

Sanmar aims to tap nuclear sector

R Ravichandran / 03 July 2011

CHENNAI: Sanmar Engineering, part of the \$1-billion diversified Sanmar group, is keen on tapping the nuclear and power sectors in India for its specialised valves and engineered products.

The company, which has major customers across oil, petrochemicals, power, nuclear and electricals, across the globe, is looking at a compounded annual growth rate of 21% over the next five years with an EBITDA margin of 20% during the said period, said Vijay Sankar, vice-chairman, Sanmar group.

The company, which has five joint ventures with world leaders like Flowserve, BS-B, Xomox, Tyco and RV for specialised valves and processing products for around three decades, is keen on a few more joint ventures with global majors for specialised and high-end valves manufacturing, he said.

Elaborating about the company's growth strategy, Sankar said: "We are considered to be one among a few in India to run successful joint ventures with foreign majors. We are not in the mass market. We have been focusing on specialised products for niche segments.

We are market leaders in most of the segments where we operate. Out of our total sales, nearly 70% is being sold in the overseas markets." "We have huge cost advantage and has been placed in a better position than others as Sanmar Engineering possesses the integrated value chain and manufacturing capabilities.

To meet our own demands and to supply the global majors, we have three steel casting foundry plants across three plants in Tamil Nadu, Mexico and the US. We source the entire raw material from our own foundries and manufacture and sell through our own network in the domestic market and through joint venture partners abroad," Sankar maintained.

"We have taken a strategic decision to move out of auto casting products to focus mainly on specialised valves and engineering products to tap the power, oil, petrochemical, industrial and nuclear segments.

With the opening up of nuclear industry in India for private participation in collaboration with foreign partners, Sanmar Engineering stands to benefit immensely as we have been in this field in a smaller way now. We will develop specialised products to meet the demand and as and when the sector opens to private participation.

We are set to play a major role," he said further. According to him, Sanmar runs the largest steel foundry in single location at Trichy in Tamil Nadu with an annual capacity of 30,000 tonne. "We are running at 60% now. With new orders from new customers coupled with huge existing customer base, we will ramp up the production and will tain full capacity in Trichy.

Similarly, we have 30,000 tonne capacity together in the US and Mexico to cater to those markets," he pointed out. Having spent over R800 crore in the last three years across all its facilities (numbering into 7), Sanmar Engineering is all set for a major growth.

"We expect to grow Rs 1,200 crore as of March 31, 2011 to Rs 1,600 crore in 2011-12 and projected to growth 21% over the next four to five years with an EBITDA margin of 20%," Sankar said.