

Indian Foundry Industry

Overview By

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Major Foundry Pockets in India



Overview

- The Indian Foundry industry produces approx **7 Million MT of castings** employing estimated 500,000 persons directly & another 1.5 millions indirectly.
- The growth of foundry industry is very important for inclusive growth, other engineering sectors & the overall Indian Economy .

Significance of Foundry Industry

- ❑ **Foundry Industry is Major Feeder to following sectors:-**
 - Automobiles & Auto Components
 - Railways
 - Power Sector
 - Tractor Industry
 - Earth Moving Machinery
 - Pumps, Compressors, Pipes Valves & Pipe Fittings
 - Electrical/Textile/Cement/Agro Machinery
 - Machine Tools & Engineering Industries
 - Sanitary Castings
 - Engineering Exports

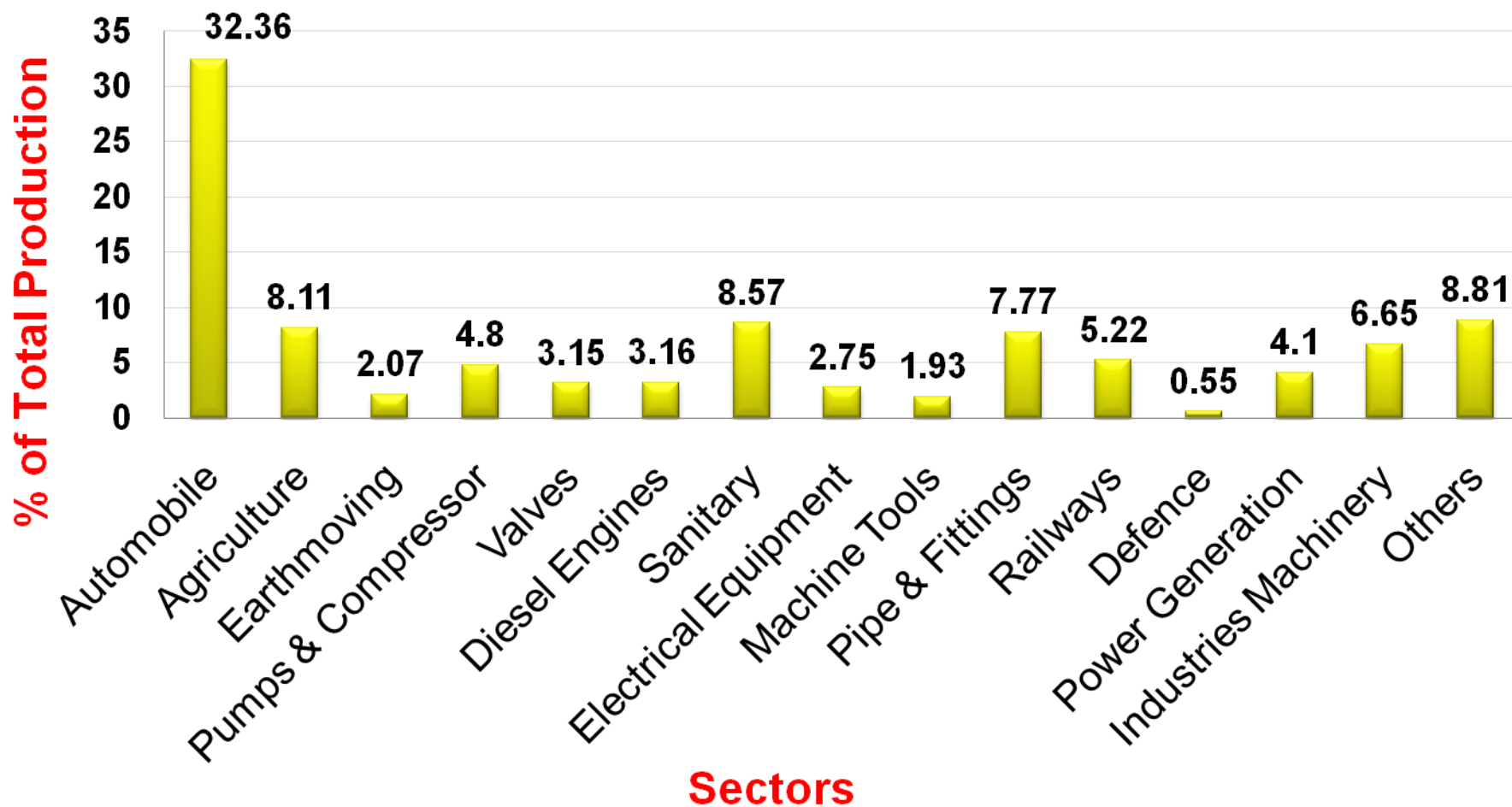
Significance of Foundry Industry

- ❑ Approx 32% Output of Foundry Industry goes to Auto Industries & Balance to other downstream Engineering Sector
- ❑ Automotive Mission Plan (AMP) 2006-2016 envisages 4 Fold Growth by 2016. i.e. from \$34 Billion industry to \$ 122-160 billion industry and employing about 25 millions by 2016
- ❑ AMP 2006-16 will drive demand of Castings from Foundry Industry

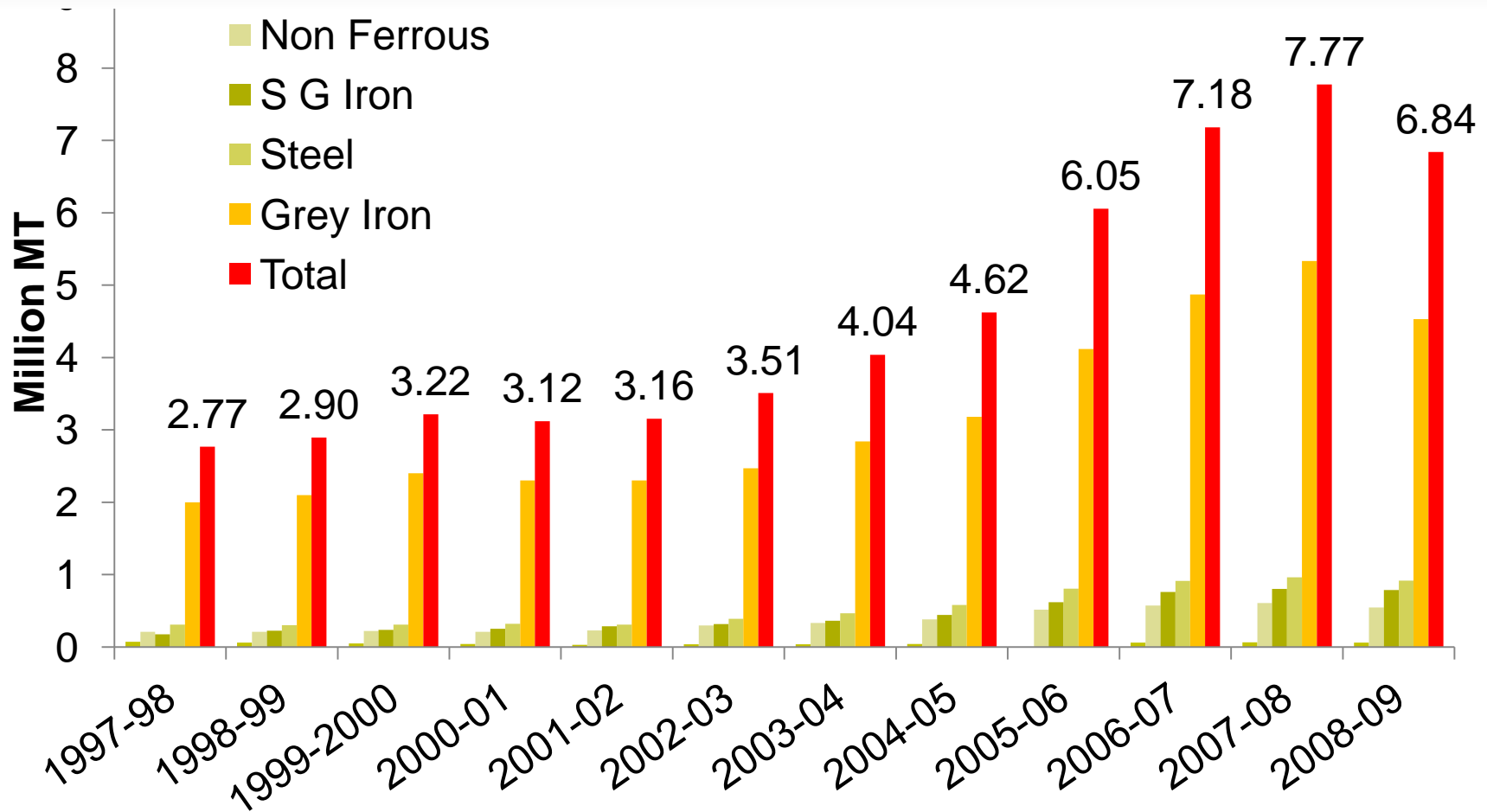
Significance of Foundry Industry

- ❑ Corresponding Growth in Foundry Sector Vital to sustain Growth in Auto & Other Engineering Sectors
- ❑ Graph below Depicts Sectorwise Consumption of Castings in percentage

