

**REPLY OF SHRI LALIT KUMAR MODI**

**TO**

**THE SHOW CAUSE NOTICE DATED**

**NIL RECEIVED ON THE 26<sup>TH</sup> APRIL 2010**

**ALONG WITH THE SUPPORTING**

**DOCUMENTS**

**REPLY OF SHRI LALIT KUMAR MODI TO THE SHOW CAUSE NOTICE  
DATED NIL RECEIVED ON THE MIDNIGHT OF 25<sup>TH</sup>/26<sup>TH</sup> APRIL 2010 A**

1. I acknowledge receipt of your un-dated Show Cause Notice which was forwarded to me vide your email dated 26<sup>th</sup> April, 2010.
2. My reply to the same is set out below. Along with this reply, I am filing a Compilation of Documents on which I seek to rely upon ("the Compilation"). This reply, references the documents included in the "Compilation". This "Compilation", and its contents, form a part of this Reply.
3. Along with this Reply, I shall be submitting an application setting out why you should be wholly excluded and totally debarred from participating (in any manner whatsoever) in any further proceedings arising out of this Show Cause Notice.
4. This application also sets out why the President (who is a lawyer of eminence) and members of the Governing Council may, consider recusing himself / themselves in the interest of imparting greater transparency and credibility to these proceedings. I respectfully urge

that it is necessary for the credibility of the Board that any decision that the Board arrives at, is capable of scrutiny. One of the opening allegations has been that the image of the Board, as that of the game itself, has been adversely affected by the adverse media comments that have dogged the IPL and its organization (targeting me and a few others).

5. At the outset, I may point out that most if not all of the criticism has stemmed from half information (and at times sheer fiction) which has been fed to the media – some by outsiders and some by insiders. The damage that may have been sustained would obviously be dispelled once the truth emerges. However, the process at which the truth is arrived at must have the requisite degree of sanctity to command confidence. In a manner of speaking – the Board is on trial as it were in how it deals with these vicious cannards, and its ability to identify what went wrong, identify the wrongdoers, and deal with them . Thus although the allegations refer to the conduct of the IPL – it vitally affects the Board itself, and it is only fair that no member of the

Governing Council be involved in the evaluation of the Reply to the charges made by me. I hasten to add that it is not that I have no faith in the members of the Governing Council – except the Secretary –[and for which the reasons are given at length]. Just that in my view, if the evidence of the President as to various matters would require to be received, as also that of members of the Governing Council may become necessary, it would impart greater credibility to the process that those involved in this quasi adjudication are not themselves involved as witnesses or participants in the governing process of the IPL whom I am supposed to have misled or kept in the dark (an allegation that I seriously contest).

6. In my submission, there should be nothing in the conduct of these proceedings, which detracts from complete fairness, objectivity and transparency. I am advised that the Supreme Court, in the Zee case, held that even if the BCCI is not a “State” within the meaning of Art. 12 of the constitution of India, it is bound to act fairly.

7. The first step of fairness is by way of fairness of opportunity. Let me, at the outset, catalogue the extent to which material has been made available, and to what extent I have been denied access to the basis of the allegations.
  
8. The Show Cause Notice makes reference to a large number of documents, records and papers. Vide my letters dated 3<sup>rd</sup> May 2010, 5<sup>th</sup> May 2010, 10<sup>th</sup> May 2010 and 12<sup>th</sup> May, 2008 I had requested you to furnish me with copies of all material which you intend to rely upon and use against me. I had also asked for particulars of the oral communications received by the President/Board.
  
9. Vide your letters dated 26<sup>th</sup> April 2010, 6<sup>th</sup> May 2010, 11<sup>th</sup> May 2010 and 13<sup>th</sup> May, 2010 you have furnished me with documents ; declined to give details of the oral communications ; and confirmed that "all facts and documents on which the Notice is issued have been supplied to me" For good order, I am including in the Compilation , this correspondence and the documents and material supplied to me. This

is the material "on which the Notice is issued" and this is the material which I am required to respond to.

10. I am advised to state that if there were oral allegations against me, which are to be made the basis of a Show Cause Notice as the foundation of a disciplinary proceeding, the name of the person leveling the allegation, the gist of the allegation, and the other particulars as to when and where and to whom it was made should have been made available. This would have enabled me to understand the nature of the allegation, and to decide on whether I wanted to cross examine the person making the allegation. Absent even the rudimentary particulars of such allegations, I have no choice but to generally deny them and point out that the Board is NOT ENTITLED to rely on such allegations, made behind my back, by unknown people to unknown people, and most of all, the content of which is also in the realm of mystery.

11. I have been advised that the Show Cause Notice is legally and jurisdictionally deficient and bad in law and most of the allegations

therein, as made, will not stand legal scrutiny. I have been advised that it is not necessary for me to respond to these. I was also advised that I could have sought recourse to remedies of judicial review against the notice itself. However, I opted to reply to the notice for the reason that incalculable harm has been done to my reputation by motivated allegations, based on half truths and falsehoods, and to thus the extent any particulars capable of a response are contained in the notice, I shall appropriately respond. Obviously as to allegations that are bereft of particulars of even their own content - I have no choice but to ignore them. My conduct however should be seen in perspective - not a waiver of my right to demand full compliance with principles of fairness and natural justice, and to challenge (were the need to arise) the legality of these proceedings.

12. The Show Cause Notice has been issued under Article 32 (iv) of the BCCI Rules and Regulations. I am advised that Article 32 (iv) posits, as a jurisdictional condition precedent, a "Complaint". Any inquiry or Show Cause Notice must be restricted to the "Complaint", which in

this case is the email dated 16<sup>th</sup> April 2010. The Show Cause Notice specifically identifies the e-mail dated 16<sup>th</sup> April 2010 as the "Complaint". The Show Cause Notice cannot travel beyond the allegations in the "Complaint". Insofar as the Show Cause Notice makes allegations and/or accusations, beyond the scope of what are contained in the said email it is without jurisdiction and void. Whilst I take this plea, I also take the opportunity to respond to them, least it be perceived that there is anything therein that I am trying to avoid. This again - as earlier stated - is on a "without prejudice" basis.

13. The issuance of the Show Cause Notice; my concurrent suspension; the issuance of a second Show Cause Notice (to which I will separately respond to); the over zealousness exhibited by you and certain vested interests; the fact that you admit that the Show Cause Notice was based, inter-alia, on media reports ; that all the "messages" ; "requests" etc referred to in the Complaint are oral ; the fact that no details thereof have been provided ; and the manner in which communications addressed to me, are leaked to the press, even before I

get them, to all clearly reveal that there is a complete lack of bona fides.

I am replying to the Show Cause notice to dispel the falsehoods on which it is based – not as an acknowledgment of the bona fides of the proceedings. Lest there be any misunderstanding, I may add that I have great respect for the President, the other members of the Governing Council, and Members of the BCCI. However, they are all extremely busy individuals who have been partly misled and partly driven into this course of action by adverse press that the IPL and the BCCI has received (on account of half truths and falsehoods spread by vested interests).

14. Thus, while I am not waiving my right to challenge these proceedings as *mala fide* and on the ground that you have chosen to attack me personally, because I have consistently exposed your improprieties (which at times bordered on illegalities) calculated to inter alia confer wrongful benefits to your own franchisee (Chennai Super Kings) and cause wrongful loss to the BCCI.

15. Since I challenge your participation, and also your bona fides, it becomes necessary for me to append short summary of events that have caused you to be hostile to me, in the Compilation. It is my case that (as would be apparent from these documents etc) I have frustrated your attempts at match/umpire fixing; exposed your attempts at formulating policies which benefit your franchisee at the cost of other franchisees and the BCCI. I have also exposed how you have caused a huge loss to the BCCI by allowing a Bank Guarantee to lapse. The facts would show that you have attempted to misuse your office/post (first as Hon. Treasurer and (later) as Hon. Secretary to further your personal and private interests at the cost and expense of the BCCI, the Indian Premier League, other franchisees and the game of cricket, and because I have pointed out that your wearing of two hats (administrator and team owner) has placed you in a clear conflict of interest position, which you have, misused and exploited, you harbour ill will towards me. These facts are the foundation for my request to the BCCI that they not only disassociate you from this enquiry, but in fact

set up a panel of members other than those on the IPL Governing Council to examine the charges against me and my responses.

16. The rest of this Reply is without prejudice to the above.
17. Before dealing with the allegations in the Show Cause Notice, I first wish to point out a few facts about the functioning of the BCCI/IPL, since this is relevant to several allegations.

#### **Finance Department of IPL**

18. As more particularly stated herein below, the Finance Department of the IPL has been involved in and approved the contracts; to which the Show Cause Notice relates. The Finance Department of the IPL is headed by Mr. Prasanna Kannan. Mr. Prasanna Kannan is the Chief Financial Officer (CFO) of the IPL. He has been associated with the B.C.C.I. for the past several years. Every one in the B.C.C.I. (including me) knows that he is very thorough in his work. The Finance Department of the BCCI functions in consultation and tandem with the internal auditor of the B.C.C.I. Mr. P. B. Srinivasan. **These two key**

persons are men who enjoy your confidence. They report to you on everything. They have a close (previous and continuing) association with you. Mr. P. D. Srinivasan is the Internal Auditor of India Cements Ltd., a company where you are Vice-Chairman & Managing Director and wherein you and your family have a large interest. He was appointed as the BCCI Internal Auditor whilst you were an office bearer.) Mr. Prasanna Kannan is an employee of India Cements Ltd. He was likewise seconded to IPL, whilst you were an office bearer. All contracts having financial implications were (barring exceptional cases) executed after being cleared by and/or in consultation with the Finance Department of the IPL to the knowledge of the Finance Department of the IPL and these persons.

19. This entire system was put in place by you so that you were kept fully in the loop as far as all the decisions, contracts, expenses etc were concerned. The suggestion that I have taken decisions unilaterally is absurd and worse, false to your knowledge. Every contract, every expense, would pass through the system and would be known to you -

unsurprisingly before this Show Cause notice you have never complained of any such lack of information.

20. This allegation reflects adversely on the functioning of the BCCI as an organisation - your levelling this allegation has brought the BCCI organisational structure into disrepute. Yet you have chosen to allege that MY conduct has caused damage to the BCCI.

### **IMG (International Management Group)**

21. The International Management Group (IMG) is a U.S. based organization and is acknowledged to be the world leader, inter alia, in marketing and management of sports, sport persons, sporting events and sporting rights. IMG were appointed, inter alia, for preparing IPL foundation documentation (including the Franchise Tender Document; Franchise Agreements etc.); preparation and negotiation of contracts, inter alia, with successful franchisees. IMG had employed/retained lawyers experienced in preparation of contractual documentation concerning sporting events/rights. These included Mr. John Laffhagen and Mr. Paul Manning. A copy of the Memorandum of Understanding dated 13<sup>th</sup> September 2007 executed between BCCI and IMG is included in the accompanying compilation. This Memorandum of

Understanding was approved by the Governing Council at its meeting held on 18<sup>th</sup> October 2007. The IMG Legal Team, which worked on the BCCI/IPL contracts is hereinafter referred to and called as the "BCCI/IPL Corporate Lawyers".

**Procedure followed whilst executing contracts:-**

22. The procedure / methodology typically followed / adopted, in relation to signing contracts, was that:-
- (i) Contracts were executed for matters on which previous budgetary approval, for the concerned item had already been obtained from the Governing Council. In other words, the Governing Council would have already pre-approved the financial outlay / exposure / involvement in the contract.
  - (ii) In the few isolated cases, where the contracts pertained to items which were not pre-approved, these contracts were ratified in General Body meetings. A case in point is the South African IPL Contract/expenses, which were all ratified at the Annual General Meeting of the B.C.C.I. So also the IMG contract executed in September 2007 was subsequently

ratified by the Governing Council on the meeting held on 18<sup>th</sup> October 2007.

- (iii) Any agreement or contract which inadvertently escaped approval / ratification would be noticed by the auditors of the IPL. These would be marked up in the Audit Report. Such contracts would then be ratified / approved by the Governing Council.
- (iv) The actual contracts that came to me for signing were after approval by the BCCI/IPL Corporate lawyers or the IPL/BCCI Finance Dept in discussion with BCCI/IPL Corporate lawyers. Mr. Prasanna Kannan would mark contracts to Ms. Akhila Kaushik, B.C.C.I. Legal Advisor and a trusted aide of the President, for her information.
- (v) **I did not sign cheques nor did I have final approval on expenses.** Whilst you were Hon. Treasurer you insisted that the Treasurer (and not Secretary) was the proper person to sign cheques and do the final approval of expenses. When you become Hon. Secretary, you contended that the Secretary was the proper person to do final approval of expenses and therefore insisted (and ensured) that

everything be routed through you, before going to the Treasurer for cheque payment.

(vi) All members of the BCCI and the Governing Council of IPL were aware of this procedure which has been consistently followed. This has been noted in several meetings of BCCI/Governing Council of IPL. Also there have been several instances when the Hon. President of the BCCI has himself directed me to execute agreements/contracts. A case in point is the Kochi Franchise contract. This is separately dealt with below.

(vii) I am not, presently burdening the record with documents / material substantiating the same since it is known to all. However if necessary, and if called for, I would be more than happy to provide full documentation to make this good.

23. Your Show Cause Notice (in the second paragraph) baldly alleges that several contracts have been executed by me either without authority of the Governing Council of the IPL or which have not been brought to the knowledge of the Governing Council. Vide your letter dated 10<sup>th</sup>

May 2010 you have identified the specific contracts to which these allegations are restricted. I am therefore only responding to the same. I shall do so whilst dealing with the allegations, separately made in the Show Cause Notice under various heads.

24. Your Show Cause Notice, likewise, baldly alleges that the BCCI received messages and requests from senior office bearers, Committee Members, highly reputed public figures, renowned players and senior functionaries who have expressed anguish and concern at how the image of the BCCI and in turn, the game itself is being tarnished in the public eye due to my statements and alleged misdeeds. No copies of the same have been provided to me nor have any particulars been given. You have claimed privilege or confidentiality about the "reliable source". This is clearly unfair. Even in trial of terrorists, witnesses are produced in the course of Trial - only in rare cases - with a changed identity. The refusal to identify those who have leveled charges is absurd and you know it.

25. It is little surprise, that when repeatedly pressed, for other "oral" communications, you finally conceded that "all facts and documents

on which the Notice is issued have been supplied to me” Obviously the allegation of having received complaints is simply not true. The same cannot therefore be relied upon and these allegations are required to be wholly ignored.

26. In so far as the general allegation that my statements have tarnished the image of the B.C.C.I. is concerned, I may point out that there have been selective leaks against me, in the press, from office bearers who wear multiple hats and have a personal axe to grind. To safeguard my reputation, I have had to respond. I would be anxious to know which statement of mine has tarnished the image of the BCCI or the game. In any event, I deny that my statements and alleged misdeeds have tarnished the image of the BCCI and the game of cricket itself.

### **Alleged Proxy Stake**

27. Your Show Cause Notice (at page 2) refers to “reports” suggesting that I have a proxy stake in three franchisee of IPL. You have now, by your letter 11<sup>th</sup> May, 2010, confirmed that these reports are ‘media reports’.

These are required to be wholly ignored. The situation is that vested interests (including those from within) first plant stories in the media, and those are now sought to be used as a basis for the allegations in a Show Cause Notice. I wish that, commensurate with my status as commissioner, the Governing Council had first enquired from me as to the truth of these reports, instead of issuing a Show Cause Notice based upon them. I am sure were the President (an eminent but an extremely busy lawyer) to apply his mind to this untenable situation, the matter would be given a quietus.

28. However, as I do not wish to stand on technicalities, I may clarify that I do not have a proxy stake in any IPL Franchisee, whether it be Kolkata, Jaipur, Mohali or otherwise. All allegations and/or suggestions and/or innuendos of my having a proxy stake in any franchisee are emphatically denied. These allegations are completely untrue. There is no material to even remotely suggest so.
29. You would appreciate the media reports do not give any particulars whatsoever – it becomes impossible for me to prove the negative – viz. that I do not have a proxy stake.

30. Likewise, there have been media reports about some inquiries by the Enforcement Directorate and the Income Tax Department.
31. If you are privy to any reports by / of these authorities (which are supposed to be confidential) please let me know. I do not know of any information that may have come to the knowledge of those making such enquiries which may buttress the allegations in the Show Cause notice.
32. Any enquiries by the Income Tax authorities and/or Enforcement Directorate would appear to pertain to the affairs of the franchisees and the same are therefore irrelevant for the purposes of the present Show Cause Notice. In any event, these enquiries can and will proceed and upon their being concluded, the authorities will draw whatever inferences or conclusions they wish to draw/make. This cannot be the basis for issuing a Show Cause Notice or my suspension.

**Mr. Chellaram, Mr. Burman and conflict of interest**

33. The Show Cause Notice refers to the fact that

- a. Mr. Suresh Chellaran, Mr. Gaurav Burman and Mr. Mohit Burman are my relatives and
- b. that they have a direct/indirect interest in the Rajasthan and Punjab franchises.

34. These two premises are factually correct and a matter of public knowledge.

35. As there is a suggestion / innuendo that they are my proxies or that I have an interest therein, I wish to place on record the following.

- a) Mr. Suresh Chellaram is married to my wife's sister and Mr. Gaurav Burman is my step son-in-law. Mr. Mohit Burman is his brother. Mr. Chellaram is a well known businessman of repute, and Mohit and Gaurav Burman are from the reputable Burman family. These relationships are publicly known facts and member of the BCCI / IPL, have been aware of this all along.
- b) In particular, several members of the BCCI and the Governing Council were invited to attend and/or did attend the engagement ceremony and allied functions / events of Mr.

