

June, 2007

INTERESTING BUSINESS DEVELOPMENTS IN INDIA

AES plans turbine-making unit in India

The production of power equipment in the country may receive a boost with US power major AES exploring the possibility of locating its first wind energy turbine manufacturing unit in India. The company has initiated evaluation of the Indian market.

If the AES project comes through, it would be the second major recent investment by a power company in the equipment business. French power major Alstom has indicated that it would set up a manufacturing unit for hydro electric projects.

As wind energy is one of the fastest growing sectors, AES wants to enter into turbine manufacturing as well. "We are looking at a low-cost destination and India fits into this category," AES' executive VP and president Asia and Middle East Mark E Woodruff told ET. However, a final decision will be taken only after studying other low-cost markets as well, he said.

He, however, added that company's global strategy of foraying into equipment manufacturing is still being worked out and a decision to locate the new plant in India may be taken only after studying other markets and undertaking a cost benefit analysis. "No decision has yet been taken on the investment requirements for our wind energy equipment foray," he said. AES is already a big player in wind energy, with over 600 MW of wind facilities in US, another 200 MW under construction and an additional 3,000 MW projects in various stages of development in several growing markets. "We would also pursue wind opportunities in India, where the company has been present since 1992," said Mr Woodruff.

The company first plans to expand its coal based power operations in the country before looking at renewables. It plans to invest over \$ 1 billion in the country over the next five years to increase its installed capacity to 5000 - 6000 MW.

A large part of this investment would go into setting a 1000 MW pit head coal project in Chhattisgarh. The company is already producing 420 MW of power from OPGC (Orissa power Generation Company) where it owns 49% stake. The capacity of OPGC is proposed to be expanded by an additional 1000 MW. Besides, the company is also exploring greenfield opportunities in West Bengal and Maharashtra.

The Economic Times

Wal-Mart arm Gazeley plans India foray

To invest in logistics space creation, supply chain management
Setting foot..

Apart from supporting the Bharti-Wal-Mart retail plans, the company is expected to offer services to other retailers in the country.

The proposed entry is in line with its plans to have a presence in the emerging markets. Kolkata June 8 Retail giant Wal-Mart is strengthening its ties with India. The UK-based logistic space (warehousing and others) provider, Gazeley Ltd, a wholly-owned subsidiary of Wal-Mart, is now planning to set foot in India as early as in July-August this year, industry sources said.

Gazeley holds 12 per cent share of the UK logistic space market and will be the second global logistic player to enter the Indian market after Pro Logis of the US. The latter is a major player in supply chain distribution services.

When contacted, company officials from Gazeley's UK office confirmed the development. "We are looking at India and have plans to set up office in Delhi," an official told this correspondent. However, the official declined to divulge further details including investment plans in India.

Sources, however, confirmed that the UK major had firm plans to invest in logistics space creation and supply chain management in India.

According to sources, the UK Development Director of Gazeley, Mr James Behrens, may be in charge of the Indian operation. Mr Behrens was not available for comment.

Providing Service to Other Retailers

The sources said that apart from supporting the Bharti-Wal-Mart retail plans, Gazeley is expected to offer services to other retailers in the country. The company is also expected to take up developmental projects at airports, ports and railway stations in India.

Growth in Demand

"Currently, the Indian logistic market is fragmented and consists of local companies and government-owned small distribution units.

"It is obvious that global logistic players like Gazeley will target the Indian market as the entry of global retail giants such as Wal-Mart will eventually increase the demand for modern distribution and logistic facilities in the country," an industry source said.

The proposed entry into India is in line with Gazeley's plans to have a presence in the emerging markets and follows the company's recent foray into China.

Performance

According to information available on the Web, the company has developed more than 50 million sq ft of distribution warehouse and industrial space for international companies and third-party logistic providers since its inception in 1987.

Besides the UK, the company has presence in France, Belgium, Spain, Germany and Italy in Europe.

USIBC NEWS.....