

Q&A | Amit B. Kalyani, Executive Director, Bharat Forge Ltd.

Innovation, better design key for industry

Amit B. Kalyani, 30, is executive director of Bharat Forge Ltd., the flagship company of the \$1.5 billion Kalyani group, based in Pune.

Mr Kalyani was appointed executive director in May last year, after working as vice president and chief technology officer of Bharat Forge Ltd. since 1998.

Mr Kalyani, who is the son of Baba N. Kalyani, chairman of the Kalyani group, earned his bachelors in mechanical engineering from Bucknell University in the United States. He joined Kalyani Steels Ltd. in 1997 and was deputed to Carpenter Technology Corp in the US for technical training and to oversee the transfer of technology to a new joint venture, Kalyani Carpenter Special Steels Ltd.

Excerpts from an interview with SHAUKAT H. MOHAMMED:

What prompted the Kalyani group to adopt a new corporate identity and logo?

The Kalyani group, through Bharat Forge, is now present in five countries. We have man-

ufacturing units in India, Germany, Sweden, Scotland and the United States. We are working more and more closely with our customers, the major automotive manufacturers in the United States and Europe, and Bharat Forge is increasingly becoming an innovation-driven company.

So, we thought we needed a common identity to project this. The logo was designed by a Mumbai-based firm called Umbrella. It reflects the evolution of the Kalyani group.

Everybody keeps talking about how India has emerged as the auto component hub of the world. As a major player in this sector, what do you believe. Is it really happening, or is it just hype?

There are several elements to this. The first is auto component manufacturing, and I think that has happened. There are several auto component manufacturers, like Bharat Forge, in India who are working with global customers, and delivering world-class products.

The second element is design engineering and manufacturing. That is yet to happen in a big

way. The third element is innovation, and India is quite far from this.

Would it be correct to say that apart from a few manufacturers producing stuff for global automotive companies, the rest of the industry comprises small players?

I would say that India is on the map of the major automobile companies. Like Toyota which makes transmission gear in India for world markets, and Hyundai, which has indicated that India will be the hub for its small-car manufacturing.

How big is the auto component business in India?

Last year, Indian auto component manufacturers reported exports of \$ one billion. Exports are estimated to grow at between 30-40 per cent. The domestic market, which comprises both the organised and unorganised sectors, is estimated at between \$8 billion—\$10 billion.

What are the challenges facing the auto component



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industry in India?

The auto component business in the country has to evolve. Some companies have evolved and moved on to developing innovative products.

At Bharat Forge, we are now working with the biggest car companies in the United States, on their new platforms.

How has the acquisition of Federal Forge, which has since been renamed as Bharat Forge America, in Lansing, Michigan, in June this year, helped Bharat Forge?

Firstly, it has given us a manufacturing base in the United States.

Bharat Forge now has a broader portfolio of products, including connecting rods, control arms and military tank track shoes, which it can market in the United States. We can add to this product line.

Is it correct that Bharat Forge is planning to buy some of the auto component manufacturing assets of Delphi Corp., which filed for bankruptcy protection in the US in October?

That's not true. We are not planning to buy any of Delphi's assets. We have a defined strategy on how to grow our business. Our core competence is in manufacturing chassis and engine components, and we see this segment growing.

We are increasing our forging

capacity to half a million tonnes. Most of the expansion is at our manufacturing unit in Pune, but there will be minimal increases at our other plants as well. The expansion is expected to be completed by March or April, 2006.

Does the strategy include setting up a base in China?

We are looking to set up a base in China, because that will complete our presence across all geographies.

But isn't it a little late in the day for Bharat Forge to be setting up its own unit in China?

Bharat Forge has been marketing its products in China for some time.

But we believe that we need a base of our own in China, which can provide value to the products. China makes low-value auto components.

What do you think are the initiatives the government needs to take to help the auto component industry in India?

Like any other industry, the

auto component sector, too, would like better infrastructure, like roads, airports, seaports and such. On the education front, the government has been talking about upgrading the ITIs and polytechnics, to develop courses that would be of use to the sector.

It should implement the upgradation quickly.

Who are the biggest competitors to the Indian auto component sector?

The industry is highly fragmented, so there is no player who can claim to have a 50 per cent market share.

I think it will continue to remain fragmented.

What do you think are the advantages India has to be a major player in the auto component sector?

We need to evolve into a manufacturer which is cost-competitive, yet innovative. We have the skills in this country to achieve both. More importantly, though, the Indian auto component industry needs to be able to provide excellent service in terms of design.