

Kobelco Construction Machinery opens excavator plant in India

TOKYO, April 15, 2011 – Kobelco Construction Machinery Co., Ltd. announces that its subsidiary Kobelco Construction Equipment India Pvt. Ltd. (KCEI) has commenced production of hydraulic excavators in Andhra Pradesh state in southeastern India.

An opening ceremony was held yesterday to mark the milestone attended by about 230 participants. Among the many participants were Busi Sam Bob, Principal Secretary of the Ministry of Industries and Commerce, Government of Andhra Pradesh; Vikram Sharma, Managing Director & CEO of KCEI; dealers, vendors, and members of financial institutions. Japanese officials present were Masanori Nakano, Consul General of the Consulate General of Japan in Chennai; Tomoyuki Kaya, Executive Vice President of Kobe Steel; and Shigeto Kotani, President & CEO of Kobelco Construction Machinery in Japan.

“Three weeks ago, the first Kobelco excavator made in India was shipped from this factory,” said Shigeto Kotani. “Our high quality machines are made to the same exacting standards in Japan. They will undoubtedly contribute to improving the infrastructure of this great country.”



Sharma's speech



Cutting the tape at the inauguration ceremony

The new factory in Sri City, Andhra Pradesh, was started up in January, 2011 and is now in full operation. With demand high for construction machinery in India, KCEI manufactures 20-tonne class excavators noted for their low fuel consumption. The factory has a production capacity of 1,200 machines per year. The facility incorporates the same productivity improvement activities used in Japan. It aims to make competitive products utilizing its manufacturing capabilities.

Economic development in India, with its high population and large land area, has made steady gains even after the financial crisis in 2008 brought about by the Lehman Brothers bankruptcy. Owing to strong infrastructure construction, demand for hydraulic excavators has been increasing year by year. Demand for excavators in 2010 was about 11,000 units, nearly the same as in Japan. In 2015, demand is anticipated to rise to 25,000 units.

“India is one of the fastest growing countries in the world and I believe it will keep growing for 30 to 40 years to come,” said Kotani. “The opening of this factory marks Kobelco's first major step in India. We will continue to move forward as we make our presence grows throughout the country,” said Kotani.



20-tonne class excavators on site manufacturing



factory appearance

Under its Medium-Term Management Plan covering fiscal years 2010 to 2012, the Kobelco Construction Machinery Group is focusing its management resources on the growing Asian market. Kobelco has steadily been making strategic inroads in China, the world's largest market, and Southeast Asia, centered on Indonesia. In China and Thailand, Kobelco has been expanding its product lineup and increasing production capacity. Kobelco has now begun production in India, which is anticipated to be the second largest market after China.

To support its global production system, Kobelco plans to build in Japan the Global Engineering Center and a new factory in Itsukaichi, Hiroshima. The new facilities are scheduled to go into operation in May 2012.

Profile of Kobelco Construction Equipment India Pvt. Ltd.

Headquarters	Noida, 20 km east of New Delhi, India
Plant location	Sri City (75 km north of Chennai) in Andhra Pradesh state
Managing Director & CEO	Vikram Sharma
Capital	500 million rupees (950 million yen)
Equity share	Kobelco Construction Machinery 95%, ITOCHU Group 5%
Start of production	January 2011
Business	Manufacture, sales and servicing of construction equipment
Product	20-tonne class hydraulic excavators
Production capacity	1,200 units per year
Area	Land: 68,000 square meters Building: 5,300 square meters
Directors	Kobelco Construction Machinery: 4 Local executive: 1
Employees	149 in 2011 (87 in production; 62 in sales)

Additional Information

Kobelco Construction Machinery is Japan's second largest manufacturer of hydraulic excavators in terms of market share in 2010. With a high reputation for its low fuel consumption machines, Kobelco received Japan's 2010 Minister of the Environment Award for the Prevention of Global Warming in the technical development and product category.

The Minister of the Environment Award was given for the SK80H-2 hybrid excavator, which is able to achieve a 40 percent reduction in CO2 emissions and fuel consumption, in comparison to conventional machines in the same class. In addition to the hybrid excavator, Kobelco's low fuel consumption technology is also applied in its standard excavator models. Kobelco's 20-tonne-class machines, for example, have achieved a 20 percent reduction in fuel consumption.

Contributing to a low-carbon society, Kobelco will continue its efforts to reduce the CO2 emissions of its machines.