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Association of Indian Forging Industry

FOCUS

ISSUE 2 | 2024-25

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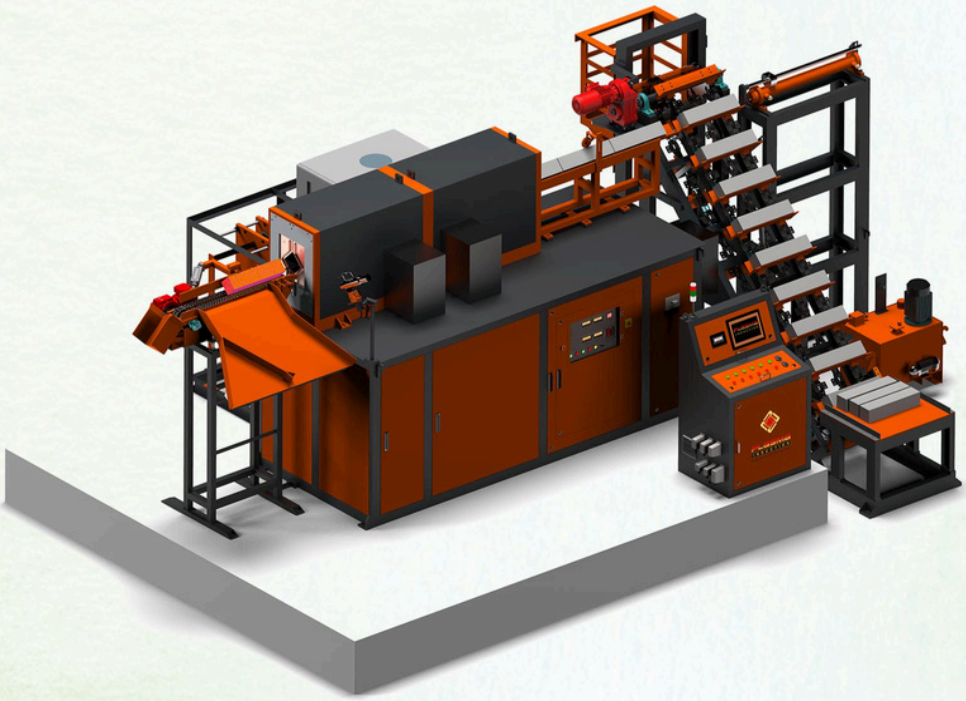

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CONTENT

From the Editor's Desk...

Over the years "FOCUS" has been the prime publication of AIFI sharing how the Forging Industry is shaping and adapting advance technology. In order to make the magzine more engaging, each edition of "FOCUS " will now focus on a ***theme*** *. Therefore the theme selected for this issue is* ***"Sustainability"*** *.*

Today World is facing a number of global challenges: climate change, transitioning from a linear economy to a circular one, increasing inequality, balancing economic needs with societal needs. Investors, regulators, as well as consumers and employees are now increasingly demanding that companies should not only be good stewards of capital but also of natural and social capital and have the necessary governance framework in place to support this. The European Commission has adopted the sustainable finance package which includes the proposed "Corporate Sustainability Reporting Directive" (CSRD) which reforms and greatly increases the scope of reporting required compared to the Non-Financial Reporting Directive (NFRD) disclosure requirements.

As per the McKinsey Report "Mobility 360 degree – Sustainability for Competitiveness" India's automobile parts industry could have a market opportunity of $3.8-5 billion by financial year 2029-30 in component circularity. It said that material circularity could increase companies' top line by 10-20 per cent, reduce cost by 5-10 per cent, cut down virgin material use by 20-40 percent and decrease carbon emissions by 50-70 per cent.

The Government has initiated various schemes and regulations to achieve net-zero as India is committed to achieving net-zero carbon emissions by 2070 and reducing one billion tonnes of carbon emissions by 2030.

AIFI initiated Green programme i.e. ***Tree Plantation*** *drive in 2017 and has made it a part of annual activity of the Association which is well supported and appreciated by the members. AIFI will continue Tree Plantation drive and will also organise* ***knowledge session*** *on* ***"Sustainability"*** *as we believe that even a small step will help to achieve net-zero.*

Let's contribute and support the government to save the planet.

Happy Reading!!!
Editorial Board
Team AIFI

ASSOCIATION OF INDIAN FORGING INDUSTRY (AIFI) ANNOUNCES NEW LEADERSHIP TEAM FOR 2024-26: MR. YASH MUNOT AS PRESIDENT, MR. S. RAVISHANKAR AS VICE-PRESIDENT.

The Association of Indian Forging Industry (AIFI), the apex body representing the Indian forging industry, proudly announces the election of Mr. Yash Munot as the new President of AIFI for the term 2024-26. Mr. S. Ravishankar has been elected as the Vice President of AIFI, marking the beginning of a new chapter in the organization's leadership.

Mr. Yash Munot

Mr. S. Ravishankar

Mr. Yash Munot, who previously served as Vice-President of AIFI from 2020 to 2024, is the youngest to undertake the role of President in the organization's history. He succeeds Mr. Vikas Bajaj, who served as President from 2020 to 2024.

Mr. Munot currently serves as the Chief Executive Officer at Varsha Forgings Private Limited and the Managing Director at KCTR Varsha Automotive. His journey in the forging industry began in 2005 with him being inducted into Varsha Forgings Private Limited, the family business. Beyond his industrial achievements, Mr. Munot is recognized for his diversified business ventures in sectors such as lifestyle products, health food, hospitality and philanthropy, including the adoption of an orphanage and medical aid distribution during the pandemic.

His leadership within AIFI has been marked by significant contributions, including his contribution in organizing major industry events like IFC 2011, Forgetech India 2016, Asia Forge 2019 and ForgeTech India 2023. He has served as the Western Region Chairman from 2018 to 2020. He holds a Bachelor of Arts (Honors) in Finance and Marketing from Regents Business School of London and a leadership degree from the London Business School. He is also a member of EO, an esteemed organization for entrepreneurs.

Mr. Yash Munot, President of the Association of Indian Forging Industry said *"I am deeply honoured to take on the role of President of the Association of Indian Forging Industry. The forging sector in India is at a pivotal juncture, with tremendous opportunities for innovation and growth. Our focus will be on fostering collaboration within the industry, driving technological advancements and promoting sustainable practices. I am committed to working closely with all stakeholders to ensure that our industry not only thrives domestically but also strengthens and enhances its global footprint. Together, we will build on the strong foundation laid by my predecessors and strive for excellence in every aspect of our work."*

Mr. S. Ravishankar, Vice-President of the Association of Indian Forging Industry said, *"I am truly honoured to take on the role of Vice-President of AIFI. Collaborating with Mr. Yash Munot and the committed AIFI team, I will strive for advancing our industry's progress and tackling the challenges presented by a rapidly changing global landscape. Our priorities will include boosting competitiveness, driving innovation and equipping our members for future opportunities. I look forward to embracing the exciting prospects ahead and contributing to AIFI's continued success during this transformative era"*

Mr. S. Ravishankar currently serves as the Managing Director at Super Auto Forge Private Limited. Mr. Ravishankar has over 25 years of experience in the Auto component manufacturing Industry. He is a Manufacturing Engineer with Bachelors degree from Annamalai University and Masters degree from The Ohio State University.

After working in Detroit for 2 years, Mr. Ravishankar returned to India and joined his family business at Super Auto Forge(SAF) in 1997. He has been instrumental in developing the international business of SAF and led the initiative to establish marketing offices in Detroit in 2001 and followed by Belgium in 2011. Mr. Ravishankar has been the Chairman of Indo American Chamber of Commerce for the period 2008 - 2009: Tamilnadu Branch and currently serves on the Southern Regional Committee of ACMA since 2021.

The Association of Indian Forging Industry community warmly welcomes Mr. Yash Munot and Mr. Ravishankar in their new roles and looks forward to their leadership in steering the forging industry toward a prosperous future.

ORDINARY MEMBER

Asian Cast & Forgings Pvt. Ltd., Ludhiana

Founded in 2009 under the leadership of Mr. Prem Nath Mittal, Asian Cast & Forgings Pvt. Ltd. is part of the Asian Group, a leading manufacturer of bicycles and auto parts. With a modern facility in Ludhiana, the company employs advanced technology from Germany and Taiwan and is ISO 9001:2008 certified. Dedicated to quality and continuous improvement, Asian Cast & Forgings aims to provide superior products and services, ensuring total customer satisfaction while expanding its reach globally.

Mr. Pardeep Mittal is the Director at Asian Cast & Forgings Pvt. Ltd.

New Swan Autocomp Pvt. Ltd., New Delhi

Established in 1985, New Swan Autocomp Pvt. Ltd. has become a leading manufacturer of sheet metal and fine blank parts, as well as assemblies, within the automotive sector. Known for its commitment to innovation and excellence, New Swan combines advanced manufacturing capabilities with a "Never Say Die" philosophy, which drives continuous improvement and technological advancement. With ISO/TS 16949 and ISO 14001 certifications, the company upholds the highest quality and environmental standards. Backed by a dedicated and skilled workforce, New Swan is well-positioned in India and competes successfully in the global marketplace.

Mr. Upkar Singh is the Managing Director of New Swan Autocomp Pvt. Ltd.

SPI Auto India Pvt Ltd., Surendranagar Gujarat

Established in 2017, SPI Auto India Pvt. Ltd. specializes in manufacturing high-quality automotive components. The company is committed to delivering innovative solutions tailored to meet the specific needs of its clients. With a focus on quality assurance and customer satisfaction, SPI Auto India aims to strengthen its position in the automotive industry by leveraging advanced manufacturing technologies and robust supply chain practices.

Mr. Nirav G Patel is the Director of SPI Auto India Pvt Ltd.

The Hi -Tech Gears Ltd, Gurugram

The Hi-Tech Gears Ltd. was established in 1986. A globally renowned Tier 1 auto component manufacturer, excels in producing world-class engine and transmission components. With a firm commitment to exacting standards, they serve a diverse international clientele, leveraging cutting-edge manufacturing processes. The company's core strengths lie in its dedication to Lean Manufacturing Principles and Total Productive Maintenance (TPM) practices, ensuring continual improvement and operational excellence. Driven by a talented and customer-centric team, The Hi-Tech Gears Ltd. is poised for growth as it expands its footprint in the increasingly interconnected global market.

