



# Status Of Indian Foundry Industry

By

Dr. H. SUNDARA MURTHY  
President

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

Sep 22 '2012



# 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

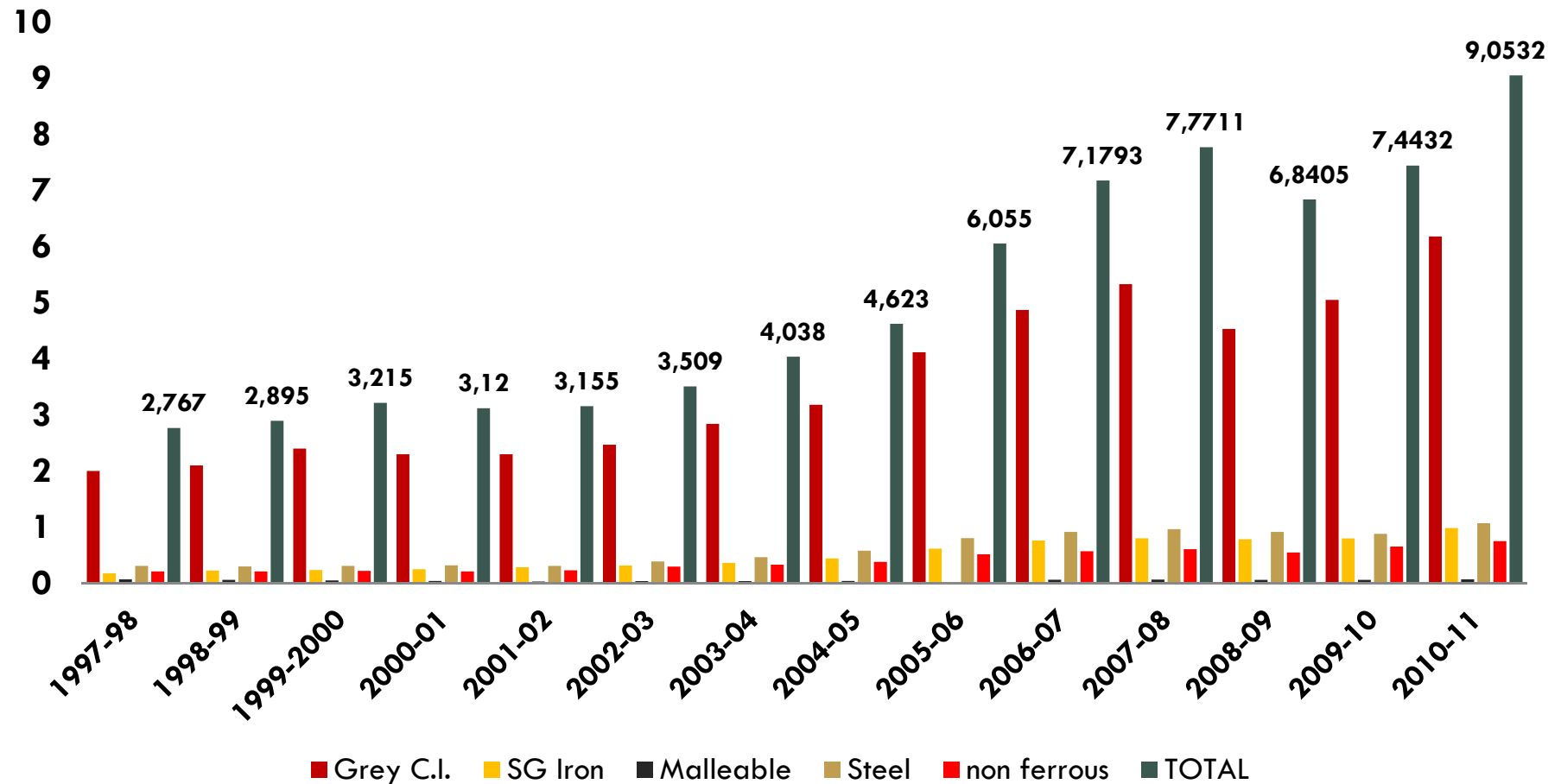
## Figs in Red are for China

- 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

