IN BRIEF

'Potential relegation' may spur sale of Man United: Analyst

A Wall Street analyst has aired the potential of Manchester United Plc being demoted from the top division of English football as among possible reasons that the Glazer family might seek to put the club up for sale. The Glazers, who own about 75 per cent in the business, may be "assessing their risk profile", said Gabelli & Co's John Tinker in a note. United reported its first annual sales decline since 2015 last month, partly due to the team's failure to qualify for UEFA Champions League. The stock has tumbled since its record high of August 2018, when the team, then under coach Jose Mourinho, headed into a new season having finished runners-up last time. **BLOOMBERG**

Revenue potential of telecom infra to hit ₹31K cr by 2023

The revenue potential of India's telecom infrastructure is seen touching ₹21,500-31,000 crore by 2023, as IT developments drive demand for new business models, an EY study shows. However, in order to catch up with the revenue potential, the sector will need investment in the range of ₹66,000-93,000 crore, the study added. "Tower firms today re well placed to tap in to new opportunities that represent a revenue potential of ₹215-310 billion by 2023. With the high momentum from tower firms, as well as the Centre's push on infrastructure growth, the future is promising for the telecom infrastructure sector," Prashant Singhal, TMT leader (emerging markets) at EY, said. **PTI**

British Airways flight delayed by over five hours

A British Airways flight, bound for London with close to 300 passengers on board, aborted take-off at the last minute at the Mumbai airport, on Saturday, due to an engine snag, delaying departure by above five hours, said a person in the know. "British Airways flight BA 134 was forced to reject take off for London at Chhatrapati Shivaji International Airport here as the aircraft engine developed a snag. The aircraft came back to the bayand all the passengers escaped unhurt," said the source. A spokesperson for the airline, in a brief statement, said that the aircraft returned following an indication of a "minor technical" issue, without disclosing details such as the number of passengers, or even the flight number. **PTI**

Over half of unsold NCR flats affordable, says PropTiger

Unsold housing units in Noida, Greater Noida, and Gurugram stood at nearly 109,000 at the end of July, of which 54 per cent was priced at ₹45 lakh and below, according to property brokerage PropTiger. With a fall in interest rates on home loans, and additional tax deduction of ₹1.5 lakh on interest for flats up to ₹45 lakh, Proptiger expects developers will be able to sell significant number of unsold stocks in the affordable price category. "Real estate developers in the key NCR markets had a total of 108,937 unsold units till the end of July 2019. Of these, 58,516 homes were priced at Rs 45 lakh or less," PropTiger said in a report. **PTI**

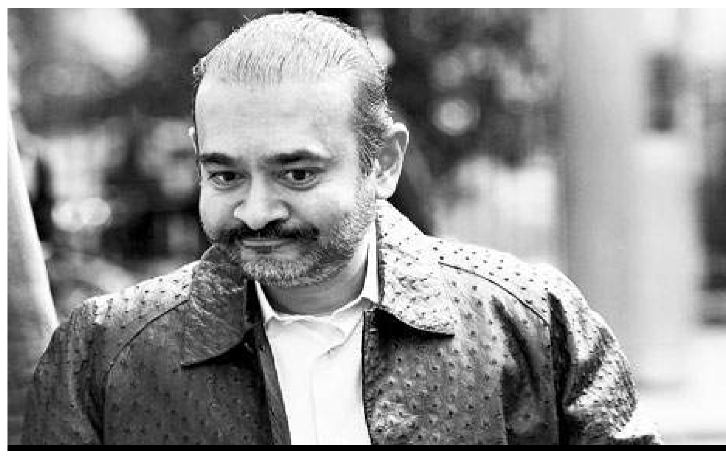
Google's $2.6-bn Looker deal may get closer DOJ review

