

India fines ex-IT firm chief over 'India's Enron'

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India's equity market regulator has slapped multi-million dollar fines on the former chief of outsourcing giant Satyam and his aides for manipulating the firm's shares in a scandal dubbed "India's Enron".

B. Ramalinga Raju and four others, including his brother and former top officers of the firm, will have to pay interest on "wrongful gains" of around \$308 million within 45 days, the Securities and Exchange Board of India (SEBI) said late Tuesday.

Although the SEBI order did not mention the full amount of the fines, Wednesday's newspapers estimated that they would total about \$500 million, mostly owed by Raju.

"The noticees have committed a sophisticated white-collar financial fraud with pre-meditated and well thought of plan and deliberate design for personal gains," SEBI member Rajiv Kumar Agarwal wrote in his 65-page order.

The criminal trial of the disgraced former Satyam head and other executives is nearing an end in their home city of Hyderabad with the judge expected to hand down verdicts at the end of the month.

The Satyam scandal erupted in 2009 after Raju admitted to overstating profits for years and inflating the company's balance sheet by more than \$1 billion.

Raju, who was educated in India and the United States, was one of the stars of India's software boom that was a key driver of the country's economic growth over the previous decade.

Tech Mahindra, a unit of Indian vehicle and farm equipment manufacturer Mahindra and Mahindra, bought Hyderabad-based Satyam in April 2009, saving it from collapse.

Raju has been out on bail since November 2011 after spending nearly three years behind bars during the trial.

"I am convinced that this is a case where befitting enforcement action is necessary to send a stern message to the market to create effective deterrence," Agarwal of SEBI wrote.

US energy giant Enron collapsed in 2001 in the wake of massive false accounting revelations.

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