Gaurav Burman with my step daughter, which were held on 6<sup>th</sup>/7<sup>th</sup> April, 2006, in Delhi.

- c) I am sure this will not be disputed, but, if required, will be happy to supply you with good evidence thereof. This was prior to the first round of bidding. Therefore members of the Governing Council and/or the BCCI were personally aware of my relationship with the Burmans.
- d) Likewise, my relationship with Mr. Chellaram was also publicly known.
- e) The fact that Mr. Gaurav Burman and his brother Mohit, were bidding at the first round was also publicly known. The bid documents submitted by Ms. Priety Zinta, specifically disclosed the fact that Mr. Mohit Burman would be participating in the Punjab XI Franchise. The relevant extract of the bid document is included in the Compilation. Therefore nothing was concealed from the BCCI and all concerned knew this fact.

f) The first round bidding process was extensively reported in the press and the fact that Mr. Suresh Chellaram and/or Mr. Mohit Burman were participating was also the subject matter of public coverage. All members of the BCCI and/or Governing Council were aware of this. If required, I can supply copies of some media reports (which are purely illustrative and not exhaustive) establishing this.

g) I can only describe the suggestion that Mr. Suresh Chellaram is my proxy as amusing. Mr. Suresh Chellaram and his family are persons of substantial means. He has extensive business interests. This is true for the two Burmans as well. If required, I will supply material setting out the presence, standing and business interests of Mr. Chellaram and Mr. Mohit and Gaurav Burman. These are persons with very substantial resources of their own. They openly participated in the bidding process with their own funds and cannot be described as my proxies. It is an

insult to their integrity and reputation to suggest that they would bid as my proxies!

36. There was no obligation upon me to make a "declaration" of my relationship with the said persons. I did not / do not, have, any interest, either directly or indirectly in Rajasthan Royals or Punjab XI. The fact that my relatives (which fact was publicly known) were participating in the bids was not something which required any "declaration" or formal discussion to be made.
37. In this connection, I would like to refresh your memory and draw your attention to your letter dated 29<sup>th</sup> December 2007 from Mr. N. Srinivasan to Mr. Sharad Pawar, (then President of BCCI) and his reply dated 5<sup>th</sup> January 2008. The relevant portion of these two communications are extracted below:

Your Letter:-

*"I am advised that my position as Hon. Treasurer of BCCI will not in any way affect or preclude The India Cements Limited from bidding participating and being Franchise as the India Cements Company is a separate legal Entity and*

the decisions of the Company are made by the Board of Directors and not by me in any individual capacity.

I would request you to kindly examine this position and clarify whether it would be proper and in order if the India Cements Limited participate in the tender/bidding process."

His reply:-

"I have examined the bye laws and the relevant regulations of BCCI and I have consulted several members of BCCI, including the officer Bearers of the Board and it is our considered opinion that your being a share holder, Vice-Chairman and Managing Director of the Company will not prevent or preclude the India Cements Limited from participating in the Tender.

The participation of India Cements Limited will not mean that you personally have any direct or indirect commercial interest. I therefore find no impediment in India Cements Limited participating in the bidding process.

Therefore, The India Cements Limited may participate in the Tender if they so desire."

Copies of the letters dated 29<sup>th</sup> December, 2007 and 5<sup>th</sup> February, 2008 are included in the Compilation.

38. Whilst I maintain that your conduct post acquisition of a team has demonstrated that you acted in a manner that showed apparent 'conflict of interest' (for reasons concisely set out in the Compilation), no such issues arise in my case. However, what is surprising is that you have addressed a Show Cause Notice wherein you seek to apply to me a set of standards different from those applied to you.
39. There was no embargo against either Mr. Chellaram or Mr. Rohit Burman or Mr. Mohit Burman from participating in the bidding process or becoming franchisees. I am astonished at your clear double standards. If, your company (India Cements) can be a franchisee, then how can an issue be made about my relatives. If overt ownership of a franchisee by an administrator is supposed to be perfectly fine then I fail to see how an alleged covert ownership (which I strongly dispute) or ownership by my relations, can be described as objectionable.
40. On 30<sup>th</sup> January 2008 (before the execution of Franchisee Agreements) an email dated 30<sup>th</sup> January, 2008 was sent to all successful bidders inviting them for a workshop to be held at Oberoi Hotel , Mumbai. This

email was specifically addressed to all persons who had an interest in the franchisees. The persons to whom the email was sent including Mr. Suresh Chellaram and Mr. Mohit Burman. This email was copied to the members of the Governing Council, including you. Mr. Chellaram and Mr. Burman also attended this workshop and interacted with members of the Governing Council, as team owners. To suggest that no one knew of them is a travesty. A copy of the email dated 30<sup>th</sup> January 2008; other emails marked to them (which are once again representative and not exhaustive) and content showing their presences at the workshop (once again representative); is included in the Compilation.

41. The presence of these persons at IPL Tournaments since 2008 has been publicly documented. There are a large number of media reports recording their involvement/interest in the teams in question and of their having attended IPL matches. IPL badges were issued to these persons as "Team Owners" and they attend IPL events as such. Copies of some representative (not exhaustive) reports are included in the Compilation.

42. The above clearly establishes that there is absolutely no merit in the allegations/suggestions. In any event, I deny that there was any obligation either on me and/or otherwise, to disclose / declare the fact that two of my relatives namely Mr. Suresh Chellaram, Mr. Gaurav and Mohit Burman had purported direct / indirect stake in franchisees.
43. If the persons were "men of straw" – some sought of suspicion based on a relationship may be founded the basis of further enquiry – even then suspicion could not have replaced proof. However, given their financial and social standing, the suggestion that the existence of a relationship (without more) establishes a nexus is ludicrous.

**Misconduct emanating from alleged conflict of Interest in failing to point out discrepancies in the bid vis-à-vis the Franchise Agreement :-**

44. This allegation is misconceived in its entirety. I have no conflict of interest. This fact has already been dealt with above. There were no discrepancies in the bid vis-à-vis the franchise agreement. There was no failure on my part to point out any "discrepancy" since none existed.

In any event, there is absolutely no basis whatsoever for linking the two. These are discussed in detail herein below.

45. The first round of bidding was pursuant to the Invitation to Tender ("2008 ITT"). The 2008 ITT was approved by you and other members through circulation and you also gave your comments on the draft I.T.T. which were incorporated. Copies of documents establishing this are included in the Compilation. Thereafter on 24<sup>th</sup> January 2008 the bid was held

46. Subsequent to the floating of the 2008 ITT, clarifications were sought by various bidders. These were answered. Query Nos. 58 and 60 and the answers thereto, are of some importance. The same are extracted below:

"58. Section 2.3 of the ITT ("Eligibility to Bid") mentions in the last line that "all Franchises will, for at least the first three years, be located in India". Does this mean that bidders located outside India, will have to operate a subsidiary company in India or can we decide this structuring post the bid process.

Answer: All Franchises will play all their matches in India during the first three years at least, but Franchisees from overseas are entitled to bid for ownership of the Franchises. BCCI need to know the possible structures from which Franchisees based outside India. It is not a requirement of IPL that Franchisees operate an India subsidiary.

60. Can a bidder form a new company after winning the franchisee rights to hold and better manage the franchise. (This new company would be a Group company or a company controlled by the same promoter. This new company will meet all the bid criteria of the BCCI.

Answer: Yes this would be allowed subject to any parent company guarantee which may be required by BCCI."

47. Bidders could therefore float a corporate structure / entities which would hold the ultimate franchisee rights. The bid document as well as the clarifications to the bid clearly envisaged and permitted successful bidders to designate separate entities/companies which would hold the franchise rights. There can therefore be no manner of doubt that franchisee agreement would be executed with an entity (different from

the bidder) who had been so designated. It is relevant to point out that on March 31, 2008 an email was sent to all the Franchises (which was copied to members of Governing Council including yourself) stating:

*“At the time of the bidding all of you signed and returned the franchisee agreement.*

*Some of you had provided that you are to form a new co for the venture. Also your shareholding pattern and exact promoters equity details were required. John Laffhagen will be in touch today with each of you to ensure we get this to you today. Thereby the final agreements can be delivered to you by the franchisee workshop for final signatures. There is no material changes to the agreement from what you signed except that we need the new co if that may be the case and share holding issues for your record.”*

A copy of this email is included in the Compilation.

48. In response to the bid floated by BCCI/IPL, only thirteen bids were received. Out of these, upon scrutiny, eleven were found to be eligible. These eleven bids were thereafter opened before the Governing Council and the process of selecting eight successful bidders was carried out. This process was done by the Governing Council with the

assistance of the BCCI lawyers in a fully transparent manner, in the presence of all bidders.

49. The Governing Council identified the eight successful / eligible bids and accepted them. One of the bids accepted by the Governing Council was the bid in respect of the Rajasthan Royals which was submitted by Emerging Media (IPL) Pvt. Ltd. The decision to accept the bid of Emerging Media (IPL) Pvt Ltd, like the other 7 bids, Ltd. was not my individual decision, but the decision of the Governing Council. This fact has been duly minuted in the minutes of the meeting of the Governing Council dated 24.01.2008. The acceptance of the bid of Emerging Media (IPL) Pvt. Or the other 7 bidders Ltd. cannot therefore be faulted.

50. The BCCI has itself affirmed the transparency of this process in its affidavits filed before the Hon'ble Madras High Court in Suit filed by Mr. A. C. Muthiah. These affidavits also form a part of proceedings filed before the Hon'ble Supreme Court of India in SLP (Civil) No.

12181 of 2010 and another connected SLP: The relevant extract of this affidavit is set out below :

*"All these matters relating to the creation of IPL, the auction of franchise rights, the bidding process and the successful bidders were all well publicized and are all matters of public knowledge. The entire process from the stage of formation of IPL upto the Constitution of the individual teams and the conduct of the tournament between April and June 2008 were all well publicized and done in a very transparent manner. The manner in which the Governing Council constituted by the First Respondent conducted the entire process was appreciated by the entire cricket fraternity including players and cricket administrators from all over the world."*

51. The bid submitted by Emerging Media (IPL) Pvt. Ltd., which was accepted by the Governing Council itself clearly stipulated that the ultimate franchisee would be an Indian company which would be incorporated. This bid also expressly stated that the exact corporate structure was being finalized. The bid also stated that subject to meeting legal and local jurisdiction controls and regulations, the anticipated corporate structure would be as per the diagram/flow chart, which was set out in the bid itself.

A copy of the Letter of Eligibility dated 22<sup>nd</sup> January 2008, enclosed as a part of the bid is included in the Compilation.

The Letter of Eligibility therefore disclosed the anticipated corporate structure.

52. A bare reading of the Letter of Eligibility dated 22<sup>nd</sup> January, 2008, makes it absolutely clear that the bidder had disclosed (i) that the franchisee would be an entity other than the bidder; (ii) the franchisee would be an Indian company; (iii) the franchisee (Indian company) would be a 100% subsidiary of a Mauritius Holding Company; and (iv) the ultimate ownership of the franchisee would be held; in identified proportions by three groups.
53. This bid was approved by the Governing Council. In other words the Governing Council expressly approved the corporate structure of the franchisee.
54. The corporate structure of the franchisee i.e. M/s. Jaipur IPL Cricket Pvt. Ltd. is in accordance with the structure as disclosed in the bid

document and as approved by the Governing Council. The corporate structure of M/s. Jaipur IPL Cricket Pvt. Ltd. is included in the Compilation. The franchisee therefore has a corporate structure which is in tune with and/or consistent with and/or accords with that which the Governing Council approved.

55. The allegations in the Show Cause Notice really pertain to Jaipur IPL Pvt. Ltd. and if the BCCI has any issues, the same ought to be taken up with them and not with me. However, as I wish to clear my name and reputation and do not want to stand on (or be seen as standing on ) technicalities I am even responding to the same.

56. Jaipur IPL Pvt. Ltd. is an Indian company whose shareholders are (1) E M Sporting Holding Ltd. (a Mauritius company) which holds 9990 shares; and (2) Emerging Media (IPL) Ltd. a UK based company which holds 10 shares. Documents establishing this are included in the Compilation.

57. This corporate structure could not however be fully implemented and/or operationalised by the date of execution of franchisee

agreement. At that time, as a prelude to the corporate structure being finalized, the shares in the franchisee were held by (1) Mr. Ranjit Barthakur and (2) Mr. Fraser Castellino who were also its then directors. Mr. Fraser Castellino and Mr. Ranjit Barthakur have a long and continuous association with Mr. Manoj Badale. Mr. Fraser Castellino has been an employee and director of Agilisys I.T. Services India Pvt Ltd and EM Management Private Limited, till August, 2008. He had, then, personally known Mr. Manoj Badale for 8 years. He was the C.O.O. of the I.T. services business and the C.E.O. of E.M. Management Private Limited. He helped develop the cricket related business activities. In January, 2008 he became the C.E.O. of Rajasthan Royals. Till August, 2008, he was director of Jaipur IPL Cricket Pvt Ltd. Mr. Ranjit Barthakur has been known to Mr. Manoj Badale for the last 10 years. He is currently serving as director of Agilisys I.T. Services India Pvt Ltd . He also holds non executive directorships in the in the U.K. group Agilisys companies. He is also currently serving as director of E. M. Management Pvt Ltd and Jaipur IPL Cricket Ltd. E.M. Management Pvt Ltd is wholly owned by Investors in Cricket Ltd,

U.K., which, in turn, is wholly owned by Emerging Media Holdings Ltd (Guernsey).

58. These two individuals were merely “empowered agents” for the three investor groups referred to below.

59. What is critical is that these facts and supporting were brought to the notice of the BCCI/IPL corporate lawyers prior to executing the Franchise Agreement with Jaipur IPL (on 14<sup>th</sup> April 2008). They (who were in direct contact and touch with the EM IPL) were satisfied with the fact that Ranjit Barthakur and/or Fraser Castellino were empowered as agents to execute the same, for and on behalf of the collective group of investors, pending the completion of their corporate structuring which is noted in the Letter of Eligibility, which fact has been acknowledged in subsequent e mails by them.

60. The franchise agreement was therefore executed by me with M/s. Jaipur IPL Cricket Pvt. Ltd. after it was duly scrutinized by BCCI/IPL corporate Lawyers. Whilst I may have signed the same, the approval

for the document was given by BCCI/IPL team. As Chairman of IPL, I was not and could not be concerned / expected to check these matters.

61. That nothing unusual was done in the case of Jaipur IPL is evident from the fact that Out of the seven franchisee agreement, in only three cases i.e. Rathi Priya Tradings Pvt. Ltd., India Cements and Deccan Chronicle Holdings Ltd., the Franchisee agreement was signed with the successful bidder.

62. In the remaining four cases i.e. in case of UB Group, GMR Holdings Pvt. Ltd., Red Chillies Entertainment Pvt. Ltd, and Preity Zinta the Franchisee Agreements were executed with the corporate entities which were finalized by the successful bidders.

63. It is a matter of public knowledge and known to the members of Governing Council that the ownership of M/s. Jaipur IPL Cricket Pvt. Ltd. is ultimately held by 3 sets of investors who are represented by (1) Mr.Suresh Chellaram and family; 2) Mr. Lachlan Murdoch; and (3) Mr. Manoj Badale. Mr. Chellaram and his family have invested through Tresco International Ltd. BVI. Mr. Murdoch has invested through Blue

Water Estate Ltd. (Australia), Mr. Manoj Badale has invested through Emerging Media (IPL) Ltd. UK. Emerging Media (IPL) is a U.K. company whose sole shareholder is Mr. Manoj Kumar Badale. He is also one of its two directors. This is apparent from the Annual Return of Emerging Media (I.P.L.) Ltd, which is a matter of public record. This is included in the Compilation.

64. **As stated above, the involvement of Mr. Manoj Badale; Mr. Lachlan Murdoch and Mr. Chellaram is in the public domain and was widely documented in the press and a large number of emails which were sent to franchisee owners were marked to them. These emails were also been marked to the Governing Council and/or BCCI. To state or suggest that the BCCI and the members of Governing Council were in the dark as far as the involvement of these persons or that this was suppressed or that it was represented that M/s. Jaipur IPL Cricket Pvt. Ltd. was a venture of Mr. Manoj Badale alone is factually incorrect. The Rajasthan Royals team won the IPL 2008 and Mr. Badale was present at the celebrations.**

65. That everyone aware of the exact corporate structure of M/s. Jaipur IPL Cricket Pvt. Ltd. and the ultimately holding of the three groups is put beyond the shadow of doubt by the fact that when Raj Kundra and/or Shilpa Shetty bought a share in Rajasthan Royals through their investment company (Kuki Investments) this resulted in an alteration and/or reduction of the share holding pattern of all three groups. BCCI was duly paid a transfer fee which was 5% of the increase in pro-rata value of the franchise. **At this time, once again, a complete disclosure was made of the exact corporate structure and/or holding in M/s. Jaipur IPL Cricket Pvt. Ltd. pre and post this transfer.** Everyone in the BCCI was therefore fully aware of the corporate structure of M/s. Jaipur IPL Cricket Pvt. Ltd.

66. All allegations suggesting that M/s. Jaipur IPL Cricket Pvt. Ltd. was an entity completely different, distinct and unconnected with Emerging Media and that I had of my own initiative, executed a franchisee agreement with an entity wholly alien or different from the selected bidder, are thus simply not true. All allegations that Mr. Manoj Badale

has nothing whatsoever to do with Jaipur IPL Cricket Pvt Ltd are all false to your knowledge. Had a basic scrutiny of the BCCI's own record and public documents available with the UK authorities been done, it would have established the continuing association of Mr. Manoj Kumar Badale.

