

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

SATYAM COMPUTER SERVICES LTD.
SECURITIES LITIGATION

This Document Applies to: All Cases

09 MD 2027 (BSJ)
(Consolidated Action)

JURY TRIAL DEMANDED

CONSOLIDATED CLASS ACTION COMPLAINT

BERNSTEIN LITOWITZ BERGER &
GROSSMANN LLP
Max W. Berger
Steven B. Singer
Noam Mandel
Michael Petrusic
1285 Avenue of the Americas, 38th Floor
New York, NY 10019
Tel: (212) 554-1400
Fax: (212) 554-1444

Co-Lead Counsel for Plaintiffs

BARROWAY TOPAZ KESSLER
MELTZER & CHECK, LLP
David Kessler
Sean M. Handler
Sharan Nirmul
280 King of Prussia Road
Radnor, PA 19087
Tel: (610) 667-7706
Fax: (610) 667-7056

Co-Lead Counsel for Plaintiffs

GRANT & EISENHOFER P.A.
Jay W. Eisenhofer
Keith M. Fleischman
Deborah A. Elman
485 Lexington Ave., 29th Floor
New York, New York 10017
Tel: (646) 722-8500
Fax: (646) 722-8501

Co-Lead Counsel for Plaintiffs

LABATON SUCHAROW LLP
Lawrence A. Sucharow
Christopher J. Keller
Louis Gottlieb
140 Broadway
New York, NY 10005
Tel: (212) 907-0700
Fax: (212) 818-0477

Co-Lead Counsel for Plaintiffs

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Lead Plaintiffs, Public Employees' Retirement System of Mississippi, Mineworkers' Pension Scheme, SKAGEN AS, and Sampension KP Livsforsikring A/S, bring this securities class action on behalf of themselves and all other persons or entities, except the Defendants and their affiliates, who (a) purchased or otherwise acquired Satyam Computer Services Limited ("Satyam" or "the Company") American Depositary Shares ("ADSs") on the New York Stock Exchange ("NYSE"); and/or (b) were investors residing in the United States who purchased or otherwise acquired Satyam common stock on the National Stock Exchange of India ("NSE") or the Bombay Stock Exchange ("BSE") between January 6, 2004 and January 6, 2009 (the "Class Period"), and who were damaged by the conduct alleged herein. This action is also brought on behalf of two sub-classes of Satyam employees who received and exercised stock options during the Class Period pursuant to Satyam employee option plans further detailed herein. Lead Plaintiffs, by their undersigned attorneys, allege the following upon personal knowledge as to themselves and their own acts, and upon information and belief as to all other matters.

Lead Plaintiffs have derived substantial evidence supporting the allegations herein based on their investigation (made by and through their attorneys), which included, among other things, a review and analysis of: (1) public documents pertaining to the Defendants named herein; (2) Satyam's filings with the Securities and Exchange Commission ("SEC"), Indian Ministry of Corporate Affairs & Registrar of Companies and the Securities and Exchange Board of India; (3) press releases or other public statements published or made by Satyam or the other Defendants; (4) analyst reports concerning the Company; (5) pleadings and witness statements in other litigations where Satyam or any of the other Defendants named in this case are defendants, including criminal proceedings pending in India; (6) interviews with former employees of the corporate Defendants named herein; (7) media coverage regarding Satyam, its business, or any

of the other Defendants named in this action; and (8) consultation with economic and accounting experts. Many of the facts supporting the allegations contained herein are known only to the Defendants or are exclusively within their custody and/or control. Lead Plaintiffs believe that further substantial evidentiary support will exist for the allegations in this Complaint after a reasonable opportunity for discovery.

I. SUMMARY OF THE ACTION

1. Satyam is an Indian information technology (“IT”) outsourcing company that was, until recently, believed to be the fourth largest IT services company in India and one of the largest outsourcing companies in the world. This action arises from an admitted multi-faceted conspiracy to fraudulently overstate material aspects of the Company’s performance and financial condition to the investing public over a period of at least seven years.

2. “Satyam” is the Sanskrit word for “truth.” Throughout the Class Period, the Company was portrayed to the investing public as a healthy and growing business, with rapidly increasing revenues, robust cash flows, and a huge stockpile of cash and deposits on its balance sheet. It is now clear, however, that this portrayal was false. Defendants named herein engaged in an elaborate and carefully orchestrated fraud to materially overstate the Company’s apparent success, complete with falsified financial statements, forged bank documents, an acquiescent Audit Committee, and the knowing and active participation of the Company’s outside auditor, PricewaterhouseCoopers (as defined below), which repeatedly certified the accuracy of the Company’s financial statements despite actual knowledge of their falsity. Revelations concerning the Company’s true state of affairs—punctuated by a shocking letter of admission by Defendant Byrraju Ramalinga Raju (“Ramalinga Raju”), the patriarch of the Raju family and Satyam’s founder and Chairman—destroyed billions of dollars in market capitalization, and directly and proximately caused significant damage to the Company’s investors.

3. The fraudulent scheme at Satyam involved materially overstating the Company's revenues based on falsified invoices for hundreds of millions of dollars in customer projects that did not actually exist. Over the course of the Class Period, Defendant Ramalinga Raju, his brother and Satyam's Chief Executive Officer ("CEO"), Rama Raju, and the Company's other senior officers concocted nearly a billion dollars worth of phony customer contracts, created phony invoices reflecting the supposed performance of these contracts, and booked the false "revenues" associated with these contracts as though they were real. These acts caused a ripple effect throughout the Company's financial statements, resulting in the material overstatement of virtually every metric of import to the investing public, including the Company's profits and cash flows, as well as the extent of the Company's cash position, bank balances, and related balance sheet data. As a result, during the Class Period, Satyam's publicly reported profits were overstated by an average of over 100% annually and the size of its balance sheet was inflated by over \$1.4 billion as of September 30, 2008.

4. To conceal their misconduct, these Defendants forged bank deposit receipts, monthly bank statements, and other bank documents to create a fraudulent paper trail showing the deposit of these false "revenues" into the Company's accounts. In this regard, the active cooperation of PricewaterhouseCoopers was necessary for the deception to succeed because the auditor was required to—and actually did—obtain the true and accurate statements directly from the Company's depository institutions. Nevertheless, while in possession of both the correct banking confirms and the forgeries supplied by Defendant Ramalinga Raju and the Company's other senior officers, PricewaterhouseCoopers chose to rely on the forgeries and certified the Company's financials, knowing that they were based on forged documents.

5. At the same time, certain Defendants named herein were directly misappropriating hundreds of millions of dollars from the Company and diverting these assets to entities controlled by members of the Raju family, in particular to two companies called Maytas Infra Limited and Maytas Properties (“Maytas” is “Satyam” spelled backwards). The Maytas entities are real estate and infrastructure development companies that likewise are controlled by members of the Raju family, including the sons of Defendant Ramalinga Raju, who are the respective heads of each of the Maytas companies. Sums diverted from Satyam were concealed by funneling them through the Maytas entities and a network of over 300 Raju-controlled companies, which invested the pilfered assets in real estate and related concerns.

6. To conceal the massive void in Satyam’s balance sheet created by the Rajus’ misappropriation of Company cash, and to provide operational funds that the Company needed, the Rajus arranged for cash to be provided to the Company in the form of temporary, secret related party loans through numerous shell entities used as conduits for this purpose. The proceeds of these related party loans were then secretly deposited in Satyam accounts but never recorded as liabilities on the Company’s balance sheet; they were instead characterized as receipts for previously recorded fraudulent revenue.

7. Although Defendant Ramalinga Raju would ultimately confess to the Satyam fraud in January 2009, the fraud first began to be revealed in partial disclosures in the period leading up to Raju’s confession. For example, on September 15, 2008, it was announced that Satyam was downsizing its workforce of approximately 50,000 employees by 10%. This startling revelation sent the prices of Satyam’s ordinary shares and ADSs tumbling because, just a few weeks earlier, Satyam had projected robust growth. As would later be revealed, Satyam had inflated its employee rolls by thousands of employees, and the announcement on September

15 of a supposed “downsizing” of the workforce merely corrected the fraudulently inflated number of employees previously disclosed to the investing public.

8. Then, on December 16, 2008, Satyam further stunned the investing public by announcing that it would be acquiring both Maytas entities for approximately \$1.6 billion. As numerous analysts and financial commentators immediately recognized, the deal significantly overvalued the Maytas entities and resulted in a transaction that would have entirely depleted Satyam’s disclosed cash while paying a substantial proportion of that cash directly to the Rajus in exchange for their interest in the Maytas entities. The terms of the transaction sparked immediate outrage from the global investment community, and Satyam was forced to withdraw the proposal within only a few hours. Nevertheless, the damage was done as the prices of the Company’s ordinary shares and ADSs dropped precipitously on questions about the Company’s lack of transparency, the credibility and integrity of its senior officers and directors, and Satyam’s use as a personal fiefdom by the Rajus.

9. Despite these revelations, the Company’s ordinary shares and ADSs remained artificially inflated. The true extent and magnitude of the Satyam fraud only became clear after the sudden publication on January 7, 2009 by Defendant Ramalinga Raju of an extraordinary letter of confession in which he admitted, among other things, that Satyam’s balance sheet was inflated by approximately \$1 billion and that the “gap in the Balance Sheet ha[d] arisen purely on account of inflated profits over ... several years.” As he put it: “It was like riding a tiger, not knowing how to get off without being eaten.” Defendant Ramalinga Raju further admitted that the aborted Maytas transaction was the final attempt to cover up the Satyam fraud that had been perpetrated for years.

