



By Rakhi Mazumdar

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Mukand Group to invest Rs 750 crore to boost steel-making capacity in South India



Synopsis

The company plans both greenfield and brownfield expansion; move comes at a time when sector is seeing some consolidation

The Mukand Group is investing about Rs 750 crore in raising steel-making capacity in southern India, augmenting output to meet increasing demand from car makers and engineering companies.

The expansion plans include Rs 600 crore that will be spent by its subsidiary joint venture – Mukand Sumi Special Steel – to set up a new mill in Karnataka’s Hospet. Another Rs 150 crore will be invested into removing bottlenecks at its existing unit as Mukand gears up to cater to growing demand for speciality steels from automotive and engineering clients.

Mukand Sumi Special Steel – in which Sumitomo Corporation bought 49 per cent stake for Rs 1,180 crore in May – has already acquired 100 acres adjoining Mukand’s existing plant at Hospet for the proposed construction and commissioning of a new wire-rod-cum-bar-rolling mill, with finishing facilities.

“This will create an additional 4 lakh tonnes per annum (ltpa) capacity by 2020,” said Rajesh V Shah, co-chairman of Mukand. He also said that various options for de-bottle-necking at Hospet are being explored for increasing steel capacity to around 1.5 ltpa.

The combined manufacturing capacity of Mukand from its facilities at Thane, Maharashtra, and Hospet is 6 ltpa of special and stainless steel long products.

“The capacity utilisation between our plants in 2017-18 was 75 per cent –80 per cent , which, we hope, will rise to around 90 per cent in 2018-19,” Shah added.

Mukand, which posted a turnover of Rs 3,106.65 crore in 2017-18, manufactures more than 400 grades of special and alloy steels widely used in the automobile and auto component industry for products such as fasteners, bearing transmissions, crankshafts, steering components, and suspension springs.

The company is betting on greenfield and brownfield expansion to raise capacity at a time when the domestic steel sector is witnessing some consolidation. Several debt-laden steel companies undergoing insolvency resolution under the National Company Law Tribunal are in the process of being acquired. However, Mukand is not looking at acquisitions to drive growth, Shah said.

Over the past two decades, Mukand has spent about Rs 100 crore on waste recycling and management. While flue (waste) gases from blast furnaces at Hospet are utilised at the captive power plant and for reheating furnaces for rolling mills, Mukand meets almost 45 per cent of its power needs at Thane by buying wind power.

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