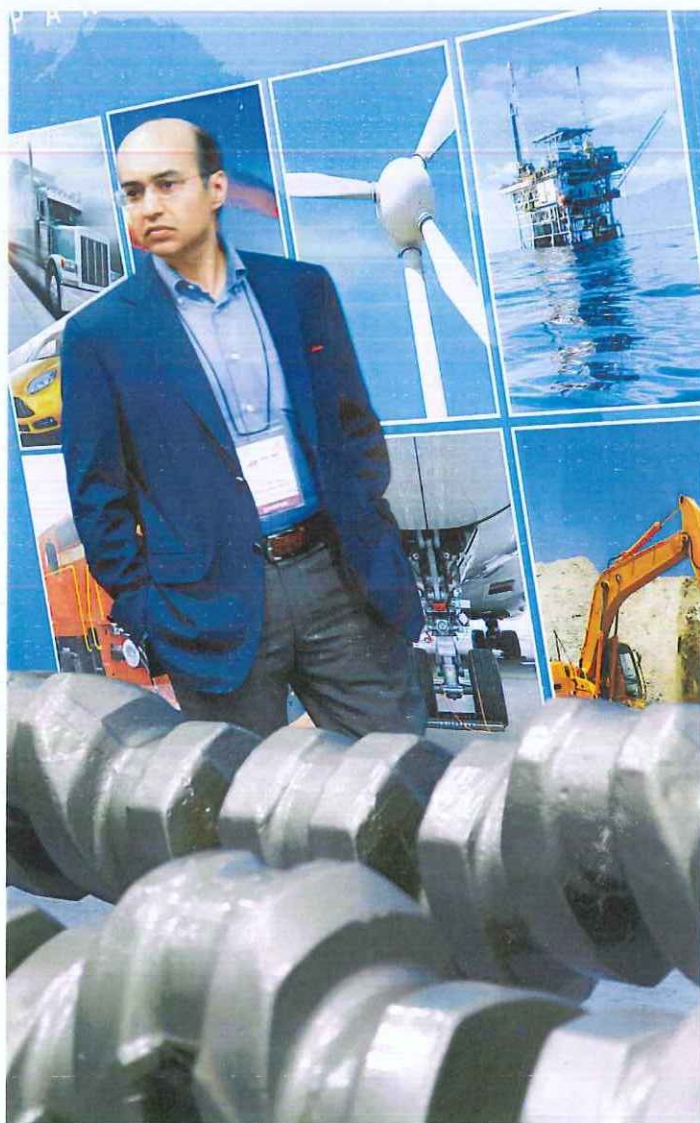


DECEMBER 2013

## TECH & SERVICES

# "We are a solution provider of performance and safety products"



In a freewheeling interaction with *PWI*, Mr Amit B Kalyani, Executive Director, Bharat Forge Limited, spoke about the company's commitment to research and development, its inroads into the railways sector and the long-term vision for the company...

**F**or Bharat Forge, it has been a really long journey. You started out as an iron foundry and forger to a components' manufacturer to a product and solutions provider. How would you define Bharat Forge today?

We are a solution provider of performance and safety products, for automotive and industrial use. We focus only on products that are mission critical, safety critical, and technology intensive. We do not focus on commodity products. Our forte is in delivering technology-based solutions to customers and markets.

**When you say that you are a technology-driven and technology intensive company, the natural question is on what is the level of your focus on research and development (R&D), at the indigenous level?**

Our focus on R&D is very high. Every product that we have manufactured and delivered, is based on technology that we have developed in-house. Please understand, however, that in the case of certain industries, the technology is in a product. In metallurgical industries, the technology is chiefly in the process; which is where you need to develop process technology. We develop both product and process technologies for the industries we cater to. We can therefore go to a customer and deliver a complete solution.

**How has Indian Railways evolved since the time the country became independent? How**



## BHARAT FORGE: CRANKING AHEAD

Bharat Forge Limited participated in the recently concluded 10th edition of the International Railway Equipment Exhibition (IREE) 2013 held from October 3-5, 2013 at Pragati Maidan, New Delhi. IREE was organized by the Confederation of Indian Industry (CII) in association with the Ministry of Railways. The event witnessed around 400 participants across the globe covering wide range of display comprising of locomotive and rolling stocks, track laying systems, train control systems to name few.