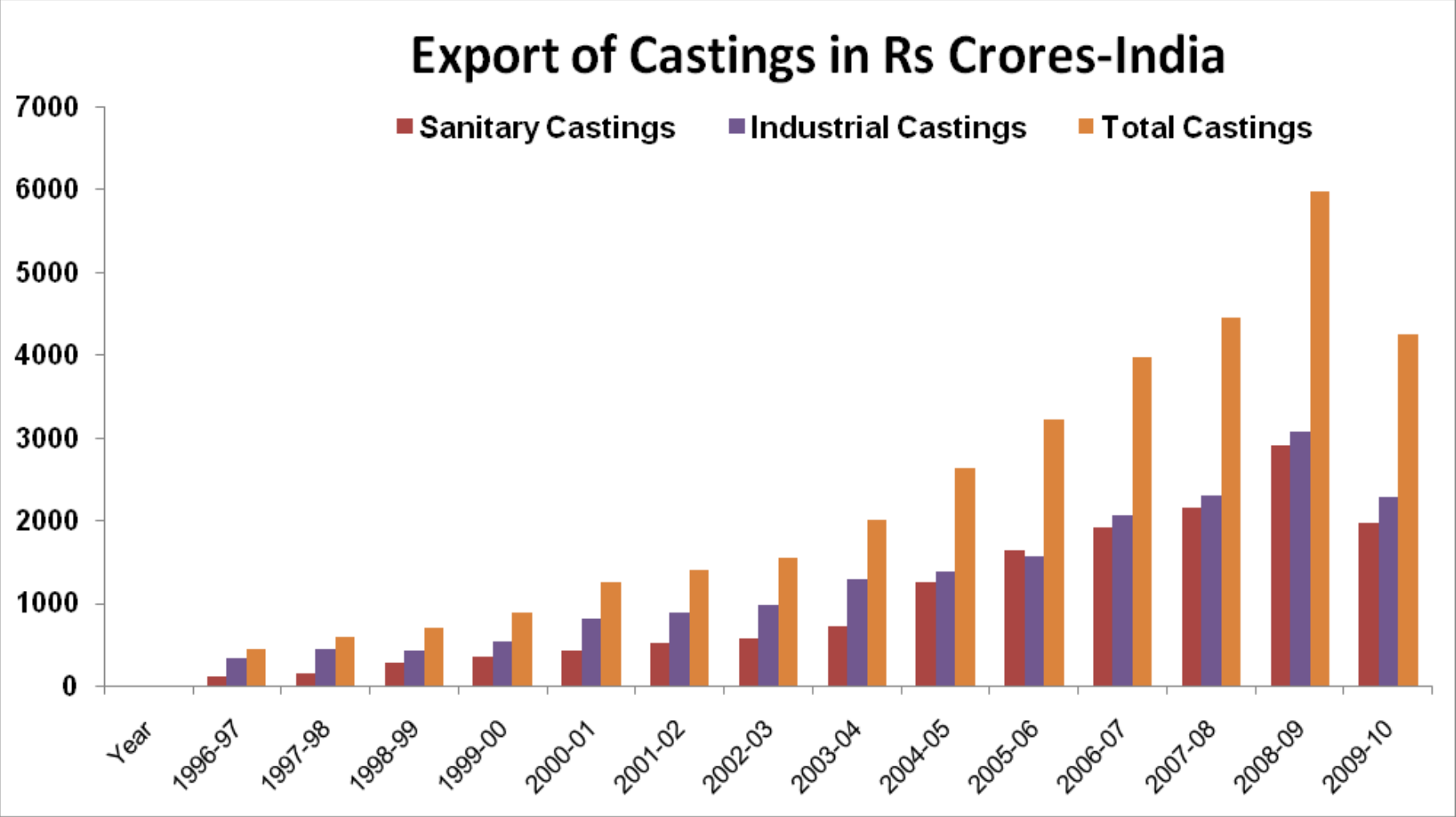
Sector wise consumption of castings as % of Total Production



