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EM - Interview

Ashwani Maheshwari,
President - Forging business
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Creating value propositions

Ashwani Maheshwari, President—Forging Business, Varroc, in this interaction with Maria Jerin, discusses the challenges to be addressed and the opportunities to be leveraged in the Indian forging industry. Excerpts…

Can you brief us on Varroc's forging business in India, its international forging plant in Italy and the market served in India as well as globally?

Varroc's forging business caters to forged & machined metallic components' demand across multiple industries. The business serves a global clientele across Asia, Europe & United States through its six manufacturing facilities. Our four manufacturing facilities in India focus on small to heavy forgings for the global automotive industry. We also have two manufacturing facilities in Italy, focusing on heavy forgings for global mining, and oil & gas industry.

As per reports, forging market in India is growing at a CAGR of 7.29% over the period 2014-2018. What are the key emerging applications driving this growth trend?

Overall, 61% of the Indian forging market is shared by the automotive customers, which is growing at a CAGR of 9.4% in the last decade, acting as a key enabler for the forging market growth. Among the automotive space too, the two-wheeler segment shares 80% of the market, which is a key focus area for our forging business.

With global automotive OEMs upgrading their sourcing strategies to procure components from India, along with the government's thrust on 'Make in India' campaign, the growth prospects are very bright for the forging market in India. Key enablers of growth are the increased demands across urban and rural India, increased spending power, availability of variety of models serving the various needs of the customer, increased market penetration, improved infrastructure as well as the young emerging population.

Indian forging industry is facing challenges with the continuous increase in imports from China. How dose your company address such challenges to tap the potential in the Indian market?

Most of the imports from China are cost-advantage driven decisions. Though our products too are very cost-competitive, we are focused on establishing Varroc's forging business as a technology partner for our customers. We are not only supplying build-to-print parts, but also are co-creating the products with OEMs. Our investment in R&D has helped us offer end-to-end solutions to our customers – from product conceptualisation, design, forging, heat treatment, precision machining, assembly, validation & testing.

"Impression die forging remains the most dominant technology, providing dimensional accuracy & surface finish, necessary for automotive & aeronautical industry"
Ashwani Maheshwari

Can you highlight the Indian forging standards versus global standards in terms of installed capacities, R&D, innovation & technology breakthrough?
Indian forging industry has an installed capacity of 3.8 million tonnes, with 65% utilisation. 87% of this capacity rests with very small players & unorganised segment of the industry. Anticipated growth rate for the Indian forging industry is in-line with global projection of 8%.

Impression die forging remains the most dominant technology, providing dimensional accuracy & surface finish, necessary for automotive & aeronautical industry. Indian forging products are at par with the required global standards, capable of providing forgings of a variety of raw materials like carbon steel, alloy steel, stainless steel, super alloy, titanium, aluminium, etc. However, the technological and design expertise and knowledge rests with a limited few companies in India.

Varroc forging is one of the few companies capable of offering end-to-end solutions. Our virtual manufacturing, design optimisation and process validation capabilities are highly evolved. We have CAD/CAM/CAE infrastructure for 3D modelling, NC tool path generation & FEA analysis to accelerate response time in developing new parts. We are also actively working on alternative technologies like axial-forming for transmission gears and cold-welding for die-life improvement.

The Indian forging industry needs technology upgradation to be globally competitive. How can this be addressed vis-à-vis developments in the market and technology?
While this is true that technology upgradation is needed for the Indian forging industry, this is not the only lever for gaining a global competitive advantage. There are other value propositions for global customers like integrated manufacturing capabilities. Varroc, today, caters to the needs of the complete width of automobile industry from the two wheeler segment to commercial vehicles, with forging capabilities from 0.1 kg to 300 kg components. As far as product development is concerned, we are actively enhancing our capabilities – from transmission design for high-end motorcycles, to crankshaft & clutch assembly designs for the volume segment.

With growing complexity of product portfolio & shorter product lifecycles, the OEMs today are looking for business partners with co-creation & scalability capabilities. The technology disruption is happening at so many fronts simultaneously that the development & upgradation challenges will best be addressed with collaboration strategies.

How is your company strategising its business model to leverage the growing trend among the global automotive OEMs to outsource components from manufacturers in low-cost countries?
The outsourcing trend from low-cost countries has been in place since past many years and Varroc has been an early mover to seize the opportunity. In fact, global OEMs share a significant part of our clientele. Varroc's forging business, too, has been focused on exports, since beginning. We also supply to brands like Harley Davidson, Danfoss, Eaton, Fairfield, Thyssenkrupp, Meritor, Caterpillar, Schlumberger, etc.

How do you plan to expand your market presence in India as well as globally? What are your company's future plans in short, medium and long term?
In the short term, we plan to grow organically. We are ramping up our volumes with existing customers and expect a healthy revenue growth. On the technology front, we are focused on establishing a robust capability structure in place. Globally, we are constantly assessing the opportunities to off-set the impact of slow-down in oil & gas industry, which is the main customer base for our Italy facility.

Our medium term plan is focused on expanding our product portfolio for the automotive industry, especially the precision-machining category. We are also focusing on product development space with our R&D capabilities. Over the longer term, we are looking to de-risk through diversification in non-auto segments. We are excited about the opportunities we have for diversification, but we are going to be focused on specific product segments only. We also expect to develop proprietary products & technologies for the increasingly complex demands of the automotive industry. □