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# INDIANS @ CHINA



## BHARAT FORGE

## 20:20 vision

**B**harat Forge Ltd (BFL) chairman Baba N. Kalyani has his global vision crystal clear: he wants to be running India's first manufacturing multinational company by next year. "The aim is not to achieve numbers, but to be a significant player in each area," he says. His China strategy is, therefore, only a step towards this global ambition.

BFL has been exporting to China for the past five years, in what Kalyani explains was "part of our strategy to create global markets". Having started the process of adding markets in the US, the company added customers in North America, then extended its reach into Europe and Asia. "China is a major part of our Asia strategy," he says. "We identified potential customers, took our briefcase and called on them. And we got success pretty quickly because our understanding of market need and the capability we had created were both spot on."

With original equipment manufacturers all over the world, especially in the West, under tremendous price pressure and looking for world-class global sources, BFL found it necessary to make fresh investments and take bold decisions to establish itself on this horizon. It acquired a forging business in the UK in 2000, mainly to add customers, and tied up more clients in Europe and Asia. "It was a big achievement," Kalyani says. "It turned out to be pretty smart strategy for us."

Having 'digested' this acquisition in 2001, the company next concentrated on building execution capability too. It took over a German company in 2004 and one more in the US in 2005. "It is all part of our overall strategy of being number one in our business with a worldwide presence and a technological capability better than anyone in the world," Kalyani says. "Our 2008 target is to have plants all over the world, using best-in-industry technology. We are pretty much on target with this."



Kalyani sees India and China supplying the world

In China, Kalyani says, BFL is in an advanced stage for acquiring manufacturing capacity. "It will happen by the end of this year," he predicts confidently, adding that he doesn't believe in small acquisitions; he wants critical mass. Once the process is over, the company will be

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among the top two or three in China, the US and Europe. "In India, we already have the largest single location in the world," he points out. The entire process of acquiring a company and setting up operations in China take one-and-a-half to two years because the approvals take that long to come through; in the US and Europe, it can happen in just a week, because there is no government interference: "What matters is only the speed at which you can write a cheque and create the legal documentation!" he says.

For the future, Kalyani sees India and China providing the low-cost manufacturing bases and offering 'fairly good' internal markets. The US and Europe will provide the front end with manufacturing, but more customer interface and product development capabilities. BFL has, therefore, set up a technology development organisation in Europe, and plans to establish one in the US too by the end of 2006. "We are looking at nearly 75 per cent of our revenues coming from outside India," Kalyani adds.

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