67. In this background, it is significant to note that Show Cause Notice skillfully ignores any reference to what the actual share holding pattern of M/s. Jaipur IPL Cricket Pvt. Ltd. is and merely alleges that "on the date of the execution of franchisee agreement" the franchisee (M/s. Jaipur IPL Cricket Pvt. Ltd.) had only two share holders namely Mr. Ranjit Barthakur and Mr. Fraser Castellino. Whilst this may correctly reflect the position as on 02.04.2008, what is conveniently ignored is that the position as prevailing on 02.04.08 **was only a transitional arrangement pending the corporate structure given in the bid being fully formulated and put through.** The two individuals concerned viz., Mr. Ranjith and Mr. Fraser were mere agents and /or nominees of the ultimate investors pending the corporate structure (disclosed in the

bid) being implemented. It was always intended and understood that these persons would transfer their shares to the Mauritius parent company (E M Sporting Holdings Ltd) once it was incorporated. These persons, as planned, as a part of the process, exited by transferring their share holding in M/s. Jaipur IPL Cricket Pvt. Ltd. (9990 shares) to the said Mauritius based parent company which, was then ultimately, held by the three groups as aforesaid. The balance 10 shares were transferred to Emerging Media (IPL) Ltd. (as nominee for E M Sporting Holdings Ltd.) E M Sporting Holdings Ltd was incorporated on 5<sup>th</sup> May 2008. The shareholders of E M Sporting Holdings Ltd were originally (1) Emerging Media (IPL) Ltd; (Manoj Badale); (2) Tresco International Ltd. (Mr. Suresh Chellaram family) and (3) Blue Water Estates Ltd. (Mr. Lachlan Murdoch). Subsequently, Kuki Investments (Shilpa Shetty and Raj Kundra) became shareholders. Documents establishing the facts stated above were submitted to and are available with the BCCI. If required, I will endeavour to obtain the same once again.

68. It is therefore absolutely clear that the allegations in the Show Cause Notice in this behalf, are entirely misconceived. Jaipur IPL Pvt. Ltd. has a corporate structure exactly as described in the bid document. Mr. Manoj Badale is very much concerned in Jaipur IPL Pvt. Ltd. He is no stranger to Jaipur IPL Pvt. Ltd. and *vice versa*. His company Emerging Media (IPL) Ltd. originally held 36.7% in E M Sporting Holdings Ltd. This has post the acquisition of shares by Kuki Investments, come down to 32.4% Mr. Fraser Castellino and Mr. Ranjit Barthakur, interim Directors of Jaipur IPL Ltd. were purely holding shares (under an agency arrangement) pending setting up of the Mauritius Holding company and transfer of ownership therein. I have not switched bidders as suggested in the Show Cause Notice. I thus deny that the Franchise Agreement was signed with a rank stranger in the case of Jaipur IPL Cricket Pvt. Ltd.

69. I deny that the bidder was chosen by me rather than an Auction. I deny that the mandate given by the Governing Council to sign the Franchise Agreement with the successful bidder was thus violated by you. I deny that there was nothing to suggest the bidder was in any manner connected to the Franchisee and in fact the documents furnished subsequently show otherwise. I deny that these facts lead to a justifiable presumption that you had executed the Franchise

Agreement with Jaipur IPL Cricket Pvt. Ltd. only for collateral reasons and in violation of the terms of the tender document.

### **BID RIGGING**

70. The allegations in the Show Cause Notice regarding "bid rigging" are entirely false. Not only do I take strong umbrage to these allegations, but I am personally pained by the same. Far from being guilty of bid rigging, I have striven to ensure that the integrity of the bid process is maintained. Despite the fact that my attempt to maintain the integrity of the bid process was overruled in circumstances, which (putting it mildly and charitably) were disquieting. I chose not to bring the true facts into the public domain, till now, so that the credibility, standing and respect of the Board was not eroded seriously undermined, in the eyes of the public.

71. I must state that I had misgivings about the manner in which the two original bids were treated, and as to the cancellation of the bids, but did not protest against the record being what it is, for had I insisted that the true and correct facts be recorded, it would have seriously

jeopardized the interests of the BCCI had the successful bidders chosen the path of litigation (as people have in the past).

72. If I had "rigged" the earlier process, I had only to leak the inner happenings to the two who got knocked out, and they would have had an excellent case in Court. However, since now I am accused of bid rigging, it is unfortunate, but unnecessary, that the entire truth has to be told.

73. The gravamen of the charge of bid rigging against me is that:

(i) I had a predetermined object to award franchisee rights in respect of the Second Round of Bidding, to the Videocon Group and the Adani Group;

(ii) to facilitate this, I introduced into the tender, terms/requirements which were wholly unreasonable, excessive and exorbitant. Despite the Board having decided that all tender documents be approved by Mr. I. S. Bindra, Mr. N. Srinivasan

and myself, never showed the tender documents to them. I did so with a view to pave way for the two bidders of my choice;

(iii) to facilitate this further, I threatened potential bidders and/or made them know that they were unwelcome;

(iv) that upon my designs being thwarted and the bid being cancelled and a third party [the Kochi Franchisee] being declared successful, I delayed the execution of the agreement with them and upon being ordered to do so, sought to intimidate them so that they could back out of their bid.

74. Each of these allegations is demonstrably false for the reasons stated below.

**Basis of the allegations - Complaint by a person having a vested interest:**

75. These allegations have been primarily based on the complaint of Rendezvous IPL. That Rendezvous IPL has an axe to grind against me and has every reason to make false and motivated allegations against

me, is clear in the light of the events that have transpired and are in the public domain and also events that are being set out below, which I had till now refrained from placing on record. It is therefore surprising that the BCCI has chosen to address the Show Cause Notice based on the complaint of an interested and disgruntled third party

76. It is also more surprising that the President is said to have granted his approval to a Show Cause Notice, which contains events and/or allegations, which are false to his knowledge. This is also more particularly set out below.

77. Firstly, the allegation that I had a predetermined object to award the two fresh franchisees to two bidders, namely the Videocon Group and the Adani Group, is wholly unsubstantiated and is sought to be sustained on a distorted process of reasoning, which is entirely premised on assumptions, surmises and conjectures. The obvious and fundamental flaw is that it presumes that I could decide who the successful bidders would be or ensure that the number of bids was kept to two. This assumption is *ex facie* misconceived. The decision to

select successful bidders was not my decision but the collective decision of the Governing Council. Only the Governing Council could decide (and decide) whom to award the bids to.

78. The Show Cause Notice alleges that in order to reach this predetermined object, I drafted or got drafted the invitation to tender (ITT). This, once again, is totally false. I did not draft the invitation to tender (ITT). The drafting of the Invitation to Tender was a collaborative exercise involving IPL/BCCI corporate lawyers. I also deny the suggestion that I instructed IPL/BCCI corporate lawyers to incorporate the two conditions, which have been described in the Show Cause Notice as being objectionable viz., (i) the bidder have a Net Worth of US\$ 1 Billion [Rs.4,500 crores] and (ii) the successful bidder provide a bank guarantee of Rs. 460 Crores. **These conditions were finalized by I.M.G. who was appointed by BCCI for providing specialized expertise in marketing of events (particularly sports) after carrying out a detailed study and/or deliberation of their feasibility.** This further establishes that the terms and conditions of the

ITT for second round of the bidding were finalized after consultation, collaboration and deliberation among a large number of persons. The same was also to the knowledge of all persons concerned. The allegations that the insertion of the offending terms was my sole initiative and done on my own and that the Board and the Governing Council was kept in the dark is factually misconceived and being economical with the truth. The allegation that this decision was taken by me unilaterally is therefore not only erroneous but surprising.

79. **In addition to the collaborative exercise referred to above, these conditions were personally approved by the President.** I spoke to him personally and cleared them past him. He has fairly admitted this at the meeting of the Governing Council held on 7<sup>th</sup> March, 2010.

80. The allegation that despite the Board having decided that all tender documents be approved by Mr. Bindra , Mr. Srinivasan and me, I did not show the tender documents to them, is factually misconceived. The Show Cause Notice does not even state the date of the Board Meeting at which such a decision was taken. I assume that reference is made to

the Meeting of the Working Committee of the Board held on December, 2009. A copy of the Minutes of the said Meeting are included in the Compilation. A perusal of the minutes of the said meeting indicates that the resolution passed (Item NO. 8) dealt with the Report of the Marketing Committee meeting held 20.10.09 and 2.12.2009. This agenda item had nothing to do with the IPL ITT. IPL being a separate sub-committee of the board was distinct from the Marketing Committee. This is made more clear by item 15 of the agenda of the said meeting where the IPL Governing Council Meeting has been separately discussed. A reading of the business transacted on item 8 and the resolution passed clearly indicate that the requirement that future tenders be finalized by a 3 member committee of Mr. Bindra, myself and Mr. Srinivasan pertained to tenders for TV production rights and media rights and Tenders for non-IPL -BCCI business which is under the jurisdiction of the BCCI Marketing Committee . They did not pertain to tenders for franchisee bids. In any event they could at the highest be said to be for tenders pertaining to the marketing committee and not the IPL T20 rights.

**OBJECTIONABLE CONDITIONS:**

81. The Show Cause Notice takes particular exception to the two conditions mentioned above. The Show Cause Notice describes these conditions as unreasonable, unnecessary, exorbitant and introduced solely with a view to prevent a large number of persons from participating in the bidding. It is submitted that these conditions were eminently sensible, fair and reasonable the allegations in the Show Cause Notice are misconceived for the reasons stated below:-

- a. The requirement that a bidder have Net Worth of US \$ 1 Billion cannot be considered unreasonable, if it is viewed from the perspective of the quantum of the bid that was expected. The Reserve Price for the second round of bidding had been fixed at US\$ 225 Million. The bids expected, would therefore necessarily have to be in excess of this requirement. This was known before the bidding process started. As a matter of fact, in the second round of bidding (second chapter), the successful bids were of US\$ 370 million and US\$ 333.33 million. Consequently the

condition of a Net Worth US\$ 1 Billion really meant that the Net Worth of the bidder be four times the reserve price of new IPL team. This can hardly be described as so unreasonable or excessive or exorbitant or disproportionate that it becomes ex facie a condition introduced for oblique purposes.

- b. The allegations in the Show Cause Notice, in this behalf, also choose to gloss over the well thought out rationale behind the nature of bidders who were desired. By this time the IPL 20 tournament had become a big success and the BCCI and the Governing Council wanted Franchisees who had substantial credibility of their own and would bring it to the IPL and not persons who sought to derive credibility from associating with the IPL. It was also the opinion that the persons who become franchisee owners should have interests other than IPL and IPL not be their only business. The BCCI did not want persons who were associating with IPL for cash flow purposes. What as desired was well established and solid corporate names. In this

background it was an obvious requirement that the Net Worth of the company/person should be 4 times the reserve price of new franchisee team and this reason can hardly be described as unreasonable.

- c. It bears repetition that if the net worth of a person is not less than 4 times his bid, obviously cricket would not be the principle asset of such a person. Thus the suggestion that the amount was unreasonable, when viewed purely as a security for performance, is a deliberate distortion.
- d. The requirement that the successful bidder should provide a bank guarantee of Rs. 460 Cr was also not unreasonable. If the bid of the successful bidder was to be US\$ 225 Million (Rs.1012 crores), then a Bank Guarantee of Rs. 460 Crores was less than 50% of the bid amount. Such a requirement cannot be described as so ex facie unreasonable so as to be evidence of bid rigging.
- e. The requirement that a bidder have Net Worth of US\$ 1 billion was put in the 2010 ITT after ascertaining that there would be

sufficient bidders who would meet this criteria. We had consulted Ambit and KPMG to find out as to how many companies would meet this Net Worth requirement criteria. In response we were informed that there would be at least 75 companies meeting this requirement. Resultantly, a large number of bidders could meet these criteria or norms. To suggest that the 2010 ITT was a "bespoke tender" designed to ensure that only the Videocon Group and the Adani Group would qualify is absurd. The fundamental basis of issuing a Show Cause Notice is therefore totally misconceived.

82. The allegation that I sent out "subtle" messages to corporate entities [who would otherwise be eligible] that they were unwelcome to bid and should stay away is vague and without any particulars. No details have been provided as to who these corporate entities were, when these "subtle" messages were sent; how these subtle messages were sent, who in these corporate entities received these subtle messages. It is therefore clear that these allegations have been made without any

basis. This also establishes that the issuance of this Show Cause Notice, making allegations of such a nature is completely *malafide*. Such allegations, by their very nature, are impossible to respond to. Besides, to suggest that Corporates in India, who have a net worth of over \$ 1 billion, would be deterred by my subtle messages and would not display, what is considered perhaps as a matter of great courage by the Sahara Group and the Kochi group (the two bidders who are admitted not my chosen ones by the blinkered logic of the Show Cause notice too) is outrageous.

83. The allegations that bids were received not at the BCCI office but by me personally and kept in my personal possession and there was every possibility that I could tamper with them is factually incorrect and erroneous. **The bids were received at the office of BCCI at Cricket Centre, Wankhede Stadium.** They were entered there in the records and then brought to Four Seasons Hotel. Most members of the Governing Council were staying at the Four Seasons Hotel and the bids were to be opened at the Four Seasons Hotel. **The Four Seasons**

**Hotel was the IPL Camp office.** Most of the outstation members of the Governing Council were staying there. The allegation that I received bids is factually incorrect. The suggestion that I kept the bids with me personally and that there was every possibility that I could tamper with the same is mischievous. I reiterate that the bids were kept at the camp office of the IPL for the reasons stated above. No one accused me of tampering with the bids. The facts set out below will establish how un-fair any suggestion would be.

**Meeting dated 7<sup>th</sup> March 2010**

84. The Show Cause Notice makes the following allegations about the proceedings of the Meeting of the Governing Council on 7<sup>th</sup> March 2010: -

- (i) the Governing Council on the basis of the analysis of the factual situation, which included collusive bidding and bid rigging decided to cancel the said bidding process after the

President, BCCI pointed out the irregularities in detail;

- (ii) the Governing Council decided to assert fair and transparent procedure in order to obviate any possibility of bid rigging or collusive bidding in future;
- (iii) the Governing Council decided that the bids would be submitted in the meeting of the Governing Council itself;
- (iv) the Governing Council decided that bids would be received by the entire Governing Council in the presence of all bidders who would be present in person;
- (v) The President BCCI advised me to maintain an arms length distance from the bidding process and not interfere in the same.

85. Implicit in the above is the suggestion that the Governing Council discussed and concluded that I had committed irregularities; adopted a procedure which was lacking in fairness and transparency, interfered in the bidding process; not maintained an arms length distance; and was involved in bid rigging and collusive bidding.
86. I submit that most of the allegations in the Show Cause Notice about the proceedings on the Governing Council Meeting dated 7<sup>th</sup> March 2010, are contrary to and/or falsified by the Minutes of the Meeting dated 7<sup>th</sup> March 2010. The Minutes of the Meeting do not record many of the things which, the Show Cause Notice alleges, transpired thereat. These allegations are required to be totally disregarded.
87. What is critical however is that the President did not consider it necessary to take the Governing Council into confidence, at the meeting held on 7<sup>th</sup> March 2010, of the events that had transpired on the previous day. These are set out below:

- a. 5 pm on 5<sup>th</sup> March 2010 was the deadline for submission of bids. The venue for submission of bids was the office of the BCCI at Cricket Centre.
- b. By 5 pm on 5<sup>th</sup> March 2010 only two bids had been received. These were the Videocon bid and the Adani bid. The fact that only two bids were received was prominently telecast in the electronic media on the same day and in the print media on the next day.
- c. On the night of 5<sup>th</sup> March 2010, these bids were brought to the IPL Camp Office at the Four Seasons Hotel. The Four Seasons Hotel was the venue for the Governing Council Meeting schedule on 7<sup>th</sup> March 2010 and most of the outstation members of the Governing Council (including the President);
- d. After the deadline for submitting bids, late in the evening and into the night of 5<sup>th</sup> March 2010 and in the morning of 6<sup>th</sup> March 2010, I received several calls from Mr. Shashi Tharoor

and his Secretary Mr. Jacob, informing me that a third bid ("Kochi Bid") was coming from Delhi and requesting that I accept the same. I informed him that the deadline for submission of bids had expired at 5 pm on 5<sup>th</sup> March 2010 and I had no authority to extend time. Mr. Tharoor told me that he would take up this matter with the President. **That the two spoke to each other on several occasions, was independently conveyed to me by both.**

e. Whilst the President and I were sitting together at the Four Seasons Hotel, at about 7 pm on 6<sup>th</sup> March 2010, a representative of the Kochi Franchise came with the Kochi bid and sought to hand it over to me. I declined to accept the same, saying it was beyond time.

f. The President however asked me to accept the bid. Seeing my reluctance to do so, he informed me that he was the President and he was directing me to accept the bid and issue an acknowledgement showing the time of receipt as 12

noon of 6<sup>th</sup> March 2010. This made absolutely no sense whatsoever. He however told me to do as told and that he would take care of everything else.

g. I had no intention of compromising and/or violating the integrity of the bid process and ante dating the time of receipt. However, as even with the ante-dating of time, the bid would still be beyond the time for bid submission, and as I did not want to create a public confrontation / scene, I purported to do what the President directed. I endorsed the time of receipt as 12 noon of 6<sup>th</sup> March 2010 . The President's directions did not make any sense to me, but I did as I was directed. I returned the acknowledgement and retained the bid.

h. The President then told me that he had decided that he would cancel the whole tender process the next day by persuading the governing council that the condition of net worth and B/G were extremely onerous and that the bid

deserved to be cancelled. He asked me to tell the BCCI/IMG corporate lawyers to immediately start the process of preparing a fresh ITT (bid document) with several terms deleted. These included the Net Worth clause etc. I therefore instructed Mr. John Loffhagen accordingly. Mr. John Loffhagen has, on my request, confirmed this in his e mail dated 9<sup>th</sup> May, 2010. A copy of this e mail is included in the Compilation.

