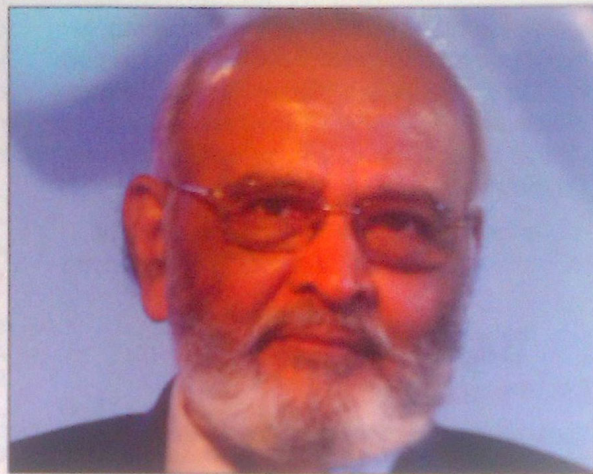


“MAKE IN INDIA”

ABHAY FIRODIA

Das **Auto Parts**

In July Force Motors, maker of vans, tractors and auto parts, opened a factory close to the southern Indian city of Chennai to assemble and test engines exclusively for BMW cars and sport utility vehicles. Built for \$30 million, the plant can churn out 20,000 engines annually. Chairman Abhay Firodia (No. 88), plans to spend \$15 million more to set up another near Force’s Pune headquarters to make engines and axles for Daimler, which it has supplied since 1997.



Firodia’s Force keeps the Germans rolling.

“This makes us the only company in the world to produce engines for both BMW and Mercedes-Benz,” claims Prasan Firodia, the patriarch’s son, who runs the company as managing director. Making auto parts for the Germans accounts for a third of Force’s \$380 million annual revenues. Prasan expects this to increase to 40% with the new capacity additions. Investors seem to believe that Force is up to speed. Its shares have more than doubled in the past 12 months. Prasan, who owns a Mercedes-Benz S class and a BMW X5, says that Force is benefiting from the confluence of two trends: India’s rising wealth makes the country an attractive market for luxury car firms. And luxury car makers have realized that if they “Make in India”—a government-coined slogan meant to attract foreign investors—they can avoid high import tariffs and keep costs low.

BMW’s Indian arm, which sources 20% of its parts locally, recently said that it wants to more than double Indian-made components in its cars. So far it has seven Indian manufacturers—including Force—making a range of parts. In July it announced price cuts on its models ranging from \$1,500 to \$7,500.

Another billionaire stepping on the gas is Vivek Chaand Sehgal (No. 36), who chairs New Delhi auto parts maker Motherson Sumi, supplier of dashboards to Mercedes-Benz in India. His wealth is up by \$150 million since last year.

India’s population of millionaires is expected to rise sevenfold to 1.5 million by 2020. Automotive consultancy IHS predicts that the market for luxury cars will triple to 115,000 units from 34,000 units in the same period. For Indian component suppliers there’s plenty of road yet. —A.R.