

Sector:

Mineral and Mining

Project Title:

Marble Processing Unit

Project Description:

Dimensional stones such as marble, granite and sandstone are key construction materials used to impart high aesthetic finish to various commercial, urban and monumental structures. The demand of marble, especially of high grade, monochromous, polished product is high in the domestic as well in the international market. The ongoing boom in the construction and real estate industry are key growth drivers of the marble industry.

Madhya Pradesh has vast deposits of various dimensional stones and is among the key marble producing States in the Country. With production worth USD 2.1 mn in 2003-04, MP is third largest producer of marble in the country. To leverage the natural riches of the State, the Government of Madhya Pradesh (GOMP) proposes to establish a high-end marble processing unit in MP.

The proposed facility would be established on 5 acre of land and would employ State-of-the-art cutting and processing machinery. From dimensioning to final grading and polishing, the unit would have strength across the value chain. It would be located in the vicinity of the mine to facilitate cost effective and expedite supply of raw marble.

Processed marble from the unit would be marketed under a specific brand name. This would facilitate significant value addition to the regional product and would assist the investor realize high value margins in the market.

The unit would process raw marble into following key products:

- Marble Slabs of various sizes
- Marble tiles
- Polished marble slabs
- Multi-colour marble slab
- Marble chips

The unit would cater to the following key markets segments:

- Domestic construction sector
- Hospitality industry for supplying high grade marble
- Exports market for high grade marble
- Handicrafts and antiques market

For the envisaged project, the GOMP invites participation from the domestic and international private investors.

Project Rationale:

Madhya Pradesh has significant reserves of dimensional stones. Vast deposits of various exotic varieties of marble are available in Katni, Jabalpur, Narsinghpur, Harda, Sidhi and Jhabua districts. Significant numbers of fully mechanized mines are operational in MP and there is ample scope for opening new marble mines in the State. .

Despite having the rich marble resource base, Madhya Pradesh has yet to create a significant mark among the Indian stone industry. Presently the State’s marble industry is engaged in the supply of raw blocks and unprocessed marble slabs which commands less value in the market.

A modern processing unit would assist in the conversion of raw marble into value added product for construction & decorative purpose and other goods of commercial and artistic value. This would aid the investor realize high premium in the domestic and international market for the processed product.

Since marble processing industry has the tendency to cluster near the source of raw material, MP with huge natural deposits, offers ample opportunity to create world class marble processing hub. To facilitate this, the Government has conceptualized the development of a “Stone Park” near Sleemnabad in katni district. The Park would be established over an area of 120 acres and would support around 40 units. The cluster configuration would aid the tenants to realize various operational synergies and growth avenues arising out of such an arrangement.

A modern processing unit is a key requirement towards positioning MP as a key marble processing hub of the Country.

Proposed Facilities:

The Unit would have the following key sections and facilities

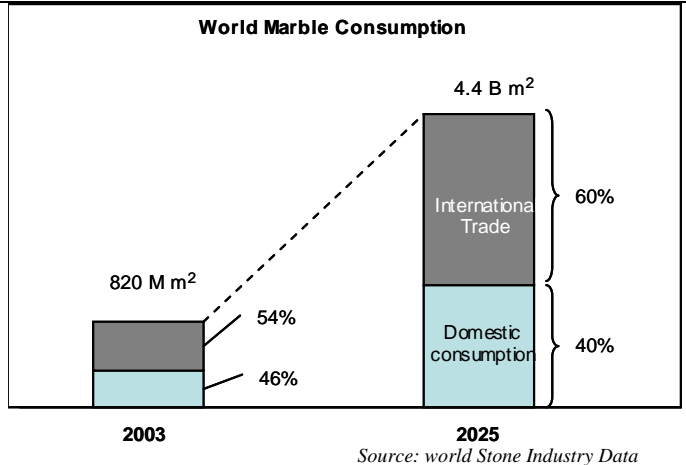
- Cutting and Grading section
- Polishing section
- Loading stations
- Water reservoir

The unit would have the following key machinery:

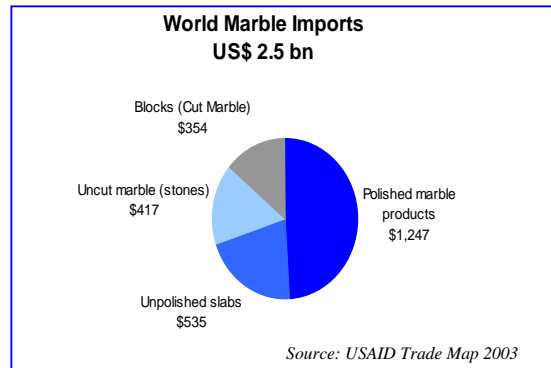
Gantry Type Stone cutting machine	Stone grinding and polishing
Gang saw	Stationary wire saw machine
Marble frame saw machine	Diamond wire saw
Laser engraving machine	Single-column multi disk cutter

Market Potential and Demand Dynamics:

The global marble industry has expanded rapidly since 1990s and is expected to grow at more than 8% per annum in the future. Marble industry is large and is continuously growing with most global producers focused on international trade.



The global marble consumption in 2003 was 820 million sq. m. and is expected to reach a mammoth 4.4 billion sq. m. by 2025. Presently, the international trade forms a major portion of the total marble trade. All leading marble producing countries focuses on exports market, the demand from which has outpaced the domestic demand. In 2003 nearly 54% of the total marble production was consumed in the international market while 46% was used for domestic consumption. The projection for marble market in 2025 predicts international trade to be around 60% while domestic consumption would further decrease to 40% of the total marble consumption.

