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ADR

11 UNITED STATES DISTRICT COURT
12 NORTHERN DISTRICT OF CALIFORNIA
13 SAN JOSE DIVISION

14 SAJI VETTIYIL, individually and on behalf
of all others similarly situated,
15
16 Plaintiffs,

17 v.

18 SATYAM COMPUTER SERVICES, LTD.,
19 RAMALINGA RAJU,
20 RAMA RAJU,
21 SRINIVAS VADLAMANI,
22 PRICEWATERHOUSECOOPERS,
23 Defendants.

Case No. **09 00117**

CLASS ACTION

COMPLAINT FOR VIOLATION OF
FEDERAL SECURITIES LAWS

DEMAND FOR JURY TRIAL

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1 Plaintiff Saji Vettiyil ("Plaintiff"), individually and on behalf of all those similarly
2 situated, alleges the following based upon the investigation of plaintiff and his counsel, including
3 a review of regulatory investigations, regulatory filings, reports, press releases and media reports.

4 **I. INTRODUCTION**

5 1. On January 7, 2009, the Chairman of Satyam Computer Services Ltd. ("Satyam"
6 or "Company"), Ramalinga Raju, announced the largest corporate fraud in Indian history,
7 admitting that he and Satyam had intentionally committed accounting fraud over the last few
8 years and that **over 90% of Satyam's earnings and assets were fictitious**. In a letter written to
9 the Board of Directors of Satyam, Chairman Raju announced that Satyam's balance sheet was
10 inflated by at least INR71 billion (Indian rupees), equal to approximately \$1.4 billion USD. In
11 that same letter, he claimed that the fraud was orchestrated by himself and his younger brother,
12 Rama Raju, the Managing Director and Chief Executive Officer of Satyam. Satyam, ironically
13 means "truth" in Sanskrit. The day prior to its collapse, Satyam was listed as having a market
14 capitalization of \$3.15 billion USD. That value evaporated overnight as a result of the fraud.

15 2. This is a class action on behalf of persons who purchased American Depository
16 Receipts ("ADR") of Satyam between January 1, 2004 and January 6, 2009 (the "Class Period")
17 arising out of Defendants' dissemination of false and misleading statements concerning the
18 Company's financial condition and accounting practices relating to, among other items, over \$70
19 billion rupees (equal to \$1.4 billion) in fictitious and inflated revenue and assets and the real
20 increased costs needed to justify those fictitious and inflated revenues.

21 3. Satyam was one of the largest Indian consulting, information technology and
22 computer outsourcing companies in the world, supposedly worth over \$3 billion USD. The
23 genesis of the computer outsourcing industry began in Silicon Valley in the 1980's. With the
24 growth of Silicon Valley and the many high technology companies that contributed to Silicon
25 Valley's transformation into the largest computer technology center of the world throughout the
26 late 1980's and the 1990's, the demand for a skilled and tech savvy workforce at a reasonable cost
27 in order to provide back office support grew, especially at many of the largest corporations in the

1 United States. India, with a large concentration of highly skilled workers and a struggling
2 economy, was in an excellent position to fill Silicon Valley's demand. Satyam, founded in 1987
3 in Hyderabad, Andhra Pradesh, India, was one of the first Indian companies to fulfill the demand.
4 Satyam's primary office in the United States is located in Santa Clara, California. A significant
5 portion of Satyam's business is with major technology companies, most of them based in the
6 United States. As such, California is at the heart of Satyam's business in the United States.

7 4. The day after the announcement of the fraud, the trading of shares of Satyam on
8 the Bombay Stock Exchange plummeted to near zero. In New York City, the announcement
9 occurred prior to the opening of trading on the New York Stock Exchange ("NYSE") on the
10 morning of January 7, 2009. Shares of Satyam American Depository Receipts ("ADR") lost over
11 90% of their value in trading prior to the opening of the NYSE. Trading in Satyam ADRs did
12 not open on the NYSE on the morning of January 7, 2009 as the NYSE announced that it was
13 suspending trading in that security until further notice.

14 5. The Securities and Exchange Board of India has announced it has launched an
15 investigation into Satyam's finances and the activities of its senior officers and directors,
16 including Chairman Raju and his younger brother, who was the Managing Director and Chief
17 Executive Officer of Satyam. SEBI regulators termed the financial wrong-doing at Satyam as
18 being of "*horrifying magnitude*".

19 6. The scope of the fraud is unheralded and has been described in the media as the
20 largest financial scandal in Indian history, sufficient to cripple confidence in not only the Indian
21 information technology outsourcing industry but the entire Indian market. In his letter to the
22 Satyam Board of Directors, Chairman Raju announced that Satyam's reported financial
23 statements as of September 30, 2008 were false in the following ways:

- 24 ● Inflated (non-existent) cash and bank balances of INR50.4 billion
25 (compared to INR53.61 billion reflected in Satyam's books). In other
26 words, instead of INR53.61 in assets, Satyam actually had only INR3.21
27

1 billion in assets. Approximately 94% of Satyam's cash assets were thus
2 non-existent.

- 3 ● Non-existent accrued interest of INR3.76 billion.
- 4 ● Understated liability of INR12.3 billion on funds arranged for himself.
- 5 ● Overstated debtor's position of INR4.90 billion (compared to 26.5 billion
6 reflected in Satyam's books).

7 Over the last few years, Satyam has inflated its earnings and assets by over INR70 billion,
8 which equates to approximately \$1.4 billion USD.

9 7. For the fiscal quarter ending September 30, 2008, Satyam reported revenues of
10 INR 27 billion and operating margins of INR6.49 billion (24 percent of revenue). However, the
11 true operating margins for Satyam were a fraction of that. In his letter, Chairman Raju admitted
12 that actual revenues were INR21 billion and actual operating margins were INR6.1 billion (3
13 percent of revenues). In order to conceal this inflated operating margin, Satyam inflated its cash
14 and balances by INR588 million.

15 8. In response to this news, Satyam's stock in India lost near 77% in value,
16 plummeting to near zero. According to its Annual Report on Form 20-F filed with the Securities
17 and Exchange Commission ("SEC"), as of March 31, 2008, Satyam had 670,479,293 shares of
18 outstanding equity securities. In the United States, shares of Satyam ADRs fell approximately
19 \$8.42 per share to 93 cents, about 90% of their value, in market action prior to the opening of
20 trading on the NYSE. Trading in Satyam ADRs is currently suspended. Each share of Satyam
21 ADRs is currently worthless. In its latest Form 20-F with the SEC, Satyam stated that, as of
22 March 31, 2008, it had 130,505,900 underlying equity shares supporting 65,252,950 ADRs.
23 Each ADR represents 2 shares of Satyam equity stock.

24 9. On February 25, 2005, Satyam filed a Form F-3 with the SEC in order to list its
25 ADRs on the NYSE. Form F-3 is an SEC registration statement for foreign corporations seeking
26 to issue securities in the United States, if they meet certain requirements. Satyam's Form F-3
27 filing was last amended on May 9, 2005. The underwriters of Satyam's ADRs were Merrill
28

1 Lynch International, J.P. Morgan Securities, Inc., Citigroup Global Markets, Ltd., Bear, Stearns
2 & Co. Inc., Lehman Brothers, Inc., Gilford Securities, Inc. and Janney Montgomery Scott LLC.
3 PricewaterhouseCoopers ("PwC"), serving as Satyam's auditor, reviewed and audited the
4 financial statements included with the filed Form F-3. PwC consented to serve as an expert on
5 Satyam's accounting for the filing of the Form F-3.

6 10. Since 2001, Satyam has filed annual reports with the SEC on Form 20-F. These
7 Annual Reports contain financial statements for Satyam that were approved by Srinivas
8 Vadlamani, Satyam's Chief Financial Officer and by PwC. Due to the massive scope of this
9 fraud, it is impossible that Satyam's CFO and outside auditor could have failed to detect the
10 fraud without either being complicit in the fraud or recklessly failing to perform their
11 responsibilities in an acceptable manner.

12 11. By this action, plaintiff seeks to recover lost funds for the victims of these
13 improper accounting schemes.

14 **II. JURISDICTION AND VENUE**

15 12. Plaintiff asserts claims under § 11, § 15, and § 20 of the Securities Act, 15 U.S.C.
16 §77k, under §10(b) of the Securities Exchange Act, 15 U.S.C. §10(b) and Rule 10b-5, 17 C.F.R. §
17 240.10b-5, promulgated thereunder, and under the common law. Federal subject matter
18 jurisdiction exists pursuant to § 22(a) of the Securities Act, 15 U.S.C. § 77v(a), § 27 of the
19 Securities Exchange Act, 15 U.S.C. §78aa, and 28 U.S.C. § 1331 (federal question). Venue of
20 this action in this Court is proper pursuant to Section 27 of the 1934 Act. Many of the collateral
21 acts and transactions occurred in this district. Satyam's primary operations in the United States
22 took place in the Silicon Valley in California, as they had an office at 3945 Freedom Circle, Suite
23 720, Santa Clara, CA.

24 13. Defendants, directly and/or indirectly, used the means and instrumentalities of
25 interstate commerce, the United States mails, and the facilities or the national securities markets
26 in connection with the acts, conduct, and other wrongs complained of herein.

27 ///

1 **III. THE PARTIES**

2 **A. Plaintiffs**

3 14. Plaintiff **Saji Vettiyil** is a resident of Santa Cruz County, Arizona. As set forth in
4 the certificate attached hereto as Exhibit A, Plaintiff purchased Satyam ADRs and has been
5 damaged as a result.

