

Former outsourcing tycoon 'bailed' in big fraud case

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Ramalinga Raju , founder and former chairman of fraud-hit Satyam, sits in a vehicle with former chief financial officer Vadlamani Srinivas in April 2009 as they are escorted from jail to a court appearance. Raju was granted bail on Wednesday, his lawyer said.

The founder of Indian outsourcing firm Satyam, who has been accused of staging India's biggest corporate fraud, was granted bail on Wednesday in the southern city of Hyderabad.

B. Ramalinga Raju, the former head of Satyam whose admission of falsifying profits in January 2009 plunged India's corporate world into turmoil, was given bail on health grounds by Justice Raja Elango.

"Raju has been given bail on the condition that he will remain in Hyderabad until further orders," his lawyer, Bharat Kumar, told reporters.

India's federal investigating agency, the Central Bureau of Investigation (CBI), said it would challenge the bail order.

Raju, who has been in hospital since September 2009 suffering from hepatitis, was bailed after posting surety of four million rupees (86,000 dollars).

The court stipulated that he should appear daily before the CBI once he is discharged from hospital.

He faces a slew of charges including conspiracy, cheating and forgery, and declared in a letter of confession that he had overstated profits for years and inflated the company's balance sheet by over one billion dollars.

"It was like riding a tiger, not knowing how to get off without being eaten," he wrote.

Raju and nine other suspects are accused of embezzling around three billion dollars from Satyam, one of India's largest outsourcing companies that worked for one-third of the Fortune 500 companies at the time of the scandal.

The court's action came after it granted bail last month to other accused former managers, including Raju's brother B. Rama Raju and the former chief financial officer of Satyam Computers, Vadlamani Srinivas.

All 10 accused in the case have now been granted bail.

The CBI had opposed bail, arguing Raju would seek to tamper with records and pressure hundreds of witnesses.

The agency, which earlier contested medical diagnoses that Raju's

condition was "precarious" and that he should remain in hospital, said it would challenge the bail order before the Supreme Court.

Raju's lawyer said his client had been co-operating with investigators and would continue to do so.

"My client will abide by all the conditions set by the High Court," Kumar told AFP.

The scandal at Satyam -- dubbed "India's Enron" after the US energy firm that collapsed in 2001 amid a scandal over false accounting -- was described by Indian authorities as the country's largest corporate fraud.

Tech Mahindra, a unit of Indian vehicle and farm equipment manufacturer Mahindra and Mahindra, later bought Satyam, allaying fears about its survival.

The company has since been renamed Mahindra Satyam and won an image boost after successfully serving as the main IT services provider for the FIFA World Cup football tournament in South Africa.

Late last year, India's government announced a draft law to avert more corporate scandals of the kind that beset Satyam, which grew from a small family-run firm into a behemoth with 53,000 workers in nearly 70 countries.

The government said the measure would protect investors and make it binding for unscrupulous companies to pay damages to shareholders.

In the immediate aftermath of the scandal, Satyam shares lost close to 90 percent of their value.

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