



Mr. Anil Gupta
CMD, KEI Industries Ltd.

KEI: The Company on the Move

KEI Industries Limited started operation in 1968 as Krishna Electrical Industries with the prime business activity of manufacturing cables for the Department of Telecommunications. It transformed into a public limited company under the name of KEI Industries Limited. In the subsequent years KEI engaged in the manufacturing of stainless steel wire; and today KEI manufactures a variety of cables ranging from EHV to HT, LT and other specialized control and instrumentation cables. By virtue of understanding the cabling requirements of various sectors and with the aim of providing an integrated, one-point solution, KEI has developed a dedicated and specialized EPC division. Over the years KEI has also developed planned marketing strategies and well-networked distribution system. With its formidable technology in wires and cables, broad application know-how and ability to customize power cable solutions, the company has continuously delivered growth. We present here the excerpts of the interaction with **Mr. Anil Gupta, CMD, KEI Industries Ltd.**

Wire & Cable India: What kind of infrastructure and R&D facilities does KEI has to meet the growing market demands?

Anil Gupta: Continuous product innovation and research and development have been the historical drivers of KEI's products and services. The rising demand across key business sectors - power, engineering and manufacturing; has driven KEI to invest in capex creating additional manufacturing capacity and revamping its existing units. KEI has world-class, multi-product manufacturing facilities at Bhiwadi (Rajasthan), Silvassa (D&N H) and Chopanki (Rajasthan) with installed capacity for 60,000 km of LT cables and 5,600 km of HT/EHV cables upto 220 kV.

R&D plays the crucial role, an ISO 9001:2000 certified company; KEI carries out stringent quality control measures under surveillance of a competent team of technocrats and quality enablers. Continuous product innovations and cutting-edge R&D at KEI's in-house labs is what contributes towards constant evolution in our offerings and services. All KEI's cables

and wires are of a superior quality, as they are accredited and certified by testing agencies across the globe. We always thrive to develop the new innovations whenever we receive the new product specification from the customers like elastomeric cables for wind farms application, defence ship building wires, material handling equipment cables and welding cables. >>

The third phenomenon that is coming up is the change in generation of profile. Earlier in 11th plan it was 47% central sector, 34% state sector and

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19% private sector. Now this proportion has been changed in the 12th plan 28% central sector (28,600 MW), 15% state sector (14,400 MW), and 57% private sector (57,000 MW). The private sector has emerged as a leading power generator in the 12th plan.

Some considerations were also presented for the **future transmission planning** such as increased role of ISTS power transfer, need of distance transfer system, minimum use of land and right of way, optimal cost per MW transmission, optimal transmission losses, adequate margins to cater trading, contingencies etc., implementation of proper equipment availability and manpower.

Taking people through the stages of technology that Power Grid has adopted or will adopt in future he said “India is growing at a very fast pace and so we are. Today we have 400 kV high voltage lines now we have adopted 765kV and in the next 2-3 years we are going for 1200 kV. On HVDC side we are moving from ± 500 kV to ± 800 kV. This is a new technology in the world, China has just commissioned it and we are also under construction. We are also taking up the up-gradation work on the same infrastructure and hardware by installing the high capacity conductors which doubles the transmission capacity. Multi circuit towers and GIS substations are also making their way in the system. In the next 4 years 77,000 GW-km is added under the central sector while the private sector

transmission is additional. Out of this major contribution is coming from 765kV i.e. 37,000 GW-km and from HVDC ± 800 kV 27,000 GW-km is going to be added. Today Power Grid has the total 90,000 MVA capacity and in another 5-6 years we will add more than 100,000 MVA. The total project outlay of Power Grid for the next 5-6 years is estimated to be USD 26 Billion (Rs. 120,000 crores). This comprise of creation of 11 high capacity transmission corridors for 55 IPPs (55,000 MW) worth Rs. 55,000 crores (USD 14 billion), ultra transmission system for 6 UMPPs (24,000 MW) worth Rs. 29,000 crores (USD 6 billion), transmission system for DVC generation projects (5,000 MW) worth Rs. 11,000 crores (USD 2.5 billion), transmission system for evacuation of power from NER & Bhutan worth Rs. 11,000 crores (USD 2.5 billion). The 1200kV line which is the highest voltage line in the world are being developed and will be in action in another 2-3 years.

Showcasing the cross country interconnections scenario he said “we have already established the 3 interconnections with Bhutan now we are planning the other interconnection with Bangladesh, Nepal and Sri Lanka which is an undersea interconnection.

