

# Auto Suppliers

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## India parts supplier buys Lansing company

**Bankrupt Federal Forge is purchased by Kalyani Group, saving 150 jobs in the process.**

By **BARRETT KALELLIS**  
Special to *The Detroit News*

**LANSING** — India's largest maker and exporter of forged steel and aluminum automotive suspension and engine components will start manufacturing parts in North America after buying out bankrupt Federal Forge Inc. in Lansing.

Bharat Forge Ltd., the Pune, India-based flagship company of the Kalyani Group and Asia's largest forging company, completed the purchase on Friday. With the 120,000 square-foot Lansing facility, Bharat Forge will have six factories on two continents and capacity of over 350,000 tons per year.

Bharat has no plans to cut any of the 150 jobs in Lansing, which will be known as Bharat Forge America.

"Fundamentally, this facility needs a substantial investment in technology," Baba Kalyani, chairman of the Kalyani Group and chairman and managing director of Bharat Forge Ltd., said in an interview. "There hasn't been enough to drive this business, which needs

advanced technology and not just skill."

Bharat arrives in North America as many auto suppliers are struggling to make money amid vehicle production cuts by Detroit automakers and rising raw material costs.

Federal Forge, which filed for Chapter 11 bankruptcy last year, is one of many suppliers that have been forced to seek court protection from creditors.

"More and more, we're seeing an influx of foreign suppliers come here and acquire companies in bankruptcy," said Jim Gillette, a supplier industry analyst with CSM Worldwide in Grand Rapids.

"The jury is still out on some of them. But just because some American suppliers can't make a go of it doesn't mean we can underestimate the ability of others to be profitable in the same arena."

In a bid to increase sales and draw new customers, Kalyani estimates that Bharat Forge will invest several million dollars over the next few years to bring the Lansing plant up to the technology standards of its other facilities. He hopes to increase capacity by 50 percent in about five years.

Since the early 1970s, Bharat



Bharat Forge Ltd.

**Baba Kalyani, head of India's Bharat Forge Ltd., holds a chassis part in the company's new Lansing forging plant.**

Forge's global sales have grown from less than \$1 million to over \$500 million today and its customer based includes about 35 of the world's biggest automakers and suppliers, including General Motors Corp., Ford Motor Co., DaimlerChrysler AG, Toyota Motor Co., ArvinMeritor and Cummins Inc.

The Federal Forge plant makes a

variety of parts, such as connecting rods, control arms and military tank track shoes. With sales of about \$60 million annually, the plant's major customers include ZF Lemforder, which supplies parts to GM, and Goodyear Tire & Rubber Co.

"Diversifying the customer base is very important," Kalyani said. "You can't just depend on one or two customers to pull you through in a down cycle."

Kalyani wants to expand Lansing's product line from only chassis components to add engine parts. There are also plans to add aluminum forging capabilities.

According to Kalyani, the infusion of technology will allow the plant to serve North American customers, and export to Europe.

CSM's Gillette said Bharat Forge has a good chance to succeed in Lansing, based on its track record.

"They have a strong technology and strategic location base, and the advantage of a broad customer base, which will help in doing global business," Gillette said.

"I have only one concern. Will traditional North American customers consider purchasing commodity forgings with added ancillary features such as less weight or added strength, instead of looking

just at the least expensive parts?"

Kalyani said high technology in design and manufacturing is the key to taking what are essentially commodity parts and turning them into higher-value items by lowering production costs and, consequently, prices.

"In Europe, we are developing new technologies that combine the advantages of both casting and forging processes, giving the customers parts that have the best characteristics of both, including reduced cost."

Kalyani said that the United States' competitive advantage comes in using engineering know-how to develop innovative products, rather than relying on improving workers' skills and productivity.

"There are 20 other countries around the world that can do the job at one-tenth the cost," he said.

Dave Andrea, vice president of the Original Equipment Suppliers Association, a Troy-based group that represents suppliers, said Bharat's plan should produce profits.

"From the industry perspective," having new materials and new processes, along with a diversified customer base, is the logical place to be."

*Barrett Kalellis is a Metro Detroit freelance writer.*