DNA DAILY NEWS & ANALYSIS
Mon, 07 Jul-14

'Non-auto focus helped us beat slump'

After implemeting a de-risk plan, auto parts maker Bharat Forge Ltd is now looking at higher returns from its non-auto segments from domestic as well as international markets. In an email interaction with **Yuga Chaudhari**, *company's executive director* **Amit Kalyani** *spoke on how company's strategy is paying off in a slowdown and the plans for the next few years.*

Q & A
Amit Kalyani

How is the strategy of de-risking from auto working for the company?

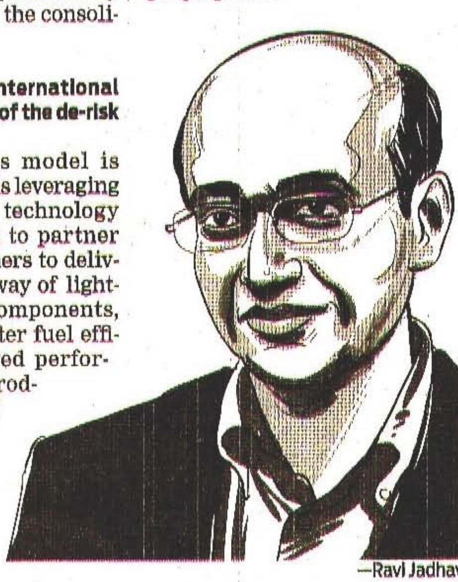
We used to be highly dependent on the automotive industry for growth but all that has changed. Today, more than 40% of our revenue comes from the non-automotive sector. Fiscal 2014 is a classic example of the de-risked business model enabling us to grow despite headwinds. Our exports in the last fiscal grew more than 15% and our domestic sales were flat in fiscal 2014 despite tough market conditions. The key enabler is our focus on a de-risked business model and having a philosophy of treating every single customer irrespective of how small or big they may-be with the same level of importance. This has ensured that our business was able to prosper even in trying conditions. Our aim is to grow the business across verticals. On the commercial vehicle side, the growth will come by way of new product development aimed at enhancing our wallet share with the customers while continuing to focus on market share gains and new geographic penetration. The growth in the passenger vehicles side will be driven by orders won over the past year or so, which will start ramping up in 2015-16. We see all-round growth in the non-auto side, driven by market share gains, new product development coupled with moving up the value chain and new segment penetration. All in all, we are looking at a holistic growth.

What are the key targets you plan to achieve in the next few years?

Five years down the line, BFL will be a bigger, stronger and more resilient entity. Hopefully by then we would have realised our goal of having five non-automotive verticals each contributing more than $100 million-plus to the topline. The automotive side of the business will also be more diverse in terms of product offerings and value addition compared to what we do today. Our capital goods foray through the joint venture, which today has an order book of 3.3 GW, would gain critical mass by 2020 and start meaningfully contributing to the profitability and cash flow of the consolidated entity.

Is going big on international markets also part of the de-risk strategy?

Our business model is pretty simple. It is leveraging our strength in technology and innovation to partner with our customers to deliver solutions by way of lightweighting of components, resulting in better fuel efficiency; improved performance of the product by way of enhanced fatigue life, which translates into improved Total Cost of Ownership (TCO). Once we become a supplier to a global original equipment manufacturer (OEM), we ensure that as the relationship matures, we are able to cater to their requirement in various geographies. For example, a relationship with an OEM which started in Europe has extended over the years to North America, Asia and India. All of this has enabled a highly de-risked customer base and more reach in various geographies.


—Ravi Jadhav