US anti-trust enforcers have started an in-depth review of Google's $2.6-billion planned acquisition of a data analytics firm, a further sign of greater scrutiny on big technology firms, said people familiar with the matter. The division of the Justice Department seeks more information from Google and Looker Data Sciences related to the deal, to determine whether the tie-up harms competition, said one of the people, who asked not to be named. Alphabet' Google announced on June 6 that it planned to acquire Looker for its cloud unit, which lags far behind Amazon.com Inc and Microsoft Corp with just 4 per cent of the cloud-computing infrastructure market as of 2018, according to the most-recent figures from analyst Gartner Inc. **BLOOMBERG**

NCLT PROCEEDINGS

Nirav Modi's entity faces insolvency

PAVAN LALL & ABHIJIT LELE
Mumbai, 12 October



The National Company Law Tribunal (NCLT) has initiated a corporate insolvency resolution process involving Firestar Diamond International (FDIPL) — a key subsidiary owned by Firestar International. FDIPL was wholly owned by billionaire jeweller Nirav Modi, who is now in a jail in London, and lists as its directors Modi and Himanshu Trivedi.

FDIPL is one of the group's two jewellery manufacturing units to be based in Surat Special Economic Zone (SURSEZ) in Sachin Village, Surat — the other being Radashir Jewellery Company, where only Modi is listed as director.

FDIPL's parent firm Firestar International had extended an unconditional, absolute, and irrevocable guarantee towards the rated bank facilities.

In February last year, government agencies had launched a probe against Nirav and his uncle Mehul Choksi — promoter of Gitanjali Gems — for their involvement in the $2-billion fraud unearthed at Punjab National Bank.

Earlier, an investigation into the money trail from Modi's firms had been started by the Enforcement Directorate, which had also provisionally attached various movable and immovable properties of Modi, including houses, personal belongings, and automobiles.

Further, a consortium of lenders against Nirav Modi, Firestar International, and Radashir Jewellery Company, had also presented an application to the Debt Recovery Tribunal-1 (DRT) in Mumbai late last year — which was decided in July this year — and is pursuing a total claim of ₹232 crore.

The consortium, including Punjab National Bank, Oriental Bank of Commerce, Bank of India, Bank of Baroda, bank of Maharashtra, UCO Bank, Corporation Bank, United Bank of India, filed an application.

MOUNTING TROUBLE

- Firestar Diamond Int was wholly owned by jeweller Nirav Modi *(pictured)*
- Parent Firestar International and Firestar Diamond Int had not repaid outstanding dues
- Nirav has applied for bail at least four times, being denied every time, and is also fighting extradition to India
- Most, if not all, of Modi's assets are attached by the ED

In July, the DRT granted a decree for recovery and the consortium is now seeking execution of the same.

Most, if not all, of Modi's assets are attached by the ED and, therefore, people familiar with the NCLT process indicate it is unlikely any bids are going to come through under the tribunal, and that the likely outcome will be state-authorised liquidation.

Meanwhile, the beleaguered jeweller is fighting battles on multiple fronts. He has applied for bail at least four times, and been denied every time, and is also fighting extradition to India.

He stays in custody at Wandsworth prison in south-west London, since his arrest in March this year.

On the India front, he has been contesting a plea by the ED to declare him a fugitive economic offender, under the new Fugitive Economic Offenders Act. Choksi is also absconding, and said to be hiding in Antigua.

In September 2019, the Gurgaon-based Oriental Bank of Commerce issued notices to both Modi and Choksi. The two have been termed wilful defaulters for unpaid loans by their respective companies.

Modi's companies Firestar International and Firestar Diamond International had not repaid their outstanding dues.

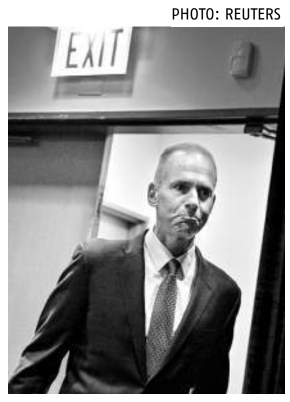
The bank had declared Modi and Choksi's assets as non-performing assets (NPAs) in the financial year ended March 2018.

