



# Press Release

## CIITA issues clarifications on RASHI / SAVERA allegations

*CIITA to initiate engagement on this issue with all India Associations, Principals , National Distributors and media.*

Confederation of Indian IT Associations (CIITA) had issued an advisory on Oct 14, 2012 to all their member associations stating that the associations must advise their members to voluntarily refrain from carrying on any transactions with Rashi Peripherals Private Limited (RASHI) and Savera Marketing Agency Private Limited (SMA) due to unfair trade practices which were adapted by the National Distributor RASHI and their sister company SMA . CIITA subsequently issued a Press Release on Oct 16, 2012 ( enclosed with this communication).

Subsequently RASHI has come out with a statement on Oct 25, 2012 making allegations on CIITA / COMPASS / NECTA and also clarifying their position based on the Press Release of CIITA. The email from RASHI was sent by Shri Krishna Choudhury , Director of RASHI to officials of the Associations and also reportedly sent to all channel partners in East India including some Facebook groups . The email had 8 points mentioned by RASHI /SMA.

Due to the sensitive nature of the issue involving the reputation , credibility and goodwill of organisations involved , CIITA had all along taken a very responsible stand such that the matter can be resolved amicably with minimum discomfort to parties involved.

However since false allegations have now been made by RASHI /SMA on CIITA and our member associations it has become very important for CIITA to communicate to all the players in the eco system and highlight the root cause of the problem .

CIITA is committed to fight against unfair trade practices and will work towards building a better marketplace in cooperation with all the entities in the eco system.

A point by point explanation on the email issued by RASHI / SMA is enclosed for your ready reference along with the CIITA Advisory , CIITA Press Release dated Oct 16, 2012 and the ND and Ethical trade policy issued by CIITA on June 06, 2012.

For any clarifications please contact any of the following :

- a. Rajiv Poddar , Secretary , CIITA
- b. Navin Gupta, Vice President , CIITA
- c. Ranjan Das , Jt Secretary , CIITA

Their respective phone numbers are hereunder :

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**About CIITA** : Confederation of Indian IT Associations (CIITA) is an association of associations which has been formed by IT associations of several states. Please visit [www.ciita.in](http://www.ciita.in) for further information.

**EMAIL WRITTEN BY RASHI /SMA DATED OCTOBER 25, 2012**

**Sub :** Press Release by Ciita/Compass/Necta To Ciita/Necta/Compass/Channel Partners With reference to Press Release issued by Ciita/Necta/ Compass alleging RP/SMA, we would like to state as under:

1. Rashi categorically denies all Comments/ explanations/allegations /Stories which are False, Bogus and Malicious.

**CIITA Clarification** Rashi and SMA have themselves admitted their wrong doing not only once but on several occasions .Their denial of their wrong doing with the above statement shows that they are using false statements to mislead the channels and defend their own position. There is clear evidence existing about misuse of channel data for business gains of Rashi / SMA at the cost of the channel partners. This is violation of trust imposed by partners and principal companies on National Distributors . CIITA is committed to engage all principal companies , associations and channel members to act very strongly against such malpractices.

2. Few Partners, many of them are not doing business or having dispute or jealous of RP/SMA growth (so called likeminded persons-Cartel) are behind this agitation.

**CIITA Clarification** This is totally wrong. Majority of members of our associations have no business with Rashi / SMA , but our members strongly endorse that unethical trade practices must be protested and companies which are resorting to unfair practices by sharing partners leads , customer information and financial information of partners must be condemned and made to adapt ethical trade practices.

3. Necta/NE 7states, from where this issue originates, most of the Partners are supporting our business strategy by doing business continuously in spite of BAN.

**CIITA Clarification** This is further evidence of the dirty tricks being played by Rashi / SMA to try to break the unity of the channel in order to further their business by using unfair means. RASHI / SMA is spreading rumors and resorting to false propaganda to break the unity of the associations. We have been told by some members that RASHI/SMA is inducing partners to do business with RASHI/SMA by offering extended and liberal credit to partners .

4. After failure of this negative drive in NE, few Members of Necta (so called like minded persons-Cartel) joined hand with some members of Compass for driving agitation on similar line (few Partners had signed a memorandum under influence/ pressure). We fail to understand the reason for this agitation from Cartel in Compass in spite of following facts;

a. RP is operating in Kolkata since 1999 and currently having 7 Offices in the eastern region where as SMA started in Kolkata in 2001 now having 6 locations in Kolkata and total 11 Offices in East. How can one demand to shut down a running entity and under what authorization?

b. How can suddenly this Cartel formed an opinion against RP/SMA as doing wrong.

