

#GuptaLeaks: Meet the money launderers

Jan 19 2018 07:02

# news24



*The Guptas used an international network of scrap metal dealers to launder hundreds of millions in kickbacks between China, India, UAE and SA. We introduce them.*

---

### amaBhugane and Scorpio

It must have been good news for Piyoosh Goyal when the State Bank of India approved his Rs750m (R120m then) loan.

So good that he then sent his agent to a senior banker's Mumbai home on a Sunday with two expensive watches and a fistful of cash. At least, this is what the Mumbai branch of the Central Bureau of Investigation (CBI) later claimed.

Their anti-corruption investigators had lain in wait, that November 2013, and they arrested Goyal's alleged agent when he emerged from the banker's home.

Then they raided the home where they said they found the two watches and the cash. Simultaneously, they raided Goyal's premises, where they claimed to have found "incriminating documents".

The investigators laid charges of bribery and collusion against Goyal, his alleged agent and the banker.

Find all you need to know about [#GuptaLeaks here](#)

According to Indian journalists, the investigators' evidence included more than 70 hours of recorded conversations. They also interrogated Goyal's agent for half a day.

Goyal's Delhi-based scrap metal company, Worlds Window Impex India, issued a statement the next day denying the allegations.

The bank got two senior staffers to investigate. Within days, they cleared their colleague of wrongdoing.

But the CBI continued to investigate and, in January 2015, it filed a charge sheet with a Mumbai judge, a spokesperson told us.

"The matter is *sub judice*," he said, meaning CBI would not comment as the case was still before court.

Goyal's questionable Indian bank loan was just the tip of an iceberg.

In this article, we reveal that by the time CBI charged Goyal, he and Worlds Window had for four years helped the South African Guptas to move the equivalent of hundreds of millions of rand between China, India, SA and the UAE, using hundreds of suspicious transactions.

#### **Devotee, entrepreneur**

Goyal founded Worlds Window in Delhi in the 1990s. He was in his early 20s. Business people described him as a "first generation entrepreneur" and a "young and dynamic businessman".

He started by importing and trading scrap metal. Then he expanded the group into logistics, manufacturing and – after he met the Guptas in 2010 – coal mining in SA.

In 2008, Britain's biggest metal recycler, European Metal Recycling (EMR), bought a 49% Worlds Window stake from Goyal and other shareholders. EMR holds the stake to this day, and has regularly injected cash into the business (see story below: **#GuptaLeaks: Liverpool company owns 49% of Indian firm implicated in kickback scheme**).

EMR told us: "EMR is disturbed to hear press reports of the alleged involvement of Worlds Windows in money laundering, which we became aware of late last year through #GuptaLeaks. We are currently carefully looking at this investment as a consequence."

#### **SEE: [The Guptas' bogus Dubai businesses](#)**

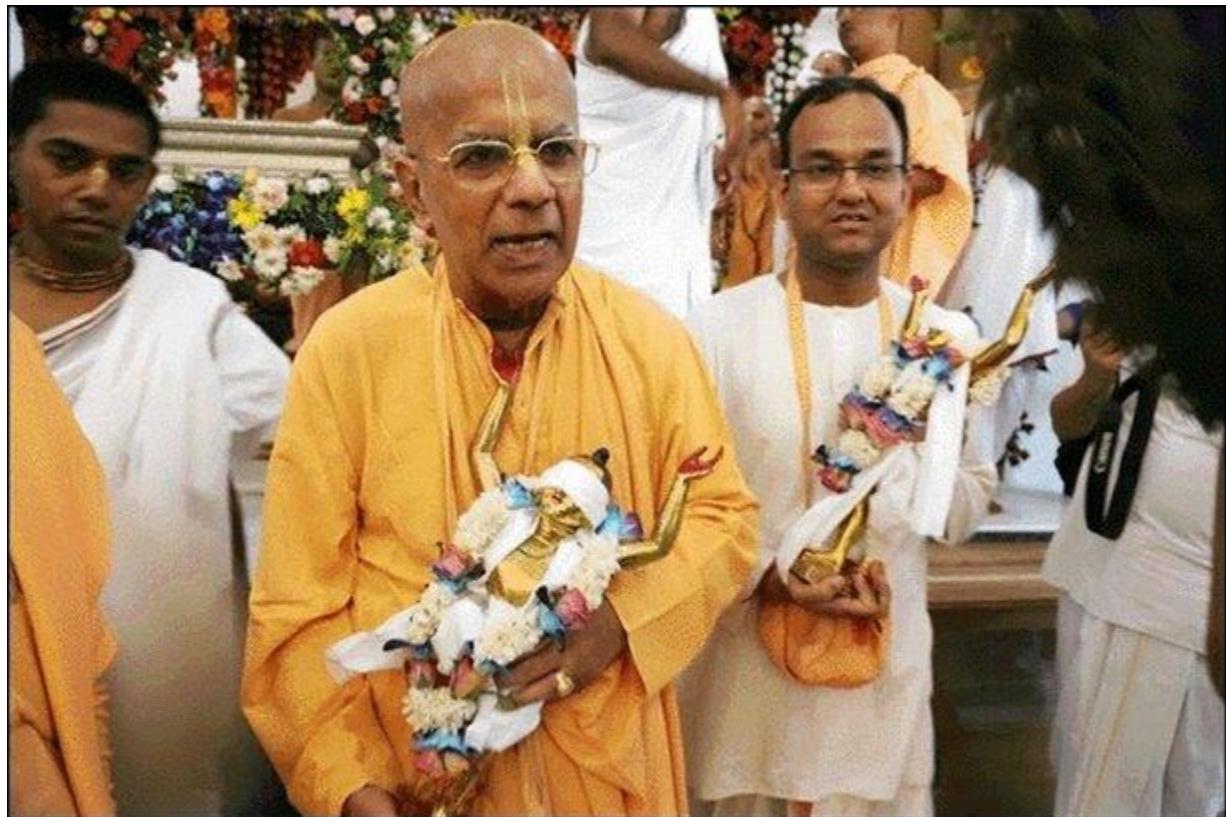
Worlds Window has claimed to be one of India's largest scrap importers; however its financials suggest it was a relatively modest operation.

In the financial year ending in March 2011, the group's holding company, Worlds Window Impex India, bought scrap worth R1.7bn. This was about 5% of the total Indian imports at the time. It said it sold a little more than this and, after operating costs, was left with R57m.

We note these numbers because, as we shall see, they were small compared to the tide of money then washing between Goyal-linked companies and the Guptas.

Before the CBI bust, Goyal had kept a modest profile. He appeared on podiums and in a few puffy news pieces as the esteemed company executive. Otherwise, he occasionally graced the pages of International Society for Krishna Consciousness newsletters.