6 15. Plaintiff and other Class members purchased Satyam ADR shares in the open
7 market, unaware that Defendants' statements and omissions regarding the stock and financial
8 results were false and/or misleading and were causing Satyam's stock price to be artificially
9 inflated. Plaintiff and the Class relied upon Defendants' statements and omissions in Satyam's
10 public reports, press releases, and SEC filings when they purchased shares of Satyam ADRs and
11 were thus injured by the Defendants' actions. Plaintiff and the Class further relied on the
12 integrity of the market for Satyam securities and the fact that Satyam securities were fairly priced.
13 Believing the Defendants' statements to be true has resulted in injury to the Plaintiff and each
14 Class member.

15 **B. Defendants**

16 **1. Corporate Defendants**

17 16. Defendant **Satyam Computer Services Ltd.** ("Satyam" or "Company") is a
18 consulting, information technology and computer outsourcing corporation based in Hyderabad,
19 India. Satyam operates in the United States, primarily in Silicon Valley. During the Class
20 Period, Satyam had approximately 670 million shares outstanding, including 130 shares that
21 were being used to support 65 million Satyam ADRs which were listed in the United States on
22 the NYSE. Shares of Satyam and Satyam ADRs traded in an efficient market.

23 17. Defendant **PricewaterhouseCoopers** ("PwC") is a multinational auditing,
24 accounting, and consulting firm. It is a limited liability partnership, with principal headquarters
25 in the State of New York, and has multiple offices in California. PwC also has offices in India
26 where it conducted the audit of Satyam. PwC has been the auditor for Satyam since at least 2001
27 when it audited and certified the financial results for Satyam when it first filed its financial

1 statements with the SEC on Form 20-F on August 13, 2001. PwC provided both auditing and
2 consulting services to Satyam, and issued unqualified audit opinions on Homestore's financial
3 statements. PwC also audited the reported financial statements filed with the SEC in connection
4 with Satyam's filing on Form F-3 in order to issue securities on the NYSE to American investors.
5 As part of its audit procedures, PwC audited the financial results of Satyam for over seven years
6 where it apparently missed the fact that over 90% of Satyam's reported assets did not exist.
7 Satyam issued materially false and misleading statements when it certified Satyam's financial
8 results as accurate and presented in accordance with GAAP.

9 2. **Individual Defendants**

10 18. Defendant **Ramalinga Raju** is the former Chairman of the Board of Satyam.
11 Defendant Ramalinga Raju resigned from his position as Satyam's Chairman on January 7, 2009
12 when he disclosed to the market that he personally participated in inflating Satyam's earnings
13 and assets by over INR70 billion (equal to \$1.4 billion USD). Ramalinga Raju signed the Form
14 F-3 authorizing the listing of Satyam ADRs on the NYSE. As of March 31, 2008, Defendants
15 Ramalinga Raju and Rama Raju control SRSR Holdings Private Limited, which held
16 approximately 8.3% of Satyam's outstanding equity shares.

17 19. Defendant **Rama Raju** is the younger brother of Defendant Ramalinga Raju and
18 is the former Managing Director and Chief Executive Officer of Satyam. Rama Raju resigned on
19 January 7, 2009, the same day his brother announced his involvement in fraudulently inflating
20 the earnings and assets of Satyam by INR70 billion (equal to \$1.4 billion USD). Rama Raju
21 signed the Form F-3 authorizing the listing of Satyam ADRs on the NYSE. As Chief Executive
22 Officer of Satyam, Rama Raju also certified the financial statements of Satyam filed on Form
23 20-F pursuant to the Sarbanes-Oxley Act. As of March 31, 2008, Defendants Ramalinga Raju
24 and Rama Raju controlled SRSR Holdings Private Limited, which held approximately 8.3% of
25 Satyam's outstanding equity shares.

26 20. Defendant **Srinivas Vadlamani** is the former Chief Financial Officer of Satyam.
27 In his capacity as CFO, Srinivas Vadlamani was responsible for overseeing the finances of
28

1 Satyam and ensuring that the accounting for transactions at Satyam was done in accordance with
2 accounting rules. Nevertheless, either intentionally or recklessly, Srinivas Vadlamani failed to
3 detect and report the massive fraud occurring at Satyam. Srinivas Vadlamani signed the Form F-
4 3 authorizing the listing of Satyam ADRs on the NYSE. Srinivas Vadlamani also signed the
5 Annual Reports on Form 20-F that were filed with the SEC.

6 21. Defendants Ramalinga Raja and Rama Raju (“Raju Defendants”), by reason of
7 their stock ownership and positions with and relations to Satyam, and other affiliated companies,
8 were controlling persons of Satyam. Satyam in turn controlled the Raju Defendants. The Raju
9 Defendants and Satyam are liable as control persons under Section 15 of the 1933 Act and
10 Section 20(a) of the 1934 Act.

11 22. Defendants Ramalinga Raju, Rama Raju and Srinivas Vadlamani (the “Individual
12 Defendants”) served as senior officers, directors and/or employees of Satyam during the Class
13 Period and, because of their positions, were able to control the contents of the representations
14 made to stockholders and the public, had access to adverse undisclosed information regarding the
15 company which contradicted the information disseminated to the public, and had the authority to
16 prevent or correct the disseminations. Furthermore, the Individual Defendants each had an
17 affirmative duty to promptly disseminate accurate and truthful information and/or correct any
18 misleading and untrue information regarding Satyam’s financial condition, performance, growth,
19 operations, financial statements, business, products, markets, management, earnings, and
20 business prospects. Despite this affirmative duty, the Individual Defendants knowingly and
21 intentionally made misleading statements and omissions in order to artificially inflate the price of
22 Satyam stock.

23 23. Defendants are liable for the false statements pleaded herein. The statements are
24 each “group-published” information for which they are responsible.

25 24. Defendants are not protected by any statutory safe harbor for forward-looking
26 statements because that protection does not extend to the allegedly false statements pleaded in
27 this complaint. First, many of the specific statements pleaded herein were statements of fact,
28

1 primarily assertions regarding the earnings and assets of Satyam that were simply fictitious and
2 non-existent. These statements are pure false statements of a material fact. Second, many of the
3 specific statements pleaded herein were not identified as “forward-looking statements” when
4 made. Third, to the extent there were any forward-looking statements, Defendants did not
5 provide meaningful cautionary statements identifying important factors that could cause actual
6 results to differ materially from those in the purportedly forward-looking statements pleaded
7 herein. Defendants are liable for those false forward-looking statements because they knew, at
8 the time each such statement was made, and/or authorized and/or approved by an executive
9 officer and/or director of Satyam, that those statements were false.

10 3. Aiding and Abetting/Conspiracy

11 25. Defendants, and each of them, are sued as participants and as aiders and abettors
12 herein alleged. At all relevant times, each defendant was and is the agent of each of the
13 remaining Defendants, and in doing the acts alleged herein, was acting within the course and
14 scope of such agency. Each defendant ratified and/or authorized the wrongful acts of each of the
15 defendants. There is a unity of interest and ownership between the Defendants listed above, such
16 that the acts of the one are for the benefit and can be imputed as the acts of the other.

17 4. Unnamed Participants

18 26. Numerous individuals and entities participated actively during the course of and in
19 furtherance of the scheme described herein. The individuals and entities acted in concert by joint
20 ventures and by acting as agents for principals, in order to advance the objectives of the scheme
21 to benefit Defendants and themselves through the purchase and sale of mutual funds to the
22 detriment of plaintiffs and the Class.

23 IV. CLASS ALLEGATIONS

24 27. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal
25 Rules of Civil Procedure, on its own behalf and on behalf of the following class:

26 All persons and entities who, during the Class Period from January 1, 2004
27 through January 6, 2009, purchased shares in Satyam American Depository
28 Receipts (“ADR”).

1 Excluded from the Class are defendants herein, members of their immediate families and their
2 legal representatives, parents, affiliates, heirs, successors or assigns and any entity in which
3 defendants have or had a controlling interest, officers and directors of Satyam and any entity in
4 which they have or had a controlling interest, and any other person who engaged in the improper
5 conduct described herein (the "Excluded Persons"). Also excluded are any officers, directors, or
6 trustees of the Excluded Persons.

7 28. The members of the Class are so numerous and so widely dispersed throughout
8 the nation that joinder of all of them is impracticable. While the exact number of Class members
9 is unknown to plaintiffs at the present time and can only be ascertained from books and records
10 maintained by defendants and/or their agents, Plaintiff believes that the Class members number
11 in the hundreds of thousands.

12 29. Plaintiff's claims are typical of those of other Class members. Plaintiff purchased
13 Satyam shares and sustained damages as a result of defendants' wrongful conduct complained of
14 herein.

15 30. Plaintiff will fairly and adequately protect the interests of the members of the
16 Class. Plaintiff has retained competent counsel experienced in class action securities litigation.
17 Plaintiffs have no interests that are adverse or antagonistic to those of the Class.

18 31. There are common questions of law and fact arising in this action with respect to
19 the Class, including, inter alia:

- 20 a. Whether Defendants' acts alleged herein violated federal securities laws;
21 and
22 b. Whether Plaintiff and members of the Class were damaged, and the
23 appropriate measure of damages.

24 32. These questions of fact and law that are common to the Class predominate over
25 any questions solely affecting individual members.

26 33. A class action is superior to all other available methods for the fair and efficient
27 adjudication of this controversy. Plaintiff knows of no difficulty likely to be encountered in the
28 management of this action that would preclude its maintenance as a class action.

