



Media Release

Association of Indian Forging Industry (AIFI) hosts the 7th ASIAFORGE 2019 to focus on global opportunities and challenges facing the forging industry

Editor's synopsis:

- India plays host to the 7th ASIAFORGE- 2019 after a gap of ten years
- ASIAFORGE is being held at Four Points by Sheraton, Mahabalipuram Resort & Convention Centre, Chennai from 18th to 24th of January 2019
- 27 renowned experts to present technical papers on advancements in forging technologies & equipment.
- 75 participating companies to showcase the latest technologies and innovations in the forging industry
- Over 700 delegates across 14 Countries

Indian Forging Industry:

- As per the recent survey conducted by the forging association in September 2017, the estimated turnover of the 378 functional forging units across India in FY 2016-17 was INR 31,189 crore providing employment to over 200,000 people in the country. The report also suggests that the installed capacity also increased from 37.6 Lakh MT in FY 2014-15 to 38.5 Lakh MT with overall production of forgings increased from 22.5 Lakh MT to 23.9 Lakh MT.
- Backed by surge in overall auto sales last year and renewed thrust on infrastructure development, AIFI Predicts impressive growth for the Forging Industry; anticipates approximately 10% demand growth in the new year 2019.

19th January 2019, Chennai: Association of Indian Forging Industry (AIFI) the apex body of the Indian Forging Industry kickstarted the 7th ASIAFORGE 2019 at Chennai today. The two-day long ASIAFORGE was inaugurated by Mr. Sajjan Jindal - Chairman & MD, JSW group and Dr. Ashok Jhunjhunwala, Prof. IIT Madras delivered the key note address. Also present on the occasion were the host of ASIAFORGE 2019, the Association of Indian Forging Industry (**AIFI**), represented by Mr. S Muralishankar, President, Association of Indian Forging

Industry (AIFI), Mr. R. Sivaparasad Reddy, Vice President, Association of Indian Forging Industry (AIFI), Mr. Abhay Raj Kapoor, Convenor Asia Forge 2019 & Mr. Vikas Bajaj, Co-convenor, along with the Managing Committee members.

ASIAFORGE is back in India after a gap of ten years in its 7th Edition, as the 7th ASIAFORGE. AIFI had hosted the 2nd ASIAFORGE meeting of the international forging community back in 2008 in Delhi.

The 7th edition of the ASIAFORGE, at Chennai, has been designed to showcase the latest trends in the global forging industry and give participants an opportunity to keep abreast of new developments and best practices in the forging industry across the globe. It is also an ideal platform for the Indian forging industry to showcase its technological prowess, network and interact with global experts and strengthen bonds with international forging associations.

Speaking on the occasion Mr. S Muralishankar, President- AIFI said, “Hosting of the 7th ASIAFORGE in India, after over 10 years, is a truly momentous occasion for the Indian forging industry. Our decision to host the event was to facilitate our industry, to acquaint ourselves with the latest trends and technologies in the global forging industry with the expectation of benchmarking some of the best practices and displaying India’s technological prowess and engineering capabilities to the global experts. The Indian forging industry is faced with some truly interesting and challenging years ahead and the ASIAFORGE platform will help us to be prepared for future opportunities.”

The forging meet hosts a range of interesting and in-depth technical and business programs for its participants, covering topics ranging from tooling to automation, including overviews of the forging industry in different countries in Asia. More than 14 countries will be represented at the ASIAFORGE 2019 including China, Japan, Taiwan, Korea, Germany, Italy, France, Belgium etc. Additionally, it will also witness an exhibition which will see 75 companies displaying their products and services.

The Indian forging industry is looking at ASIAFORGE 2019 and the experience of global experts therein, for answers on evolution, modernization, technologies and cost rationalization, to meet the growing demands in the years ahead. Other key areas that will be discussed over the next few days are - coping with the lack of skilled manpower, optimal utilization of raw material in order to meet the challenges on competitiveness. All of these are expected to be discussed threadbare, with innovative solutions being sought for all.

Sharing his thoughts Mr. R. Sivaparasad Reddy, Vice President, AIFI said, “We believe that the ASIAFORGE 2019 will play a critical role in strengthening the bonds amongst Global Forging Associations. These meetings have always played an important role in the evolution of the forging industry across the world and shall continue to do so by providing collaborative platforms to address the challenges faced by the industry. This is also a recognition of the Indian forging industry’s strong management, engineering and technical capabilities, that

have helped us to become established suppliers to the global automotive and other key industries. We now could build on this strong foundation and further consolidate our position.”

Brief history about ASIAFORGE:

ASIAFORGE is an organization established in April 2005 by Association of Indian Forging Industry (AIFI), Confederation of Chinese Metalforming Industry (CCMI), Korea Forging Industry Cooperative (KFC), Japan Forging Association (JFA), and Taiwan Forging Association (TFA), to deepen their partnership in the forging industry within Asia which has become a very important strategic region. ASIAFORGE Meeting is the name of the international conference held in Asia by ASIAFORGE




ABOUT AIFI:

Association of Indian Forging Industry (AIFI) is the apex body of the Indian Forging Industry. At present it consists of over 250 members, who command a large market share of the total production of the Indian forging industry. The role of AIFI is to promote and develop the Indian Forging Industry to meet the demands and expectations of forging customers and end users, both domestic and global) by improving the business environment for its members and contribute in increasing their competitiveness through mutual co-operation and understanding of all parties concerned and constant updating of information and technology.