Mr. Pranav Kapuria is the Managing Director of The Hi -Tech Gears Ltd.

ORDINARY MEMBER

Welcome NEW MEMBERS

Treeton Engitech Pvt. Ltd., Ludhiana

Founded in 2019, Treeton Engitech Pvt. Ltd. operates in a 40,000 sq. ft. facility with a workforce of 80 skilled professionals. The company specializes in close die forging with an annual installed capacity of 5,000 tons, producing single-piece forgings ranging from 1 kg to 50 kg. With a total group sales of ₹110 crores. Treeton emphasizes safety, quality, delivery, and cost efficiency, supported by a team of experienced engineers who ensure adherence to globally accepted ISO standards.

Mr. Pradeep Mittal is the director at Treeton Engitech Pvt. Ltd.

Western Miniforge Pvt. Ltd., Mumbai

Founded in 1979 by Mr. Janardhan Shringare, Western Miniforge Pvt. Ltd. has established itself as a specialist in manufacturing critical forged components for industries such as automotive, conveyor systems, transmission towers, railways, and gears. With a production capacity of 350 tons per month, the company offers precision forgings ranging from 0.5 kg to 13 kg, supported by in-house die and machine shops. Western Miniforge is ISO 9001:2015 certified, ensuring that its rigorous quality control processes are the cornerstone of customer satisfaction. Equipped with state-of-the-art machinery, the company is committed to delivering high-quality forging solutions to its clients.

Mr. Abhishek Shekhar Shingare is the Director of Western Miniforge Pvt. Ltd.

ASSOCITATE MEMBER

DKC International Solutions LLP, Mumbai

Founded in 1947 by Mr. D.K. Podar, DKC International Solutions LLP has grown into a leading global consulting firm, specializing in managing sales and marketing interests for international manufacturers. Since 1992, DKC has been actively involved in the forging industry, providing expert consulting and market support, particularly in sourcing specialized metals and raw materials from Europe, the USA, and Japan. The company is led by CEO Mr. Dilip Podar, who has been an industry leader since 1979, and COO Mr. Gaurav D. Podar, who oversees business development. With decades of experience and a global network, DKC continues to be a trusted partner for manufacturers worldwide.

Mr. Dilip Poddar is the Partner at DKC International Solutions LLP

Infinite Forgetech Pvt. Ltd., Gurgaon

Infinite Forgetech Pvt. Ltd. is a leading provider of advanced forging solutions, specializing in sales, marketing, and technical support for heavy equipment in forging applications. As the authorized dealer for seven companies from China, the company excels in offering state-of-the-art equipment such as electric screw presses and ring rolling machines. With over 40 years of industry experience, Infinite Forgetech is committed to achieving excellence in forging technology and aims to be a leader in the Indian market.

Mr. Sarvesh Kumar Vijay is the Director at Infinite Forgetech Pvt. Ltd.

Lubrikote Specialities Private Limited, Mumbai

Lubrikote Specialities Pvt. Ltd. is a leader in high-performance die cast lubricants, forging lubricants, and foundry chemicals, catering to the metal forming industry with specialized solutions. Renowned for pioneering water-based die release agents in India, Lubrikote has established a global footprint with representation in regions like the USA, Japan, and Europe. The company is committed to customer satisfaction through continuous innovation, rigorous quality standards, and a collaborative approach to solving industrial challenges.

Mr. Rahul Ramchandani is the Managing Director at Lubrikote Specialities Private Limited

Micromatic Machine Tools Pvt. Ltd., Bangalore

Micromatic Machine Tools Pvt. Ltd. (MMT), a member of the Ace Micromatic Group, is India's largest CNC machine tools sales and service provider. Established in 1987, MMT delivers comprehensive CNC solutions across turning, milling, and grinding, as well as laser cutting, 3D metal printing, and Industry 4.0 technology. With 70+ locations and a strong team of over 550 engineers, MMT supports 15,000+ customers across automotive, aerospace, and general engineering sectors. Committed to customer satisfaction, MMT has over 90,000 machine installations globally and aims to expand its international footprint by 2030.

Mr. Harish B. is the CEO at Micromatic Machine Tools Pvt. Ltd.

ASSOCITATE MEMBER

Welcome NEW MEMBERS

Proterial India Pvt. Ltd., Gurgaon

Proterial India Pvt. Ltd., formerly Hitachi Metals India, is a global leader in high-performance tool steels and specialty steel, founded in 1956. The company offers a diverse range of products, including high-speed steels, cold work steels, and plastic mould steels, engineered for exceptional hardness and durability. With advanced manufacturing facilities in Japan, Proterial maintains rigorous quality control to meet the demanding needs of industries such as automotive and aerospace. Committed to innovation, Proterial invests in research and development to deliver cutting-edge solutions for enhanced productivity.

Mr. Sanjay Seth, is the Managing Director at Proterial India Pvt. Ltd., Gurgaon

Rattan Hammers, Ludhiana

Established in 1981, Rattan Hammers is a pioneer in manufacturing heavy-duty machinery, including forging hammers, hot forging presses, and shot blasting machines. With products ranging from 300 kg to 4000 kg, the company has a strong presence in both the Indian and international markets. Equipped with state-of-the-art facilities, Rattan Hammers ensures high-quality production backed by a one-year guarantee against manufacturing defects. Their friction drop hammers are designed for various sectors, emphasizing productivity, economy, and durability.

Mr. Sukhdial Singh is a Managing Partner at Rattan Hammers

MACRO ECONOMIC FACTORS OF THE INDIAN ECONOMY

(Source ministry of finance, department of economic affairs (economic division))

India's economic momentum was sustained in the first quarter of FY25. With a cumulative real GDP growth of around 27 per cent from FY21, the economy had not only regained the ground lost during the pandemic but also achieved transformational changes in many productive sectors by the end of FY24. Building on this base, India's GDP at constant prices grew by 6.7 per cent in Q1FY25. Growth in all major non-agricultural sectors stayed well above 5 per cent in Q1, indicating broad-based expansion. With the advancing monsoon, kharif sowing has also picked up, brightening prospects of agricultural production.

Mirroring the strong build-up in productive activity, the major components of aggregate demand, including private consumption, fixed investment and exports, have picked up pace. Owing to the general elections during April-June, the general government expenditure is gathering pace only gradually in the current financial year. Despite this, the overall investment grew by 7.5 per cent in Q1, indicating the strengthening of the private investment cycle. Mosthigh-frequency indicators on the supply side suggest continuing economic expansion in the current quarter. Steady growth in GST collections, expansionary trends in purchasing managers' indices and growth in air and port cargo indicate vigorous economic activity.

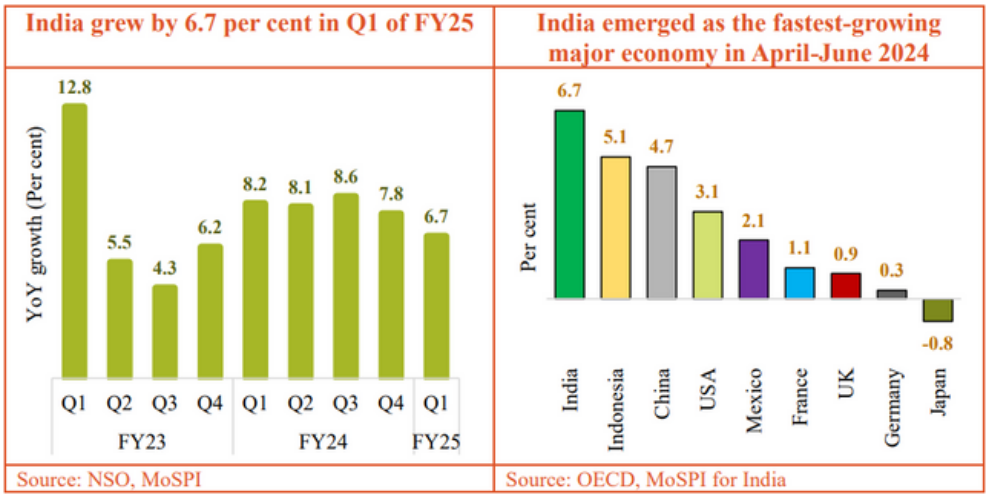
Global trade dynamics are rapidly evolving. Geopolitical conflicts, trade disputes, climate change, and advances in Artificial Intelligence are reshaping the contours of international trade in terms of protectionist trade policies and shifting global supply chains. Amidst these developments, the World Trade Organisation has projected that global trade will grow gradually in 2024 and 2025. India's export of goods, even after accounting for the decline in the prices of petroleum products, has grown negligibly in the first five months of the year compared to the same period last year. It reflects weak global demand and India's persisting challenges with scaling up production, productivity and competitiveness. At the same time, strong domestic demand meant that merchandise imports grew well. However, urban consumption shows some signs of weakness, evident in the decline in automobile sales in the first five months of the current financial year compared to the same period last year. Capital flows have remained steady, and FDI inflows have increased. Foreign portfolio investors remained net buyers over April – August 2024. Driven by stable capital inflows, foreign exchange reserves have reached historically highest levels.

Labour market conditions continue to improve. Net payroll additions under EPFO witnessed an upswing in the quarter ending June 2024, signalling a rebound in formal job creation. Headline retail inflation remained benign in August 2024 at 3.7 per cent, with softening food inflation and steady core inflation. While replenished reservoir levels and higher kharif sowing acreage augur well for the food price outlook, the effect of the skewed spatial distribution of the monsoon warrants monitoring. On balance, as public expenditure picks up and the rural economy strengthens, the overall growth is expected to remain steady in the subsequent quarters.

