intranet was through the V-SAT. But now V-SAT was phased out through Virtual Private Network (VPN). In some locations in the country like Guwahati where VPN was not provided, Coats India used ISDN lines. According to the company officials through the E-commerce initiative Coats India had been reduced the order of execution from 20 days to a click of a mouse. The entire web enabled business enhanced the existing business efficiency and improved supply chain efficiency.
Welcome to Coats India

You are now using NETGEMS, a digital tool that will allow you to query and transact orders with us. You need to be registered with us in order to use this tool effectively. The registration process will allocate a password to you that will enable you to gain complete access to NETGEMS. At present query and orders of only export customers i.e those who are located outside India are processed via NETGEMS.
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**Please click on the required stage.**