

Raju may face up to seven years' imprisonment, say legal experts

B. Ramalinga Raju, who Wednesday morning shocked the corporate India by confessing to a Rs.65.92-billion (\$1.3 billion) fraud in Satyam Computers, may face up to seven years' imprisonment if proven guilty, legal experts said.

Raju resigned as the chairman of the Hyderabad-based IT firm after admitting to committing perpetrated irregularities in Satyam's balance sheet for 'last several years'.

The statement has disclosed a wider criminal conspiracy, which could draw prosecution under the Indian Penal Code, Companies Act, IT Act, SEBI Act and even Foreign exchange Management Act.

'The chairman will be prosecuted for cheating, criminal conspiracy and misappropriation and can face up to seven years in prison. It's highly likely that forgery will also be established,' Geeta Luthra, senior counsel with the Delhi High court, told IANS.

Raju can also face prosecution in accordance to the IT Act, 2000, for forging and doctoring electronic book of accounts, Pawan Duggal, a Supreme Court advocate specialising in cyber law, said.

According to retired Delhi High Court justice Rajinder Sachar, the 54-year-old Raju will have to pay monetary damages that could amount to as much as three times the loss suffered by the company.

Although Raju cleared the rest of the Satyam board of abetting in the scandal, the legal community is of the view that the board of directors may not be given the benefit of doubt.

'It is highly unlikely that the board of directors was unaware of the misappropriations. Even if it can be established that the scam went on for several years without their knowledge, they will face the consequences according to the company's law,' Duggal said.

'It's impossible that the board was unaware of the happenings, it is the board's duty to oversee the financials of a company, they will have to face the flak for the loopholes,' said Luthra.

(© IANS / India eNews)