



President's Message

Time to look into your casting production cost

Dear fellow foundrymen,

World recession, withdrawal of higher currency notes from the Indian economy (demonetisation), a new tax regime (GST) - and now the hike in input price – all this is bound to take its toll on our fledging industry!

We have been combating such vexing issues for the past several years, yet were somehow able to keep our heads above the choppy waters by reining in production cost through cost-cutting measures, efficiency improvements and careful planning.

Over the past few days, international raw material prices have been on a steep uptrend, and what is worse, domestic prices have surged ahead of the international rates. Indian foundries are floundering under the impact. Such a steep rise in all major input costs across the industry sectors will, undoubtedly, deal a severe blow to small foundries that are reeling under the price pressure. From scrap to ferro alloys and from graphite to resins, everything is witnessing an abnormal price rise.

Making matters worse, the present-day cost of fuel and power in India is the highest amongst the developing economies. Procuring quality power at competitive price

is another big challenge. The industry is being made to pay for inefficient distribution system and cross-subsidies, a practice that continues to prevail in India.

A significantly large number of foundries in India operate on low margins and low capacity utilisation.

So what now?

What can be done when our back is pressed against the wall?

Should we move into denial mode? If not, what is the action that small foundrymen, threatened out of their businesses can take?

I think it's time for the industry to take stock of the situation and take some hard decisions. We have held out as long as we could in the best interests of our customers, but things are now going out of hand and we cannot sustain status-quo on price for very long. No matter how much we may dislike the thought, major part of the cost burden will have to be passed on to the customers.

As long as foundrymen do not get the right prices, investment in and growth of foundries cannot happen. Simultaneously, we need to attract the right talent to the industry.

As such, cost competitiveness of foundries is getting eroded substantially, making it difficult for us, as an industry, to run the foundry business at such low margins and rendering it almost incapable of investing in newer technologies. Due to low margins and increasing cost of raw materials, the industry is not able to invest in new production and greener technologies, which is the urgent need of the hour.

Price trend of foundry raw materials is published on page 105, 108 & 109 of this issue. Kindly check your current purchase cost of major raw materials vis-à-vis that of one or two months' back and calculate impact on your product cost.

If we are going to resort to a policy of wait and watch for things to normalise or still continue supplying at existing prices or knowingly supply at lower price to gain more business, we are going to lose vital time and will meet with inevitable failure. We need to move fast, not lose time and adjust to the changed market scenario to grow stronger and become more profitable.

I am quite hopeful that the foundry industry will perform better in the coming months.

On the IIF front, with the efforts of FIC, in response to the demand of the domestic industry, Government of India has imposed Anti Dumping Duty ranging from 6.27% to 35.92% on castings for wind-operated electricity generators, imported from China.

We had a very informative 'Mission Zero Defect' – Study Tour at Mahindra & Mahindra Ltd. Under CET's guidance, many Chapters have started Cast your Future with Castings' projects at engineering colleges. Kolhapur and Belgaum Chapters are planning to conduct Zero Defect Casting Clinics. First in the series of five Foundry Excellence Workshops will be conducted by NCTS on 7th October in Pune on "Way to the Top – Prepare Organisation's Growth Strategy and Structure" (details on page 64). On 10th November, the Foundry Innovation and New Technology Summit will be held in New Delhi (see page 65).

Our Head Office has donned a new look with the exterior painted before the puja festival and last, but not the least, thank you for your appreciation for the new look and feel of the Indian Foundry Journal.

Please feel free to share your ideas with me at president@indianfoundry.org or on 98243 02980 to help us take our Institute forward.

I, along with my team, wish you Happy Navratra, Puja & Dusshera!!

Let's Cast It Together – Mission Zero Defect!!

Amish Panchal
President, 2017-18

Projects for 2017-18



IIF Annual Sponsors 2017-18

