



Japan's Sumitomo acquires 49% in joint venture with mukand steel for ₹1,181 cr



Our Bureau

Japanese steel major Sumitomo Corporation has acquired 49 per cent stake in Mukand Sumi Special Steel, a joint venture set up in partnership with Mukand Steel, for ₹1,181 crore. Mukand Ltd will own 51 per cent equity in the joint venture company.

The joint venture is engaged in the business of rolling, finishing and marketing of alloy steel wire rods and bars made from blooms and billets procured exclusively from Mukand's Hospet plant in Karnataka.

The venture has 100 acres of land adjoining Mukand's existing plant at Hospet for the proposed construction and commissioning of new steel rolling facilities by mid-2020 with an investment of ₹600 crore.

Rajesh V Shah, Chairman, Mukand Sumi Special Steel, said the new company which currently has 3.5 lakh tonnes of rolling capacity will register a turnover of about ₹2,200 crore in FY19 by selling speciality steel to most automobile companies.

The automotive sector in India has grown rapidly in F'18 and is expected to continue to expand for several years. The auto component sector in India is a ₹3 lakh crore industry, currently exporting products worth ₹74,000 crore a year, and is a major success of the 'Make in India' programme.

Niraj Bajaj, Chairman and Managing Director, Mukand Ltd, said the investment by Sumitomo will help Mukund reduce debt to ₹1,000 crore by end of this fiscal, from ₹3,000 crore and it will come down further through monetisation of surplus land at its factories.