- i. It is common knowledge that the president does not carry a mobile phone – whenever necessary, we contact him on his wife’s mobile phone or on land lines.
  
- j. . The meeting of the Governing Council was the next day morning. He therefore used my phone and spoke to Mr. Abhijit Sarkar of Sahara and Mr. Shailesh Gupta of the Jagran Group and asked them to immediately send letters complaining about the bid conducted. These calls are

reflected in my telephone records referred to above. The same are included in the Compilation.

k. In response thereto, in a short while, the letters the President had called for were sent. As he had called the persons concerned from my phone, these were e-mailed to me. This e-mailed were received at 8:13 pm and 10.40 pm. Copies of these e-mail are included in the Compilation.

l. On the very next day, at the meeting of the Governing Council, the President relied on these letters to persuade the Governing Council to cancel the bid - inter alia pointing out that there had been complaints about the excessive unreasonable and disproportionate bid conditions. The minutes of the meeting of the Governing Council dated 7<sup>th</sup> March 2010 speak for themselves. A fresh bid called and, predictable, the Kochi bid went through.

m. The fact that the Kochi bid was not received in time is indisputable - fortunately for me, it was widely reported in

the media that only two bids had been received. Thus the fact that the Kochi bid would have been rejected is indisputable. It is equally clear that but for the re bidding - the Kochi bidders would not have been in contention. Thus the suggestion that in round one, I was bid rigging, which kept the Kochi bidders out, is ludicrous.

88. The minutes of the meeting of the Governing Council, also reveal several critical facts, which are set out bellow:-

- I) Although the business regarding the bid cancellation was at sr.no.3, it was deferred till the end;
- II) The President could not and did not deny that I had personally cleared the bid condition with him, but still sought its cancellation, by claiming that he had given his approval generally without reading the document the President is an eminent lawyer and such an explanation coming from him strains credulity.
- III) The President did not inform the Governing Council about the circumstances in which the complaints had been received.
- IV) The President did not inform the Governing Council of the events relating to the Kochi and his instructions to me to put a false timing of the the receipt of the bid.

V) The two conditions, which were regarded as offending had been personally cleared by me with the President. The bid was issued on 22 Feb. 2009 and was open till 5 March. During this period no one (including Sahara + Jagaran complained). It is only on the eve of the Governing Council Meetings (after the Kochi bid was likely to be rejected as being delayed) that the President set in motion a process whose object was to ensure that the bid itself was cancelled.

89. I submit that what is set out above leaves no manner of doubt that:-

a) I was not in any way involved in bid rigging.

b) On the contrary. I tried my best to ensure that the integrity of the bid process was not violated

c) I did not act wrongly in refusing to take the Kochi bid into reckoning.

d) The allegation that I was pushing the bid of Adani + Videocon stands totally demolished. Had that been my intention I would have disclosed the true facts (on which I held my peace) to the Governing Counsel. I could also have leaked these facts to Adani's and Videocon, who would then have had a good case to challenge the bona fides of the cancellation process.

90. In the premises aforesaid, there is not even a shred of material to show that I had attempted to rig the bid process to favour either the Videocon Group or the Adani Group. The allegation that I prepared (or got prepared) a bespoke bid tailor made for Videocon and/or Adani and/or otherwise ensured that only they could/did qualify stand totally demolished. The allegation of bid rigging on the basis of such flimsy material are shocking to say the least.
91. The Show Cause Notice recites that I signed the Kochi bid after the directive of the President - which is true - but the circumstances that necessitated such a direction are entirely different. However the intervention of the President supports my case that he was anxious to have the Kochi bid admitted.
92. I raised serious misgivings about the Kochi bid and had raised legitimate questions, but the President directed me to sign the Franchise Agreement. These questions stemmed from the fact that the Kochi bid had 25% sweat equity in favor of an undisclosed person, and I was not agreeable to a blank bid like this, in a game as sensitive as

cricket. I was insisting that the identity of this 25% sweat equity holder be disclosed – this insistence by me has led to a trail of events that led to the resignation of a minister of the Union Cabinet. The reason for my insistence is advisedly not being placed on record – I would be more than willing to do so if (after consulting the President) the BCCI would like me to state these in writing.

93. Had I disclosed the events of 5<sup>th</sup>/6<sup>th</sup> March, 2010 it would have created a scandal and brought the IPL movement, the BCCI and the game into dis-repute. I therefore restrained myself, even though the Minutes of the Meeting indicate that I was censured. As a matter of fact, I was not censured, as recorded, in the Minutes and Mr. Sunil Gavaskar, one of India's most eminent cricketers in fact sent an e mail communications to the President regarding the same. A copy of this e -mail is included in the Compilation.

94. The allegation that by restricting the number of bidders, I caused loss to the BCCI is purely speculative and based on assumptions. It presumes that the bids submitted by Videocon / Adani at the auction

as held on 07.03.2010 were lower than the ultimate successful bidders at the second round of the same auction (where Rendezvous Sports and Sahara qualified). How such a presumption could be drawn is perplexing, since subsequent to the decision of the General Council to cancel bids on 7<sup>th</sup> March 2010, the original bid documents submitted by Adani, Videocon and Rendezvous were returned unopened. This was done before the entire General Council, who were personally privy to the fact that the unopened bids (with their original seals intact) were returned. I am therefore at a loss to comprehend on what basis the allegation of loss has been made. There can be no presumption that the bid submitted by Adani and/or Videocon and/or Rendezvoz in the second round of bidding were exactly those which they submitted earlier. For all I know they could have reduced their bids in the second round. The argument that I caused loss to the BCCI is therefore purely speculative and / or conjectural. The fact that, a Show Cause Notice has been issue making serious allegations that are, at best, un founded speculative assumptions, speaks of the mala fides of this whole exercise.

95. Without prejudice to the above, the entire history of the last 3 years will show that as IPL commissioner, I have striven to ensure that the BCCI got the maximum revenue. The IPL has generated for the BCCI an additional sum of tens of thousands of crores. This has been internationally recognized as being a stellar performance and has been the subject matter of case studies of leading International Universities including Colombia, ISB, Stanford and London School of Economic. Even The Forbes Magazine has carried an article on this. The suggestion that I caused loss to the BCCI in the manner alleged or otherwise or at all, is not only misconceived but personally painful. A detailed out line of my contribution and material published in the media, is included in the Compilation. This may help refresh your memory.

### **ARM TWISTING SUCCESSFUL BIDDERS**

96. I deny all allegations of arm twisting of RSW (Sports). It is a matter of public knowledge that RSW (and Mr. Shashi Tharoor who was negotiating on behalf of certain investors of RSW) were publicly

embarrassed by my disclosures which led ultimately to the resignation of Mr. Tharoor. RSW are therefore biased and has an axe to grind against me and has every reason to try and embarrass me by making false statements. The email dated 16<sup>th</sup> April, 2010 addressed by it is nothing more than an attempt to settle past scores. No credibility whatsoever should therefore be attached to such a motivated complaint. This is assuming that the person who has addressed the email has done so with the authority and on behalf of RSW. I deny that I attempted to rig the bids in the earlier round for anyone. The allegation that I attempted to do so on behalf of Videocon and Adani Group is therefore equally false. I deny all allegations that I sought to arm twist RSW into defaulting so that they would exit and Videocon or Adani could be appointed in their place.

97. I deny that I deliberately delayed the signing of agreement with RSW on one pretext or the other and continued to do so, despite President having specifically directed me to do so. The Show Cause Notice alleges that "even though you signed the Agreement with Sahara

Adventure Sports, you did not execute the agreement with RSW. When RSW approached you for signing the agreement, the signing was avoided on one pretext or the other, which included amongst others, the quality of the paper in which the agreement was typed. This fact was personally complained about by RSW to the BCCI President. Even when the BCCI President categorically directed you and the COO of the IPL to execute the agreement, you continued to defer signing of the agreement by raising flimsy grounds”

98. Each of these allegations are misconceived and false. Firstly, the Sahara agreement was executed on 6<sup>th</sup> April, 2010. The President, on 8<sup>th</sup> April, 2010 telephonically directed me to execute the Kochi agreement (LKM). The Kochi agreement was executed on 11<sup>th</sup> April, 2010. There is therefore a gap of only four days between the execution of the two. These dates themselves establish that there was no undue delay on my part. The allegations in the Show Cause Notice are dramatized and are not grounded on facts. This will be apparent from what is stated below.

99. This delay in the execution of the agreement was because of several defaults/non compliances by the Kochi franchisee. These are adverted to below. [Here again, I am replying with a degree of restraint, considering the sensitivity of the issues, and would be perfectly willing to give a far more detailed reply if the BCCI so considers appropriate.]
100. Firstly, the Kochi bid itself stated that the ultimate franchisee would be a company which would be incorporated. In the case of the Kochi bid, no company had been incorporated. Despite this, the President directed that the Franchisee agreement be executed with persons who would be share holders of the franchisee when it was ultimately incorporated. In no other franchisee has a franchise agreement been executed with the share holders, pending the incorporation of the franchisee company. What needs to be noted is that there was absolutely no necessity whatsoever in executing an agreement even before the ultimate franchisee was incorporated.

101. The two new bidders would only participate in the IPL tournament in 2011 and even the players auction in respect of these teams would be in the month of October.
102. The BCCI had specified the form in which the franchise agreement was to be executed (template). Franchisees were required to execute agreements in this form/template. This template was contained in a format called as "PDF" (Portable Document File). A PDF Format or a file is a picture file and not a text file . This was to ensure that the documents which were actually executed were exactly the same as that required by BCCI and this could be immediately ascertained by looking at the document. Instead of doing so, the Kochi franchisees changed the format of the file and converted the same into a text document and re printed the same in a text document format. **This resulted in a situation where visually the document which they submitted did not correspond with the document prescribed by the BCCI. This made a comparison of the two tedious. When they were requested to use the PDF format, they refused. This could be because**

they had changed the draft to include provisions for capping liability. It could also be because some of the promoters (who were paying for their equity and not getting it free) of the Kochi franchisee were getting second thoughts. This is more particularly discussed below.

103. I deny that I attempted to persuade the Kochi franchisee to give up their right for any reason whatsoever, I deny that I attempted to dissuade them from continuing with the franchises. I deny that I threatened them in any manner as alleged or otherwise or at all. I particularly deny the allegation that I informed him that if they continued to persist with their contractual rights I would remove the players spending cap for season 4 and send players costs spirally or that I should ensure through PIL or environmental litigations that the construction of the Kochi stadium would be delayed or I would assign them a remote or unfeasible location such as Gauwhati or Bhiwai or that I would introduce a player retention policy that would allow insisting franchisees to retain up to six players to reduce their

opportunity of getting players. Each of these allegations are not only misconceived but are completely absurd. I assert the right to cross examine the complainant. However, without prejudice to that, each of the allegations are individually discussed below.

104. The allegation that I threatened to remove the player spending cap for season four and send players costs spiraling is to be stated to be rejected. Firstly, any decision to remove the players spending cap could never be my decision but would be the decision of the General Council. I could therefore never remove the players spending cap. I had no power to do so. Secondly, this allegation also ignores the fact that any removal of player spending cap would not only affect them but would have an implication and effect on other teams. It would therefore have an adverse effect on all franchisees. On the one hand the Show Cause Notice alleges that I am a stake holder having a proxy stake in three teams (which I deny) and/or that my relatives have a stake in two teams. On the other had I am accused of sending out threats whose direct consequence would be to hurt my alleged pecuniary interests

and that of my relatives and/or friends. Thirdly, the Kochi franchisee was not some small time outfit which I could threaten. They comprised persons who had a had a Net Worth of Rs. 4500 crores. They were backed by a then Unionn Minister who was actively and minutely coordinating the progress of their bid. The President of the BCCI was also available to help them as events have shown. The accusation that I arm twisted them, borders on the absurd.

105. The allegation that I threatened Kochi IPL that I would delay the construction of their stadium through PIL and environmental litigation is equally absurd. Any PIL or environmental litigation involves a judicial process and any embargo or judicial interdict can only be by a court of law. It is axiomatic that a court would pass a restraint order or issue an interdict restraining the construction of a stadium if there was anything irregular or illegal in its construction. It is equally axiomatic that no lawful activity would be judicially restrained. To therefore suggest that I threatened them that I would delay the construction of a stadium which have not even been planned and was not even on the

drawing board through PIL and environmental litigations is complete nonsense. It is astonishing that BCCI is even giving credence to such rubbish and a motivated complaint which suggests that I would issue such childish threats to a franchisee who had a Union Minister backing them and whose interests were being protected by the President.

106. The allegation that I threatened the Kochi franchisee that I would assign them a remote and unfeasible location such as Gowhati and Bhiwani to play their matches till the Kochi stadium was constructed is equally unbelievable and absurd. I once again reiterate that the decision to allot stadia was a decision of the governing council and not my decision. I also reiterate what is stated above about the persons within and outside the BCCI who were there to ensure that no harm would come to the Kochi bidders.

107. The allegation that I threatened them that I would introduce a player retention policy that would allow existing franchises to retain six players and thus reduce the opportunity of obtaining payers is also false and misconceived. The same is also absurd. Firstly, any decision

to introduce a player retention policy would once again be a decision of by the governing council and not my decision. Therefore, suggest that I had threatened that I would alter the player retention policy, is absurd and unbelievable. Secondly, in so far as the player retention policy was concerned, the Governing Council had discussed this at its Meeting held on 22<sup>nd</sup> March, 2009. At this meeting I had pointed out that the player contracts, then signed, were for 3 years and at the end of three years all players would come back to the common pool. I had explained that this had been to ensure that as and when IPL launched new teams, the new owners were not disadvantaged vis a vis old teams as this would have a material impact on the price to be realized by IPL/BCCI for new teams. This was the fundamental basis of the IPL and as all had signed on, knowing this principle, there should be no deviation from the same. You strenuously objected saying that the interest of owners that came in the first round needed to be protected.(a clear case of conflict of interest). It was therefore decided that I would discuss this issue with current owners and present a proposal. A copy of the Minutes of the Meeting dated 22<sup>nd</sup> March, 2009

are included in the Compilation. Accordingly, this issue was discussed at the IPL workshop at Bangkok on 11<sup>th</sup> November, 2009. Once again you objected, but the majority of the teams ( 6 out of 8) were clearly in favour of bringing all players into the auction pool. A copy of the Minutes of the IPL workshop held on 11<sup>th</sup> November, 2009 are included in the Compilation. At the next meeting of the Governing Council held on 17<sup>th</sup> December, 2009, I pointed out that my consultation with the team owners had indicated that the majority (you being one of the exceptions) were in favor of bringing all players into the common pool in 2011. Once again you strenuously objected and insisted on a player retention policy of 7 players (4 Indian and 3 foreign). It was therefore decided that I look into this suggestion and if required work out the modalities and place regulations dealing with the same at the next meeting. A copy of the Minutes of the Meeting of the Governing Council dated 17<sup>th</sup> December, 2009 is included in the Compilation. As you wanted to nip any prospect of your losing players or paying for them in an auction, you persuaded the President to pass a Resolution at the next meeting of the Governing Council held

on 7<sup>th</sup> March, 2010, treating the proposal to permit retention of 7 players as approved. A copy of the Minutes of the Meeting of 7<sup>th</sup> March, 2010 is included in the Compilation. As already stated above, even then I and the majority of the franchisees had objected. I was however over ruled because of strong opposition from the Hon. Secretary whose stand (which was against the interest of the BCCI / IPL but in his personal interest as a team owner) was supported by the President. This fact was in the public domain. The Kochi franchisee was selected at the governing council meeting at 21.03.2010. By then the Governing Council had already taken a decision on player retention policy and therefore the allegation that I suggested that this would be changed is absurd.

108. What is extremely distressing is that the BCCI, despite being aware of all these facts, has taken cognizance of allegations which are demonstrably false to its knowledge and which are *ex-facie* and absurd and contrary to the records of the BCCI. What is most distressing is that the Show Cause Notice makes allegations about the Kochi

franchisees which even the Kochi franchisees have not made in their Complaint. An extremely critical fact that needs to be noted in this behalf is that even in the e-mail dated 11<sup>th</sup> April, 2010, these allegations have not been made. A copy of the email is included in the Compilation. One critical fact to be noted is that all the allegations in the Show Cause Notice pertaining to the Kochi franchise, relate to a point of time prior to the execution of the Franchise Agreement. The Franchise Agreement was executed on 11<sup>th</sup> April, 2010 (shortly after mid-night of 10<sup>th</sup> April) the email dated 11<sup>th</sup> April was addressed much later. The fact that this e mail makes no reference to the allegations contained in the e mail of 16<sup>th</sup> April or the Show Cause Notice, establishes beyond doubt that the allegations in the e mail dated 16<sup>th</sup> April, 2010, were no more purely retaliatory and an attempt to get back at me for the embarrassment caused to Mr. Shashi Tharoor.