1 **V. FACTUAL ALLEGATIONS**

2 **A. Birth of Satyam and the Growth of the Computer Outsourcing Industry**

3 34. Satyam was founded in Hyderabad in 1987 in order to meet a growing demand in
4 Silicon Valley for highly skilled and tech savvy workers at a reasonable cost. In the 1980's and
5 1990's, Silicon Valley became the heart of the global high technology boom. During that time,
6 computer outsourcing was in its infancy. Satyam rose to prominence in the late 1990's because
7 Chairman Raju was among the first to spot outsourcing opportunities throughout the United
8 States, especially with high technology companies in California. Ram Mynampati, the interim
9 Chief Executive Officer of Satyam in the aftermath of the accounting scandal, attended
10 California State University - Fullerton.

11 35. Throughout the late 1990's, Silicon Valley experienced explosive growth as it
12 became the global capital for information technology development. There was extremely high
13 demand in California for highly skilled workers who could handle a high tech work environment
14 at a reasonable cost. India, which had a highly skilled work force but a struggling economy, was
15 perfectly positioned to meet that demand. Satyam was one of the first corporations to recognize
16 that demand and take action to fulfill that demand. Satyam - California was founded in Santa
17 Clara, California due to the importance of California as one of the largest states taking advantage
18 of Indian software outsourcing. Satyam's Santa Clara office is Satyam's principal office in the
19 United States.

20 36. By 2000, Satyam was a billion dollar corporation and one of the largest computer
21 outsourcing companies in the world. Satyam was also a pioneer in that field, being one of the
22 first companies to provide skilled labor outsourcing, particularly to high technology companies in
23 Silicon Valley. At its height, Satyam served as the back office for some of the largest banks,
24 manufacturers, health care and media companies in the world, handling everything from
25 computer systems to customer service. Satyam was touted as India's fourth-largest IT services
26 firm. Clients have included General Electric, General Motors, Nestlé and the United States
27 government. In some cases, Satyam is even responsible for clients' finances and accounting.

28 ///

1 **B. Satyam Begins Filing Form 20-F's with the SEC, Audited by PwC**

2 37. Beginning in 2001, Satyam began filing Annual Reports with the SEC on Form
3 20-F. These documents were audited by PwC as its outside auditor. PwC has served as
4 Satyam's outside auditor for at least seven years, during which it had unlimited access to
5 Satyam's financial information. No other individual or entity had the same level of access to
6 Satyam's financials during that time period. As Satyam's outside auditor, PwC was required to
7 scrutinize in detail the financial results of Satyam. An outside auditor must not be a cheerleader
8 for a company but has a fiduciary duty to act with due diligence by challenging and strenuously
9 testing the reported financial results of a company. An outside auditor cannot accept at face
10 value the assertions made by company management.

11 38. During those seven years, PwC apparently missed the fact that over 90% of
12 Satyam's reported assets were imaginary. Even if Chairman Raju's admissions are the full extent
13 of the fraud, the scope of the fraud is so large that it would have been impossible for a diligent
14 outside auditor to miss the fraud. Simple testing and questioning of corporate management's
15 assertions would likely have uncovered these gross violations of GAAP.

16 39. The Satyam scandal also brought into sharp focus the role of the auditor
17 PricewaterhouseCoopers, raising serious concerns that it was complicit in perpetrating a fraud
18 comparable to the accounting scandal at Enron in the United States. PwC has taken temporary
19 shelter under the roof of client confidentiality, saying it is now examining the contents of the
20 statement made by Raju. However, it is impossible for any outside auditor, exercising minimal
21 diligence, to miss a fraud of this size.

22 40. The *Economic Times* wrote, "The image of Satyam's statutory auditors,
23 PricewaterhouseCoopers" has been tarnished as voices are being raised at the possibility that the
24 auditors were hand-in-glove with the conspirators in the . . . scam."

25 41. Due to the scope of the scam, PwC was either complicit with Satyam in the
26 perpetration of this scheme to defraud or the competency of the accountants was far below
27 minimal standards.

28 ///

1 **C. Satyam Sells ADRs on the NYSE**

2 42. On February 25, 2005, Satyam filed a Form F-3 with the SEC in order to list its
3 American Depository Receipts (“ADR”) on the NYSE and sell them to American investors. The
4 Form F-3 was amended several times, the last amendment being filed on May 9, 2005. Satyam
5 ADRs were offered to the public on the NYSE on May 12, 2005 at an offering price of
6 approximately \$21.50 per share. The final Form F-3 was signed by Defendants Ramalinga Raju
7 as Chairman of the Board of Directors of Satyam, Rama Raju as CEO of Satyam and by Srinivas
8 Vadlamani as CFO of Satyam. PwC audited the financial results that were incorporated into the
9 Form F-3 and certified that the financial results were accurate and presented in accordance with
10 U.S. GAAP. The underwriters of the sale of Satyam ADRs were Merrill Lynch International,
11 J.P. Morgan Securities, Inc. Citigroup Global Markets, Ltd., Bear, Stearns & Co. (which was
12 acquired by J.P. Morgan Chase & Co.), Lehman Brothers, Inc. (which is currently bankrupt),
13 Gilford Securities, Inc. and Janney Montgomery Scott LLC.

14 43. Satyam’s financial results filed with the SEC on Form F-3 were materially false
15 and misleading and all of the Defendants are liable for those misstatements pursuant to Section
16 11 of the 1933 Securities Act. In addition, all of the Defendants are liable for the misstatements
17 in the prospectus for this offering pursuant to Section 12 of the 1933 Securities Act. The
18 Defendants acted with fraudulent intent, as evidenced by the January 7, 2009 confession of
19 Chairman Raju and Satyam, as well as PwC’s failure to detect the massive fraud at Satyam.
20 These Defendants acted with fraudulent intent and failed to exercise appropriate due diligence in
21 regards to Satyam’s financial results. If they had done so, they would have detected the blatant
22 violations of U.S. GAAP, including the fact that over 90% of Satyam’s assets were fictional.

23 44. In his January 7, 2009 letter, Chairman Raju admitted that Satyam’s true cash and
24 bank balance was roughly INR3.21 billion (which equals about \$66 million USD). In Satyam’s
25 Form F-3 filing, Satyam states that, for the fiscal year ending March 31, 2005, Satyam had cash
26 and cash equivalents of \$129.8 million USD (roughly INR 6.3 billion), investments in bank
27 deposits of \$411.6 million USD (roughly INR 19.9 billion) and total assets of \$884.1 million
28 USD (roughly INR42.8 billion). Satyam’s financial results contained in its Form F-3 were

1 clearly false and misleading. Otherwise, Satyam had roughly twice as much cash only in 2005
2 then it had in cash and bank balance in 2008.

3 **D. In Late 2008, Warning Signs Emerge of Problems at Satyam**

4 45. In December of 2008, Satyam attempted to acquire two infrastructure companies,
5 Maytas Infrastructure and Maytas Properties, for \$1.6 billion. Both companies are owned by
6 Satyam CEO Ramalinga Raju's sons. This eventually led to the probing of the deal by the Indian
7 government, a veiled criticism by the Vice President of India and Satyam clients re-evaluating
8 their relationship with the company. The USD \$1.6 billion (INR 8,000 crore) acquisition was
9 met with skepticism. In his January 7, 2009 letter, Chairman Raju admitted that the Maytas
10 acquisition was intended to replace fictional assets with real assets.

11 46. Problems began on December 15, 2008 when Satyam announced it was seeking to
12 acquire Maytas Infrastructure and Maytas Properties. Shares of Satyam's ADRs ended at \$12.55
13 per share on December 15, 2008.

14 47. On December 16, 2008, Satyam states that it was cancelling plans to buy Maytas
15 Infrastructure and Maytas Properties for \$1.6 billion just 12 hours after announcing the deal,
16 claiming that it was due to investor pressure. Analysts question the motives of Satyam's top
17 executives as they hold stakes in Maytas Infrastructure and Maytas Properties.

18 48. On December 18, 2008, Satyam announces that its Board of Directors will meet
19 on December 29, 2008 to consider a proposal for buyback of Satyam's shares.

20 49. Satyam has been under close scrutiny in recent months, after an October report
21 that the company had been banned from World Bank contracts for installing spy software on
22 some World Bank computers. Satyam denied the accusation but on December 23, 2008, the
23 World Bank confirmed without elaboration on the cause that Satyam had been banned. The
24 World Bank banned Satyam from doing business with it for a span of 8 years for providing
25 "improper benefits to bank staff" in return for contracts and for lack of documentation on
26 invoices. The World Bank in its own statement has denied allegations of "data theft/ malicious
27 attacks", but confirmed the bribery and improper invoicing allegations.

1 50. On December 24, 2008, rumors circulated about Satyam being a takeover target
2 due to the recent news.

3 51. On December 25, 2008, Satyam objected to the World Bank's statement and
4 asked that the World Bank withdraw its "inappropriate" statements.

5 52. On December 26, 2008, Mangalam Srinivasn, an independent director of Satyam
6 resigned.

7 53. On December 28, Satyam postponed its board meeting scheduled for December
8 29, 2008 to January 10, 2009 to discuss a proposal for buy-back of shares.

9 54. On December 29, 2008, three more directors resigned from Satyam's Board of
10 Directors, fueling rumors that the number of resignations may go up.

