

DISPUTE

CHORDIA VS. PORSCHE. NO HOLDS BARRED

ASHISH CHORDIA SOLD A THOUSAND PORSCHE IN INDIA, AND BUILT A MARKET FOR THE CARS. THEN THE MANUFACTURER DUMPED HIM. CHORDIA'S TAKING PORSCHE AG ON IN COURT. BY PAVAN LALL



← Ashish Chordia, the fast-talking car salesman who has taken on auto giant Porsche in a legal battle.

Photographs by
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JOHARI BAZAAR, JAIPUR, is a place out of a Rudyard Kipling book. Brightly coloured *bandhej* fabric (a tie-and-dye technique unique to the region) are piled on shelves of small, dusty, pink-walled shops. Other stores display silverware and curios. Tiny eateries in its narrow bylanes do a brisk trade in Jaipur's famed *dal ki kachoris* and other fried snacks. But gems and jewellery traders are the main attraction, with wholesale exporters and importers of precious and semi-precious stones and jewellery nestled alongside the snack shops and saree shops.

I'm wandering through this maze hunting for Shreyans Trading International, an exporter of emeralds, run by Sampat Chordia and his brother Abhay. I finally find the place—an unremarkable, pale green three-storey building, with a narrow flight of stairs that leads up to the shop and

office. The tiny parking lot in front hosts a few motorcycles and a red Maruti A-Star.

I was expecting at least a Mercedes, if not a new model Porsche. After all, Sampat Chordia's son, Ashish Chordia, was, till recently, the exclusive importer and dealer for Porsche cars in India. These days though, Chordia (Ashish) is fighting a battle with the automobile giant in the courts in Jaipur. I am hoping to find out what makes a man with roots in the jewellery trade leave his hometown, enter a field vastly removed from the family trade, and then end up in the courts battling his partner. But Sampat Chordia apparently spends most of his time in Mumbai.

That's where Chordia junior ran his gig. It was once easy to find him at the Four Seasons Hotel—a far cry from the narrow, dusty lanes of Johari Bazaar. Then barely 30 and a certified gemologist from the Gemological Institute of America, the fast-talking, Gucci-wearing Chordia was almost a fixture there, generally seen reclining on a cane sofa in the patio near the lawn, either pounding away on his Apple laptop or schmoozing with clients from abroad. He's always been comfortable with foreigners, having studied and worked in the U.S. for several years. He graduated in finance and accounting from the University of Southern California, and then worked as a consultant at Deloitte in California. The international sheen helped Chordia convince several companies, Porsche included, to hire him to push their brands among jetsetters in India. He launched Porsche in India in 2003, and bagged dealership rights for Audi, Maserati, Ferrari, and Ducati. He already had import and distribution rights from Bang & Olufsen, and fashion labels Dolce&Gabbana, and Fendi. Chordia moved in the right circles and all these labels wanted in.

Chordia was a natural. He had attended an executive leadership programme at Harvard University, where he says he met Moira Forbes, daughter of Republican party

presidential candidate and editor-in-chief of *Forbes* magazine, Steve Forbes, and stays in touch with her. He is friendly with Congress Member of Parliament Jyotiraditya Scindia, and Amit and Dhiraj Deshmukh (sons of the late Vilasrao Deshmukh, former chief minister of Maharashtra). He also has ties with the business community; his cousins run Panchshil Realty, which is building the first Donald Trump-branded residence in India.

Sharad Kachhalia, a director with Navnit Group, the outfit that sells Rolls-Royces in India, says anyone who works in the super luxury trade has to first get his profile right. The dealer has to reflect a super luxury persona, complete with a service infrastructure backed by trained professionals. "To sell and project luxury, you have to genuinely become it. You can't fake it," says Kachhalia. And Chordia seemed to have "it".

IN 2003, CHORDIA set up Precision Imports as Porsche's exclusive importer in India, and for the next nine years, enjoyed a dream run. By 2012, he was, he says, "part of the Porsche family". He received letters from managers at Porsche commending him for high sales, and got friendly with senior managers such as Andreas Offermann, who ran sales coordination at the firm from Germany. (There are also letters from the Porsche brass that Chordia shows me, thanking him for fancy holidays in Rajasthan, or gifts of silk and cashmere shawls, or even chopper trips to Pune.)

