Status Of Indian Foundry Industry

By

Dr. H. SUNDARA MURTHY
President

The Institute Of Indian Foundrymen
&
Fenfe Metallurgicals, Bangalore, India

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Location of Major Clusters

There are approx 4600 units in the country located in the areas marked in the map engaged in various types of metal castings.
Indian Foundry Industry At a Glance

Figs in Red are for China

- Approx Units: 4600/30000
- Production: 9 Million MT PA/39.6
- Employment: 500,000 Directly/2 Mn, 150,000 indirect
- Major Clusters: 19 / 300
- Productivity Per unit: 1950 MT/PA/1320
- Avg Productivity/Man/PA: 20
- Max Productivity/Man/PA: 90
Castings Production Trends in Million MT-India

The Institute of Indian Foundrymen...
## Growth in Production of Castings in 2010-11 vs 2009-10

<table>
<thead>
<tr>
<th>Type</th>
<th>% Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grey Iron</td>
<td>23</td>
</tr>
<tr>
<td>Ductile Iron</td>
<td>26</td>
</tr>
<tr>
<td>Steel</td>
<td>21.6</td>
</tr>
<tr>
<td>Non Ferrous</td>
<td>13.5</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td><strong>23.8</strong></td>
</tr>
</tbody>
</table>
Vision For Indian Foundry Industry

Production In Million MT/PA

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>8</td>
</tr>
<tr>
<td>2015</td>
<td>15</td>
</tr>
<tr>
<td>2020</td>
<td>25</td>
</tr>
</tbody>
</table>
Vision For Indian Foundry Industry

Avg productivity /unit in MT PA

<table>
<thead>
<tr>
<th>Year</th>
<th>Avg Productivity (MT PA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1500</td>
</tr>
<tr>
<td>2015</td>
<td>3000</td>
</tr>
<tr>
<td>2020</td>
<td>4500</td>
</tr>
</tbody>
</table>
Vision For Indian Foundry Industry

Avg Productivity/Man in MT PA

2010 2015 2020

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Vision For Indian Foundry Industry

Savings in Sp Energy Consumption in %

- 5% Savings in 2010
- 5% Savings in 2015
- 10% Savings in 2020
## Top 15 Produce >13%

<table>
<thead>
<tr>
<th>Name of Unit</th>
<th>Production of Castings T/Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELECTROSTEEL CASTINGS LTD</td>
<td>275284</td>
</tr>
<tr>
<td>LANCO INDUSTRIES LTD.</td>
<td>123422</td>
</tr>
<tr>
<td>RAIL WHEEL FACTORY</td>
<td>106525</td>
</tr>
<tr>
<td>HINDUJA FOUNDRIES</td>
<td>88545</td>
</tr>
<tr>
<td>NELCAST LTD.</td>
<td>83469</td>
</tr>
<tr>
<td>TATA MOTORS  JAMSHEDPUR + Pune</td>
<td>81274</td>
</tr>
<tr>
<td>BRAKES INDIA LTD.</td>
<td>75886</td>
</tr>
<tr>
<td>DCM ENGINEERING PRODUCTS</td>
<td>62327</td>
</tr>
<tr>
<td>SAKTHI AUTO COMPONENT LTD.</td>
<td>50000</td>
</tr>
<tr>
<td>COOPER FOUNDRY, SATARA</td>
<td>49200</td>
</tr>
<tr>
<td>MAHINDRA- HINODAY + Mahindra Auto</td>
<td>48719</td>
</tr>
<tr>
<td>JAYASWALS NECO LTD. +NECO CASTINGS</td>
<td>48085</td>
</tr>
<tr>
<td>ASHOK IRON WORKS</td>
<td>45112</td>
</tr>
<tr>
<td>KIRLOSKAR FERROUS INDUSTRIES LTD.</td>
<td>41905</td>
</tr>
<tr>
<td>WELCAST STEELS LTD.</td>
<td>38241</td>
</tr>
</tbody>
</table>

Year : 2010-11
Various Types of Castings Produced in India
Various Types of Castings Produced in India
Overall outlook for industry is weak for Apr-Sep 12
High Interest rates & low credit to industry
Phenomenal weakness of INR pushing cost of Imports (Likely to trade bet 53-55)
Weak global sentiment
High inflation & lack of investments
Low demand for exports
GDP Forecast 6.5% for 2012-13 down from 7.5%
Sectorwise Survey Reports
Apr-Jun 2012 Vs Apr-Jun 2011

- From Excellent Growth to High Growth ↓
- (> 20% to 10-20%)
- Tractors
- Machine Tools
- LCV
- Auto Components
Sectorwise Survey Reports Contd
Apr-Jun 2012 Vs Apr-Jun 2011