109. In so far as the allegations of the Kochi franchisees are concerned, the following factual position, which they have concealed, needs to be noted. These facts are set out below:-

i. The Kochi bid was submitted by one "Rendezvous Sports World" who was described as an "Un-incorporated Joint Venture". The bid stated that if the franchise was awarded to them, they would incorporate a Joint Venture company (JV Co) which would be primarily responsible for the rights and obligations of the franchisee. The persons who were to come together and form/constitute the Joint Venture were (1) Rendezvous Sports World Private Limited (25% share) ; (2) Rendezvous Sports World Private Limited (1%) ; (3) Anchor Earth Private Limited (27%) ; (4) Film Waves Combine Private Limited (12%) ; (5) Parinee Developers and Properties Private Limited (26 %) ; (6)Anand Shyam Estates Developers Private Limited (8%) ; and (7) Mr. Vivek Venugopal(1%). The "Unincorporated Integrated Joint Venture Agreement" submitted by the Franchisee stated that Rendezvous Sports World had been incorporated with the objective of promoting and developing the game of cricket in India and abroad and had approached the other investors for forming a consortium for enabling them to qualify as bidders and meet the financial and technical criteria specified in the ITT.

- ii. AS a part of the process of finalizing the Franchise Agreement, a meeting was held on 29<sup>th</sup> March, 2010 in New Delhi, at Hotel Maurya, when the representatives of the Un-incorporated Joint Venture Consortium attended. This meeting was also attended by the IMG team and the IPL team. Post this meeting they were given access to the intranet portal reserved for franchisees to download various guidelines.
- iii. At this meeting, several members of the Un-incorporated Joint Venture consortium asked questions about the profitability of their investment. They were particularly anxious to know how soon their franchise would make money. They wanted to know whether the franchise should start making money at the end of year one. They were candidly informed that this appeared to be very unlikely. Whilst they would certainly make money they would have to look to a much longer window for recovering what they were investing. This caused a great deal of consternation among them. I told them and that since they obviously had deep pockets and had submitted such a big bid, they

should have no hesitation in waiting for a little while. At this time, I was informed by them that although they had submitted a big bid, they still had cash flow problems and that is why they were worried. During these discussions the sweat equity issue was highlighted by them to underscore the point that whilst the other investors would be getting 75% of the equity, they would have to contribute 100% of the cost. Hence the burden on them was that much higher. I also learnt that the sweat equity of 25% was non dilutable and in perpetuity irrespective of losses. I found this unusual. I had not noticed this in any other franchise and pointed this out to them.

- iv. In the interactions that took place between the said persons and the IPL and IMG teams, it was also noticed that contrary to the ITT terms, the documents submitted by them had put a cap of USD 55 million. A copy of the same is included in the Compilation. This was totally unacceptable. They were therefore told that this cap had to go and that they had to bring in atleast the bid amount of USD 333.33 million together with providing for contingencies like providing for player

costs. They would have to execute the Franchise agreement in the form stipulated.

- v. I found this all a little disquieting. I also was a little perturbed by the hesitation shown by the said persons at this very initial stage. The bidders seemed to be hesitating at the very threshold. They had themselves indicated that they did not have an appetite for continuing losses and negative cash flows. Their expectations on returns were unrealistic. Kochi did not have a cricket stadium. The construction of a stadium in Kochi would take time. When I asked them which city they had in mind (considering that each franchisee had its own catchment areas) they wanted to know if they could play at Abu Dhabi. I found this quite astonishing that these persons were getting into this venture with so little understanding of basic facts relating to team ownership , let alone its finer nuances. I therefore explained to them that this was the Indian League. It could only be played in India. I then explained to them the concept of catchment areas of teams and the stadia still available. I did not want a case where this franchise defaulted or went

under because of negative cash flows in the initial few years (such negative cash flows were very likely) . If they were to go under, this would cause a great damage to the IPL image and undermine success of the IPL movement.

- vi. Mr. Shahshi Tharoor had called me prior to the meeting and requested me not to go into the identity of the sweat equity owners. [This was however not acceptable as it would be contrary to the rules - presumably if I had agreed, I may have been facing a Show Cause from you making converse allegations.] The meeting concluded with my asking them to amend the agreement and give us details of the persons holding sweat equity. We also told them to update us on the status of the incorporation of the franchisee.
- vii. After 29<sup>th</sup> March, 2010, I received several phone calls from Mr. Shashi Tharoor inquiring about what was happening about the progress of the Franchise Agreement.
- viii. On or around 7<sup>th</sup> /8<sup>th</sup> April, 2010, the President called me to inquire about the status of the Franchise Agreement. I gave him the exact

status of what had happened. Notwithstanding my protestations (with good reasons), he ordered me to sign the agreement (period). He told me that that - Ms. Akhila Kaushik, the Legal Advisor of the BCCI will bring the agreement to you and that I should sign it.

- ix. I next met the members of the Un-incorporated Joint Venture Consortium at the I.T.C. Royal Gardenia Hotel in Bengaluru, in the morning of 10<sup>th</sup> April. The Franchise Agreement had still not been corrected to remove the cap on liability. I made it clear that I would not sign an agreement with such a cap. I asked Akhila Kaushik to ensure that the franchise Agreement was amended. I also requested that all shareholders be present in the evening to sign the same. We met again met at night. By now the agreement had been corrected. Notwithstanding the advice of Mr. Tharoor I inquired about the identity of the person to whom sweat equity had been issued. I was then told that the owner of Rendezvous Sports World Pvt Ltd was a lady called Sunanda Pushkar. When pressed for further details of her identity, I received diverse and evasive replies - one of which was that

she was a businesswoman with interests in the Gulf.. My concerns at the lack of clear identity of the sweat equity holder were heightened. When I insisted on getting a clear answer, Mr. Gaikwad who was representing the sweat equity investors told me he would ask his father and revert. He spoke to his father on the phone.

x. As stated earlier, it was at that point of time that I received a call from Mr. Tharoor telling me that it was in my interest that I not ask who the 25% shareholders were.

xi. Although I did not yield to Mr. Tharoor, but the directive of the President to sign the agreement was honoured despite all this. However, I signed the agreement "subject to approval of the Governing Council" - which did not seem to go down too well with the President.

110. The events set out clearly indicate that I was not being difficult or trying to secure the exit of the Kochi franchisee so as to make way for the re-entry of Videocon or Adani.

111. The above clearly indicates that the Kochi franchises have really no idea of what they were getting into I as the chairman of the IPL merely appraised them of the risks that they were getting into. I at no point of time attempted to other dissuade them or threaten them either as alleged or for the reasons alleged or otherwise at all.
112. What is surprising is that Show Cause Notice, makes allegations about my dealings with RSW which are not even in the complaint addressed by RSW. The fact that BCCI notwithstanding this not being in the complaint has chosen to included this in the show cause notice, clearly establishes that this entire exercise is *malafide*.
113. The conclusions in the show cause notice in paragraph 16 & 17 are therefore, wholly misconceived. The allegations are without substance, based entirely on a motivated complaint made by persons who had every reason to seek to victimize me to settle score to what had happened to Mr. Tharoor.

### TELEVISION RIGHTS

114. The allegations pertaining to the IPL Media Rights and the alleged "Facilitation Fee" are thoroughly misconceived and premised upon a signal failure to appreciate basic facts. It is therefore essential that before dealing with the allegations, the true & correct facts, be first placed on record. That to substantiate my assertions made herein after, I am enclosing herewith a separate compilation of documents. These facts are summarized herein below.
115. On November 30<sup>th</sup>, 2007, the BCCI floated a tender for Media Rights pertaining to the IPL tournament for a period of 10 years commencing 2008 and ending 2017 for the entire world. The terms and conditions of this tender (ITT) were duly approved by the Governing Council of the IPL. The entities eligible to participate in the tender process were broadcasters and/or marketing agencies.
116. Three bids were received, in time, in response to the said bid. These were from (1) WSG India, (2) Sony & (3) ESPN. NDTV had faxed for extension of time by 48 hours, which request was declined. While Sony and ESPN participated as broadcasters,

WSG India, a part of WSG group having leading presence in sports rights in Asia participated as Marketing Agency.

117. Prior to the opening of these bids, Sony informed BCCI that it was withdrawing its individual bid to partner as per it's internal arrangement with WSG. This left only two bids in the fray, viz the bid of WSG India and the bid of ESPN.

118. The bid of ESPN was found to be fundamentally non-compliant. This bid was therefore not considered further. This left only the bid of WSG India in the fray.

119. The bidding process clearly demonstrated that WSG India and Sony had a business arrangement with each other. In fact the profile submitted by WSG India clearly stated that even prior to this bid, WSG and Sony had dealt and/or collaborated with each other.

120. A perusal of the bid submitted by WSG India revealed that:-

- (i) WSG had reached an agreement with Sony that WSG would sub license the media rights for territory of India to Sony; and
- (ii) the Media Rights Agreement submitted along with the bid made the Minimum Guaranteed amounts for years 2 to 5, dependent upon the tournament achieving specified viewership ratings (TAM).

121. Faced with the predicament that the bid was non-compliant and considering the fact that there was only one bidder on the table, discussions between BCCI, WSG India and Sony took place. During these discussions WSG India suggested that they and Sony have reached an understanding and they will sort their internal agreements and the original sub license arrangements contemplated between WSG India and Sony can be substituted by the following arrangement, if BCCI agrees:-

- a. Two separate agreements can be executed, one between BCCI and WSG India and the other between BCCI and Sony ;

- b. The Sony agreement would be for the Indian sub-continent rights and have a term of five years. Sony had an option to renew the agreement for another 5 years, provided Sony and WSG India jointly executed an extension notice.
- c. WSG India Pvt. Ltd would enter into a firm 10 year agreement with BCCI for the rest of the world (ROW) rights. Also WSG India would retain the residual period of 5 years, in the event of Sony not exercising the option to renew the agreement.
- d. In the event the TAM ratings fell below a prescribed norm, Sony (under its agreement) would not be liable for the Minimum Guaranteed Amount.
- e. In such event, WSG would pay a top up fee, if some or all portion of the rights fee under the Sony Agreement which was dependent on achievement of average TAM Ratings was not paid.
- f. This arrangement would help in achieving the tender conditions and the bid would become compliant to BCCI getting the minimum guaranteed amount.

122. This indicated that there was a separate internal arrangement between Sony and WSG for making the bid compliant and for extension of Sony's term. The B.C.C.I was completely unaware of the commercial transactions that may have been set out in the internal arrangement between Sony and WSG at that point of time and it is only through press release issued by Sony on 23.4.2010 that I have come to now that Sony was paying WSG (India) US\$ 25 Millions as option fees to extend the rights to years 6-10 and potential rating incentive at the end of the year 5 of US \$ 35 millions.

123. The Governing Council of the IPL in its meeting held on 14.01.2008 had noted as under:

*"The SONY-WSG bid was complaint to eligibility criteria. The WSG bid mentioned that a part of its Rights Fee was reliant on the ratings delivery (TAM). However, it was suggested by the Chairman and IMG and agreed by the representatives of both SONY and WSG that in the event of a shortfall between an amount paid over the five year term and minimum licence fee per season, then that shortfall would be made good at the end of the term to ensure*

compliance with the requirement of reserve price per season by both the parties.

It was agreed between the parties that between IPL and SONY the Indian Sub-continent rights are valued at US\$ 276 million and between IPL and WSG for 10 years global media rights with a carve out for the first 5 years of the Indian Sub-Continent media rights are value at US\$ 642 million. In conclusion WSG SONY won the bid with an offer of US\$ 1.026 billion over a period of 10 years."

124. Accordingly, two separate agreements were executed on 21<sup>st</sup> January, 2008. These agreements were expressly approved by the governing council at its meeting held on 25.01.2008.

125. Clause 29 of the agreement dated 21<sup>st</sup> January 2008 executed with WSG India, is important and is therefore extracted below :-

"if the Sony Agreement ends for whatever reason prior to the end of the Rights period, the Licensor will be required to meet with the Licensee as soon as practicable with a view to agreeing in good faith which of the parties and on what basis the rights pursuant to the Sony Agreement will be exploited within the Indian

Subcontinent. Licensor acknowledges that a failure to comply with the clause may have a material impact on the Licensee's rights and obligations pursuant to this Agreement."

126. The amounts which BCCI was to receive under the two agreements with Sony and WSG are set out in a tabular statement below:

Amounts recievable by SONY-WSG under original agreements dated 28/1/2008 (based on a 59 match schedule)

S. No.	Year	Sony (Original Agreement-28/1/2008) (Figures in cr)	WSG(I) (Original Agreement-28/1/2008) (Figures in cr)	BCCI (Original) (Figure s in cr)
1.	2008	220	16	236
2.	2009	220	20	240
3.	2010	220	24	244
4.	2011	220	28	248

5.	2012	224	32	256
6.	2013	-	472	472
7.	2014	-	476	476
8.	2015	-	489.6	489.6
9.	2016	-	499.2	499.2
10.	2017	-	510.4	510.4

127. In the performance of the SONY agreement, disputes and differences arose between BCCI and Sony. BCCI contended that Sony had breached its obligations under the agreement (pertaining to issues of air rights of BIG TV; dirty feed ;incorrect declaration of commercial time sold ; and failure to provide requisite air time to BCCI). Notices were sent on behalf of BCCI-IPL by their corporate lawyers indicating various breaches on part of Sony on 3.2.2009, 10.2.2009, 11.2.2009 and 14.2.2009 and pointing out therein that BCCI is entitled to terminate the agreement forthwith. Sony disputed this and threatened to take the matter to Court in the event of a termination. The Governing Council was kept fully abreast of these developments and at the

meeting of the Governing Council dated 05.02.2009, the Governing Council passed the following resolution :-

*“Members took serious note of the breach of MSM (Sony) and the subsequent notice sent by IPL for the breach for not providing the first right of refusal for IPL sponsor (Big TV) and the pull out of Big TCV for that. Chairman also pointed out the other material breaches by MSM (Sony) and the members authorized Chairman to take necessary action against MSM and try and sort out the same and if no solution is found to the satisfaction of the IPL, Chairman was authorized to find an alternate solution. In finding a solution, Chairman was authorized to finalise adding a 5 minute break after every 10 overs and also negotiate financial revenue for the same to IPL “*

128. BCCI and Sony were trying to negotiate a settlement under which Sony would pay a higher amount to BCCI. Sony in fact, forwarded to BCCI a Settlement proposal on 11<sup>th</sup> March 2009, containing additional amounts payable. The amounts included payment of US\$7.79 million per year for 4 years to compensate for Ground Sponsorship rights which BIG TV did not pay, due to SONY's default in not providing onair sponsorship to it. SONY

further agreed to remove the clause of the amounts being dependent on the TAM ratings. SONY also agreed to pay Rs.75 crores for the year 2009-12 towards extra amount for drink break which was to be enhanced to Rs.150 crores for year 2013-17. The comparison of amounts payable are as set out below:-

(Based on a 59 match schedule)

S.No	Year	Sony (Original Agreement- 28/1/2008) (Figures in cr)	WSG(I) (Original Agreement- 28/1/2008) (Figures in cr)	BCCI (Original) (Figures in cr)	Sony (Revised offer- 13.3.2009 includes one ground sponsorship + Drink Break Extra) (Figures in cr)	Total BCCI Revised (Figures in cr)
1.	2008	220	16	236	-	236
2.	2009	220	20	240	34.27+75	349.27
3.	2010	220	24	244	34.27+75	353.27
4.	2011	220	28	248	34.27+75	357.27

5.	2012	224	32	256	34.27+75	361.27
6.	2013	-	472	472	-+150	622
7.	2014	-	476	476	-+150	626
8.	2015	-	489.6	489.6	-+150	639.6
9.	2016	-	499.2	499.2	-+150	649.2
10.	2017	-	510.4	510.4	-+150	660.4

129. BCCI and Sony could not reach consensus on the language of the agreement and the guarantees to secure BCCI. BCCI, therefore, terminated this agreement by addressing a letter dated 14.03.2009.

130. This termination happened when the IPL Season-II Tournament was around the corner and was scheduled to start from 8<sup>th</sup> April 2008. BCCI was acutely conscious that Sony would immediately challenge this termination in Court. Sony had, in fact, threatened to move court in the event of a termination and take recourse to legal remedies to full extent. BCCI had, even prior to the termination therefore also been exploring other options with other broadcasters/ parties including ESPN, Star Group and

NDTV to ensure that third party rights were immediately created so that in the event of Sony termination, alternate arrangement for media rights could be in place and also keeping in view of the practical position so that Sony did not have an opportunity to move court and obtain a restraint order. BCCI had all along also kept WSG India abreast with the developments taking place in respect of Sony Agreement as in the event of termination, BCCI under Clause 29 of the WSG India Agreement was required to agree in good faith with WSG as to with which of the parties and on what basis Indian sub-continent rights would be exploited. Simultaneously even Sony had kept WSG India in loop as it wanted that tripartite understanding involving BCCI, WSG India and Sony should be arrived at so that additional amount paid by it in the event TAM ratings were not achieved could be adjusted against WSGI in the event of exercise of its option to renew the Agreement for year 6-10. Negotiations were thus also going on with WSG group.

131. The termination notice was sent out by B.C.C.I at 8.14 p.m. on Saturday i.e. 14.03.2009 to SONY. Caveats had already been filed by the BCCI. Sony responded to this letter of termination almost

immediately by their advocates letter dated 14.03.2009, served on the solicitors of BCCI by email at about 10.15 p.m. informing them that Sony would be moving court at 11.00 a.m. the following morning 15<sup>th</sup> March 2009(Sunday) for urgent interim relief.

132. BCCI was extremely concerned that should Sony get any interim relief the next morning, it would seriously prejudice the BCCI. As stated hereinabove Clause 29 of the Agreement dated 21.01.2008 between BCCI & WSG India Pvt. Ltd obliged BCCI to carry out good faith negotiations with WSG India Pvt. Ltd on the manner in which the erstwhile Sony rights were to be exploited. Time was of the essence. Firstly, the IPL Tournament was likely to commence soon and it was essential that an arrangement for broadcast of the matches be put in place immediately. Secondly, it was essential that an arrangement with the third party be put in place before Sony moved court for interim relief.