Then, on May 4 last year, Porsche India released an advertisement in the major Indian newspapers and magazines. It featured a panoramic shot of the five models Porsche sold through Precision—but the copy below was not about Chordia's company. Instead, it announced that its group representative, Volkswagen Group Sales India would be the new official importer of all Porsche cars.

Chordia says the announcement came out of the blue, though market buzz is that he'd been given notice a year earlier. Giving import and distribution rights to a sister company makes sense for Porsche, of course, but Chordia says the company cheated him by taking away what was to be an exclusive import licence. "I have enough letters written to Porsche telling them that they are purposely screwing me over," he says, claiming that appointing VW Group Sales India was "a dishonest act".

He filed a petition in June 2012 in a Jaipur court, accusing Porsche officials of cheating, intimidation, and criminal conspiracy, and soon after, the papers were full of the news that the magistrate hearing the case issued an arrest warrant for Porsche global CEO Mat-

CHORDIA'S

MOVES

2000
Analyst, Tiffany & Co

2001-03
Consultant, Deloitte Consulting, California

2003-PRESENT
Executive director, Shreyans

2004-12
Director, Porsche India

2006-08
Director, Fendi India

2007-PRESENT
Director, Ducati India

2011-PRESENT
Director, Maserati India

2011-PRESENT
Director, Bombardier Recreational Products, India

2011-PRESENT
Director, Ferrari India

1,000 Porsches sold

100 customer complaints registered

3 lawsuits filed

tias Mueller and eight board members (Bernhard Maier, Lutz Meschke, Thomas Edig, Wolfgang Hatz, Wolfgang Leimgruber, Deesch Papke, George Wills, and Angela Kreitz). This means that Mueller and the others cannot enter the country without facing the possibility of being arrested. One year on, nobody in Jaipur wants to talk about the case. Anil Reddi, who heads Porsche in India, also did not respond to queries regarding Chordia.

Porsche AG, Germany, released a statement a little while after the warrants were issued, saying: "The allegations in the criminal proceeding in which the Court in Jaipur/India has issued the bailable warrants are in the view of Porsche baseless and without any material substance." The statement added that the company "is taking steps to have the warrants and criminal proceedings quashed within the applicable periods".

Even as the Jaipur courts thrash out the pros and cons of the criminal case, there's a separate arbitration suit between Chordia and Porsche that is to be settled in Bahrain. Porsche India is run by Porsche MEA (Middle East and Africa), and all dealership and contractual disputes come under the courts in the U.A.E. Chordia claims that Porsche has issued him legal notice terminating only two of the three contracts he has with the company. (The number of contracts between Porsche and Chordia could not be independently verified.) A statement from Porsche in January this year, read: "With one exception, the former importer has exhausted all rights of appeal and the civil litigation is now at an end." Chordia, however, says the case is not yet settled, adding that under U.A.E. law, a principal (Porsche in this case) can terminate a contract with an agent only by mutual consent, or going to the U.A.E. Commercial Agencies Committee in case of gross negligence or other "material reasons".

CUSTOMERS, MEANWHILE, AREN'T exactly enamoured of Chordia. Early in February 2012, Inderpreet Singh Jhelumi, a warehousing entrepreneur in New Delhi, booked a Porsche Cayenne SUV with Chordia. "They were still authorised dealers then," he says. Precision Imports asked Jhelumi to pay Rs 10 lakh up front and then Rs 50 lakh a month later. The vehicle was to be delivered in a couple of months. Jhelumi made good on the payments but when he followed up in April, he was told the car hadn't arrived. Disgruntled, he called Reddi, who effectively washed his hands off. "It's between you and Chordia. We can't help you," Jhelumi says he was told.

His patience running out, Jhelumi spoke to Chordia again in June, after he read about the legal tussle between Porsche and Precision Imports. Chordia asked him for a couple more weeks and then told him that there was a Cayenne that had arrived at the Mumbai Port and could be delivered to Jhelumi. The catch:



There are few bikes in Chordia's Ducati showroom in Mumbai, but assistants say they can get any model—if you pay in advance.

it was more kitted out than what Jhelumi had ordered and he would have to pay Rs 8 lakh more for the extras plus "additional duties". Jhelumi checked with his lawyers, who told him that he was being asked to spend a little extra to recoup an asset that was worth much more. "It was worth a shot, the lawyers told me," he says. Instead of a Rs 70 lakh vehicle, Jhelumi shelled out Rs 85 lakh. And still didn't

have a car. By then, Porsche had appointed VW Group Sales as the new importers, so Jhelumi tried to get his car from them, for which he had to first get a pro forma invoice from them (VW Group Sales). That's when he found that Chordia had charged him Rs 15 lakh extra. When he confronted Chordia, the salesman was insouciant. "I asked him what he was doing, and all he said was 'duties,'" says a visibly enraged Jhelumi. He eventually got his car in October but it arrived with the wrong registration certificate. Chordia says the wrong details were because Jhelumi filled in the wrong details of the model.