10. The revelation of the Satyam fraud caused billions of dollars in damages to Satyam investors as the price of the Company's ordinary shares and ADSs collapsed in the wake of these corrective disclosure. The price of Satyam's ordinary shares dropped 87% as a result of Defendant Ramalinga Raju's confession, falling from a closing price of \$3.67 per share on the day prior to the letter's release to a mere \$0.49 per share on January 9, 2009. The price of Satyam's ADSs similarly plummeted, falling from \$9.35 per share to \$1.14 per share on the stunning news. All told, Defendant Ramalinga Raju's confession wiped out over \$4 billion in market capitalization. Since the revelation of the fraud, the Company's senior officers, the PricewaterhouseCoopers audit partners involved in the fraud, and numerous other Satyam employees that helped carry out the scheme have been taken into custody in India and charged with criminal conduct as Indian authorities continue to investigate and unravel the Satyam fraud. Moreover, Satyam is presently expected to restate its financial statements for the entire Class Period by early 2010, thereby conceding that the financial statements were materially misstated throughout the Class Period.

11. This action seeks to recover the damages caused by the Defendants' misconduct. The allegations in this Complaint describe in detail the fraudulent scheme carried out by the Defendants at Satyam.

II. JURISDICTION & VENUE

12. This Complaint asserts claims arising under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. §§ 78j(b) and 78t(a), and the rules and regulations promulgated thereunder, including SEC Rule 10b-5, 17 C.F.R. § 240.10b-5 ("Rule 10b-5"). This Complaint also asserts claims arising under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. §§ 77k, 77l(a)(2), and 77o.

13. This Court has jurisdiction over the subject matter of this action pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa, Section 22 of the Securities Act, 15 U.S.C. § 77v and 28 U.S.C. § 1331, because this is a civil action arising under the laws of the United States.

14. Venue is proper in this District pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa, 28 U.S.C. §§ 1391(b), (c), and (d), and Section 22 of the Securities Act, 15 U.S.C. § 77v. Many of the acts and transactions that constitute the violations of law complained of herein, including the dissemination to the public of materially false and misleading statements, occurred in this District. In addition, at all relevant times Satyam's ADSs were offered, sold, and traded on the NYSE.

15. This Court may properly exercise subject matter jurisdiction over the claims of (a) investors or employees who purchased or otherwise acquired Satyam ADSs on the NYSE; and (b) investors or employees residing in the United States who purchased or acquired Satyam ordinary shares on Indian stock exchanges.

16. In connection with the wrongful acts alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

III. PARTIES AND RELEVANT NON-PARTIES

A. Lead Plaintiffs

17. The Public Employees' Retirement System of Mississippi ("Mississippi PERS") is a retirement system that manages billions of dollars of assets for the benefit of the current and retired public employees of the State of Mississippi. Mississippi PERS provides benefits to more than 75,000 retirees, and future benefits to more than 250,000 current and former public

employees. As set forth in the certification attached hereto as Exhibit A, Mississippi PERS purchased Satyam ordinary shares on Indian stock exchanges during the Class Period at artificially inflated prices and suffered damages as a result of the violations of the federal securities laws alleged herein.

18. The Mineworkers' Pension Scheme ("Mineworkers") is a registered pension scheme in the United Kingdom with more than 255,000 members. As a registered pension scheme, Mineworkers is obligated to pay an income to each of its members in retirement regardless of the performance of any underlying investments. As set forth in the certification attached hereto as Exhibit B, Mineworkers purchased Satyam ADSs on the NYSE during the Class Period at artificially inflated prices and suffered damages as a result of the violations of the federal securities laws alleged herein.

19. SKAGEN AS ("SKAGEN") is a mutual fund manager based in Stavanger, Norway that manages billions of dollars in assets. As set forth in the certification attached hereto as Exhibit C, SKAGEN purchased Satyam ADSs on the NYSE during the Class Period at artificially inflated prices and suffered damages as a result of the violations of the federal securities laws alleged herein.

20. Sampension KP Livsforsikring A/S ("Sampension") is a pension fund based in Hellerup, Denmark that manages billions of dollars in assets for the benefit of local government employees and workers in the graphical arts industry. As set forth in the certification attached hereto as Exhibit D, Sampension purchased Satyam ADSs on the NYSE during the Class Period at artificially inflated prices and suffered damages as a result of the violations of the federal securities laws alleged herein.

B. Additional Named Plaintiff

21. Plaintiff Brian F. Adams (“Adams”) is a former employee of Satyam who received and exercised Satyam options at artificially inflated prices during the Class Period pursuant to one of the Company’s stock option plans further described below and suffered damages as a result of the violations of the federal securities laws alleged herein.

C. Satyam

22. Defendant Satyam Computer Services Limited is a public company founded in 1987 and organized under the laws of the Republic of India. Satyam’s global headquarters is located in Hyderabad, India. It has fourteen offices located in the United States. The Company provides global IT and business process outsourcing services to clients in numerous industries and throughout the world, including North America, South America, Europe, the Asia Pacific region, the Middle East, and Africa. The majority of Satyam’s revenue is derived from United States sources.

23. During the Class Period, Satyam emerged as a leading company in the IT outsourcing services field. Its clients have included more than a third of the Fortune 500 companies, including General Electric, General Motors, and Nestlé.

24. During the Class Period, Satyam’s ordinary shares traded on the NSE (under the symbol “SATYAMCOMP”) and the BSE (under the symbol “SATYAM”), and its ADSs were listed on the NYSE under the symbol “SAY” in the United States. As of March 31, 2008, the Company had 670,479,293 ordinary shares issued and outstanding, including 130,505,900 ordinary shares underlying 65,252,950 ADSs. Satyam operates on a fiscal year ending March 31, with quarters ending June 30, September 30, December 31, and March 31. Satyam filed annual reports on SEC Form 20-F and periodic reports on SEC Form 6-K throughout the Class Period.

D. The Officer Defendants

25. Defendant Byrraju Ramalinga Raju founded Satyam and was the Chairman of the Company's Board of Directors throughout the Class Period. Defendant Ramalinga Raju had direct operational control over all aspects of the Company's affairs at all relevant times. He resigned as Chairman in a January 7, 2009 letter to the Satyam Board in which he publicly acknowledged several material aspects of the fraudulent scheme at the heart of this matter and confessed his personal involvement in that scheme. He is liable for the false and misleading statements issued as part of the fraudulent scheme to defraud investors during the Class Period, as set forth herein. Defendant Ramalinga Raju has been detained in India since January 9, 2009 and is awaiting trial on criminal charges filed on April 7, 2009 related to his role in the Satyam fraud.

26. Defendant Byrraju Rama Raju ("Rama Raju") is the younger brother of Defendant Ramalinga Raju and was Satyam's Managing Director and CEO throughout the Class Period. Defendant Rama Raju had direct operational control over all aspects of the Company's affairs at all relevant times. Defendant Rama Raju resigned after his brother's January 7, 2009 disclosure of the Satyam fraud to the Company's Board. As Satyam's Chief Executive Officer, Defendant Rama Raju certified the Annual Reports Satyam filed on SEC Form 20-F pursuant to the requirements of the Sarbanes-Oxley Act. He is liable for the false and misleading statements issued as part of the fraudulent scheme to defraud investors during the Class Period, as set forth herein. Defendant Rama Raju has been detained in India since January 9, 2009 and is awaiting trial on criminal charges filed on April 7, 2009 related to his role in the Satyam fraud.

27. Defendants Ramalinga Raju and Rama Raju, together with other members of the Raju family and their instrumentalities, held an almost 20% stake in the Company at the time of

its initial public offering in 1991. During the Class Period, the Rajus sold more than 90% of their holdings in the Company at prices inflated by their fraud.

28. Defendant Vadlamani Srinivas (“Srinivas”) was the Chief Financial Officer (“CFO”) of Satyam throughout the Class Period. He is also a member of the Institute of Chartered Accountants of India (“ICAI”). Defendant Srinivas resigned after the disclosure of Defendant Ramalinga Raju’s resignation letter revealing the Satyam fraud. As Satyam’s CFO, Defendant Srinivas certified the Annual Reports Satyam filed on Form 20-F pursuant to the requirements of the Sarbanes-Oxley Act. He is liable for the false and misleading statements issued as part of the fraudulent scheme to defraud investors during the Class Period, as set forth herein. Defendant Srinivas has been detained in India since January 10, 2009 and is awaiting trial on criminal charges filed on April 7, 2009 related to his role in the fraud.

29. Defendants Ramalinga Raju, Rama Raju, and Srinivas (collectively, the “Officer Defendants”) had a duty to promptly disseminate accurate and truthful information regarding the Company’s business, operations, financial statements and condition, and internal controls. The Officer Defendants also had a duty to correct any previously-issued statements that were or had become materially misleading or untrue so that the market price of Satyam’s common stock and ADSs would be based upon truthful and accurate information.

E. The Maytas Defendants

30. The Raju family formed two companies—Defendants Maytas Infra Limited (“Maytas Infra”) and Maytas Properties—which, through their common control by the Raju family and via their ownership of Satyam shares, were among the instrumentalities employed by the Rajus to accomplish their fraudulent scheme.

31. Maytas Infra is a publicly held infrastructure development, construction, and management company with its corporate office in Hyderabad, India. As with Satyam,

Defendants Ramalinga Raju, Rama Raju, and other members of the Raju family retained a significant financial stake in Maytas Infra, together with actual operational control. Maytas Infra held significant Satyam shareholdings during the Class Period.