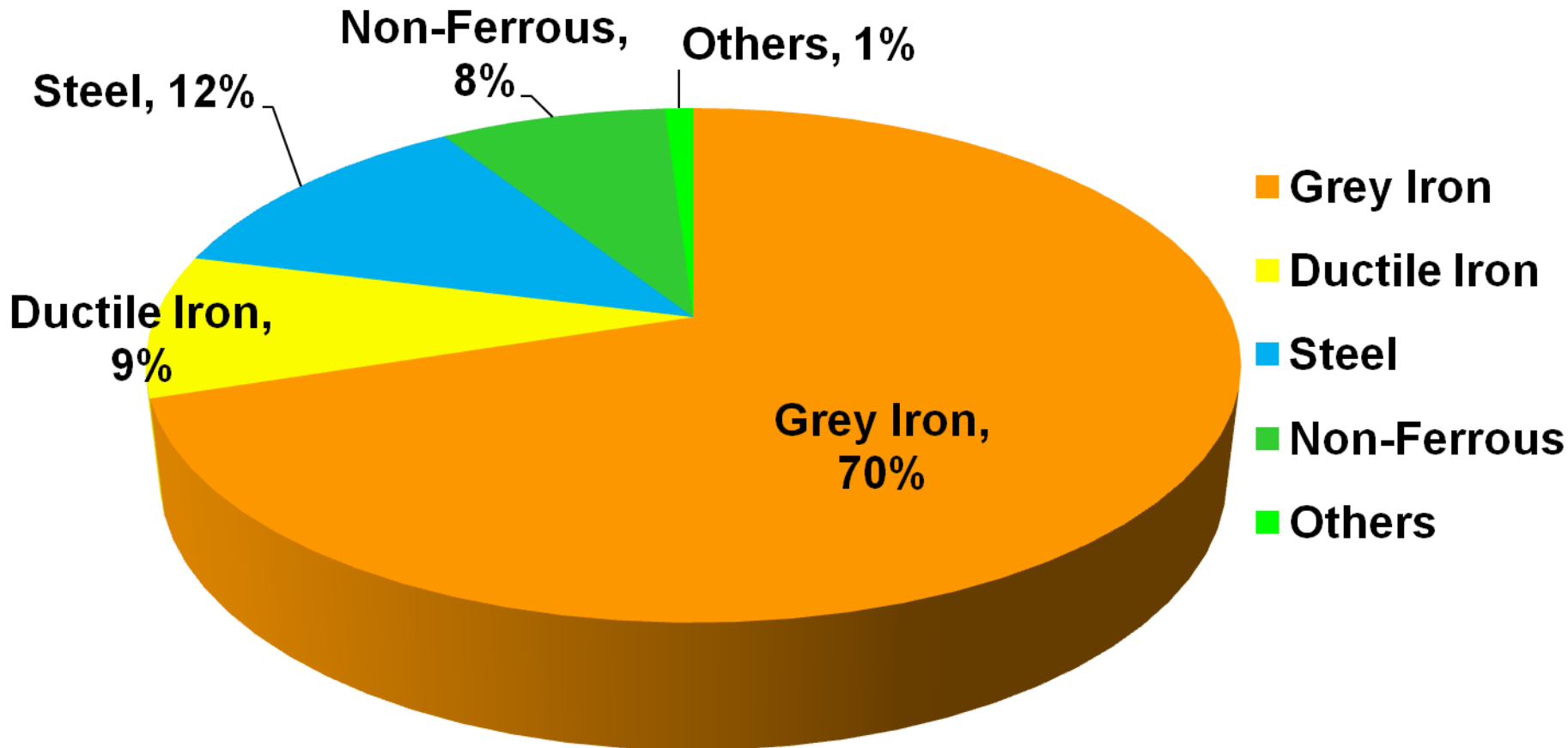
Production Trend



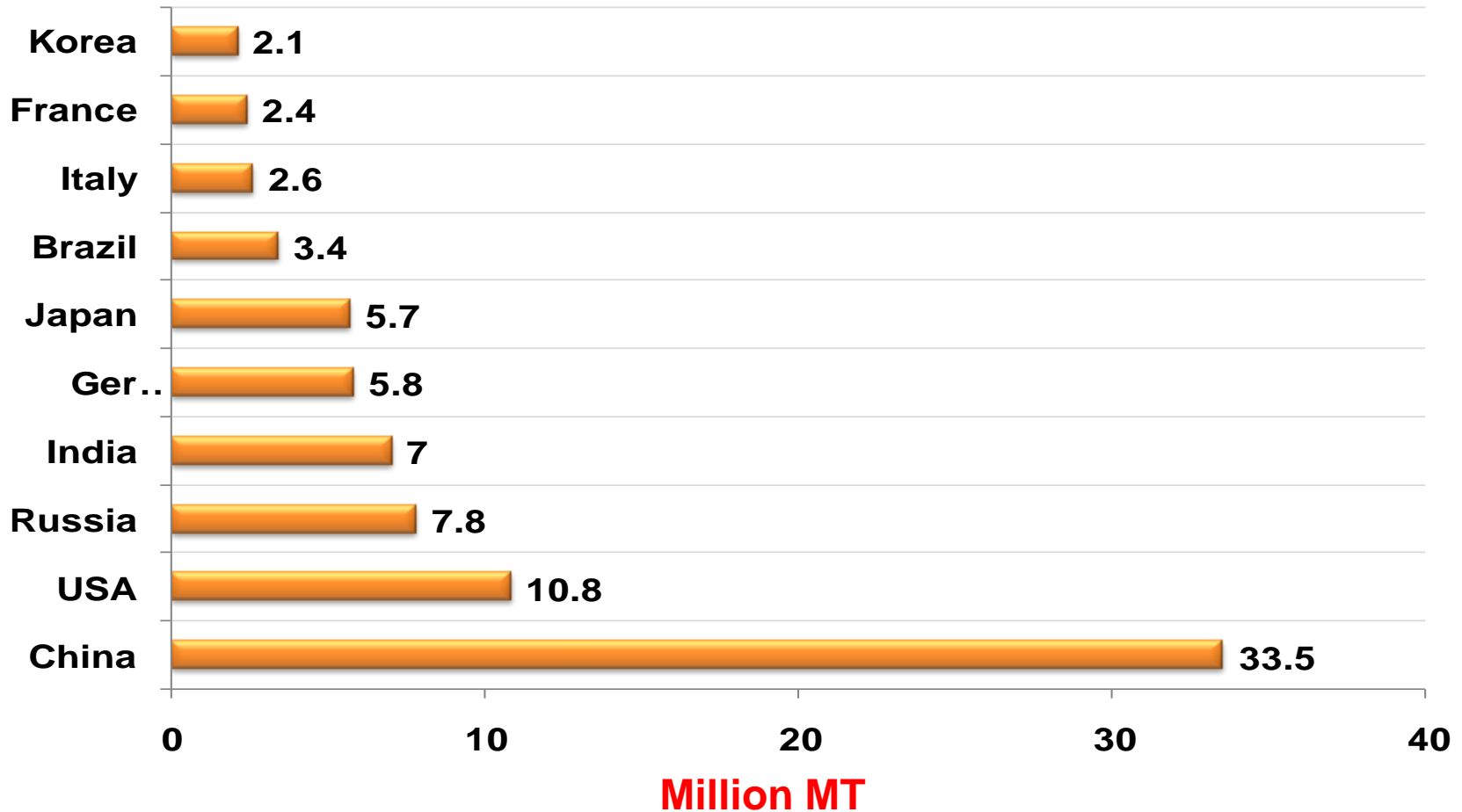
Export Trends



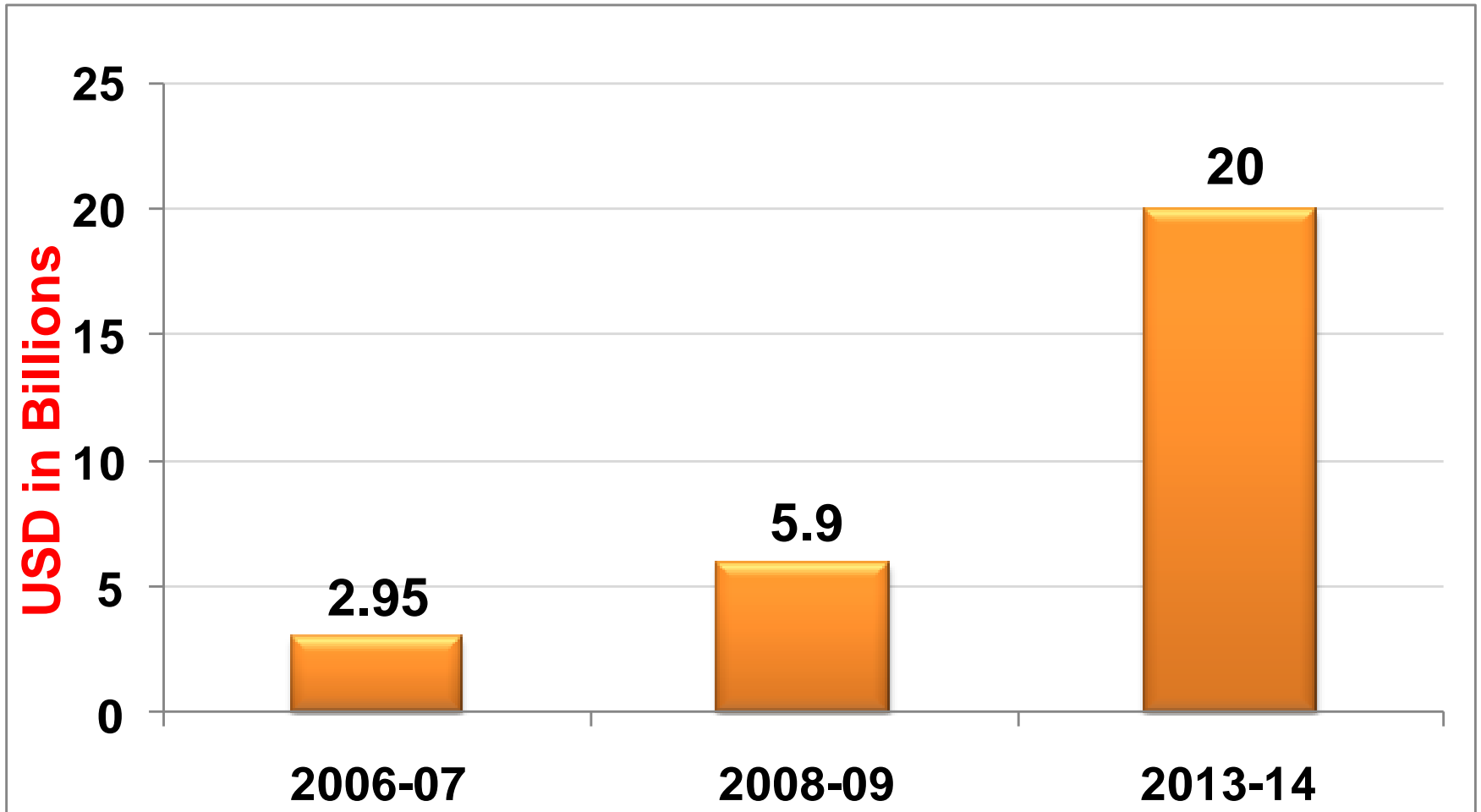
Types of Metal Castings Share in %



Top Ten Casting Producing Countries (Figures in Million MT)



Outsourcing Trends for Auto Components



Indian Automobile Industry Overview

- ❑ The Indian Automobile industry is the **seventh largest in the world** with an annual production of over **2.6 million units in 2009**.
- ❑ In 2009, India emerged as **Asia's fourth largest exporter of automobiles**, behind Japan, South Korea and Thailand.
- ❑ By 2050, the country is expected to top the world in car volumes with approximately 611 million vehicles on the nation's roads.

Indian Automobile Industry Overview

- ❑ India has emerged as one of the world's largest manufacturers of small cars.
- ❑ According to New York Times, India's strong engineering base and expertise in the manufacturing of low-cost, fuel-efficient cars has resulted in the expansion of manufacturing facilities of several automobile companies like Hyundai Motors, Nissan, Toyota, Volkswagen and Suzuki.

World Automobile Giants in India

- ❑ In 2008, Hyundai Motors alone exported 240,000 cars made in India.
- ❑ Nissan Motors plans to export 250,000 vehicles manufactured in its India plant by 2011.
- ❑ Similarly, General Motors announced its plans to export about 50,000 cars manufactured in India by 2011.

World Automobile Giants in India

- ❑ In September 2009, Ford Motors announced its plans to setup a plant in India with an annual capacity of 250,000 cars for US\$500 million.
- ❑ The cars will be manufactured both for the Indian market and for export.
- ❑ The company said that the plant was a part of its plan to make India the hub for its global production business.

World Automobile Giants in India

- ❑ Fiat also announced that it would source more than US\$1 billion worth auto components from India.
- ❑ According to Bloomberg L.P., in 2009 India surpassed China as Asia's fourth largest exporter of cars.

Rank wise Largest Automobile Manufacturers in India by Sales

1. Maruti Suzuki
2. Hyundai
3. Tata Motors
4. Mahindra
5. GM Chevrolet
6. Honda
7. Toyota
8. Ford
9. Fiat
10. Škoda

Locally manufactured Automobiles of Foreign Brands

- ❑ Audi: A4, A6, A8, Q5, Q7, TT, R8.
- ❑ Bentley: Continental GT, Continental FS, Continental GTC, Mulsanne.
- ❑ BMW: 3 Series, 5 Series, M3, GT 5, 6 Series, 7 Series, X3, X5, X6, Z4.
- ❑ Chevrolet: Spark, Beat, Aveo U-VA, Aveo, Optra, Cruze, Tavera.
- ❑ Fiat: Grande Punto, Linea, Palio Stile.

Locally manufactured Automobiles of Foreign Brands

- ❑ Ford: Ford Figo, Ikon, Fiesta, Endeavour.
- ❑ Honda: Jazz, City, Civic, Accord.
- ❑ Hyundai: Santro, i10, i20, Accent, Verna Transform, Sonata Transform.
- ❑ Lamborghini: Gallardo, Murciélago.
- ❑ Mercedes-Benz: C-Class, E-Class.
- ❑ Mitsubishi: Lancer, Lancer Cedia, Pajero.
- ❑ Nissan: Micra, Teana, X-Trail.

