CBI Convicts then Satyam Chairman , Two CAs and 6 Others in Satyam Scam case -

**SEVEN YEARS RIGOROUS IMPRISONMENT WITH FINE OF RS.5.24 CRORES (APPROX)EACH TO SRI B.RAMALINGA RAJU THEN CHAIRMAN, & THEN MD BOTH OF SATYAM COMPUTER SERVICES LTD AND SEVEN YEARS RI WITH FINE RANGING FROM RS.26 LAKHS TO RS.31 LAKHS(APPROX) EACH TO EIGHT OTHERS IN ONE OF THE BIGGEST CORPORATE FRAUDS**

The Additional Chief Metropolitan Magistrate (ACMM), Hyderabad has today convicted 10 accused i.e. Sri B.Ramalinga Raju, then Chairman, Satyam Computer Services Ltd(SCSL); Sri B.Rama Raju, then MD, SCSL; Sri Vadlamani Srinivas, then CFO, SCSL; **Sri S.Gopalakrishnan, then Auditor Price Water Coopers; Sri Talluri Srinivas, then Auditor, Price Water Coopers**; Sri B. Suryanarayana Raju, then Director, SRSR Advisory Services Ltd.; Sri G.Ramakrishna, then Vice President(Finance), SCSL; Sri D. Venkatapati Raju, then Senior Manager(Finance), SCSL; Sri Ch. Srisailam, then Assistant Manager(Finance), SCSL and Sri V.S.Prabhakar Gupta, then Global Head, Internal Audit, SCSL in one of the biggest corporate frauds (Satyam Scam) and sentenced Sri B.Ramalinga Raju & Sri B.Rama Raju to undergo seven years Rigorous Imprisonment with fine of Rs.5.24 crores(approx) and remaining 8 accused to undergo 7 years Rigorous Imprisonment with fine ranging from Rs.26 lakhs to Rs.31 lakhs(approx).

CBI had registered a case on 19.2.2009 against Sri B.Ramalinga Raju, Chairman of M/s Satyam Computer Services Ltd and others, on the request of Andhra Pradesh Government and further orders of Government of India. CBI took up the investigation of the case which was earlier registered in Crime No. 2/2009 on 9-1-2009 by CID P.S., AP, Hyderabad on the basis of a complaint against Sri B.Ramalinga Raju; B.Rama Raju & other Directors, Auditors and others, on the allegations that the complainant had invested her retirement benefits in purchasing the shares of M/s Satyam Computer Services Ltd (M/s SCSL) on seeing the performance of the company represented in & reflected through the balance sheet and with the belief that the representations made by the Chairman, the Managing Director & other Directors of M/s SCSL to be true. The complainant had invested her hard earned money and purchased 100 shares of M/s SCSL about four years back for a total sum of Rs. 19,000/-. The complainant alleged that the value of the share of the company was at around Rs. 500/- in the market.

It was further alleged that due to the fudging of the company accounts & manipulation of records showing incorrect inflated balance sheets by the Chairman, MD and other Directors of the company which were certified by the auditors, the value of the shares of the company suddenly dropped causing huge financial loss to the complainant and other share holders. The depreciation in the value of the shares was due to dishonest & fraudulent acts committed by the functionaries who were managing the affairs of the company and were associated with its day to-day affairs.

A Multi Disciplinary Investigation Team (MDIT) was formed by CBI to investigate the case. The team had worked overtime and completed the investigation involving huge magnitude of documents and evidence in a record time. The investigation proved that the accounts of M/s SCSL were fudged for over a decade and there was a hole to the tune of Rs. 5040 crores(approx) in the balance sheet as in September 2008. The institutional investors lost Rs1611crores(approx), there was a mark to market loss of more than Rs 14,000 crores(approx). The accused fudged the accounts, overstated the profits and revenues, suppressed the liabilities and availed bank loans to the tune of Rs. 1220 crores(approx) based on forged Board Resolutions. The accused had wrongly projected a false growth of around 25% every quarter, projected a current account balance of Rs 1841 crores(approx) as against Rs 128 crores(approx), wrongly reflected Fixed Deposits of Rs. 3,319 crores(approx) as against Rs. 11 crores. FD interest of Rs 375 crores (approx) as against mere Rs. 7 lakhs. The Chairman Sri B Ramalinga Raju, the MD Sri Rama Raju and the CFO Sri V Srinivas had perpetrated the fraud for over a decade which came to light in 2009. The employees of M/s SCSL, Sri Ramakrishna, Sri VenkatapathiRaju, and Sri Srisailam had actively assisted the Rajus. The statutory auditors Sri Gopalakrishna, Sri T Srinivas and the Internal Auditor Sri Prbhakara Gupta had knowingly failed to point out the fraud and actively connived with the Rajus in suppressing the fraud. The other brother Sri SuryanarayanaRaju had assisted the Chairman and the MD to offload the shares during the fraud period and in circulating the proceeds of crime.

After thorough investigation, CBI filed first charge sheet on 7.4.2009 in a record time of around 45 days; supplementary charge sheet on 24.11.2009 and another charge sheet on 07.01.2010 before the XIV ACMM Court, Hyderabad. The investigation was completed in a record time of around 10 months.

In this case, Special Trial Court was constituted and the trial commenced on 08-11-2010 on day to day basis. The ACMM Court had framed charges on 25.10.2010 against all the 10 accused. 226 Prosecution witnesses were examined & 3137 documents were marked as material exhibits and 20 Material Objects were marked. Defence had produced 10 witnesses and marked 75 documents. The court itself has marked 16 documents.

This was one of the biggest corporate frauds having international ramifications involving digital evidence, computer forensic techniques, audit procedures, accounting standards, revenue records, source codes, computer network logs etc. The investigation and prosecution team marshelled evidence cogently, resulting in proper appreciation by the Hon’ble Court. This will be a bench mark case, in the pursuit of excellence by CBI.

The Trial Court today found all the 10 accused guilty and convicted them.

**SOURCE COURTESY:taxguru.in(10/4/2015)**