32. Defendant Maytas Properties is a real estate development and management company with significant holdings in the Hyderabad, India area, controlled by Defendants Ramalinga Raju, Rama Raju, and other members of the Raju family. Through this control and in furtherance of the fraudulent scheme alleged herein, the Defendants took cash from Satyam and funneled this cash through Maytas Properties for the acquisition of properties for the benefit of the Raju family.

33. Defendant Byrraju Teja Raju (“B. Teja Raju”) is the son of Defendant Ramalinga Raju and was the Vice Chairman of Defendant Maytas Infra during the Class Period.

34. Defendant Byrraju Rama Raju Jr. (“B. Rama Raju Jr.”) is the son of Defendant Ramalinga Raju and was the Vice Chairman of Defendant Maytas Properties during the Class Period.

35. Defendants B. Teja Raju, B. Rama Raju Jr., Maytas Infra and Maytas Properties are collectively referred to herein as the “Maytas Defendants.” The Maytas Defendants are liable for Satyam’s violations of the Exchange Act as “controlling persons” under Section 20(a) of that Act. The Maytas Defendants acted in concert in all relevant respects, exercising their control of Satyam principally through Defendants Ramalinga and Rama Raju, who represented the interests of the Maytas Defendants within the management of Satyam. In addition, the Maytas Defendants are culpable participants in the Satyam fraud as they actively participated in the fraudulent scheme perpetrated by the Officer Defendants.

36. Satyam announced on December 16, 2008 that it would enter into an acquisition transaction with Maytas Infra and Maytas Properties, in which Satyam would acquire a 51% share of Defendant Maytas Infra and 100% of Defendant Maytas Properties in a \$1.6 billion deal. Unknown to Satyam's shareholders at the time, and as later admitted by Defendant Ramalinga Raju, the proposed merger was a last ditch attempt by the Raju family to cover up the fraud by allowing Satyam to acquire real assets for its non-existent cash. What was apparent to the investment community, however, was that the deal would deplete all of Satyam's publicly-reported cash and bank deposits at a time when credit markets were highly unfavorable and where there existed no sound business rationale for Satyam to acquire two companies owned and/or controlled by the Raju family, whose business models had absolutely nothing to do with Satyam's core business and whose values were severely depressed due to turmoil in the real estate and construction/infrastructure industries.

37. Despite these obvious infirmities with the proposed transaction, Satyam's supposedly independent Board members voted *unanimously* to approve the transaction. Investor reaction to the deal was immediate and extraordinarily negative, and in response to this investor outrage, the deal was scuttled a mere seven hours after it was announced.

F. PricewaterhouseCoopers Defendants

38. PricewaterhouseCoopers (as defined below), through its Indian member firm, was engaged by Satyam to provide independent auditing and/or consulting services, including the examination and/or review of Satyam's consolidated financial statements for fiscal years 2001 through 2008, as well as related public statements and filings. These documents were disseminated to investors in the United States and worldwide, and were included in offering memoranda and other marketing and selling documents used by Satyam to convey information

about the Company's financial condition and business prospects. Satyam paid PricewaterhouseCoopers millions of dollars in fees for these services.

39. Defendant PricewaterhouseCoopers International Limited ("PwC International"), headquartered in the United Kingdom, is a membership-based company with member and network accounting and advisory firms operating locally in countries around the world, including the United States and India. This legal structure is common in the accounting industry because in most parts of the world, including India, the right to practice the accounting profession is granted only to domestic firms in which locally-qualified professionals have majority or full ownership. PwC International and its member and network firms market themselves worldwide under the brand name "PricewaterhouseCoopers."

40. Defendant Price Waterhouse is a network firm of PwC International and the Indian arm of the global PricewaterhouseCoopers organization. Defendant Price Waterhouse is the entity that actually signed each of the audit opinions included in Satyam's Form 20-F filings throughout the Class Period, thereby falsely certifying that Satyam's financial statements were free of material misstatements and fairly presented Satyam's financial position. Defendant Price Waterhouse uses and operates through several identities or alter egos in India, including PricewaterhouseCoopers Private Limited and Lovelock & Lewes, discussed below. Each of these entities operates under protocols created and policed by PwC International.

41. Defendant PricewaterhouseCoopers Private Limited ("PwC Pvt. Ltd.") is a PwC International member firm registered in the Indian State of West Bengal and operating in numerous Indian cities, including Hyderabad, Secunderabad, Kolkata and Bangalore.

42. Defendant Lovelock & Lewes is a network firm of PwC International that conducts statutory audits in India.

43. Price Waterhouse, Lovelock & Lewes, and PwC Pvt. Ltd. act as alter egos in conducting audit work in India and hold themselves out to the world as a single integrated audit provider constituting PricewaterhouseCoopers' presence in India. Information regarding the exact relationship among these entities is within the exclusive control of these Defendants and discovery will therefore demonstrate the full extent to which these entities act and answer for each other. However, the alter ego relationship among these parties is demonstrated, *inter alia*, by the following facts discovered by Lead Plaintiffs:

- a. Indian accounting rules prohibit multinational accounting firms from being registered in India as auditors. They also limit each auditing firm to a maximum of 20 audit partners, each of whom may sign no more than 20 audits per year. As a result of this rule, auditing in India is typically conducted by local firms regulated by the Institute of Chartered Accountants of India, which then join networks of larger accounting firms. The ICAI's records indicate that S. Gopalakrishnan and Srinivas Talluri (listed as Relevant Non-Parties at ¶ 62, *infra*)—the auditors who actually signed Satyam's audits and certified its public filings throughout the Class Period on behalf of Price Waterhouse—are partners of both Price Waterhouse and Lovelock & Lewes.
- b. The ICAI's records indicate that Price Waterhouse and Lovelock & Lewes offices often share the same address with PwC Pvt. Ltd. offices. For example, Price Waterhouse's Hyderabad office shares the same address (8-2-293/82/A/1131A Road No. 36 Jubilee Hills, Hyderabad, 500082, India) with both Lovelock & Lewes and PwC Pvt. Ltd. Also, PwC International's global list of office locations includes two entries for most locations in India, one for a PwC Pvt. Ltd. office

and one for a “Lovelock & Lewes/Price Waterhouse” office; these entities share addresses, and telephone and fax numbers.

- c. Filings with the Indian Ministry of Corporate Affairs indicate that Lovelock & Lewes employees use PricewaterhouseCoopers email addresses ending in “@in.pwc.com,” that Lovelock & Lewes listed its website as “www.pwc.com” in its filings, and that Lovelock & Lewes sends official correspondence on PwC Pvt. Ltd. letterhead.
- d. The Price Waterhouse/Lovelock & Lewes audit teams reported to PwC Pvt. Ltd. leadership in connection with the Satyam audits. For example, in a statement to the Indian Central Bureau of Investigation (“CBI”), a Lovelock & Lewes associate director who worked on the Satyam audits indicated that during the time of these audits, his team “report[ed] to Mr. Sameer Kapoor, Executive Director, M/s PricewaterhouseCoopers Pvt. Ltd.”
- e. Satyam has repeatedly identified Price Waterhouse as its statutory auditor. Price Waterhouse was appointed the statutory auditor for Satyam during the Company’s 2000 Annual General Body Meeting and continued in that role throughout the life of the fraud. On February 12, 2009, Ramesh Rajan (“Rajan”), the CEO of PwC Pvt. Ltd. and a partner of Lovelock & Lewes, acknowledged the receipt of a letter from Satyam’s Board of Directors in which the Board recommended the replacement of Price Waterhouse, Bangalore as Statutory Auditors of Satyam to the Indian Central Government. Rajan indicated that the decision of the Board of Directors was respected and subsequently submitted the resignation of Price Waterhouse, Bangalore as Satyam’s statutory auditor. This exchange between

Satyam and its former auditors, whereby a partner of Lovelock & Lewes, who is also the CEO of PwC Pvt. Ltd., answered for Price Waterhouse, indicates the interchangeability of the names Price Waterhouse, Lovelock & Lewes, and PwC Pvt. Ltd.

44. Defendants Price Waterhouse, PwC Pvt. Ltd., and Lovelock & Lewes are hereinafter collectively referred to as “PwC India.”

45. Defendants PwC International and PwC India are hereinafter collectively referred to as “PwC.”

G. The Audit Committee/Director Defendants

46. Defendant Mangalam Srinivasan (“Srinivasan”), a self-described expert in international financial management, was a member of the Satyam Board of Directors from July 1991 until her resignation on December 25, 2008, and a member of the Company’s Audit Committee during the time the Company filed each of its Forms 20-F from 2004 through 2008. Defendant Srinivasan works as a management consultant and a visiting professor at several U.S. universities. She has been an advisor to Harvard University’s Kennedy School of Government, where she is a distinguished fellow. She holds a Ph.D. in Technology from George Washington University, and an M.B.A. in International Finance and Organization from the University of Hawaii.

47. Defendant Krishna G. Palepu (“Palepu”), a professor of Business Administration and Senior Associate Dean at the Harvard Business School who has chaired the School’s Accounting and Control Unit, was a member of the Satyam Board of Directors from January 23, 2003 until his resignation on December 29, 2008, and a member of the Company’s Audit Committee during the time the Company filed each of its Forms 20-F in 2004 and 2005. According to his biography, Palepu is “considered an expert in corporate governance and his

work has focused on how to make boards more effective and on improving transparency and disclosure.” He researches “firms’ business strategies, and the process through which the effectiveness of these strategies is communicated to investors.” He also serves as a business consultant to companies in a wide variety of industries. Defendant Palepu holds a Ph.D. from the Massachusetts Institute of Technology and a M.B.A. from the Indian Institute of Management.

