

Cross-country capabilities

Thinking global is something this 'small-town' manufacturer began long ago

Baba N. Kalyani is on his way to realising his global vision: of running India's first manufacturing multinational company. "The aim," he says, "is not to achieve numbers, but to be a significant player in each area." And so, with a string of foreign acquisitions under its belt, the Pune-based Kalyani Group is planning a greenfield project abroad as it continues to expand its global footprint to truly do not just business, but manufacturing, without borders.

With six plants abroad and four companies in India led by the Rs3,085-crore flagship Bharat Forge Ltd, and employing a total of 8,000 people, its chairman and managing director says, "Seven or eight years ago, I wouldn't have believed that we would be where we are now, owning companies in developed countries like Germany, Sweden and the US." It was when the group embarked on a Rs1.5-crore rebranding exercise last year to project its status as a global company that he was "quite surprised that we were fairly well known globally in the auto world".

The group now has its footprint on every continent, thanks to its acquisitions over the past two years. "China was the last part of completing our global strategy," Kalyani says. "You can't be a global leader without being there. The country has more than 5 million vehicles and is racing towards eight



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million by 2010. Also, every OEM is present there; so we need to be there, too, to service them."

The gameplan is clear: to use the European and North American operations – with front-end technology and engineering – to create customer support for growth, and India and China as the low-cost manufacturing back-end. But – and it's a big but – the acute shortage of skilled manpower is a major area of concern. "There is an urgent need to modify the (education) delivery system," Kalyani says. So he is talking to

other industrialists in the area to set up a technical institute for the high-quality human resources they need. Manufacturing industries in Pune alone will need 5,000 to 8,000 engineers every year by 2010; but not even 1,000 are generated today – and they are snapped up by the information technology companies.

The message today from every original equipment manufacturer in the world is clear: manufacture less in-house. So Kalyani is developing strategic relationships with key suppliers who have a global footprint while at the same time building a strong technology base to move forward.

Kalyani sees a 'very large' window of opportunity till 2010 or 2012, when every vehicle manufacturer has a new platform coming. And 10 years on, he will not be selling only forgings. "There's so much we can do," he says. "We can use our knowledge, relationships, facilities and engineering strengths to start making many other products." The basic technology in all metal processes is the same, and Kalyani has mastered it.

Even the non-auto space offers huge opportunities, according to the CMD's son Amit B. Kalyani, who is executive director. "Capital goods, railways, construction and mining equipment, power plants, and steel and cement mills are all sectors for which we can make components," he says. That foretells the emergence of a global manufacturer of not just forgings but a range of fabricated parts, even assemblies.

♦ SEKHAR SESHAN



Some time back, Bharat Forge implemented the Six Sigma project to bring down the rejection of crankshafts for an export line. At the time of initiating the project, the prevailing rejection rate was 5.9 per cent; within six months, this was brought down to 3.2 per cent. As a result, re-work reduced and productivity increased. Financial impact: Savings of Rs 23 lakh annually.