

## Cipsa expands printed circuit board manufacturing capacity

Indo-Spanish joint venture Cipsa-RIC India Thursday commissioned its printed circuit board (PCB) manufacturing unit at Tumkur, about 70km from here, expanding its capacity to meet the growing domestic and export demand.

Set up on an investment of Rs.85 crore (Rs.850 million or \$20 million), the hi-tech plant has an installed capacity to manufacture 0.5 million (500,000) square metres of double side and multi-layer PCBs per annum.

It also has an additional 250,000 square metres per annum capacity to roll out single side PCBs.

'We have expanded the production capacity to compete with China on a global scale,' Cipsa managing director Alok Garg told reporters.

'In 2007-08, around 65 percent of our production, valued at Rs.350 million (\$9 million), was exported. We are targeting \$50-million exports by 2010 with the expanded capacity.'

About 1,000 skilled workforce is employed at the Tumkur facility.

In a related development, leading Italian PCB manufacturer Tecnomec Srl said it has picked up 10 percent equity in the company.

As a result, the Indian and Spanish partners' equity holdings have been diluted to 45 percent each.

The 31-year-old Technomec is renowned for manufacturing Blind milled PCBs used for high-temperature facilities. With products such as rigid, flexible and rigid-flex, the company caters to sectors across the electronic industry.

'This investment opportunity in India brings us closer to a volume manufacturing company and offer total solution for our customers in Italy and other markets,' Tecnomec chairman Franco Pigato said.

The PCBs are used across verticals spanning automotive, energy, industrial automation, EMS providers, telecom companies and peripherals.

The Tumkur plant has been built on a 12-acre land, with the latest machinery from [Europe](#) and elsewhere.

'We will leverage our domain expertise with the global market requirement to pitch India as a manufacturing hub for PCBs and other electronic products,' vice-chairman Anil Gupta said.

'We had reservations when we came to India two years ago. The performance and growth of our joint venture have allayed fears about our prospects. We are committed to invest in phases,' said Cipsa-RIC chairman Evaristo Michavila.

The annual consumption of PCBs in the domestic market is valued at \$2 billion, while the production capacity is estimated to be \$300 million, indicating the huge potential for import-substitute manufacturing.

'We will strive to bridge the demand-supply gap, as the domestic industry's PCB requirement is projected to double to \$2 billion by 2012 from \$1 billion now,' Gupta said.

With higher volumes, Cipsa hopes to secure orders at a better price to compete with China in delivering quality products to its global customers in shorter cycles.

Though China accounts for one-third (30 percent) of the global PCB production, the Indian PCB industry is poised to grow due to the strengthening of the Chinese currency, and higher wage cost and reduced margins in China.

Riding on a booming economy, domestic consumption of electronic products in the industrial and consumer segments has witnessed a phenomenal growth over the past five years to \$16 billion in value.

The joint venture commenced operations in 2006 at Doddaballapur near Bangalore, with an installed capacity of 7,000 square metres per annum. It posted a turnover of Rs.430 million (\$10 million) in the first year (2006-07), and Rs.530 million (\$13.5 million) for fiscal 2007-08.

Post-expansion, the company has set a sales target of Rs.800 million (\$18 million) for the current fiscal (2008-09) and Rs.1.5 billion (\$34 million) for the next fiscal (2009-10).

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