**CIITA Clarification** Rashi and SMA have the same Management. Rashi as a ND has access to all partner and customer information .The information about partner and their customers that Rashi is in possession by virtue of being a National Distributor and an authorised service centre is being passed on to SMA for business gains at the cost of partners who have built their business over several years of hard work . This is in total violation of confidentiality and breach of trust by Rashi / SMA. Principal companies generally restrict an ND from doing business in other tiers . Rashi in order to circumvent this provision has started SMA such that they can find a back door entry to do the business that partners do and that which a ND normally does not carry out. . There is enough evidence that busi-

ness leads and deals initiated by partners have been passed on to SMA leading to loss of business and revenues for partner companies. Gopal Pansari is the head of operations of Rashi in the East and is also the promoter of SMA, handling day to day operations of SMA and Rashi. This is absolutely unethical and violates all corporate governance norms. No global company can allow such an unethical practice to be carried out by their distributor if they know of such practices. Rashi / SMA though are two different entities, they have operated as a single organisation in the East all these years (including sharing same human resources interchangeably for sales and operations of both the companies) till NECTA brought to light the unethical practices being followed by Rashi / SMA since inception of SMA. This was collaborated by several partners in COMPASS with their own experience and the deep rooted conspiracy of RASHI of leveraging partners information, customers and business to grow SMA revenues came to light. There is no cartel in this and members who compete amongst themselves in the market place and who have witnessed the unfair trade practices of RASHI / SMA have come forward despite being competitors for a common cause which is affecting the eco system in a very wrong and negative way. It is also surprising how a full time employee (Gopal Pansari) of a corporate company like RASHI is allowed by his employers to carry on private business in the same IT business which is the core business of Rashi. Rashi / SMA earlier denied that they have any mutual relationship and after all the evidences were brought to their notice they had no option but to admit that they were companies under same management and indulged in related party transactions without any disclosure to the channels.

c. Gopal is representing Compass since 2006-07 in various official capacities from Treasure, Secretary to Vice President in 2011-12. How can suddenly he is termed as doing unethical. Moreover, how this cartel can define ethics? 5. Compass elections took place on 26th Sept. 12, we find that Cartel had approached 60-70 non-IT/non active members (who are members but not in IT business currently), since it was hard for them to win without their vote. In spite of this, Gopal got 114 (52%) positive votes from members out of 218

total votes. If we remove non-IT members he got support from 72% members.

**CIITA Clarification** COMPASS elections are conducted in a free and fair way and this allegation is absolutely false and malicious. These allegations are being made in order to break the unity of the association(s). Rashi / SMA has gone to the extent of offering money to some members to break away from their existing association and start a new association for which they were willing to fund any amount. This shows to what extent RASHI / SMA can compromise on values in order to cover up the unfair practices they have been indulging all these years.

6. Ciita/Compass did not give any written Notice for such harsh decisions nor any opportunity of dialogue has been given, without any reason to do so, also not taken any opinion from Industry. Are these Associations working for Industry or for Cartel?

**CIITA Clarification** This allegation is absolutely false and there is enough evidence in the form of communication (written and oral) to prove that Rashi/SMA were kept informed at each and every stage of the matter and their inputs were also taken at the time of forming the ND and ethical trade policy.

7. Ciita has brought a Trade policy defining do's and don'ts for a ND/RD. Can any Association frame a Policy for Vendors who are investing huge amount in partners and are stakeholders? Is this policy legal and ethical. We have Indian Constitution and various Laws governing business but nothing is applicable to them? In fact their own members/ RD's are flouting norms of this policy. It appears that this policy is framed keeping in view of RP/SMA only.

8. The Cartel wants Rashi to follow guidelines as narrated in Ciita's Trade Policy, which is not acceptable to Rashi. No Trade Association can BAN any organization. It was therefore essential on our part to bring a clear picture of incidences before you.

**CIITA Clarification** Channel members have made tremendous investments in building their business over the years . It is an eco system and each player has made their own investments . But whenever unfair means are adapted by a member of the eco system which affects the entire eco system , a natural process of correction will set in leading to such situations.

Rashi is a National Distributor and SMA is doing business in all tiers except being a National Distributor . The same person ( Gopal Pansari ) is controlling both the business in direct conflict of interest to the channels. Instead of addressing related party transaction issues, breach of confidentiality , violation of corporate governance norms, violating the spirit of the channel business and eco system , Rashi /SMA is trying to defend their past and current actions by spreading rumors and trying to break the unity of the associations. Members who normally do business with Rashi /SMA have now of their own will stopped doing transactions with Rashi / SMA .