133. The negotiations which had been continuing between BCCI & WSG resulted in an agreement being concluded at 3.00 a.m. on 15.03.2009. This agreement was arrived pursuant to the

negotiation with Mr. Venu Nair and Mr. Andrew Georgio who represent the WSG Group and were common directors both in WSG India as well as WSG Mauritius. The result of these negotiations was that WSG agreed that it would acquire the rights for the remaining 9 years (2009 to 2017) for the Indian Sub Continent. WSG designated its pre-existing Mauritian arm, WSG Mauritius Pvt. Ltd as the designated company which would enter into and perform the said agreement. The agreement clauses were negotiated and drafted by BCCI-IPL Corporate Lawyers on substantially similar terms, barring minor changes as in earlier agreement entered with WSG India.

134. I believe that the choice of the Mauritius based company was made because of (1) tax considerations; and (2) WSG felt a Mauritius based company would offer significant legal advantages in the action which Sony had notified it was commencing for being outside India it would be difficult to obtain / enforce an injunction order against it and moreover being a distinct corporate entity it would be in a better position to claim immunity of third party rights as compared to WSG

India which had prior to bid entered into agreement with Sony for media rights of Indian Sub-Continent. It is also common practice for broadcasters to enter into agreements through their Mauritius based companies. Several broadcasters have Mauritius incorporated companies for the purposes of entering into agreements.

135. As under the original agreement of BCCI dated 21.01.2008 with WSG India, provided that if Sony did not exercise its option for years 6 to 10, the Indian Sub-continent rights would remain with WSG India Pvt. Ltd, it was necessary to terminate the WSG India Agreement as well so that media rights could be reworked and rights for years 2 to 10 could be granted to WSG Mauritius. Accordingly, the agreement with WSG India was terminated through a Mutually Agreed Termination Deed which provided that new WSG India Rights agreements would be entered with WSG Mauritius for Indian Sub-Continent rights and with WSG India for rest of the world (ROW) rights.

136. The agreement with WSG Mauritius for Indian Sub-Continent was on far more lucrative and beneficial terms for BCCI than both the SONY agreement dated 21<sup>st</sup> January 2008, which had been terminated as well as the proposal given by Sony on 11.03.2009.

137. The agreement with WSG Mauritius brought to the BCCI an additional benefit of **Rs.1705.49 crores**, as set out in the table below.

(Based on a 59 match tournament)

S.No.	Year	Sony initial agreement with exercise of option (Figures in cr)	Sony revised Figures (Figures in cr)	WSG Mauritius (Figures in cr)
1.	2008	220	-	220
2.	2009	220	220+34.27+75 = 329.27	335

3.	2010	220	$220+34.27+7$ $5 = 329.27$	340
4.	2011	220	$220+34.27+7$ $5 = 329.27$	375
5.	2012	224	$224+34.27+7$ $5 = 333.27$	375
6.	2013	424.8	$424.8+150 =$ $574.8$	571
7.	2014	428.8	$428.8+150 =$ $578.8$	571
8.	2015	440.4	$440.4+150 =$ $590.4$	634.4
9.	2016	449.2	$449.2+150 =$ $599.2$	748
10.	2017	459.2	$459.2+150 =$ $609.2$	842.49
		Total= 3306.4	Total= 4273.48	Total = 5011.89

**Gain from Initial Sony figures (in cr) = 1705.49**

**Gain from revised Sony figures (in cr) = 738.41**

**(Note:** The gains would have further increased considering the fact that the there would have been a pro rata increase of rights fee based on 94 matches per tournament year 2011 onwards)

138. This agreement was thus clearly in the interest of BCCI and allowed BCCI to leverage its media rights in an unprecedented manner bringing windfall to it.
139. As the IPL Cricket Tournament was around the corner it was imperative that WSG Mauritius who were a marketing agency have a confirmed arrangement with a broadcaster. To safeguard the right of BCCI, a clause was introduced in the agreement that in the event of WSG Mauritius not sub licensing the agreement within 72 hours, the rights would revert to BCCI. The clause was specifically incorporated to ensure that BCCI had an exit option in the event WSG Mauritius, for any reason, was not able to obtain a back to back arrangement (sub licence) with a broadcaster. Further since time was of the essence a stringent time line was put to protect the interest of BCCI.
140. As expected Sony moved the court in the morning of 15<sup>th</sup> March 2009 (Sunday) for interim relief. The court was informed by BCCI litigation Lawyers that they had got notice of the interim application only at 10.00 a.m. and had not been able to obtain instructions from BCCI.

141. The court therefore, passed an order restraining BCCI from entering into any agreement till 17<sup>th</sup> March and posted the matter for hearing on 16<sup>th</sup> March (Monday)
142. Shortly thereafter, the BCCI-IPL Corporate lawyers informed the BCCI lawyers present in court about the fact of execution of the agreement between BCCI and WSG Mauritius, early in the morning of 15<sup>th</sup> March 2009 and a copy of the agreement executed with WSG Mauritius was also made available to them. The BCCI litigation lawyers duly informed this fact to the Court. Under advice of BCCI lawyers, I also affirmed an affidavit detailing the factum of the execution of the agreement with WSG Mauritius.
143. The matter was heard by the court again on 16.03.2009 when having regard to the fact that third party rights had already been created in favour of WSG Mauritius, the court did not continue the interim relief. The decision to execute the agreement with WSG Mauritius, immediately upon termination of the Sony agreement therefore stood vindicated.

144. Sony thereupon moved an amendment application seeking additional reliefs that BCCI be restrained from approving the broadcaster which WSG Mauritius was required to appoint within 72 hours.
145. Foreshadowing that such an application might be made, BCCI, by its letter dated 15.03.2009 itself granted its previous approval to WSG Mauritius in respect of certain specified broadcasters and also forwarded the template (standard format) of the approved Media Rights Sub-License Agreement to WSG Mauritius. The list of identified broadcaster included Sony, NDTV, ESPN, Star, Neo Sports, TV 18, NDTV, Sun Astro and Doordarshan. This fact was also brought to the notice of the Court.
146. WSG Mauritius started negotiating sub-license agreement with various broadcasters keeping BCCI informed of the same. On 16<sup>th</sup> March, 2008 draft sub-license agreement was entered between WSG Mauritius and NDTV Mauritius. The NDTV agreement was also to go to the respective Boards of WSG and NDTV for approval.

147. Pending the agreement between WSG Mauritius and NDTV Mauritius translating into a binding and enforceable contract, other broadcasters, including Sony and ESPN-Star Sports also continued to negotiate with WSG Mauritius and BCCI was kept abreast of such development by WSG Mauritius.
148. In the meanwhile, on 17<sup>th</sup> March 2009 the BCCI granted an extension to WSG Mauritius for creating a sub license till 21<sup>st</sup> March 2009 which was further extended on 20<sup>th</sup> March 2009 up to 24<sup>th</sup> March 2009. The issuance of these extension letters was to ensure that the agreement between BCCI and WSG Mauritius did not lapse. Had this happened, the consequences for BCCI would have been disastrous. Sony would have sought an injunction, which it failed to get, merely because third party rights had already been created. The execution of the Extension Letters was as per the advice of Ms. Akhila Kaushik, Legal Adviser, BCCI, who was supervising the on going litigation on day to day basis. In fact Ms. Akhila Kaushik had directed BCCI-IPL Corporate Lawyers to draft extension letters. These Extension Letters record that WSG Mauritius was in an advanced stage of negotiations

with several parties including Sony for sub-licencing television rights. These Extension Letters also recorded that they were being issued to ensure that no prejudice was caused to either party in the pending legal action.

149. Realising that it may loose the Indian sub continent media rights, Sony pursued its negotiations with WSG Mauritius for taking Sub-License rights for Indian Sub-Continent. During these discussions WSG Mauritius suggested that it and SONY had reached an understanding and the sub-license arrangement envisaged between WSG Mauritius and SONY can be substituted by a direct BCCI-Sony agreement if BCCI agreed. In essence it meant that WSG Mauritius would have assigned its rights for India Sub-Continent in favour of Sony. Accordingly, upon advice of BCCI-IPL Corporate lawyers, it was decided that, as was done on 21<sup>st</sup> January 2008, a separate agreement for the Indian Sub Continent could be executed with Sony and a separate agreement for the rest of the world would be executed with WSG India. WSG Mauritius would give up and/or cede its Indian sub

continent rights. . All these developments were brought to the notice of the President from time to time by me.

150. In the meanwhile, having regard to the statement made by the Home Minister about the inability of the government to provide security for the IPL tournament, the BCCI Working Committee at its emergent meeting held on 22<sup>nd</sup> March, 2009 passed a Resolution to move the IPL tournament to South Africa or England. The BCCI chose South Africa as the venue and I immediately flew to South Africa on 22<sup>nd</sup> March, 2009 itself to oversee the arrangements pertaining to the conduct of the tournament. At this meeting the termination of Sony and execution of the agreement between BCCI and WSG Mauritius was extensively discussed. The relevant extract of the Resolution passed by the Working Committee is extracted below:-

*“Mr. Lalit Modi also brought to the attention of the members the issue between the official broadcaster “MSM” and IPL. IPL terminated the contract with Sony due to multiple breaches in contract terms by Sony. The total contracted revenue of the IPL till last week was Rs. 9068 crores. He further stated that the Board had immediately signed a fresh agreement*

with WSG. Mr. Modi added that Sony breached that contract in all 59 matches of IPL by overlaying advertisements on our clean feed. According to the BCCI guidelines in a T20 game a total of 2000 seconds is stipulated for advertisements but Sony breached by inserting 3200 seconds i.e. over 60% of allowed inventory. The value of the revised contract entered into with WSG is for Rs. 14,068 cr. Over the period of 9 years an increase of Rs. 5000 Cr. Sony has agreed to match the amount which WSG has agreed to pay BCCI.

He further stated that on the suggestion of our lawyers we have agreed to an out of court settlement with Sony effective 6.30 am today morning. One of the major points of this agreement was that Sony wanted this agreement to be a non terminable agreement which we have denied to Sony after discussion with the President.

Secondly we also had a restriction on increasing the number of teams from 8 to 10 in the 4<sup>th</sup> and 5<sup>th</sup> year. What we have reached in the agreement is we can increase the teams in IPL at any point at their discretion to 10 teams. Further, we can increase to number of teams as and when we want to win the first right to refusal with Sony on a pro rata basis to match the number within 15 days. If not, like in England it would be open to all broadcasters to bid.

He also added that average price per match according to the old contract was one million dollars moving to two million dollars per game for the next 5 years which is close to 200% increase compared to the last contract."

152. The BCCI strategy to pass on the rights to WSG Mauritius proved right when Bombay High Court delivered its judgment on 23<sup>rd</sup> March 2009 dismissing the injunction application filed by SONY. The said judgment records that on 15.03.2009 when the matter had come up the court had initially passed order restraining the BCCI to enter into agreement uptill 17.03.2009 and the matter was directed to be listed on 16.03.2009 at 11.00 a.m. However, on 15.03.2009 itself the lawyers for the BCCI served the lawyers for SONY an affidavit along with copy of the agreement stating that they had already signed an agreement with WSG Mauritius. Further the order records that thereupon SONY sought an amendment and also sought an injunction that under clause 6.2 of agreement dated 15.03.2009 no broadcaster should be allowed to be appointed. Upon this the court enquired whether the BCCI had approved appointment of broadcaster wherein matter was kept back till 4.30 p.m. for taking instructions. At 4.30 p.m. on 16.03.2009 the lawyers for BCCI tendered a copy letter dated 15.03.2009 from Chairman IPL pointing out that approval pertaining to broadcasting is already granted to WSGM. It was also mentioned that a template of license agreement to be signed

by WSGM had already been approved by BCCI. The Court further noted that BCCI had submitted the agreement with WSG Mauritius is a concluded contract where the transfer of rights from BCCI to WSG Mauritius had taken place. The Bombay High Court held that:

*“Even assuming that the aforesaid submission made on behalf of the petitioner would have prima facie been accepted by the Court, at this stage, the petitioner would not be entitled to any ad-interim relief on the ground that the same would directly and/or substantially affect and/or interfere with the enjoyment and/or exploitation by WSGM of their vested rights and present interest in the property which is the subject matter of the contract created in their favour and subsisting in presentii since WSGM is not made party to the present proceedings.”*

153. The requisite documentation between BCCI and WSG India and BCCI and Sony was thereafter finalized by lawyers of all parties. These agreements were dated 25<sup>th</sup> March 2009. In the agreement executed between Sony and BCCI, the consideration which was payable to BCCI was exactly the same consideration that was

payable to BCCI by WSG Mauritius. Under the new BCCI -Sony and BCCI-WSG Agreements the BCCI gained an additional sum of Rs.2577.24 crores over and above the amounts otherwise payable under old BCCI-Sony and BCCI-WSG Agreements.

**Amounts payable to BCCI under New Agreement**

**(based on a 59 match schedule)**

S.No	Year	Sony (Agreement- 25/3/2009) (Figures in cr)	WSG (Agreement - 25/3/2009) (Figures in cr)	Total (Figures in cr)
1.	2008	220	16	236
2.	2009	335	20	355
3.	2010	340	24	364
4.	2011	375	28	403
5.	2012	375	32	407
6.	2013	571	47.2	618.2
7.	2014	571	47.68	618.68
8.	2015	634.4	48.96	683

9.	2016	748	49.92	797.92
10.	2017	842.49	51.04	893.53

**BCCI Net gains**

**(based on a 59 match schedule upto 2010 and a**

**94 match schedule 2011 onwards)**

S.No.	Year	BCCI (For Agreement 28/1/2008) (Figures in cr)	BCCI (For Agreement 25/3/2009) (Figures in cr)	Gain (Figures in cr)
1.	2008	236(59 matches)	236(59 matches)	0
2.	2009	240(59 matches)	355(59 matches)	115
3.	2010	244(59 matches)	364(59 matches)	120
4.	2011	395.11(94 matches)	642.06(94 matches)	246.95
5.	2012	407.86(94 matches)	648.44(94 matches)	240.58
6.	2013	752(94 matches)	984.92(94 matches)	232.92
7.	2014	758.37(94 matches)	985.69(94 matches)	227.32

8.	2015	780.04(94 matches)	1088.16(94 matches)	308.12
9.	2016	795.33(94 matches)	1271.26(94 matches)	475.93
10.	2017	813.17(94 matches)	1423.59(94 matches)	610.42

**Total Gain = 2577.27 (in cr)**

154. BCCI was aware that WSG Mauritius and SONY had reached an understanding that initially contemplated sub-license structure would be replaced by a direct license agreement to be executed between BCCI and SONY, and that WSG Mauritius would cede its rights in favour of Sony. B.C.C.I, However, was not aware of the financial understanding reached between the two as such information is confidential between Sony and WSG. Appropriate clauses were therefore introduced in the agreement executed between BCCI and Sony to ensure that WSG Mauritius be protected. There was nothing unusual in such clauses as even in the case of sub-license structure in the event of Sony committing default, WSG could have terminated such arrangement. It is also to be noted that WSG is a marketing agency and therefore would

have marketed its rights in any case to a third party in usual course of business. The relevant clauses were inserted on the advice of BCCI-IPL Corporate Lawyers. As financially BCCI was receiving the same amount (that WSG Mauritius had promised) from Sony, BCCI was not really concerned with the internal arrangement between the two.

155. The Agreement between BCCI and Sony was in complete notice of the President as also the Secretary of BCCI as also members of the Governing Council of IPL. There was nothing clandestine or secret about the said Agreement. In fact the said Agreement was relied upon in various Court proceedings and affidavits were filed inter alia by the Secretary BCCI in respect of contents thereof. While BCCI knew that WSG Mauritius had passed on its Indian sub-continent rights to Sony for consideration as a part of its usual business practice it was not aware of the consideration amount involved in interse WSG Mauritius - Sony arrangement. Neither BCCI nor I knew or were expected to be privy to the financial arrangement between WSG and Sony which was purely their internal affair.

156. The Show Cause Notice (on the basis of media reports) states that an amount of USD 80 million was paid as facilitation fee by Sony to WSG and that this fact was in my knowledge. This allegation is preposterous as neither this fact was brought to my or BCCI's knowledge by the concerned parties nor were they required to do so. Even I came to know of the quantum of amount only through media reports. While the BCCI knew that WSG is in the business of selling and/or marketing, sports rights and markets them for consideration, the amount of consideration is a confidential information which BCCI did not know. When it ceded its rights in favour of Sony, WSG could have legitimately sought compensation for the same. The BCCI had nothing to do with the said amount. Further considering that the total value of WSG Mauritius deal with Sony was upwards of USD 1 Billion, even on a 59 matches per tournament contract, which would have gained pro-rata in value - number of teams and number of matches would have increased. I would say that there was there was nothing unusual about payment of \$ 80 Million as consideration and the same is as per prevalent media marketing business

norms. The facts now disclosed in media by Sony show that for a 5 year extension under the original deed with WSG on much lesser numbers Sony potentially was paying WSG an amount of US \$ 60 MILLIONS.

157. It is pertinent to point out here Sony has issued a Press Release dated 23<sup>rd</sup> April, 2010 clarifying these facts. BCCI was not really concerned with the *inter-se* arrangement between WSG Mauritius and Sony since it was receiving the same amount from Sony that it was to receive from WSG Mauritius. The press release issued by Sony also makes it apparent that there was an option fee of \$ 25 million along with potential compensatory fee of \$ 35 million payable by Sony to WSG India even under earlier arrangements entered between them in January 2008..