Bharat Forge has been supplying to all major railway networks across the world including in the US and Europe with its advanced manufacturing. Bharat Forge supplies critical engine components such as large crankshafts and connecting rods to the railway industry, globally and is the only crankshaft manufacturer in India to the industrial sector. The company has been able to support the Indian Railways to localize technological critical components like crankshafts, etc. The company showcased its "made in India" world class railway components such as forged and machined crankshafts, connecting rods, forged portal axle, machined locomotive axle, turbo impeller, gear blanks, piston, and switch roller devices at the booth.

Pune-based Bharat Forge, flagship company of the Rs

12,000-crore Kalyani Group, is targeting to get 60 per cent of its revenue from the non-automotive business, especially power, oil and gas, and railways. When the company forayed into the non-automotive business about eight years back, it was less than five per cent of the company's sales. But this very same segment gave Rs 1,500 crore in revenue last year. Besides power, oil and gas, and railways, non-automotive business comprises general, marine and aerospace engineering, construction and mining equipment, and defence. It is currently 40 per cent of Bharat Forge's revenue but is expected to grow to 60 per cent. The company recently bagged its first railway order of crankshafts for locomotives. These would be manufactured at the Baramati (Maharashtra) plant where between forging and machinery, the company has invested Rs 200- 250 crore. This facility would be used for manufacturing components for railways as well as big marine engines. Over the last four-five years, Bharat Forge has exported railway components to Europe and the US. These exports were worth \$15-20 million last year. With Indian Railways expected to make investments of Rs 346,000 crore during the Twelfth Plan period ending 2017, the group is looking at strategic tie-ups with foreign partners.



The Bharat Forge team with their newly developed product "Crankshaft" for The Indian Railways in IREE 2013. Mr Amit B Kalyani, Executive Director, Bharat Forge Ltd (at the centre) is seen here with the product alongwith the team. Bharat Forge is the only crankshaft manufacturer in India which caters to the industrial sector.



**competitive is Indian Railways today against international benchmarks?**

The railways is the lifeline of India. Nobody moves people the Indian Railways does. Unfortunately its brand image has been dented to a point where you choose to travel by rail only if you have to, except if you are travelling by a Shatabdi or a Rajdhani. Having said that, the current railways network, with the volumes of freight it moves and the masses that it does, there is no choice but the railways. The plans that the Indian Railways have with regard to upgrading services and speed is at the right time because they will see tremendous development.

**If you were to however look at things statistically, network addition to the current rail infrastructure over the past 30 years has not been commendable.**

Yes, almost nothing has been done. I'll give you an example. An old and almost heritage status train runs between Bombay and Pune; it is called the Deccan Queen. There was a time in the 70s, when, my father tells me, they used to take that train twice a week to go to Bombay from Pune. It used to take 2 hours and 50 minutes. The same train today takes almost 4 hours. Why? Because they have added bogies and the speeds have come down. Signalling hasn't been able

to keep up with speed. Now, the same journey can be done in one and a half hours if we add a modern, better locomotive and improve signalling and signalling systems. Now if you could travel this distance in an hour and a half, nobody will go any other way, be it road or even by air. The Railways have fantastic potential. Even Warren Buffet has bought into the Railways. There is a lot of potential in the Railways.

**As a technology driven company, your focus is on safety, reliability and efficiency. Would you be able to effectively monetise the level of your commitment towards indigenous research and development that does and will focus on these aspects?**

We are now filing between 15 and 20 patents a year. We built a large R&D centre spread over about 12 acres in Pune. We have invested close to Rs 100 crore in this venture. Our vision is to spend Rs 70 – 80 crore a year in revenue expenses on R&D. We believe that this is the cutting edge, this is the key differentiator. We are willing to put our money where our mouth is. We are willing to invest in capital assets. We are willing to invest in the best facilities in the world and since we have a global network, we have access to global talent whenever we want.

**This brings me to the question of talent and human resource. It is ironic that this country probably churns out more engineers a year than any other country does, and yet, a number of industries, especially in manufacturing are unable to find the right level of training and expertise in the resources that they hire. Why do you believe this happened? Do you have tie-ups with higher and technical educational institutions for the industries that you operate in?**

I do not believe that we always produce the right kind of engineers needed in manufacturing.

We have a tie-up with BITS, Pilani that awards a Bachelors' degree and we have a tie-up with Warwick that awards a Masters' degree – for our own employees. We also have in-house training processes. We have a six month training process to an 18-month training process depending on the nature of the profile and from where we hire a person. Regarding hiring, if we need someone to work on the shop floor, it's a BSc or a DME; if it's someone that has to work in an indirect role, such as quality or manufacturing management, it could be from a variety of engineering schools. And for a marketing or sales role, we usually prefer the engineer-MBA combination.