The ND policy was framed after intensive efforts and dialog with various stake holder. The draft copy was put up in the public domain for over one month and based on the feedback received from all stake holders, the policy was modified and adapted by the CIITA general body , which is the umbrella association of all IT associations in East India . The Regional Head of RASHI and the promoter of SMA , Mr. Gopal Pansari who was till recently the Vice President of COMPASS is also a member of the CIITA general body who attended almost all the meetings and was privy to all communication in this matter. Hence any denial by RASHI/ SMA that they were not consulted and allegations of a cartel are absolutely unfounded and ill placed. eMails , Facebook posts and membership of the CIITA Facebook group are ample evidence that RASHI/SMA management was all along informed about this issue and were also privy to all the internal communication of the associations. Hence it is evident that Rashi/SMA statements that they were not informed about this matter is absolutely false.

Associations are not for profit organisations which are formed to promote the interests of the industry and the members. It is but natural that disputes can come

up in the normal course of evolution of any Association where so many diverse entrepreneurs are involved and working towards a common goal of improving the industry and promoting ethical trade practices. We stand by our ethics as an association and we are willing to factor any collateral damage that would occur in our efforts to pursue the path of honesty , integrity and fair play .

Rashi /SMA are member(s) of COMPASS and other such IT associations and the member associations of CIITA have not hesitated in condemning their own member's unethical trade practices . The decision to refrain from carrying out any transactions with Rashi/ SMA was taken as a natural recourse since RASHI/ SMA were not able to appreciate the issue of ethics and convince the associations about their intentions to resolve the issues that were brought to their notice

It is our appeal to all Principal companies , National Distributors , Regional Distributors , Associations, channel partners , media to support ethical trade practices and condemn the unfair practices followed by Rashi/SMA for several years . Over the last one year we have put in tremendous efforts to find an amicable solution to this problem by dialog and discussions with all stake holders including RASHI/SMA . We are still open to discussions and dialog to find a solution . But until and unless Rashi / SMA cooperate to solve the root cause of the problem it will be difficult to find a solution which is acceptable to members .

We look forward to your initiatives to engage with us in this drive . Please do share your views and support us in working towards a vibrant , fair and healthy eco system.

**For CIITA**

B Hari  
President

November 5, 2012



## Outcome of meeting with officials of Rashi / Savera

*CIITA meeting with Rashi /Savera ends in a **deadlock***

**Dear President,**

Subsequent to our advisory dated 30/09/2012 , a meeting with representatives of Rashi / Savera was initiated by CIITA to be held today at 1.00 pm at the COMPASS office in Kolkata. Before the meeting with officials from Rashi / Savera , an internal meeting of the office bearers of CIITA and representatives of member associations was held in order to come out with a common understanding of the issue and the way forward in resolving the issue . It was unanimously agreed by all members associations & their representatives present that CIITA must ensure that the ND policy which has been introduced and adapted by CIITA must be enforced and Rashi / Savera must be facilitated in all possible ways to comply with the ND policy.

Cordial discussions took place with officials of Rashi / Savera and despite efforts from both sides to come to an amicable solution in complying with the ND policy of CIITA , no workable solution was found which was agreeable by both parties for implementation.

Under the circumstances and the need to stand by the decision of all the member associations CIITA is **directing** all the member associations as follows :

1. All members associations must advise their members **in the language that they deem fit that, members must refrain from carrying out any transactions whatsoever with Rashi and Savera** till further notice from their associations.
2. All outstanding payments due to Rashi / Savera should be honored as BAU ( Business As Usual ) and no payments must be stopped by any party of a existing transaction due to this advisory.

3. Presidents of all Associations will submit an undertaking to President CIITA , that they will take adequate steps in their association to ensure that current directive is implemented keeping in mind various challenges that will come up from time to time till the matter is amicably resolved.
4. Member Associations to take immediate steps in communicating to their members the reasons and the purpose of this directive .
5. This advisory will be effective from October 15, 2012 and will continue till further notice.
6. Presidents of all member associations will be the single point of contact for CIITA.
7. For any clarifications please contact any of the following ;
  - a. Rajiv Poddar , Secretary , CIITA
  - b. Navin Gupta, Vice President , CIITA
  - c. Ranjan Das , Jt Secretary , CIITA

**CIITA is now committed to take this issue to the next level .** *CIITA will support all member associations in managing and communicating with internal members and others players in the eco system .*

This communication is **internal to all the Member Associations only** and not for external circulation. Member Associations can communicate to their members in a manner and language that they deem fit keeping the contents in line and spirit of this advisory.