INDIAN ECONOMY DEMONSTRATES RESILIENCE AMID GLOBAL CHALLENGES

- The World Economic Outlook of the IMF released in July 2024 projected global growth to be 3.2 per cent in 2024, a shade lower than the pre-pandemic decade. Relative to the April 2024 projections of the IMF, the first quarter growth surprised many countries on the upside. Gradual cooling of labour markets, together with an expected decline in energy prices, can bring global levels of headline inflation back to the target levels by the end of 2025. Global trade moderated due to rising geopolitical tensions, cross-border restrictions, supply chain disruptions and slower growth in advanced economies. Developments in the services trade have been more upbeat, partly offsetting the decline in goods trade. Trade growth is expected to recover in FY25 and align with global GDP growth again.

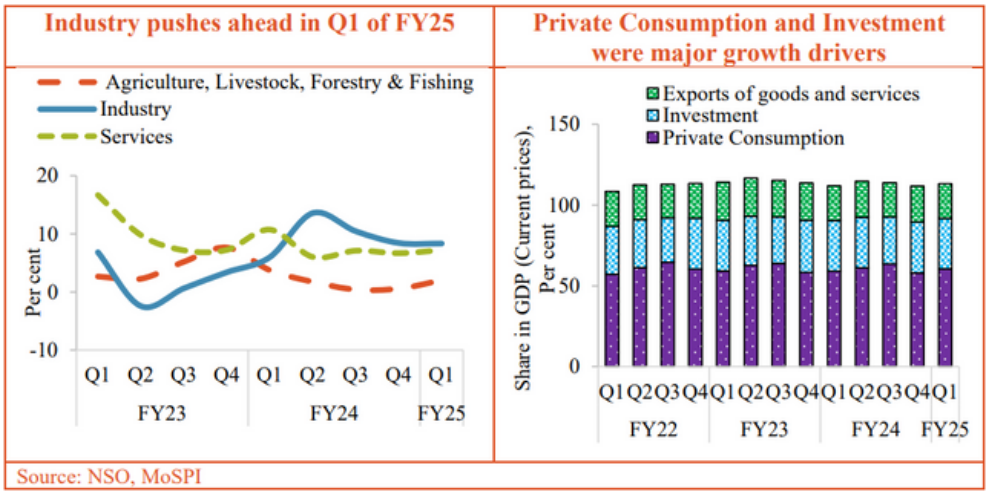
- Data released by the National Statistical Office has estimated that India's GDP grew by 6.7 per cent at constant prices in Q1 FY25. India's growth, which surpassed that of major advanced and emerging economies, remains steady in the face of ongoing global headwinds. It is important to exercise caution while interpreting economic growth rates in the post-Covid years. In India's case, after the pandemic-inflicted, short-lived downslide, pent-up consumption and investment demand gave an immediate boost to growth in FY22 and FY23, which carried forward to FY24. Growth averaged 8.3 per cent in these three years. We have analysed these patterns and concluded that the gap between the current GDP and its pre-pandemic trend has been progressively closing. The GDP level was close to the pre-pandemic trajectory in Q4FY24. Thus, the growth rate of 6.7 per cent achieved in Q1FY25 on a reasonably high base and amidst an unfavourable external demand situation is a sign of the underlying dynamism and strength of the Indian economy.



- Robust domestic consumption and investment underpinned GDP growth in Q1. Private final consumption expenditure (PFCE) and gross fixed capital formation (GFCF) at constant prices grew by 7.4 per cent and 7.5 per cent, respectively, while exports (of goods and nonfactor services) increased by 8.7 per cent. The share of private final consumption in GDP (at current prices) rose to 60.4 per cent in Q1 of FY25 from 57.9 per cent in Q4 FY24, while the shares of GFCF and exports remained steady.

The decline in the urban unemployment rate and improvements in rural incomes contributed to consumption growth. According to the Federation of Automobile Dealers Association's August 2024 press release1 , retail sales of vehicles in rural areas have picked up by 4.8 per cent in August on a YoY basis. On the GFCF front, it is clear that household and private investment supported the growth, as the capital expenditures of both the Union and state governments were lower in Q1 FY25 because the period was an election quarter. Government expenditure is poised to improve in the upcoming quarters.

- On the supply side, real gross value added (GVA) grew by 6.8 per cent in Q1FY25, with the industry and services sector displaying resilience. Agricultural GVA at constant prices grew at 2.0 per cent YoY, mostly reflecting the impact of the adverse weather conditions that prevailed during the previous year. As the effect of favourable and more even distribution of monsoon gets captured in this year's output, the overall agricultural output in the subsequent quarters is likely to strengthen.

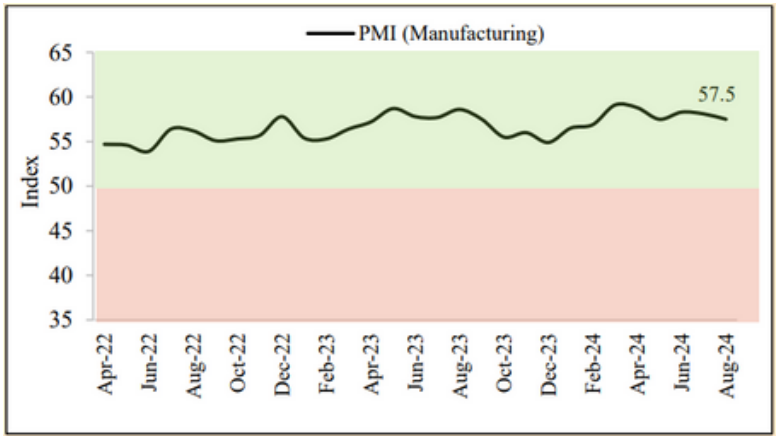


- The industrial sector grew by 8.3 per cent at constant prices in Q1FY25. The growth in the sector is supported by manufacturing, which grew by 7 per cent in real terms. The construction sector performed well, registering a YoY growth of 10 per cent in Q1 of FY25.

- The services sector saw continued robust growth, showcasing a real growth of 7.2 per cent in Q1 of FY25. The expansion in the services sector is evident in robust PMI readings, a surge in digital transactions, a rise in foreign tourism, and heightened cargo traffic. The real estate sector is also drawing an increasing number of participants. The JLL Global Real Estate Transparency Index 20242 , highlighted that India's Tier-I markets have entered the 'transparent' zone for the first time with a composite score of 2.44. India is the top global improver in the real estate transparency index. Greater data coverage and improved quality in core and niche property sectors, more proactive financial regulators, new climate risk disclosure guidelines, streamlined building regulations and digitised land records have contributed to its leading cities entering the 'Transparent' tier.

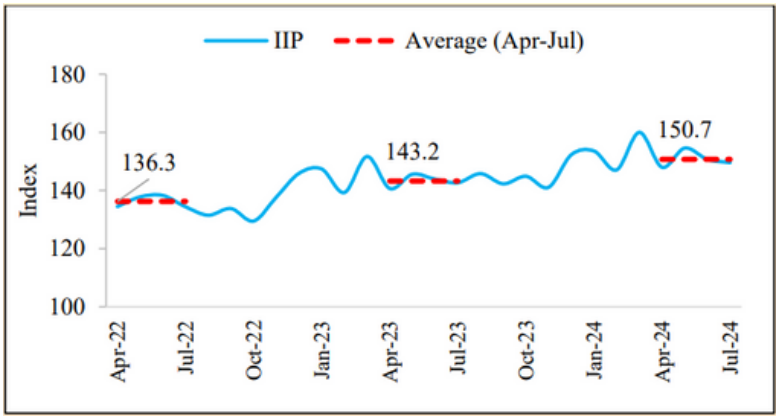
GROWTH MOMENTUM CONTINUES INTO Q2 FY25

Manufacturing growth remains steady



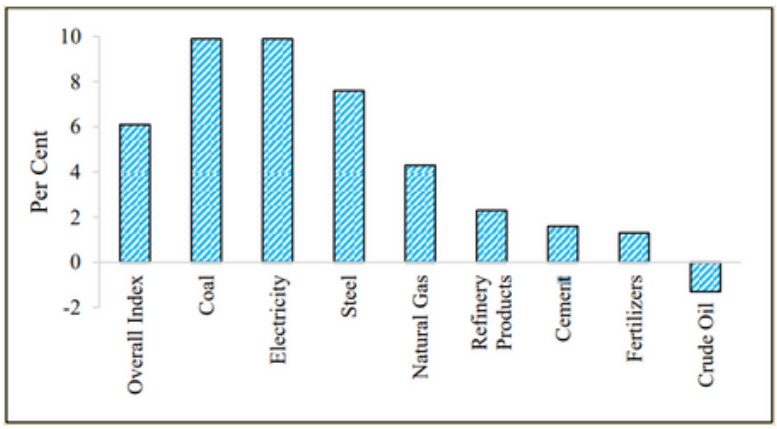
In August 2024, PMI Manufacturing remained above the long-run average, reflecting strong operating conditions. New business and output rose moderately.

Increasing trend in the Index of Industrial Production (IIP)

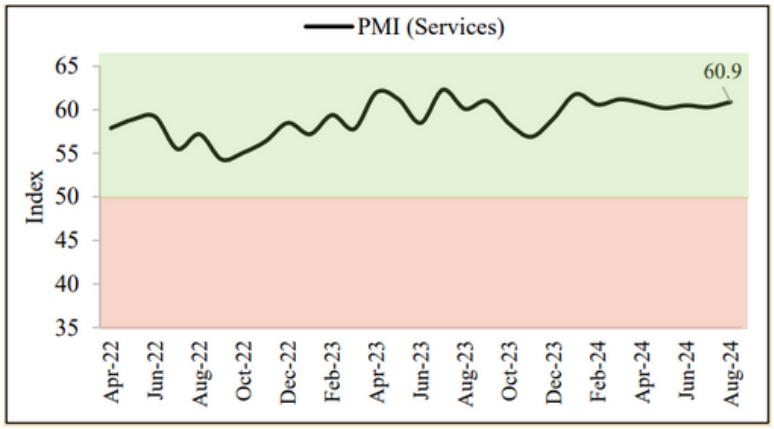


IIP grew by 5.2 per cent in April-July 2024 year-on-year (YoY). The YoY growth in subindices of IIP for the mining, manufacturing and electricity sectors for April-July 2024 stood at 6.9 per cent, 4.2 per cent and 10.1 per cent, respectively.

