

## Press Release

### Electrical Equipment Sector maintains double digit growth at 14% in 2010-2011: IEEMA

- PGCIL (Power Grid Corporation of India Ltd) to invest about Rs. 100,000 Crores in the 12th plan (2012-2017)

**May 23, 2011:** The Indian electrical equipment manufacturing industry is witnessing a sustained growth momentum, with the industry registering a growth of 14% in the financial year 2010-11, in spite of sustained imports, especially from China, South Korea.

The growth represents an absolute increase in output over last financial year and may differ from the growth in value terms, according to the Indian Electrical and Electronics Manufacturers' Association (IEEMA). IEEMA, the apex Indian industry association of manufacturers of electrical, industrial electronics and allied equipment, has based these growth figures, after rigorous analysis, on the production and sales data (in volume / quantity terms) collected from its member organisations, which represent 95% of the entire sector.

The fourth quarter of the last financial year saw a lot of pending tenders being awarded by power utilities. Bunching of orders by the utilities in the fourth quarter has been observed historically.

#### Product Sector Overview

Due to increased focus on power quality and energy efficiency by utilities, Discoms and user industries, demand for capacitors surged by 35% in 2010-11.

Buoyancy in demand from Power Grid, IPPs (Independent Power Producer) and some utilities for HV (High Voltage) and EHV (Extra High Voltage) switchgear including products like AIS, GIS has resulted in a 28% growth. Pent up demand of medium voltage breakers for substation projects resulted in huge growth of more than 30%.

Low voltage switchgear products like contactors, MCBs ( Miniatures Circuit Breakers), MCCBs ( Moulded case circuit breakers) , etc. continue to witness a growth of more than 20% due to sustained demand from cement, steel, OEMs (Original Equipments Manufacturers), construction and infrastructure sectors.

Cable sector overall saw a rise in demand of 16%; mostly driven by control cables which saw a growth of 32%. The demand from power generation units is on rise. LV and EHV power cables witnessed a steady growth of about 10%.

Transformer industry has witnessed an overall growth of 15%. Domestic demand is on rise; however exports have declined by 15%, mainly in the power transformer segment. About last year's growth, IEEMA feels that the growth was "*High volumes, but low income and need for a level playing field in the view of Chinese and Korean imports*"

Distribution transformers segment has seen a renewed growth of 16%. Increased participation from organised sector is visible due to BEE (Bureau of Energy Efficiency- star labelling programme), R-APDRP (Restructured Accelerated Power Development and Reform Program) programme and CEA's (Central Electricity Authority) recent recommendations for utilities to procure minimum 3 star rated distribution transformers. Growth of power transformers was steady (14%) as well as order book position is also healthy; mainly for transformers of 200 MVA and above capacity.

*"Enhanced Meter procurements by state utilities translated into good business in 2010-11. The industry is now involved in development of specifications for "Smart Meters" under the guidance of Ministry of Power and Mr. Sam Pitroda, Chairman, India Smart Grid Task Force", according to IEEMA.* The energy meter sector saw a healthy growth of 15% for both single and poly phase static energy meters domestically, coupled with good export demand.

Demand for rotating machine industry has grown by 12%; mainly for low voltage motors and alternators. LT motors - above 355 mm frame size, have witnessed a good demand from power and cement sectors, as an alternative for HT motors. Share of energy efficient motors is also increasing in this segment as sectors like paper, textiles and pharmaceuticals are sensitive to energy efficiency.

Alternators for above 30 kVA have shown a good growth, indicating a thrust towards uninterrupted power for commercial, industrial and service sector.

The transmission lines sector has clocked a moderate overall growth of 4% due to stagnancy in demand for transmission conductors. In fact, the conductor segment saw revival in growth only in the last quarter of the financial year. Transmission line towers, however, grew by 7%, driven by domestic and export orders.

The envisaged 120 GW addition to installed power generation capacity till 2017, coupled with necessary evacuation plan for transmission and distribution sectors, requiring an additional investment of more than USD 400 billion in the electricity sector by the end of the 12<sup>th</sup> Plan, is expected to provide tremendous opportunities for the Indian industry to seize.

Presently, Indian exports of electrical equipment are less than 1% of the global trade. With the electricity sector being a sunrise sector across the entire developing world, there also exists a significant export potential for the domestic industry.