The society described him as a donor, "senior devotee" and the "midday meal director" for Sri Sri Radha Parthasarathi Temple's feeding programme, in south Delhi.



*Piyush Goyal, right.*

After the CBI bust, Goyal resigned as Worlds Window chairperson and vanished from public view.

He told us that because he had resigned, he could not answer our questions on Worlds Window's behalf.

Yet, analysts at an Indian credit agency still describe Goyal as Worlds Window's promoter. His father stayed on after 2013 as "group mentor" and a "key person", according to its website. And at least 41 Worlds Window companies remain registered to the address Goyal declared on his 2012 tax return.

Goyal gave us limited written comment for this article, and Worlds Window ignored us despite repeated attempts to elicit a response.

However, one man came forward to offer a spirited and detailed defence for them. He did not want to be named, so we shall call him Mr Patel.

### **Meeting the Zuntas**

Mr Patel is a senior figure in Worlds Window.

He said Goyal first met the South African Guptas through a common friend in India in 2010. The Guptas then introduced Goyal to their business partner Duduzane Zuma, the president's son.

They encouraged Goyal to invest in SA, telling him: "We have lots of mines, and you will not face any problem. We know everybody."

Worlds Window quickly joined the "Zunta" party, it appeared.

An August 2010 accounting record from the #GuptaLeaks described that someone from Worlds Window spent more than Rs700 000 (about R100 000 then) on "SA... President's Clothes (Cash)... India". The Guptas later paid them back. Jacob Zuma had officially visited India two months earlier.

We asked Mr Patel if they had bought clothes for Zuma. He said: "I can remember cloth has been purchased for Zuma and his wife. There is chances payment made by us [sic]. Don't remember exactly. It was more than eight or 10 sets for each."

He added: "As I remember, president used Indian cloth in India, so assuming paid by Gupta as we never met president in India [sic]."

Jacob and Duduzane Zuma and the Guptas failed to reply to our questions. South African brother Atul Gupta previously told the BBC the [#GuptaLeaks](#) were fake.

That same month in 2010, Goyal and the Guptas did one of their first big deals.

#### **WATCH: [Inside the controversial Gupta Free State dairy farm](#)**

It was dressed up as Worlds Window investing in two South African coal mines, but it appeared to be a sham, as we previously [reported](#).

In the deal, a subsidiary of Worlds Window Impex India, the group's flagship, transferred \$4.43m (R31.5m then) to the Guptas' Oakbay Investments in SA.

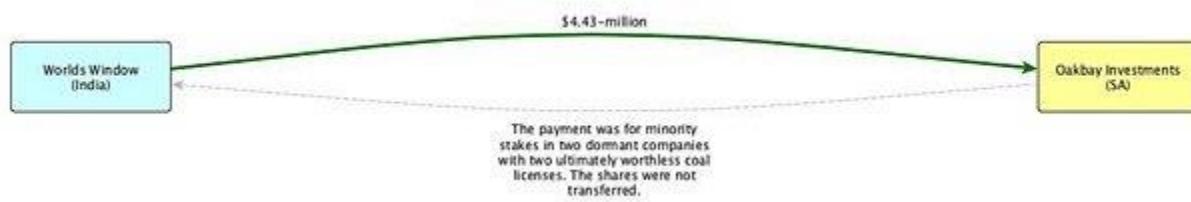
That was a lot of money for Worlds Window Impex; in fact, it was more than half of its operating profit for that year, so you would expect its subsidiary would have placed a reasonably sure bet.

Apparently not.

Worlds Window had paid for minority shares in two dormant companies that owned two questionable coal prospecting rights in SA – worse, share registers show the Guptas did not transfer the shares to Worlds Window.

Even worse, it appeared that there was no coal and the project was abandoned two years later.

Oakbay got money for nothing.



*A purported coal deal in 2010, in which Worlds Window gave the Guptas money for nothing and never got it back.*

Our recent report compared this to two nearly identical Gupta deals in which they appeared to launder stolen Transnet and Free State provincial government money back home. It appeared to be a *modus operandi*.

But Mr Patel denied Worlds Window was party to a sham. He said the R31.5m was "for profitable mining". He said: "They issued the share to us, but they might have done a fraud [sic]." He sent us a copy of Worlds Window's purported share certificates.

Worlds Window sent its South African lawyers to investigate the fate of their money – but it only did this a full six years later, after the Gupta scandal blew up in SA. Mr Patel said the group was now considering taking legal action to recover the money.

### Flying high

By early 2011, Worlds Window had registered two subsidiary companies here, and Goyal was a regular visitor.

The [#GuptaLeaks](#) show how Gupta employees made sure his travels were comfortable. They arranged his luxury airport pickups and Saxonwold meetings with South African Gupta brother Tony.

They hosted Goyal and his wife at their luxury Clifftop Lodge in Welgevonden Game Reserve in Limpopo. A helicopter was to transport the Goyals there, and the Guptas booked them into the lodge's honeymoon suite, according to the leaks.

In 2011, Gupta staff chartered flights to carry the Gupta and Goyal families from Delhi to watch the Cricket World Cup final in Mumbai. They were joined by the family of a powerful Indian politician who was at the time a cabinet minister.

India beat Sri Lanka by six wickets.

Later that year, Goyal and the Guptas handled some travel arrangements for the politician's adult son and the son's wife when the couple visited Cape Town for Christmas and New Year. The Guptas paid for their stay at the luxurious Queen Victoria Hotel at the V&A Waterfront, the #GuptaLeaks show.

### **READ: [Tegeta buyer 'hid' Gupta assets before](#)**

More recently, Worlds Window transferred ownership of one of its shell companies to the politician – who refused to explain the deal to us (see story below: [#amaBhungane: Indian politician's deal with Gupta partner](#)).

In 2014, when Tony Gupta needed a helicopter for a 250km trip in the western Indian state of Gujarat, he called upon Goyal. Goyal wielded his apparently significant influence there: A senior Gupta staffer emailed him the travel details and Goyal forwarded this to billionaire industrialist Gautam Adani.

Adani and his global industrial group of the same name form a political and financial powerhouse in India. He is reported to be close to Indian Prime Minister Narendra Modi.

Goyal wrote to Adani to vouch for the Gupta staffer: "He is Ajay's [one of the Guptas] brother can you help pls. Thx nd rgds."

Adani quickly wrote back: "I don't have helicopter, but if he require the plane let me know and will provide him... Gautam."

Not two years later, the Guptas and Adani cobbled together a would-be weapons deal that, as we previously [reported](#), was set up to enrich them at the expense of South African state arms manufacturer Denel.