Growth performance of 8 core industries in April-July 2024

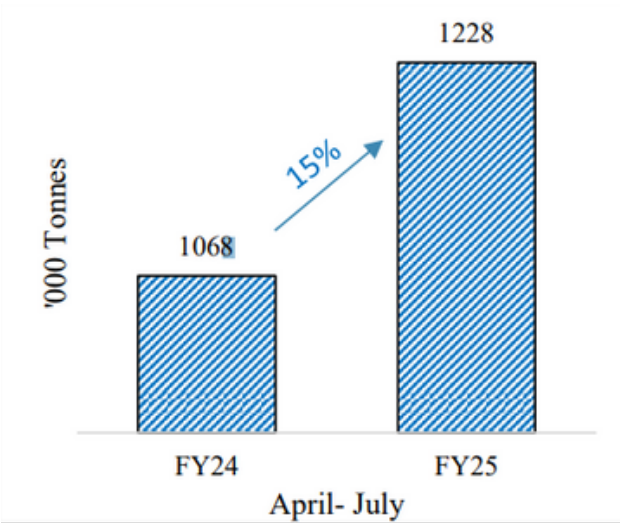


The index of eight core industries increased by 6.1 per cent (provisional) in July 2024 YoY. Strong growth was recorded in the production of steel, electricity, coal, refinery products, cement, and fertilizers.

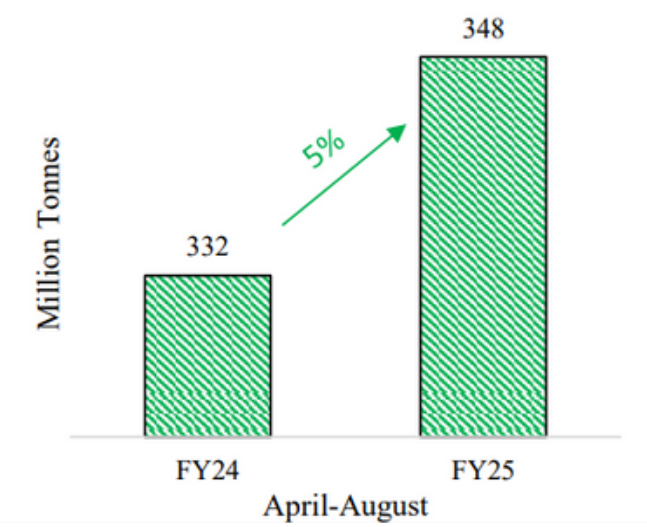


The services sector's momentum continued in August, with strong business activity driven by growth in incoming new business. As per sub-sector data, finance and insurance were the best-performing areas regarding both output and new business.

Rise in total air cargo handled

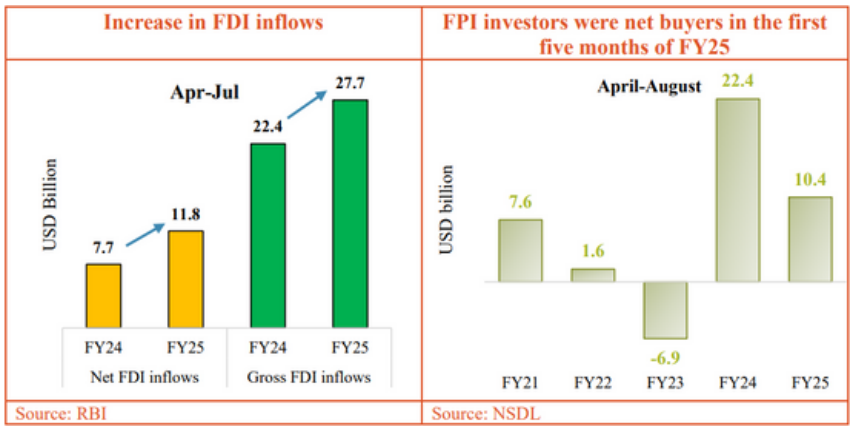


Rise in port traffic



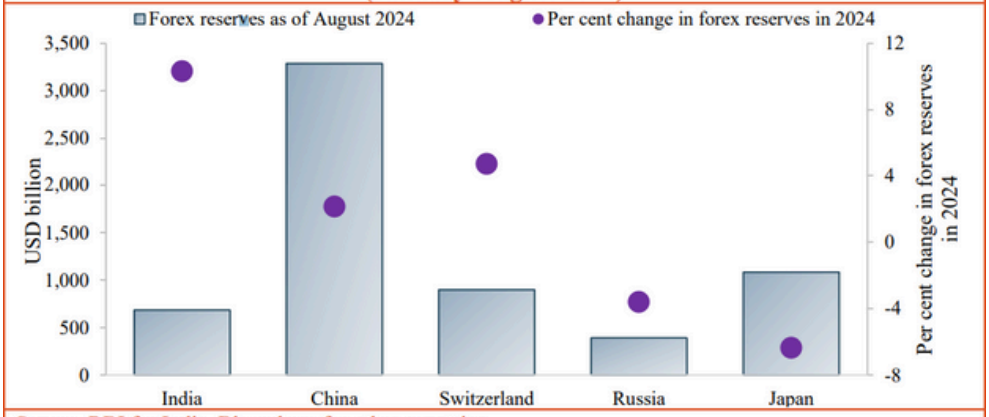
RISING FOREIGN PORTFOLIO INVESTMENT FLOWS

- Supported by strong macroeconomic fundamentals, favourable business environment, high economic growth and expectation of a rate cut by the US Federal Reserve, foreign portfolio investors remained net buyers in the first five months of FY25, witnessing net foreign portfolio investment (FPI) inflows of USD 10.4 billion. Telecommunications, capital goods, consumer services and healthcare accounted for most of the FPI inflows during the first five months of FY25.



- Driven by stable capital inflows, India witnessed the highest foreign exchange reserves of USD 684 billion as of 30th August 2024. India's forex reserves increased by USD 64 billion from January to August 2024, the highest percentage increase amongst major forex reservesholding countries. The forex reserves are sufficient to cover more than 11 months of imports and more than 100 per cent of India's external debt as of March 2024. Rising merchandise and services exports, coupled with stable foreign capital inflows, reflect the strong position of India's external sector.

India witnessed the highest percentage increase in forex reserves holding in 2024 (January-August 2024)



Source: RBI for India, Bloomberg for other countries
Note: Data for India, China and Japan is at the end of August 2024, for Switzerland at the end of July 2024 and for Russia at the end of June 2024

PERFORMANCE OF HIGH-FREQUENCY INDICATORS

Data Title	Unit	YTD Period/As at the end of	Year to Date			Year to Date (YoY Growth)		
			2022-23	2023-24	2024-25	2022-23	2023-24	2024-25
Industry								
IIP	Index	Apr-Jul	136.3	143.2	150.7	10.0	5.1	5.2
8-Core Industries	Index	Apr-Jul	144.8	154.4	163.9	11.6	6.6	6.2
Domestic Auto sales	Lakh	Apr-Aug	83	88.7	100.6	33.4	6.9	13.4
PMI Manufacturing	Index	Apr-Aug	55.2	58	58	5.3	5.1	0.0
Power consumption	Billion kWh	Apr-Aug	659.1	706.8	745.3	11.3	7.2	5.4
Natural gas production	Bn Cu. Metres	Apr-Jun	8.6	8.6	9.1	4.9	0.0	5.8
Cement production	Index	Apr-Jul	167.3	186.2	189.2	12.9	11.3	1.6
Steel consumption	Mn Tonnes	Apr-Jul	46.3	53	60.3	12.1	14.5	13.8

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- **Tool cost made economical to reduce per cut cost**
- **Productivity & Cost-** Dia 50mm bar of C-45 Material 50 mm length = 500 cuts/hours & per cut cost Rs/- 0.38
- **Bundle of 4 bar can be cut**
- **Tool life- Medium Carbon of steel bar up to 60-70 Sq.mtrs**

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FORGING AHEAD OR FALLING BEHIND? THE IMPACT OF THE EU'S CBAM ON INDIA'S EXPORT INDUSTRY

Khushi Shah, Independent Career Consultant, Economics Graduate St. Xavier's College Mumbai.

In today's globalized manufacturing landscape, countries like India are rapidly expanding their production capacities to meet growing global demand. Central to this growth is the forging industry, responsible for shaping metals into components used in everything from car parts to airplane wings. This process, relies heavily on extreme heat and pressure, is energy-intensive, and thus, carbon-intensive. As the demand for forged products rises globally, the industry faces a new challenge in the form of the European Union's Carbon Border Adjustment Mechanism (CBAM).

What is CBAM?

CBAM is part of the EU's ambitious plan to cut carbon emissions by 55% by 2030, known as the European Green Deal. It seeks to create a level playing field by taxing imports based on their carbon footprint, aligning the environmental costs of foreign producers with those faced by EU-based manufacturers. It is designed to combat what is known as "carbon leakage." Carbon leakage occurs when companies move their production to countries with looser environmental regulations to avoid the costs of stringent EU climate policies. While this aims to protect European industries that have to comply with strict environmental regulations, it puts a challenge for developing nations like India. This threatens to disrupt a crucial sector of the economy, particularly in industries like forging by increasing the cost of exports to the EU, a major market for developing economies like India, where environmental regulations are less strict. Under this mechanism, Indian companies exporting carbon-intensive products to the EU, such as forged steel parts, will be taxed based on their carbon emissions. This tax removes the cost advantage that our companies enjoy due to less strict domestic regulations, making their exports more expensive and less competitive in the European market.

India, one of the largest producers of forged products, exports a significant portion of its goods to the EU. These exports include auto parts, machinery components, and metal products, all of which are carbon-intensive in their manufacturing. So an Indian company that produces forged steel parts for the automotive industry may have lower production costs due to cheaper energy sources and less rigorous environmental regulations. However, under the CBAM, these parts would face a carbon tax, increasing their cost in the European market. This makes it harder for the Indian company to compete with European manufacturers, who are already compliant with the EU's carbon standards. As a result, European companies may prefer to source components domestically or from countries with similar carbon policies, potentially leading to a loss of business for Indian manufacturers.