11 55. On Dec. 30, 2008, analysts with Forrester Research warned that corporations that
12 rely on Satyam might ultimately need to stop doing business with the company. "Firms should
13 take the initial steps of reviewing the exit clauses in their current Satyam contracts," in case
14 management or direction of the company changed, Forrester said.

15 56. On January 6, 2009, reports circulated that Tech Mahindra approached Satyam to
16 consider a merger.

17 **E. The Accounting Fraud Is Finally Revealed To The Market**

18 57. On January 7, 2009, prior to the opening of trading on the NYSE, the Chairman of
19 Satyam announced in a letter that he had manipulated Satyam's financial results for several years.
20 In his letter to the Satyam Board of Directors, Chairman Raju announced that Satyam's reported
21 financial statements as of September 30, 2008 were false in the following ways:

- 22 ● Inflated (non-existent) cash and bank balances of INR50.4 billion
23 (compared to INR53.61 billion reflected in Satyam's books). In other
24 words, instead of INR53.61 in assets, Satyam actually had only INR3.21
25 billion in assets. Approximately 94% of Satyam's cash assets were thus
26 non-existent.
- 27 ● Non-existent accrued interest of INR3.76 billion.
- 28 ● Understated liability of INR12.3 billion on funds arranged for himself.

- 1 • Overstated debtor's position of INR4.90 billion (compared to 26.5 billion
2 reflected in Satyam's books).

3 Over the last few years, Satyam has inflated its earnings and assets by over INR70 billion,
4 which equates to approximately \$1.4 billion USD.

5 58. For the fiscal quarter ending September 30, 2008, Satyam reported revenues of
6 INR 27 billion and operating margins of INR6.49 billion (24 percent of revenue). However, the
7 true operating margins for Satyam were a fraction of that. In his letter, Chairman Raju admitted
8 that actual revenues were INR21 billion and actual operating margins were INR6.1 billion (3
9 percent of revenues). In order to conceal this inflated operating margin, Satyam inflated its cash
10 and balances by INR588 million.

11 59. An investigation by SEBI has been announced but the investigation has not yet
12 begun. Even if Chairman Raju's admissions are the full extent of the accounting fraud at
13 Satyam, the scope of this fraud is astounding. The size and scope of the fraud is so large that no
14 outside auditor, acting in a minimally responsible manner, would have missed the fraud. Nor
15 could any underwriter that was appropriately performing its duties.

16 60. Along with the fraud announcement, on January 7, 2009, both Chairman
17 Ramalinga Raju and CEO Rama Raju resigned from their positions at Satyam. Ram Mynampati
18 was named the interim CEO, pending ratification by the Board of Directors. In his letter,
19 Chairman Raju suggested the formation of a Task Force to tackle the operational problems at
20 Satyam in the aftermath of the announcement of this major fraud.

21 61. In his letter, Chairman Raju also stated that "Merrill Lynch can be entrusted with
22 the task of quickly exploring some merger opportunities." A copy of Chairman Raju's letter was
23 sent directly to DSP Merrill Lynch, a sister company of Merril Lynch International, who
24 underwrote Satyam's issuance of ADRs in the United States. Immediately after Chairman Raju's
25 fraud announcement became public, DSP Merrill Lynch ended its relationship with Satyam.

26 62. According to a January 7, 2009 Satyam press release: "We are obviously shocked
27 by the contents of the letter. The senior leaders of Satyam stand united in their commitment to
28 customers, associates, suppliers and all shareholders. We have gathered together at Hyderabad to

1 strategize the way forward in light of this startling revelation” said Mr. Ram Mynampati, Interim
2 CEO (pending ratification by the Board) and Member of the Board, who has been mandated by
3 the Board to steer the company through this crisis.

4 63. In that press release, Satyam confirmed that its immediate priorities are to protect
5 the interests of its shareholders, protect the careers and security of its approximately 53,000
6 associates, and meet all its commitments to its customers and suppliers. “We recognize that our
7 associates have committed a significant part of their careers to build Satyam. We will pursue all
8 avenues to secure their future in the company,” added Mr. Mynampati.

9 64. Satyam’s CFO Srinivas Vadlamani did not show up for work in the aftermath of
10 Chairman Raju’s announcement of the fraud and was reported to have tendered his resignation.
11 In his letter, Chairman Raju claimed that certain individuals at Satyam had no knowledge of the
12 fraud. Srinivas Valdmani’s name was the only significant one missing from Chairman Raju’s list
13 of those who were ‘unware of the real situation’ and Satyam’s wrongdoing. On January 9, 2009,
14 *The Times of India* reported that Srinivas Vadlamani attempted to commit suicide but failed in
15 his attempt.

16 65. On January 9, 2009, *The Wall Street Journal* reported that both Ramalinga Raju
17 and his brother, Rama Raju were arrested by Indian state police. “RamalingaRaju has been
18 arrested for having violated several sections of the Indian Penal Code,” S.S.P. Yadav, director
19 general of the police of Andhra Pradesh told Dow Jones Newswires.

20 **F. Market Responds to Fraud Announcement**

21 66. In response to this news, Satyam’s stock in India lost near 77% in value,
22 plummeting to near zero. According to its Annual Report on Form 20-F filed with the Securities
23 and Exchange Commission (“SEC”), as of March 31, 2008, Satyam had 670,479,293 shares of
24 outstanding equity securities. In the United States, shares of Satyam ADRs fell approximately
25 \$8.42 per share to 93 cents, about 90% of its value, in market action prior to the opening of
26 trading on the NYSE. Trading in Satyam ADRs is currently suspended. Each share of Satyam
27 ADRs is currently worthless. In its latest Form 20-F with the SEC, Satyam stated that, as of
28 March 31, 2008, it had 130,505,900 underlying equity shares supporting 65,252,950 ADRs.

1 Each ADR represents 2 shares of Satyam equity stock. The news of Satyam's fraud was enough
2 to cause the Sensex index (related to Indian securities) to lose over 77% in value in a single day.

3 67. This does not include the additional losses suffered by Satyam shareholders due to
4 the inflation of Satyam's share value over the last several years due to years of inflated financial
5 results, in particular the false rise in Satyam's share price caused by Chairman Raju's attempt to
6 complete the Maytas acquisition. As Chairman Raju admitted, his attempt to buy Maytas, which
7 is owned by his family members and has no reasonable connection to Satyam's business, was to
8 further prop up Satyam's fictional financial assets with real assets. As an additional bonus, it
9 would financially benefit his family. Prior to the Maytas announcement and the string of news
10 that put Saytam's finances in question, Saytam's ADRs traded over \$12 per share. Saytam's
11 ADR traded over \$9 per ADR the day before Chairman Raju's announcement, losing over 90%
12 of its value in a single day.

13 68. SEBi's chairman, Mr. Bhavne said that the event is of horrifying magnitude.
14 "Something like this has happened for the first time in India so we are also in touch with ministry
15 of corporate affairs on what all steps need to be taken," said Mr. Bhavne.

16 69. "This is a black day for India, the software sector and corporate-governance
17 claims," Arun Kejriwal, founder of Kejriwal Research & Investment Services, told Bloomberg.
18 "If at all there's an event that could be the biggest setback for corporate India, it is this."

19 70. In the *Wall Street Journal*, Mohammed Hadi writes, "The whole affair - already
20 being dubbed India's Enron - throws India's corporate governance into sharp relief. That Mr.
21 Raju thought is appropriate to spend \$1.6 billion on two firms so unrelated to Satyam's business
22 and in which he had a financial interest, without seeking shareholder approval, speaks volumes
23 about his sense of what his shareholders would tolerate."

24 71. In the aftermath of the fraud announcement, *The Business Standard* reported on
25 the scene outside Satyam's Hyderabad headquarters, "The otherwise lively campus wore a grim
26 and somber look with high security all around," with employees reluctant to talk. "We are tense
27 after hearing about the developments in the company," said one employee, "Though the company
28 has taken up an image-building exercise for the past few days, the reality is quite a contrast. The

1 chairman has been sending personal mails to all of us assuring things would be on track shortly.
2 But what we see is quite different.”

3 **G. PwC Fails to Detect The Pervasive Accounting Improprieties**

4 72. During the Class Period, Defendants were focused on public reaction to its key
5 financial metrics, including earnings, assets and liabilities, in order to boost Satyam’s stock price.
6 Satyam’s goal was to continue to convince the market that it was a strong, growing company
7 with strong operating margins. Instead, by grossly inflating its revenues, Satyam was forced to
8 increase its costs in order to pretend to be able to generate those outsized revenues. In reality,
9 Satyam’s operating margins were a mere fraction of what they were publicly portrayed to be.
10 The accounting improprieties were so pervasive that over 90% of the company’s reported assets
11 were fictional. In his letter to the Satyam Board of Directors, Chairman Raju admitted that the
12 reason for the fraud was to maintain the false impression that Satyam was a strong corporation.
13 Chairman Raju admitted that the “concern was that poor performance would result in the
14 takeover, thereby exposing the gap. It was like riding a tiger, not knowing how to get off without
15 being eaten.”

16 73. PwC was the auditor for Satyam for at least the last seven years in which they
17 failed completely to detect a INR70.1 billion (roughly \$1.4 billion USD) fraud. Indeed, over
18 90% of Satyam’s listed assets, according to Chairman, were completely fictional. PwC’s failure
19 to detect a fraud of this scope is highly suspect and PwC either conspired along with Satyam and
20 its officers and directors, or failed to meet even minimal professional standards.

