

Sector	Project Title
Electronic Components Industry	Manufacturing Unit for Power Cables

Project Description

Cables play a small but significant part in infrastructure activities. The cable industry in India is positioned for a strong growth going forward, with investments proposed across sectors like power, realty, industrial and telecom. With the Government recognising the power sector as the backbone of sustained industrial growth, investments are being made towards building up capacities. Power cables play a crucial part in all the three aspects of the power sector – generation, transmission and distribution.

The present power cable market is segmented into low voltage (LV), medium voltage (MV) and high voltage (HV) category.

The LV, MV and HV power cables have continued to register consistent growth due to large investments in the industrial segment. This is specifically true for XLPE underground cables used for MV and HV applications. High value added specialty cables continue to be used in non conventional energy sector, steel plants, cement plants, mining, ship building and heavy engineering sectors.

To take advantage of this growth scenario, this project envisages setting up a manufacturing unit for power cables, particularly XLPE cables in Madhya Pradesh. The estimated total market volume of XLPE cables in India during 2008-2011 is:



Year	2008-09	2009-10	2010-11
Demand (in Rs. Million)	27500	30880	34060

Project's Value Proposition

The Government has targeted to achieve the "Power-on-Demand Concept" by the end of 2012. This would entail an additional installed capacity of about 1 lakh MW and would involve investments to the tune of approx. Rs. 9000 billion during the next decade. Nuclear power generation is being given an impetus and wind power generation is also on a fast growth trajectory. Power cables are hence, going to witness a substantial increase in demand.

Some of the major players in the steel, aluminium, cement, oil & gas and coal mining sectors are on a fast growth plan with major investments in pipelines which will further increase the demand for power cables and in particular the XLPE cables manufactured with latest technologies in future.

There has been a substantial increase in demand for HV XLPE cables in the country as well as worldwide which has provided an opportunity to the cable industry to gear itself to cater to the emerging opportunities. The proposed project will help cater to this demand.

MP's value proposition

Madhya Pradesh is ideally suited to house this project on account of the following reasons:

Madhya Pradesh set to experience a tremendous growth in the Power sector

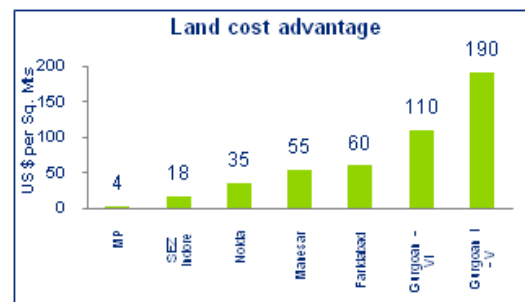
- More than 24000 MW worth of power capacity being created
- MOUs for more than 51000 MW of power signed

Madhya Pradesh is emerging as an engineering hub of India

- Engineering cluster at Govindpura near Bhopal – around 800 units in manufacturing of engineering & electronic components
- Largest plant of India's leading engineering company, Bharat Heavy Electricals Limited is located in MP
- Strategic location allowing exports to near and far countries
- Diversified industrial base with supporting ancillary Industries
- Special fiscal and non fiscal incentives to the units in the State
- Government of Madhya Pradesh developing specialized infrastructure in the form of SEZ Indore and engineering cluster

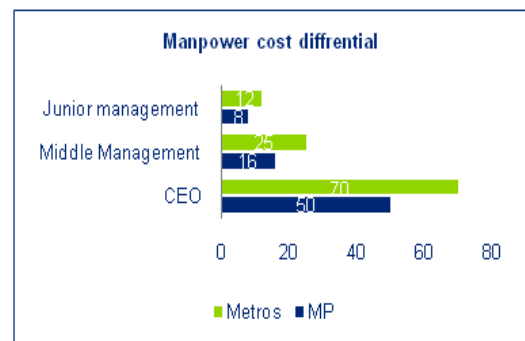
Land cost advantage

- MP offers cheap land cost in comparison to other developed industry centres



Man Power Cost Advantage & peaceful labour environment

- Number of engineering & technical graduates passing out every year
- Cost to a company for human resources is cheaper by 30-35% in the State
- Greater saving potential for the executive levels on account of cheaper land, cheaper housing and cheaper labour
- Man days lost over last 5 years < 1% of total available man days
- One of the most peaceful and labour productive State



Policy Initiatives by MP State Government

- Industrial investment promotion assistance – 50 to 75% of commercial tax for 4-5 years
- Concessional registration charges and stamp duty exemption for term loans
- Interest subsidy of 3-5% on term loan for 5-7 years

- Land on 75% concessional rate for mega projects
- Govt. (non forest) Land use permission @ Rs. 1/-(token) premium per year
- Entry tax exemption for 5 years
- Projects Reports Cost Reimbursement Scheme
- Subsidy on ISO Certification, Patent Registration & Technology Acquisition
- VGF funding of upto 40% (20% GoI + additional 20% GoMP)

Project Specification

The proposed project will have the following specifications:

- Location: The proposed project can be located in the engineering cluster at Govindpura near Bhopal.
- Capacity: The annual capacity is proposed at 4200 km of cables.
- Project Cost: Major components of the project and their estimated costs are presented in the table below:

Particulars	Amount (INR in Millions)
Land	51.20
Building	340.00
Plant & machinery	2150.00
Misc. Fixed assets/furniture fixtures	125.00
Contingencies	-
Pre-operative expenses	-
Margin money for working capital	-
Total	2666.20

- Returns: Internal rate of return is estimated at **15-18%**.

Project Contacts

Madhya Pradesh State Industrial Development Corporation Limited

Address: AVN Towers ,192 Zone -1,M.P Nagar , BHOPAL-462011
 Telephone: (+91) (0755) 4270370
 Fax: (+91) (0755) 4270280
 E-mail: sidc@sancharnet.in ; mpsidc@sancharnet.in ; md@mpsidc.org
 URL: <http://www.mpsidc.org>

Madhya Pradesh Trade and Investment Facilitation Corporation Limited

Address: AVN Towers, Mezzanine Floor, 192 Zone -1, M.P. Nagar , BHOPAL-462011
 Telephone: (+91) (0755) 2559970, 2559979, 2768058
 Fax: (+91) (0755) 2559971
 E-mail: trifac@mptrifac.org; md@mpsidc.org
 URL: <http://www.mptrifac.org>