

India fraud office to prosecute Satyam founder

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India's fraud office will file charges this month against the founder of outsourcer Satyam after he admitted to falsifying profits in the nation's biggest corporate fraud, a minister said Monday.

Satyam's founder B. Ramalinga Raju stunned India's financial world in January when he declared he had overstated profits for years and inflated the company's balance sheet by over one billion dollars.

"During this month, it (the Serious [Fraud](#) Investigation Office) will begin prosecution" proceedings, Corporate Affairs Minister Salman Khurshid told reporters in the Indian capital New Delhi.

The fraud office will prosecute Raju and others under "those areas of company law that it is expected to and has been authorised to proceed with," Kurshid said.

The Serious Fraud Investigation Office was expected also to prosecute Raju's brother Rama Raju, who was Satyam's former managing director, Vadlamani Srinivas, the ex-chief financial officer, and Price Waterhouse auditors S. Gopalakrishnan and Srinivas Talluri.

All of the men were placed in custody after the scandal broke at the start of the year embroiling Satyam, a celebrated symbol of India's global outsourcing prowess.

In April, mid-sized Indian computer outsourcer Tech Mahindra, part of

leading Indian vehicle maker Mahindra and Mahindra, paid nearly 600 million dollars for a majority share in the company, rescuing it from collapse.

Satyam was ranked as India's fourth-largest outsourcer by revenues when the scandal broke and its clients included some of the world's biggest companies such as Nestle, General Electric and General Motors.

[Satyam Computer Services](#), based in the southern Indian city of Hyderabad, re-branded itself in June as Mahindra Satyam in a bid to recover from the country's worst-ever corporate accounting fraud.

The Satyam founder underwent emergency treatment at a Hyderabad hospital in September after suffering a suspected heart attack, medical officials said.

He is still in hospital being treated for cardiac problems and for hepatitis, officials say.

The fraud office will launch proceedings on about 30 charges, mostly under the Companies Act of 1956, the Press Trust of India reported at the weekend.

The Central Bureau of Investigation will pursue about half a dozen charges involving criminal offences under the penal code.

The Serious Fraud Investigation Office is an arm of the Corporate Affairs Ministry.

Its move to prosecute comes after it submitted reports to the government detailing alleged violations of company law.

Kurshid said earlier this month his ministry had devised a system under

which the government would be able to detect corporate fraud at an early stage.

Officials would check periodically on revenues and profits. The system would highlight any abnormality in record-keeping, he said.

Investment house Goldman Sachs has cited "governance" -- both corporate and political -- as the biggest challenge facing [India](#) in attaining its economic potential.

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