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## A Need for Speed

by Jeremy Kahn | Jul 8 2008

Is Indian billionaire Vijay Mallya simply tilting at windmills in his bid to turn India into a Formula One powerhouse?



Vijay Mallya, center, owner of Force India F1.

Photograph by: Newscom

On a blustery June day at Britain's famed Silverstone raceway in Northamptonshire, veteran driver Giancarlo Fisichella steered his multimillion-dollar machine into a treacherous corner and skidded straight into a barrier wall. The crash during a test drive before the British Grand Prix was not just an unlucky break for Fisichella, but another blow to Indian tycoon Vijay Mallya's quixotic quest to turn his nation into a Formula One powerhouse.

Last October, the flashy billionaire—India's answer to Richard Branson—spent \$110 million to buy a floundering Formula One team owned by Dutch carmaker Spyker. Renaming the team Force India, Mallya said he hoped to make India a major market for motorsports and promised he would bring Formula One 200 million new fans in India overnight. This in a country where most people don't even own cars and less than one-tenth of the population owns a television.

It's the sort of brash boast Mallya is famous for—and he has a history of delivering. At age 27, he took an odd menagerie of companies with annual sales of \$100 million that he inherited from his father and turned it into the U.B. Group, a globe-spanning conglomerate that now has more than \$4 billion in annual revenue and a market cap of \$12 billion. Mallya now owns the world's third-largest spirits producer, India's top-selling brewery, a leading Indian airline with international ambitions, and interests in businesses ranging from petrochemicals to consulting.

But that track record is now being jeopardized by his team's record on the track. So far, Force India has been struggling just to make it around the course, with crashes and mechanical failures miring the team in last place. And for his \$110 million gamble to pay off, his team has to start winning, since sponsors don't want to

associate their brands with a losing team.

Mallya is hardly the only Indian mogul trying to transform the country's sporting scene. Sunil Mittal, of Bharti Enterprises, has started an ambitious program aimed at boosting India's international soccer prowess, while steel baron [Lakshmi Mittal](#) (no relation to Sunil) has started a foundation to help develop India's Olympic athletes (for more on the sporting efforts of India's moguls, [see our slide show](#)).

But there's something particularly incongruous about the idea of India becoming a major market for Formula One. By some estimates, the current market for motorsports in India is a mere \$10 million a year (in Formula One, that sum might be spent developing a single car). The country's most successful car company, [Tata](#), has won deserved plaudits for its [newly unveiled Nano](#), an engineering marvel that will cost just \$2,500, and it's clearly no Ferrari.

Mallya is convinced, however, that with India tapped to host a Formula One Grand Prix in 2010, the market is set to explode—and he wants his team to be among the circuit's top performers by then. Mallya claims there is huge growth potential for Formula One among India's newly affluent, who he says are looking for ways to distinguish themselves from the hoi polloi. "Cricket, which is a religion in India, is for everyone—it's for your staff, for your chauffeur, for your boss, for your maid, for everyone," Mallya told a newspaper in May.

If Mallya really wants to deliver all those additional fans, however, he'd do well to start by making Force India more, well, Indian.

"For motorsport to develop and attract the mass audiences that currently support cricket and football, it must be seen as accessible to those who are watching it," says Tony Teixeira, the director of the A1 motorsports series, a relatively new international racing competition.

Yet so far, Mallya's drivers are two Italians and a German, and his cars are made mostly with Italian components and ride on Japanese tires. And besides Mallya himself, none of the team's top executives are Indian either. Mallya has said he'd like to hire an Indian driver for the team if one skilled enough could be found, and in response, many have pointed to Narain Karthikeyan, a talented young Indian driver who has already won an A1 race and drove for Jordan's F1 team in 2005. But so far, Mallya, who just shelled out big bucks to hire Fisichella, has not tapped Karthikeyan.

Some sports marketing experts are skeptical that Formula One can truly succeed in India given its limited fan base. Navneet Sharma, a sports marketing maven who was until recently head of Total Sports Asia's Middle Eastern and Indian business, says Mallya's real motivation in buying Force India may be to raise his profile on the international stage and promote his brands abroad, an important consideration at a time when his Kingfisher Airlines has plans to start flying to the United States, Hong Kong, and Singapore. The Kingfisher colors and logo—an image of a kingfisher bird in flight—are emblazoned across one of Force India's two cars.

But even for reaching international consumers, Formula One offers less exposure per dollar than other globally popular sports, such as Premier League soccer, whose teams have attracted plenty of interest from overseas buyers. While F1 does have a large fan base worldwide, there are only 16 races a year and sponsors must share their spots on cars with up to seven other companies.

"From a brand perspective, there are a lot of more cost-effective platforms," says Anirban Das Blah, C.E.O. of Globosport, a sports marketing company in Mumbai.

Cost-effectiveness, however, doesn't seem to be as much a consideration for Mallya. With a net worth estimated at \$1.5 billion, the silver-maned Mallya is known for his party-hardy persona, which he often employs to promote the Kingfisher brand. He owns 42 homes scattered about the planet, a personalized 727 plus two other corporate jets, and three lavish yachts. He also has a collection of more than 260 classic cars, many of which are warehoused in a private museum in Sausalito, California.

In order to make Force India more competitive, Mallya says he will hire additional staff, and he has recently added a third wind tunnel at a cost of several million dollars a year to test car designs.

But in the meantime, Mallya is too much of a party boy—and marketing maven—to let his team's poor performance spoil a good time. The lavish "Fly Kingfisher" parties he has hosted at every race venue (frequently aboard one of his yachts) have been the hottest off-track ticket of this year's F1 season.

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