Being declared as fraud accounts, banks have already begun making provisions for their exposures.

Boeing strips CEO of chairman position

JULIE JOHNSSON
Chicago, 12 October

PHOTO: REUTERS



Boeing has stripped Chief Executive Officer Dennis Muilenburg *(pictured)* of his role as chairman, leaving him little margin for error in his final push to resolve the 737 Max jetliner crisis.

Separating the CEO and chairman roles will allow him to focus on getting the grounded jet back in the air, Boeing said in a statement. While the board expressed its continued support for Muilenburg, it pledged "active oversight" of his performance, a sign of the pressure he's under to surmount regulatory hurdles and soothe the safety concerns of customers, pilots and passengers.

Lead director David Calhoun, a senior executive at Blackstone Group, will take over as non-executive chairman.

"It not only provides stability and continuity, but also introduces a new approach to leadership," said Richard Aboulafia, an aerospace analyst at Teal Group. "It's not a huge move in itself, but it creates the potential for a much bigger move."

Muilenburg, 55, is under increasing scrutiny as the global flying ban on the Max nears the seven-month mark, with little clarity on when Boeing's best-selling jet will return to service.

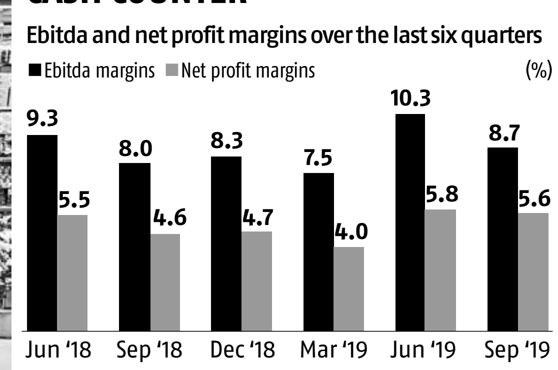
The planemaker's reputation and finances have been battered since two Max crashes killed 346 people and prompted a worldwide grounding. **BLOOMBERG**

DMart Q2 profit rises 48%

VIVEAT SUSAN PINTO
Mumbai, 12 October

CASH COUNTER

Ebitda and net profit margins over the last six quarters



Ebitda is earnings before interest, tax, depreciation and amortisation
Source: Company

Avenue Supermarts, which runs the DMart chain of stores, reported a nearly 48 per cent year-on-year increase in net profit for the quarter ended September 30, (Q2) to ₹333 crore, as it gained from lower corporation tax rates that came into effect last month.

But the retailer's top line, while growing 22 per cent year-on-year for the quarter to ₹5,949 crore, was below Street estimates, which had pegged the number at ₹6,009 crore.

Earnings before interest tax depreciation and amortisation (Ebitda) at ₹515 crore for the three months ended September 30 was also below Street estimates of ₹527 crore.

DMart added five stores in Q2 and is considered one of the most efficient retailers in food and grocery. Analysts said the lower revenue growth is linked in part to the economic environment, which has seen consumers' cut back not only on discretionary items, but also purchase of essential goods, including biscuits, soaps and detergents. Ebitda margins in Q2 for DMart came in at 8.7 per cent, which was a growth of 70 basis points over the year-ago period. But sequentially, this number was lower compared to the June quarter, when EBITDA margin had touched 10.3 per cent, its sharpest rise in five quarters.

Net profit margin at 5.6 per cent in the September quarter has not only grown by 100 basis points year-on-year, but also sequentially remained in line with the number reported in the April-June period (5.8 per cent).

Analysts attribute the growth in net profit margin to the corporate tax cut announced last month – from 30 per cent to 22 per cent – a point endorsed by DMart's managing director and CEO Neville Noronha.

Effectively (that is, after taking into account surcharges and education cess) companies like DMart have seen their corporate tax rate come down by nearly 10 percentage points from 35 per cent to 25 per cent, sector experts said.

