

In A Nutshell

Maserati Drives into India; Cars to Sport ₹1.20-1.43-cr Price Tags

NEW DELHI Maserati became the third Italian luxury sports car to hit the Indian market after the launch of Aston Martin and Ferrari in the past one year. The high-performance sports cars would be available in the price band of ₹1.20 crore and ₹1.43 crore (ex-showroom, New Delhi) for its Quattroporte flag-ship sedan, the GranTurismo coupe and the GranCabrio convertible. "We have brought our entire range of cars to feed the fast-growing Indian luxury car market that doubled to around 700 units in 2010. We have the confidence to sell good on the back of robust demand for such luxury cars," Maserati Asia Pacific MD Simone Nicolai told reporters in Delhi on Wednesday. The company has appointed Mumbai-based Shreyans Group as the official importer of its cars into India and the customer deliveries for the cars would start from July-August onwards. Maserati will start its first showroom in Mumbai later this year, while the second dealership will start operating from Delhi next year onwards. The Fiat Group-owned Maserati has sold 5,675 cars globally in 2010, expects to sell 100 units in India in the next three years.

Tata Power-SN Power Consortium Bags 236-MW Hydro Power Project in HP

MUMBAI Tata Power's consortium with Norway's SN Power has won a 236-MW hydro power project in the Chabab valley in Himachal Pradesh. The Tata group's power utility said in a statement on Wednesday. The Dugar Hydro Electric Project will primarily supply electricity to northern India. Tata Power and SN Power formed an alliance in 2009 to develop hydro power projects in the Himalayan belt in India and Nepal. Besides the Himachal Pradesh project, the consortium of Tata Power-SN Power is working on developing a 880-MW hydro power plant in Nepal for which it has an exploratory licence. Tata Power has a total operational capacity of almost 3,000 MW and is executing projects aggregating to 5,500 MW. The company currently operates a 447 MW hydro power project in Maharashtra.

Dell Services Vice-President Anurag Jain Puts in His Papers

NEW DELHI Dell Services global vice-president Anurag Jain is understood to have put in his papers, to give way to a new entity that is likely to have three global heads, with one of them being based in India and the rest two at Dell headquarters in Texas. Mr Jain was one of the top executives retained by Dell from its Perot Systems acquisition to make a strategic move for the new hardware-cum-software giant. Mr Jain is likely to stay on in Dell for the next 90 days, after which three people (one of whom is New Delhi chairman Suresh Vaswani, former Wipro joint-CEO) will fill in the position.

Two More DCGA Staffers Held in Fake Pilots Licences Scam

NEW DELHI Two more staffers of airline regulator DCGA have landed in police net for allegedly helping people obtain pilot licences using forged documents. Taking the total number of arrests in such cases to 13. Mahan Jyoti Bhattacharya (37) and Mohammed K Ansari (42) were apprehended in the capital on Tuesday following questioning of two pilots Abhishek Kaushik and Hiren Nagar who claimed that these DCGA staffers have taken lakhs of rupees from them for providing licences using forged marketshes. With this, five pilots and three DCGA staffers have been arrested by Delhi Police, while two others have been apprehended by Rajasthan Police in Jaipur in connection with the racket. Three touts had also been arrested by Delhi Police in these cases.

Diamond Power Enters Into MoU with Utkal Galvanizers to Buy Strategic Stake

MUMBAI Diamond Power Infrastructure, power equipment manufacturer and EPC contractor, said it had entered into a memorandum of understanding, or MoU, with Utkal Galvanizers and its promoters — the Mohanty family — to acquire a strategic stake in the company. Diamond Power manufactures various types of power equipment such as cables, conductors, transformers. It recently set up a facility to make 48,000 MT of transmission tower at Vadadala district in Vadodra. Established by KK Mohanty, a hard-core technocrat, Utkal is closely associated with the power sector for extra high voltage power transmission, right from the concept of design to commissioning of EHV towers, sub-stations and other lattice structures. Utkal is an approved vendor of Power Grid Corporation of India for various EHV transmission products and as EPC contractor.

Brand IPL Takes a Pounding

A string of controversies and a costly structure bring down the league's value by \$460 m, or 11%

**BHANU PANDE
NEW DELHI**

When the Board of Control for Cricket of India (BCCI) sacked Lalit Modi as commissioner of the Indian Premier League (IPL) last April, the objective would have been to clean up the wildly successful Twenty20 tournament of its alleged ills, ranging from money laundering to match fixing. A year down the line, however, the ghosts of controversies and allegations have yet to be exorcised. The latest Brand Finance study, which reveals a 11%, or \$460 million drop in the value of the IPL, is evidence that all is still not well with the IPL.

