

news

The Gupta empire

The Gupta family arrived in SA in 1993 and has built a multibillion-rand empire in computers, mining, media and engineering. Depending on who you speak to, they're either a glowing success story of post-1994 SA or the beneficiaries of their political connections.

They've raised the ire of both the SA Communist Party and the Economic Freedom Fighters (EFF), and Julius Malema has called on them to leave the country, despite the fact that they are SA citizens. The fact that the president's son Duduzane Zuma stands to benefit from virtually all of their major government deals has led many to question whether political connections have been the real key to their success.

Gupta family spokesperson Haranath Ghosh disputes this: 'Oakbay Investments, as the family vehicle, has less than 1% of its revenue (be that directly or indirectly) from state contracts. As such, it is ridiculous to suggest that any benefits are unduly derived from state contracts.' Although their empire, run from their luxury Saxonwold compound, remains opaque, SUSAN COMRIE has pieced together a rough picture of their connections to the state

These companies all feature the Guptas as directors:

302 Spur Road Bellville Midrand
Aeon Diamonds
African Horizons
Afrimam Managed Services
Amey Distribution
Confident Concept
Correct Marketing
CPCC Afrimam Construction
Cyber Technologies
Gemini Moon Trading 254
Infinity Media Networks
Islandsite Investments 180
Islandsite Investments 255
IT&X & ITs Investments
JTC Engineering Services
JTC Mining Services Asia
Klein Property Holdings
Kamhu Hospitality
L & L Bloch Properties
Mabengela Investments
Metropole Projects
Oakbay Investments
Oakbay Resources & Energy
Sahara Computers (Cape)
Sahara Computers (Dnb)
Sahara Consumer
Sahara Distribution
Sahara Holdings
Sahara Media Holdings
Sahara Press
Shiva Uranium
Shiva's Computer World
Sovereign 16
Surya Equity Investments
Surya Crystals
Trio Cement
Trio Investments
TVA Media
Uni-Africa Holdings
Vanara Property Holdings
Westdawn Investments
Woodlane Corporation
Yongedra Impex

A world of murky deals

The reason the Guptas so often make headlines is because they're often linked to deals through their connection to various associates.

In 2012, the Free State government agreed to bankroll the building of a megadairy outside Vreda. A little-known company, Estina, was granted 4,400 hectares of free land from government and funding of R242 million, despite having no track record in dairy farming. Although there was no direct link to the Guptas, one of their companies, Linkway, did consulting work for the dairy. The Guptas denied any involvement and the project was cancelled in 2014 following a Treasury investigation. Last year, auditors for telecoms giant Ncell red-flagged R92 million in payments to an unknown letterbox company called Horrox IT. The payments were allegedly to secure R2 billion in contracts to T-Netnet. The involvement of Transnet and former Linkway director Ashraf Naran set off alarm bells, even though there was no direct link to the Guptas.

John Kenneth Galbraith: Under capitalism, man exploits man. Under communism, it's just the opposite

Institute legal inquiry into Guptas, says SACP

HELENHIE NHIABATHI
and SETUWU STONE

SA Communist Party (SACP) second deputy general secretary Solly Mapapla has suggested a judicial commission to probe issues relating to the Guptas and the "corporate capture" of government by businesses.

"The SACP has led the fight against what it terms corporate capture, a reference to the disproportionate business influence exerted on government and its officials, and epitomised by the Guptas. The Gupta family is close to President Jacob Zuma, and one of his sons, Duduzane, is a shareholder in a number of companies owned by the family. Mapapla said it should not happen that any family had control over state organs or independent institutions.

"We have said that if there is nothing to hide on this matter, we call for a judicial commission of inquiry on corporate capture. That can include those (companies) and others.

"It is wrong that a movement that is elected by the people gets compromised by influential bodies outside the electorate."

ANC secretary-general Gwede Mantsoe has lashed out at an "obsession" with the Guptas. He claims the furore over their influence was motivated by racial prejudice.

Other ANC leaders, including North West Premier Supra Mahumapelo, have said the Guptas should be commended for creating jobs.

Mapapla said: "Yes, we support job creation, and saving jobs will always be an important thing. That is what we are fighting for. But it does not mean that just because there is an opportunity for the possible looting of resources, we then allow the politically connected to be the ones who do that."

Mapapla said South Africa was in "a difficult situation both with regard to our economy and as a country".

He added: "On the economic front, the companies are not helping.

"They are threatening to lay off workers and, in doing so, any other intervention by any small grouping, including the Guptas or black business, is seen as saving jobs."

An SACP insider said the party was not informed of the recent ANC-Gupta meeting.

"They had learnt about it when they were made to wait at Lubululi House for a scheduled meeting. Mapapla said: "We were told they were representing the business, entity, not the family. It was a meeting between them and those people."

The SACP was told that the meeting was prolonged because "of the number of questions raised".

He said the SACP's grievances, about corporate capture by the Guptas and the influence they exerted on cabinet ministers, were still valid, despite the ANC's meeting with the Guptas.