Casting Production Trends in Million MT-India





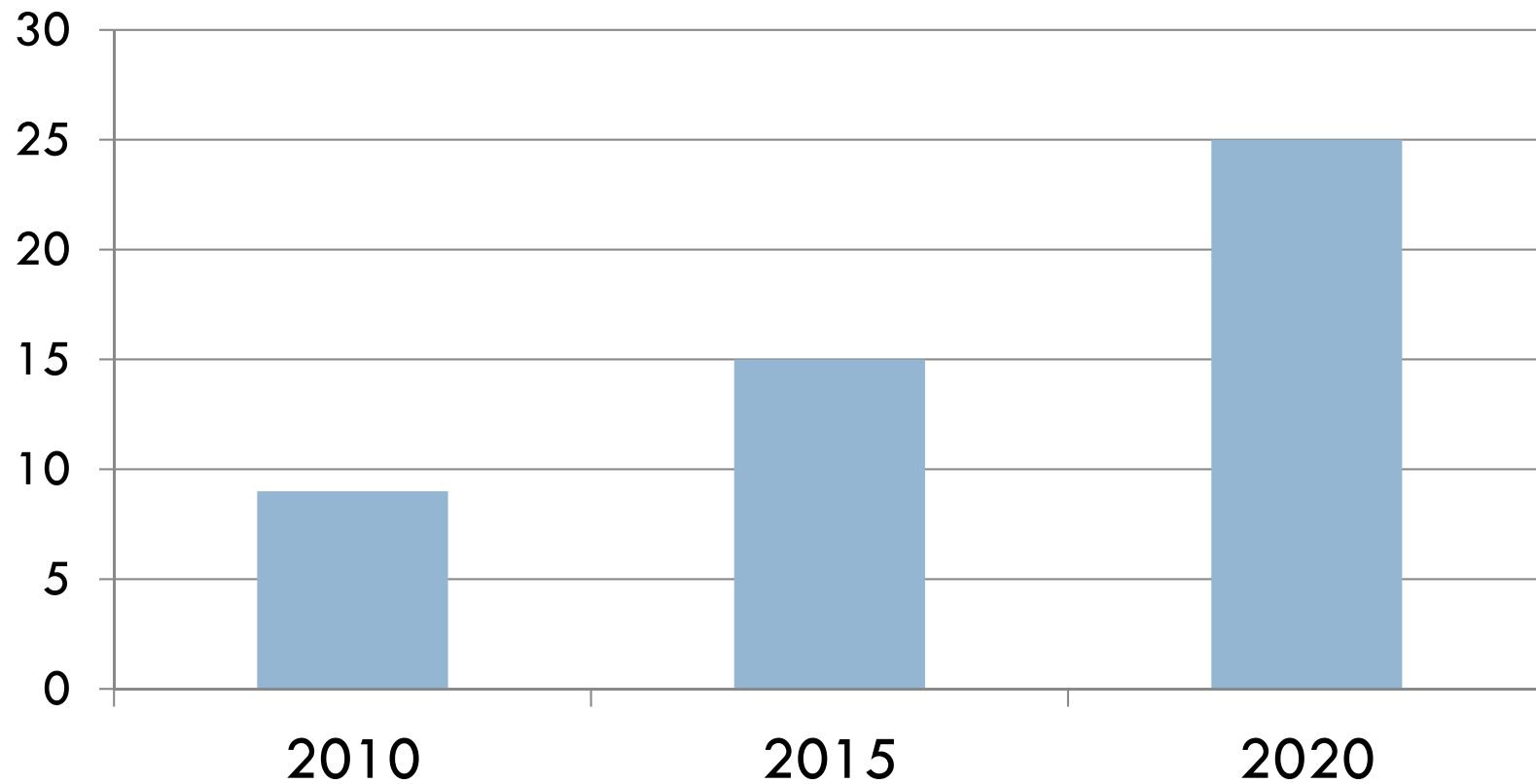
## Growth in Production of Castings in 2010-11 vs 2009-10

Type	% Growth
• Grey Iron	23
• Ductile Iron	26
• Steel	21.6
• Non Ferrous	13.5
• <b>Overall</b>	<b>23.8</b>