48. Defendant M. Rammohan Rao (“Rao”), who was Dean of the Indian School of Business until January 8, 2009, was a member of the Satyam Board of Directors from July 29, 2005 until his resignation on December 29, 2008, and a member of the Company’s Audit Committee during the time the Company filed each of its Forms 20-F from 2006 through 2008. He became Chairman of the Audit Committee in July 2007. Defendant Rao holds a Ph.D. from the Carnegie-Mellon University Graduate School of Industrial Administration, an M.S. in Industrial Administration from Carnegie-Mellon University, and a Master of Engineering degree from Cornell University. Defendant Rao also sat on the Boards of large Indian industrial houses, including Krishna Fabrications Pvt. Ltd., among the top two auto parts manufacturers in India, and Mazagon Docks Ltd., India’s premier construction shipyard.

49. Defendant T.R. Prasad (“Prasad”), former Cabinet Secretary and Defense Secretary of the Government of India, was a member of the Satyam Board of Directors from April 2007 until he and the remaining Satyam independent director were removed after the Satyam fraud was revealed on January 7, 2009, and was a member of the Company’s Audit Committee during the time the Company filed each of its Forms 20-F in 2007 and 2008. Defendant Prasad has held numerous high-level government positions in India, and was the Chairman of the Foreign Investment Promotion Board, Secretary of Industrial Policy and

Promotion and a member of the Finance Commission of India. Defendant Prasad has also served on the boards of directors of several other large Indian industrial corporations, including TVS Motors Company Ltd., the third largest motorcycle manufacturer in India and top-ten worldwide and Nelcast Ltd., India's largest producer of iron castings.

50. Defendant V.S. Raju, former Director, Dean and Professor at the Indian Institute of Technology, who has served as a consultant to the Indian IT industry, was a member of the Satyam Board of Directors from April 2007 until the Indian government removed the then remaining board members shortly after Defendant Ramalinga Raju's January 7, 2009 revelation of the fraud. He was a member of the Audit Committee when Satyam filed each of its Forms 20-F in 2007 and 2008. Defendant V.S. Raju has served on the boards of directors of several other corporations, including Nagarjuna Construction Company Ltd.—a top Indian construction company.

51. Defendants Srinivasan, Palepu, Rao, Prasad and V.S. Raju are hereinafter referred to as the "Audit Committee Defendants." The Audit Committee Defendants were responsible for overseeing the preparation and integrity of the Company's financial statements; the engagement, performance, and compensation of the Company's independent auditors; and the adequacy and effectiveness of the Company's internal accounting and financial controls. Their reckless discharge of their duties directly and proximately harmed the Class as alleged herein. These Defendants are directly liable for the damages caused by Satyam's false and misleading statements and are also liable for Satyam's violations under Section 20(a) of the Exchange Act as "controlling persons" because their reckless direction and oversight of the Company's financial reporting processes caused the Officer Defendants and the Company's outside auditors to issue

false and misleading statements during the Class Period regarding matters that were under the direct control of the Audit Committee.

H. Securities Act Additional Defendants

52. Defendant Vinod K. Dham (“Dham”) was, at all relevant times, a member of the Company’s Board of Directors. Defendant Dham signed the January 12, 2007 Form S-8 for the Associate RSU (ADS) Option Plan. On December 29, 2008, Defendant Dham resigned as Director.

53. Defendant Ram Mynampati (“Mynampati”) was, at all relevant times, a member of the Company’s Board of Directors. Defendant Mynampati signed the January 12, 2007 Form S-8 for the Associate RSU (ADS) Option Plan. In or around June 2009, Defendant Mynampati resigned as Director and an Interim CEO.

54. Defendants Dham and Mynampati are being charged exclusively with violations of the Securities Act as set forth in Counts IX through XI.

I. Relevant Non-Parties

55. Tech Mahindra Limited: Tech Mahindra Limited (“Tech Mahindra”) recently completed the process of acquiring a controlling stake of Satyam. On April 13, 2009, Satyam announced that it had selected Tech Mahindra as the highest bidder to acquire a controlling stake of the Company. Tech Mahindra acquired 31.04% of Satyam pursuant to its bid and a public offer which ended July 1, 2009. After a recently-approved allotment of Satyam shares, Tech Mahindra will hold about 43% of the Company’s outstanding shares. Pursuant to this acquisition, Satyam was recently rebranded as “Mahindra Satyam.”

56. SRSR Holdings: SRSR Holdings is an investment company wholly owned and controlled by Defendants Ramalinga and Rama Raju together with other members of the Raju family. The Rajus founded SRSR Holdings on June 22, 2006 in furtherance of their fraudulent

scheme. SRSR Holdings' initial directors were Defendants Rama Raju and Teja Raju, and Defendant Ramalinga Raju's and Rama Raju's brother, B. Suryanarayana Raju. During the Class Period, SRSR Holdings owned as much as 8.51% of Satyam's common stock for the benefit of the Raju family. The Rajus used SRSR Holdings as a conduit through which they arranged undisclosed related party loans to the Company secured by Raju family shares, as discussed in detail in Section VII.C, *infra*.

57. Members of the Raju Family: Numerous members of the Raju family played an active role in the Satyam fraud throughout the Class Period. These members of the Raju family were insiders of the Company based on their role as Satyam promoters (who, in India, play a much greater continuing role in the governance of a company than do promoters of U.S. companies), their significant Satyam shareholdings, and their influence over Satyam's actions through Defendants Ramalinga Raju and Rama Raju. Moreover, the Rajus steadily sold their Satyam shares from 1999 to 2008, collecting significant personal profits from sales at artificially inflated prices. They also played management and leadership roles in numerous entities created for the purpose of clandestinely facilitating the sale of these shares. In addition, they allowed companies registered in their names to be used as conduits through which secret loans were provided to Satyam in furtherance of the Defendants' fraudulent scheme.

58. Senior Satyam Employees: G. Ramakrishna, Danthuluri Venkatapathy Raju, and Srisailam Chetkuru were each senior Satyam employees who carried out particular aspects of the Satyam fraud at the direction of the Officer Defendants.

59. G. Ramakrishna ("Ramakrishna"), Satyam Vice President of Finance, is one of the employees recruited by the Officer Defendants to execute the mechanics of the Satyam fraud at their direction, as discussed in detail, *infra*, in Section IV.B.

60. Danthuluri Venkatapathy Raju (“Venkatapathy Raju”), Senior Manager of Satyam’s finance department, is one of the employees recruited by the Officer Defendants to execute the mechanics of the Satyam fraud at their direction, as discussed in detail, *infra*, in Section IV.D.

61. Srisailam Chetkuru (“Chetkuru”), Assistant Manager of Satyam’s finance department, is one of the employees recruited by the Officer Defendants to execute the mechanics of the Satyam fraud at their direction, as discussed in detail, *infra*, in Section IV.A.

62. PwC India Audit Partners: Two PwC India partners—S. Gopalakrishnan and Srinivas Talluri—certified numerous Satyam financial statements for and on behalf of “Price Waterhouse” throughout the Class Period. They also signed reports and consents that were included with Satyam’s SEC Form 20-F filings as “Price Waterhouse” from 2004 to 2008. The Indian CBI has concluded that these partners were complicit in the Satyam fraud based on, among other things, evidence that they were aware that documents provided by Satyam were forgeries and the unusually high audit fees PwC India received from Satyam. The following two PwC India partners were primarily responsible for conducting Satyam’s outside audits:

- a. Subramani Gopalakrishnan (“Gopalakrishnan”) is a partner in the accounting firm Lovelock & Lewes. Gopalakrishnan has been detained in India since January 24, 2009 and is awaiting trial on criminal charges filed on April 7, 2009 related to his role in the Satyam fraud.
- b. Srinivas Talluri (“Talluri”) is a partner in the accounting firm Lovelock & Lewes. Talluri has been detained in India since January 24, 2009 and is awaiting trial on criminal charges filed on April 7, 2009 related to his role in the Satyam fraud.

63. The CBI: The CBI is India’s premier investigative agency (analogous to the Federal Bureau of Investigation in the United States) and is held in high regard by the courts of the Indian judicial system. The CBI investigates cases of corruption by high-ranking officers of the Indian Central Government, economic crimes (including fraud investigations), special crimes such as terrorism, and cases that have interstate or international ramifications. The organization has a 65-year history in Indian law enforcement and has had an Economic Offenses Division since 1964.

64. The CBI is conducting an ongoing investigation of the Satyam fraud, the initial results of which are described in detail in its charge sheet and report (the “CBI Report”). The CBI has filed charges against the following individuals to date: Defendants Ramalinga Raju, Rama Raju, and Srinivas; Suryanarayana Raju; PwC India partners Talluri and Gopalakrishnan; and Satyam finance employees Ramakrishna, Venkatapathy Raju, and Chetkuru. As specified, certain information in this Complaint comes from the CBI investigation, including information contained in the CBI Report as well as hundreds of witness statements taken by CBI investigators and obtained and reviewed by Lead Plaintiff’s counsel.

