

Disclosure Disclaimer / Clarification/ Refutation of Allegations

Every few years, either during elections or when I advocate a cause that goes against some vested interests and steps on some toes, I get attacked (eg. when I successfully pushed for doing away with subsidies for the Parliament Canteen). Usually, these consist of recycled allegations that have been refuted many times before. Nevertheless, online trolls apart, there are many decent people who may not be aware of earlier refutations and thus legitimately have questions. For many years now, I have summarised the clarifications/refutations and put them up here on my website, to which all genuine questioners can be referred.

New Allegation:

Money Laundering Allegation:

The Indian Express has published a story about an unnamed complainant's allegations of money laundering against one of the company connected to my family. Prior to publishing this report the IE, had contacted me for comments to which I replied the following -:

- Strongly deny allegations of wrongdoing
- Family companies have 60+ years track record of business, creating thousands of jobs, and have made large numbers of global transactions, including making and receiving investments and loans
- Some transactions made profits, others made losses, that is the nature of business
- All transactions were made through official channels, with proper approvals from the authorities

This was my detailed response to the IE.

"I am shocked and dismayed at the allegations against my family and me that you have mentioned in your email, but no longer surprised. Though you have not indicated who has made these allegations, it has become a ritual for many years now that, just before every election cycle, or when I have taken a particular stand that goes against certain vested interests, such allegations are routinely brought against me. For years, I have refuted all such earlier attempts to malign my reputation, through a comprehensive disclaimer posted on my website.

In this instance, too, I strongly deny the allegations. I come from a business family that has a 60 year track record of building and operating private and public companies that have employed many thousands in India and have

legitimate transactions around the world. The company you have referred to, Ortel, is one such, with a 25 year history. It has been a pioneer in its field, having been in the 1990s the very first company to be licensed by the government to provide internet services in India.

It is a technology company that is publicly listed, and also has a prior track record over two decades of many rounds of funding of venture capital, private equity, and debt, from both domestic and international investors and lenders. These have included many prominent global institutional investors, as well as niche ones focusing on specific sectors, with investment arms spread across a large number of international jurisdictions. This is a matter of record, which you can verify, rather than take out of context any one such investment from a particular jurisdiction.

The transactions you refer to include those which are well over two decades old. To the best of my knowledge, they met the prevailing regulatory norms and had the requisite approvals. With regard to your questions on share prices, volatility is a rather common occurrence in the technology sector, especially in small startups which can take a long time to earn returns, as was the case in this instance. Even after this company went public, its share prices have had large fluctuations, sometimes within the same year. You can verify from trading records that they have varied from a high of more than Rs. 200 to a low of less than Rs. 5, especially after the disruptions in the telecoms sector in the past three years.

Different investors have different risk appetites, as well as different time horizons. Our family holdings have both benefited from buying shares at low prices and seeing them rise sharply, as well as the opposite. This you can verify from examining the entire panoply of transactions over the years, which have included significant losses incurred from investments in this company as well. Rest assured, such gains and losses were not a result of malfeasance, but a result of calculated risks by those who have been managing these investments, some of which paid off and others which failed.”

Earlier / Old Allegations:

False Affidavit Case:

After I was suspended from BJD, some people with vested interests filed a case alleging false election affidavit, especially alleging non-disclosure of income. I have strenuously denied these allegations and challenged the Petitioner to take matter up with the Election Commission of India. Instead they have filed in the courts and are trying to get publicity while asking for delays in hearing. Meanwhile the Orissa High Court has stayed the matter.

Ajit Jogi / Chidambaram / FIPB:

In August 2017, Ajit Jogi, the former CM of Chattisgarh, held a press conference in Delhi, making several allegations against P.Chidambaram, former Finance Minister, and his son Karti Chidambaram. One of those allegations included “getting undue favours from the erstwhile Foreign Investment Promotion Board (FIPB)” for Ortel Communications, one of the companies with which my family is connected. This is utterly false. The company had indeed received FIPB approvals for receiving foreign direct investments (FDI) from well-known global private equity funds in 1999 and 2008, and subsequently had an initial public offering (IPO). There were no favours involved of any kind since the company met all the RBI and FEMA guidelines for FDI and required no special permissions. Furthermore, the company has no connections whatsoever with either Mr P.Chidambaram or Karti Chidambaram.

Separately, Jogi alleged that Mr P.Chidambaram had appeared in court for another company with which my family has connections, IMFA, and that his wife owned shares in it. Indeed, Mr Chidambaram had appeared in the Supreme Court for that company in the 1980s and 1990s, but there is no other connection. Regarding Mrs Chidambaram owning shares, of the thousands of shareholders, it appears that one N. Chidambaram apparently does own only ten (10) shares in this publicly listed company in which anyone can buy shares. Mr Jogi, who is himself facing action for having forged his caste certificate, also recycled some old allegations, which have already been repeatedly clarified for many years (please see below).

Outstanding Bank Loans:

In the 1980s, one of two operating companies in the family businesses in which I inherited shares (along with several other relatives) became sick due to dispute / unavailability of raw materials. There was no malfeasance whatsoever, but due to non-availability of raw materials, the company (ICCL) operated far below capacity and also remained closed for long periods. Years later, in 1999 the Supreme Court ruled in its favour and it began operating again after a Corporate Debt Restructuring. The CDR was as per norms and involved partial debt write down (mostly penal interest, but not other components like forex fluctuation or principal). This was matched with shareholders agreeing to forfeit 50% of their shares, and also committing 85% of the earnings of another group company (IMFA) for the CDR rehabilitation package. Subsequently, the restructured debt was repaid and the two companies were merged.

Electricity Dues Waiver:

One of the companies in the family business group mentioned above (IMFA) had a legal dispute with the state electricity board (later unbundled and partially privatised) in Odisha. The grounds that the billing was in contravention of the supply agreement as well as accounting principles was upheld unanimously by court-ordered arbitration, which in fact stipulated that the company receive a refund. However, inaccurate media coverage had caused many people to believe that there was some kind of 'waiver' of electricity dues, which was simply not the case.

Separately, in a dispute over electricity duty between the state govt and a large number of public and private sector companies, there is an ongoing litigation in the High Court. IMFA is one of these many companies, and has been depositing the disputed amount in court (instead of to govt) while the case is being adjudicated.

13 Acres Land:

In 1980, one of the companies in the family business group (IMFA) acquired (and subsequently merged with itself) a loss making company, the erstwhile Kalinga Tubes Ltd. In the process, it acquired KTL's campus of nearly 300 acres (established in the 1950s) where it today has a manufacturing plant. In 1976 KTL had initiated legal proceedings (later IMFA automatically substituted it in the case) relating to the inaccurate recording of a small portion of land and this was adjudicated in favour of the company in 1990, so there is no doubt on the ownership of the land.

Conclusion:

I trust this answers those who have genuine questions. The above facts are true, accurate, and can be verified. Nevertheless, I have experienced at times, even after clarifying/refuting allegations, efforts by some to draw me into further arguments, which I do not entertain.