### Down to business

Worlds Window's apparently pseudo mining investments and Goyal's South African visits seem to have set the framework for a more lucrative business – money laundry.

Some time back, amaBhungane received an anonymous tipoff implicating Worlds Window and the Guptas in ports corruption in South Africa in 2011.

It said: "ZPMC has been inflating prices of their cranes at the ports, particularly the seven cranes purchased for port of Durban, by more than 15% to accommodate bribes that included many senior Transnet officials."

ZPMC is the name commonly used by Chinese state-owned crane manufacturer Shanghai Zhenhua Heavy Industries.

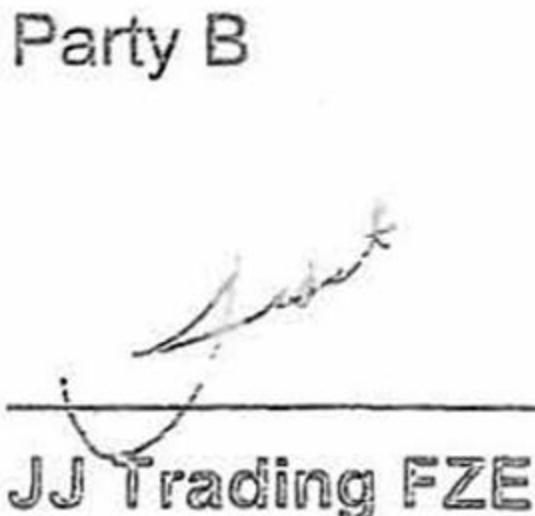
Our anonymous tipster described the alleged role of "a representative of the Guptas" who arranged kickbacks through a Worlds Window account in the UAE.

This was Naveen Agrawal, a long-time director of the Worlds Window group. He did not respond to our questions.

We found one chain of correspondence in which a group of people discussed ZPMC's crane bid. They named a "Naveen" who appeared to advise ZPMC on how to engage with Transnet on another crane tender.

We also found an "agent agreement" – often of a cover for bribes and kickbacks – between ZPMC and a UAE-registered company called JJ Trading. The contract and related documents explain how the cranes were only worth \$81m (R570m then), but ZPMC inflated the price to \$92m (R650m then) to make room for "commissions and fees" for JJ.

The person who signed on behalf of JJ was not identified.



*The JJ-ZPMC "agent agreement". If any reader can help us identify the signature, please contact us at [tipoffs@amabhungane.org](mailto:tipoffs@amabhungane.org)*

At about the same time, a senior Gupta staffer emailed Goyal a confidential Transnet document, outlining a separate, upcoming crane tender.

The document metadata indicates it was drafted by an employee in Transnet's Office of the Chairperson and Group CEO. Then Transnet chief executive Brian Molefe told us he did not know how the Guptas got it. For [years](#), Molefe has been questioned for his [proximity](#) to the Guptas.

ZPMC denied it was party to corruption; Transnet said it was investigating, and Goyal did not explain the latter email exchange when we asked.

So, who was JJ Trading, the company that had signed the "agent" agreement with ZPMC? Was it controlled by Worlds Window as the tipoff suggested?

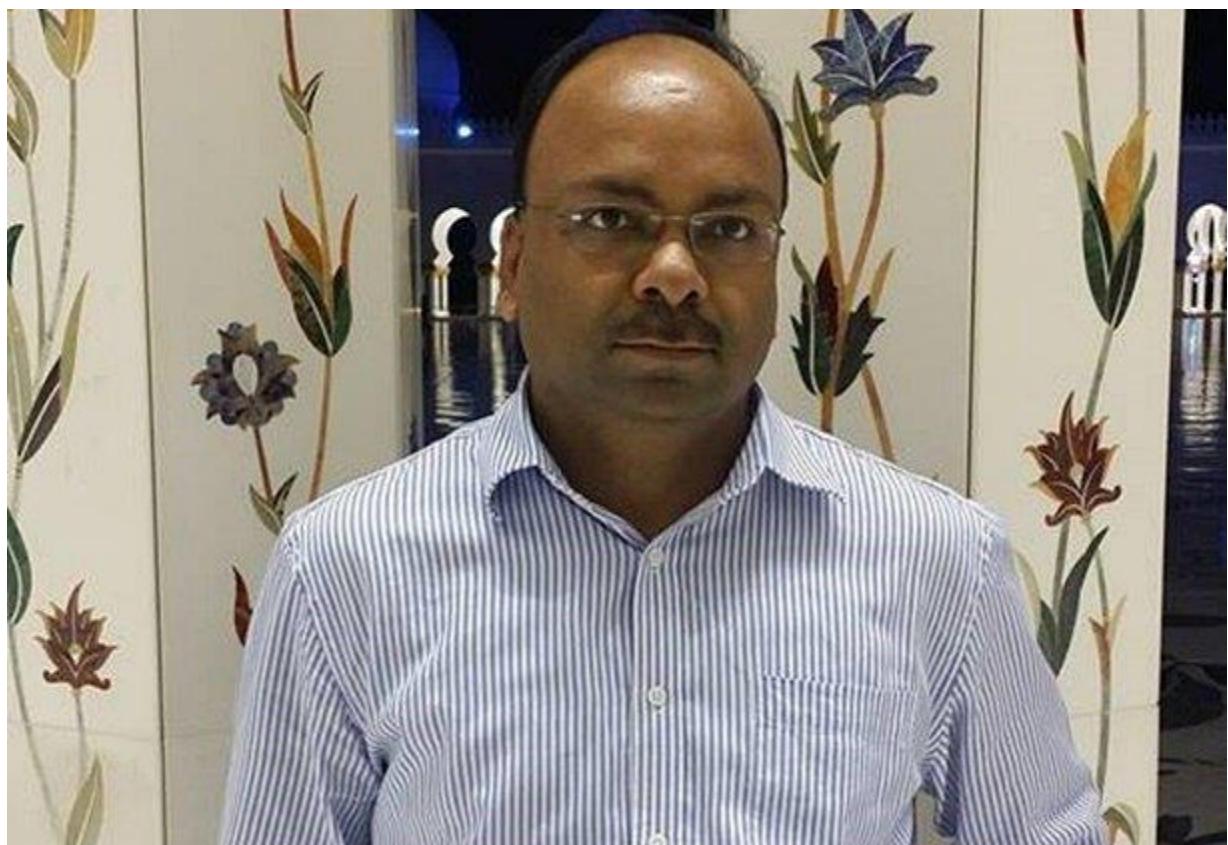
### **A desert mystery**

Ram Ratan Jagati probably did not intend to become the public face of an international money laundromat.