Locally manufactured Automobiles of Foreign Brands

- ❑ Rolce Royce: Phantom, Ghost.
- ❑ Škoda: Fabia, Octavia, Laura, Superb.
- ❑ Toyota: Corolla, Innova, Camry, Fortuner, Prado.
- ❑ Volkswagen: Polo, Jetta, Passat, Beetle, Phaeton, Vento.

Commercial Vehicle Manufacturers in India (Local Brands)

- **Local Brands**
 - Ashok Leyland
 - Force
 - Mahindra Navistar
 - Premier
 - Tata

Commercial Vehicle Manufacturers in India (Foreign Brands)

□ Foreign Brands

- Volvo
- Audi
- BMW
- Mercedes-Benz

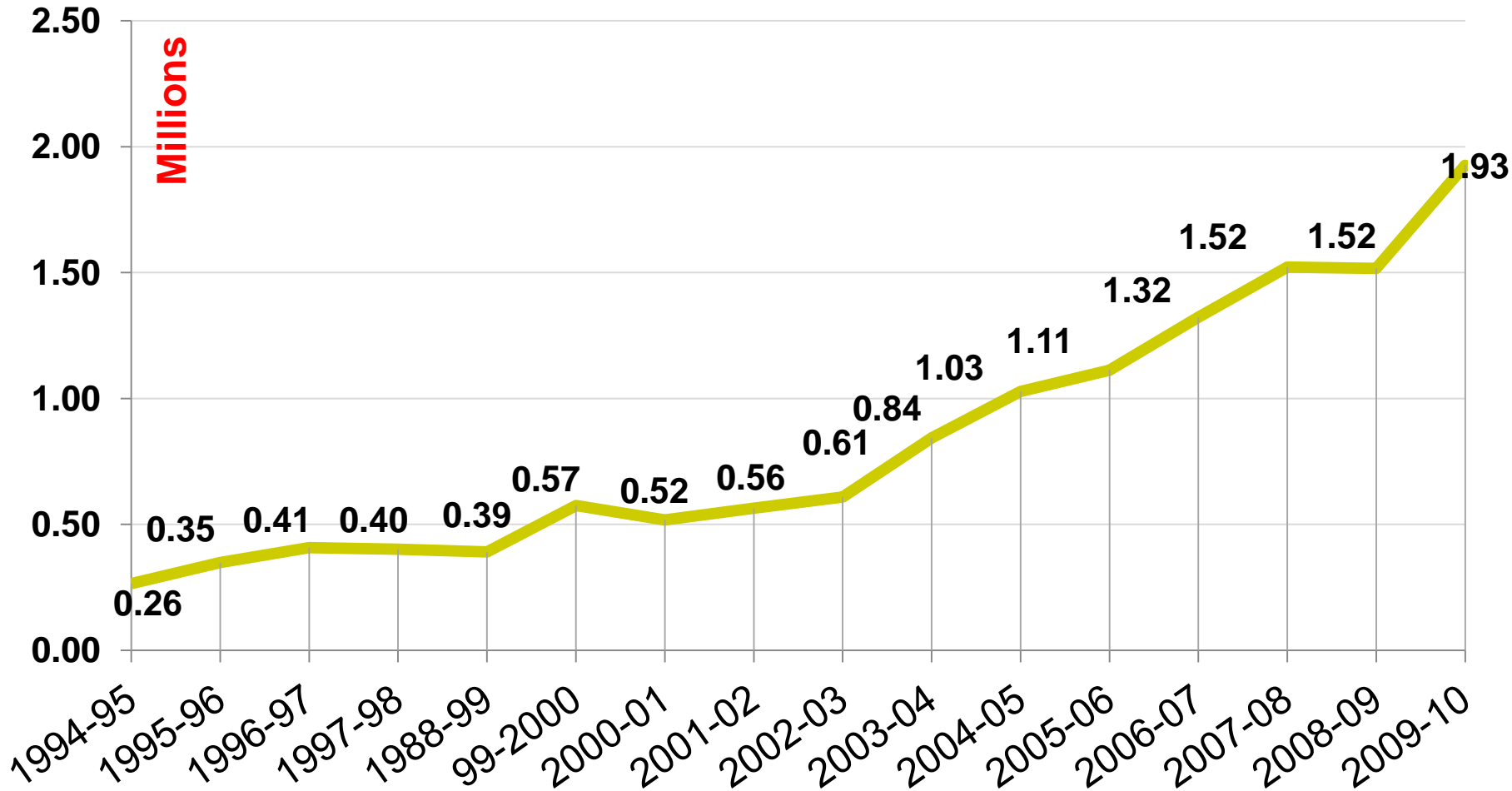
Electric Car Manufacturers in India

- Ajanta Group
- Mahindra
- Hero Electric
- REVA
- Tata International
- Tata

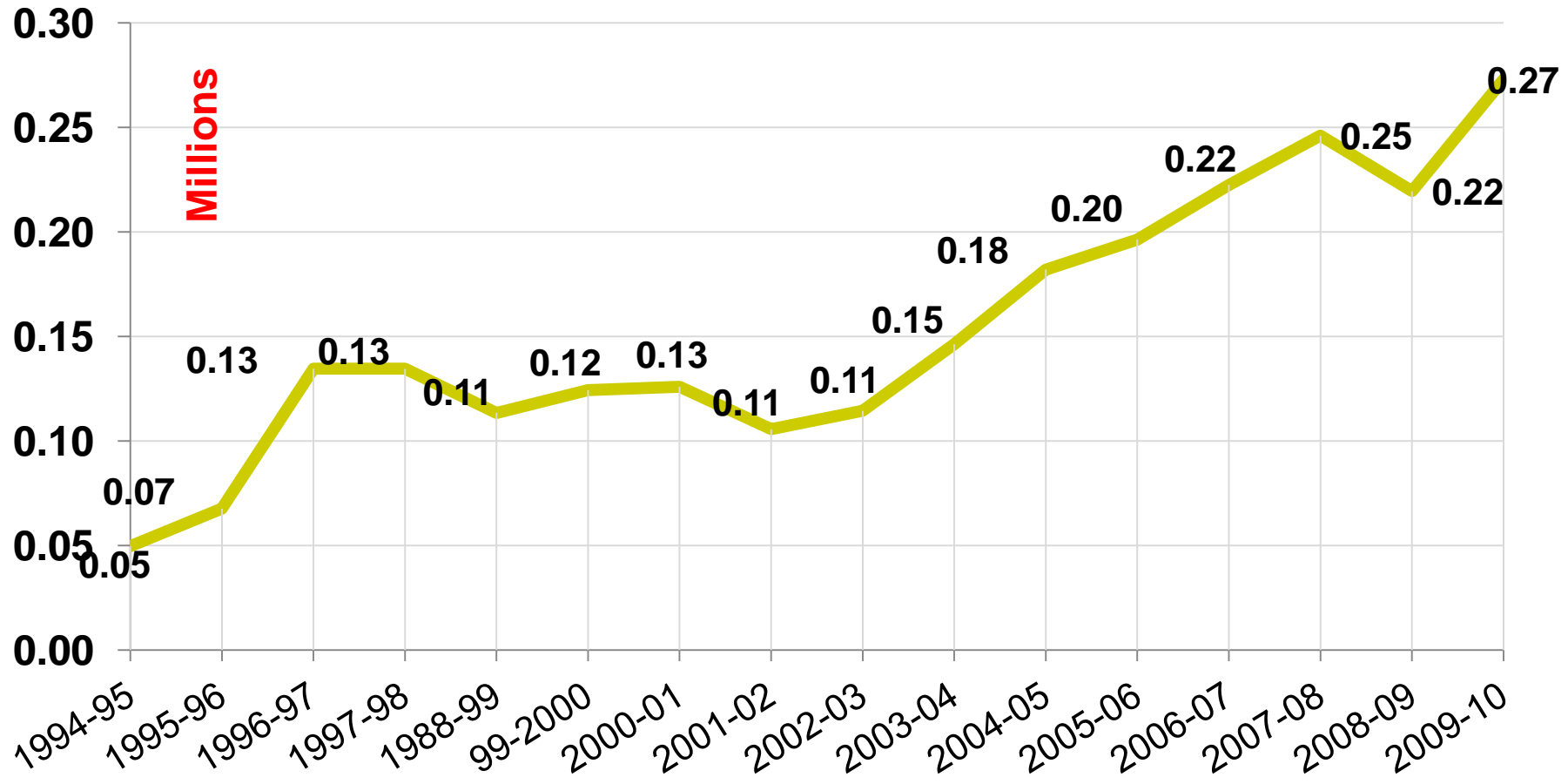
Automobile & Auto Component Industry Turn Over

- The Automotive Component Industry's output amounted for the financial year 2008-09 US\$ 19 billion with a growth rate of 6.1% against financial year 2007-08