158. I have no interest whatsoever in WSG India or WSG Mauritius or any entity of the WSG Group. WSG is one of the world's largest marketing right agencies. It is jointly owned by the Lagarde of France and Dentsu of Japan. Lagarde is the largest corporate business group in France and has extensive interests, the world

over, in sporting rights. Lagarde SCA had consolidated Net Sales for the year ending 31<sup>st</sup> December, 2009 of 7.892 billion Euros. The Dentsu Group similarly has a very significant presence in Japan. WSG is therefore not some fly by night operator acting as conduit for receiving money as suggested. I, therefore, submit that the entire basis of the allegations in the show cause notice is completely misconceived.

159. The premise that the facilitation fee would have come to the BCCI is entirely misconceived. The facilitation fee that Sony paid WSG Mauritius was for acquiring the rights of WSG Mauritius and as consideration for WSGM giving up its rights in favour of Sony. WSG Mauritius was equally entitled to a sub license the agreement to either SONY as a broadcaster or any other broadcaster and earn the said fee for itself. This amount would never have been paid to the BCCI. The assumption that the facilitation fee has caused a loss to the BCCI is completely erroneous and misconceived. Earlier and even now WSG India markets the ROW rights of IPL the world over. Based on your flawed logic the amounts which broadcasters across the world

pay to WSG India is also then unjustified which BCCI should expect to come to its coffers.

160. I restate that I was unaware of the commercial terms between WSG Mauritius and Sony. In so far as I and the BCCI were concerned, all that was relevant was that the BCCI was receiving, under a substitute arrangement, which had, in the past been put in place by the same parties, an identical sum of money. Any provisions which may have been inserted in the agreement to ensure that the consideration for the exit of WSG Mauritius was protected was pursuant to an arrangement which has been agreed between Sony and WSG Group/ WSG Mauritius and it is they who required that such a clause be introduced in the contractual documentation with the BCCI, so that their arrangement could be effectively implemented.

161. At the meeting of the Working Committee held on 22<sup>nd</sup> March 2009, I informed the members of the relevant facts pertaining to the transactions that had taken place. As of 22<sup>nd</sup> March 2009, I informed the members of the working committee inter alia about the termination of the Sony contract, the execution of a fresh

agreement with WSG Mauritius, the increased revenue that would flow from the revised contract with WSG Mauritius and the fact that Sony had agreed to match the amount which WSG had agreed to pay. At this time, although the fact that Sony had agreed to match the amount which WSG Mauritius had contractually agreed to pay B.C.C.I, was known, the exact structure of the arrangement involving BCCI, Sony and WSG Mauritius, and/or WSG India was not known. This structure and the resultant agreements were worked out between Sony, WSG and their respective legal teams which subsequently resulted into agreements dated 25<sup>th</sup> March 2009. At all relevant times full particulars as were known to me were disclosed to the BCCI.

162. The Sony Agreement was being negotiated by various parties at London, Los Angeles, Singapore and Mumbai. All this while, I was busy in making arrangements for IPL in South Africa. In fact the original contract came from Los Angeles after signatures of Sony's authorized signatory to me around 9<sup>th</sup> April 2009 for my signature. After I signed the said Agreement, the scanned copy of the same was forwarded immediately by me to the President

BCCI, Secretary, Akhila Kaushik (BCCI in house counsel) ,  
Prasanna Kannan (CFO IPL) and Sunder Raman (COO IPL) on  
11<sup>th</sup> April 2009.

163. The details of contract with WSG Mauritius and Sony's matching offer that were in my knowledge were all discussed with the President prior to Working Committee meeting on 22<sup>nd</sup> March 2009 . I and he both agreed that the new contract with Sony can not contain a clause making it non-terminable. The President being an eminent lawyer himself was keeping day to day track of litigation and subsequent settlement with Sony. The physical copy of the contract after having been signed by me in South Africa on 9<sup>th</sup> April, 2009 was scanned and mailed to both the President and the Secretary on 11<sup>th</sup> April 2009 who were all along completely aware of its contents. The Governing Council had ratified the said contract which was also duly considered by the audit committee of BCCI. BCCI had received amounts under the new agreements. In these circumstances how can these stale allegations based on naiveté now being professed by President (who is an eminent lawyer) and Secretary (who is a successful

industrialist) of not understanding contractual provisions be countenanced.

164. I have no knowledge, save from media release by Sony, about the payment of the guarantee of facilitation fee by Sony to WSG Mauritius. The allegation that I had concealed any fact is incorrect. I deny that I unauthorizably placed an obligation on BCCI, to terminate the agreement with Sony in case it failed to make payment or provide a Bank Guarantee in accordance with the terms of the agreement between WSG Mauritius and Sony. I was not aware of the contents of WSG Mauritius and Sony Agreement. Any amount that was paid to WSG Mauritius by Sony was consideration for WSG Mauritius allowing Sony to directly take on Indian Subcontinent License rights rather than as Sub Licensee of WSG Mauritius.

165. I submit that all the developments leading to execution of Sony Agreement and WSG India Agreement on 25.03.2009 were in complete notice of members of the Governing Council. I had been given requisite authority to act by the Governing Council in its meeting dated 5.02.09 and these Agreements were subsequently

approved by the Governing Council of IPL in its meeting dated 11<sup>th</sup> August 2009.

166. I reiterate that my actions are entirely legitimate and any suggestion otherwise is totally misconceived.

167. I deny that the contract dated 15.03.2009 executed with WSG Mauritius was never meant to be implemented. I deny that the WSG Mauritius contract was meant to be a conduit for receipt of facilitation fee. The said allegation is completely absurd. It is clear that the agreement with WSG Mauritius was entered ten days prior to the agreement with Sony. As on 15.3.2009 no fees was agreed to be paid by Sony. It was not known whether Sony would be the broadcaster for Indian sub-continent rights. WSG Mauritius was in negotiation with various broadcasters including ESS and NDTV. It was only after multi-party negotiations that Sony concluded Indian sub-continent agreement. To suggest therefore that WSG was meant to act as conduit for receipt of Sony facilitation fee is completely preposterous. I deny that WSGM was a totally unknown entity. WSG Mauritius is a part of the well known Lagardere group of companies. The credentials

and strength of the WSG Group of companies have been extensively set out in the bid documents submitted by WSG India on 14.01.2008. WSG Mauritius was the entity/vehicle chosen by the WSG Group and it is the credentials of the WSG Group that are relevant. It is denied that WSG Mauritius did not meet the criteria prescribed under clause 2.4 of the ITT. In any event clause 2.4 of the ITT had no application whatsoever to the agreement dated 25.03.2009. Clause 2.4 of the ITT only regulated the bids which were to be received in pursuance of the tender. It could not and did not govern all steps which were to be taken by the BCCI as a result of the termination of any contract executed pursuant to the tender. In any event, the Governing Council of the BCCI has expressly authorized me to negotiate, after taking note of the SONY breach. The reference to clause 2.4 of the ITT is therefore completely misconceived. The allegation that the entire exercise of having WSG Mauritius as a licensee was purely a ruse to bait Sony to match a practically non-existing and bogus bid is completely irresponsible and exhibits complete naivette. Firstly Sony is an experienced broadcaster and would never have paid significantly higher amounts to match a non existent or a bogus

bid. Secondly, WSG itself is a well established entity/ group in the marketing of cricket and television rights and had Sony not concluded an agreement with WSG, WSG Mauritius would have sub licensed the right to a broadcaster of its choice. WSG Mauritius was in fact negotiating with several broadcasters for the purposes of sub licensing of these rights.

168. If there be any hidden suggestion that I was in any manner intending to favour WSG Mauritius, then the same is completely incorrect and misconceived. My conduct through out has shown that I have treated IPL as my baby and have dedicated myself completely to make it the success that it is today. It is the interest of IPL that is uppermost in my mind and for which neither Sony nor WSG matter. In fact in respect of dirty feed violation by ITV which is an international sub-licensee of WSG India, on 26.1.2010 I wrote to BCCI IPL corporate lawyers to take action against WSG and collect all information about their feeds globally and identify the areas where breach of contract can be found in respect of WSG operations. I had also instructed BCCI IPL lawyers to seek information from WSG and if the WSG response was not clear

and there was breach of agreement to issue termination notice or ask WSG to terminate ITV.

169. The contention that I should have gone for a fresh tender on the termination of WSG Contract instead of negotiating with parties, reveals a complete lack of understanding of the realities then prevailing and is entirely misconceived for several reasons. Firstly, had there been the slightest delay in creating third party rights, Sony would have obtained a restraint against the BCCI. That this apprehension was not a fanciful apprehension is clear from the fact that the very next morning SONY moved the court on a Sunday and obtained an injunction restraining BCCI from creating third party rights. It is only because, in the meantime, third party rights had been created in favour of WSG Mauritius that the court did not extend or continue the interim order. Secondly, the allegation in the show cause notice completely ignores the delay that would have been occasioned by floating a tender and inviting bids for the exploitation of rights in question. At the relevant point of time the BCCI/IPL did not have the luxury of time to float a tender. The IPL tournament was just around the corner and the tournament would have ended with

no exploitation of rights, had the procedure of floating a tender, inviting bids, examining the bids, selecting the bidder and executing the contract, been followed. Thirdly wide authority had been granted by the Governing Council to me vide its resolution dated 5.2.2009 to take necessary action against MSM and try and sort out the same and if no solution is found to my satisfaction I was authorized to find an alternate solution. In finding a solution, I was authorized to finalise amounts adding a 5 minute break after every 10 overs and negotiate financial revenue for the same to IPL.

170. The allegations in the show cause notice about the execution of letters of extension dated 17.03.2009 and 20.03.2009 are completely misconceived and reveal a total ignorance of the true and correct facts. It is because of the execution of the letters of extension that the rights and interest of BCCI were protected and BCCI was able to obtain a significantly higher amount of revenue for the reasons set out hereafter. Firstly, when I executed the extension letters dated 17.03.2009 and 20.03.2009 I had no idea nor could have been expected to have any idea about the fact that

two days later WSG and Sony would arrive at definite agreement. Secondly, the facts set out above clearly indicate that the court did not continue the injunction that it had granted on Sunday the 15.03.2009, because of third party rights having been created. Had no extension being granted on 17.03.2009 and 20.03.2009 to WSG Mauritius, the inevitable consequence thereof would have been that the agreement with WSG Mauritius would have lapsed and the BCCI would have been exposed to a real likelihood of an injunction being granted by the court. It is the execution of the extension letters, which protected BCCI from suffering an injunction. Thirdly, the extension letters which I signed were on the instructions of the BCCI Lawyer Akhila Kaushik to BCCI/IPL Corporate Layers, who was overseeing the litigation before the Bombay High Court. Akhila Kaushik, in fact, advised me to execute a further extension letter on 24.03.2009 extending the period for WSG Mauritius to find a sub license up to 26.03.2009, having regard to the litigation pending in court. It is common knowledge that Akhila Kaushik directly reports to the BCCI President Shashank Manohar and I am therefore at a loss as to

how I am being faulted for having followed the advise of the BCCI lawyer who was over seeing the case.

171. The allegation that if the extension letter was in place on 22<sup>nd</sup> March 2009 or earlier, there was no reason to inform the BCCI members that Sony had already matched the WSG Mauritius deal and won back the Indian Sub Continent rights makes no sense whatsoever. The extension letter was issued on 20.03.2009 and was valid till 24.03.2009. Sony had agreed to match the WSG Mauritius offer on 22<sup>nd</sup> March 2009, which fact was duly brought to the notice of the working committee. The allegation that the extension letter dated 20<sup>th</sup> March, 2009 recognized that the efforts were being made to convince SONY to take up the contract as Sub License, is also erroneous. The extension letters dated 17.03.2009 and 20.03.2009 were executed to facilitate WSG Mauritius to enter into a sub license agreement with a broadcaster, as required under the agreement executed by WSG Mauritius with BCCI. This broadcaster was not necessarily Sony. In fact, WSG Mauritius was negotiating with several broadcaster as stated above including NDTV/ESS.

172. The allegation that fair and transparent procedure was not followed or there was a bogus licensee with a non-existent bid makes no sense at all. The fact that the agreement finally executed with Sony is now being described as an agreement with a defaulting licensee who has already suffered a termination is totally frivolous. I may invite your attention to the fact that on the 25.03.2009, you and several other members of the Governing Council upon being informed of the successful execution of the agreement with Sony, had congratulated me for a job well done.

173. I deny that the contract executed with WSG Mauritius was not worth the paper it was written on. WSG Mauritius belongs to the internationally well-known WSG Group which enjoys high standing in the market, the world over and with whom BCCI has dealt with regularly in the past. I reiterate that WSG is partly held by the largest French Company, Lagardere and Dentsu of Japan. WSG Mauritius was the entity chosen by the WSG Group for the purposes of implementing this contract. The suggestion that I should have been fully aware of the negotiations between

Sony and WSG since I knew of the matching bid by Sony three days before the surrender of rights by WSG Mauritius, is once again completely misconceived and has no sequiter. I was told that Sony had agreed to match the bid of WSG Mauritius which I promptly disclosed in the working committee meeting of BCCI held on 22.3.2009. This would ensure that BCCI would suffer no loss. The fact that Sony and WSG post 22<sup>nd</sup> March 2009 took three days to finalize the structure that would be arrived at and prepare documents recording this arrangement, is normal while drafting and negotiating contracts with lawyers / parties working and co-ordinating with each other in different parts of world.

174. The allegation that the sum of US\$ 80 million (which is alleged to be the facilitation fee) was the "good and valuable consideration" stated in the mutually agreed termination dated 15.03.2009, is not only false but mischievous and misleading. The "good and valuable consideration" referred to in the agreed termination agreement dated 15.03.2009 was not the alleged facilitation fee of US\$ 80 million. It was the fact that BCCI had entered into Indian sub-continent agreement with WSG Mauritius for year 2-10. Thus

it became necessary to terminate WSG India agreement as rights for Indian sub-continent for year 6-10 were held by it. The negotiations between WSG Mauritius and Sony have all materialized much later. Had there been no termination of the rights of WSGI, no broadcaster would have bid only for the window period 2009-2012 and this would have exposed BCCI to threats by Sony which had an option to renew its rights for five years under the WSGI agreement. In fact such termination was wholly to BCCI's advantage.

175. I deny that BCCI has lost any amount by my actions on the contrary BCCI as stated hereinabove has gained unprecedentedly and substantially by reason of the termination of the Sony agreement on 15<sup>th</sup> March 2009 and the execution of the WSG (Mauritius) agreement and all subsequent actions. Hence it is submitted that all your allegations of my actions causing financial loss or any other harm to B.C.C.I as alleged or at all are wrong.

#### **INTERNET RIGHTS**

175. The allegations regarding Internet Rights as sought to be leveled by you are inherently improbable and completely absurd. The issues sought to be raised by you are replied as under.

176. It is admitted that Live Current Media ("LCM") was granted rights for development and operation of web portals of BCCI and IPL. For this purpose Live Current Media had executed two MOUs on 16.04.2008 with BCCI, namely:

(a) A contract in respect of IPL website, [www.iplt20.com](http://www.iplt20.com); which was awarded for a 10 year term with a minimum guarantee of US\$ 20 million or 50% revenue share whichever is higher.

(b) A contract in respect of BCCI website [www.BCCI.tv](http://www.BCCI.tv) which was also for a term of 10 years with a minimum guarantee of US\$ 30 million or 50% revenue share whichever is higher.

177. The contracted period and the contracted consideration both had been approved by the Working Committee of the BCCI in its meeting held on 25.03.2008. Subsequently, the contracts prior to their execution were placed before the Governing Council of IPL and in the Minutes of GC-IPL on 03.04.2008 there was a specific confirmation of ratification of Web Portal Agreement for BCCI and IPL valued at USD \$ 50 million as minimum guarantee spread over 10 years or 50% share of revenue, whichever was greater. This report was also placed before the Special General

Meeting of BCCI held on 17.4.2008 at Bangalore and the same was adopted including specific reference to the Web Portal Agreements having minimum value of \$ 50 million for 10 years. The contracts were signed by me after having taken approval of the then President in this regard.

177. The said agreements were also publicly and widely covered in the Media.

A joint press release was issued on April 17<sup>th</sup> with LCM. See:-

[http://www.businesswire.com/portal/site/home/permalink/?ndmViewId=news\\_view&newsId=20080417005634&newsLang=en](http://www.businesswire.com/portal/site/home/permalink/?ndmViewId=news_view&newsId=20080417005634&newsLang=en)

178. The award of the contracts to LCM was detailed at the time in the press. See:-

<http://www.sportsbusiness.com/news/166652/live-current-media-wins-bcci-and-ipl-website-rights>

<http://venturebeat.com/2008/04/17/live-current-media-bowls-for-indian-cricket-fans-on-the-web/>

<http://www.indiantelevision.com/headlines/y2k8/apr/apr235.php>

179. You yourself being the then Treasurer were completely aware of all these developments fully therefore your insinuation at this stage that original ITT was for 5 years whereas the contract with LCM was made for a period of 10 years is completely misconceived because the contracted value as well as the contracted period were approved prior to signing of the agreement by the Working Committee of BCCI as well as by General Council of the IPL and the same was also approved by the Special General Body of the BCCI. Further all these facts have through-out been in public domain. Thus, at all relevant times the members of the Board / GC -IPL were not only in full knowledge of these contracts but had also granted due approval to them.