Now the EU hopes that CBAM will have a ripple effect, often referred to as the "Brussels Effect,"whereby its regulatory policies push other countries to adopt similar environmental standards. The idea is that by imposing carbon taxes on imports, the EU will incentivize foreign producers to lower their carbon emissions to maintain competitiveness in the European market. While this approach may work for some developed nations, it ia a challenge for developing countries like India.

The reality is that many developing countries lack the financial resources to make these investments in greener technology. The forging industry, in particular, faces high capital costs for upgrading to more energy-efficient and less carbon-intensive technologies. Without substantial financial assistance, it is unlikely that many Indian manufacturers will be able to make the transition quickly, if at all.

Furthermore, the CBAM's pricing system is based on the EU's carbon market, the EU Emissions Trading System (EU-ETS) which was designed to reduce emissions rather than to reflect the true environmental costs of carbon. Economist William Nordhaus' concept of the Social Cost of Carbon (SCC) talks about exactly this discrepancy. The SCC represents the total damage to society caused by each additional ton of carbon dioxide emitted, but carbon markets often fail to account for this.

The CBAM is also likely to reshape global supply chains. By making imports from carbon-intensive countries more expensive, the mechanism may incentivize European companies to seek domestic suppliers or trade with countries that have adopted similar carbon standards.

This shift could reduce the EU's dependency on carbon-intensive imports, fostering greener production methods but also driving up costs for European manufacturers that rely on cheaper foreign inputs.

For developing countries like India, industries like forging, which are heavily reliant on exports to the EU, may face economic disruption as they struggle to remain competitive in a market where carbon costs are a key factor. According to the African Climate Foundation, CBAM could reduce Africa's exports to the EU by up to 5.7%, leading to a GDP contraction of 0.9%, or approximately $16 billion. The CBAM may also fuel geopolitical tensions, particularly between developed and developing nations. Many developing countries view CBAM as a form of economic imperialism, where wealthy nations impose rules that hinder the growth of poorer nations. This perception is particularly strong among BRICS nations (Brazil, Russia, India, China, and South Africa), which have positioned themselves as alternatives to Western-dominated trade and investment systems.

The transitional period leading up to 2026, when CBAM is expected to be fully implemented, offers an opportunity to build these bridges. By working with developing nations to ensure they have the resources and support needed to transition to a green economy, the EU can foster cooperation and create a more equitable global trade system.

Through collaboration, financial support, and a commitment to fairness, the EU can help developing nations meet the demands of a green economy without stifling their growth. In doing so, it can create a truly global response to the challenges of climate change, one that recognizes the need for both environmental sustainability and economic development.

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INDIA'S FORGING INDUSTRY: PUSHING FOR SUSTAINABILITY THROUGH GREEN STEEL AND RECYCLING

Rajeev Sinha, CEO and Co-Founder of OnlyGood FutureTech (OGFPL)

Driving Sustainability in India's Forging Industry: The Role of Green Steel and Recycling

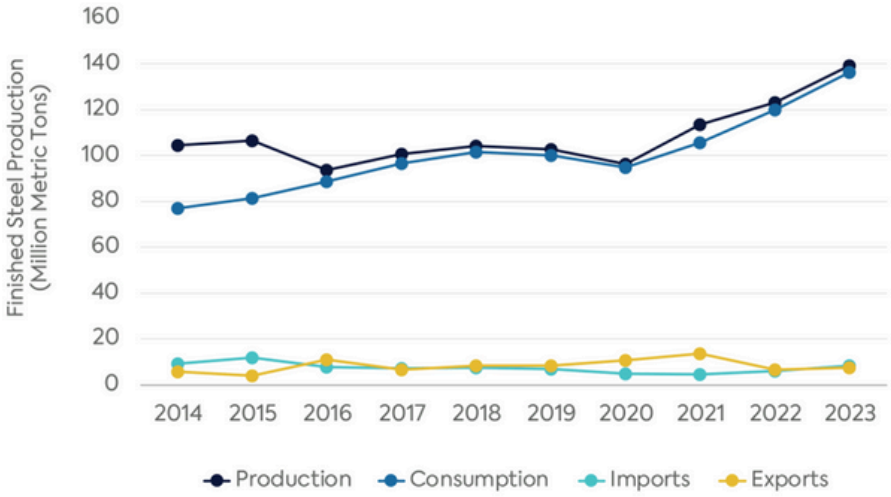
The forging industry in India is at a pivotal juncture, facing increasing pressure to adopt sustainable practices. As a vital contributor to sectors such as automotive, infrastructure, and construction, the industry's shift towards green steel and recycling is not just beneficial-it's essential for reducing environmental impact and enhancing profitability.

The Need for Green Steel

Traditional steel production is energy-intensive and accounts for approximately 10% of India's total greenhouse gas emissions. The Indian government aims to increase the share of scrap in steelmaking to 50% by 2047, as announced by Union Minister Jyotiraditya Scindia at the 11th International Material Recycling Conference. This initiative aligns with global sustainability goals and positions India as a potential leader in the green steel market.

Green steel, produced using renewable energy sources and sustainable methods, offers a viable solution for reducing carbon emissions. By transitioning to this model, the forging industry can significantly decrease its reliance on coal and fossil fuels, thereby contributing to a cleaner and more sustainable economy.

Figure 1: Indian finished steel production, consumption and trade have grown steadily since 2017



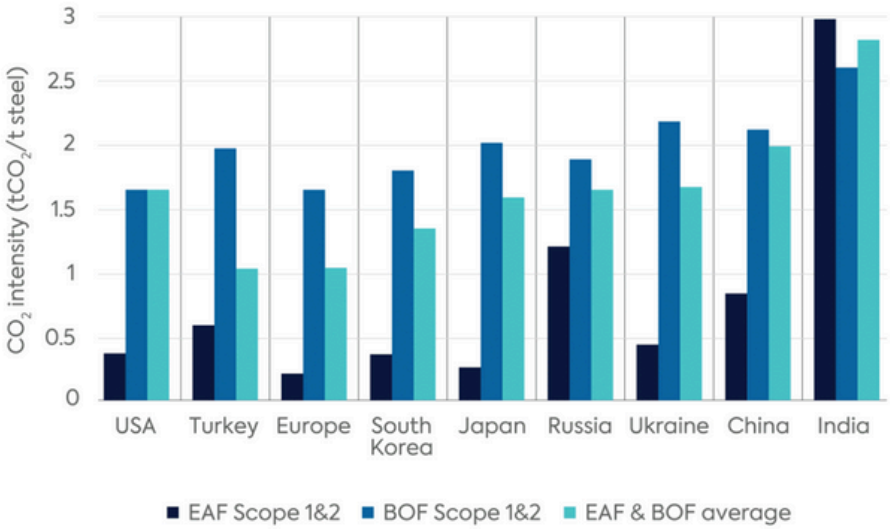
Source: Ministry of Steel, Government of India, "Annual Report 2023-24" (New Delhi, 2024), https://steel.gov.in/sites/default/files/Annual%20Report%202023-24%20Final_0.pdf; Ministry of Steel, Government of India, "Annual Report 2022-23" (New Delhi, 2023),

The Importance of Recycling

Recycling plays a crucial role in this transition. Currently, scrap metal constitutes about 30-35% of India's total steel production. Recycling of steel uses 75% less energy than producing new steel from raw materials, making it an efficient way to cut operational costs, lower carbon emissions, and reduce the overall environmental impact. The government's vision includes establishing advanced steel recycling centres that can enhance scrap utilisation, thereby reducing waste and promoting a circular economy and more sustainable manufacturing processes.

In the steel production industry, two prominent methods are employed: Basic Oxygen Furnace (BOF) and Electric Arc Furnace (EAF). Each method has its distinct processes, advantages, and industrial applications, contributing significantly to the global steel supply.

Figure 2: Emissions intensity of Indian steel compared to other countries in 2021



Notes: EAF and BOF refer to different steel production technologies.
Source: Somers (2022).[8]

Energy Consumption Comparison

- **BF-BOF Route:**
  - The Blast Furnace-Basic Oxygen Furnace (BF-BOF) process is traditionally energy-intensive. It typically consumes around 16.4 GJ (Gigajoules) per tonne of crude steel produced highlighting its significant carbon footprint. This high energy requirement is largely due to the need for coke, coal, and other raw materials in the blast furnace, which are crucial for iron ore reduction.
  - The direct CO2 emissions from this route are substantial, with approximately 2.2 tonnes of CO2 emitted per tonne of steel produced, making it one of the highest-emission processes in steelmaking This significant level of carbon emissions contributes heavily to the steel sector's environmental footprint, underscoring the need for a shift towards low-carbon steel production methods.

- **EAF Route:**
  - In contrast, the EAF process is generally more energy-efficient. It consumes about 410 kWh (kilowatt-hours) of electricity per tonne of steel, translating to approximately 1.48 GJ when converted (considering 1 GJ = 277.78 kWh). This represents a significant reduction in energy consumption compared to the BF-BOF route.
  - The EAF process is also associated with much lower carbon emissions, averaging around 0.5 tonnes of CO2 per tonne of steel produced when using scrap metal as the primary feedstock.

Key Insights

- Cost Efficiency: EAFs have lower operational costs related to energy consumption, especially as electricity prices fluctuate. For instance, in 2021, electricity prices varied significantly by region, impacting overall production costs.
- Sustainability: The shift towards EAF technology is driven by its potential for lower carbon emissions and reduced energy consumption. As industries strive to meet sustainability goals, EAFs are gaining traction, accounting for an increasing share of global steel production.
- Market Trends: The transition from BF-BOF to EAF is notable; projections indicate that by 2030, EAFs could account for up to 41% of global steel production, reflecting a growing preference for more sustainable practices.