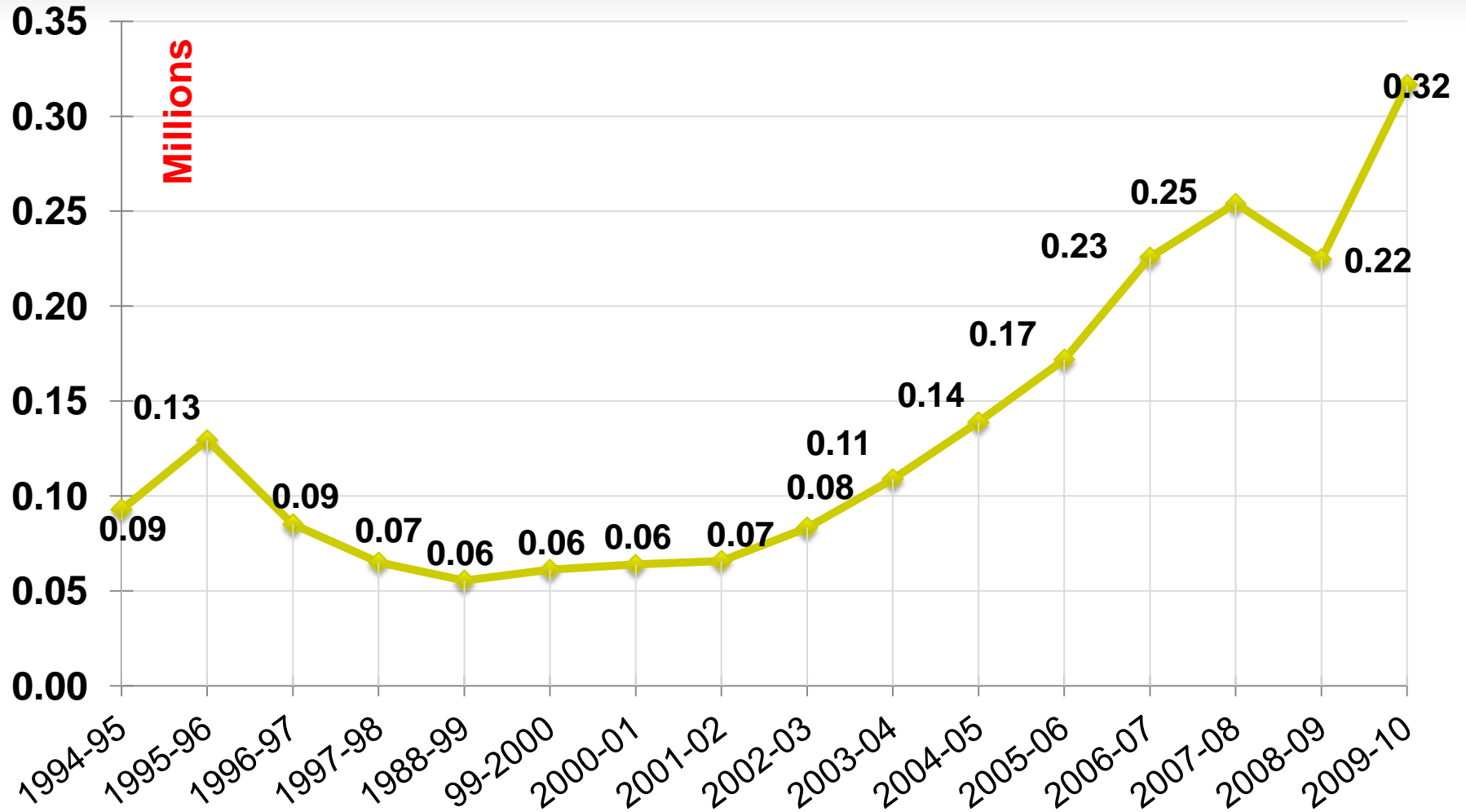
Car Production (Nos. in Millions)



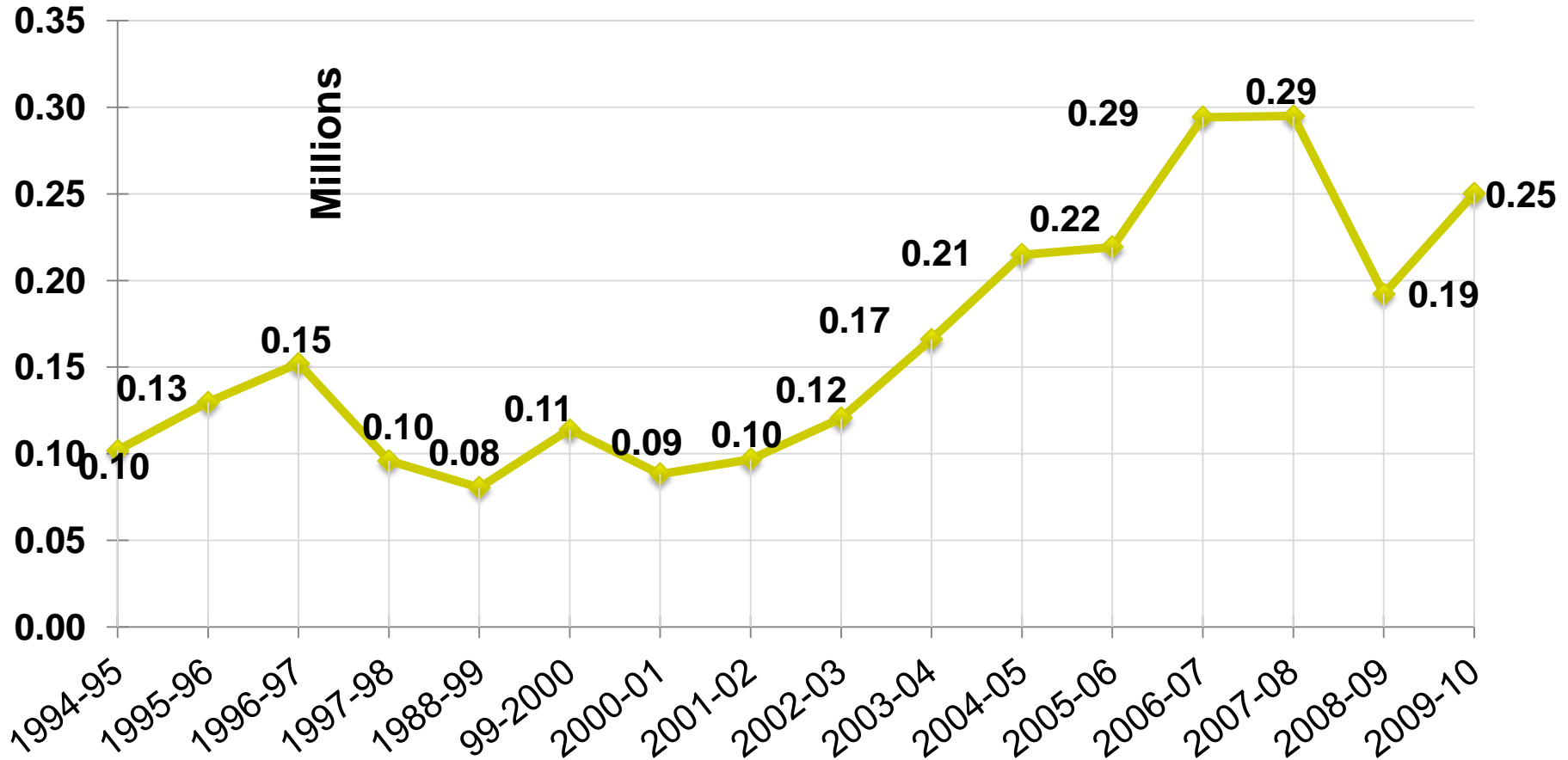
MUVs Production (Nos. in Millions)



