

# Kobelco to set up facility at Sri City

## Our Bureau

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Kobelco Construction Machinery Co Ltd of Japan plans to set up an earth moving equipment manufacturing facility at Sri City, the 5,000-acre Special Economic and Domestic Tariff Zone.

Sri City has decided to set aside 300 acres as a 'Japanese enclave' to attract companies from that country to invest in production facilities there.

Addressing a press conference in Chennai, Mr Vikram Sharma, President and CEO, Kobelco Construction Equipment India Pvt Ltd, the Indi-

an subsidiary of the Rs 12,000-crore Japanese multinational, said Kobelco will start manufacturing 20-tonne class earth moving equipment at the facility in Sri City, about 55 km north of Chennai in Andhra Pradesh.

## INVESTMENT

Kobelco India has been importing excavators into India since 2007 and the movement in the market, which Kobelco, Japan, has recognised as a 'focus' market for it, has encouraged the Japanese company to set up a manufacturing facility here.



**Mr Vikram Sharma**

It has taken on 99-year lease, 17 acres in Sri City's Domestic Tariff Zone. Kobelco will invest over ₹900 million

(Rs 46 crore) in the first phase to produce the 20-tonne class machines which are the most popular in the market. Once this facility is consolidated it would be expanded with another Rs 100 crore investment to widen the product base.

Kobelco will soon start work on the facility and its product would be in the market by 2011. Kobelco now markets 14-tonne to 50-tonne excavators. Over the last year and a half, more than 1,600 Kobelco machines have been imported. But nearly half the 4,000-units a year market for earthmoving equipment is in

the 20-tonne class, he said.

Mr Sharma said the market for excavators has been growing at over 36 per cent annually over the last few years except for the current year when the slow economic conditions has contributed to "a little setback, but not too much," he said.

Mr Ravindra Sannareddy, Managing Director, Sri City (P) Ltd, said that Sri City is hoping to attract a host of Japanese companies, including one the world's largest manufacturers of medical equipment, which have evinced interest in investing in India.