21 74. On January 8, 2009, PwC issued an e-mail stating that, “The audits were
22 conducted by Pricewaterhouse in accordance with applicable auditing standards and were
23 supported by appropriate audit evidence.” PwC also stated that it was cooperating with
24 regulators.

25 75. According to PwC’s interim CEO Ram Mynampati, Satyam’s board relied on the
26 PricewarehouseCoopers verified results in their deliberations. Mr. Mnampati also stated that the
27 company is assessing whether it will change its auditor.

1 76. Indian accounting standards are broadly similar to international standards. For the
2 last few years, because the company was listed on the NYSE, Satyam adopted international
3 financial reporting standards, including U.S. GAAP. Satyam was also subject to the
4 Sarbanes-Oxley financial standards regulation.

5 77. Chairman Raju admitted that the company stated the amount owed to it by debtors
6 as \$545.65 million, compared with an actual position of \$444.81 million.

7 78. According to Neeraj Bhagat, chief executive of accountancy firm Neeraj Bhagat &
8 Co. in New Delhi, "As part of an end-of-year audit, accountants would have had to verify the
9 amount of money owed to the client." Normally, auditors do this by contacting the client's
10 business partners directly and check that the amount of money owed tallies with what the client
11 says.

12 79. Also in his January 7, 2009 letter, Chairman Raju admitted that Satyam's cash and
13 bank balance had been inflated by more than \$1 billion dollars.

14 80. This is "*the easiest thing to verify*," said Vishesh Chandiok, national managing
15 partner in India of accountants Grant Thornton. Normally, checking bank statements wouldn't be
16 considered sufficient under Indian or U.S. rules -- the auditor would also need to get direct
17 confirmation from the bank.

18 81. "If you're an auditing company and your clients say they have \$1 billion in cash,
19 you do check with the bank," said Hugh Young, the head of equities for Aberdeen Asset
20 Management, which was a Satyam investor until it sold its holdings as problems came to light.

21 82. For investors, such as Plaintiff and Class members, who relied on Satyam's
22 financial statements, the fraud would have been difficult or impossible to discover. According to
23 Charles Mulford, an accounting professor at the Georgia Institute of Technology, "When a fraud
24 goes so far as to misreport cash, finding warning signs of the fraud becomes quite problematic."

25 83. There were red flags though that were missed by PwC. One indication of fraud
26 accountants often look for is a discrepancy between net income and operating cash flow, the
27 amount of cash a company spits out from its operations.

1 Satyam both affirmatively lied about its financial results, overstating its earnings and assets,
2 while also omitting material facts regarding the true financial condition of Satyam from its
3 shareholders.

4 89. Satyam filed its Annual Reports on Form 20-F on the following days with the
5 SEC beginning in 2004:

- 6 ● June 29, 2004 (Amended on July 26, 2004)
- 7 ● April 28, 2005
- 8 ● April 28, 2006
- 9 ● April 30, 2007
- 10 ● August 8, 2008

11 90. These financial results all listed the assets of Satyam, as well as its earnings. As
12 early as its financial statements for fiscal year ending March 31, 2006, Satyam announced it had
13 cash of \$262 million USD (roughly \$12.6 billion rupees), investments in bank deposits of \$403.7
14 million USD (roughly 19.5 billion rupees) and total assets of \$1.18 billion USD (roughly 57.1
15 billion rupees). If Satyam's true assets, as of September 30, 2008, were only \$3.21 billion
16 rupees, it is clear that Satyam's financial statements have been fraudulent since at least 2005.

17 91. As Chairman Raju admitted in his January 7, 2009 letter, Satyam's reported assets
18 and earnings were false for several years. Notably, Satyam's reported cash and bank balances, as
19 of September 30, 2008 were inflated by over INR50 billion. Satyam's reported cash and bank
20 balances, at least since 2004, have thus been materially misstated. Also, Satyam's reported
21 accrued interest, as of September 30, 2008 was inflated by over INR3.76 billion. Satyam's
22 reported accrued interest, at least since 2004, has thus been materially misstated. Satyam also
23 falsely reported revenues of INR27 billion for the fiscal quarter ending September 30, 2008 when
24 its actual revenues were INR21.12 billion. Satyam also falsely reported operating margins of
25 INR6.49 billion for the fiscal quarter ending September 30, 2008 when its actual operating
26 margin was INR610 million. Satyam's reported revenues and operating margins, at least since
27 2004, have thus been materially misstated.

1 84. In its fiscal year ending March 31, 2008, Satyam's net income grew 40%, while
2 operating cash flow grew by 30%. But in the previous fiscal year, net income rose by 20%
3 compared with a 61% increase in operating cash flow, a difference that would have been noted
4 by investors and analysts looking for signs of trouble.

5 85. Another warning sign was a sharp increase in assets held in the company's bank
6 deposits. In the fiscal year ending March 31, 2008, Satyam had \$826.7 million worth of bank
7 deposits, a 7.7% increase from the fiscal year ending March 31, 2007 but more than double the
8 amount from the fiscal year ending March 31, 2006, when the company had \$403.7 million in
9 bank deposits.

10 86. In addition, as a company selling securities in the United States to American
11 investors, Satyam also needed to comply with a Sarbanes-Oxley rule requiring companies to
12 document their internal controls for financial reporting. Both the chief executive officer and the
13 chief financial officer must certify the company has sufficient controls in place and to confirm
14 those controls are working effectively. This is then certified by the auditors. It is clear that
15 internal controls were seriously flawed to non-existent to permit a fraud of this size. Chairman
16 Raju, his younger brother Rama Raju, CFO Srinivas Vadlamani and PwC all made material
17 misrepresentations regarding the internal controls at Satyam for financial reporting.

18 87. India's professional body for accountants, the Institute of Chartered Accountants
19 of India, is investigating PwC's auditing of Satyam, according to Ved Jain, the president of the
20 Institute of Chartered Accountants of India. The Institute of Chartered Accountants of India has
21 the power to revoke licenses to practice and debar members.

22 **H. Defendants Conceal Accounting Improprieties And Misstate Satyam's**
23 **Financial Condition In Public Reports, Filings And Statements**

24 88. During the Class Period, in each and every Form 20-F and in its Form F-3, first
25 filed on February 25, 2005 and later amended several times, filed with the SEC, and in each and
26 every press release announcing Satyam's financial results, Defendants concealed the deceptive
27 and improper accounting practices described above, and later revealed in Chairman Raju's
28 January 7, 2009 letter, and instead, repeatedly overstated the Company's financial condition.

1 92. Satyam Computer Services Limited Chairman, B. Ramalinga Raju, confessed to
2 overstating the Company's financial condition in his letter to the Board Members. The
3 Company's Form 20-F from years 2004 to 2008 all stated increased revenue from the prior year.
4 Stated in Satyam Computer Services Limited's Form 20-F for the fiscal year ended March 31,
5 2005: "We have experienced significant growth in recent periods. In fiscal 2005 our total
6 revenues increased by 40.1% as compared to fiscal 2004, and in fiscal 2004 our total revenues
7 increased by 23.3% as compared to fiscal 2003." The Company's total revenues during this
8 period are \$793,597,000 and its gross profit was \$286,821,000.

9 93. In addition, PwC, having audited and authorized those financial results on Form
10 20-F also made material misstatements by certifying Satyam's reported financial results, at least
11 since 2004, as being accurate and being presented in accordance with U.S. GAAP. For the years
12 2004 through 2008, PwC provided unqualified audit opinions on Satyam's financial statements.
13 Its opinions certifying Satyam's financial statements were included in the Registration Statements
14 on Form F-3 for the issuance of Satyam ADRs on the NYSE and were included in Satyam's
15 Annual Reports on Form 20-F. PwC affirmatively consented to its opinions being included in
16 these public documents filed with the SEC.

17 94. Stated in Satyam Computer Services Limited's Form 20-F for the fiscal year ended
18 March 31, 2006: "We have experienced significant growth in recent periods. In fiscal 2006 our
19 total revenues increased by 38.1% as compared to fiscal 2005, and in fiscal 2005 our total
20 revenues increased by 40.1% as compared to fiscal 2004." The Company's total revenues during
21 this period are \$1,096,300,00 and its gross profit was \$407,300,000.

22 95. Stated in Satyam Computer Services Limited's Form 20-F for the fiscal year ended
23 March 31, 2007: "We have experienced significant growth in recent periods. In fiscal 2007, our
24 total revenues increased by 33.3% as compared to fiscal 2006, and in fiscal 2006, our total
25 revenues increased by 38.1% as compared to fiscal 2005." The Company's total revenues during
26 this period were \$1,461,400,000 and its gross profit was \$523,800,000.

27 96. Stated in Satyam Computer Services Limited's Form 20-F for the fiscal year ended
28 March 31, 2008: "We have experienced significant growth in recent periods. In fiscal 2008, our

1 total revenues increased by 46.3% as compared to fiscal 2007, and in fiscal 2007, our total
2 revenues increased by 33.3% as compared to fiscal 2006.” The company's total revenues during
3 this period were \$2,138,100,000 and its gross profit was \$778,900,000.

4 97. Each of these Annual Reports on Form 20-F contained the financial results of
5 Satyam that were certified by Satyam's CFO, Defendant Srinivas Vadlamani and Satyam's
6 outside auditor, PwC. Those financial statements were false because Chairman Raju and Satyam
7 had fabricated the earnings and assets of Satyam by billions of Indian rupees. By his own
8 admission, Satyam's financial results had been manipulated for years and the size of the
9 manipulation only grew each year.