Sincerely,  
B Hari  
**President**  
**CIITA**

# CiITA Press Release

## CIITA strongly advocates compliance of ND and ethical trade policy

The Confederation of Indian IT Associations after a special meeting of member associations on October 14, 2012 has resolved that the ND and ethical trade policy advocated by CIITA must be complied by National Distributors and CIITA will facilitate NDs in all ways in complying with the ND and ethical trade policy.

CIITA has also directed all member associations that members must refrain from carrying on any transactions with Rashi and Savera Marketing since in the meeting between Rashi / Savera / CIITA on Oct 14, 2012 , a workable solution suited to all parties could not be concluded.

In September 2011 the North Eastern Computer Traders Association ( NECTA ) had alleged that M/s Rashi Peripherals and their associate company Savera Marketing were indulging in unfair trade practices by sharing partners data with Savera Marketing leading to loss of business and long term customer relationships of partners. Savera Marketing is a Tier II partner with interests in distribution , wholesale and retail business. The Eastern Regional Head ( Vice President ) of Rashi is also allegedly the promoter of Savera Marketing which has now expanded in several markets. This has compelled partners to believe that related party transactions and instances of data sharing cannot be ruled out in the present and the near future. Subsequently CIITA took up the matter since a section of members from COMPASS also had similar complaints that data sharing and related party transactions were disturbing the eco system.

COMPASS had organised a meeting of the members with officials from RASHI / Savera to articulate the genuine problems faced by partners due to this arrangement between Rashi and Savera.

After 9 months of debates , discussions and brain storming by CIITA members the ND and ethical trade policy was formulated and introduced by CIITA. Before the policy was adapted it was put up in the public domain for comments and feedback from all players in the eco system. The policy is attached with this press release.

Rashi /Savera officials had understood and appreciated the problems faced by the partner community and pro-

posed certain changes to the business arrangements between Rashi and Savera . The proposed changes were not acceptable to CIITA .

CIITA members subsequently decided that they will direct all member associations of CIITA that till the Rashi / Savera related party issue is resolved to comply with the ND and ethical trade policy, members should voluntarily refrain from carrying out any new transactions with Rashi / Savera.

CIITA advocates fair and ethical trade practices . Keeping in mind the high standards of corporate governance required for the healthy growth of the industry CIITA stands by this decision and will take it forward for implementation across the country.

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# Implementation of Ethical Trade practices

## CIITA initiates ethical trade policy

*Promoting healthy trade practices and creating a level playing field for healthy competition is a key to the survival and growth of the channel community*



National Distributors (ND) have been playing a key role in distributing various ICT products in India since long. Over a period of time, they have implemented several policies and procedures in order to facilitate distribution of ICT products across various parts of the country .

In the recent past we have come across several situations, where a ND has directly or indirectly ( via associate company or subsidiary ) sold to end customers and also shared information of customers with their associate company(ies) , preferred partners who also resell the same products as a channel partner or retailer.

Channel Partners have been extremely concerned with unfair trade practices of sharing confidential information, giving special consideration to selected partners including associate companies not on the consideration of merit but on other grounds and in not being transparent about related party transactions with adequate disclosures.

The Channel community has been one of the key players in getting the ICT penetration across all geographical and economic boundaries of India . Channel companies employ thousands of people in all parts of the country , have made significant contribution by way of tax collections to the exchequer and have played a significant role in developing the ICT business in India.

In order to promote fair trade and to protect the channel community's in-

terest and long term survival and in implementing best practices, CIITA is coming out with a series of guidelines . This document is a policy outlining the guidelines under which an ND can carry on business in all tiers in direct competition to the channel. The policy has been finalized after a series of debates and deliberations with all stake holders and the draft guidelines were put up in the public domain for feedback from all stake holders. All feedback were assimilated and this policy has now been published for implementation by all member associations of CIITA and other stake holders who support implementation of best practices

*For further information please contact :*

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### Vision

- CIITA visualises a marketplace in which best practices are implemented such that all players in the ecosystem can coexist and facilitate market growth.

### NATIONAL DISTRIBUTOR

- *Definition* : A company which has a pan india presence and distributes products of OEMs on an exclusive or non exclusive basis where the OEM Invoices the ND directly or the ND directly imports goods from the OEM.

### CIITA Policy

- ND must ensure confidentiality of information provided by channels. Customer data collected through schemes / service centre should be kept confidential and should not be shared /misused for business gains.
- ND can engage in ICT business in all TIERS in competition to the channel provided they carry on the business under one entity and not indirectly through associate companies or subsidiaries .
- ND should do business ethically without affecting the ecosystem . Any non compliance will be brought to the notice of the OEM / ND for corrective action.
- CIITA will be coming out with several other guidelines for the benefit of the industry and you can come forward with your suggestions .