

# THE BOARD OF CONTROL FOR CRICKET IN INDIA



Honorary Secretary's Office  
The Tamil Nadu Cricket Association  
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**N. Srinivasan**  
(HONORARY SECRETARY)

*Honorary Secretary's Office*

May 31, 2010

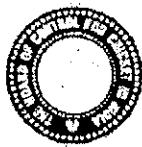
Mr. Lalit K Modi  
Mumbai

## Show Cause Notice

A show cause notice was issued on 26<sup>th</sup> April 2010 to which you have presented a reply without signature under cover of a letter dated 15<sup>th</sup> May 2010 along with documents. You have also been issued another show cause notice on 6<sup>th</sup> May 2010 in respect of complaint received from Mr. Giles Clarke, Chairman of the ECB for which we await your reply. Meanwhile, on a close perusal of certain documents found in the compilation of papers submitted by you to the office of the BCCI and upon verification of certain facts, it has come to our notice that in two instances of appointing marketing agents for BCCI properties there are prima facie, certain irregularities. These irregularities prima facie constitute misconduct on your part endangering the interest of the Board. Both these instances are enumerated below:

- A) **Theatrical Rights:** In a meeting of the IPL Governing Council, held on 17<sup>th</sup> December 2009, you have announced that you have received two bids for award of theatrical rights, one from Entertainment &

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Sports Direct, Mauritius (ESD for short) and the other from Triplecom Media Pvt. Ltd. You informed the members that the bid submitted by ESD was more attractive and it was therefore approved by the Governing Council the same day. ESD had as its technology partner, the Valuable Media Limited whereas Triplecom, as per the bid document had UFO Movies India Ltd. as its technology partner. Thus both bidders were only marketing agents.

An agreement has been signed on 17.01.2010 by you assigning the theatrical rights for a period of 10 years to ESD for US\$ 41.4 Million receivable over the tenure of the agreement. As per clause 12 of the agreement, assignment of the rights would not be possible without prior consent of the BCCI. Within a few days of the agreement, an e-mail is received by you on 2<sup>nd</sup> February from ESD claiming that "For reasons of operational efficiency and availability of ground level pervasive technology", it was more prudent if the rights were assigned to an Indian entity namely Crown Infotainment Pvt. Ltd., which in turn proposed to enter into a technology arrangement with UFO Moviez India Ltd. and Valuable Media Ltd. No other reasons were given for seeking the permission for assignment and in particular, there was not even a mention why the successful bidder changed its mind within 15 days of the award of the contract. The bid had been made on the basis of a technology partnership arrangement with the Valuable

A handwritten signature in black ink, appearing to be the initials 'S' and 'S'.

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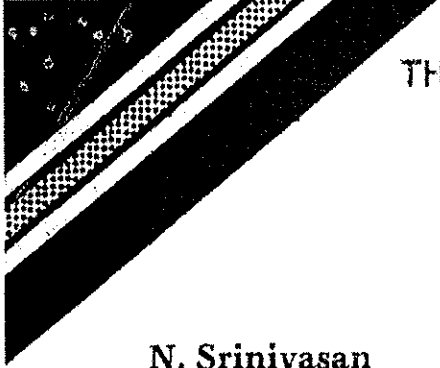
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Group. While so, it is absurd to any reasonable person that ESD could claim that some other entity proposed to enter into a technology partnership with the same Valuable Group and hence assignment should be permitted. Notwithstanding this apparently absurd request, you have on the same day accorded permission purportedly on behalf of BCCI to ESD by a letter dated 2<sup>nd</sup> February 2010 stating "Considering the reasons explained in your request letter, consent is hereby granted for you to assign the Theatrical Rights for India to Crown Infotainment Pvt. Ltd. for IPL Seasons 2010 through 2019 for distribution,..."

Trade enquiries reveal that there is only one entity in India which possesses the technology and resources to down link live feed and transmit across the country in more than 500 theatres / screens as per the tender conditions. These tender conditions were obviously framed by you to suit the only contender. You have placed the ITT for these rights before the IPL Governing Council held on 11<sup>th</sup> August 2009 and got the approval without disclosing the fact that there was only one entity which met the eligibility criteria. This entity is known as the "Valuable Group". UFO Movies India Ltd., is part of the Valuable Group. It is no coincidence that both bidders chose the Valuable Group of companies to partner them for technology and resources. It also turns out that Crown Infotainment Pvt. Ltd. is part of the Valuable



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Group. Thus the theatrical rights have ultimately gone to the only contender who could have met the eligibility criteria as per the tender conditions.

There is no justification for awarding the tender to one of two bidders who both have no capability to work the rights, but for their tie up with the same partner. More so, there is absolutely no reason why you have granted permission purportedly on behalf of the BCCI to ESD assigning the rights to Crown Infotainment Pvt. Ltd. which is nothing but the technology partner himself. You have not informed the IPL Governing Council of any request made by ESD for such assignment and you had no business to issue permission for such assignment without taking the approval of the IPL Governing Council. No one in the BCCI including the members of the Governing Council knew that you had granted such permission for assignment. By these acts, you have already ensured the theatrical rights go to the Valuable Group and none else. You have clearly rigged the bidding process in connivance with the bidders and you thereby appeared to have favoured the tender on a single entity wearing different masks. You appear to have thereby prevented a free, fair and transparent tender process from taking place.