10 98. In his January 7, 2009 letter, Chairman Raju stated that, “The gap in the balance
11 sheet has arisen purely on account of inflated profits over several years. What started as a
12 marginal gap between actual operating profits and the one reflected in the books of accounts
13 continued to grow over the years. It has attained unmanageable proportions as the size of the
14 company operations grew significantly (annualised revenue run rate of Rs 11,276 crore in the
15 September quarter, 2008, and official reserves of Rs 8,392 crore). The differential in the real
16 profits and the one reflected in the books was further accentuated by the fact that the company
17 had to carry additional resources and assets to justify a higher level of operations thereby
18 significantly increasing the costs.”

19 99. In addition, Satyam issued false and fraudulent press releases, including earnings
20 announcements, since at least 2004. These results were false because Satyam falsely misstated
21 its revenues, earnings, assets, liabilities and operating margins.

22 **1. 2005**

23 100. In the “Operating and Financial Review and Prospects” section of the Form 20-F
24 for the year ended March 31, 2005, Satyam continued to express how great its gains are per year.
25 “Our total revenues for fiscal 2005 were \$793.6 million and over the past three fiscal years our
26 revenues have grown at a compound annual growth rate of 24.2%.” It continues by saying: “Our
27 revenues and profitability have grown rapidly in recent years. In fiscal 2005, total revenues
28 increased by 40.1% as compared to fiscal 2004. Our revenues grew to \$793.6 million in fiscal

1 2005 from \$566.4 million in fiscal 2004. Our revenue and profitability growth is attributable to a
2 number of factors related to the expansion of our business, including increase in the volume of
3 projects completed for our widening customer base, increase in our associate numbers, increased
4 growth in our consulting and enterprise business solutions business and a strengthening of our
5 customer base in North America and Europe.

6 **2. 2006**

7 101. In the "Operating and Financial Review and Prospects" section of the Form 20-F
8 for the year ended March 31, 2006, Satyam continued to express how great its gains were per
9 year. "Our total revenues for fiscal 2006 were \$1,096.3 million and over the past three fiscal
10 years our revenues have grown at a compound annual growth rate of 33.7%." It continues by
11 saying, "Our revenues and profitability have grown significantly in the recent years. In fiscal
12 2006, our total revenues increased by 38.1% as compared to fiscal 2005. Our revenues grew to
13 \$1,096.3 million in fiscal 2006 from \$793.6 million in fiscal 2005. Our revenue and profitability
14 growth is attributable to a number of factors related to the expansion of our business, including
15 increase in the volume of projects completed for our widening customer base, increase in our
16 associate numbers, increased growth in our consulting and enterprise business solutions business
17 and a strengthening of our customer base in the United States and Europe. Our growth has
18 continued despite increasing pressure for higher wages for our associates coupled with pressure
19 for lower prices for our customers."

20 **3. 2007**

21 102. In the "Operating and Financial Review and Prospects" section of the Form 20-F
22 for the year ended March 31, 2007, Satyam continued to express how great its gains are per year.
23 "Our total revenues for fiscal 2007 were \$1,461.4 million and over the past three fiscal years our
24 revenues have grown at a compound annual growth rate of 37.2%." It continues by saying, "Our
25 revenues and profitability have grown significantly in the recent years. Our total revenues
26 increased by 33.3% to \$1,461.4 million in fiscal 2007 as compared to \$1,096.3 million in fiscal
27 2006. Our net income increased by 19.6% to \$298.4 million in fiscal 2007 from \$249.4 million
28 in fiscal 2006. Our total revenues increased by 38.1% to \$1,096.3 million in fiscal 2006 as

1 compared to \$793.6 million in fiscal 2005. Our net income increased by 62.2% to \$249.4 million
2 in fiscal 2006 from \$153.8 million in fiscal 2005. Our revenue and profitability growth is
3 attributable to a number of factors related to the expansion of our business, including increase in
4 the volume of projects completed for our widening customer base, increase in our associate
5 numbers, increased growth in our consulting and enterprise business solutions business and a
6 strengthening of our customer base in the United States and Europe. Our growth has continued
7 despite increasing pressure for higher wages for our associates coupled with pressure for lower
8 prices for our customers.”

9 **4. 2008**

10 103. In the “Operating and Financial Review and Prospects” section of the Form 20-F
11 for the year ended March 31, 2008, Satyam continued to express how great its gains are per year.
12 “Our total revenues for fiscal 2008 were \$2,138.1 million and over the past three fiscal years our
13 revenues have grown at a compound annual growth rate of 39.1%.” It continues by saying, “Our
14 revenues and profitability have grown significantly in the recent years. Our total revenues
15 increased by 46.3% to \$2,138.1 million in fiscal 2008 as compared to \$1,461.4 million in fiscal
16 2007. Our net income increased by 39.7% to \$417.0 million in fiscal 2008 from \$298.4 million
17 in fiscal 2007. Our total revenues increased by 33.3% to \$1,461.4 million in fiscal 2007 as
18 compared to \$1,096.3 million in fiscal 2006. Our net income increased by 19.6% to \$298.4
19 million in fiscal 2007 from \$249.4 million in fiscal 2006. Our revenue and profitability growth is
20 attributable to a number of factors related to the expansion of our business, including increase in
21 the volume of projects completed for our widening customer base, increase in our associate
22 numbers, increased growth in our consulting and enterprise business solutions business and a
23 strengthening of our customer base in the United States and Europe. Our growth has continued
24 despite increasing pressure for higher wages for our associates coupled with pressure for lower
25 prices for our customers.”

26 **I. The Securities and Exchange Board of India Investigates Fraud**

27 104. Immediately after the announcement of the fraud by Chairman Raju, the Securities
28 and Exchange Board of India (“SEBI”) announced it was opening a probe into Satyam’s

1 finances. One SEBI regulator described the scope of the financial wrong-doing at Satyam as
2 being of "*horrifying magnitude*." On Wednesday, SEBI said it would take all steps under the
3 law for which it has started discussions with government and bourses.

4 105. SEBI chairman C.B. Bhave stated that, "We are in touch with Ministry of
5 Corporate Affairs. We are also in discussion with them as to what steps need to be taken from the
6 perspective of power they have under the law and SEBI has under the law." The Indian
7 government has referred Satyam's case to the Serious Fraud Investigation Office, an official of
8 the Ministry of Corporate Affairs said. The official added that all regulators and government
9 agencies will make coordinated efforts to get to the bottom of the Satyam wrongdoings, stating
10 that company management has not been fair to the shareholders.

11 106. After the announcement of the fraud, Mr. Bhave went on to state that, "Our main
12 effort is to see that whatever facts are available with any regulatory agency, those are put out and
13 investors know the truth. I am sure we will have to learn few lessons from this as we get through
14 the facts."

15 107. SEBI has announced that it suspects that in the last month, some marketmen may
16 have unfairly traded in Satyam shares and made handsome gains. "In the interest of investors and
17 the general public, SEBI has decided to investigate into the affairs relating to buying, selling or
18 dealing in the shares of Satyam and more particularly to ascertain whether the provisions of the
19 SEBI Act and various regulations have been violated," the regulator said in a statement.

20 108. Kumar A. has been appointed as the investigating authority to investigate the issue
21 and submit a report.

22 109. According to SEBI, Chairman Raju's January 7, 2009 letter raised serious
23 questions over accounting and auditing standards in the country. "It was most surprising that a
24 cash balance that was non-existent got certified. The case raises the issue of authenticity of
25 accounts that have been audited," said Mr. Bhave.

26 110. On January 9, 2009, it was announced that the SEBI had taken possession of
27 Satyam's books and were in the process of conducting a thorough and independent audit of the
28 financial statements of Satyam. According to Mr. Bhave, "The books will be seen by the

1 inspection team and they have been in conversation with the chief financial officer. They have
2 also requested to see Ramalinga Raju to question him on a few things. He's meeting the team
3 tomorrow."

4 111. The SEBI order also allowed the Indian government to replace Satyam's border.
5 Minister for Corporate Affairs P.C. Gupta announced on January 9, 2009 that he would dismiss
6 Satyam's entire board immediately and constitute a new Board of Directors that would meet
7 within a week to make a decision on the management of the company.

8 112. That same day, it was reported that Satyam's CFO Srinivas Vadlamani had failed
9 to show up for work since the January 7, 2009 announcement and attempted to commit suicide.
10 That same day, it was announced that Indian police had arrested the Raju brothers, Ramalinga
11 Raju and Rama Raju.

12 **J. Violations of Accounting Rules**

13 113. GAAP is recognized and used by the accounting profession in order to define
14 acceptable accounting practices at a particular time. Although Satyam is an Indian company, in
15 Satyam's Annual Reports on Form 20-F and in Satyam's registration statements filed on Form F-
16 3, Satyam states that its financial statements are presented in accordance with U.S. GAAP. The
17 SEC has also endorsed GAAP in Regulation S-X, 17 C.F.R. § 210.4-01(a)(1), which provides
18 that financial statements filed both annually and quarterly with the SEC must comply with
19 GAAP. If the filings do not comply with GAAP, they are presumed to be misleading and
20 inaccurate, despite footnote or other disclosure. Therefore, defendants' misleading statements
21 and omissions, described above, violated GAAP and SEC Regulations.

22 114. Statements of Financial Accounting Standards ("FAS") are the highest authority
23 in GAAP and are created by the Financial Accounting Standards Board. GAAP provides other
24 authoritative pronouncements, including Accounting Principles Board Opinions ("APB") and
25 Statements of Position ("SOP") of the American Institute of Certified Public Accountants
26 ("AICPA").