"Our issues still stand," he said. "That they are dealing with the matter is important."

"The fundamentals we have raised as the SACP remain valid and must be addressed. They have taken a long time, but now their meeting shows a level of seriousness in that they seek to resolve this problem."

He said, however, that the ANC was "defending the indefensible".

"The ANC cannot just say that because they explained they will take their word as truth."

Mapapla said the ANC had not handled the Gupta situation well.

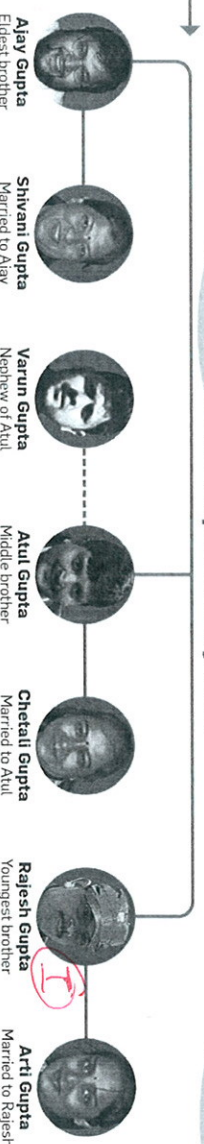
"If you look at debates, we never said this is the only problem. We also said monopoly capital, which includes a system of corporate capture in our movement, is also an issue where elements like the BEE elites, because of their proximity - use that space to look."

Mapapla said there were no scheduled meetings between the SACP and the Guptas.

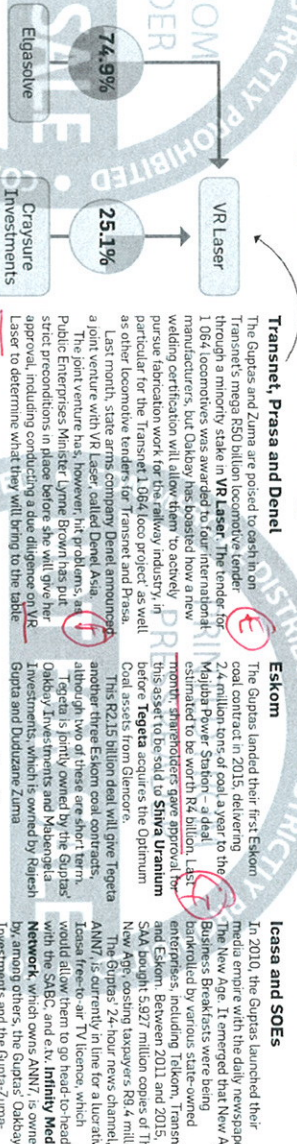
"We do not think it's necessary, but if they want to meet us, I believe that perhaps we will consider that request."

Gupta family spokesperson Gary Naidoo said: "While we have no knowledge of the call for a judicial commission and would not normally respond to matters we are unaware of, we would welcome any process that will end the wild speculation around our dealings with government. Our latest audited financials show that only 1% of our earnings come from government business. We are focused on growing our business and steer clear of politics."

The Gupta family tree



The Guptas' shareholding



Transnet, Prasa and Denel
The Guptas and Zuma are poised to cash in on Transnet's mega R50 billion locomotive tender through a minority stake in VR Laser. The tender for 1,064 locomotives was awarded to four international manufacturers, but Oakbay has bought a new manufacturing plant in the Free State to produce locomotives for the railway industry. In particular for the Transnet 1,064 loco project, as well as other locomotive tenders for Transnet and Prasa. Last month, state arms company Denel announced a joint venture with VR Laser, called Denel Asia. The joint venture has, however, hit problems, as Public Enterprises Minister Lynne Brown has put strict preconditions in place before she will give her approval, including conducting a due diligence on VR Laser to determine what they will bring to the table.

Ekom
The Guptas landed their first Ekom coal contract in 2015, delivering 24 million tons of coal a year to the Mpumalanga Power Station. Ekom is a joint venture between the Guptas and Prasa. This R2.15 billion deal will give Tegeta another three Ekom coal contracts. The joint venture has, however, hit problems, as Public Enterprises Minister Lynne Brown has put strict preconditions in place before she will give her approval, including conducting a due diligence on VR Laser to determine what they will bring to the table.

Isleas and SOEs
In 2010, the Guptas launched their media empire with the daily newspaper New Age. The New Age IT emerged from New Age Business Breakers, which were being sold to a group of investors, including Transnet and Ekom. Between 2011 and 2015, New Age, losing taxpayers R8.4 million, was sold to the Guptas. The Guptas, 24-hour news channel, ANNTV, is currently in line for a lucrative free-to-air TV licence, which would allow them to go head-to-head with the SABC, and e.tv. Infinty Media Network, which owns ANNTV, is owned by, among others, the Guptas. Oakbay Investments and the Gupta Zuma owned Mabengela Investments.

TALK TO US

Can a judicial commission solve the problem of 'corporate capture'?

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