- **Excellent to Low Growth**
  - ( > 20% To 0-10%)
- Earthmoving
- Three Wheelers
- **High to Negative**
  - ( 10-20% To < 0)
- Textile Machinery
- Pumps
- **Low Growth (0 To 10%)**
  - Motors
- Wind Energy
Factors Affecting Growth of Industry in General

- Low Investments due to high cost of capital
- Devaluation of INR affecting input costs of imports reqd for manufacturing
- Land acquisition issues, env & procedural delays
Devaluation of INR Vs USD

- After falling by > 22 % in last one year, it is showing some sign of recovery in July

- (INR Expected to trade between 53-55 to a USD)

- Impacting adversely the cost of imports
Foundries Growth Apr-June 12 Vs Jan-March 12

- Production ↓ 15-20%
- Exports ↓ 0-15%
- Order Book ↓ 20%
- Raw Material Prices Largely stable
- Domestic & Exports Markets Slipping
- Raw Matl Avl Largely satisfactory
Equipment & Material Suppliers Apr-June 12 Vs Jan-March 12

- **Equipment**
  - Production: **↓ 5-10%**
  - Exports: **↑ 5-10%**
  - Order book: **↑ 5-10%**
  - Raw Materials: **↑ 5-10%**
  - Material Suppliers
    - Production: **↓ 10-20%**
    - Exports: **↓ 10-20%**
    - Order Book: **↓ 10-20%**
## Exports of Castings in USD Mn

- **Sanitary (20 items)**
  - 2009-10: 176.7
  - 2010-11: 242.09
  - 2011-12 (Apr-Nov): 229.38

- **Industrial (21 Items)**
  - 2009-10: 784.67
  - 2010-11: 1042.05
  - 2011-12 (Apr-Nov): 915.587

- **TOTAL**
  - 2009-10: 961.37
  - 2010-11: 1284.14
  - 2011-12 (Projected): 1144.96 (1720)

- Growth: 33.6% to 34% (Projected)

- **FORECAST FOR 12-13**: 15-20%
Exports from India

- The Overall exports are considerably subdued. Govt of India is trying to push by various policy interventions.
- New Policies to focus on Focus Product & Market linked Focus Products.
- GoI also trying to encourage MSME sector by various interventions.
- As per recent WTO report, India has taken over China in overall export growth in 2011 with growth rate of 16.1% as compared to China’s 9.3% as per World Trade Report 2012.
Price Trends-Key inputs

- **June 12 Vs Jan 12**
  - Pig Iron ↓ 2-3%
  - CRCA Scrap ↓ 10% (Apr Vs June 12)
  - Steel scrap ↓ 1-2%
  - Metcoke No Change
  - Fe-Si ↓ 1%
  - Fe-Cr ↓ 2-3%
Auto Industry

- Car segment driven mainly by Diesel. However, car makers are wary of Diesel decontrol which will adversely affect Sales of passenger vehicles.
- Growth down to **14.56% in 2011-12 from 26%** approx previous year. However, more than SIAM’s forecast.

<table>
<thead>
<tr>
<th>Apr-Feb 2012</th>
<th>Production /Sales Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cars</td>
<td>+2.59%</td>
</tr>
<tr>
<td>Motorcycles</td>
<td>+15.2%</td>
</tr>
<tr>
<td>Scooters</td>
<td>+24.04%</td>
</tr>
<tr>
<td>Commercial Vehicles</td>
<td>+23.4%</td>
</tr>
<tr>
<td>Three Wheelers</td>
<td>+11.87%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>+14.56%</strong></td>
</tr>
</tbody>
</table>
Auto Contd........

- Apr-May 12 Vs Apr-May 11 (FY 11-12 Avg 14.6%)
  - Cumulative ↑ 8.15%
  - Passenger vehicles ↑ 8.42%
  - Passenger Cars ↑ 3.10%
  - Utility Vehicles ↑ 51.05%
  - Vans ↓ 5.3%
  - CV (Overall) ↑ 6.8%
  - M& HCV ↓ 11.7%
  - LCV ↑ 20.8%
### Auto –Forecasts-FY 2012 -13

<table>
<thead>
<tr>
<th>Category</th>
<th>Forecast (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cars</td>
<td>10-12%</td>
</tr>
<tr>
<td>LCV</td>
<td>14-16%</td>
</tr>
<tr>
<td>UV</td>
<td>10-12%</td>
</tr>
<tr>
<td>MHCV</td>
<td>5-7%</td>
</tr>
<tr>
<td>Vans</td>
<td>8-10%</td>
</tr>
<tr>
<td>BUSES</td>
<td>5-7%</td>
</tr>
<tr>
<td>Total PV</td>
<td>10-12%</td>
</tr>
<tr>
<td>Total CV</td>
<td>9-11%</td>
</tr>
<tr>
<td>Motorcycles</td>
<td>10-12%</td>
</tr>
<tr>
<td>3-W</td>
<td>5-7%</td>
</tr>
<tr>
<td>Scooters</td>
<td>15-17%</td>
</tr>
<tr>
<td>OVERALL</td>
<td>10-12% Vs 14.6</td>
</tr>
<tr>
<td>Mopeds</td>
<td>10-12%</td>
</tr>
<tr>
<td>TOTAL 2 W</td>
<td>11-13%</td>
</tr>
</tbody>
</table>
Any Hike in Diesel prices will be dampner for the industry