27 115. The responsibility for preparing financial statements that conform to GAAP rests
28 with corporate management, as set forth in Section 110.03 of the AICPA Professional Standards:

1 The financial statements are management's responsibility. Management is
2 responsible for *adopting accounting policies and for establishing and maintaining*
3 *internal control*, that will, among other things, record, process, summarize, and
4 report transactions (as well as events and conditions) consistent with
5 management's assertions embodied in the financial statements. The entity's
6 transactions and the related assets, liabilities, and equity are within the direct
7 knowledge and control of management Thus, the fair presentation of
8 financial statements in conformity with [GAAP] is an implicit and integral part of
9 management's responsibility.

10 116. Pursuant to these requirements, Satyam represented in its reports filed with the
11 SEC that its financial results were presented appropriately in accordance with GAAP.
12 Nevertheless, defendants knowingly disregarded the following fundamental GAAP rules when
13 preparing Satyam's financial statements:

14 (a) Financial reporting should provide information that is useful to
15 present and potential investors, creditors and other users in making rational,
16 investment, credit and similar decisions (FASB Statement of Concepts No. 1, ¶
17 34);

18 (b) Financial reporting should provide information about the economic
19 resources of an enterprise, the claims to those resources, and matters that change
20 such resources (FASB Statement of Concepts No. 1, ¶ 40);

21 (c) Financial reporting should provide information about how
22 management of an enterprise has discharged its stewardship responsibility to
23 owners (stockholders) for the use of enterprise resources entrusted to it (FASB
24 Statement of Concepts No. 1, ¶ 50);

25 (d) Financial reporting should provide information about an
26 enterprise's financial performance during a time period. (FASB Statement of
27 Concepts No. 1, ¶ 42). This information is often used by investors and creditors
28 in order to evaluate whether they are interested in future investment and credit
offerings;

(e) Financial reporting should be reliable and relevant in that it
represents what it purports to represent (FASB Statement of Concepts No. 2 ¶¶
58-59);

1 (f) Financial reporting should be complete, in other words, all
2 information that may be necessary to assure that it validly represents underlying
3 events and conditions must be provided (FASB Statement of Concepts No. 2, ¶
4 79); and

5 (g) Financial reports should be conservative. Preparers must
6 adequately consider uncertainties and risks inherent in business situations and
7 reflect those issues in the reports (FASB Statement of Concepts No. 2, ¶¶ 95, 97).

8 117. Throughout the Class Period, all the material misrepresentations and omissions
9 particularized in this Complaint were disseminated and/or approved by defendants and those
10 actions were a direct cause of the damages sustained by the plaintiffs and the Class.

11 118. The transactions described above were not properly accounted for, and Satyam's
12 financial statements during the Class Period were not prepared in accordance with GAAP. Due
13 to defendants' improper conduct, Satyam has revealed that it overstated its earnings and assets by
14 over INR70 billion, equal to about \$1.4 billion USD. Critically, Satyam admitted that over 90%
15 of its listed assets during the Class Period were non-existent. This is a huge misstatement and
16 constitutes a material misstatement in Satyam's filings on Form 20-F and Form F-3. Based on
17 regulations by the SEC and national stock exchanges, as well as common sense, the undisclosed
18 information during the Class Period is the type investors and securities analysts expect to be
19 disclosed.

20 VI. SCIENTER ALLEGATIONS

21 119. Both Defendants Ramalinga Raju (as Chairman of Satyam) and Rama Raju (as
22 Managing Director and Chief Executive Officer of Satyam) have admitted to intentionally
23 manipulating the financial results of Satyam, Chairman Raju admits that he manipulated
24 Satyam's financial results in order to avoid any takeover bids since any takeover attempt would
25 lead to a review of Satyam's books and discovery of the fraud.

26 120. As R.K. Gupta, Managing Director of Taurus Asset Management in New Delhi
27 stated, "If a company's chairman himself says they built fictitious assets, who do you believe
28 here? This has put a question mark on the entire corporate governance system in India."

1 **VII. FRAUD-ON-THE MARKET DOCTRINE**

2 121. At all relevant times, the market for Satyam ADRs was an efficient market for the
3 following reasons, among others:

4 ● Satyam ADRs met the requirements for listing, and was listed and actively
5 traded, on the NYSE, a highly efficient market,

6 ● As a regulated issuer of securities in the United States, Satyam filed
7 Annual Reports on Form 20-F with the SEC. These reports were publicly available and could be
8 and were reviewed by the investing public,

9 ● Satyam stock was followed by securities analysts employed by major
10 brokerage firms who wrote reports which were distributed to the sales force and certain
11 customers of their respective brokerage firms. Each of these reports were publicly available and
12 entered the public marketplace,

13 ● Satyam regularly issued press releases were carried by national newswires.
14 Each of these releases were publicly available and entered the public marketplace,

15 122. As a result, the market for Satyam securities promptly digested current
16 information with respect to Satyam from all publicly-available sources and reflected such
17 information in Satyam's stock price. The price of Satyam ADRs moved in direct response to
18 information regarding the company that was put out in the public marketplace. For example, the
19 share price of Satyam ADRs plummeted to near zero when it was announced that the company
20 had perpetrated a fraud of over INR70 billion (roughly \$1.4 billion USD). Under these
21 circumstances, all purchasers of Satyam ADRs during the Class Period, including Plaintiff, relied
22 on the market price of Satyam ADRs and suffered similar injury through their purchase of these
23 ADRs at artificially inflated prices and a presumption of reliance applies.

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1 **VIII. CAUSES OF ACTION**

2 **FIRST CAUSE OF ACTION**

3 **VIOLATION OF SECTION 10(b) OF THE EXCHANGE ACT**

4 **AND RULE 10b-5 PROMULGATED THEREUNDER**

5 **(Against All Defendants)**

6 123. Plaintiff hereby incorporates by reference all of the allegations set forth above as
7 though fully set forth hereafter.

8 124. During the Class Period, each of the Defendants carried out a plan, scheme and
9 course of conduct which was intended to and, throughout the Class Period, did deceive the
10 investing public, including plaintiffs and other Class members, as alleged herein and caused
11 plaintiffs and other members of the Class to purchase Satyam securities at distorted prices that
12 they would not have paid had they known of the improper conduct alleged herein. In furtherance
13 of this improper scheme, plan and course of conduct, Defendants, and each of them, took the
14 actions set forth herein.

15 125. Defendants: (i) employed devices, schemes, and artifices to defraud; (ii) made
16 untrue statements of material fact and/or omitted to state material facts necessary to make the
17 statements not misleading; and (iii) engaged in acts, practices, and a course of business which
18 operated as a fraud and deceit upon the purchasers of Satyam securities, including Plaintiff and
19 other members of the Class, in an effort to artificially inflate Satyam's purported financial health
20 and stock value and enrich themselves through their personal holdings of Satyam securities, in
21 violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued as
22 primary participants in the wrongful and illegal conduct and scheme charged herein.

23 126. Defendants, individually and in concert, directly and indirectly, by the use, means
24 or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a
25 continuous course of conduct to conceal adverse material information about Satyam's earnings
26 and assets, as specified herein.

27 127. Defendants employed devices, schemes and artifices to defraud and a course of
28 conduct and scheme as alleged herein to improperly manipulate and profit and thereby engaged

1 in transactions, practices and a course of business which operated as a fraud and deceit upon
2 Plaintiff and members of the Class.

3 128. Defendants had actual knowledge of the misrepresentations and omissions of
4 material facts set forth herein, or acted with reckless disregard for the truth in that they failed to
5 ascertain and to disclose such facts, even though such facts were available to them. Defendants'
6 material misrepresentations and/or omissions were done knowingly or recklessly and for the
7 purpose and effect of concealing the truth.

8 129. As a result of the dissemination of the materially false and misleading information
9 and failure to disclose material facts, as set forth above, the market prices of Satyam securities
10 were distorted during the Class Period such that they did not reflect the true financial health of
11 Satyam as alleged herein. In ignorance of these facts, the market prices of the shares were
12 distorted, and relying directly or indirectly on the false and misleading statements made by the
13 Defendants, or upon the integrity of the market in which the securities trade, and/or on the
14 absence of material adverse information that was known to or recklessly disregarded by
15 Defendants but not disclosed in public statements by Defendants during the Class Period,
16 Plaintiff and the other members of the Class acquired the shares or interests in Satyam during the
17 Class Period at distorted prices and were damaged thereby when the value of their shares fell
18 after the truth became known, representing the causal connection between defendants' fraud and
19 plaintiffs' damages.

20 130. At the time of said misrepresentations and omissions, Plaintiff and other members
21 of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and other
22 members of the Class and the marketplace known of the truth concerning Satyam's operations,
23 which were not disclosed by Defendants, Plaintiff and other members of the Class would not
24 have purchased or otherwise acquired their shares or, if they had acquired such shares or other
25 interests during the Class Period, they would not have done so at the distorted prices which they
26 paid.

27 131. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange
28 Act, and Rule 10b-5 promulgated thereunder.

1 **SECOND CAUSE OF ACTION**

2 **VIOLATION OF SECTION 20(a) OF THE EXCHANGE ACT**

3 **(Against the Individual Defendants and Satyam)**

4 132. Plaintiff hereby incorporates by reference all of the allegations set forth above as
5 though fully set forth hereafter.