# Vision For Indian Foundry Industry

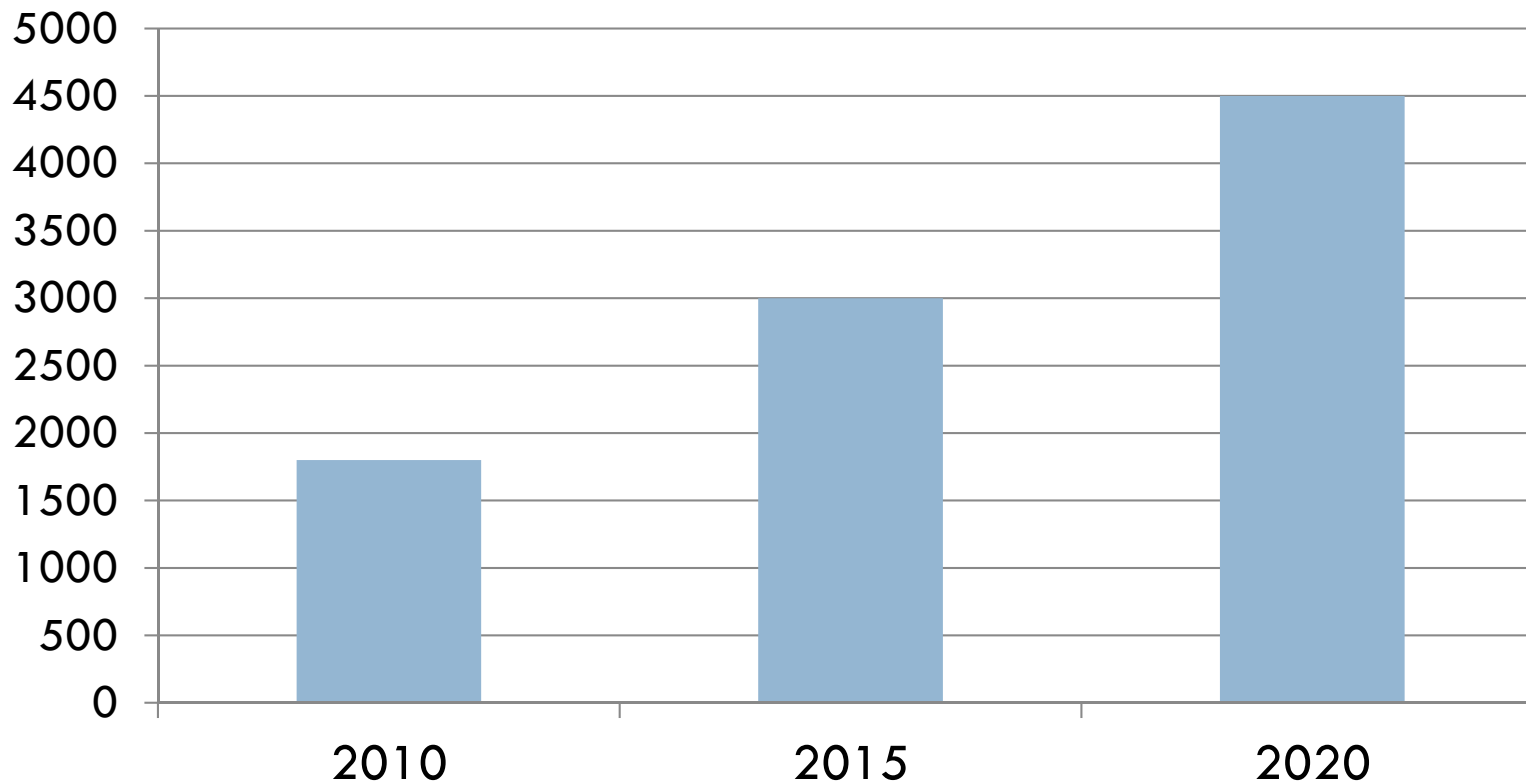
**Production In Million MT/PA**





# Vision For Indian Foundry Industry

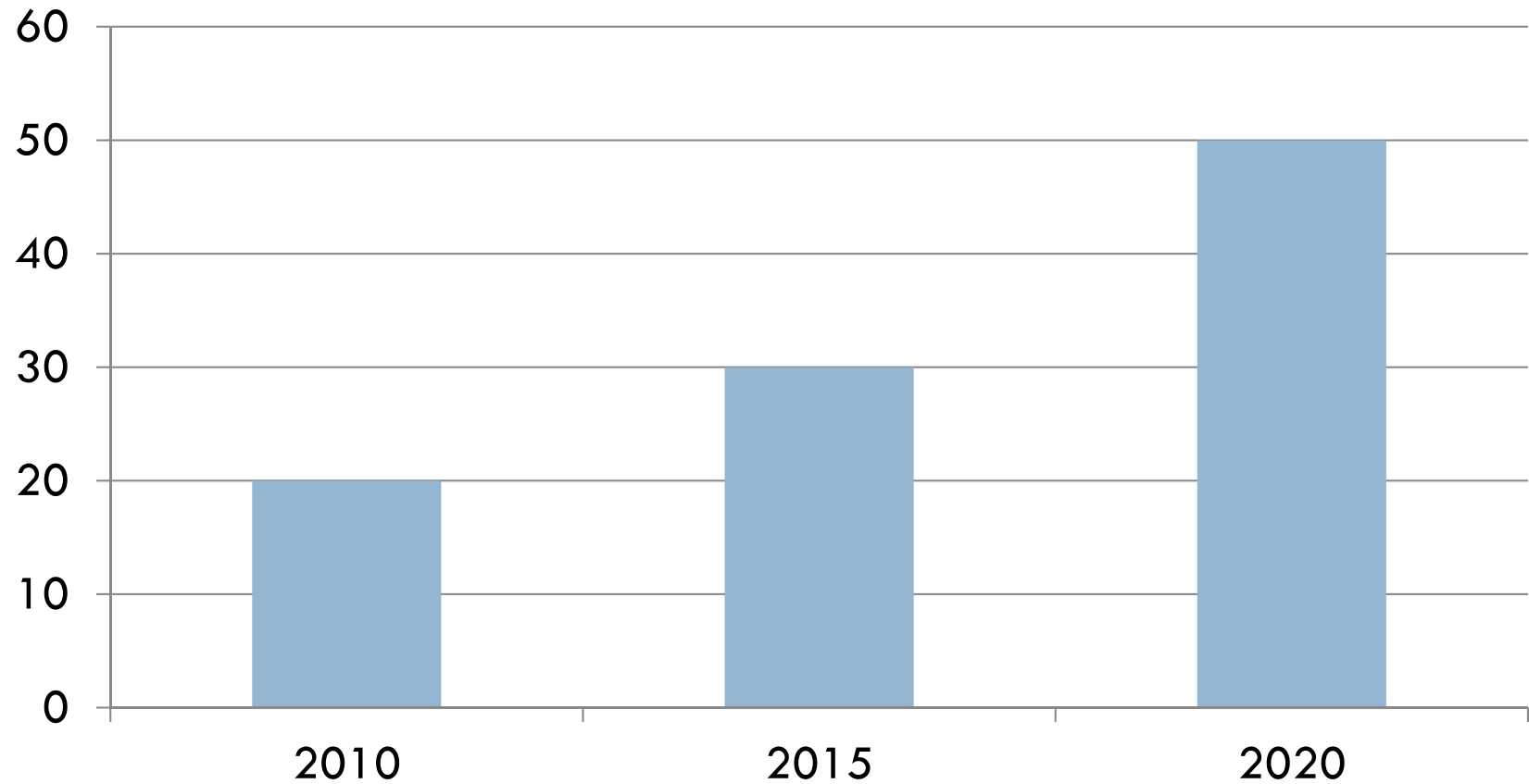
**Avg productivity /unit in MT PA**





# Vision For Indian Foundry Industry

**Avg Productivity/Man in MT PA**

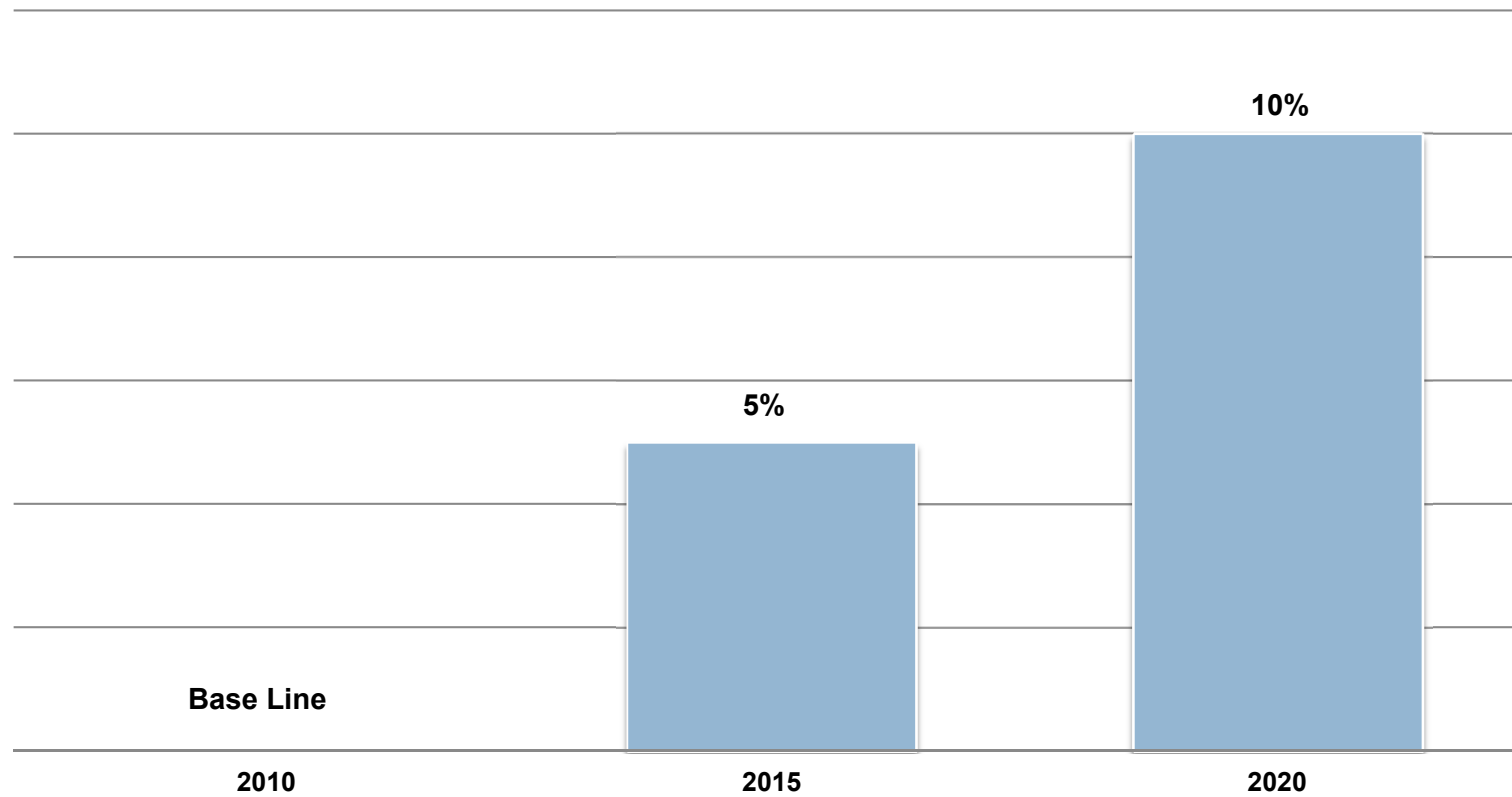






# Vision For Indian Foundry Industry

**Savings in Sp Energy Consumption in %**





# Top 15 Produce >13%

Name of Unit	Production of Castings T/Year
	Year : 2010-11
ELECTROSTEEL CASTINGS LTD	275284
LANCO INDUSTRIES LTD.	123422
RAIL WHEEL FACTORY	106525
HINDUJA FOUNDRIES	88545
NELCAST LTD.	83469
TATA MOTORS JAMSHEDPUR + Pune	81274
BRAKES INDIA LTD.	75886
DCM ENGINEERING PRODUCTS	62327
SAKTHI AUTO COMPONENT LTD.	50000
COOPER FOUNDRY, SATARA	49200
MAHINDRA- HINODAY + Mahindra Auto	48719
JAYASWALS NECO LTD. +NECO CASTINGS	48085
ASHOK IRON WORKS	45112
KIRLOSKAR FERROUS INDUSTRIES LTD.	41905
WELCAST STEELS LTD.	38241