His social media profiles identify him as "manager at JJ Trading", but no-one answered his or JJ's phones or emails. We were left to piece together his profile using snippets of information online and in the #GuptaLeaks.

JJ's website advertises its experience as a trader of scrap metal, rice, beans and other commodities.

Jagati's social media profiles show him to be balding, moustached, bespectacled and neatly dressed. He appears to live in Sharjah, in the UAE, but states that he comes from Ahmedabad in India.



*Ram Ratan Jagati, JJ Trading "manager".*

JJ is registered in the UAE's Hamriyah Free Zone, a financial haven that keeps company owners' identities a strict secret.

Jagati lists at least 41 Worlds Window staffers and directors as his Facebook friends – but emails in the #GuptaLeaks show he was more than just a "friend" to the group, particularly when moving money for the Guptas.

In one email to Jagati, a Worlds Window director said: "Dear Ram Ratan. Please provide [\$1m] to Arctos." The director copied in a Worlds Window administrative employee.

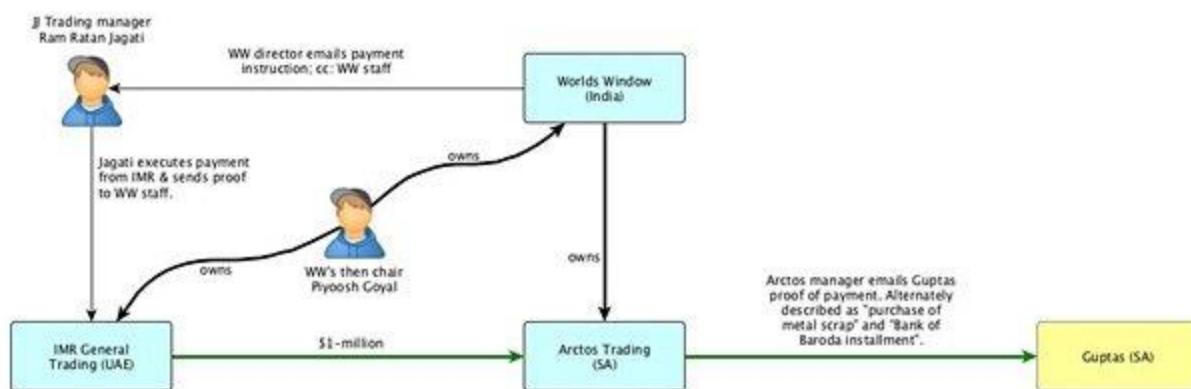
Arctos Trading is one of the two Worlds Window subsidiaries established in SA. It managed a Gupta mine in Mpumalanga.

Jagati replied with proof of a \$1m wire transfer from the UAE-registered IMR General Trading to Arctos. He copied two Worlds Window staffers.

Goyal at least part owned IMR, the #GuptaLeaks show. One online UAE business list recorded "ramratanjati@yahoo.com" as IMR's contact – a misspelling of Jagati's actual email address. Another listed "admin@worldswindow.cc".

Jagati's proof of payment from IMR to Arctos claimed the money was for the "purchase of metal scrap", but a Worlds Window staffer then forwarded this to a Gupta manager "for your reference". A trailing email notes that it was "payment for [Bank of Baroda] instalment" – contradicting Jagati.

In other words, money had moved but the commercial explanation was a fiction. And the sequence of events reveals Jagati to have been a Worlds Window and Goyal factotum.



*Another apparently fictional deal, handled by JJ Trading's manager Jagati for Goyal and Worlds Window, evidencing Jagati's place in their international network.*

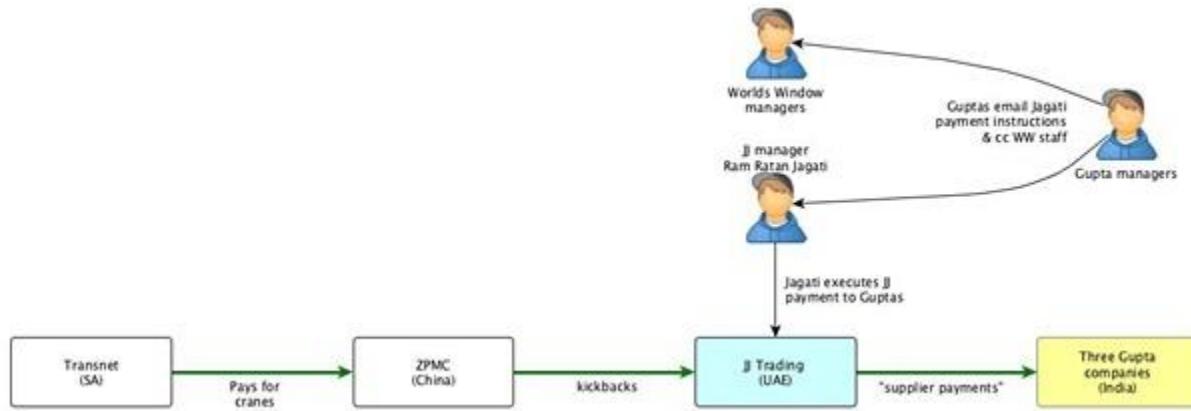
More emails underscored this.

Shortly after Transnet gave ZPMC the crane contract, a #GuptaLeaks accounting document appears to record JJ's receipt of \$969 086 (R8m then). It is described as "Shanghai Zhenhua Heavy Industries", ZPMC's full name.

Shortly after this, a Gupta accountant emailed his colleagues instructions on how to distribute a larger sum – \$3.3m, apparently including the ZPMC payment – to three Gupta-owned companies in India.

One of the Gupta staffers then sent the email to Jagati and a senior Worlds Window accountant, and JJ promptly wired the funds from its account at HSBC to the three Gupta companies.

JJ and, again, Jagati appeared to answer to Worlds Window.



*Worlds Window and the Guptas used JJ Trading and Jagati to move kickbacks.*

### It wasn't me

No, answered Goyal. “I am not the director, promoter or even employee of JJ. We [Worlds Window] never received any money either from JJ or Gupta [or] ZPMC.

“I have neither met any officer/executive of ZPMC or Transnet, [and] we were never involved in any Transnet related business so I will be highly obliged if you don't link my name.”

He added: “For your satisfaction, we may provide you even certificate from chartered accountant that whatever business Worlds Window did with Gupta, it was 100% as per law. Even we declare all investment in our account books or whenever required informed government authorities also [sic].”

For several weeks, he did not come up with the promised accountant’s certificate. Then, in response to final questions last week, he again promised to produce one, supposedly to clear Worlds Window.