Lastly he elaborated on the Issues & Challenges “First is the availability of the right of way because forest &

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agriculture department resist the going of transmission lines through their land. This has to be tackled through right compensation and

technology. Secondly, our expansion is multi fold and we are going from 173GW to 600GW in the next 15 years. So, we cannot sustain the demand with 765kV line, we have to look for newer and better technologies. Thirdly, cable manufacture should develop new and improved cables which can transfer more power as 70% of the power is transferred through overhead cables. The cables should also be cost effective. One area where we haven't had any focus is the development of indigenous machines. From the last 20 years we are operating on HVDC but we don't have to capacity to the manufacture HVDC here. For this we have taken out the tenders for the companies to come up and establish the units here in India because when equipments are here, demand is here, why not a factory should be here. ■

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We develop the cables as per the electrical and mechanical parameters and our cables are also approved with ONGC for their oil gas platforms for its onshore & offshore categories

WCI: What trends have you witnessed in the recent couple of years in wire & cable industry, where it is heading in the next decade or so?

AG: The market size of the cables and wires industry in India was estimated to be around Rs 150 billion in FY09, of which cables would be approximately Rs 95-100 billion. It is estimated that approximately 70% of the industry is organized, while the remaining accounts for the unorganized and regional level players. The wire industry in India touched approximately Rs 50-55 billion in FY 09. It was estimated that the 8-year CAGR for the wires and cables industry was 12%.

On the industry front, in the recent couple of years we witnessed lackluster or flat demand for cables, although a definite trace of silver lining appeared towards the year 2010-11 with a clear pick-up in demand. To give you a better perspective of this scenario, let me take you through the industry demand-supply developments and dynamics in detail. The onslaught of the global economic recession, with its significant impact on the Indian economy, caused most expansion plans to be put on hold indefinitely. However, with a gradual recovery underway, combined with political & economic stability and positive direction in the Indian economic landscape, business activity received a sizeable fillip across verticals and expansion plans got underway towards implementation.

WCI: KEI has made recently the association with Brugg Cables - Switzerland; please brief us more about the company and outcomes of this tie up?

AG: Brugg Kabel AG, Switzerland is a 110 year old group pioneer in manufacturing High Voltage & extra high voltage cables along with jointing and cable accessories up to 500 KV voltage grade. Besides this, Brugg also specializes in turnkey systems / design of extra high voltage cable projects with world over installations. This technical collaboration has allowed KEI to complete know how transfer which included design, manufacturing, testing techniques, adequate training of its manufacturing / design personnel in the manufacturing of cables along with the jointing techniques. Also complete EHV system design which encompasses designing, manufacturing, installation testing and commissioning of EHV cables. With this full technology back up, with this collaboration has also helped KEI in making its presence in Extra High Voltage cable segment.

WCI: Could you tell us about your newly started EPC segment and major orders under execution?

AG: We are presently operating in two areas of business - one is cables and our other added segments Engineering, Procurement and Construction (EPC) contracts. We have got Rs 300 crore plus contracts under Restructured Accelerated Power Development Reforms Program (R-APDRP) schemes with MP Distribution companies.

In next financial year, they are likely to be around Rs 3,000 crore worth of contracts under EPC space and also the extra high voltage cable business. This was a project built by us which was commissioned last year.

We have a total turnkey order of around Rs 400 crore in EPC and EHV cable projects. Apart from that, we have around Rs 300 crore plus order book positioned into manufacture and supply of cables from our cable

business. It totally makes up to Rs 700 crore.

WCI: What are the technology trends that are driving the electrical cable manufacturing business?

AG: With the turnaround in economy and government's focus on power projects, the demand for extra high voltage cables is likely to grow exponentially. Govt. of India has identified infrastructure power as a major thrust area with a capacity addition of 100,000 MW during the 12th plan. Renewed thrust on hydro power due to uncertainty of gas supply for gas-based projects. Hydro power projects have a total potential of 45,000 MW and each project shall require EHV cable 110/220/400 kV for evacuation of power from turbo alternator to transformer / switch-yard. Power projects of 25,000 MW generates cable requirement of 220/400kV - 250 Km which is worth Rs. 880 crores (USD 200 million). Besides this, large steel capacity addition in India to the order of 103 million MTPA also will generate large demand for EHV cables. Apart from these, the other segment which will accelerate the demand for EHV cables shall be the connections to bulk power consumers in industry sectors like cement, refineries, petrochemicals etc. as also for power supply to SEZs, multiplexes large residential complexes etc.

WCI: Lastly, about future outlook of KEI.

AG: Gearing up for the pickup in industrial and infrastructure activity in the country, the company plans to capitalize on the opportunities by leveraging its increased capacities, EHV cables manufacturing capabilities, its proven presence in the EPC space, its brand equity, visibility and recall for growing its domestic retail business and lastly spreading its wings in newer international markets. ■