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BUSINESS AND FINANCE

Satyam: Riding a Tiger, Not Knowing How to Get Off

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It's a sad day for Corporate India. The Satyam story took a shocking turn today. Read the Satyam End Game

B. Ramalinga Raju, CEO, Satyam owned up to inflating the bank balance by Rs 5040 crore and an accrued interest of Rs. 376 crore which is non-existent ! He says,

...every attempt made to eliminate the gap failed. As the promoters held a small percentage of equity, the concern was that poor performance would result in a take-over; thereby exposing the gap. It was like riding a tiger, not knowing how to get off without being eaten.

Every investor and Authorities will be at Raju's throat. But my heart goes out to Raju's courage to come out of the closet and admit that he made a mistake.

He could have easily said (as and when the truth came out,if at all), **"look the accounts have been audited by PWC** and I don't know a thing about inflated revenues" And he may not have visualised the enormous ramifications of inflating the revenues.

As I write this, I am getting aware that these excuses don't hold anywhere. Neither his statements like the ones below:

1. That neither myself, nor the Managing Director (including our spouses) sold any shares in the last eight years — excepting for a small proportion declared and sold for philanthropic purposes.
2. That in the last two years a net amount of Rs. 1,230 crore was arranged to Satyam (not reflected in the books of Satyam) to keep the operations going by resorting to pledging all the promoter shares and raising funds from known sources by giving all kinds of assurances.

But I wish Mr. Raju, his family and the Satyam employees all the strength to bear all this shocks.

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