

Japan's Kobelco to set up unit in Sri City's DTZ

Aparna Ramalingam | TNN

Chennai: Kobelco Construction Machinery, a group company of Kobe Steel, plans to set up its facility in the country to manufacture 20 tonne hydraulic excavators. The new plant would be located in the Sri City DTZ (domestic tariff zone) in Tada in Andhra Pradesh. A 5,300 square metre facility will be constructed on 68,000 square metres and it will have assembly, painting and shipping lines.

The plant will become part of Kobelco Construction Equipment India that markets and services

excavators. "The demand for 20 tonne machines is very high in India," says Vikram Sharma, managing director and chief executive officer, Kobelco Construction Equipment Machinery India. The total investment in land, building and equipment would be around 900 million yen. The plant is expected to commence production in January 2011 with an initial production capacity of 1,200 units per year.

Sri City's special economic zone (SEZ) and DTZ is

spread over 5,000 acres in Tada. Of this, 3800 acres is reserved for SEZs that would include industries and manufacturing units engaged in exports. The domestic tariff zone is spread across 1,900 acres. "We are looking to create a work, live and play concept," says Ravindra Sannareddy, managing director, Sri City.

Right now, 22 companies have commenced operations in the area. "To begin with, we would be concentrating on developing a manufacturing zone concentrating on industries such as auto components, light engineering, electronics and

hardware

and aero-

space.

Eventual-

TO MAKE EXCAVATORS

ly, this would be expanded to include apparel and fashion; sports and toys, gems and jewellery; IT and ITES industries," says Sannareddy. He says around 30 more companies are expected to commence operations in the area this year.

Sri City is planning to invest close to Rs 1,200 crore in the first phase of which Rs 500 crore have already been pumped into the project. The funding would be a mix of equity, debt and internal accruals.