IV. DEFENDANTS’ FRAUDULENT SCHEME

65. Throughout the Class Period, and for several years leading up to it, Satyam’s public disclosures portrayed the Company as a highly successful enterprise with rapidly increasing revenues, strong profits, and a robust and growing balance sheet. What investors did not know was that the Officer Defendants had knowingly engaged in a brazen scheme to loot the Company by means of falsified financials and forged documents. The Company’s outside auditor—PwC India—was actively involved and complicit in the fraud. The watchdogs on the Audit Committee of the Company’s Board of Directors failed to perform their stated obligations and recklessly allowed the fraud to occur.

66. The intent of the scheme was to exaggerate Satyam's true financial condition with a veneer of false financial success and growth, while the architects of the scheme personally profited from their misconduct. As a result, during the Class Period, Satyam fraudulently overstated virtually every aspect of its financial statements and materially misrepresented its financial condition, including:

- Overstating publicly reported revenues by an average of approximately \$190 million annually, or 15.5%;
- Overstating publicly reported profits by an average of approximately \$200 million annually, and cumulatively by more than 250%;
- Overstating publicly reported cash and bank deposits by approximately \$1 billion, or 1200%;
- Understating the Company's publicly reported liabilities by approximately \$290 million; and
- Overstating shareholders' equity by approximately \$1.5 billion, or 400%.

67. During this same period, the Raju family used Satyam as their personal piggy bank, fraudulently taking hundreds of millions of dollars from the Company and diverting these funds to other entities under their control. Members of the Raju family and their instrumentalities likewise liquidated large quantities of their Satyam shareholdings at artificially inflated prices throughout the Class Period, with Defendants Ramalinga Raju, Rama Raju and Maytas Infra receiving an estimated \$68 million in proceeds from insider sales.

68. In order to create the appearance that the Company was rich in cash despite the Rajus' deprecations, and in an effort to further benefit from sales of the Company's ordinary shares and/or ADSs at artificially inflated prices, Defendants deliberately manipulated the Company's financial statements. To this end, the Officer Defendants created fake invoices for hundreds of millions of dollars in nonexistent customer projects. Defendants then took steps to

make the artificial “proceeds” of this phony business appear real by falsifying the Company’s financial statements and forging bank deposit receipts, monthly bank statements, and other documents to create a paper trail showing the deposit of these fraudulent “revenues” into accounts at the Company’s banks.

69. Among their several methods for lining the Rajus’ pockets with Satyam’s cash, the Officer Defendants carried thousands (some estimates reaching as high as 13,000) of fabricated “ghost employees” on the Company’s books, and the “salaries” paid to these employees were funneled to the Rajus. At its height, it is believed that as much as \$4 million *per month* in “salary payments” to Satyam’s “ghost employees” was diverted to the Maytas entities through secret accounts maintained by Defendant Ramalinga Rama.

70. Although outwardly appearing to be flush, the Rajus’ misconduct drained Satyam of significant quantities of cash needed for its operations. To conceal the ongoing scheme, the Rajus arranged secret short term related party loans to the Company through shell entities they controlled. For instance, during the Class Period, the Officer Defendants and other members of the Raju family arranged more than \$300 million in secret related party loans to the Company. These related party loans were routed through a series of cover companies established in the names of Defendants Ramalinga Raju and Rama Raju, as well as members of their immediate families. The Officer Defendants then secretly repaid portions of these “loans” with Company cash. None of these transactions were disclosed to the investing public, nor did they appear as liabilities or related party transactions on the Company’s financial statements; rather, they were characterized as customer receipts for previously recorded fraudulent revenue.

71. Cracks began to appear in Satyam’s elaborately constructed false public image in advance of Defendant Ramalinga Raju’s shocking January 7, 2009 confession. For example, on

September 15, 2008, the Company announced that it was planning a 10% downsizing of its workforce that, in retrospect, was nothing more than an effort to reduce the Company's disclosed workforce to a level closer to its truthful size.

72. Then, on December 16, 2008, the Company announced that it would be merging with Defendants Maytas Infra and Maytas Properties, two companies controlled by Defendant Ramalinga Raju's sons and other members of the Raju family. A near-revolt by shareholders and analysts forced management to abort the transaction after only a few hours. Nevertheless, the abortive merger with the Maytas entities severely damaged Satyam's credibility and was a foreshadowing of the final corrective disclosure to come. As one analyst put it: "Satyam's proposed acquisition of Maytas Properties [unlisted] and Maytas Infra [listed] marks a new low in conduct and integrity of corporate governance in our view notwithstanding that it has called it off later." Every single outside director, including each of the Audit Committee Defendants, voted in favor of the merger, despite many of them holding themselves out as corporate governance experts.

73. The elaborate façade constructed by the Defendants came crashing down on January 7, 2009, when Defendant Ramalinga Raju submitted an extraordinary letter to the Satyam Board of Directors confessing to the vast accounting fraud perpetrated at Satyam since 2001. As the letter stated, in material part:

It is with deep regret, and tremendous burden that I am carrying on my conscience, that I would like to bring the following facts to your notice:

1. The Balance Sheet carries as of September 30, 2008
 - a. Inflated (non-existent) cash and bank balances of Rs. 5,040 crore (as against Rs. 5361 crore reflected in the books)
 - b. An accrued interest of Rs. 376 crore, which is non-existent
 - c. An understated liability of Rs. 1,230 crore on account of funds arranged by me

- d. An over stated debtors position of Rs. 490 crore (as against Rs. 2651 reflected in the books)¹
2. For the September quarter (Q2) we reported a revenue of Rs. 2,700 crore and an operating margin of Rs. 649 crore (24% of revenue) as against the actual revenues of Rs. 2,112 crore and an actual operating margin of Rs. 61 Crore (3% of revenues). This has resulted in artificial cash and bank balances going up by Rs. 588 crore in Q2 alone.

The gap in the balance sheet has arisen purely on account of inflated profits over a period of last several years (limited only to Satyam standalone, books of subsidiaries reflecting true performance). What started as a marginal gap between actual operating profit and the one reflected in the books of accounts continued to grow over the years. It has attained unmanageable proportions as the size of the company operations grew significantly (annualized revenue run rate of Rs. 11,276 crore in the September quarter, 2008 and official reserves of Rs. 8,392 crore). The differential in the real profits and the one reflected in the books was further accentuated by the fact that the company had to carry additional resources and assets to justify higher level of operations—thereby significantly increasing costs.

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.

The aborted Maytas acquisition deal was the last attempt to fill the fictitious assets with real ones. Maytas' investors were convinced that this is a good divestment opportunity and a strategic fit. Once Satyam's problem was solved, it was hoped that Maytas' payments can be delayed. But that was not to be.

* * *

Under the circumstances, I am tendering my resignation as the [C]hairman of Satyam and shall continue in this position only till such time the current board is expanded. My continuance is just to ensure enhancement of the board over the next several days or as early as possible.

I am now prepared to subject myself to the laws of the land and face consequences thereof.

(B. Ramalinga Raju).

74. In U.S. dollar terms, Defendant Ramalinga Raju admitted in this letter that, as of September 30, 2008, Satyam's balance sheet overstated Satyam's assets by over \$1 billion,

¹ "Crore" is a Hindi word meaning "10,000,000."

fabricated interest income of \$80 million, overstated the Company's debtors position (*i.e.*, its receivables) by \$100 million, and failed to report a debt of \$260 million owed by Satyam as a result of the aforementioned undisclosed loans to the Company.

75. The disclosure of Defendant Ramalinga Raju's letter shocked the investing public and directly caused the price of the Company's ordinary shares and ADSs to plummet approximately 90% in value, eliminating over \$4 billion in market capitalization. A securities analyst from Mumbai-based Angel Broking dubbed the Satyam scandal "India's Enron" stating:

In a truly shocking and mind-numbing development, Ramalinga Raju has "relieved the burden on his conscience" by bringing to light one of the biggest-ever frauds in Indian corporate history. Mr. Raju has resigned from the company's Board of Directors . . . [amidst] revelations that have created shock and awe among the Indian and global investing community. Satyam Computer Services, India's fourth-largest software company, has been involved in a fraud of mammoth proportions

76. Along similar lines, Mumbai-based financial services company IIFL published a piece entitled "The mother of all frauds" in which Defendant Ramalinga Raju's confession was described as follows:

There has rarely been a case of a bull market not having left a few fraudulent residues, but the suo motu disclosure or a sort of a carefully-drafted confession by Ramalinga Raju, the Chairman of Satyam, of the commission of a number of financial irregularities over the past several years, must be categorized as the mother of all, at least in the Indian context. Symbolically, it is akin to the high profile frauds perpetrated by Enron, Worldcom or Parmalat, all of which had overstated profits and the value of assets on books.

The scale of irregularities is indeed a shock from which the financial world will take some time to recover. Here was a company with more than 50,000 employees, offices in more than 60 countries, a multi-layered professional management, more than 650 clients (one third of which were Fortune 500 companies), a pedigreed Board (till very recently), a company that was very well tracked by sell-side and buy-side analysts, a stock listed in multiple global exchanges and to top it all, one that had Price Waterhouse as its auditor. For such a highly visible company with a seemingly real business, the scale of the fraud looks too unpalatable to digest.

77. As would later be revealed, Defendant Ramalinga Raju's confession was actually only the tip of the iceberg and, for the most part, a self-serving account by an individual desperate to continue concealing the true scope of the fraud.

