

Kobelco sets up facility at Sri City

The Japanese company will produce excavators

Special Correspondent

CHENNAI: Kobelco Construction Equipment India Pvt. Ltd., a subsidiary of Kobelco Group of Japan, is setting up an equipment machinery facility at the fast coming up multi-product special economic zone (SEZ) of Sri City at Tada in Andhra Pradesh.

The SEZ with a domestic tariff zone (DTZ) is coming up on 6,000 acres.

Kobelco will build a manufacturing facility for excavators. It will come up on 17-acres.

According to Tadahiro Akihara, Country Head, the project will come up in two phases. The first phase will involve an investment of Rs. 50 crore. The plant would have a capacity to produce 1,200 units a year.

Mr. Akihara is confident that the first phase will go on stream by early 2011. The sec-

ond phase, according to him, will involve an equal investment and see the capacity double. The second phase is expected to go on stream by 2012.

With the excavator business growing at 30 per cent, Mr. Akihara sees good scope for Kobelco in India. Ever since Kobelco began its operations in India in 2006, it has grown.

It has today 45 sales outlets, 15 dealers and two major part stations. In the process, he says, Kobelco has extended its service coverage to 97 per cent of the market.

According to him, the proposed plant will have a local content of 70 per cent. It will import critical items such as

engines, hydraulic pumps and the like. Mr. Akihara visited Sri City on Wednesday as a part of a 60-member delegation from Japan External Trade Organisation (JETRO).

Addressing presspersons, Takezo Yanagida, Executive Vice-President of JETRO, said the information on India in Japan was not adequate. JETRO had now set up an office in Chennai and was planning one more in Hyderabad. He said the infrastructure and the complicated legal system in India were a roadblock for Japanese investment into the country.

Volume

With the dynamics of markets in countries such as In-

dia and China changing in the wake of growth of middle-class, Japanese companies had to look at the volume aspects of their business, he said.

Ravindra Sannareddy, Managing Director, Sri City, said the SEZ would have an exclusive Japanese enclave that would address specific needs of the Japanese companies. Mr. Sannareddy said that Sri City was committed to encourage only non-polluting industries.

He said close to Rs. 500 crore had already been invested into the project, with a debt component of around Rs. 40 crore. Much of the funds had come through equity comprising promoter funding and private equity from investors.

He said at least 25 top companies across the globe had already come on board to set up shop at Sri City.

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