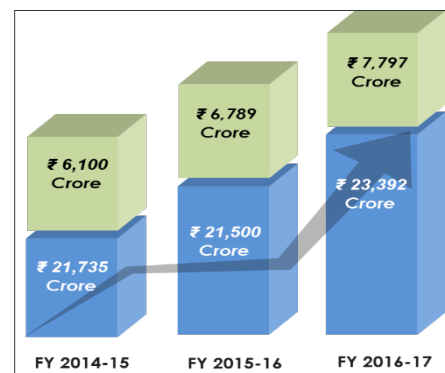
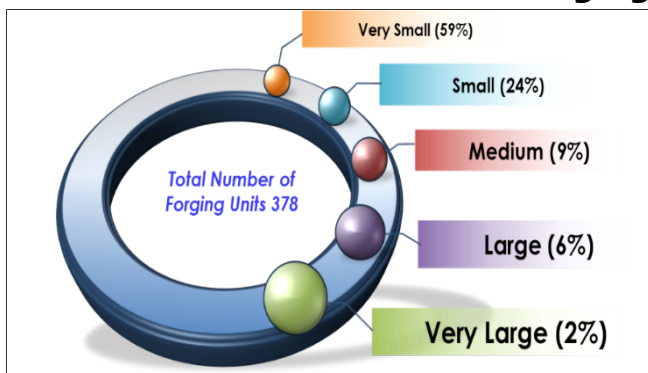
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Snapshot: Indian Forging Industry

	 Installed capacity	 Total Production (In Lakh MT)	 Total Production (In Crore)
FY 2014-15	37.6	22.5	₹ 27,835
FY 2015-16	38.1	22.8	₹ 28,289
FY 2016-17	38.5	23.9	₹ 31,189

Scale-wise Classification of forging units



Domestic Sales vs Exports

Regional Data:

There are approximately **75 forging units** in the Southern Region (Chennai-29, Bengaluru-16, Hyderabad-10, Coimbatore-9, Others-11). The 75 units accounts for an **annual turnover of Rs. 4039 crores** and a **total installed capacity of 5.35 Lakh MT**. The Southern Region accounts for **14% of total installed capacity** in India. Hot Closed Die process of forging is the most common process contributing to an **installed capacity of 24.14 Lakh MT (63% of the total installed capacity)**. The Southern Region forging units account for **10% of the same**. However, the units in the South are more into cold closed die forging, forming and warm closed die as compared to the rest of the country. The survey depicts 100% forming process to be adopted only in this region. These units have an **average capacity utilization of 61%**.

Despite slowdown in Auto sales in the last quarter 2018, forging on the growth lane

Even though there is a drop in the passenger car & CV production in the last two months, 2019 looks promising. Backed by the good monsoon season and the overall Indian automobile sector performing better in 2018 with all vehicle categories reporting strong yearly sales, has opened year 2019 on a robust note for the Forging industry. Domestic passenger car sales rose by 6.05% during a volatile 2018 to over 2.55 million units. Even the commercial vehicle segment was faring well until October with M&HCV growing at 12 per cent y-o-y at 27,571 units and LCV growing at 32 per cent y-o-y at 55,593 units. However, in November, the growth took a reverse trend with M&HCV de-growing at 19 % y-o-y and LCV at 18 % y-o-y.

The trend in Auto sector sales was robust during the first half of the calendar year but weakened in the second half due to factors such as the devastating floods in Kerala, unfavorable macroeconomic scenario, as well as regulatory changes and high fuel prices, which increased the cost of ownership.

Key Challenges and Concerns:

GST impact: Even though this new tax reform system announced by the government has been acknowledged as beneficial and advantageous in many ways by industries, there are still some concerns regarding its successful implementation. The benefits of this tax reform are undeniable as it would help bring India's unorganized sector into the fold, increase exports, lower business costs across most sectors and reduce incidences of unnecessary double taxation and removal of multiple checkpoints and permits at state border checkpoints ensuring faster logistics. However, the entire implementation of GST has been a matter of concern with lack of clarity regarding Input Tax Credit & documentation, increase of working capital, lack of clarity in processing returns and no cost saving.

Steel Prices and demand supply gap: The forging industry in India has been showing a growth trend since last three quarters. However, domestic steel prices have gone up considerably as compared to the international price. There is a gap in the quality of domestic steel as compared to the international quality. Domestic steel price increase has made Indian forging industry non-competitive in the global market. The supply of steel within the country is less than that of demand.

Modernization: Compared to the European, Japanese & American counterpart and companies from China, Korea and Taiwan the technology & automation levels is much lower (barring a few bigger forging companies). Most of forging companies (MSME) need to upgrade their technologies, for this the industry need huge government support in terms of further interred subvention & TUF.

Electric Vehicles: Threat to Forging Industry: Another key issue concerning the future of the industry is Government's renewed focus on electric vehicles and taking stern steps to eliminate petrol/diesel cars by 2030. The decision seems highly farfetched at present and require the Government to draw a clear road map for the same. Currently, India sells

Segment	Typical consumption of forging per vehicle (in Kgs)
Passenger Vehicles	180-200 kgs
M&HCVs	400-420 kgs
LCVs	200-250 kgs
Tractors	250-300 kgs

22,000 Electric Vehicles annually, out of which only 2000 units are four wheelers (approximately 1% of the total four-wheelers sold in India). The introduction of EVs will have an adverse impact on Indian Forging Industry as 60% of the forging units are into manufacturing of auto components. Internal Combustion Engines (ICEs) have approximately 2000 moving parts as compared to only 20 moving parts in Electric Vehicles. Electric Vehicles do not have engine and transmission parts completely. It only comprises steering components, suspensions and axles out of the forged auto components. As a result, on an average 60-70% of demand for forged auto components would decline resulting in job losses and unit shutdowns.

The need of the hour is aggressive and assertive political action that will provide a level playing field to Indian manufacturers to become competitive in the global platform and other relevant policy reforms to foster ease of doing business.