Feature	Basic Oxygen Furnace (BOF)	Electric Arc Furnace (EAF)
Primary Feedstock	Molten pig iron and scrap	Primarily scrap metal
Energy Source	Self-sufficient through oxidation reactions	Electric arcs
Production Capacity	Up to 5 million tons/year	About 1.5 million tons/year
Environmental Impact	Higher CO2 emissions	Lower emissions due to recycling
Typical Charge Composition	75% liquid iron, 25% scrap	Mostly scrap metal

Opportunities in the Automotive Sector

The automotive industry is one of the largest consumers of forged steel and has begun implementing Corporate Average Fuel Economy (CAFE) norms aimed at reducing carbon emissions. However, many automakers have struggled to meet these standards. The recent report highlighted that eight automakers missed CAFE targets, emphasising the need for stricter adherence to sustainability practices and green manufacturing.

To comply with evolving regulations, companies must prioritise sourcing sustainable materials like green steel. This shift not only helps meet regulatory requirements but also enhances brand reputation among environmentally conscious consumers.

ESG Compliance and BRSR Framework

Adhering to Environmental, Social, and Governance (ESG) standards is increasingly critical for businesses seeking investment opportunities and long-term financial stability. The implementation of the Business Responsibility and Sustainability Report (BRSR) framework in India provides companies with a structured approach to report on their sustainability practices.

By y integrating ESG principles into their operations, businesses can better manage risks, comply with regulatory requirements, and improve transparency, while identifying opportunities for sustainable growth, enhancing their appeal to investors, and fostering a stronger brand reputation in a competitive market.

Risks and Opportunities

As the forging industry transitions towards sustainability, it must navigate various risks and opportunities:

Risks: Non-compliance with evolving regulations could lead to financial penalties or reputational damage.

Opportunities: Embracing sustainable practices can result in cost savings through energy efficiency, access to new markets prioritizing green products, and an enhanced brand image.

Companies like OnlyGood are instrumental in helping businesses navigate the transition to sustainability. Through innovative technology solutions, OnlyGood enables companies to:

- **Align Decarbonization Strategies:** Provide insights into effective decarbonization methods, helping businesses meet carbon reduction targets and improve their environmental impact.
- **Risk Identification and Mitigation:** Utilize IoT data and advanced analytics to identify and address potential risks related to carbon emissions, enhancing operational efficiency and compliance with sustainability standards.
- **Growth Avenues:** Highlight new opportunities for market differentiation, access to green financing, and increase competitiveness through a focus on sustainable innovation and ESG goals.

Conclusion

Sustainability is no longer optional for India's forging industry; it is imperative. With increasing regulatory pressures and consumer demand for greener products, businesses must focus on green steel production, recycling initiatives, and efficient resource management. By adopting frameworks like ESG and BRSR, companies can significantly reduce their environmental impact while improving profitability through cost savings and sustainable innovation.

As India strives towards its sustainability goals by 2070, the forging sector has a vital role in building a greener future—one that balances economic growth with environmental stewardship. Embracing solutions from providers like OnlyGood will be crucial in driving this transformation forward. By focusing on these strategic initiatives, India's forging industry can position itself as a leader in sustainable practices while contributing positively to the environment.bottom line through cost savings and top-line growth through innovation. As India strives to meet its sustainability goals, the forging sector has a vital role to play in building a greener future.

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ENVIRONMENTAL COMPLIANCE FOR COMPANIES IN INDIA: KEY LEGISLATION AND ESG GUIDELINES

Source: India-Briefing.com

The environmental compliance landscape in India poses challenges due to uneven law enforcement. Businesses in polluting industries or whose premises are located in sensitive ecosystems will face increased legal scrutiny. Finally, top-listed companies must file and undergo audits for sustainability and ESG compliance initiatives under BRSR and BRSR Core reporting obligations.

Legal environment

India's environmental regulatory framework is underpinned by five key legislations: The Environment (Protection) Act, 1986; Forest (Conservation) Act, 1980; Wildlife (Protection) Act, 1972; the Water (Prevention and Control of Pollution) Act, 1974; and the Air (Prevention and Control of Pollution) Act, 1981. Other important laws are Public Liability Insurance Act, 1991; Biological Diversity Act, 2002; and the National Green Tribunal Act, 2010.

These laws collectively address a broad spectrum of environmental concerns in India, including pollution control, biodiversity protection, and sustainable resource management. Additionally, the National Green Tribunal (NGT), set up in 2010, facilitates more effective enforcement and adjudication of environmental matters.

The Environment (Protection) Act, 1986 is India's umbrella law, under which various rules and notifications have been released to allow the central government to take various measures to improve the environment and mitigate environmental pollution. These include the E-Waste (Management) Rules 2016, as amended in 2018 (E-Waste Rules); Batteries (Management & Handling) Rules 2001 (and the proposed draft Battery Waste Management Rules 2020); Bio-Medical Waste Management Rules 2016; Plastic Waste Management Rules – 2016 and Amendment Rules of 2021 and 2022; Solid Waste Management Rules 2016; Construction and Demolition Waste Management Rules 2016; Hazardous and Other Waste (Management and Transboundary Movement) Rules 2016, as amended in 2019 (HW Rules); Manufacture, Storage and Import of Hazardous Chemicals Rules 1989 (MSIHC Rules); Coastal Regulation Zone Notification 2019 (and related 2021 procedure for violation of the CRZ Notification); and Environment Impact Assessment (EIA) Notification 2006 (subsequent to which various EIA notifications and amendments have been issued).

The Plastic Waste Management Rules, 2016, form the statutory framework for India's plastic ban, emphasizing environmentally sound management and disposal of plastic waste.

This was followed by the introduction of Guidelines on Extended Producer Responsibility (EPR) for plastic packaging in February 2022, which set ambitious targets for EPR, plastic packaging waste recycling, reuse of rigid plastic packaging, and the incorporation of recycled plastic content.

Meanwhile, the Plastic Waste Management Amendment Rules, 2021 was implemented starting July 1, 2022, which banned various single-use plastic items across India, with a particular focus on those with low utility and high littering potential.

The plastic ban restricts the manufacture, import, stocking, distribution, sale, and use of plastic carry bags with thickness less than 75 microns, further extended to 120 microns from December 31, 2022.

Stringent enforcement measures include the seizure of banned plastics and imposition of penalties. To monitor and enforce the ban effectively, the government has introduced online platforms, such as the National Dashboard, CPCB Monitoring Module, and the CPCB Grievance Redressal App.

This regulatory landscape presents significant investment opportunities for sustainable investors and companies specializing in eco-friendly alternatives to single-use plastics. The Central Pollution Control Board (CPCB) has certified 196 manufacturers/sellers of compostable plastics, showcasing a growing market for environmentally conscious products.

Moreover, the federal government's support through central assistance to states/union territories under the Swachh Bharat Mission for solid waste management, including plastic waste management, in both urban and rural areas, provides an additional incentive for sustainable initiatives.

Regulatory environment

The Ministry of Environment, Forest and Climate Change (MoEFCC) plays a pivotal role as the federal agency responsible for the implementation and oversight of environmental laws in India.

The Central Pollution Control Board (CPCB) serves as the central regulatory authority, wielding the power to formulate standards and enforce regulations related to industrial pollution, waste management, and emissions nationwide. Enforcement is also decentralized to State Pollution Control Boards (SPCBs) or pollution control committees in union territories. This intends to promote localized governance, but has led to challenges, including inconsistent application of rules, transparency issues, weak regulatory compliance, and sporadic instances of corruption.

Collaborating with SPCBs and the Union Territory Pollution Control Committees (UTPCCs), the CPCB can issue directives, curtail operations, and impose penalties on non-compliant industries. SPCBs and UTPCCs, operating at the state level, are tasked with granting environmental consent to industries within their jurisdictions and ensuring ongoing compliance through regular monitoring and enforcement actions.

Further, the NGT has mandated the strict enforcement of the Comprehensive Environmental Pollution Index (CEPI) by India's environmental regulatory authorities. CEPI assigns scores to various pollutants, ambient pollutant concentrations, receptors (i.e., the number of affected people), and additional high-risk factors.

Under the CEPI classification, industrial clusters are now designated as Polluted Industrial Areas (PIAs), each falling into one of the following categories:

- Critically Polluted Area (CPA)
- Severely Polluted Area (SPA)
- Other Polluted Areas (OPAs)

The CPCB and SPCBs are tasked with monitoring these CEPI- designated areas, pursuing compensation from polluting industries. Any plans for expansion or the development of new sites in these areas will be rejected by the authorities.

Non-compliance and judicial proceedings

Environmental compliance for companies in India involves adherence to a multitude of standards related to pollution control, waste management, and emission standards. Regulatory authorities possess extensive powers to conduct inspections, issue show-cause notices, and, if necessary, impose closure orders. Non-compliant entities are given opportunities to rectify violations and demonstrate compliance before facing stringent enforcement actions.

Companies found in non-compliance with environmental laws in India may face civil and criminal liabilities. Civil liability is imposed in the form of environmental compensation by the CPCB, SPCB, or UTPCC. This compensation may be subject to further review by appellate bodies such as the NGT or the Appellate Authority, ensuring a thorough examination of the case based on relevant considerations. Simultaneously, criminal prosecution can be initiated against individuals responsible for the operations of non-compliant industries.

The compliance process involves a series of steps, including inspections triggered by public complaints or regulatory initiatives. If non-compliance is detected through inspections, sample analyses, or online monitoring, regulatory authorities issue show-cause notices to the occupier or operator of the project. The project operator can respond, and if the response is deemed unsatisfactory, closure orders may be issued. Importantly, closure orders are only implemented after providing ample opportunity for the concerned parties to demonstrate compliance. The response should include substantiated reasons supported by scientific evidence, such as sample analysis reports, to prove adherence to environmental conditions and standards.

Regulatory authorities also have the power to issue directives, mandate pollution control measures, and disconnect essential services such as electricity or water for non-compliant industries. The enforcement process is designed to ensure a balance between stringent actions and opportunities for entities to rectify violations.

In cases of environmental law breaches, individuals have the option to file civil claims. Non-contractual claims can be submitted to relevant authorities or courts, seeking rectification of activities causing violations, compensation for environmental damages, and restoration of ecological harm. Furthermore, contractual claims can be initiated through the appropriate court or tribunal to seek indemnification for environmental liabilities, provided such provisions are outlined in the contractual agreement.