After two years of solid growth — the brand's value more than doubled last year — the IPL's worth is now pegged at \$3.67 billion, down from a peak of \$4.13 billion a year ago. Opaque ownership patterns of many IPL franchisees coupled with allegations that funds for franchisees were coming from questionable investors have taken their toll on the marquee brand. "The honeymoon is over; the IPL juggernaut has sure hit the speed breaker," says M Unni Krishnan, MD of the India office of Brand Finance. "Now its sustainability will largely depend on infusing governance policies to align all the stakeholders towards win-win relationships, thereby preserving the value in the long run." Brand Finance is a UK-headquartered firm that specialises in brand valuation.

At another, more tangible, level the IPL has been hit by a tornado of galloping costs. Team costs, which comprise largely of players' salaries and auction, shot up to 40-45% of revenues in last year's IPL (the third edition). The corresponding figure for IPL 2 was 30-33%. There could be more pressure from costs in the years ahead on the IPL's valuation — which considers future cash flows of both, the BCCI and the franchisees and discounts them to their net present value. That's because existing franchisees, faced with the threat of new franchisees, keen to attract the stars, will step up spends in a bid to retain key players. Rising player costs is a factor of each franchisee's purse size, which has steadily gone up. For instance, in the first big auction in 2008, there was a cap of \$5 mil-

lion on each franchisee. Today that ceiling has gone up to \$9 million. Result: More money to shower on the star players. Take the case of Yuvraj Singh. The 'icon' was picked for \$1.1 million in the 2008 auction; his recent transfer to new team Pune Warriors fetched \$1.8 million.

The IPL is estimated to be second only to the American National Basketball Association (NBA) league in wage costs. For the NBA, the annual average salary is 2.62 million. The IPL's average salary, calculated over a year, works out to 2.5 million. The problem of wage bill impacting operating profits of teams is a global phenomenon. The wage to turnover ratio in football is as high as 38-50% at the top European clubs, as reported by Deloitte's Annual Review of Football Finance. The IPL hasn't got there yet, but it sure could. And that's where franchisees will have their task cut out to balance wages and growth. Amrit Mathur, CEO, Delhi Daredevils says: "We'll have to redo our financial structure by looking at ways to cut other costs and beefing up our revenue generation options to accommodate rising players' costs."

The good news for the franchisees, however, is that although the IPL's value has eroded, the aggregate brand value of all franchisees has inched upward — from \$333 million in 2010 to \$355 million now. The franchisees have been evaluated on the basis of their financial, marketing and cricket acumen, as well as on the corporate governance front. Barring Rajasthan Royals, King XI Punjab and Kolkata Knight Riders, the other six franchisees have improved their brand values. The IPL's valuation to a large extent hinges on that of the franchisees. So if the franchisees are on solid ground wicket, it should follow that Brand IPL, too, will be on a good wicket. Unless, of course, sponsors and advertisers get turned off by controversy and scandal.

Melroy D Souza, COO of the Sunil Gavaskar-promoted sports marketing firm Professional Management Group (PMG), feels controversies do impact the global appeal of a brand. "Many global advertisers are associated with the IPL because of the tournament's international appeal," he says. "Controversies such as that (interest) in Real estate giant DLF, which bought IPL's title rights for five years for \$200 crore, is unfazed by the controversies of the previous year. IPL

Taking Guard

\$3.67b
Brand Value of IPL

\$4.13b
Brand Value of IPL Last Year

\$355m
Aggregate Brand Value of all Franchisees

₹1300cr
Expected Profits for BCCI by 2018 from IPL



'WC Final Garnered Highest Rating in Entire Tournament'

NEW DELHI The final match of the cricket world cup between India and Sri Lanka was watched by almost two out of every three cable & satellite viewers in the country, making it one of the most-watched television events in India ever. According to television viewership rating agency TAM, the final match garnered the highest rating in the entire tournament, beating even the viewership of the semi-final match between arch cricketing rivals India and Pakistan. The final match of the world cup telecast on Star Sports, Star Cricket, and Doordarshan garnered television rating (TRP) of 23.2, against 21, for the semi-final match. Peak rating of the finals was also a tad higher at 35.9, compared with 34.4, for the India-Pakistan clash. The final match was watched by 135 million viewers across the country in cable & satellite, terrestrial and DTH homes. Media planners say Indian team's

performance ensured the TRP for the final match crossed viewership recorded by general entertainment channels or any other television event in the recent past. "It was one of the most-watched television events in the country," said Hiren Pandit, managing partner-South Asia of Group M (ESP). They say the last time an event got viewership of such nature was when the first season of game show Kaun Banega Crorepati debuted on Indian television ten years ago with Bollywood actor Amitabh Bachchan as the host. Overall, the viewership rating for the World Cup was 3.83, compared with average of just 2.02 for the previous edition of the tournament four years ago, in which India was knocked out in the early stages. But, last year's edition of IPL had notched an average rating of 4.5 for the entire tournament, higher than the just-concluded World Cup. — Our Bureau

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