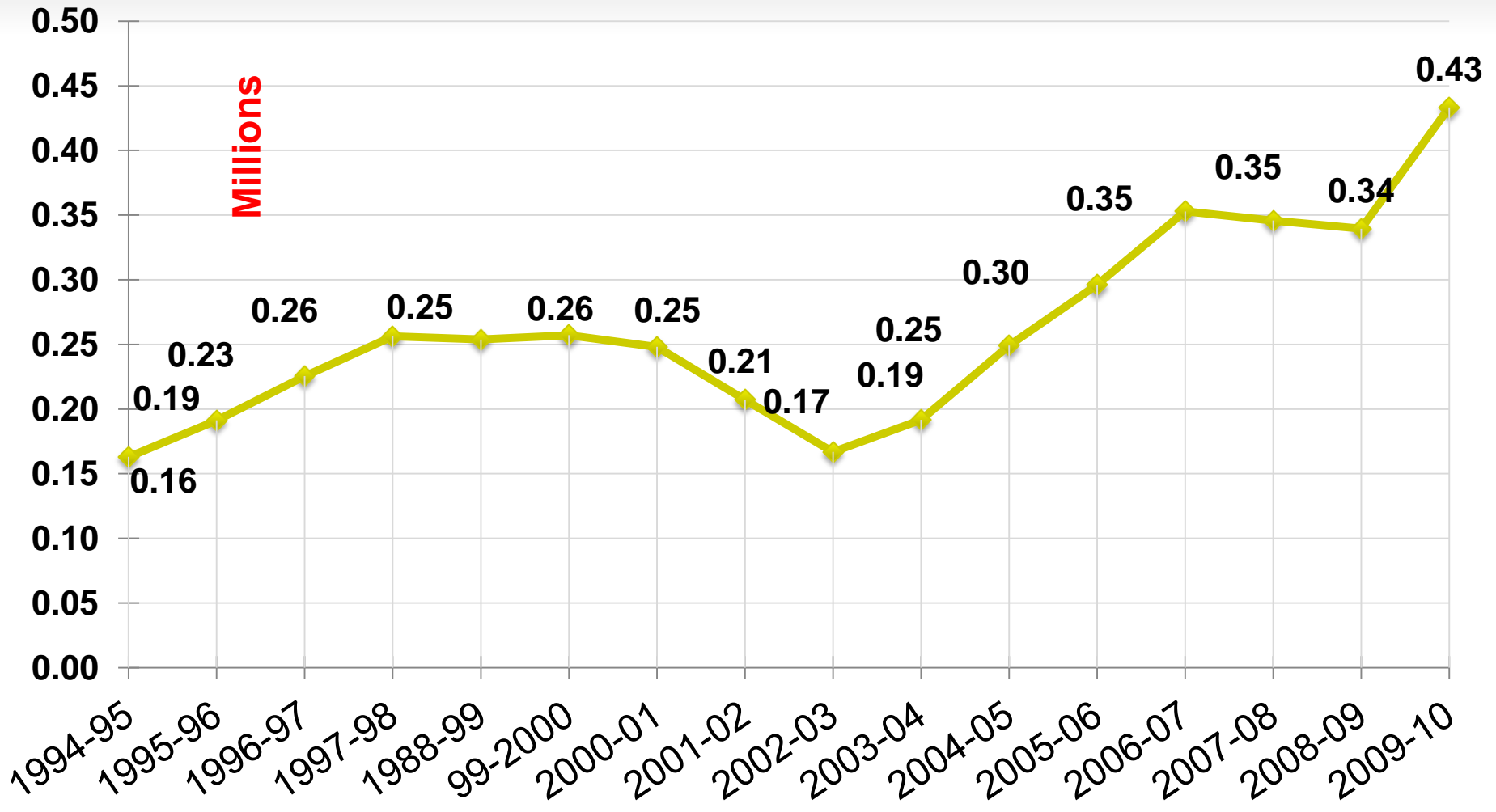
LCVs Production (Nos. in Millions)



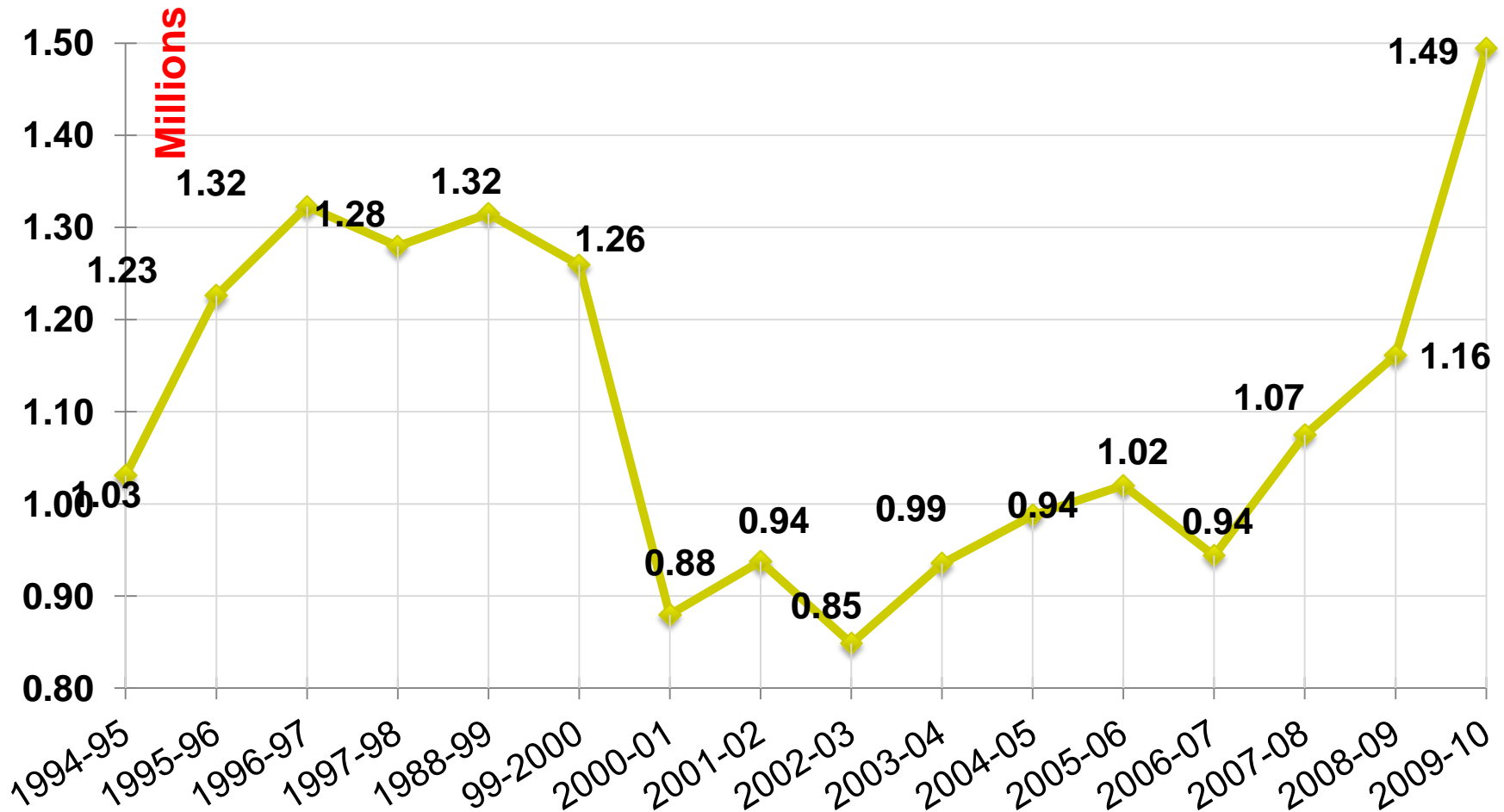
M&HCVs Production (Nos. in Millions)



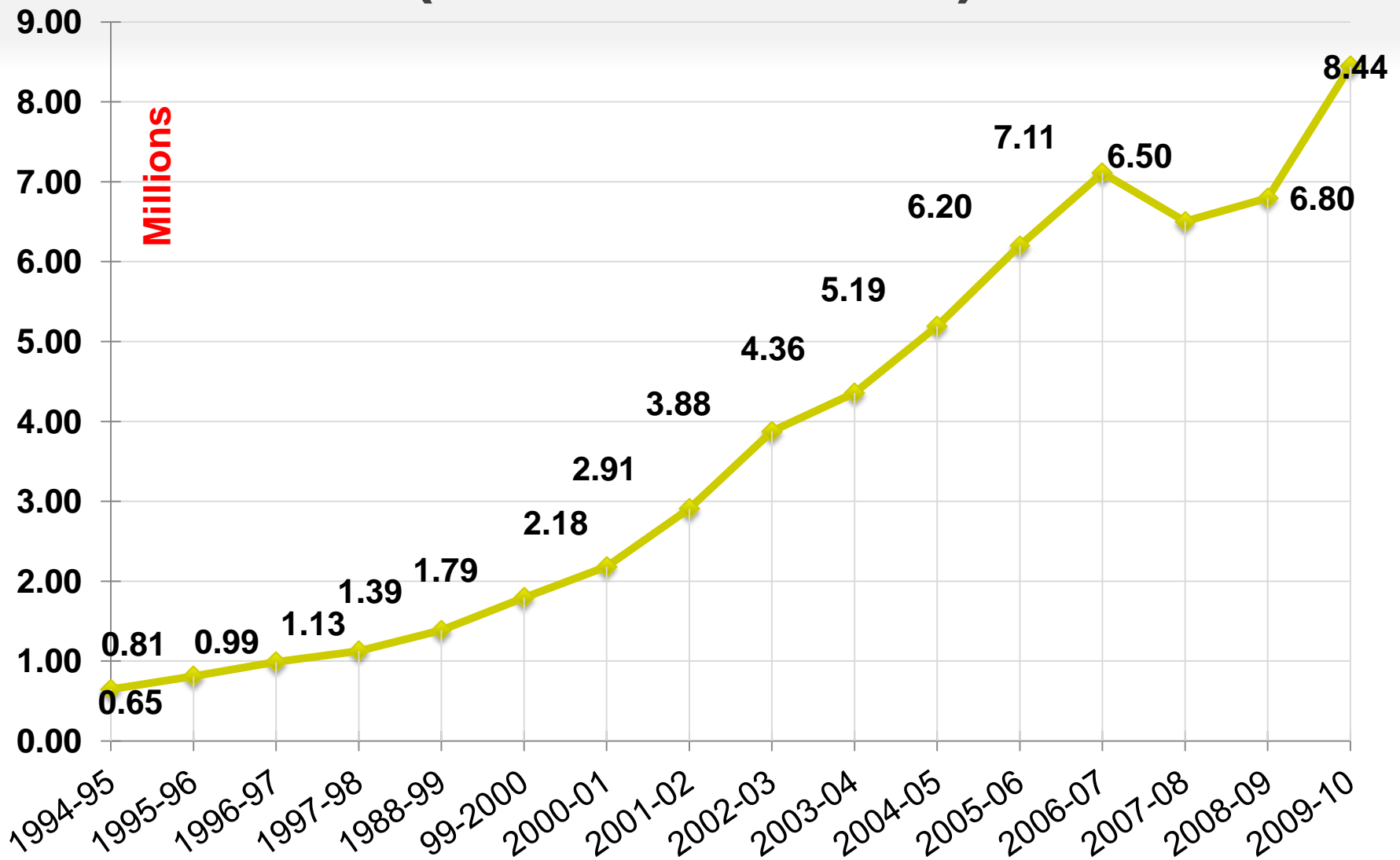
Tractors Production (Nos. in Millions)