He told us: “You are misusing your writing power. With all respect, I have doubt on your intention.”

He later appeared to accuse us of drafting fiction: “Let me appreciate you are good story maker.”

### Transnet spending spree

The next year, 2012, the Chinese state-owned locomotive manufacturer China South Rail (CSR) was bidding to sell Transnet 95 new locomotives.

Goyal and the Guptas got involved, #GuptaLeaks emails show.

In January, a CSR deputy director emailed Transnet CEO Molefe and CSR’s vice president. He attached a letter requesting to visit Transnet sites in South Africa.

The CSR deputy director forwarded the email to a Worlds Window group director, Rupesh Bansal.

Bansal forwarded the email to a Worlds Window staffer, commenting in broken English: “Please provide this letter copy along with update on previous email as required by Piyoosh Ji.” Recall that this is Goyal’s first name. “Please suggest him that this is the letter is sent and the points mentioned in letter are practical and to be pursued by CSR.”

The Worlds Window staffer passed the email to Goyal’s assistant, who passed it on to a senior Gupta manager and to Ajay Gupta’s son.

Meanwhile, Molefe responded – politely and appropriately – to CSR. Someone also sent this email to Worlds Window and Goyal's assistant. She passed it on to the Guptas.

Evidently, Goyal and the Guptas' mutual interests extended well beyond mining.

Goyal failed to explain when we asked him too.

CRRC Corporation Limited, which absorbed CSR in 2015, has not answered our questions.

We could not reach Bansal for comment.

### **Kickbacks**

In October 2012, Transnet awarded CSR the R2.7bn 95-locomotive contract.

And, as we previously [reported](#), CSR then started kicking 20% of the contract back to JJ and a related company called Century General Trading.

Century General is also registered in a UAE financial secrecy haven. Like JJ, its website claims that it trades scrap metal, grains and beans. And Ramratan Jagati – the JJ “general manager” who takes orders from Worlds Window and spends Goyal's company's money – registered its website.

A joint Worlds Window-Gupta accounting document, discussed later, shows CSR made one of its first payments – \$6m (R50m then) – to Century General in December 2012. In the following weeks, JJ and Century General wired at least \$2m (R17m then) from their [accounts at HSBC in Dubai](#) to the Guptas' front companies.

Next, Transnet ordered another 100 locomotives from CSR. These ones cost Transnet R4.4bn, and CSR started paying 21% of this to Jagati's JJ and Century General.

And in 2014, Transnet ordered another 359 locomotives for R18.1bn. CSR started funnelling a further 21% to JJ and Century General.

All in, these non-descript little UAE metal, rice and bean dealers stood to earn a whopping R5.3bn in CSR payments. By comparison, this was more than three times the R1.7bn annual turnover for Worlds Window Impex, at the time.

JJ and Century General were to keep a 15% fee (R795m) on the Chinese kickbacks, the leaks show, way outperforming Worlds Window's 3% operating margins (R57m) on its scrap metal.

The laundromat appeared to dwarf the Worlds Window front office.

### **Corporate espionage?**

But Mr Patel, the Worlds Window insider, tried to convince us there was nothing out of the ordinary here.

He said of JJ: “They are professional consultant. They are associated with CSR for the last 10 years.

“JJ is not involved with Transnet deal. JJ has nothing to do with Gupta or anybody, and I don't think you will find any deal between JJ and Gupta.

“CSR used to take help of JJ. They used to take help in Europe, Africa, India, Pak..., everywhere JJ's consulting for them.”

We thought JJ just traded metal, rice and beans.

Nevertheless, things went awry in South Africa, Mr Patel said: “In South Africa, CSR cancelled their agreement with JJ. They say we cannot go ahead with you in South Africa. In this case JJ did lot of hard work. They have lot of expenditure for CSR, before tender.”

### **What sort of work?**

“They hired eight or 10 guys in South Africa also, and they selected, they interviewed four or five black partners for them.”

How would a UAE scrap metal trader or its non-descript manager Jagati qualify for that job?

“Because CSR used to tell them: ‘Can we hire this consultant?’ Because being a government company, CSR cannot pay any money before tender.

“So, before tender they were required to hire so many people to do the research and consultancy and internal information. So, they hire JJ to finance all this information.

“So they hire people for intelligence. So, how much Bombardier will quote? How much GE [General Electric] will quote? So, even for this type of information, they hire people.”

Bombardier and GE were competing bidders on the Transnet locomotive contracts.

“They [JJ] have some intelligence system, as per my knowledge. Definitely they use someone to spy on somebody. Definitely. As per my knowledge. So many services.”

So many.

It was unfortunate that Mr Patel did not want to be named or explain more clearly the source of his apparent knowledge about JJ, so we asked him if he could get us documents detailing the alleged dispute between JJ and CSR.

He chuckled nervously: “Awww, ha ha ha. Why you want to? I will prefer if you write all Gupta instead of JJ. I would rather not.”

How can we reach JJ?

“Let me check, because I don’t want there to be any harm to JJ. Because I know because of internal story, JJ is in loss because of this deal, because they have been cheated by [CSR].”

### **“Flying Money”**

Intrigued, we dug deep into the #GuptaLeaks to try to understand Worlds Window and the Guptas’ dealings.

We found huge sums of money flowing between the two groups.

Some of it was for legitimate business, as Goyal claimed. For example, Worlds Window subsidiary Arctos formed coal mining partnerships with two Gupta companies and managed their coal mine in Mpumalanga.

But other money flows were suspicious.

For example, we found a spreadsheet in the #GuptaLeaks, titled “Worlds Window”. It was attached to an email from one Gupta executive to her senior colleague. In the email, the executive typed: “Is this what u looking for?” No further context was given.

The [spreadsheet](#) is a ledger, recording 251 transactions from January 2010 until February 2013.

It looks a lot like traditional [\*\*“hawala” bookkeeping\*\*](#).

**DOWNLOAD: [The Hawala alternative remittance system and its role in money laundering](#)**

Hawala is the name for an ancient form of money transfer developed in south Asia. It is still used today, often legitimately, as an alternative to formal banking systems. But because the money is not remitted through formal channels, it is a popular way to launder money.

The Chinese developed a similar system, known as “flying money”.

As a simple example, a man in the UAE wants to pay a woman in South Africa. He gives his money to an Emirati hawala broker, or “hawaladar”.

The Emirati broker will then send a message to a South African broker who will give the money to the woman there, minus a fee.

Both brokers will have many clients remitting money in both directions. Each broker will keep a running balance of how much he owes the other broker. Over time, the brokers will settle the difference.