Jhelumi isn't alone. One young Porsche fan who declined to be identified because he's part of a multibillion-dollar business house, says his Panamera came almost a year after he ordered it. "And when it did, it started to smoke." The unhappy owner says every time he called up Precision, he'd find himself speaking to a different sales rep or technician. "The staff was never the same."

Shailesh Surve, a doctor who now runs a shipping venture, says he wanted to buy a maroon Porsche Cayenne GTS. He met Chordia in February 2009, and paid an advance of Rs 60 lakh. He didn't get the car for months, and every time he contacted Chordia, he was given excuses. "The common ones were 'My father is seriously ill', and 'I'm in Rajasthan' or 'I'm in Dubai for a meeting with Porsche,'"



Ferrari's first official showroom in India was opened in 2011 in partnership with Chordia. This dealership is still in business.

he says. Finally when the vehicle arrived, it was in December after the new model for 2010 had been introduced in September. And, he adds, the vehicle came without rear parking sensors. Chordia told him that he would offer him free warranties for five years as he couldn't make any modifications because of Porsche's strict norms. Chordia says Surve's long wait was due to his own inability to make up his mind. "He went from diesel to petrol and then again to diesel, and didn't know if he wanted the red colour or not."

The list of unhappy customers is long. Sidharth Mandavia, an electronics recycler, says he bought a Porsche Cayenne S from Precision. "It was black and supposed to arrive in two or three weeks." Instead it came three months later—and "it was a white SUV", says Mandavia. That wasn't all. The first service and oil change hadn't even been done, which means it had barely clocked 3,000 km, when the brake pads wore out. "Brake pads ought to last 15,000 km, at the least," he says, adding that he had to spend Rs 1 lakh on replacements.

Even high-profile customers like Sullaja Firodia Motwani, the chairperson of Kinetic Engineering, had a rough ride. Motwani had booked a Porsche Cayenne diesel with Chordia. When Chordia didn't deliver even after a year, she took up the matter with Porsche officials, including Reddi. "In my personal view, the Porsche model is flawed. They expect you to make full payment with just

the details of a chassis and engine number. That exposes the customer way too much," she says. Motwani, who got a car loan from ICICI Bank, says she made the full payment because she "had faith in the Porsche brand". Chordia eventually returned the money with interest, but Motwani says she's disappointed in Porsche and Reddi. There are some 100 complaints against Chordia.

Ask Chordia about this, and he gets enraged. "There was a planned holdback from Porsche to constrain supply to India so that they could justify to their board the need to create a national sales company [VW Group]," he says. He claims Porsche "dropped prices by 25% to 30%", which affected Chordia's customers, who had booked cars at the higher rates. Porsche steadfastly refused to comment.

Tarang Vashist, head of sales at DC Design, a car design boutique run by automobile designer Dilip Chhabria, once worked closely with Chordia. He says, "It's odd, but people kept going back to him, despite the complaints. He's undoubtedly the guy who built Porsche in India." Chordia gained customers' trust by being accessible. "He would take calls, e-mails, or messages related to customers, any time, day or night," says Vashist. "I knew that some cars went to customers after 13 months when they were promised after four." But a lot of the delay was because certain accessories were unavailable or the company was launching new models. In all fairness, says Vashist, it wasn't always Chordia's fault.

There are two questions that auto industry watchers

are asking today. One, what was Chordia doing with the money once customers booked their cars? The buzz ranges from him rolling the money into other retail ventures to investing it in the stock market or funnelling it into the family jewellery business in Jaipur. Chordia repeats the point he has already made—that Porsche deliberately delayed deliveries, and that it cut costs after orders were made.

