

Satyam new management scouting for investors, open to sell-off

As corporate India, particularly the IT industry, Thursday assessed the damage to Brand India caused by the Rs.70-billion financial fraud of Satyam Computer founder B. Ramalinga Raju, the new management team said it was looking for a strategic partner and was open to the idea of outright sale.

Ram Mynampati, the interim chief executive, told a crowded press conference here Thursday evening that he had no information on Raju's whereabouts. However, Raju's lawyer S. Bharat Kumar in a statement said Raju was in [Hyderabad](#) and has no intention to avoid the process of law.

The 54-year-old Raju, an MBA from Ohio University, has been dragged to the court in the US where class action lawsuit has been filed on behalf of people who had purchased Satyam's American Depository Receipts (ADRs).

Raju can face up to 10 years in jail for the fraud, according to legal experts in India and the US.

Trading in Satyam chips on New York Stock Exchange was stopped Wednesday and the Bombay Stock Exchange Thursday delisted the firm.

At the press meet, Mynampati claimed that 100 clients who contribute around 80 percent of Satyam's revenue have assured they would stick on, and that none of the 53,000 employees has quit.

His statement came amid reports that over 15,000 employees of the firm, the fourth largest software exporter whose clients included General Electric, General Motors, Nestle and the US government, have sent their resume to headhunters for fresh jobs.

Thursday also saw management expert Mendu Rammohan Rao quitting as dean of the prestigious International School of Business here. Rao was an independent director on Satyam board and quit Dec 29, two weeks after the aborted bid by Raju to buy Maytas Infra and Maytas Properties, promoted by his two sons.

Rao presided over the Dec 16 board meeting which approved the buyout. Raju abandoned the plan in the face of strong opposition from investors.

'Unfortunately, yesterday's (Wednesday's) shocking revelations, of which I had absolutely no prior knowledge, mean that we are far from seeing the end of the controversy surrounding Satyam Computers,' Rao said in his resignation which was accepted by the ISB board, a statement from ISB said.

The failed bid led to dramatic developments in the company with four directors quitting and Raju confessing to a massive fraud of inflating profits and resigning as chairman Wednesday.

In a related development, R.C. Sinha, chairman of Maytas Infra, the infrastructure firm that Satyam had sought to acquire last month, also resigned. Sinha is reportedly a close friend of Ramalinga Raju, who holds a 36 percent stake in Maytas Infra, a listed firm.

While speculation mounted on the possibility of Satyam's big ticket clients moving to other IT majors like Infosys Technologies, Tata Consultancy Services and Wipro, Infosys co-chairperson Nandan Nilekani described the Satyam fraud as 'a black-eye.'

'We have been promoting Indian entrepreneurs, Indian corporate as the flagship of brand India and when one of the lot really has a deplorable behaviour then obviously it's not a good thing,' Nilekani told a television channel.

'It's something that is a setback to what we have been trying to accomplish,' he said.

Giving an indication of the negative impact of Satyam scandal on other IT companies in India, Infosys director T.V. Mohandas Pai said Wednesday 'the level of due diligence is sure to go up; in fact, that would overtake other considerations (by clients when signing deals).'

As if in response, the Securities and Exchange Board of India, the market watchdog, sent its team here Thursday, to inspect Satyam's books.

The Satyam scandal was also the talking point among the delegates to the Indian diaspora meet in [Chennai](#) with many saying the Indian software industry may face a 'tough time' as the fraud has cast a shadow on the country's corporate sector.

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