

**SPIRIT OF INDIA  
SPECIAL**

## UNUSUAL ENTREPRENEURS

## 50 wealth creators who made it big in unique ways

**FREE**  
INTERVIEW  
**Aspire** TODAY ★

[www.indiatoday.in](http://www.indiatoday.in)

RS 25 DECEMBER 8, 2008



INDIA  
TODAY

# Mumbai Attacked

# SHOCK AND HORROR

## TERROR'S NEW STRATEGY

680 1049 FOR SALE IN INDIA AND NEPAL ONLY



## Unusual entrepreneurs

### ACCELERATORS

BABA KALYANI (RIGHT)  
WITH HIS SON AMIT

AMIT  
KALYANI,<sup>33</sup>

BABA  
KALYANI,<sup>59</sup>

AUTO COMPONENT MANUFACTURER  
EXECUTIVE DIRECTOR AND CMD,  
KALYANI GROUP  
TURNOVER IN 1972 Rs 3.5 crore  
CURRENT TURNOVER Rs 10,000 crore

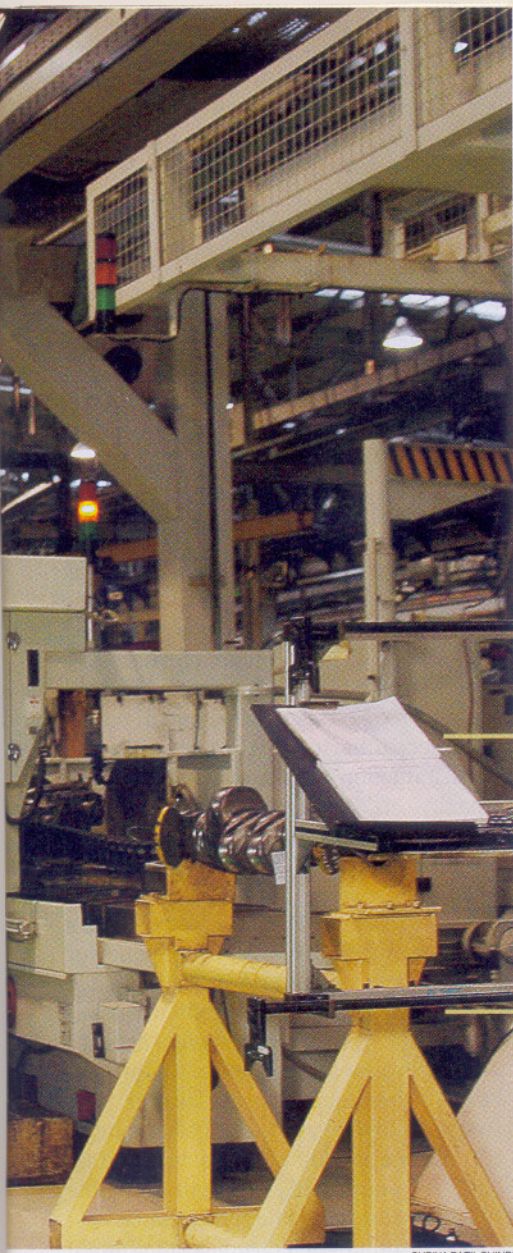
## STRAIGHT DRIVE

Baba Kalyani is a man in a hurry. So be it multiplying his company's turnover or completing an interview, the chairman and managing director of the Rs 10,000-crore Kalyani Group prefers to do it in record time. Not surprisingly, hours before the scheduled appointment at his headquarters in Pune, he seeks to advance the meeting by two hours. It's the same alacrity with which he narrates the journey of his flagship company Bharat Forge: "When I returned from the

Massachusetts Institute of Technology in 1972, my father was running a forging business with a turnover of Rs 3.5 crore. But I had no patience and wanted to grow the business via exports."

Today, Bharat Forge is India's largest auto components exporter. But it wasn't so simple 35 years ago. When 22 year-old Kalyani tried to tap the global markets, no country except the erstwhile Soviet Union was interested in components made by an Indian company. "We managed to crack the Russian market, thanks to our bilateral





SHRIYA PATIL SHINDE

## biggest OBSTACLE

To prove to the world that the made-in-India stamp stood for quality

## turning POINT

In 1996 when the Indian auto industry slowed down, Kalyani went for acquisitions.

## first big BREAK

The first order worth \$5 million came from the Detroit-based Rockwell International.

trade ties, but efforts to export to North America proved to be unsuccessful." Kalyani and his team soon realised that the manufacturing industry in India had got it all wrong. The Indian business model was low on capital and technology but high on manpower.

In 1989, Kalyani recast Bharat Forge's business model by employing the best technology and even better minds to develop that technology. Now, having replaced blue collar workers with engineers, 85 per cent of the group's workforce comprises white collar workers. At an investment of Rs 150 crore, the plant became the inflexion point for the company, not only because it used indigenous technology but also because the plant was built on the faith that it would attract marquee automobile brands from overseas. The conviction paid off.

The first order worth \$5 million came from Rockwell International, a Detroit-based company, which focused on trucks. Today, Bharat Forge makes half-a-million axle beams and has

40 per cent of the world market. Be it an Audi or a BMW, almost every automobile has a little bit of Bharat Forge in it.

Till the mid-'90s, Bharat Forge derived 85 per cent of its revenues from the Indian market. But when the Indian automobile market was hit by a slowdown, the company decided to change tack and globalise. Those days made-in-India did not automatically inspire trust, so expanding into new markets could take up to three years. As usual Kalyani did not have time. In 2000, Bharat Forge decided to acquire companies which would give them access to new markets and buyers. The first company they acquired was a small forge in Leeds, which had 12 European customers. This was followed by CDP, a forging company in Germany. As Bharat Forge turned around this legendary German company in a few quarters, it earned the respect of many others, and also more customers from Europe. Its entire shopping spree did not cost the company more than \$100 million.

In all this, Kalyani's son, Amit, a graduate in mechanical engineering from Bucknell University, Pennsylvania, USA, played a critical role. "If my strength is technology, financial structuring is my son's skill," says the senior Kalyani. "Technology is my father's passion, all of us still go to him for a final stamp of approval on all things related to technology. But I enjoy the people and financial part of the business," says Amit who looks after overseas operations.

Even as auto-makers and component suppliers are anxiously waiting to see what happens to the big three automakers in America, Kalyani and his son have already started planning life beyond the auto sector. Anticipating a slowdown in the American auto market, Bharat Forge has begun its third revamping phase, investing Rs 150 crore in a new heavy forging plant at Pune, which will manufacture components for locomotives, ships and even aircraft. Says Kalyani, "We can reorient our products and business strategy because we are an agile organisation. We anticipate countries increasing their spending on infrastructure like railways, airports, power plants and ports. Our heavy forging plant has the capacity to cater to each of these segments."

It's the tough times that differentiate the boys from men and Bharat Forge has come out stronger out of every difficult phase. As the auto component suppliers ready to cope with a slowdown in demand, Bharat Forge is all geared up to say hello to every industry that requires heavy forgings.

by Malini Bhupta

**ANTICIPATING A SLOWDOWN IN THE AMERICAN AUTO MARKET, BHARAT FORGE HAS INVESTED RS 150 CRORE IN A NEW HEAVY FORGING PLANT AT PUNE.**