Since the September 20 announcement, DMart's stock price has surged to levels of about ₹1,800 per share from ₹1,600.

While the company did not specify same-store sales growth for Q2, analysts said it was between 15 and 18 per cent for the period under review. Same-store sales growth is the comparable sales growth of stores that are at least one-year old.

Auto sector the new sweet spot for tech industry

DEBASIS MOHAPATRA
Bengaluru, 12 October

The automotive sector has become the new focus point for information technology (IT) services companies, as global carmakers seek outsourcing partners to help them cope with changing requirements of customers.

Most IT players are seeing a spike in demand from the sector. They hope to clinch large deals in areas such as engineering services, application development, and maintenance and consumer experience. "Global automotive companies are facing growing demand for automation, for which they require engineers and digital talent. Hence, they are turning to the IT services industry to help address this increasingly urgent need," said Peter Bendor-Samuel, founder and chief executive officer (CEO) of global research firm Everest Group.

DRIVING DEMAND

- Most IT players are seeing a spike in demand from the sector
- Emergence of EVs forcing auto majors to spend on new tech
- Rising tech spend by auto firms reflected in deals won by IT firms
- 12% of IT outsourcing spend comes from manufacturing sector, with auto being a major contributor

According to the Everest Group, apart from the slowdown in demand seen in the automobile sector, emergence of electric vehicles (EVs) is also forcing auto majors to spend more on new technology.

Rising technology spend by automakers is already reflected in deals bagged by domestic IT firms over the past quarter.

Infosys, earlier this week, announced that it has been selected as the main vendor for a digital transformation project for Volvo Cars.

Last month, TCS entered into a partnership with General Motors (GM) under which the firm would acquire certain assets at the GM Technical Centre — India (GMTC-I). As part of the agreement, TCS is also absorbing 1,300 GM employees.

Though the size of the deal was not announced, analysts peg it around $600-700 million, spread over five years.

Cognizant is building an integrated customer experience solution for the Hector SUV — developed by MG Motor India. According to the company, the solution is developed on the Adobe Experience Cloud platform and offers drivers an advanced level of personalisation.

"All three deals announced by these IT firms are trendsetters. While Infosys's deal is about its agile way of working, the Cognizant one is an example of how the company has started bagging a customer experience contract in an emerging market. Similarly, the TCS-GM partnership shows the path for more such R&D deals in the coming days," said Pareekh Jain, founder of Pareekh Consulting.

Industry experts say that at a time when the manufacturing vertical is going through a tough time, increasing spend by automobile players will be able to offset some of the business losses. Around 12 per cent of the total IT outsourcing spend comes from the manufacturing sector, with automobile being a major contributor.

"It is clear that the automotive sector shows a lot of promise. However, it is nowhere near the size to offset the slowdown in financial services spending or compensate for the broad decline in discretionary spending in other industries," added Bendor-Samuel.

Aspiring 'influencers' can now get a degree

MARCO BERTACCHE & CHIARA REMONDINI
Milan, 12 October

All the Chiara Ferragni wannabes in Italy now have a college degree program to hone the Instagramming skills that made her one of the world's top fashion "influencers."

The online university eCampus, which is being promoted by football star Cristiano Ronaldo *(pictured)*, is offering a new, three-year program to earn a degree in social media influencing. Ronaldo, who is featured in the college's new publicity campaign, is also funding 36 student grants as part of his commitment.

The aim of the degree is to "fill the current educational gap" and to help students gain the technical skills needed to pursue a career as an influencer, the Italy-based university said on its website.

The eCampus degree will offer classes in fashion psychology, semiotics and the philosophy of language, TV history, intercultural communication and information technology, among others. The institution, which also offers degrees in Engineering, Law, Arts and Psychology, has more than 30,000 students, according to its website.

The ranks of bloggers, Instagrammers and YouTubers with enough followers to earn a living as influencers are swelling. Companies, brands and even countries are increasingly trying to tap into that social media exposure by offering influencers lucrative marketing contracts. The success of Ferragni's The Blonde Salad, the world's most popular fashion blog, even became a case study at Harvard Business School.

