

Satyam founder quits after admitting Rs.40 bn fraud

Satyam Computer Services founder chairman B. Ramalinga Raju resigned from the IT major's board after admitting a fraud to the tune of Rs.40 billion (\$823 million) in the balance sheet of the company.

In a notification to the stock exchanges, the Hyderabad-based IT firm said Ramalinga Raju and Managing Director Rama Raju had resigned early Wednesday and that the Securities and Exchanges Board of India (SEBI) had been informed.

In the regulatory statement, Satyam's erstwhile chairman and co-founder Ramalinga Raju said that the software services firm had fraudulently incorporated a non-existent cash component and inflated the bank balance to reflect Rs.5,040 crores (Rs.50.4 billion or \$1.04 billion) as against Rs.5,361 crores (Rs.53.61 billion or \$1.1 billion).

'Rama Raju shall continue in the position till such time the board is expanded and the continuance is to ensure enhancement of the board,' the company said in the notification.

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