

Gitanjali, Nirav Modi stores wear desolate look, staff wait for dues

MAJOR BLOW Business has been down ever since news of fraud broke, say store executives

Sapna Agarwal and
Yunus Y Lasania

■ sapna.a@livemint.com

MUMBAI/HYDERABAD: The Nirav Modi flagship store at Kalaghoda in Mumbai is a cheerless unit. A watchman's uniform, a pair of dark blue denims and a blue shirt are slung on hangers under the brass nameplate at its entrance.

Three bored-looking watchmen squat on the front porch of the store which has been shuttered since February 15, under section 281B of the Income-Tax Act, 1961. Once known for the sparkle of their jewellery, upscale stores owned by Nirav Modi and Gitanjali Gems in cities across India wear a desolate look, battered by ₹11,400-crore fraud at Punjab National Bank, in which Modi and Gitanjali owner are the main suspects.

In Thane's Viviana Mall, a white facade has been erected in front of Gitanjali Gems-owned Gili store. That's what malls do when there is renovation work or change of ownership taking place, said a spokesperson for the mall. Modi's boutique store on Lavelle road, Bengaluru, also wears a forlorn look. And the story gets worse for some of Gitanjali Gems Ltd's franchisees, who say their financial problems have persisted for years.

The Gitanjali franchise on Cunningham Road in Bengaluru — a desolate establishment the

middle of the busy business district — has cut its staff from around 10 in 2015 to three, as per a store manager who did not wish to be named. The three have not been paid for the last three months. The franchise has some ₹80 lakh in dues which Gitanjali has not paid since 2015, said the store manager.

Enforcement Directorate officials raided the store on Monday evening, and conducted a search that lasted until 4am on Tuesday, according to the store manager.

The store manager refused to give details of the franchise owner, saying they are told not to share his contact details with the media. Mint couldn't independently reach out to him for a comment.

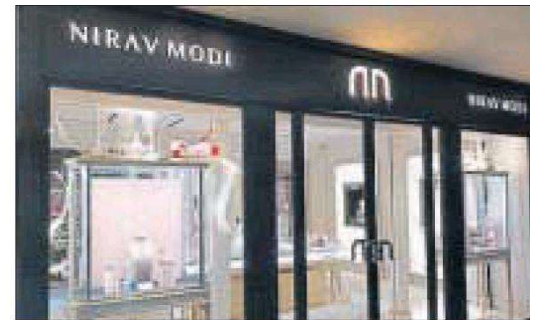
A franchise owner from Nagpur closed his store in February 2017 — after seven years of doing business — because of irregular supplies, said the store owner, requesting anonymity. "The first three years were good. But as they (Gitanjali Gems) started expanding and diversifying, the service levels dropped and we decided to give up the franchise," said the franchise owner, who thinks it's better to write off the close to ₹60 lakh owed by the company as it "is futile" to chase the company for payments.

Executives at a Gitanjali showroom in the national capital said the business has been down ever since news of the fraud broke. At

present, there are only three standalone showrooms of the company in Delhi that are still open; although several Gitanjali showrooms have been closed by the company over the last few years, according to the executives, who did not want to be named. "There is an impact on customer walk-ins as well as on the overall image of the brand," said one of the franchise owners in Delhi, asking not to be named.

Across India, close to 100 franchise owners for Gitanjali have shuttered their stores in the last 2-3 years on account of irregular supplies from the firm, according to another franchise owner from Nagpur. Close to a dozen have filed police complaints in the last 2-3 years, said a former franchise owner, who did not want to be named. According to this franchise owner, there have been many complaints made with different authorities, including the Registrar of Companies, capital market regulator Securities and Exchange Board of India and even the Prime Minister's Office, but these have fallen on deaf ears.

The repercussions though are much wider than individual stores. The entire gems and jewellery trade has been hit. "Today when I went for my morning walk, a person pointed at me and sneered 'you are a jeweller right?'," said a jeweller, who did not wish to be identified, from Zaveri Bazaar, Mumbai.



■ Nirav Modi's boutique diamond store in Beijing

BUSINESS AS USUAL AT MODI DIAMOND STORE IN BEIJING

Sutirtho Patranobis

■ feedback@livemint.com

BEIJING: It seemed business as usual at the Nirav Modi boutique diamond store at the Peninsula Hotel in Beijing on Thursday.

The shop located amid a cluster of other luxury brands was open for business and the employees were eager to cater to customers. They claimed to be unaware about the controversy raging around Modi in India.

None of the employees seemed aware that he was

at the centre of a massive Rs11,400-crore bank fraud that has hit the brand and its reputation.

"This is a Chinese company based in Beijing," said one employee, adding that business has been "so, so".

Reports said that most of Modi's stores in cities across India had been shuttered by Thursday.

Modi had opened the store at the hotel located in Beijing's central business district, the first on the Chinese mainland, in May 2017 as part of his plans to expand into China.