As per proposed FTA with EU, India may allow imports of cars at 10% duty from 60% on fixed quota which will have slight negative impact on Indian Manufacturing.
Auto Industry Contd…

- Outlook tough for first half of Fiscal
- May improve in 2nd half of fiscal after interest rates come down
- Two wheelers however maintaining growth
- Govt mulling increasing duty on diesel cars. GM & SIAM have recommended to increase diesel prices
- Most Auto Component reported demand down by 20%
Auto Component Industry

Projections - By ACMA

Auto Components Industry - Projections USD Bn

- 2007-08: 26.5
- 2008-09: 23
- 2009-10: 30.1
- 2010-11: 39.9
- 2015-16: 66.3
- 2020-21: 113

Share of Components

Current Product Range - Auto Components

- Engine Parts: 31%
- Electrical Parts: 9%
- Equipments: 10%
- Suspension Braking Parts: 12%
- Body Chassis: 12%
- Others: 7%
- Drive Transmission & Steering Parts: 19%
Minining equipment is on uptrend

Spurt in demand in India & global markets for minerals such as coal & metals is driving mining activity

This is driving investments in mining & the casting producers catering to this sector are experiencing demand from this sector

Mining activity in Karnataka is likely to pick up from July 12 onwards as reported by Mining Minister Dinsha Patel

Steelcast investing in expansion to increase capacity to 40,000 TPA by 2013-14
Tractors

- The domestic industry in capacity augmentation mode & will have bearing on pricing power & will have margin contraction in light of hardening steel & rubber prices

- Growth in 2011-12 is likely to be lower Vs 2010-11 & estimated to be 11% Vs 24% in previous year
Tractors Capacity Enhancements

- Rajkot Tractors
- ITL Hoshiyarpur
- Escorts Faridabad
- ITL Bihar
- M&M AP
- John Deere, Dewas
- VST Tillers TN
- Escorts to announce

- 12,000 PA
- 20,000 PA
- 25,000 PA
- 25,000 PA
- 1,00,000 PA
- 50,000 PA
- 30,000 PA
- 50,000 PA
Production Trends for Machine Tools in Rs Bn

<table>
<thead>
<tr>
<th></th>
<th>Oct-Dec 11</th>
<th>Oct-Dec 12</th>
<th>Jan-March 11</th>
<th>Jan-March 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>8,69</td>
<td>8,55</td>
<td>12,45</td>
<td>14,82</td>
</tr>
</tbody>
</table>
Power & Infrastructure

- **Power & Infrastructure** :-
- Govt of India plans a target of USD one trillion of investment during 12th plan (2012-17)
- Power sector’s share in above likely to be USD 300 Billions for addition in capacity of 80,000 MW during the 12th plan period
New /Recent Expansions/Investments

- Bharat Benz & other truckmakers are going to introduce 100 new product in next 12-18 months
- Investment likely Rs 6000 Cr.
- JCB investing Rs 500 Cr in Bhiwadi
- Toyota Kirloskar-Casting unit at bidadi 500 Cr
- Ratan Engg, Bhiwadi-6000 TPA Steel Foundry
- Shanthla Spherocast-Addl capacity 5000 TPA
- Tata Motors-Investing Rs 200 Mn in Jamshedpur
- Kiswok- Increasing Capacity by Addl 6000 TPA
- Brakes India- planning New Project Details undisclosed
New /Recent Expansions Contd….

- Amtak - Planning New plant 30000 TPA in Punjab
- Sunbeam Auto – Al Die Casting Plant Bhiwadi
- Kores India – Ongoing expansion
- Flowlink, Coimb - 6000 TPA steel Foundry
- Real Link, Coimb - 6000 TPA steel Foundry
- Ashwath Steel Cast, Coimb - 3000 TPA Steel Fdy
- Barani Ferro Cast, Coimb - 6000TPA CI/SG Fdy
- JRE Valves , Coimb - 6000TPA Modernisation
- DCM Engg, Ropar - Modernisation /capacity expn
- Nelcast investing Rs 40 Cr High Pressure Moulding Line
Focus Areas For Indian Industry

- Skill Development
- Recycling to conserve Natural Resources
- Energy Conservation
- Environment, Health & Safety
- Automation
- Enhancement of Productivity & Scales
THANK YOU!