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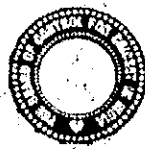
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**B) FCT of 150 Second per match of BCCI in IPL matches:** In the second season of IPL, as per the Media Rights agreement with MSM Satellite (Singapore) Pte. Ltd, (MSM for short) it was the licensee's obligation to promote the IPL, its Franchisees, the website etc. for 150 seconds per match provided the licensee is able to show 2600 seconds of ad time per match. In the Meeting of the IPL Governing Council held on 7<sup>th</sup> March 2010, you have informed the members that commercialization of 150 seconds can be taken over by IPL and a revenue of Rs. 30 Crores can be earned by this per year. The Governing Council authorized you to find partners on a non exclusive basis to exploit this right.

The BCCI has now learnt that there is no agreement with MSM by which BCCI took back the 150 seconds of FCT from MSM but it was understood by both MSM executives and yourself that MSM need not promote the IPL, its Franchisees or the Website any more. Be that as it may, it now appears that one M/s. Pioneer Digadsys had taken the right to exploit these 150 seconds FCT per match on commission basis for IPL Season 3. On further inquiry, we have noticed that there is no agreement in writing with the said company nor is there any exchange of communications to formalize such an arrangement. Notwithstanding the absence of any type of guarantee for performance, you have unilaterally entrusted the FCT of 150 seconds

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per match for all 60 games during IPL Season 3 to Pioneer Digadsys. The very object of giving you authority to identify and sign up partners on a non exclusive basis was lost by selecting one entity with whom the BCCI has never dealt with in the past. There were several marketing agencies including Group M with whom the BCCI blocks FCT for promoting the IPL which costs several crores of Rupees. Instead of trying to identify the agencies with a clean record and have a binding arrangement in writing with such agencies, you have simply authorized an unknown entity to deal with the BCCI-IPL property. The net result is that not a single rupee has been collected till date, though the tournament has come to an end on 25<sup>th</sup> April, 2010. The papers concerning this transaction available with the IPL show that ad rates have been fixed without any comparable basis in many instances. Worse still, more competitive rates offered have been rejected. For example, IMG have offered Rs. 7.5 lakhs per ten seconds for league matches and Rs. 8 lakhs per ten seconds for play-off games as per the e-mail received from Tanveer Uberoi from IMG on behalf of their client PARLE. However, the average realization by Pioneer Digadsys is found to be in the range of Rs. 4.5 to Rs. 5 lakhs for league matches and Rs. 8 lakhs for the play-offs. There are no release orders issued for this client PARLE by Pioneer Digadsys and obviously this offer made by IMG was spurned.

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The net revenue due to BCCI in any case does not appear to reach even Rs. 24 Crores if collected in full whereas you have announced that the sum of Rs. 30 Crores per year would be collected. The total available FCT for all 60 games works out to 9000 seconds. Pioneer Digadsys has marketed only 5760 seconds out of which 5285 seconds were shown on TV as per records made available to us. If the mandate of the Governing Council had been implemented correctly, there would have been binding contracts with more than one reputed agency to ensure exploitation of entire FCT of 9000 seconds resulting in revenues exceeding Rs. 40 Crores. Presently, the BCCI has not received any payments on this count. It is not known on what terms you have agreed purportedly on behalf of BCCI with Pioneer Digadsys for marketing the FCT. The BCCI/IPL are at a disadvantage when it comes to verifying the accounts and settling such issues as agency commission with Pioneer Digadsys in the absence of any documented information.

It is also significant to note that one Mr. Kunal Dasgupta is the promoter Director of Pioneer Digadsys. This is the same person who was the CEO of MSM prior to termination of the media rights for Indian Subcontinent by you on 15<sup>th</sup> March 2009. Having been exposed to the various acts of default committed by MSM during the tenure of Mr. Kunal Dasgupta as the CEO of MSM, you chose to deal with him for

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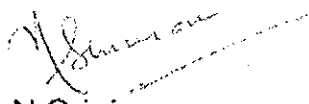
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sale of a BCCI property once again even without a contract in writing.

By the above acts, you have exposed the BCCI to the heavy risk of severe losses. You have acted without authority in selecting a single party as marketing agent even without a contract in writing contrary to the mandate given by the Governing Council. You have also ignored better offers and thereby caused loss to the BCCI.

The above acts and misdeeds which appear to have been committed by you during your tenure as the Chairman of the IPL Governing Council are detrimental to the interests of BCCI. These acts and misdeeds appear to be a clear case of misconduct and abuse of position bordering on criminality and hence, this show cause notice is issued to you in consultation with the President, BCCI calling upon you to explain your position with respect to the instances A and B enumerated above within 15 days of receipt of this notice failing which, it would be deemed that you have no explanation to offer and proceedings will be taken in accordance with the regulation 32 (iv) of the BCCI rules and regulations.

  
N Srinivasan  
Hon. Secretary