



Forging Ahead

An Interview with **Baba N. Kalyani, Chairman and Managing Director, Bharat Forge Limited, Pune**



Baba N. Kalyani

EDITORS' NOTE *The recipient of a degree in mechanical engineering from the Birla Institute of Technology (Pilani, Rajasthan) and an M.S. from MIT, Baba Kalyani is also Chairman of the Kalyani Group, one of the leading industrial groups in India. Among many industry affiliations, Kalyani is a member of the National Council of the Confederation of Indian Industry, Chairman of the Board of Governors of the Indian Institute of Management in Indore, and Chairman of the Board of Governors of SGGGS College of Engineering and Technology in Nanded.*

COMPANY BRIEF *The flagship company of the Kalyani Group, Bharat Forge Limited (www.bharatforge.com) is the largest exporter of auto components from India and a leading chassis component manufacturer. With facilities in nine locations in six countries – two in India, three in Germany, one in Sweden, one in Scotland, one in North America, and one in China – the company manufactures a wide range of safety and critical components for passenger cars, commercial vehicles, and diesel engines, as well as specialized components for the railway, construction, and oil and gas industries.*

Bharat Forge is the second-largest forging company in the world, the largest exporter of auto components from India, and one of the world's leading chassis component manufacturers. Will you achieve your goal to become the world's number-one global forging company by 2008?

Since its inception, we have believed in setting challenging milestones, and have worked hard to achieve our goals. In the '70s, we set ourselves a goal to become the largest forging company in India. After achieving that, in the '80s, we focused on becoming the largest forging company in Asia. When we achieved that landmark, we again raised the bar, and our dream was to become the largest forging company in the world – a goal that is well within reach.

While scale of operations is an important parameter for a manufacturing company like Bharat Forge, there are other critical areas, including technology, product development, customer service, and human resources, in which we continually strive to excel. Our goal is to be the industry benchmark in all these areas, to be an end-to-end service provider to global customers and provide them with unassailable value.

You've noted that the company's "endgame is to have technology front-end in the developing world and manufacturing front-end in low-cost destinations." Could you elaborate on this strategy?

Until 2003, Bharat Forge was primarily an exporter of components to the global automotive industry. We could have continued in the same way. However, our larger vision was to become an inextricable part of the global automotive supply chain. This necessitated us to consider establishing a global manufacturing footprint through which we could widen our market presence, expand our range of products, deepen our penetration into new market segments, and lock in with customers' global supply chains. We now have nine global manufacturing facilities in six countries and are present in every region with a significant automotive industry.

Our strategy is to synergize our global operations to provide value to customers. Through our facilities in the U.S. and Europe, we work closely with international customers in their various product-development programs. This will be through technology centers that are being set up in close proximity to customers with which we should be able to cement long-term partnerships. We would then be in a position to optimally distribute and rationalize the manufacture of components between our various manufacturing facilities. Importantly, we would also be able to leverage the advantage of low-cost

and India to provide customers with a superior value proposition. This strategy will bolster our end-to-end supply capability, strengthen our "dual shore" manufacturing model, and enable us to provide customers with tremendous value in terms of products and services.

What is your outlook for growth in the global economy?

At Bharat Forge, we have always taken a long-term perspective when preparing our business strategies. We expect robust all-around growth in the global economy in the next 10 years. In the short and medium terms, there could be challenges brought on by spiraling oil prices, rising interest rates, and other factors. However, our view is that they will not impact the long-term growth story to any significant extent.

Having said that, we also believe that the global economy has become more inclusive. Countries like China and India are now poised to play a larger role in determining the course of the global economy. Our manufacturing presence in the U.S., Europe, China, and India has positioned us to capture global growth opportunities, and is also helping us to de-risk our business by providing a hedge against regional economic downturns, should they occur. In view of this, we are very optimistic about the future.

Bharat Forge promotes as its strengths its speed-to-market capacity, cost efficiency, and world-class technology. How do these set Bharat Forge apart from the competition?

Our engagement with the global economy and with global customers has resulted in a growing appreciation of the need to, on the one hand, consolidate existing strengths, and, on the other, build new sources of competitiveness. Enhancing design capabilities, improving product and technology innovation skills, and brand-building are a few of the areas on which we are currently focused.

Bharat Forge has been the recipient of several awards and honors. Of which of these are you most proud?

Awards are part of the evolution and growth of every company. We look at these recognitions as a source of motivation that drives us to pursue higher levels of performance and excellence. We are proud of every award we have received, and we greatly value the role they have played in transforming Bharat Forge into a