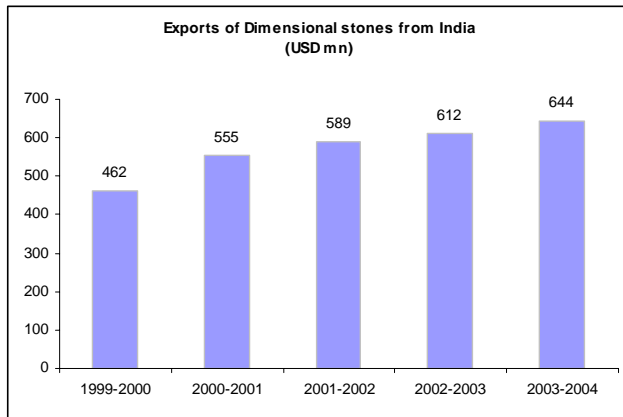


The global marble import in 2003 was pegged around USD 2.5 bn. The key segments of global marble imports were; Polished marble, unpolished slabs, uncut marble and blocks (cut marble). The imports market share of these segments in 2003 was 43%, 21%, 16% and 14% respectively in 2003.

Although, greater volumes of blocks and uncut marble are imported but processing adds significant value to the raw product that would assist them commands high value margins in the market.

India is among the leading marble producing countries in the world. Vast deposits of marble are located across various States particularly in Rajasthan, Gujarat and Madhya Pradesh. Though Rajasthan is the key repository of marble in the Country, newer varieties are gradually being developed for economic exploitation in the States of Bihar,

Selected State-wise Value of Production of Marble in India in 2003-04. (USD. 000)	
Andhra Pradesh	10
Gujarat	6546
Madhya Pradesh	2162
Orissa	5
Rajasthan	114263



Source: IndiaStat

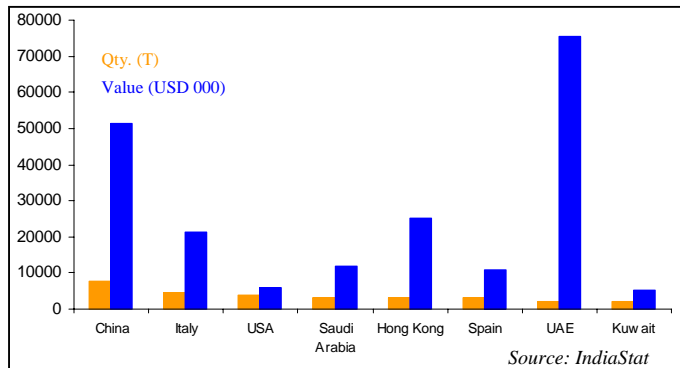
Jammu & Kashmir, Maharashtra, Sikkim, Uttar Pradesh and West Bengal.

India ranks fourth among the marble producing countries in the world. The domestic marble industry is self sufficient to meet the domestic as well as the large exports demand.

India is among the leading exporter of various dimensional stones across the world. There is a huge demand of Indian stones especially of high grade marble and granite across the world. Marble exports from India has been increasing at a steady rate with total exports in 2003-04 pegged around USD 644mn.

Although Italy is the world largest producer and exporter of marble in the world, Indian marble has sufficient demand especially in middle east and China, significant quantity of high grade marble are also exported to Italy.

Major Export Destination of Indian Marbles (200-03)



Source: IndiaStat

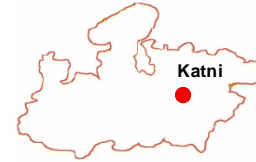
Why Madhya Pradesh?

MP's value proposition for the marble processing industry is:

- Vast deposits of high grade exotic marbles
- Well established mining industry in the State
- Large number of mechanized mines in the State
- Availability of large workforce at an economy prices
- Strategic central location not only facilitates cost effective logistics function but also enable local player's convenient access to various markets across the Country.
- The central location and well developed connectivity with leading commercial centers and key ports facilitates internal distribution and exports functions

Location Analysis:

The envisaged marble processing unit would be established at Katni. Key criteria's positioning it as an ideal destination are :



- Ample availability of raw material.
- Proximity with raw material leads to saving of substantial transfer and logistic costs.
- Ample availability of cost competitive manpower.
- Availability of economic commercial land.
- Well developed mineral industry.

Government Support:

- ✓ Priority status given to setting-up of industrial parks such as Granite Park, Gem & Jewellery Park and Stone Park.
- ✓ Mineral Concession on export quality deposits of Granite, Marble etc shall be granted on priority to entrepreneurs who are willing to establish 100% Export oriented units in the State.
- ✓ The new policy for the marble mining will facilitate the search of new marble areas in the State. The new policy not only allows the grant of mining lease for marble in the State but also permits the prospecting work for the search of new areas of marble deposits.
- ✓ All those areas reserved for Public Sector Undertakings shall be de-reserved for private entrepreneurs if mining has not commenced in such areas so far or if they have not secured Mineral Concessions and started mining. State Government has granted Reconnaissance Permits to various private entrepreneurs for searching diamond, base metals & other polymetallic mineralization.
- ✓ Incentives given to Stone Park includes, rebate in premium for the allotment of land, facility of payment of premium in installments, "Single Window" system, permission to mortgage mining lease hold rights for obtaining the term loan, special cell of Directorate of Geology & Mining to provide guidance, marketing support to the Park.
- ✓ Exemption from electricity duty given for 5 years to industries for their captive power plants (thermal) for which the effective steps have been taken within a year and where the units commence their power generation within the 3 years.

Proposed Capacity:

The proposed annual capacity of the plant is 35,000 tonnes.

Proposed Investment:

USD 0.3 million or INR 1.5 crores

Returns:

The Internal Rate of Return is estimated around 12-15%.

Coordinating Agency:

Madhya Pradesh State Mining Corporation

Madhya Pradesh State Industrial Development Corporation