Industry experts believe the ideal way forward to sustain the growth momentum would be faster GST implementation, creation of level playing field, increased focus on exports and

SME development. This can lead to further acceleration in the industry's growth process and contribute significantly to reducing the power demand-supply gap in the country.

**Growth Indices for Electrical Equipment Industry**  
(Cumulative Growth Compared to Same Period of Previous Year)

Product	Weightage	2010-11
Low Tension Motors	5.6	13
High Tension Motors	2.0	-4
Alternators	1.9	21
Fractional Horse Power Motors	1.3	16
<b>Rotating Machines</b>	<b>10.8</b>	<b>11</b>
Power Contactors	1.9	29
Low Tension Circuit Breakers	3.7	19
Miniature Circuit Breakers	3.0	8
Switch Fuse/Fuse Switch Units	0.6	4
High Tension Circuit Breakers	6.0	28
<b>Switchgears</b>	<b>15.2</b>	<b>21</b>
Power Cables: PVC	16.8	9
Control & Special Purpose Cables	7.6	32
<b>Cables</b>	<b>24.4</b>	<b>16</b>
Power Transformers	10.6	13
Distribution Transformers	14.7	16
<b>Transformers</b>	<b>25.3</b>	<b>15</b>
High Tension Capacitors	0.3	18
Low Tension Capacitors	0.5	45
<b>Capacitor Industry</b>	<b>0.8</b>	<b>35</b>
Energy Meters	3.1	15
<b>Energy Meters</b>	<b>3.1</b>	<b>15</b>
Transmission Line Towers	12.8	6
Conductors	7.6	-1
<b>Transmission Lines</b>	<b>20.4</b>	<b>4</b>
<b>Overall IEEMA Growth Index</b>	<b>100.0</b>	<b>14</b>

**Detail Quarterly Volume Growth Index**  
(Quarterly Growth is w.r.t. Corresponding Quarter of Previous Financial Year)

Product	2010-11 Q1	2010-11 Q2	2010-11 Q3	2010-11 Q4
Low Tension Motors	28.88	11.11	8.79	5.77
High Tension Motors	-8.19	-2.26	3.37	-8.20
Alternators	37.99	30.06	14.21	3.85
Fractional Horse Power Motors	22.63	19.68	22.46	2.84
<b>Rotating Machines</b>	<b>22.9</b>	<b>13.0</b>	<b>10.4</b>	<b>2.5</b>
Power Contactors	61.72	40.21	16.91	9.01
Low Tension Circuit Breakers	16.76	21.83	19.18	19.95
Miniature Circuit Breakers	17.94	8.63	-12.41	18.84
Switch Fuse/Fuse Units	-4.49	6.73	1.09	12.43
High Tension Circuit Breakers	43.36	36.84	24.35	15.03
<b>Switchgears</b>	<b>32.27</b>	<b>26.85</b>	<b>13.99</b>	<b>16.13</b>
Power Cables: PVC	20.36	14.06	14.52	-7.07
Control Cables	3.28	-7.16	66.80	55.15
<b>Cables</b>	<b>15.04</b>	<b>7.45</b>	<b>30.80</b>	<b>12.31</b>
Power Transformers	8.89	18.24	7.85	16.40
Distribution Transformers	18.23	29.88	15.35	3.94
<b>Transformers</b>	<b>14.32</b>	<b>25.01</b>	<b>12.20</b>	<b>9.16</b>
High Tension Capacitors	6.07	35.32	6.41	27.25
Low Tension Capacitors	16.53	40.01	90.06	44.36
<b>Capacitor</b>	<b>12.61</b>	<b>38.25</b>	<b>58.69</b>	<b>37.94</b>
<b>Energy Meters</b>	<b>12.33</b>	<b>29.16</b>	<b>21.45</b>	<b>1.74</b>
Transmission Line Towers	14.62	10.05	2.61	1.87
Conductors	-3.81	-11.16	7.96	3.08
<b>Transmission Lines</b>	<b>7.76</b>	<b>2.15</b>	<b>4.60</b>	<b>2.32</b>
<b>Quarterly Electrical Equipment Growth Index</b>	<b>16.73</b>	<b>15.28</b>	<b>15.92</b>	<b>8.8</b>