78. PwC partners certified the annual financial statements issued by Satyam each year during the Class Period, notwithstanding their direct knowledge of clear evidence—forged bank confirmations and non-existent business contracts in particular—that the Company's financials were materially overstated. The auditors ignored numerous other warning signs that Satyam's financial statements were fraudulently overstated, failed to investigate known internal control deficiencies and financial discrepancies, and otherwise looked the other way as members of the Raju family enriched themselves at the expense of the Company's shareholders.

79. Comprised of individuals who hold themselves out as experts in financial management and corporate governance, the Audit Committee completely abdicated its watchdog role in the face of numerous red flags and other indications of fraudulent conduct. Indeed, even when presented with compelling evidence of a *quid pro quo* relationship with PwC India, as well as with the absurd proposition of Satyam acquiring Maytas Properties for \$1.3 billion in cash even though it was worth only \$225 million, the Audit Committee members simply acquiesced to the Rajus without a reasonable investigation of the relevant facts and circumstances.

80. Today, Defendant Ramalinga Raju, the other Officer Defendants and several Satyam employees who assisted in carrying out the fraud are incarcerated and awaiting criminal prosecution in India. The two PwC India audit partners who signed the audit opinions accompanying Satyam's annual financial statements are likewise incarcerated and awaiting prosecution. Satyam's Board of Directors, including the Audit Committee Defendants, has been

eliminated by Satyam's new management. The details of Defendants' fraudulent scheme are set forth below.

A. Defendants Fabricate Invoices for Nonexistent Customer Projects

81. Defendants' scheme to defraud the investing public was based on falsifying invoices for lucrative business contracts that did not exist. The Officer Defendants directed and oversaw the creation and processing of these phony invoices, which circumvented Satyam's usual system for processing customer orders and recording related revenues.

82. In the normal course of business, Satyam generated its invoices through a proprietary computerized system. When retained to provide services to a client, the client would issue a purchase order setting forth the details of the project and Satyam would enter that order into this system. After the work was performed, the system would generate an invoice to bill the client. This process was transparent and featured various checks throughout the process to ensure that invoices were properly routed and logged.

83. However, Satyam's computerized system also contained a function that permitted select Satyam employees to override the system to create an invoice even in the absence of a corresponding purchase order. This abbreviated process was called "EXCEL-PORTING." The ostensible purpose of the EXCEL-PORTING function was to facilitate the expeditious generation of invoices in urgent or otherwise rushed circumstances. The Officer Defendants abused this invoice-generation process to generate fraudulent invoices.

84. Specifically, according to the CBI Report, of the 74,625 invoices generated from April 1, 2003 to December 31, 2008 using the EXCEL-PORTING process, 7,561—or more than 10% of all the invoices generated using EXCEL-PORTING—represented nonexistent business contracts. The CBI confirmed that these 7,561 invoices were fraudulent by, among other things: interviewing supervisors within the appropriate Satyam divisions, who denied ever generating

the invoices; interviewing employees who supposedly billed work on the projects, who denied any knowledge of the projects; interviewing the clients who were supposedly “billed” through this process, who denied ever receiving the invoices; and analyzing the Company’s accounts in the Bank of Baroda, which would have received the relevant payments made on these invoices but had no records of such payments.

85. The Officer Defendants carried out the falsification of invoices by directing the Company’s Assistant Manager of Finance, Chetkuru, to create the fraudulent invoices. Through the course of the Class Period, Chetkuru directed two subordinate employees to generate the 7,561 phony invoices. Both of these subordinates of Chetkuru have provided statements to the CBI indicating that once the phony invoices were created, Chetkuru would direct them to enter the invoices into the sales system in a fashion that recorded the amounts due on these invoices as sales, without the need for a corresponding purchase order. The subordinates said Chetkuru would also direct them to record fraudulent receivables for the phony invoices, which caused them to be reflected on the Company’s balance sheets.

86. At the Officer Defendants’ direction, Chetkuru also took steps to cover up the falsification of invoices. He instructed Satyam technical experts to manipulate the source code, or programming, of Satyam’s invoice management system to create a mechanism that would permit him and his employees to hide the fake invoices they had created from discovery by other users. Further, Chetkuru himself assured that it would be difficult for anyone to discover the phony invoices by distributing them among the legitimate invoices in Satyam’s invoice management system. He accomplished this by surreptitiously omitting certain invoice numbers in the regular series in the invoice management system as real invoices were logged, and then later inserting the false invoices into the gaps he had created. Chetkuru had also instructed his

subordinates to delete any electronic records that could prove the falsification of invoices and to reverse certain entries in the inventory system after the aborted Maytas deal (discussed *infra*, at ¶ 96). The CBI, however, was able to obtain and preserve incriminating documents regarding the falsification of invoices on Chetkuru's laptop.

87. Defendant Srinivas facilitated the creation of false revenue numbers to reflect nonexistent revenue from the fraudulent invoices. He attempted to conceal his role in the fraud after Defendant Ramalinga Raju sent his resignation letter to the Satyam Board by instructing one of Satyam's Assistant Vice Presidents of Finance to delete files revealing the false revenue numbers. As this employee told the CBI in a written statement, "[a]fter the arrest of Sri B. Ramalinga Raju and Sri B. Rama Raju, CFO Sri Vadlamani Srinivas came to My Home Hub and during that time he came to my cabin and told me to delete these ... files."

88. In furtherance of their scheme, the Officer Defendants compensated employees who assisted in the creation of fake invoices and the forging of associated official documents by allotting these employees stock through the Company's Associate Stock Option Plan. The Officer Defendants directly allocated the stock to these individuals, circumventing the proper procedures for making such allocations through the stock options plan. For example, Defendant Srinivas created minutes showing that a Trust Meeting was held to authorize the allotment of the shares to these employees, even though no such meeting ever occurred.

89. Indeed, some of the employees who received these stock option allocations were not even eligible for options. In a statement to the CBI, Satyam's Vice President of Internal Audit, who was one of the trustees of the stock option plan, stated that several employees who received stock options, including Chetkuru and the two subordinate employees he directed to

generate and record false invoices, were not eligible to receive options under the Associate Stock Option Plan from 2004 to 2008.

90. The Officer Defendants also maintained two sets of books, one reflecting the sales figures inflated by the false invoices and the other reflecting the true sales figures. One such set of actual and inflated sales figures has been recovered from the e-mail account of Defendant Srinivas, and several more sets have been recovered from Satyam's computer servers.

B. Defendants Forge a Paper Trail to Conceal and Legitimize the False Proceeds of Nonexistent Customer Contracts

91. Having created sham earnings by falsifying invoices, the Officer Defendants needed to maintain the illusion that the Company had, in fact, earned the nonexistent sums. To achieve this goal, the Officer Defendants caused receipts of deposit and numerous other bank documents reflecting fraudulent deposits by Satyam to be forged and maintained in the Company's records.

92. The Officer Defendants directed Vice President of Finance Ramakrishna to prepare the forged documents, including Fixed Deposit Receipts ("FDRs"), bank statements, bank confirmation letters, and letters describing nonexistent fund transfers for the various banks at which Satyam held accounts.

93. During the Class Period, Satyam maintained accounts at the following banks:

- Bank of Baroda, New York Branch;
- ICICI Bank;
- Citi Bank;
- HSBC Bank;
- Vijaya Bank;
- HDFC Bank;
- BNP Paribas;
- State Bank of India;
- Global Trust Bank;
- Allahabad Bank;
- Indian Bank;

- State Bank of Travencore;
- Bank of Nova Scotia;
- Canara Bank; and
- Times Bank.

94. As set forth in the CBI Report, managers at several of these banks, including BNP Paribas, Bank of Baroda, HDFC Bank, and ICICI Bank, have reviewed certain bank documents fabricated by the Officer Defendants and their co-conspirators to support amounts included in their financial statements. After comparing these statements to the originals held by the banks, the bank managers confirmed that Satyam's bank statements were forgeries. Indeed, the manager of the Bank of Baroda, New York Branch stated to the CBI in a written statement that "the balance position as shown in the records maintained by M/s Satyam Computers Ltd shown to me today are *totally different from the actual position* reflected in the bank records" (emphasis added).

95. Furthermore, the Government Examiner of Questioned Documents ("GEQD"), a unit of the Directorate of Forensic Science in the Indian Government's Ministry of Home Affairs, has examined the Satyam documents in question pursuant to its criminal investigation of the fraud. On June 3, 2009, the CBI filed with the Hyderabad court a copy of the GEQD's report, which concluded that FDRs and bank statements recovered from Satyam that the GEQD examined were in fact forged by the Officer Defendants and their co-conspirators.

96. In furtherance of the fraudulent scheme, the conspirators attempted to destroy the evidence of the extensive forgery of banking records. For example, Ramakrishna had his laptop reformatted one day before Defendant Ramalinga Raju confessed the fraud—an apparent attempt to destroy any incriminating evidence on the computer. According to a statement given to the CBI by the IT technician who conducted the procedure, Ramakrishna wanted his laptop reformatted even though there was no problem with the laptop that would require reformatting.

Furthermore, Ramakrishna specifically stated that “he did not require any backup and . . . wanted to delete the data.” After the fraud was revealed, Ramakrishna instructed Senior Manager of Finance Venkatapathy Raju and Assistant Manager of Finance Chetkuru to delete incriminating records from their computers as well, and they in turn instructed their subordinates to do the same. Ramakrishna also destroyed the original forged FDRs after Defendant Ramalinga Raju revealed the fraud. However, records from the computers of certain Satyam finance employees pertaining to the falsified documents were recovered, including documents referring to the forged FDRs and copies of the forged monthly bank statements recovered from Venkatapathy Raju’s laptop.