# Various Types of Castings Produced in India





# Various Types of Castings Produced in India





# Outlook for Industry

- 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	2010-11	2011-12(Apr-Nov)
• 176.7	242.09	229.38

- Industrial ( 21 Items)

• 784.67	1042.05	915.587
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- TOTAL

• 961.37	1284.14	1144.96( 1720)
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• Growth	33.6%	34% ( Projected)
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- **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
- Gol also trying to encourage MSME sector by various interventions
- As per recent WTO report ,India has takenover 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 srcap       ↓ 1-2%
- Metcoke           No Chnage
- 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' forecast

Apr-Feb 2012	Production	Sales Growth
• Cars	+2.59%	0.31%
• Motorcycles	+15.2%	13.12%
• Scooters	+24.04%	23.28%
• Commercial Vehicles	+23.4%	18.63%
• Three Wheelers	+11.87%	-1.87%
• <b>Total</b>	<b>+ 14.56%</b>	<b>+12.46%</b>



# 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

- Cars 10-12% LCV 14-16%
- UV 10-12% MHCV 5-7%
- Vans 8-10% BUSES 5-7%
- **Total PV 10-12%** **Total CV 9-11%**
- Motorcycles 10-12% **3-W 5-7%**
- Scooters 15-17% **OVERALL 10-12% Vs 14.6**
- Mopeds 10-12% **in 2011-12**
- **TOTAL 2 W 11-13%**



# Auto Contd.....

- 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...

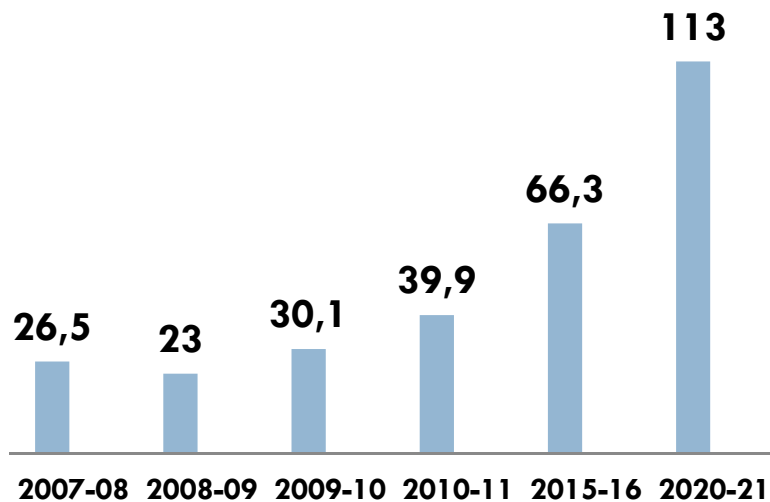
- Outlook tough for first half of Fiscal
- May improve in 2<sup>nd</sup> half of fiscal after interest rates come down
- Two wheelers however maintaining growth
- Govt mulling increasing duty on diesel cars. GM & SIAM have recommended to increase diesel prices
- *Most Auto Component reported demand down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