The Gupta-Worlds Window “hawala” ledger describes a group of Worlds Windows-linked entities in one column. Other columns describe the transactions. Sometimes the explanations are cryptic, and sometimes they are clear. Overall, it appears as if the Worlds Window-linked “brokers” were transacting with Gupta-linked entities to remit money to and from South Africa, India and the UAE.

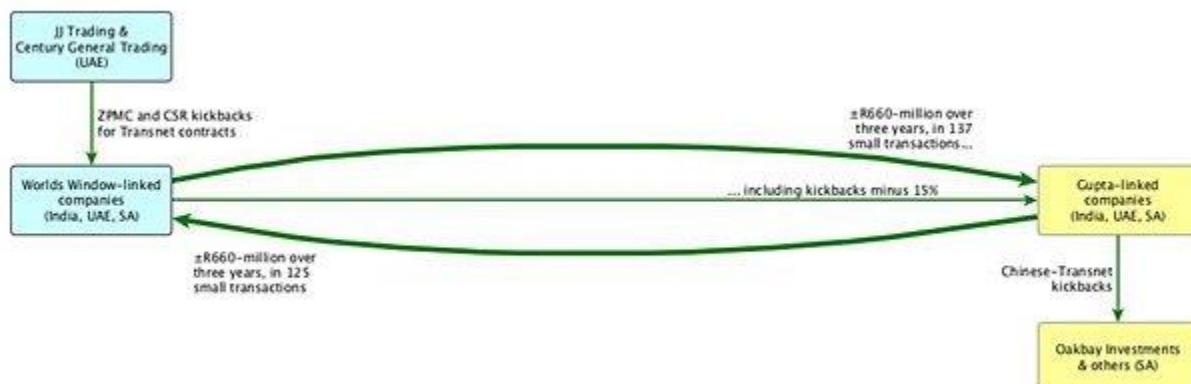
In some entries, it is easy to see how Gupta companies paid Worlds Windows companies in one country, and on the same day, the Worlds Window companies paid the Guptas the same amount in another country, and vice versa.

Thus, money was effectively “beamed” across borders.

Just like a traditional hawala ledger, this one keeps a dollar balance of how much the Guptas owed Worlds Window.

In total, \$74m (R660m then) flowed into the account, and \$74m flowed out, settling up the balance over time.

While the ultimate source and destination of the transactions is not always clear, some ZPMC and CSR payments can be traced from the Chinese companies, through JJ and Century General, for remittance to the Guptas in India, the UAE and South Africa.



*The Worlds Window-Gupta “hawala” transactions, including remittances derived from Transnet contractors.*

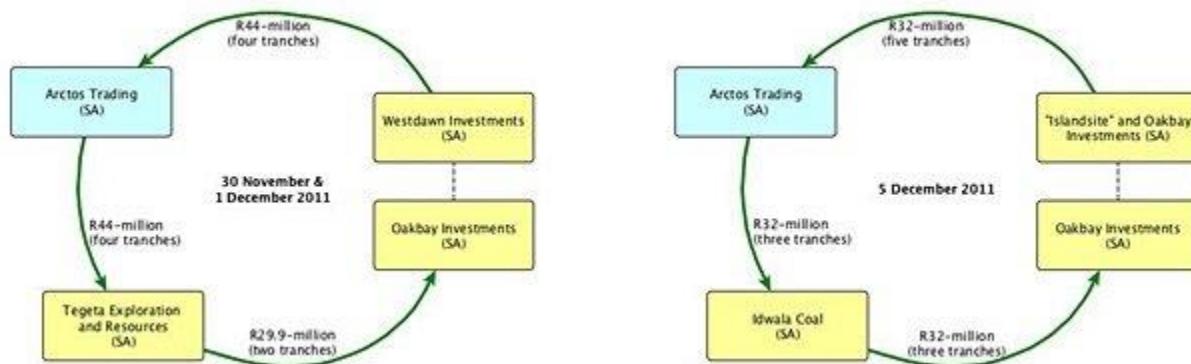
## A R76m roundabout

A number of transactions over six days in November and December 2011 were noteworthy. The transfers were recorded in the “hawala” ledger and are largely corroborated by other records in the #GuptaLeaks.

On November 30 and December 1, Gupta mining company Westdawn Investments transferred R44m to Worlds Window’s South African subsidiary Arctos. This was broken into four smaller amounts.

Immediately, Arctos transferred R44m to the Guptas’ Tegeta, broken into four differently apportioned amounts.

Tegeta kept R14.1m and immediately transferred R29.9m to the Guptas’ Oakbay Investments, which quickly parked R20m in an account at the Bank of Baroda in Sandton.



*Over six days, the Guptas suspiciously roundtripped R76m through their group companies, routing all of it through a Worlds Window subsidiary.*

Four days later, Oakbay and a Gupta company described as “Islandsites” transferred R32m to Worlds Window’s Arctos. This was broken into five smaller amounts. Immediately, Arctos passed this on to Idwala Coal, a Gupta company, broken into three amounts.

Idwala immediately passed the R32m on to Oakbay, again broken into three amounts.

All in, the Guptas had routed R76m in a circle, through a number of their own companies, funnelling all of it through Arctos and back to their Tegeta and Oakbay.

The money flows appear to be artificial. We do not know their purpose, but in the process, the Guptas and Arctos employed three techniques common to illicit finance.

**“Smurfing”:** A money launderer breaks up and moves the money in small amounts to avoid detection.

**“Layering”:** Money is moved between numerous different accounts to obscure its source and destination.

**“Roundtripping”:** A series of transactions is made between companies serving to boost their revenues without real commercial benefit.

## Middlemen

Gupta and Worlds Window companies often appeared to lend each other money, but the circumstances were suspicious, raising the concern that the loans could have been a fake cover for money movement.

If so, we again do not know the true motivation behind the flows.

In one example in 2013, Oakbay appeared to pay Arctos R86m. But the Guptas' staff had a problem six months later: Their auditors needed documents to legitimately explain the payment, but there were none.

So, a Gupta executive emailed a Worlds Window manager a loan contract with non-descript terms. She said: "Please sign agreement as we did last year also."

In at least two other cases, Worlds Window's South African subsidiaries appeared to lend Gupta companies R16m and about \$32.6m (R250m then).

In fact, the Worlds Window's subsidiaries again appeared to act as unnecessary middlemen.

They channelled loans, originally from Bank of Baroda to the Worlds Window subsidiaries, straight on to the Gupta companies. The Gupta companies in turn repaid 9% interest to the Worlds Window companies, which passed this back to the bank.

In a 2014 email, a senior Gupta manager explained to Tony Gupta that, at times, Piyoosh Goyal had paid them "through [Baroda] loan".