Ferragni, probably the most well-known Italian influencer globally, boasts 17.5 million followers on Instagram. Last month a three-day run in Italy of a documentary about her life took in more €1.6 million ($1.76 million) and was the most watched documentary movie in the country.

"Many people have misinterpreted the fact that trying to be an influencer and knowing how to work with influencer marketing and personal branding are not the same thing," Maurizio Pasquetti, head of marketing at eCampus, said in a phone interview. "There is specific and technical knowledge that you need to master."

The news of the degree program sparked an intense debate on social media in Italy, with people challenging the idea of an influencer as a profession. Many also praised the offer as it can help young and inexperienced people develop marketable skills in a country where youth unemployment tops 27 per cent.

Lamborghini puts retail network in top gear

PAVAN LALL
Mumbai, 12 October

Retail gurus will testify that when there is a slowdown, it's the brand in the middle that gets hit the hardest: Everyday, essentials stay steady but super luxury lifestyle choices remain unaffected. Lamborghini India, which is led by the newly-formed Skoda Auto Volkswagen India (SAVWIPL), seems to be paying heed to the mantra.

The supercar brand recently opened a brand new showroom at Prabhadevi in Mumbai, as a part of an initiative that will proceed to overhaul other existing dealerships, which include New Delhi and Bengaluru, over the next few weeks.

While these are small in numbers, exotic car showrooms are typically expensive propositions with large-format dealerships in swanky addresses and interiors that can run into millions of dollars. In fact, these dealerships have to follow the corporate identity protocol established by the parent company.

Lamborghini's new 2,500-square-feet showroom run by dealer Infinity Cars in Prabhadevi features slick minimalist architecture, flat panel TVs and costs as much as ₹5 crore to kit out interiors alone. Also, Delhi will see a revamped showroom kick off on Saturday and Bengaluru will have to wait till November.

Sharad Agarwal, country head for Lamborghini, also launched the Huracan Evo Spyder at the newly-minted showroom. The Huracan Evo Spyder is a convertible sports car priced at ₹4.10 crore (ex showroom).

The model is the fourth new car in the brand line-up that also includes the Urus SUV, the Aventador, and the Huracan Evo, all of which are BSVI compliant, adds Agarwal.

Last year, Lamborghini sold around 45 cars, higher than other sports car brands such as Ferrari and Aston Martin, thanks largely to volumes driven by the new Urus SUV. Since it was launched, the Urus has sold 50 units at an ex show room price that is over ₹3 crore and accounts for around ₹150 crore in revenue.

The Huracan Evo Spyder is a convertible sports car priced at ₹4.1 crore

Agarwal says the company is on track to hit sales of 60 units this year of which he expects around 10 to come from the newly launched convertible.

Lamborghini is the top-performing super sports car badge in the country, selling ahead of competition. Porsche, the other sporty car badge, which is also owned and operated by SAVWIPL, sells more but at lower price points and most of its models don't qualify as super cars. Do convertibles thrill Indian auto enthusiasts, given the environment on Indian roads?

After all, sound pollution, dust and the omnipresent risk of a piece of trash or paan spittle from a passing bus is a common risk for a driver of an open-top car?

"There's not much you can do about the environment but there is a small segment of buyers who buy such cars for the sheer passion of motoring and that won't change," Agarwal says.

Lamborghini and its parent company are clearly of the opinion that the automotive downturn in India will be short-lived.

But do dealers share the same optimism?

Lalit Chaudhary says that for his auto dealer company Infinity Cars, which operates some 20 showrooms across India, the addition of Lamborghini adds the supercar element to the existing brands in his portfolio.

His other brands include BMWs, Mini Cooper and Aston Martin. His point is that after a customer has bought and experienced a few premium cars such as the BMW, it does become natural to then aspire to climb the value chain to sports cars.