
Mukand to raise high value products output

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BS reported that, in a move to revamp the business, Indian specialty steel maker Mukand is looking to improve its product mix by raising the production of its high value products. The company aims to become a one stop shop for specialty steel products, mainly for auto and engineering industries.

Mr Niraj Bajaj CMD of Mukand said that "The company is enhancing the production of ball bearing steel, cold heading quality steel wire, peeled bars, bright bars and heat treated bars for cashing in on the growing demand."

With the revival in demand in the past two months, the order book of the company is full. The industrial machinery division has its highest ever order backlog, worth INR 580 crore. At all the segments, the company was cutting costs to weather any further slowdown.

Mukand, which sells 70% of its alloy steel products to auto makers, has increased the prices of its specialty steel products by 5% to 7% from the third quarter. The alloy steel products sale comprises 70% of its overall revenue and the rest comes from sale of specialized stainless steel products. About 70% of its stainless steel products are exported.

Mr Bajaj said that Mukand has increased its capacity to 500,000 tonnes per annum from 300,000 tonnes per annum with an investment of INR 350 crore. Production will increase to 500,000 tonnes from April 2010.

He added that "Mukand is financially well placed, considering the cash flow. The turnover has increased to around INR 2,300 crore from INR 700 crore during the time when we announced CDR. Our plan to bring the company to a world standard will reap fruits from the next financial year, as the capacity enhancement has been completed."

Mukand has posted a five fold increase in its profit after tax in the second quarter, at INR 16.35 crore as against INR 2.9 crore in the year ago period. The turnover, however, dipped 15.3% to INR 559.7 crore, following a drop in specialty steel products during the economic downturn.

(Sourced from www.business-standard.com)

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