If so, it is possible Goyal or Worlds Window placed a fixed deposit with Baroda abroad. Baroda in South Africa then lent the money to the Worlds Window subsidiaries, which passed it on to the Guptas.

Indeed, Baroda described the \$32.6m as a "loan against fixed deposit".

If Worlds Window in South Africa failed to repay Baroda the underlying loan amount, the bank could simply claim the fixed deposit. Thus, money would have been moved from abroad to the Guptas under the guise of a loan, and Baroda would have earned itself a 9% fee.

We have found no evidence that the underlying loans were repaid to Baroda.

Loans from banks against fixed deposits are used for various legitimate reasons, but they tend to be between related companies, not unrelated parties in different countries.

The technique can also be abused to quietly move money across borders without detection, stymieing money laundering investigators who call this a "loan back".



*Worlds Window appeared to use a "loan back" scheme to get money to the Guptas.*

The Guptas used Baroda loan backs to move money in other suspicious circumstances, the #GuptaLeaks show.

For instance, the Guptas at times placed hundreds of millions of rand sourced from JJ and the Transnet kickbacks into fixed-term deposits at Baroda in both Dubai and South Africa. Using these deposits as collateral, Baroda would typically lend 95% of the value of the fixed deposit to another Gupta company.

Without the #GuptaLeaks revealing the connections between the fixed deposit made by Gupta Company A to the loan made by Baroda to another Gupta Company B, it would be difficult for an

investigator to follow the money trail from Company A to Company B as there would be no direct transfer.

Baroda's intermediating the effective transfer between the two appears often to have served to obscure such money flows. Baroda did not respond to our questions.

### **Fallout**

In the end, things did not work out for the Worlds Window launderers.

"Gupta's have not just cheated South Africans but also cheated Indians," Goyal told us.

"We went into partnership with the Gupta brothers for mining, and we were cheated by them in the business."

Regarding one of their coal deals, he said: "After [them] receiving our payment, they have not allowed us to get any proceeds from the mine. We were not allowed to go on the property, and also they threatened us for not to even enter South Africa as they control things in the country [sic]."

He said the Guptas were now "illegally" selling Worlds Window's coal.

"I have not even visited South Africa since last four years and we are now pursuing legal cases against Guptas."

Worlds Window laid a criminal charge with the Hawks against a senior Gupta manager who allegedly stole R7.2m from one of its South African accounts in 2015. A Hawks officer confirmed he was investigating the charge.

Goyal told us: "You know very well I am in fighting with Gupta since approximately March/April 2013. But in your story, you are mentioning [payments in] 2014/2015. May I know the reason of that? I assume definitely 2013 is not fitting in your story so you prefer 2015."

Indeed, records of Goyal's trips to South Africa cease in the #GuptaLeaks from April 2013. But the leaks also suggest that, until late 2014, the money continued to flow between Oakbay and Arctos and JJ continued to pay into the Guptas' UAE accounts.

But, nearly three years after the first Transnet kickbacks flowed to JJ's accounts, HSBC shut down JJ and Century General's accounts, according to a [recent Wall Street Journal article](#).

HSBC told us: "To the best of our knowledge, HSBC previously exited, is in the process of exiting, or never had a banking relationship with JJ Trading [or] Century General Trading."

But HSBC's action seemed to be a minor inconvenience for the Guptas, who rerouted the kickback flow from JJ and Century General in Dubai to [the HSBC accounts](#) of a Gupta-related company, Tequesta, in Hong Kong.

By then, CSR had paid JJ and Century R1.6bn of the intended R5.3bn – and the #GuptaLeaks show substantial evidence of this flowing into the Guptas' offshore accounts.

In a 2015 email, Worlds Window director Rupesh Bansal – the same one who received earlier CSR-Transnet correspondence and passed it on to Goyal – emailed CSR's vice president. Bansal attached a spreadsheet that consolidated CSR's payments to JJ and Century General.

The CSR man [forwarded this spreadsheet](#) to a Gupta email address.

Last week, Goyal said: “I repeat, Worlds Window neither control JJ nor Century General and never taken even a single penny from anybody on account of supply to Transnet.

“Apart from mining,” he added, “we had no areas of mutual interest with [the Guptas].”

---

### **#GuptaLeaks: Liverpool company owns 49% of Indian firm implicated in kickback scheme**

*The Guptas used what looks like an international money laundering network to move their wealth. The network reaches back to the UK.*

---

**amaBhugane and Scorpio**

Britain’s biggest metal recycling firm holds a 49% stake in Indian firm Worlds Window, which moved hundreds of millions in kickbacks around the world for the Guptas.

The money flows are exposed in a new amaBhugane and Scorpio investigation (scroll up), based in large part on the #GuptaLeaks.

The British firm, European Metal Recycling (EMR), is a Liverpool-based business. It says its “heritage” reaches back to the 1940s. It turns over more than £2bn a year, and is largely owned and run by one family, the Sheppards.

EMR bought 49% of Worlds Window Impex India (the parent company) in 2008. EMR’s audited financials state that it “exercises significant influence over the operating and financial policies of” Worlds Window.

EMR has regularly injected capital into Worlds Window, EMR’s financials and other records show.

There is no evidence that EMR knowingly contributed to Worlds Window’s suspicious financial activity.

Between 2010 and 2015, Worlds Window directors and staff involved themselves in private bids for multibillion-rand crane and locomotive tenders at state-owned logistics company Transnet.

#### **Offshore shell companies**

The Worlds Window directors and staff then worked with offshore shell companies, which received “agent fees” – structured like kickbacks – and helped to disperse the money around the world, including to businesses associated with the Gupta family in South Africa and abroad.

Together, the Guptas and Worlds Window also moved more millions in many suspicious transactions, according to our investigation. These transactions bore multiple hallmarks of money laundering, although the source of the money was not always known.

The Guptas are friends with president Jacob Zuma and kept Zuma’s son on their payroll. They have been accused of grand corruption here.

This week, the Asset Forfeiture Unit moved to seize R1.6bn in assets linked to the Guptas and firms they did business with. It said it hoped to seize at least R50bn in 17 related cases under investigation.

**ALSO READ: [14 Gupta linked companies and individuals to have their assets frozen](#)**

EMR responded to our initial questions. It said that before 2008, it had “a pretty long established trading relationship with Worlds Window who effectively acted as a sales agent into India”.

It said: “EMR is disturbed to hear press reports of the alleged involvement of Worlds Windows in money laundering, which we became aware of late last year through #GuptaLeaks. We are currently carefully looking at this investment as a consequence.”