6 133. It is appropriate to treat the Individual Defendants and Satyam as a group for
7 pleading purposes and to presume that the materially false, misleading, and incomplete
8 information conveyed in the Satyam public filings, press releases and other publications are the
9 collective actions of the Individual Defendants and Satyam.

10 134. The Individual Defendants acted as controlling persons of Satyam within the
11 meaning of Section 20(a) of the Exchange Act for the reasons alleged herein. By virtue of their
12 operational and management control of Satyam's respective businesses and systematic
13 involvement in the fraudulent scheme alleged herein, the Individual Defendants named herein
14 each had the power to influence and control and did influence and control, directly or indirectly,
15 the decision-making and actions of Satyam, including the content and dissemination of the
16 various statements which Plaintiff contend are false and misleading. Indeed, two of the
17 Individual Defendants, Ramalinga Raju and Rama Raju have admitted to both knowing of and
18 intending to commit the fraud set forth herein. Each of the Individual Defendants named herein
19 had the ability to prevent the issuance of the statements alleged to be false and misleading or
20 cause such statements to be corrected.

21 135. Each of the Individual Defendants named herein had direct and supervisory
22 involvement in the operations of Satyam and, therefore, is presumed to have had the power to
23 control or influence the particular transactions giving rise to the securities violations as alleged
24 herein, and exercised the same.

25 136. Each of the Individual Defendants named herein, by virtue of their stock
26 ownership, high-level positions, and participation in and/or awareness of Satyam's operations,
27 had the power to influence and control and did influence and control, directly or indirectly, the
28 decision-making of Satyam, including the content and dissemination of the various statements

1 that Plaintiff contends are false and misleading. The Individual Defendants were provided with
2 or had unlimited access to copies of Satyam's reports, press releases, public filings and other
3 statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were
4 issued and had the ability to prevent the issuance of the statements or cause the statements to be
5 corrected. Satyam controlled the Individual Defendants and all of its employees.

6 137. As set forth above, each of the Defendants violated Section 10(b) and Rule 10b-5
7 by their acts and omissions as alleged in this Complaint. By virtue of their positions as
8 controlling persons, each of the Individual Defendants is liable pursuant to Section 20(a) of the
9 Exchange Act. Similarly, Satyam is liable pursuant to Section 20(a) of the Exchange Act as a
10 control person of the Individual Defendants. As a direct and proximate result of Defendants'
11 wrongful conduct, Plaintiffs and other members of the Class suffered damages in connection
12 with their purchases of Satyam securities during the Class Period at inflated prices and the losses
13 suffered when the value of their shares fell after the truth became known, representing the causal
14 connection between Defendants' fraud and the damages suffered by Plaintiff and the Class.

15 **THIRD CAUSE OF ACTION**

16 **VIOLATION OF SECTION 11 OF THE SECURITIES ACT**

17 **(Against All Defendants)**

18 138. Plaintiff hereby incorporates by reference all of the allegations set forth above as
19 though fully set forth hereafter.

20 139. This claim is brought against all Defendants pursuant to Section 11 of the
21 Securities Act. This cause of action contains a claim of fraud, deceit, manipulation, or
22 contrivance in contravention of a regulatory requirement concerning the securities laws against
23 all of the Defendants.

24 140. Satyam issued and filed the materially false and misleading registration statement
25 on Form F-3 with the SEC. As the issuer of the security that was sold pursuant to a false and
26 misleading registration statement, Satyam is strictly liable for all damages resulting from the
27 false and misleading registration statement.

1 141. PwC was a chartered accounting firm retained by Satyam to, among other things,
2 audit Satyam's financial statements. Pursuant to that retention, Andersen issued unqualified
3 opinions validating Satyam's financial statements on Form 20-F for fiscal years ending 2001,
4 2002, 2003, 2004, 2005, 2006, 2007 and 2008.

5 142. PwC expressly consented to having its unqualified audit opinion for Satyam's
6 financial results incorporated into the registration statement for the Satyam ADR issuance on
7 Form F-3. As such, PwC expressly consented to serving as an accounting "expert" with respect
8 to the offering of the Satyam ADRs.

9 143. The ADRs were purchased by Plaintiffs and Class members pursuant to or
10 traceable to the registration statement.

11 144. PwC's unqualified opinions of Satyam's financial statements were materially false
12 and misleading. Contrary to its representations, PwC's audit of those financial statements had not
13 been conducted in accordance with GAAS and other appropriate auditing standards, and
14 Satyam's financial condition had not been presented in conformity with U.S. GAAP, as set forth
15 above. Instead, Satyam's financial statements contained untrue statements of material facts and
16 failed to state other facts necessary to make the statements not misleading, and were in violation
17 of GAAP.

18 145. As an accounting expert which consented to the use of its unqualified audit
19 opinions, PwC is liable under Section 11 of the Securities Act for the material misrepresentations
20 or omissions contained in its unqualified audit opinion and in Satyam's false financial statements
21 contained in Form F-3. PwC did not make a reasonable investigation and did not possess
22 reasonable grounds for believing that its representations in its audit opinions and Satyam's
23 financial statements were true, did not omit any material facts, and were not materially
24 misleading.

25 146. Plaintiffs did not know or in the exercise of reasonable diligence could not have
26 known of the misstatements and omissions of material fact contained in the registration statement
27 and prospectus.

1 147. Plaintiffs have suffered damages as a result of the misstatements and omissions of
2 material fact contained in the Form F-3 registration statement and prospectus for which they are
3 entitled to compensation.

4 **FOURTH CAUSE OF ACTION**
5 **VIOLATION OF SECTION 15 OF THE SECURITIES ACT**
6 **(Against the Individual Defendants and Satyam)**

7 148. Plaintiff hereby incorporates by reference all of the allegations set forth above as
8 though fully set forth hereafter.

9 149. It is appropriate to treat the Individual Defendants and Satyam as a group for
10 pleading purposes and to presume that the materially false, misleading, and incomplete
11 information conveyed in the Satyam's filing on Form F-3 and the documents incorporated by
12 reference into Satyam's filing on Form F-3 are the collective actions of the Individual Defendants
13 and Satyam.

14 150. The Individual Defendants acted as controlling persons of Satyam within the
15 meaning of Section 15 of the Securities Act for the reasons alleged herein. By virtue of their
16 operational and management control of Satyam's respective businesses and systematic
17 involvement in the fraudulent scheme alleged herein, the Individual Defendants named herein
18 each had the power to influence and control and did influence and control, directly or indirectly,
19 the decision-making and actions of Satyam, including the content and dissemination of the filing
20 on Form-3 and the documents incorporated by reference into that filing which Plaintiff contend
21 are false and misleading. Indeed, two of the Individual Defendants, Ramalinga Raju and Rama
22 Raju have admitted to both knowing of and intending to commit the fraud set forth herein. Each
23 of the Individual Defendants named herein had the ability to prevent the issuance of the filing on
24 Form F-3 and the documents incorporated by reference into that filing alleged to be false and
25 misleading or cause such statements to be corrected.

26 151. Each of the Individual Defendants named herein had direct and supervisory
27 involvement in the operations of Satyam and, therefore, is presumed to have had the power to

1 control or influence the particular transactions giving rise to the securities violations as alleged
2 herein, and exercised the same.

3 152. Each of the Individual Defendants named herein, by virtue of their stock
4 ownership, high-level positions, and participation in and/or awareness of Satyam's operations,
5 had the power to influence and control and did influence and control, directly or indirectly, the
6 decision-making of Satyam, including the content and dissemination of the filing on Form F-3
7 and the documents incorporated by reference into that filing that Plaintiff contends are false and
8 misleading. The Individual Defendants were provided with or had unlimited access to the filing
9 on Form F-3 and the documents incorporated by reference into that filing and had the authority to
10 correct or prevent the filing of materially false and misleading information with the SEC.
11 Satyam controlled the Individual Defendants and all of its employees.

12 153. As set forth above, each of the Defendants violated Section 11 by their acts and
13 omissions as alleged in this Complaint. By virtue of their positions as controlling persons, each
14 of the Individual Defendants is liable pursuant to Section 15 of the Securities Act. Similarly,
15 Satyam is liable pursuant to Section 15 of the Securities Act as a control person of the Individual
16 Defendants. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and
17 other members of the Class suffered damages in connection with their purchases of Satyam
18 securities during the Class Period pursuant to Satyam's misleading registration statement filed on
19 Form F-3.

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PRAYER FOR RELIEF

WHEREFORE, Plaintiff, on behalf of himself and the Class, prays for judgment as follows:

1. Declaring this action to be a proper class action pursuant to Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure on behalf of the Class defined herein;
2. Awarding Plaintiff and all members of the Class damages against the Defendants, jointly and severally, in an amount to be proven at trial;
3. Awarding Plaintiff and members of the Class appropriate equitable relief;
4. Awarding Plaintiff and members of the Class pre-judgment interest, as well as reasonable attorneys' fees and other costs;
5. Awarding such other relief as this Court may deem just and proper.

Dated: January 9, 2009

COTCHETT, PITRE & McCARTHY

By: 

JOSEPH W. COTCHETT
Cotchett, Pitre & McCarthy
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Burlingame, California 94010
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Attorneys for Plaintiff and the Class

1 **JURY TRIAL DEMAND**

2 Plaintiff, pursuant to Federal Rule of Civil Procedure 38, individually and on behalf of all
3 others similarly situated, demands a trial by jury of all issues which are subject to adjudication by
4 a trier of fact.

5
6 Dated: January 9, 2009

COTCHETT, PITRE & McCARTHY

7
8 By: 

9
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