# Auto Component Industry

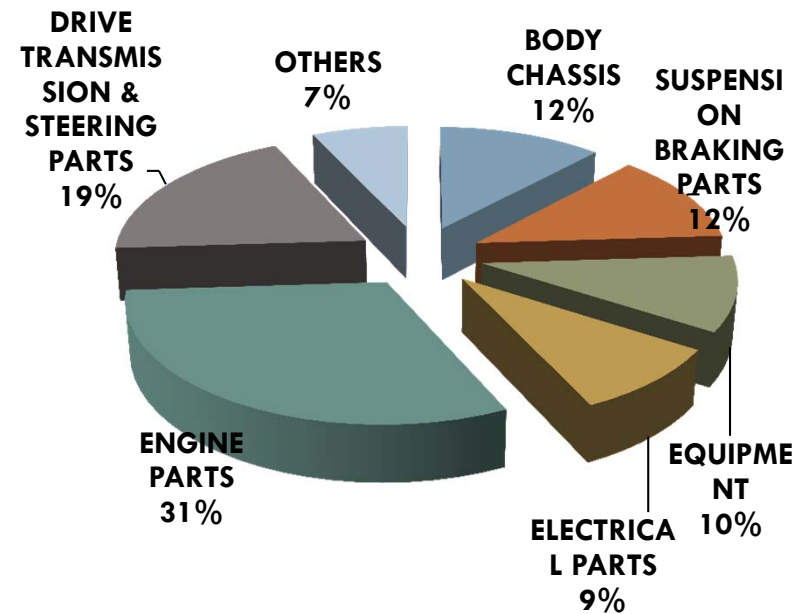
## Projections-By ACMA

Auto Components Industry -  
Projections USD Bn



## Share of Components

Current Product Range-Auto  
Components





# Mining Industry

- Mining 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

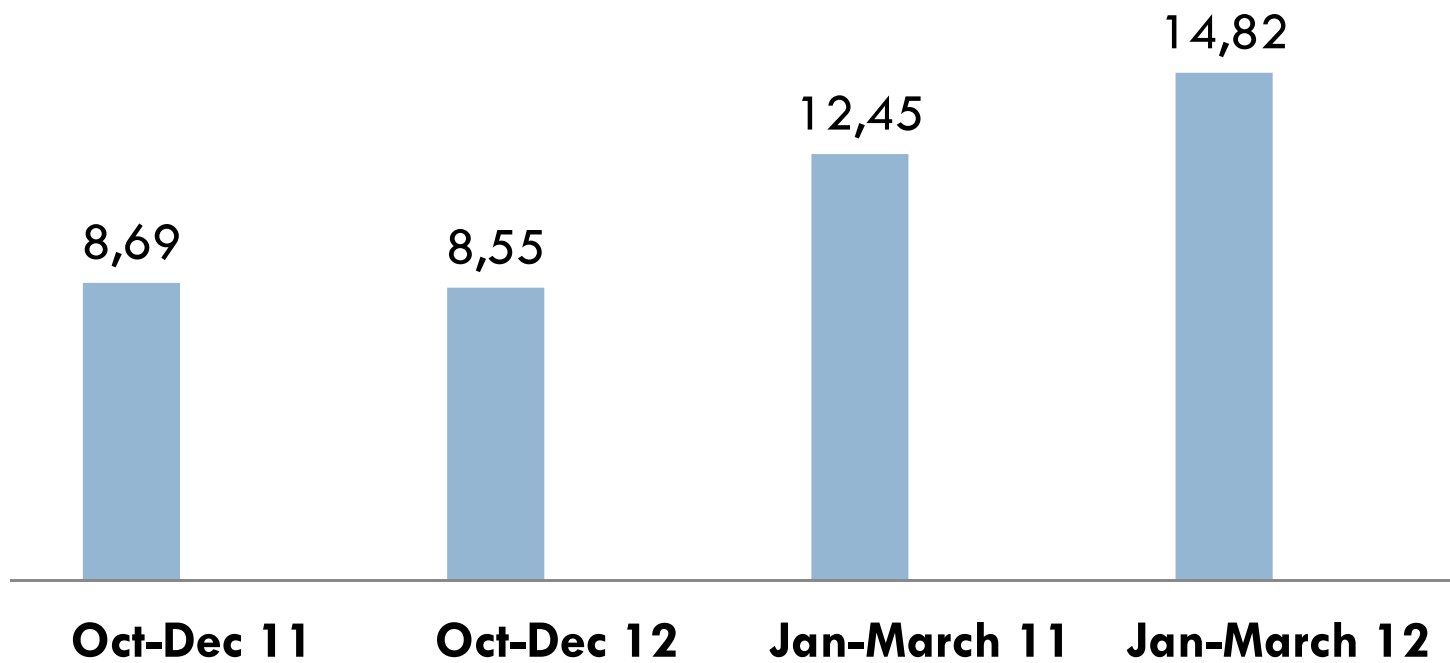
- The domestic industry in capacity augmentation mode & will have bearing on pricing power & will have margin contraction in light of hardening steel & rubber prices
- Growth in 2011-12 is likely to be lower Vs 2010-11 & estimated to be 11% Vs 24% in previous year



# 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







# Power & Infrastructure

- *Power & Infrastructure :-*
- Govt of India plans a target of USD one trillion of investment during 12<sup>th</sup> plan ( 2012-17)
- Power sector's share n above likely to be USD 300 Billions for addition in capacity of 80,000 MW during the 12<sup>th</sup> 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 !**