180. BCCI had always found it difficult to obtain desired price for grant of web portal rights. Initially BCCI had entered into an MOU with The Cricket Network Pty Ltd. ("TCN") on 10.04.2006 for grant of web portal rights for a period of 10 years (with an

option to extend to further 10 years). However this MOU was on a cost plus revenue sharing basis. There were no fixed monetary numbers coming in for BCCI in the TCN MOU. Since BCCI was not satisfied with the MOU with TCN around July- August 2006 it appointed Accenture India Pvt. Ltd. to, interalia, shortlist potential parties, evaluate RFPs and assist in contract finalisation for web portals. Accenture and the lawyers of BCCI thereafter prepared ITT document for an initial tender of four years. The Tender Notice was thereafter issued by the then Secretary Mr. Niranjan Shah requiring bids to be submitted latest by 17<sup>th</sup> December 2007. However, the response to the said tender was lukewarm. The BCCI, thereafter, extended the date till 24<sup>th</sup> January 2007. Initially, the IPL activities were kept out of the ambit of BCCI web portal. However, post 17<sup>th</sup> December 2007, a consensus emerged that rights can be better leveraged if same vendor works for both BCCI and IPL portals. Meanwhile, the bids which had arrived in pursuance of BCCI tender were all non-confirming bids. The best bid was by TCN backed by a \$1.3 million guarantee security and they were asking for a 10 year term with remaining guaranteed amount payable per annum to

be negotiated but giving no fixed numbers. Thereafter, BCCI started negotiating with the bidders including TCN for upping their offer and also started negotiating with other probable parties. The facts pertaining to TCN negotiations are set out in their mail dated 28 January 2008. On 29<sup>th</sup> February 2008 while I was in London, I informed the then President, Mr. Sharad Pawar, on phone about the negotiations going on with cricket.com regarding web portal rights. On 1<sup>st</sup> March 2008, cricket.com (that is LCM, the then owner of cricket.com) regarding web portal rights. On 1<sup>st</sup> March 2008, cricket.com agreed for a deal of \$50 million for 10 years and 50:50 revenue share for both IPL and BCCI. Upon this, I, immediately through email, got the monetary numbers from Mr. Sundar Raman, CEO-IPL which BCCI was getting from other parties. By then the other offers through negotiations were in the range of \$ 1 - 1.5 million per annum with revenue shares of 50 to 66%. The deal being negotiated was thus highly favourable to BCCI. The web portals were required to be launched expeditiously considering start of IPL-1. After receiving concurrence of then President, the drafts MOU were prepared by BCCI-IPL lawyers alongwith LCM lawyers. Those draft MOUs

were sent, inter alia, to Mr. Sharad Pawar, the then president, Mr. I.S. Bindra and Accenture Team. On March 21, 2008 I had informed all the office bearers of BCCI and members of GC - IPL about the deal and had received messages of congratulations on the same from them. On March 25<sup>th</sup>, 2008, the basic term sheet of the agreement proposed to be entered with LCM was presented to the Working Committee which approved the same. The news of BCCI striking deal for \$50 million for web portals also appeared in media and was available on internet. Upon this, TCN, which had been negotiating with BCCI, wrote an email dated 26 March 2008 to me protesting on the said MOU. I confirmed on 27<sup>th</sup> March 2008 that BCCI had gone ahead with the deal, as, despite the first preference granted to TCN, they were not ready to give more than a million odd dollars per year on best efforts. The executed contracts with LCM thus achieved favourable terms for the BCCI/IPL.

182. You have insinuated that the MOU with LCM dealt with rights already committed to Nimbus. The said insinuation is not only stale as evident from subsequent developments but is completely misconceived. The LCM contracts were not drafted by me but by

BCCI lawyers in consultation with Accenture team and it was their duty to check the documentation part of contract and also whether or not Live Current Media Contracts encroached upon any field covered by Nimbus BCCI Agreement. On a perusal of the documents supplied by you I find that the LCM MOU dated 16.04.2008 in Clause 3.2 stated that LCM shall be entitled to all online BCCI content not currently committed in existing contracts entered into BCCI contracts. Further on perusal of documents supplied by you I find that Nimbus had raised its first objection vide letter dated 6.12.2007 regarding the ITT issued by Mr. Niranjan Shah, the then Honorary secretary. However, it appears that BCCI at that point of time, even after the Nimbus objections, did not deem it fit to amend / modify the ITT. Obviously, the legal team of BCCI appears to have been of the opinion that rights of Nimbus under their agreement did not extend to rights in ITT for BCCI portal. The rights granted to LCM in the MOU dated 16.04.2008 were more or less on similar basis as the rights envisaged to be granted in the ITT and the objections raised by Nimbus vide emails dated 9<sup>th</sup> and 10<sup>th</sup> October 2008 were also of similar nature as raised earlier. It is pertinent to point out that

Live Current Media **was not** given the right to broadcast coverage of India games live over internet. In fact clause 3.2(vi) referred to footage not used in the World Feed and granted Live Current Media internet usage on a delayed, and not live, basis.

183. However, rather than joining issues with Nimbus and take the matter to arbitration, it was advised by the BCCI lawyers that the ambiguities in Live Current Media MOU, which may possibly result into slight and inadvertent overlap in the Nimbus right may be avoided. Following negotiations, Live Current Media agreed to adjust their rights, to avoid possible overlap with Nimbus rights, if any, if the minimum guarantee under the Live Current Media contract for BCCI portal would be reduced by \$1.25 million (out of the \$30 million in the contract). This was approved by you as Secretary of the Board on the sidelines of the IPL franchisee conference held on 17.11.2008 in Bangkok. In fact, pursuant to the said meeting with you, Akhila Kaushik, the BCCI Lawyer sent a mail to me with copy marked to the President recording therein that she was forwarding an addendum to the BCCI Website agreement with Live Current Media as discussed

in Bangkok for my approval and that she had already sent a copy of the same to the Secretary (that is you).

184. However, BCCI subsequently felt that commercialization of its website was not going well with its image as a non-profit supervisory body and it was felt that BCCI Official Website would be better operated by the BCCI as an information portal without commercial advertisements. In these circumstances BCCI asked LCM to return the rights and licence granted for BCCI website under MOU dated 16.4.2008. LCM vide its letter dated 15<sup>th</sup> March 2009 agreed to handback to BCCI the portal, while noting that they were doing so on account of BCCI's desire though the BCCI portal was an important part of their overall strategy. LCM also requested in the said letter that as a consideration for handing back the BCCI website they would request BCCI to agree to transfer of their IPL Agreement to another company, GCV Mauritius.

185. In these circumstances, while reworking their rights Live Current Media came with a proposal of Novation Agreement, contemplating therein transfer of their rights to Global Cricket Ventures PTE Ltd. (GCVS). On 31<sup>st</sup> March 2009 the IPL contract

was novated in favour of GCV Singapore. Pursuant to and in line with the earlier request of LCM, it was included in the Novation Agreement at the behest of LCM-GCVS that contract could be assigned to a Mauritius entity. The salient features of the Novation Agreement were:

1. *From the date of Novation BCCI IPL released and discharged Live Current Media from original agreement and all its claims and demands including minimum annual fee due on October 01, 2008 and January 01, 2008 and accepted the liability of GCVS under the original agreement in lieu of liability of LCM which in turn agreed itself to be bound by original agreement.*
2. *GCV agreed to pay not only the sum due under the LCM-IPL MOU but also agreed to pay BCCI-IPL the sum of \$ 750000 owing from Live Current Media to BCCI in respect of BCCI Official Website.*
3. *The BCCI Live Current Media agreement was mutually terminated simultaneously with signing on the Novation Agreement.*

4     *The agreement contained clause 4.12 with provision of assignment by GCVS, on giving prior written notice to BCCI-IPL to the Global Cricket Ventures Company that is to be incorporated under the laws of Mauritius.*

186. The LCM-BCCI agreement was terminated on the same day wherein it was noted that BCCI wished to take back control of the BCCI Website and that LCM would be released of its liabilities therein conditional upon payment of US\$ 750,000 due from Live Current Media which shall be paid by GSVS under the Novation Agreement.

187. The aforesaid Novation Agreement and Termination Agreement were expressly ratified by the Governing Council of IPL in its meeting dated 11.08.2009 and by the Finance Committee of BCCI in its meeting dated 12.08.2009 respectively.

188. Live Current Media had also publicly filed these documents in early April as required by their regulatory reporting requirements. See:-

[http://www.sec.gov/Archives/edgar/data/1108630/000101968709001258/livecurrent\\_8k-ex1003.htm](http://www.sec.gov/Archives/edgar/data/1108630/000101968709001258/livecurrent_8k-ex1003.htm)

[http://www.sec.gov/archives/edgar/data/1108630/000101968709001258/livecurrent\\_8k-ex1004.htm](http://www.sec.gov/archives/edgar/data/1108630/000101968709001258/livecurrent_8k-ex1004.htm).

189. The aforesaid facts clearly bely your assertion that on account of the objection raised by Nimbus the contract was not performed by BCCI or amounts due to BCCI were not paid. In fact, BCCI itself felt that the website should be operated in a less commercial manner. Your assertions, therefore, are clearly a case of deliberately misrepresenting facts. That on 14<sup>th</sup> July 2009 GCVS addressed a letter to BCCI that pursuant to the Novation Agreement dated 31.03.2009, they would assign the burden and benefit of the Novation Agreement to Global Cricket Ventures Limited, which as per the Novation Agreement dated 31.03.2009, was to be the Mauritius entity. This was in line with what was agreed in the Novation Agreement. As indicated in the assignment letter, GCVS provided the BCCI with the assignment agreement and also filed the full agreement publicly. See:-

<http://yahoo.brand.edgar-online.com/displayfilinginfo.aspx?FilingID=6780735-12596-19592&type=sect&TabIndex=2&companyid=74105&ppu=%252fdefault.aspx%253fcik%253D1108630>.

190. It is pertinent to point out that though this assignment was in knowledge not only of the Board but was also in public domain however no objection or cavil was ever raised at any given point of time by BCCI to the said assignment taking place to the Mauritius entity. In fact there was nothing unusual in the request of GCV Singapore seeking to assign its rights to GCV Mauritius. Even under the earlier MOU with TCN, TCN had insisted on entering into final agreement through Mauritius route from the tax angle and it was recommended to us by BCCI lawyers ALMT that BCCI can allow sub-license of the agreement to a Mauritius entity. Further to the assignment, GCV Mauritius made payments to the BCCI to the tune of US\$ 2.25 mn to cover the payments that were owed by LCM and agreed to take on the liability of the contract for the next 8 years which added up to a total consideration of US\$ 18.5 mn. As a result of the same, BCCI was made good on the full US\$ 20mn that they had originally negotiated with LCM for the rights to manage their official website IPLT20.com. Further the \$750,000 that had been owing under the BCCI portal agreement was also paid. The factum of such payments is also well documented in various emails

between the Global Cricket Ventures Mauritius and Mr. Prasanna Kanan who is CFO of IPL. Mr. Prasanna Kanan confirmed that the outstanding amount of USD 2.25 mn was transferred by 20<sup>th</sup> August, 2009 to BCCI Bank Accounts by GCVM.

191. All these circumstances make it completely evident and show that everything was to Board's / Governing Council's complete approval and accord and there was nothing amiss in LCM contracts and subsequent novation to GCVS and further assignment to GCVM. The convoluted manner in which these facts have been set out in the show cause notice is by itself sufficient to indicate your malice and the deliberate and unfair attempt on your part to create allegations where non exist.

192. At the outset I may point out that I have nothing to do with nor am in any manner privy to Elephant Capital investing in GCVM. It is well known that Mr. Gaurav Burman is my step son -in-law. Though it is correct that he is the Managing Partner of Elephant Capital Plc. which is a private equity business listed on AIM (The Alternative Investment Market) of the London Stock Exchange. However, it is important to note that he is an employee of the fund and not an investor in the said fund. Neither Mr. Gaurav

Burman, nor any member of the Burman family are or ever have been shareholders in Elephant Capital. Elephant Capital's shareholders comprise institutional investors from the UK, US and Europe.

193. On 19<sup>th</sup> November 2009, Elephant Capital publicly announced to the UK markets that it had made an investment in GCV Mauritius of US\$ 10m for a 50% stake however this does not mean or imply that my son in law has a "direct" or "controlling" interest in GCV Mauritius. Your allegation that I did not inform the members of the Governing Council of IPL or the Working Committee of BCCI of the alleged direct interest of my son in law in the GCV Mauritius is thus thoroughly misconceived.

194. Please note that Elephant Capital did not invest in GCV Mauritius until November 2009 which is after GCV Mauritius had already been assigned the web portal rights in question. Further merely by being Managing Partner in the said fund my son in law does not have direct interest in GCV Mauritius. I have nothing to do with investments of Elephant Capital. I am sure that in line with AIM regulations, Elephant Capital's disclosures regarding investments are all matters in public domain.

195. In regard to Elephant Capital's investment in GCVM a press release was issued soon after the investment and Mr. Gaurav Burman was the person quoted in the release. See:-

<http://www.bloomberg.com/apps/news?pid=conewsstory&tkr=PTHI%3ALN&sid=a8e6KgyS1878>

196. Please also note that I have no interest in GCV Mauritius as also Elephant Capital in any capacity.

197. Thus in the aforesaid circumstances no specific disclosure was required to be made by me to the Governing Council/ Working Committee.

198. Further the factum of M/s. Elephant Capital investing in GCVM and Mr. Gaurav Burman being Managing Partner of M/s. Elephant Capital also appear to be well publicized and in public domain. Elephant Capital's financial results, information on its portfolio companies, directors and shareholders, together with all regulatory announcements are all publicly available on its website [www.elephantcapital.com](http://www.elephantcapital.com).

199. Your allegation that the clause in the novation agreement permitting GCVS to assign its rights to GCV Mauritius was

allowed to favour my step son in law is completely absurd. My step son in law has no stake much less "controlling interest" in Elephant Capital. Further the Novation Agreement was entered on 31.03.2009 and web portal rights in pursuance thereof were assigned to GCV Mauritius and intimated to BCCI on 14.07.2009 and full payment of due amount to BCCI had been paid by them on 20.08.2009, while investment of Elephant Capital took place on or around 19.11.2009. It is therefore incorrect to conjecture that these rights were allowed to be assigned to GCV Mauritius on the basis of a connection between myself and Mr.Gaurav Burman, as the rights were assembled in GCV Mauritius prior to Elephant Capital's investment.

200. The clause of assignment was included in the Novation Agreement dated 31.03.2009 at the request / insistence of LCM/GCVS and had nothing to do with either Mr. Gaurav Burman or M/s Elephant Capital who were not at all in picture then.

#### **ALLEGATIONS PERTAINING TO TWITTER**

201. I deny that most of the documents pertaining to the allegations made in the Show Cause Notice or otherwise were not available with the BCCI or kept with me or at the Four Seasons Hotel. All original documents which were in my custody have been duly handed over to the BCCI. The e mail sent by RSW Sports is extremely important since it establishes that the allegations in the subsequent e mail are a clear after thought, fictitiously conjured so as to settle scores on account of the fact that Mr. Shashi Tharoor had to ultimately step down as Minister of State for External Affairs. It is significant to note that the only allegation made in the e mail dated 11<sup>th</sup> April, 2010, which was sent after the agreement with the Kochi franchise was executed was one of breach of confidentiality. The allegations made in the subsequent e mail dated 14<sup>th</sup> April 2010 were not made even though these pertained to events prior to 11<sup>th</sup> April, 2010. I deny that there was any serious breach of any confidentiality clause in disclosing the names of the share holders of the Kochi franchise. I have even prior thereto been arguing the cause that it is in the interest of the BCCI ; the IPL movement ; and the game of cricket that there be full transparency on the ownership structure and the names of

the shareholders in all teams be disclosed. If the BCCI was extremely concerned about the need for keeping matters confidential, I would have appreciated had this been done even with me. Unfortunately, this was not done. Several persons within the BCCI who had a vested interest continued to make selective, one sided misleading leaks in the media. As a result thereof I had to face a trial by the media. To protect my interest and to clear my name, I clarified the correct position. I fail to see how this can be termed as having brought the BCCI and the game of cricket into disrepute. The continued vilification of the Chairman of the IPL and his not even responding thereto, would have caused greater damage to the reputation of the BCCI and the game of cricket.

202. I deny that I leaked my e mail to the President to the media. The said e mail was addressed to a large number of persons. I am therefore anxious to note how you have deduced that I (and no one else) leaked it. Was I responsible for all the leaks which portrayed me in bad light. I am appalled by the double standards. When vested interests inside and outside the BCCI leaked falsehood about me, I was expected to turn a blind eye to this; not

clarify matters to the press (even when they asked for my side of the story - so that my lack of response would be projected as an admission of wrong doing) and only internally take it up with the BCCI, whilst my reputation continued to get tarred. On the other hand when anything adverse about the President or you came into the media - I am being blamed for the leak and a Show Cause Notice comes to be issued to me.

203. I also deny that I leaked the trail of communications between me and the President. I reiterate what is said in the previous paragraphs about the allegations against me of leaking. I deny that I avoided convening an emergent Governing Council meeting. I reiterate my objections to the Secretary convening the meeting. It is significant to note that I had in fact addressed a communication dated 25<sup>th</sup> April, 2010 stating that the at the said Meeting scheduled on 26<sup>th</sup> April, 2010 all the complaints would be considered. The fear that the allegations against yourself would be taken up and discussed at the said meeting, led to the decision to suspend me before the meeting, so that this discussion was avoided.

204. In the premises aforesaid, I submit that there is no merit whatsoever in the allegations against me in the Show Cause Notice. I submit whilst considering my Reply, the requests contained in the application which I shall be separately submitting (requesting that you not be associated with this matter any further and the President and the members of the Governing Council may consider recusing themselves) be considered.