ESG reporting in India

In May 2021, the Securities and Exchange Board of India (SEBI) introduced the Business Responsibility and Sustainability Report (BRSR), replacing the earlier Business Responsibility Report (BRR). The BRSR mandates reporting on environmental, social, and corporate governance (ESG) aspects, requiring the top listed entities to disclose their performance against the nine principles of the National Guidelines on Responsible Business Conduct (NGBRCs). Reporting under each principle is categorized into essential and leadership indicators. While essential indicators are mandatory, reporting on leadership indicators is voluntary (though encouraged).

Starting FY 2023, SEBI mandates the top 1000 listed entities in India by market capitalization to incorporate BRSR filings in their Annual Reports. In July 2023, SEBI expanded ESG metrics for mandatory disclosure under 'BRSR Core' for specific listed companies in India. The BRSR Core, a subset of the comprehensive BRSR, encompasses key performance indicators (KPIs) across nine ESG attributes. Tailored to the Indian/emerging market context, additional KPIs focus on aspects like job creation in small towns, business openness, and gross wages paid to women. To enhance global comparability, intensity ratios based on revenue adjusted for purchasing power parity (PPP) are included.

For easy reference, the BRSR Core provides a cross-reference to disclosures in the BRSR.

Example of Disclosures under BRSR Core and Cross-Reference to the BRSR

Sr. No.	ESG attribute	Parameter	Cross-reference to the BRSR
1	Green-house gas (GHG) footprint *Greenhouse gas emissions may be measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard*	Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Principle 6, Question 7 of Essential Indicators
		GHG Emission Intensity (Scope 1 +2)	Principle 6, Question 7 of Essential Indicators
2	Water footprint	Total water consumption	Principle 6, Question 3 of Essential Indicators
		Water consumption intensity	Principle 6, Question 3 of Essential Indicators
		Water Discharge by destination and levels of Treatment	Principle 6, Question 4 of Essential Indicators

Example of Disclosures under BRSR Core and Cross-Reference to the BRSR			
Sr. No.	**ESG attribute**	**Parameter**	**Cross-reference to the BRSR**
3	Energy footprint	*% of energy consumed from renewable sources*	Indicators
		Energy intensity	Principle 6, Question 1 of Essential Indicators
4	Embracing circularity – details related to waste management by the entity	Specified types of waste – plastic, e-waste, bio-medical, construction and demolition, battery, radioactive, other hazardous waste generated	Principle 6, Question 9 of Essential Indicators
		Total waste generated	Principle 6, Question 9 of Essential Indicators
		Waste intensity	Principle 6, Question 9 of Essential Indicators
		Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations	Principle 6, Question 9 of Essential Indicators
		For each category of waste generated, total waste disposed by nature of disposal method	Principle 6, Question 9 of Essential Indicators
5	Enhancing Employee Wellbeing and Safety	Spending on measures towards wellbeing of employees and workers – cost incurred as a % of total revenue of the company	Principle 3, Question 1(c) of Essential Indicators
6	Enabling Gender Diversity in Business	Complaints on POSH (sexual harassment)	Principle 5, Question 7 of Essential Indicators
		Gross wages paid to females as % of wages paid	Principle 5, Question 3(b) of Essential Indicators
7	Enabling Inclusive Development	Input material sourced from following sources as % of total purchases – Directly sourced from MSMEs/ small producers and from within India	Principle 8, Question 4 of Essential Indicators
		Job creation in smaller towns – Wages paid to persons employed in smaller towns (permanent or non-permanent /on contract) as % of total wage cost	Principle 8, Question 5 of Essential Indicators
8	Fairness in Engaging with Customers and Suppliers	Instances involving loss / breach of data of customers as a percentage of total data breaches or cyber security events	Principle 9, Question 7 of Essential Indicators
		Number of days of accounts payable	Principle 1, Question 8 of Essential Indicators
9	Open-ness of business	Concentration of purchases & sales done with trading houses, dealers, and related parties Loans and advances & investments with related parties	Principle 1, Question 9 of Essential Indicators

Note: For complete information on attributes, parameters, measurement, data & assurance approach, and cross-reference to the BRSR report, see Annexure-I of the SEBI Circular.

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Compliance timeline for BRSR Core

In its circular issued July 12, 2023 (SEBI/HO/ CFD/CFD-SEC-2/P/CIR/2023/122), SEBI laid down the timeline for how the BRSR Core compliance will become mandatory for all listed companies in India. Starting FY 2023-24, SEBI mandates the top 150 listed companies in India by market capitalization to provide "reasonable assurance" on ESG metrics.

Multinational companies in India are advised to tread carefully in this regard as most regions at the forefront of ESG compliance, such as the European Union, only require limited assurance currently. By limited assurance, it is meant that auditors can be expected to rely on company management disclosures. However, under SEBI's direction in India, the company's auditors would need to check the organization's ESG metrics and verify its disclosures against actual protocols, performance, and standards.

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UNEP EMISSIONS GAP REPORT 2024

India saw steepest surge in greenhouse emission in '23

NITIN KUMAR
New Delhi, 25 October

Among major economies, India in 2023 recorded the steepest increase in greenhouse gas (GHG) emission, climbing 6.1 per cent, with China trailing close behind at 5.2 per cent, according to the United Nations Environment Programme (UNEP) Emissions Gap Report 2024.

In contrast, GHG emission decreased in both the European Union (EU) and the United States (US) by 7.5 per cent and 1.4 per cent, respectively.

Despite India's rise, its 2023 GHG emission remains relatively low at 4,140 million metric tons of carbon dioxide equivalent ($MtCO_2e$) against China's 16,000 and the US's 5,970.

The EU's emission was slightly lower than India's, at 3,230 $MtCO_2e$.

The report, titled "No More Hot Air... Please!", underscores that if countries fail to collectively cut annual GHG emission by 42 per cent by 2030 and by 57 per cent by 2035, the Paris Agreement's 1.5°C global temperature target will become unattainable within a few years.

These reductions are set to be cemented in the next round of Nationally Determined Contributions (NDCs), which countries are to submit early next year ahead of COP30 in Brazil.

Without a significant enhancement in NDC targets, the UNEP warns global temperatures could rise by 2.6-3.1°C by the century's end, risking severe impacts on people, ecosystems, and economies worldwide. While current policy projections for 2030 show a modest decline compared to last year, they remain insufficient. The report attributes this drop partly to updates in China's and India's NDCs, which include relative emissions targets.

HOT SPOT

Top 5 countries in greenhouse gas emissions

Country/Region	2023 (in $MtCO_2e$)	% of total
China	16,000	5.2
US	5,970	-1.4
INDIA	**4,140**	**6.1**
European Union (27 countries)	3,230	-7.5
Russian Federation	2,600	2

$MtCO_2e$ is million metric tonnes of carbon dioxide equivalent
Source: UNEP Emission Gap Report

The conditional NDCs of India, Indonesia, and Mexico, if met, could lower G20 aggregate emission by about 0.8 $GtCO_2e$ annually by 2030. India and Mexico are expected to meet these conditional targets, according to the UNEP report.

Achieving peak global emission faces a challenge from several uncertainties, including the adoption rate of clean technology in low- and middle-income countries such as China and India, which must outpace rising energy demand.

For regions that have peaked in emission, mainly in Europe, sustaining reduction beyond the power sector remains essential. Natural factors, like climate-induced declines in hydropower and warming-driven land-use emission, further complicate these efforts, the report said.

The UNEP report reveals a technical potential to cut emission by up to 31 gigatons of CO_2 equivalent in 2030, representing about 52 per cent of the 2023 emission and up to 41 gigatons by 2035.

Achieving these reductions could keep the world on track for the 1.5°C goal, at an estimated cost below $200 per ton of CO_2 equivalent. Solar photovoltaic and wind energy deployment could deliver 27 per cent of the reduction potential in 2030 and 38 per cent by 2035, while forest conservation and restoration could provide around 20 per cent of the reductions each year.

Efficiency improvement, electrification, and fuel switching in buildings, transport, and industry also offer strong emission-cutting potential.

These pathways illustrate the feasibility of reaching COP28 targets, including tripling the renewable energy capacity and doubling the annual rate of energy efficiency improvement by 2030, as well as transitioning from fossil fuels and conserving and restoring ecosystems, the report said.

Escorts Kubota to divest railway equipment biz to Sona Comstar for ₹1,600 cr

Our Bureau
New Delhi

Leading engineering conglomerate Escorts Kubota Limited (EKL) on Wednesday said it has entered into a business transfer agreement with Sona BLW Precision Forgings Ltd (Sona Comstar) to transfer the existing Railway Equipment Business Division (RED) as a going concern on a slump sale basis, for a cash consideration of ₹1,600 crore.

The expected date of completion of sale/disposal is September 30, 2025, subject to the terms of the agreement, the company said in a filing to stock exchanges.

'STRATEGIC SHIFT'

"In line with our strategic focus on the agri and construction equipment sectors, EKL has decided to divest its railway equipment business. This strategic shift is aimed at simplifying operations and capital reallocation, leading to an increase in scale and efficiency of the core businesses," it said.

RED is one of the railway component suppliers in India for products like brakes, couplers, suspension systems, and friction and rubber products.

It also has a few new products in the pipeline, including HVAC systems, electrical control panels, vacuum evacuation systems, and automatic plug doors.

"With a renewed focus on core business divisions, EKL aims to maximise value for stakeholders and solidify its position as a leading player in the agri and construction equipment Industry," said Nikhil Nanda, Chairman and Managing Director of EKL.

The railway equipment business division aligns with the vision of Sona Comstar as it intends to expand into the broader mobility sector, which will enhance its mobility product offerings, the company said.

Morgan Stanley India is the exclusive financial advisor to EKL on this transaction, the company informed, adding that DMD Advocates is the company's legal advisor, while Transaction Square LLP is the financial and tax advisor.

Shares of EKL closed at ₹3,702.65 apiece on the BSE on Wednesday, up 0.84 per cent from the previous close.

Top auto firms miss emission targets; report yet to see light

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India has delayed releasing a key emissions compliance report that shows eight automakers, including Hyundai Motor India, Kia India and Mahindra & Mahindra, failed to meet the country's Corporate Average Fuel Efficiency (CAFE-II) norms in FY23.

