

CORPORATE**Bharat Forge Eyes World's Top Spot**

Posted online: Tuesday, April 06, 2004 at 0000 hours IST

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MUMBAI, APRIL 5: Bharat Forge Ltd (BFL), the world's No 2 forging company, hopes to make it to the top in four years by upgrading its facilities and starting operations in North America and China, the company's chief said on Monday. The company, a leading global supplier of engine and chassis components for trucks, plans to tap the passenger car market to more than double revenue to \$1 billion by 2008 from about \$400 million now, its managing director and chairman said.

"Focusing on the passenger car market in North America can open up dramatic opportunities. And our supplies to China could increase 10 times, if we have an operation there," 55-year-old Baba Kalyani said in an interview.

"We are preparing our entry strategies." Founded in 1961 by Kalyani's father, BFL has become a symbol of India's manufacturing potential, supplying parts to blue-chip companies such as Volvo, FN and Daimler Chrysler. It is the flagship of the \$900 million Kalyani group.

The company, based 180 km (111.8 miles) South-East of Bombay, catapulted to the global No 2 spot in January by acquiring one of Germany's largest forging firms, Carl Dan Peddinghaus Gmbh & Co, for 29 million euros (\$35 million).

Bharat Forge aims to unseat German metals giant Thyssen Krupp, from the world's top spot through competitive pricing via low-cost Indian operations, access to advanced technology through its acquisition and a presence in key markets.

The company has embarked on a massive restructuring programme in 1997 when the bottom of the Indian truck market fell out. It cut staff and dramatically changed the composition of its workforce so that the proportion of skilled employees grew from 20 per cent to 70 per cent.

It quickly expanded and upgraded its facilities and revamped its management structure. Now, less than 10 years later, exports have shot up to 70 per cent of sales from 10 per cent in 1997. "One of every two trucks in the United States now uses our front axle," said Mr Kalyani, a mechanical engineer with an advanced degree from the Massachusetts Institute of Technology.

"We are no longer just an exporter. We are a major part of every original equipment manufacturer's (OEM) supply chain." Part of Bharat Forge's strategy is to become a "full-service" supplier by investing about Rs 3.5 billion (\$80 million) in forging, machining, testing and validation facilities over the next 15 to 18 months, Mr Kalyani said.

It plans to start designing components, a more lucrative business than producing parts to client specifications. A customer could, for example, ask Bharat Forge to design from scratch a crankshaft for a 2,500 cc engine with 150 horsepower.

"This is one way to greatly add value. Also, you get into a partnership with your customers," Mr Kalyani added. "Once you become a full-service supplier, you work with your customer today for a 2008 model year. So you're already locked into business."

-Reuters

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