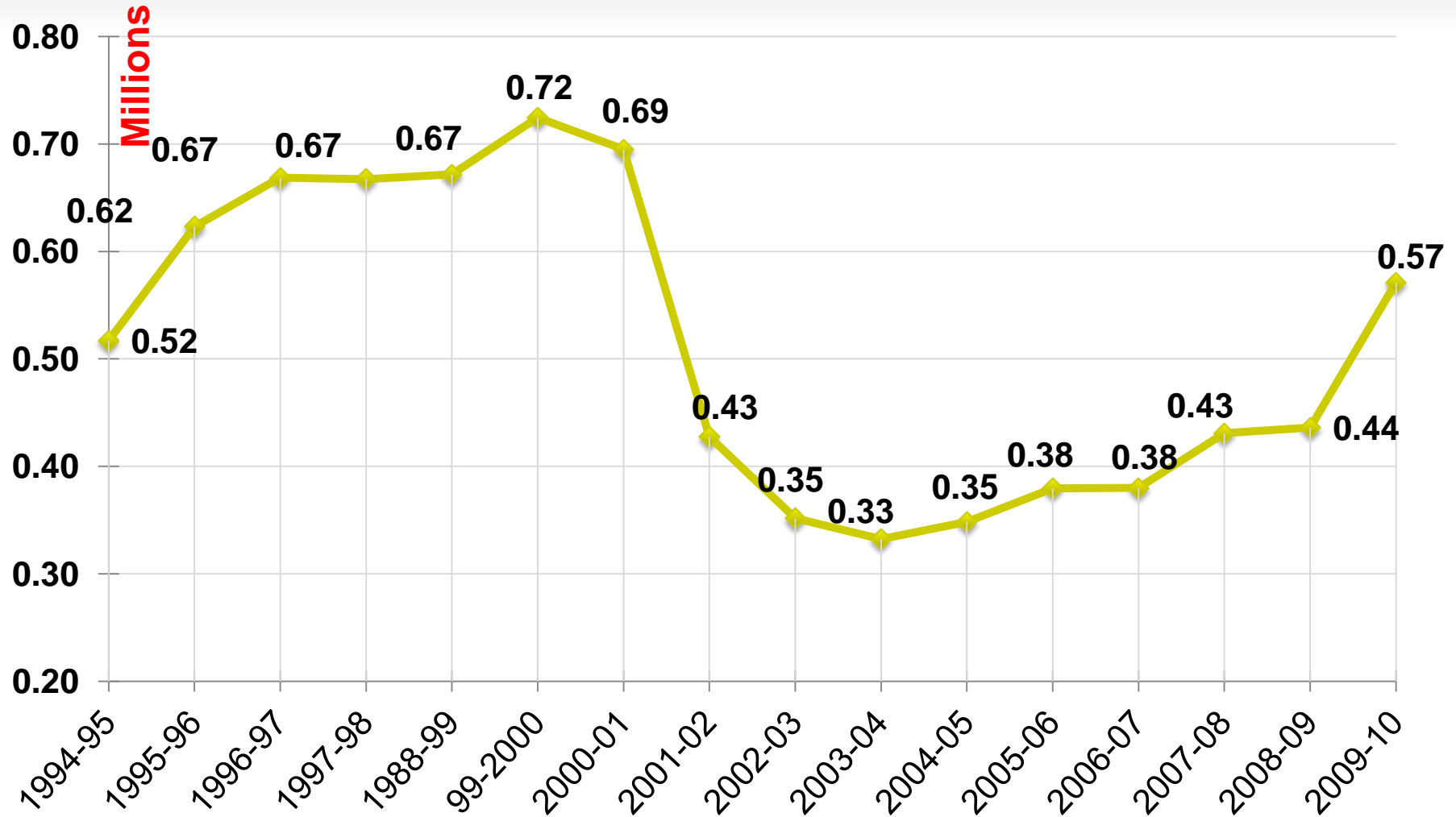
Scooters Production (Nos. in Millions)



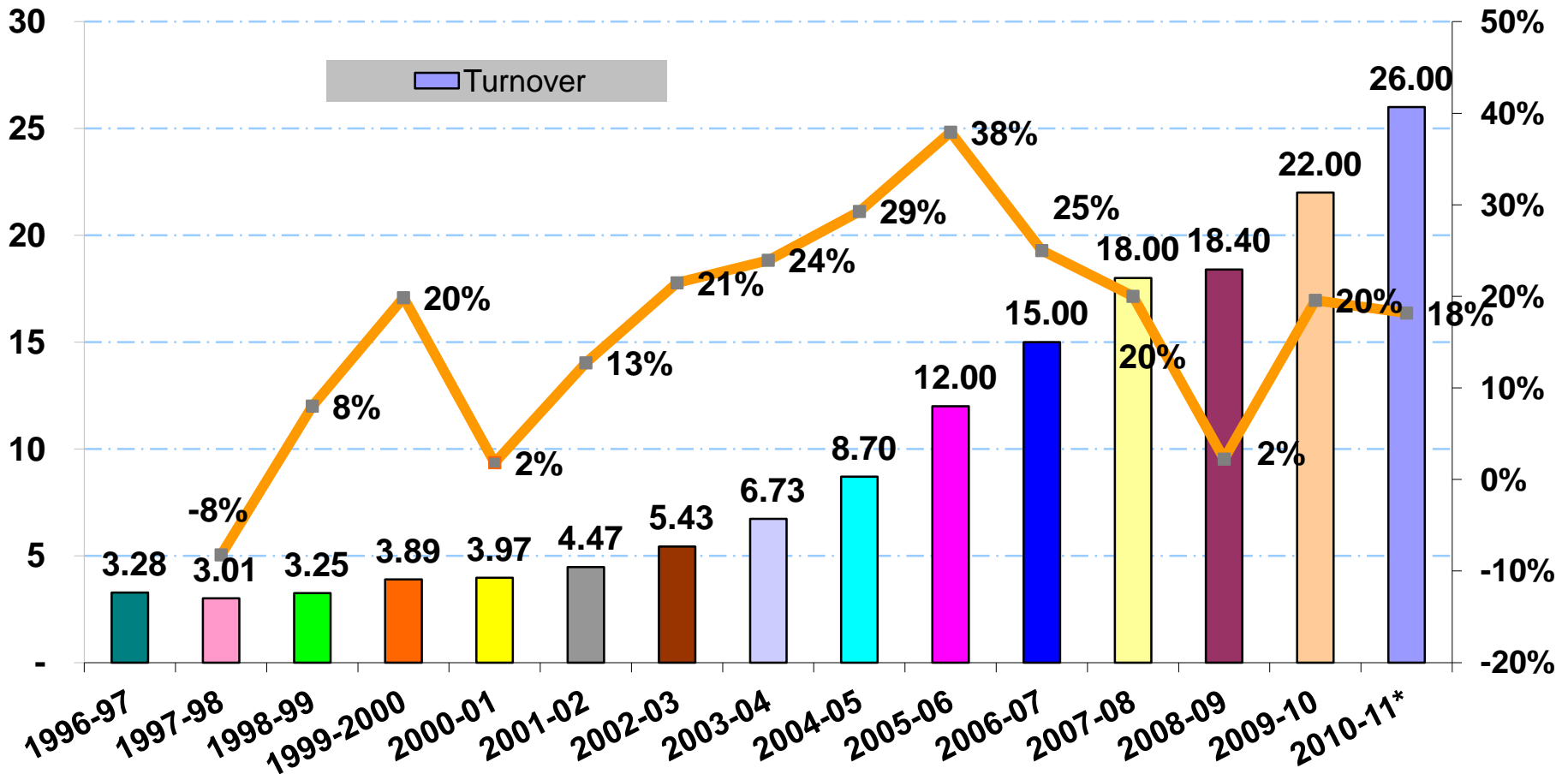
Motorcycles Production (Nos. in Millions)



Mopeds Production (Nos. in Millions)