We had asked EMR if it also had a business relationship with a number of offshore companies central to the laundering of Transnet kickbacks. These included JJ Trading, Century General Trading and IMR General Trading, all registered in UAE financial havens.

EMR’s response was confusing. It said: “EMR has no involvement with any of the companies mentioned, however a few companies have been counterparties in the legitimate trade of scrap metal.”

We asked it to explain, name its trading partners and provide evidence of legitimate business. It did not.

EMR spokesperson Olivia Healey sent us a general response, referring to a statement in EMR’s audited financials in which it classifies Worlds Window companies as “associate undertakings” because EMR “exercises significant influence over the operating and financial policies of the company”.

She said this statement “misrepresents the reality of this situation”.

She continued: “When consolidating our accounts, we work on standard assumptions as follows: ‘An associate is an entity in which the group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investor holds between 20% and 50% of the equity voting rights.’ The important word in here is presumed. So, for the purpose of accounting, Worlds Windows is presumed to fall into this category as we have a significant minority interest.

“The reality of the situation is that [EMR] had no board representation and exercised no management control over the business. This financial investment was effectively managed by a post audit financial review which had not raised any red flags to date.

“So unfortunately we are simply unable to assist you any further with your enquiries.”

Among our questions, we had asked EMR whether it knew about or had influence over Worlds Window’s business relationship with the Guptas, the apparent laundering of kickbacks via JJ and Century General and whether it condoned other suspicious money flows, outlined in our investigation (scroll up).

---

#### **#amaBhungane: Indian politician’s deal with Gupta partner**

*The Guptas chartered Cricket World Cup flights and bankrolled a luxury hotel stay for the family of Kapil Sibal.*

---

Former Indian government minister and leading Congress Party politician Kapil Sibal has refused to explain a business deal with Worlds Window, a firm that apparently helped the South African Guptas to launder hundreds of millions around the world.

The suspicious money flows are explained in a new investigation (scroll up) by amaBhungane and Scorpio, based mainly on the #GuptaLeaks.

There is no evidence that Sibal was party to money laundering or corruption, but it is worth noting his refusal to explain a deal with Worlds Window, an Indian scrap metal and logistics conglomerate.

Sibal is also a top lawyer in India.

Between 2010 and 2015, hundreds of millions of rand flowed between companies linked to the Guptas and Worlds Window.

The money included Chinese kickbacks for Transnet crane and locomotive contracts. The transactions moved money between South Africa, China, UAE and India.

### **Lacking commercial substance**

Many transactions appeared to lack commercial substance, although the source of the money was not always known.

Worlds Window was founded by Indian national Piyoosh Goyal.

After entering business with the Guptas in 2010, Goyal visited South Africa often. The Guptas also visited India.

In 2011, Gupta staff chartered flights to ferry the families of Sibal, Goyal and the Guptas between Delhi and Mumbai, for a Cricket World Cup match.

Sibal had been a government minister since 2004 and was, at that time, in charge of two portfolios: communications and information technology and human resource development. He was also a member of parliament.

Sibal was joined by his wife and adult son Akhil, also a lawyer.

Sibal senior said: “I have never had any dealings financial or otherwise with the Guptas. I have met Mr Gupta in Delhi only once when my friend Piyoosh Goyal invited me to watch the Cricket World Cup.

### **No Gupta invite**

“We did not travel on the invitation of Mr Gupta nor am I aware of any charter by him. My wife, Akhil and I went on the invitation of Piyoosh. Even while watching the match we did not sit with Mr Gupta nor go to the ground with him.”

Akhil also said he did not know the Guptas had chartered the flight.

Later that year, the Guptas paid for Akhil and his wife to stay at the luxurious Queen Victoria Hotel at Cape Town’s V&A Waterfront over Christmas and New Year, the #GuptaLeaks show.

Akhil said: “I had requested Mr Goyal to help with arranging a car in Cape Town, and offered to pay the charges... I have known him for several years, and he is my client.”

The leaks show Goyal passed the request on to Gupta staffers, who arranged the car.

Akhil said he tried to pay in full for the hotel accommodation.

But, he said: "At the time of checking out of the hotel in Cape Town, when we asked to settle the bill for incidental expenses at the hotel, apart from the room rate, which was already settled by us in advance, the hotel staff informed us that the incidentals had been settled at the instance of Mr Goyal.

"Subsequent to my return to India, I discovered the pre-paid charges for the accommodation were also reversed. None of this was done at my request. Despite my remonstrations with Mr Goyal, on his insistence, I accepted his generous gesture."

The #GuptaLeaks show the Guptas' company Sahara actually paid. Akhil said he had no knowledge of this.

In November 2013, India's Central Bureau of Investigation (CBI) charged Goyal with allegedly bribing a senior state banker for a loan.

The CBI reports to a number of ministries, including law and justice. Kapil Sibal was law and justice minister from May 2013 to May 2014.

There is no evidence to suggest Sibal interfered in Goyal's case. In fact, CBI told us that it filed a charge sheet with a Mumbai court in 2015.

The case is still outstanding.

### **The Grande Castello deal**

Indian corporate records show that, in February 2017, Sibal became a director of Grande Castello. Until then, Grande Castello had been a 100% Worlds Window subsidiary. It appeared to be a shell company, without assets or revenues.

We asked Sibal to explain his directorship of "Worlds Window subsidiary Grande Castello".

He was curt: "You don't seem to have your facts right."

We provided him with details from the corporate records and asked him which facts were incorrect.

He stonewalled again, saying: "I have never been a director of any subsidiary company of any company."

We provided proof the corporate register listed him, not a different Kapil Sibal.

He did not respond.

On further investigation, we discovered that Worlds Window had transferred ownership of Grande Castello into Sibal's name in November 2016.

We explained this to him and asked him to explain in light of his previous responses. We also asked him to explain substantial new loans on Grande Castello's balance sheet and name the lender.

He said: "From your last mail, it is apparent that your assertion regarding Grande Castello in your first mail was incorrect. You now abandon that position, assert a new fact, and still wrongfully accuse me of lying.

“Sans a relevant factual foundation, you nevertheless proceed from conjecture to wild speculation and deem it reasonable to ask unwarranted questions, entirely ignoring the categorical responses already provided to you, which sufficiently answer your queries.

“I am now convinced that your intent is mischievous and your approach less than objective. I don’t intend to correspond with you any further.”

- *Scorpio is the Daily Maverick’s new investigative unit. If you’d like to support its work, [click here](#).*
- *The amaBhungane Centre for Investigative Journalism is an independent non-profit. Be [an amaB supporter](#) to help it do more. [Sign up for its newsletter](#) to get more.*



---

#GUPTALEAKS