The other question isn't as easy to answer: Why did Porsche let Chordia get away with so much? While the carmaker didn't reply, the answer could lie in the fact that India as a market isn't as important to them as, say, China. In 2012, of a total of 143,096 cars that Porsche sold worldwide, 33,600 were sold in China (including Hong Kong). Today, Porsche in India sells between 300 to 400 cars a year. (Chordia says he grew this market, selling far fewer cars—he sold some 1,000 cars between 2003 and 2011-12—but building the brand.) Naturally, the bigger markets are likely to get more attention.

The Dubai office, till recently managed by George Wills, runs the show for India, Africa, and West Asia, and comprises a small team of 30 to 40. (Wills has recently been transferred to head the Latin America operations.) Just one showroom (Porsche's best performer in the world), Porsche Center Dubai, a part of Al Nabooda Automobiles, delivered 211 cars in August 2011 to customers. Maybe that's the kind of performance that Porsche was looking to generate in India.

TO UNDERSTAND WHERE Chordia is coming from, one has to first get a sense of the kind of position he got himself into with Porsche. The business of selling cars can be divided into three bits—buy cars from a manufacturer, stock them, and sell them. How the dealer conducts his operations is, by and large, governed by the carmakers, which set standards for marketing, discounts, loaner cars, sales targets, showroom layouts, etc.

Lalit Choudary, managing director of Infinity Cars, which sells BMWs and Aston Martins, says a manufacturer can make it difficult for a dealer by appointing other dealers, pushing inventory to the showroom, or insisting on expensive marketing. "You're carrying someone else's brand and it's natural for a company to ask you to maintain [its] standards, despite the costs," he says. For the most part, Chordia's beef with Porsche is that it brought in dealers outside of their agreement with him.

So how did everything start to unspool for a businessman who had managed to snag some of the most coveted labels in the car world? An ex-colleague of Chordia says he had direct access to Volkswagen committee members because one of their board members' daughters went to school with him (Chordia denies it), so he could sort issues out directly in Germany. That started creating tension in Audi (part of the VW Group, which also owns Porsche) in India, which boiled over in late 2009. Early that year, Audi India had opened a showroom in Mumbai in partnership with Chordia. But by the end of the year, Benoit Tiers, the head of Audi India, and Chordia, had such a row that

Chordia lost the Audi dealership.

The story (according to a former Chordia associate) is that Chordia was in the U.S. in September 2009 to pick up cars worth Rs 50 crore from Audi. He had a bank guarantee of Rs 30 crore, and Audi wanted him to pay the remaining Rs 20 crore before giving him the cars. Chordia managed to stump up Rs 15 crore extra, and wanted to recover Rs 18 crore as warranty claims from Tiers to make up the rest (warranty claims can be partially offset against bank guarantees). Tiers began bickering with him over this. An ex-employee recalls Chordia getting exasperated and saying, "I can't work this way. Screw Audi. Let them go to hell."

Chordia spares no detail when asked, saying: "Audi had two sour relationships in Mumbai which had completely crumbled its image. We agreed to invest heavily, provided there is exclusivity for Mumbai as the benefits of such investment would arrive in three to seven years." However, he says, Audi's management was changing at that time, and the new management wanted to open more outlets, which, says Chordia, was a breach of the arrangement he had with Audi. "We were obviously upset and ready to part ways unless they corrected their breach. Fearing the outcome of committing a breach, the management tried to create some baseless allegations to issue a termination notice."

Reddi, who was then heading sales at Audi, moved to Porsche, and insiders, who asked not to be identified, say that the bad blood caused by the warranty claims episode could have contributed to Porsche's actions three years later. Audi did not reply to queries regarding this.

Today, Chordia's dealerships are empty. At the Porsche showroom on Mumbai's Pedder Road, a 2009 silver Panamera sits where there used to be at least a couple of new models on display. There are no vehicles lined up for service outside as is usually the case, and the accessories shelves inside, once piled high with high-end golfshirts, key-chains, leather jackets, watches, and sunglasses, are almost empty. On a glass ledge sits an 1:18 scale model of a Green Porsche Carrera, with a cracked rear window. The showroom manager murmurs "we're not getting any more stock". Barely a kilometre away is what used to be Chordia's Audi showroom, which he converted into a multi-brand luxury car boutique. There's just one older model white Audi A6 there.

But Chordia is still upbeat. "As of today, I can probably say that technically we still retain the dealerships and I'm still an importer for Porsche," he says, adding: "I've already won. It's a question of how fast I will get the orders executed." And signs off modestly: "I'm right now the most hated guy in this business, but you know what? To be truly hated, you had to once have been very loved." ■