C. Defendants Establish Companies to Acquire Land Using Satyam Cash

97. Between 1999 and 2008, members of the Raju family created a network of secret companies, as many as 327 in all, in furtherance of a scheme to use Satyam cash to acquire large tracts of land in the Indian state of Andhra Pradesh for the personal benefit of the Raju family.

98. According to sources such as the *Economic Times*, much of the property is held in so-called “benami” deals—“without a name” in Hindi—and has thus far eluded detection from Indian authorities, although both India’s Serious Fraud Investigation Office (“SFIO”) and tax authorities are seeking to unearth these hidden properties. In a January 21, 2009 confession obtained by the Criminal Investigation Department (“CID”)—a division of India’s federal police—Defendant Ramalinga Raju reportedly admitted to the diversion of funds from Satyam to fund land acquisitions in and around Hyderabad.

99. In February 2009, the CID tracked down documents providing direct evidence of land deals orchestrated through 147 of the 327 Raju family companies. The CID obtained this lead through the confession of V. Gopala Krishna Raju (“VGK Raju”), a trusted aide of the Raju family who handled the family’s land dealings.

100. As reported on January 25, 2009 by CNN-IBN, an Indian affiliate of CNN which reportedly obtained exclusive access to VGK Raju's confession, Defendant Ramalinga Raju's brother, Suryanarayana Raju, personally instructed VGK Raju to conceal boxes of documents containing evidence of the Rajus' land deals from the police. Carrying out this instruction, VGK Raju, along with a colleague, rented a vehicle and stashed the documents in six places in and around Hyderabad. He kept the keys of the safes containing the documents with him and constantly moved the documents around to avoid detection.

101. CNN-IBN reported, based on a list of the 147 companies and details of the land deals it obtained from the CID, that the evidence "clearly indicates that Raju & family siphoned off funds from Satyam and invested in various land dealings through 147 benami companies."

102. A similar account was offered by the *Daily News and Analysis*, an English language Indian newspaper, on January 26, 2009: "Hundreds of original property papers were stacked in cardboard boxes and loaded into ... vehicles, even as Criminal Investigation Department officials ran all around Hyderabad to trace jailed Satyam Computer Services founder B Ramalinga Raju's properties ... [The Driver] told police that he planned to keep the papers mobile after [a] brother of Ramalinga Raju, instructed him to keep them away from the police. According to estimates based on the documents recovered from [the driver], Ramalinga Raju's family acquired about 4,190 acres in the state and country."

103. The *Times of India*, in an article on February 22, 2009, provided a partial list of 21 of the reported 147 companies involved with the deals, noting that "[t]he CID has got prima facie evidence of diversion of funds by Satyam former chairman B Ramalinga Raju and his family members to [these] 21 companies." The *Times of India* identified twenty companies as

part of the Rajus' network of entities that acquired land with diverted funds from Satyam. These companies reportedly purchased thousands of acres of land in and around Hyderabad since 2002.

104. Statements given to the CBI by directors and employees of some of these companies indicate that the Rajus recruited unqualified relatives or family associates from farming villages near Hyderabad to act as directors of their network of companies. Many of these witnesses admitted that they knew little about the companies in particular, or business in general, and acted only at the complete direction of the Rajus.

105. Defendants Maytas Infra and Maytas Properties were also part of the network of companies that the Rajus used to acquire land using Satyam assets. According to an April 20, 2009 article in the *Economic Times*, the SFIO reported to the Indian parliament that Satyam diverted part of its foreign earnings to tax havens like Mauritius, and these funds were then forwarded to Maytas Infra and other companies owned or controlled by Ramalinga Raju.

106. Indian authorities estimate that, as of July 2008, the land acquired by the Raju family through their web of companies using funds diverted from Satyam has reached approximately 8,000 acres. Indian authorities have reportedly petitioned the state of Andhra Pradesh to seize and sell the Raju family's land holdings that were acquired using cash diverted from Satyam.

D. Defendants Arrange Secret Loans to Satyam To Fill The Company's Cash Void

107. As the Rajus were diverting funds from Satyam to their personal network of companies, they also needed to funnel money back into Satyam because of the cash shortage their activities caused. However, Satyam claimed to have an abundance of cash, and massive borrowing by the Company itself therefore would have raised questions as to why Satyam needed to borrow any money. Thus, in an effort to sustain the fraud by temporarily financing

Satyam's real operations during the Class Period, Defendants Ramalinga Raju, Rama Raju, and the other members of the Raju family arranged secret loans to Satyam through intermediaries they controlled. According to the CBI Report, from 2006–2008 the Rajus and companies they controlled secured hundreds of millions of dollars in loans from third party financial sources using their Satyam shares as collateral for such loans. While the loans were made to the Rajus and their intermediaries, the proceeds of such loans were then provided to Satyam in the form of secret, related party loans that were never disclosed to investors.

108. The cash flows in and out of Satyam associated with these “loans” from the Rajus and their companies were omitted as liabilities or related party transactions from the Company's financial statements at the direction of the Officer Defendants. At their direction, Senior Manager of Finance Venkatapathy Raju received the checks constituting these loans and deposited them into Satyam's accounts. Rather than properly designating these sums as loans, Venkatapathy Raju had the funds designated as cash proceeds from previously recorded fraudulent sales with the assistance of his subordinate employees, one of whom provided a detailed description of Venkatapathy Raju's actions to investigators.

109. Defendant Ramalinga Raju confirmed this aspect of the fraud in his confession letter when he admitted that the Company had understated its liabilities by at least \$260 million “on account of funds arranged by me.” On January 8, 2009, the day after Defendant Ramalinga Raju sent his letter of confession to the Satyam Board, at the direction of Defendant Ramalinga Raju and his brother Suryanarayana Raju, 37 separate companies that they controlled sent letters to Satyam demanding repayment of the outstanding loans for which they had been a conduit. Previously, the Officer Defendants had secretly caused Satyam to repay approximately \$40 million of these loans, with the balance remaining outstanding.

E. The Rajus Cash In On Their Misconduct

110. As they were perpetrating this massive fraud using fabricated invoices, forged bank documents, and undisclosed related-party loans, Defendants Ramalinga Raju, Rama Raju, certain members of the Raju family, and their instrumentality, Defendant Maytas Infra, collected enormous ill-gotten financial gains by executing significant stock sales at prices artificially inflated by their fraud, as well as by taking significant sums from the Company, including the salaries of the Company's "ghost employees."

111. Members of the Raju family and Defendant Maytas Infra sold millions of dollars worth of their Satyam ordinary shares throughout the life of the fraudulent scheme notwithstanding their knowledge of the ongoing fraud and Satyam's true financial condition. Defendants Ramalinga Raju and Rama Raju alone collected more than \$24 million from insider sales of their shares while actively concealing adverse material and non-public information regarding the state of the Company.

112. Defendant Ramalinga Raju, Defendant Rama Raju, and other members of the Raju family tried to conceal their trading activity and the resulting ill-gotten gains by selling much of their common stock through intermediaries, first transferring their shares to family members and trusted employees, who then sold these shares through five companies expressly created by the Raju family to execute and conceal sales of the group's shares. Select members of the Raju family served as directors or controlling shareholders of all five investment companies—Elem Investments Private Limited, High Grace Investments Private Limited, Fincity Investments Private Limited, High Sound Investments Private Limited (now known as SNR Investments Private Limited), and VEEYES Investments Private Limited. Once these five investment companies executed the sales of the shares, they remitted the proceeds of these insider sales back to the straw men (*i.e.*, the Raju family members and employees), who then

transferred the proceeds to the selling Satyam insiders, such as Defendants Ramalinga and Rama Raju. The only rationale for such a convoluted process for the simple act of selling stock is that the Raju family wished to deceptively conceal their trading of Satyam shares. Defendants Ramalinga and Rama Raju and Defendant Maytas Infra reaped the following estimated proceeds as a result of their insider trading:

Insider	Insider Sales Proceeds (approximate)
Ramalinga Raju	\$12 million
Rama Raju	\$12 million
Maytas Infra Limited	\$42 million
TOTAL	\$68 million

113. In addition to this estimated \$68 million in insider trading proceeds, members of the Raju family and Defendant Maytas Infra netted an estimated \$24 million through dividend payments on their substantial shareholdings, including more than \$5 million each received by Defendant Ramalinga Raju and Defendant Rama Raju. The Officer Defendants caused the Company to issue dividends during the Class Period even though they were fully aware that the Company's true financial condition was significantly more precarious than suggested by the false and misleading financial results they disclosed to the public.

114. Further, reports indicate that Defendant Ramalinga Raju diverted several million dollars from Satyam on a monthly basis by siphoning off salary payments allocated for nonexistent or "ghost employees."

115. According to reports in, among other sources, the *Financial Times*, the *Wall Street Journal*, and the *New York Times*, Ajay Kumar, a prosecutor in Hyderabad, has stated that Defendant Ramalinga Raju confessed that Satyam had fraudulently overstated its work force by

10,000 nonexistent employees, although prosecutors believe that the true number of “ghost employees” may be as high as 13,000 (or, almost 25% of Satyam’s stated workforce).

V. PWC’S ROLE IN THE FRAUDULENT SCHEME

116. PwC is a global audit and accountancy firm that is, acts, and holds itself out to the marketplace as a single worldwide firm providing seamless cross-border auditing services.