The delay stems from the government's indecision on the course of action to be taken post the release of data, given the stiff penalties outlined towards the end of the fiscal year, two people aware of the matter said. The Bureau of Energy Efficiency (BEE) had collected emissions data from manufacturers more than a year ago.

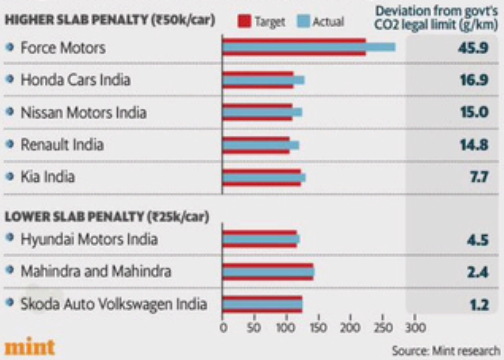
CAFE norms are designed to improve a company's average fuel efficiency of vehicles produced. Selling more electric, hybrid, CNG and flex-fuel vehicles brings down average emissions, while more fossil fuel vehicles increase them.

Apart from the top three, the other five who missed the emissions norms are SkodaAuto Volkswagen India, Renault India, Honda Cars India, and Force Motors. Meanwhile, Maruti Suzuki and Tata Motors, two of the top players, stayed within the legal limits.

In the red

Eight automakers have failed to meet Corporate Average Fuel Efficiency-II norms for FY23.

Average CO2 emissions of vehicles produced by car makers (g/km)



SARVESH KUMAR SHARMA/MINT

Maruti Suzuki's actual emissions stood at 104.73 g/km, below the target of 107.28 g/km, while Tata Motors was below its 118.819 g/km target at 106.76 g/km. MG Motors, too, stayed within the target, with emissions of 128.99 g/km against the limit of 138.246 g/km.

CAFE standards are based on a company's sales-weighted average, with heavier vehicles allowed lower fuel efficiency targets, ensuring manufacturers balance heavier models with more fuel-efficient ones to meet overall regulations.

Mahindra said it does not see a CAFE compliance problem as per the 26 December 2022 notification. It said the industry has sought the government views on CAFE adherence under the older and the amended Energy Conservation Act separately. *Mint* did not receive a response from six other OEMs it wrote to till press time.

"We have been monitoring the situation on this topic. Our endeavour is to meet the CAFE norms and we are working towards it with the help of application of strong hybrid technology and battery electric vehicles in future," a Honda Cars spokesperson said in an email.

"The CAFE-I and CAFE-II standards were notified back in 2015. At the time, the regula-

TURN TO PAGE 6

Under the amended Energy Conservation Act, fines imposed for emissions violations have risen to ₹50,000 per car sold. ISTOCKPHOTO

Top auto firms miss emissions targets; report gets delayed

FROM PAGE 1

tions lacked provisions for carbon trading and were silent on the penalties, which have now become a major sticking point. While the new Energy Conservation Act amendment introduced carbon trading and carbon credits in December 2022, not much has been done to develop that mechanism further," one of the two persons cited above said.

Automakers want flexibility, proposing a five-year block for pooling carbon credits instead of annual fines, allowing them to offset emissions over a longer period, the people said.

Automakers are calling for flexibility, proposing a five-year block for pooling carbon credits

Under the amended Energy Conservation Act, which came into effect in January 2023, the fines for emissions violations surged from a maximum of ₹10 lakh to up to ₹50,000 per car sold. For automakers such as Hyundai and Kia, this means potential penalties in the hundreds of crores for just the final quarter of FY23. However, automakers argue these penalties should not apply given the Act was implemented in the middle of FY23, and the penalties were introduced only in its last quarter.

The BEE and the Union renewable energy ministry also did not reply to *Mint*'s queries on the delay in releasing the data and whether the government intends to invoke penalties, and whether these fines will be enforced or modified.

In May, *Mint* reported that Indian automakers were dead set against a BEE proposal to align India's fuel efficiency standards with Europe's newer, stricter vehicle carbon emission norms.

Automakers argued that the proposed CAFE-III norms, which set a CO2 emissions target of 70 g/km by 2030, are "highly impractical". Despite increased investments in electric vehicles (EVs), they believe internal combustion engine (ICE) vehicles will continue to dominate the market over the next decade.

Following discussions, BEE proposed an extension of the compliance period to a five-year block between 2032 and 2037 for meeting the target of 70 g/km, giving automakers more time to adapt and develop new technologies. However, the lack of clarity on whether penalties for FY23 will be enforced or waived has left the full implementation of the CAFE norms in limbo.

For an extended version of this story, go to livemint.com.

AIFI - ACTIVITIES AT A GLANCE

Month	Activities Held	Remarks
20th & 21st September 2024	Certification Program on "Operational Excellence in Forging Industry"	In Person-Pune
8th October 2024	Special session on "Innovative Technology Solutions and Skill Development"	In Person-Pune
22nd October 2024	Training Program on "Improve Operational efficiencies in Forging industry leading to customer delight"	In Person-Chennai
23rd October 2024	Session on "Opportunities in Railway sector for Forging Industry"	Virtual
25th October 2024	Western Region Meeting	In Person-Pune
8th November 2024	Northern Region Meeting & Special session on "Current Industry Scenario, Innovative Technology and Skill Development"	In Person-New Delhi
Forthcoming Activities		
22nd – 23rd November 2024	2 day workshop on "Manufacturing Problem Solving Using Shainin Methodology"	In Person-Pune
November 2024	AIFI -EY Session on "Export Import procedures- update"	Virtual
November 2024	Southern Region Meeting	In Person-Chennai

INTERNATIONAL EVENTS

Month	Events	Remarks
25th - 28th November 2024	8th Asia Forge Meeting	Wuhan, China
May 13-15, 2025	Forge Fair 2025	Cleveland, USA

GLIMPSES OF ACTIVITY HELD

Special session on “Innovative Technology Solutions and Skill Development”
8th Oct 2024, Pune

Training Program on “Improve Operational efficiencies in Forging industry leading to customer delight”
22nd Oct 2024, Chennai.

Western Region Meeting
25th Oct 2024, Pune

Northern Region Meeting & Special Session on Current Industry Senario and Skill Development
8th November 2024, New Delhi

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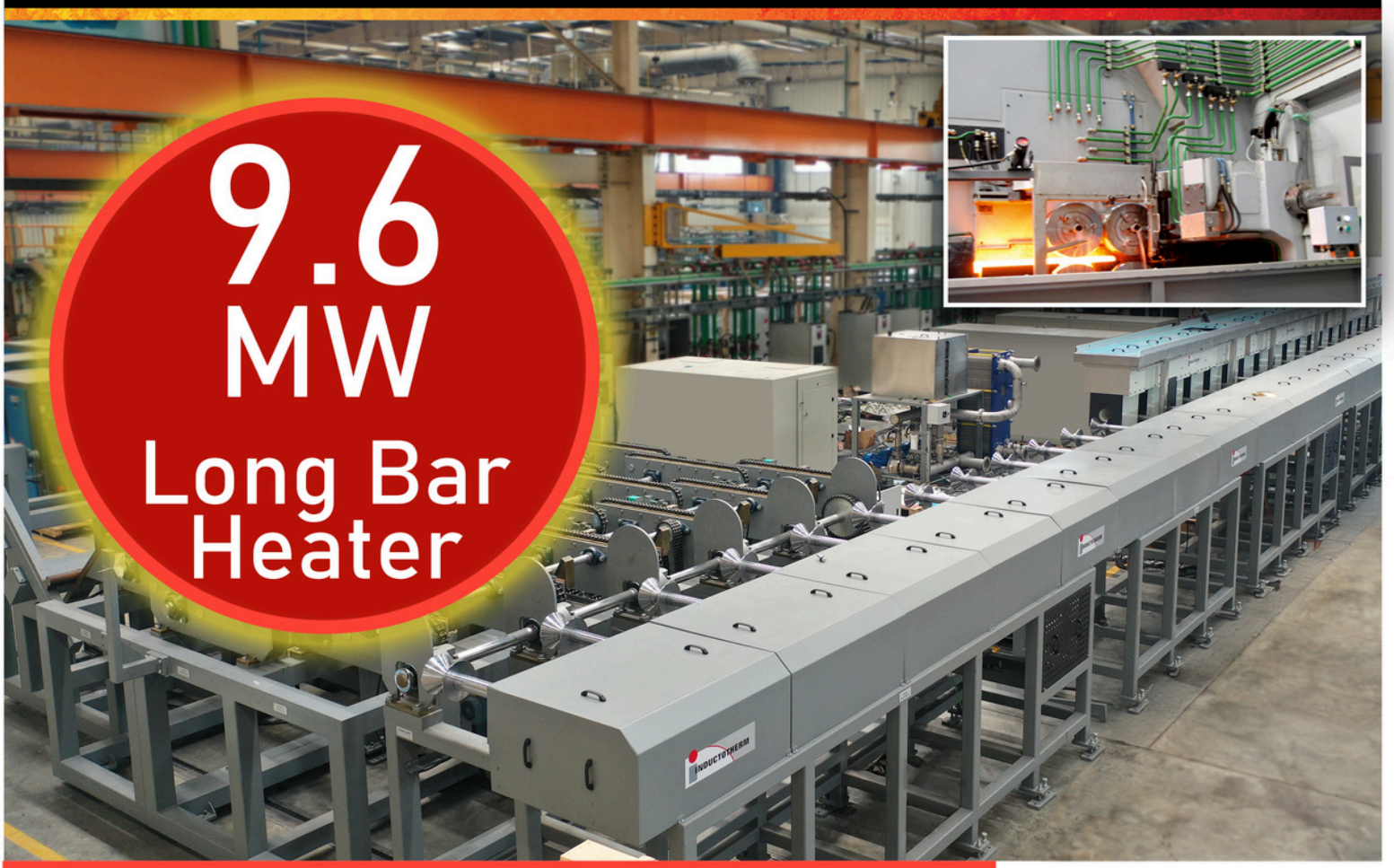

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