



## NELCAST LIMITED

SAP ERP PROVIDES A FIRM FOUNDATION FOR GROWTH AT NELCAST LIMITED, ONE OF THE LARGEST FOUNDRIES IN INDIA

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**SK Sivakumar,**

Company Secretary, Nelcast Limited

### QUICK FACTS

#### Summary

- Name: Nelcast Limited
- Corporate Office: Chennai
- Industry: Automotive, OEM supplier
- Products/Services: SG Iron and Grey Iron Castings
- Employees: 1000
- Revenue: INR 400 crores

#### Website

- [www.nelcast.com](http://www.nelcast.com)

#### Key Challenges

- Integration
- Streamline core business processes
- Improve visibility
- Better inventory and planning

#### Project Objectives

- Provide an adaptable, scalable solution
- Automate and integrate business processes
- Deliver a unified picture of critical, up-to-the-minute business information across the organization

#### Why SAP solution

- SAP's reputation and expertise
- Best fit after comparing industry-specific functionality with that of other enterprise resource planning (ERP) software providers
- Comprehensive and integrated package
- Positioned for future growth
- The company's customers also run SAP

#### Solutions and Services

- SAP ERP

#### Implementation Highlights

- Time-frame: 4 months

#### Implementation Partner

- TVS Infotech Private Limited
- Implementation: Challenging
- Top management's involvement
- A well-orchestrated effort
- Strong project management team
- Foundry solution mapped in SAP
- Excellent support from SAP

#### Key Benefits

- Real-time access to higher quality information
- Complete visibility across the organization
- Standardized business processes
- Improved operational efficiency and productivity
- Transparency into costing of components
- Better inventory tracking and control enables inventory to be kept at optimal levels
- Restructuring of the existing financial accounting system to suit globally accepted standards
- Ability to generate detailed reports efficiently
- Better monitoring and tighter control through up-to-date financial information
- Comprehensive business insight and analysis, supporting faster decision-making
- Foundation for future business growth and expansion

#### Existing Environment

- Disparate systems

#### Hardware

- IBM

#### Operating System

- Windows NT

#### Database

- SQL Server



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Established in 1985, Nelcast has become a leading player in the ferrous casting industry, manufacturing casting components and a range of other products to meet the requirements of different kinds of automation used in diverse industries.

It has its corporate office in Chennai, two manufacturing facilities and an international presence at Illinois in USA. Over the last 2 decades, Nelcast, a TS 16949 Company, has grown into India's largest producer of SG Iron Castings and a leading producer of Grey Iron Castings. Catering initially to the Commercial Vehicle industry and subsequently to the Tractor industry, the company has also diversified to fulfill the casting needs of various other industries. Showing an astounding growth rate, Nelcast has plans to double the current capacity of 84,000 MT in about two years.

### The Need for SAP

The company is doing well and has ambitious plans for the future. However, automotive suppliers today are under intense pressure to increase efficiency and streamline processes and the IT systems in the company did not support its growth strategy. When Nelcast decided to overhaul its IT infrastructure, it had definite objectives in mind. It wanted to bring in integration, improve the critical flow of information, streamline core business processes and strengthen customer service to support the challenges of managing growth. After evaluating several enterprise resource planning (ERP) software providers including Oracle and Ramco, the company eventually selected the SAP ERP application to replace its disparate legacy systems to create a strategic foundation for business efficiency and enhanced service delivery. SAP offered a total integrated solution

running on a common platform. "We found that SAP ERP is ideally suited for a manufacturing company. Moreover, we got an excellent feedback from our customers who run SAP", says SK Sivakumar, Company Secretary, Nelcast Limited.

### Implementation

TVS Infotech was chosen as the implementation partner for the project since they had the requisite experience and an understanding of the specific needs of the foundry industry. The implementation which was started in April 2008 took around four months to be completed. "The project had its share of complexities. Further, the shift towards a systematic way of working posed a challenge and we faced initial problems with regard to change management. However, all said and done, it has been a satisfying implementation", says Sivakumar. The critical success factors were user and management support and the commitment of the partner company to the project. The modules implemented include Financials & Controlling (FI CO), Production Planning (PP), Materials Management (MM), Quality Management (QM) and Sales & Distribution (SD). Today, there are 25 users in the company.

### Benefits

#### Standardized processes, complete visibility and enhanced efficiency

With the implementation of SAP ERP, the company sought to have an IT platform that would bring transparency, accountability, efficiency

and integration across the entire organization. The solution allows the users to retrieve, manage and analyze data in real-time. The captured information is consistent and authentic, and there are neither mistakes nor doubts about the integrity of data. "One of the major benefits of the SAP system is that it has driven a standardization of business processes at Nelcast, enabling seamless integration between different departments", says Sivakumar. The integration of business processes across the company can lead to improved productivity and communication between departments; while enhancing management control on various functions and operations. Reports can be generated quickly, with much more flexibility in report customization and management, which can eliminate manual processes and lead to time savings.

### Better Monitoring and Control

The system has brought anytime, anywhere access to data. "Now, we can get real-time information at the click of a button. The Balance Sheet is also available online. SAP ERP facilitates real-time monitoring of the business through up-to-date financial information", says Sivakumar. Monitoring has become easier with the ready availability of reports. Timely access to the right information helps the company to identify concerns early and pursue opportunities proactively, which enables better predictability of business performance. Improved management control on various business functions and operations leads to a faster decision-making



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process. The company can evaluate options and take suitable decisions on a timely basis and better plan its strategic moves based on accurate, reliable data.

### **Better Inventory Management**

SAP ERP will allow the company to have a clear, up-to-date picture of its business at all times. Thanks to full visibility into stock that can result in optimized inventory and improved replenishment planning, the company can effectively monitor its inventory. The SAP software enables the company to see store activity and inventory levels in real-time, leading to improved inventory management and better planning. The enhanced ability to manage inventory gives a good platform for informed decision-making and reduces dependency on the employees to provide the data, as and when required.

### **Better Collaboration with suppliers and customers**

Nelcast believes that it can operate more effectively, while responding quickly and appropriately to change, as it is now is in a better position to track the status of its business whenever required. With quicker decision-making, the company has an advantage in being able to react to customer needs appropriately. “We would like to share real-time information and streamline collaboration with our suppliers and customers”, says Sivakumar.

### **Future Plans**

With SAP ERP, the company is better equipped to face new challenges in the future and meet opportunities in an increasingly competitive marketplace. For Nelcast, the priority at this point is to refine its implementation. Though the company is seeing and deriving the advantages of SAP ERP across the

organization, it may need some more time to realize the real benefits of the solution. “SAP ERP is an effective solution. Many of our customers including Tata Motors, Ashok Leyland, and M & M also run SAP and we were impressed to see the results. We have plans to increase the number of SAP user licenses and implement the SAP PM (Plant Maintenance) and SAP HR (Human Resources) modules in the near future. We know that SAP and TVS Infotech are with us all the way to meet our current and future requirements and we look forward to their continual support”, concludes Sivakumar.

2008/02

Company's registration no.: 198902722M

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