

20 March 2019

Zondo Commission – VR Laser’s Jiyane swiftly and sneakily forced out by Gupta cronies

The takeover of VR Laser, the company allegedly used by the Gupta family to advance a venture with Denel and establish the controversial Denel Asia, was detailed by its former shareholder and COO Madoda Benny Jiyane at the commission of inquiry into state capture on Tuesday, 19 March. It took less than a month – between December 2013 and January 2014 – for Gupta associate Salim Essa to edge Jiyane out of his 25.1% stake in the company, which, he said, could easily have taken on any first-world competitor.

Jiyane first met Essa at an arms fair in Abu Dhabi in February 2013, where both VR Laser and Denel were exhibiting. The two were introduced by Zwelakhe Ntshepe, who was at the time Denel’s business development executive, and agreed to make time to meet once back in South Africa. Jiyane was looking for a financing partner to help him buy out two other VR Laser shareholders. From his perspective, partnering with Denel was an ideal arrangement going forward, so he sought opportunities that would help make this happen.

Once back in the country, Jiyane met with Essa, who introduced him to Iqbal Sharma, explaining that he too was interested in the proposed shares of VR Laser. Jiyane told the inquiry that at this point he did not know of Sharma’s link to Transnet. He told the two men that in addition to sealing the shareholding transaction with them, he also wanted to participate in the property element of VR Laser, a proposition the other two seemed to support. The three agreed to do the deal, and made plans to have the necessary paperwork processed. Ernst & Young handled the documentation relating to the transaction, so Jiyane and his lawyer believed in the authenticity of the process.

A second meeting in September further sealed the agreement, and the deal was finalised in December, just before Jiyane went on a holiday.

In early January, while still on leave, he received a call from a staff member at VR Laser, asking him to come through as some men had arrived at the VR Laser offices, claiming to be the business’s new bosses. Jiyane rushed to the office, to find Rajesh Gupta, who introduced himself as “Tony”, Jacques Roux and JP Arora. They said they represented Essa and had been deployed to assist Jiyane going further. Jiyane was then asked to make way for them to address staff and let them know of the leadership changes, to which he reluctantly agreed.

Until then, he had been under the impression that his new partners were Essa and Sharma. Jiyane then called Sharma, who confirmed what the other men had said. It dawned on him that he was being sidelined, and that his new partners had misrepresented themselves to him. It was as if Essa had just been there to buy the shares and disappear.

It took only another two weeks for the now distressed Jiyane to finalise discussions with the other men for his own buy-out process. He was threatened and bullied and expected to leave with nothing, but Jiyane stood his ground. He was bought out by Westdawn Investments, one of the companies in the stable co-owned by the Guptas and Duduzane Zuma. Westdawn operated as JIC Mining, and Arora, who was listed as one of its directors, was gunned down in December last year.

When, eventually, Jiyane was bought out, it was at an R8-million loss to him. He resigned at the end of February and as per the parting agreement, was not allowed to contact VR Laser staff or do business that is in direct competition of the company. By the time the company went into the Denel Asia deal with Denel, Jiyane had already left.

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