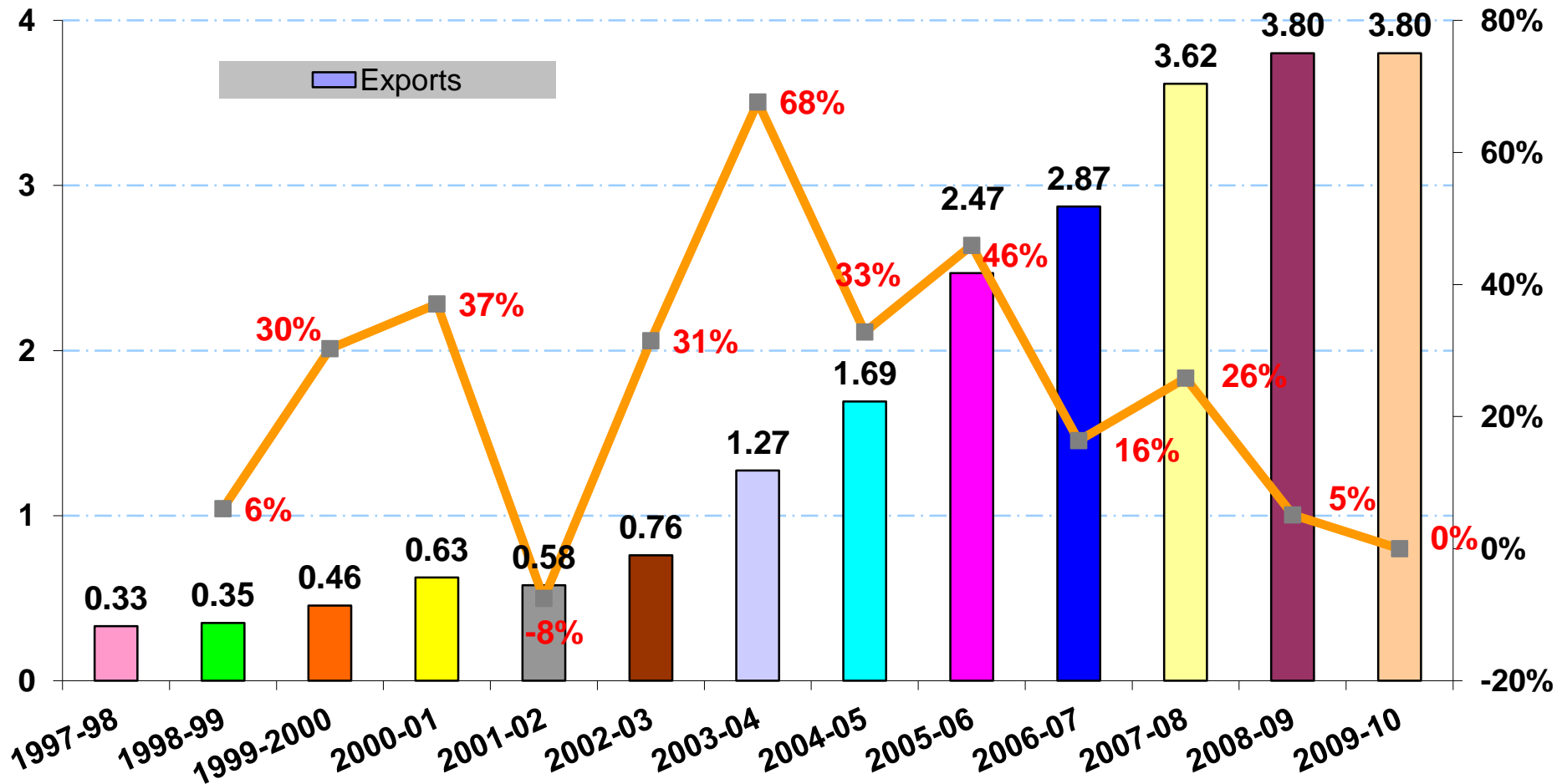


Auto Component Industry Production (in US \$ BLN)

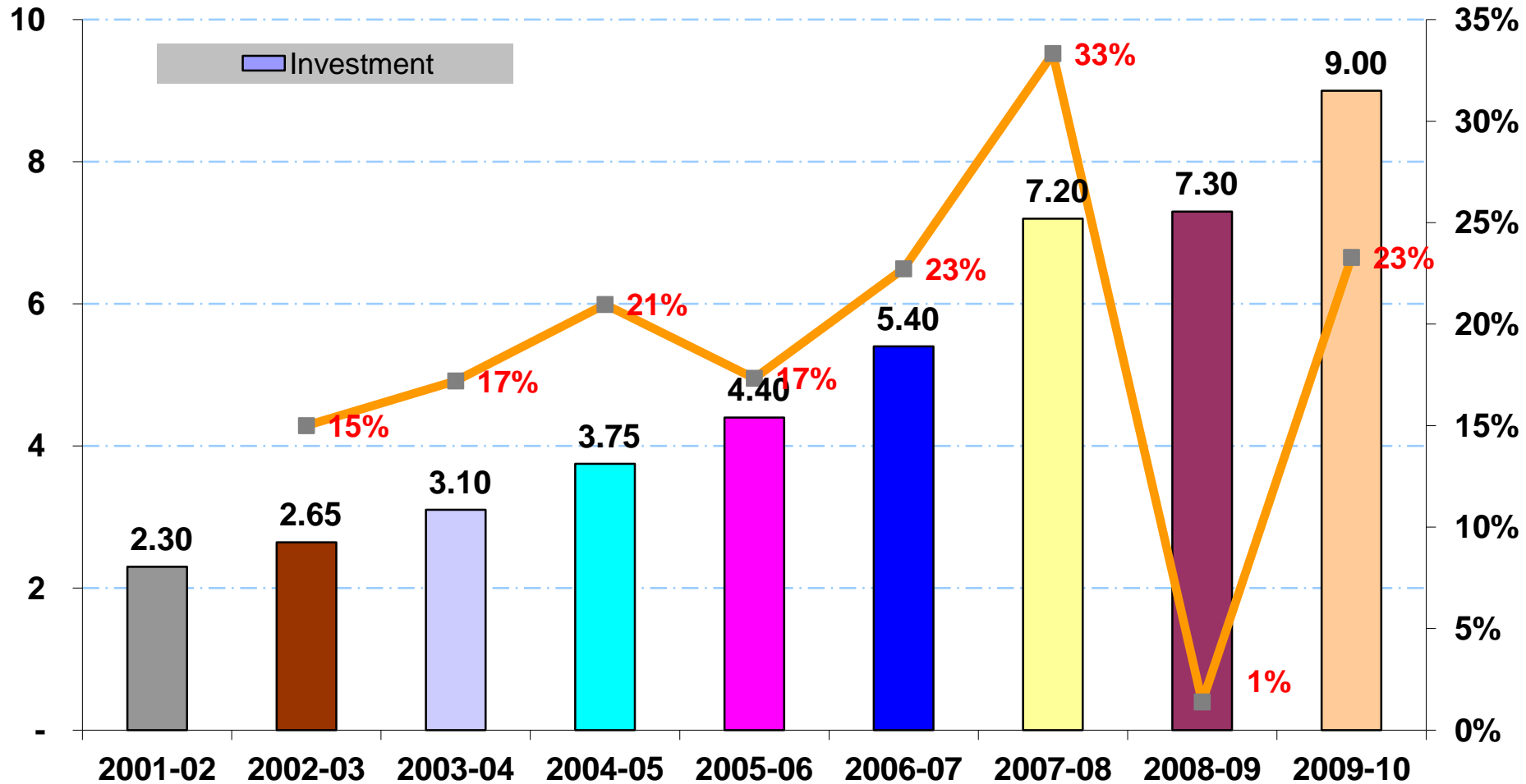


* Estimated

Auto Component Industry Exports (in US \$ BLN)



Auto Component Industry Investment (in US \$ BLN)



India as a hub of Cast Components

- Now the fourth largest producer of metal castings worldwide, India has increased its casting production by more than 100% since 2002.
- Expansion stems from India's large and rapidly growing economy, which has the potential to raise its income per capita to 35 times current levels over the next 40 years.

India as a hub of Cast Components

- According to Goldman Sachs, in 2059, India is expected to have one of the three largest economies (by GDP) in the world, along with China (first) and the U.S. (second).
- The automotive sector accounts for 4.2% of India's GDP, since 2002, production volume has a 16% compound and annual growth rate (CAGR).
- Some economists believe India has the potential to own up to 7% of the world's auto components market.

Hurdles

- However, India faces some hurdles. Along with a lack of sufficient infrastructure, consumable costs are higher in India than in developed countries.

Future

- ❑ Due to the growing expectations of OEMs regarding the quality and quantity of castings, India is expected to produce larger casting facilities over the next few years.
- ❑ The size and scope of large plants are required to address investment requirements, power shortages and a talent crunch.
- ❑ This means that manufacturers with latest technology of equipments and raw materials will have a bright opportunity in India.

Innovative Suggestions

- ❑ Foreign manufacturers and suppliers should help Indian foundries to introduce new markets (Where European foundries have stopped catering).
- ❑ Differed payment terms of some European countries can be a major attraction for Indian Foundries going for expansion.



Thank You