Through its Indian member firm, PwC India, PwC served as the Company’s independent public auditor throughout the Class Period, lending the credibility of the PwC name to Satyam’s public financials and other statements. PwC played a central role in the pervasive fraud at Satyam by certifying the Company’s false financial statements throughout the Class Period.

117. PwC India, as well as the now-incarcerated audit partners responsible for the Satyam account, directly and actively participated in the Satyam fraud, ignoring material facts in its possession and violating the basic standards of the accounting profession, while knowingly certifying the Company’s false financial statements. Among other things, PwC India’s audit partners certified that Satyam’s fraudulent financial statements were truthful and in compliance with Generally Accepted Accounting Principles (“GAAP”), despite having actual knowledge that those financial statements were false. Indeed, as the CBI Report expressly states, PwC India knew that the Officer Defendants had provided them with forged bank confirmations and that the Company’s reported bank balances were materially larger than the actual amounts reflected in Satyam’s banks’ records. As the CBI specifically stated in its report:

[PwC India] has intentionally certified the inflated and forged balance sheets prepared basing on the forged FDRs and other data furnished to [it] with regard to the banks and also the status of sales without making any mandatory independent verifications. The auditors are required to write directly to the banks and obtain confirmation of balances. After obtaining the confirmations, should compare these figures with the figures as appearing in the books of Accounts of the company. [PwC India] received the confirmations from the banks which are in great variance with the figures provided by the management and appearing in the books of accounts. Despite this glaring discrepancy and having both the

confirmations i.e., the original confirmations received from the banks and the forged bank confirmations provided by the other accused, [PwC India] in furtherance of the conspiracy, has chosen the forged bank confirmations provided by the accused, certified the same and incorporated in the final accounts.

118. PwC India was greatly enriched by its willingness to knowingly certify Satyam's false financial statements, receiving fees that were dramatically above normal market rates. As the CBI found in its report: "as a consideration for . . . accommodating the accused persons, [PwC India] has received an exorbitant audit fee from [Satyam] over and above the market rate which reflects a quid-pro-quo arrangement."

119. PwC International was well aware of and enjoyed the benefit of these excessive audit fees and is liable for the malfeasance committed as a quid-pro-quo for these payments. As is common in the audit industry, PwC is organized as an international membership-based company—PwC International—consisting of member and network firms, each of which is organized under the laws of their respective jurisdictions. Despite this technical form of organization, PwC operates as a single entity across national boundaries, with policies, standards, and procedures set on a global basis, cross-border audits coordinated among offices, and member and network firms using the PwC name to project the image of a cohesive international organization.

120. At all relevant times, PwC India was a member and network firm of PwC International—operating in accordance with the policies and procedures promulgated by PwC International; coordinating cross-border audits with PwC member firms in other jurisdictions, including with PricewaterhouseCoopers LLP (the U.S. arm of PwC International), for the Satyam audit; and otherwise holding itself out to the world as a representative and agent of PwC International. As a result, PwC International is liable and must take responsibility for its central involvement in the Satyam fraud. Indeed, as Satyam's government-appointed interim CEO

observed on July 17, 2009: “I think PricewaterhouseCoopers messed up big time. Taking the bank statement certificate from the company rather than the bank is Audit 101 error. After Enron, Arthur Anderson ceased to exist. At least, PwC should take a bigger ownership of their role in this issue.”

121. The specific false and misleading statements for which PwC is charged with liability under Section 10(b) of the Exchange Act are certain “expertised” statements contained in Satyam’s annual financial statements included in Forms 20-F filed with the SEC throughout the Class Period. PwC India stated that it had performed its audits in accordance with Generally Accepted Auditing Standards (“GAAS”) and that, in its opinion, “the consolidated financial statements ... present fairly, in all material respects, the financial position of Satyam Computer Services Limited and its subsidiaries ... and the results of their operations and their cash flows ... in conformity with accounting principles generally accepted in the United States of America.” These statements were materially false and misleading because PwC India knew, or but for its reckless disregard should have known, that Satyam had fundamentally misrepresented the condition of its business and that its financial statements for fiscal years 2004 through 2008 were materially misstated and were not presented in conformity with GAAP.

122. PwC India’s direct involvement in the Satyam securities fraud, including by directly and knowingly issuing false and misleading statements to the investing public in connection with Satyam’s financial statements and other disclosures, is discussed below in detail.

123. The facts reflecting the liability of PwC International for PwC India’s violations of the federal securities laws—including its domination and control of PwC India and its culpable participation in PwC India’s misconduct—are discussed in detail in Section V.E., *infra*.

A. PwC India Had Actual Knowledge of Satyam's Fictitious Cash Balances and Overstated Cash Flows and Knowingly and Actively Engaged in Fraudulent Conduct

124. As just explained, PwC India had actual knowledge of the massive fraud being perpetrated by Satyam and consciously facilitated this fraud by repeatedly certifying Satyam financial statements it knew to be false. Indeed, PwC India auditors had obtained genuine bank confirmations from Satyam's banks whose balances varied drastically from the confirmations provided by Satyam's management and the figures appearing in the Company's books and records. In other instances PwC India received documents lacking indicia of authenticity, such as receipt numbers on FDRs or account numbers on confirmation letters. Notwithstanding these glaring discrepancies, and even while possessing both the original confirmations received from the banks and the forged bank confirmations provided by the Officer Defendants, the PwC auditors accepted the forged bank confirmations provided by the Officer Defendants, certified them, and incorporated them into the final accounts, thereby causing the disclosure of falsified data in Satyam's financial statements throughout the Class Period.

B. PwC India Profited Handsomely from its Role in the Fraudulent Scheme

125. PwC India's audit fees for the Satyam account indicate that the auditor was more than just a facilitator of the Company's fraudulent scheme. As demonstrated in the chart below, which is based on information included in the CBI report, PwC India—and as a consequence, all of PwC—received audit fees from Satyam far greater than what Satyam's significantly larger competitors paid their auditors when measured as a percentage of each company's revenue, in some instances more than 14 times greater:

Company (all currency values in millions of U.S. dollars)	<u>2008 Revenue</u>	<u>2007 Revenue</u>	<u>2008 Audit Fee</u>	<u>2007 Audit Fee</u>	<u>2008 Audit Fee as % of Revenue</u>	<u>2007 Audit Fee as % of Revenue</u>
Satyam	\$2,028	\$1,380	\$0.9	\$0.8	.046%	.059%
Wipro	\$4,920	\$3,313	\$0.3	\$0.2	.006%	.006%
Infosys	\$3,899	\$2,915	\$0.2	\$0.1	.005%	.004%

126. Regarding these fees, the CBI determined that “[a]s a quid-pro-quo, [t]he Auditors have been compensated through exorbitant Audit Fee[s] by [the Officer Defendants] for the role played by them in furtherance of the conspiracy,” and that the fees established “the existence of a well knit criminal conspiracy” between Satyam and the PwC India auditors.

127. In addition to the outsized audit fees received by PwC India, the auditor also received fees for “other related services” of approximately \$300,000 in each of 2007 and 2008.

128. These exorbitant fees paid to PwC India further establish that the auditor was not merely reckless in its conduct of the Satyam audits but rather, that PwC India knowingly and directly made false statements and carried out aspects of the fraud for its own pecuniary gain.

C. PwC India Ignored Red Flags

129. In addition to the overwhelming evidence of actual knowledge on the part of PwC India set forth above, PwC India was aware of additional facts that put it on notice of the Satyam fraud. In particular, PwC India was aware that the internal controls governing the Company’s revenue recognition practices were grossly deficient and therefore susceptible to the manipulation that facilitated the fraud.

130. In connection with its reviews of the information technology system used to process accounting data and prepare financial statements, PwC India repeatedly concluded that Satyam’s IT system was “not fully integrated and [was] subject to manipulation.” Indeed, PwC

India noted 180 internal control deficiencies in its fiscal year 2007 audit and 135 internal control deficiencies in its fiscal year 2008 audit.

131. Furthermore, PwC India was aware of or recklessly disregarded the fact that Satyam's IT system included processes which could be used to circumvent internal accounting controls. For instance:

- a. Sales invoices could be issued without corresponding authorized purchase orders;
- b. The EXCEL-PORTING process could generate sales invoices outside the normal initiation, authorization, and recording processes, as discussed in detail in Section IV.A *supra*;
- c. Employees' time could be billed to a customer without being included in the system used to record man-hours worked on each project; and
- d. Certain employees in the Finance Department could override internal controls in the Company's invoice management system.

132. Based on these obvious red flags indicating potential financial reporting fraud, PwC India concluded that "in light of [the internal control] deficiencies, substantial and elaborate examination of the financials should be conducted." PwC India nevertheless deliberately chose to certify Satyam's financial statements notwithstanding its failure to perform augmented audit procedures. As a result of PwC India recklessly disregarding its responsibilities under GAAS, Satyam was able to: (i) generate over 7,000 fake sales invoices representing over \$1 billion of fraudulent revenue recorded in the financial statements during fiscal years 2005 through 2008 and the first two quarters of fiscal year 2009; (ii) create almost 25% of the Company's reported work force entirely out of whole cloth; and (iii) mask hundreds of millions of dollars in related party loans as revenue.

133. Moreover, as a result of these severely inadequate internal controls, PwC India was aware that Satyam was incapable of producing objectively verifiable documentation from which to prepare financial statements in accordance with GAAP. Notwithstanding its knowledge of Satyam's deficient internal controls and the resulting inability of the Company to prepare verifiable financial statements, PwC India failed to include a disclosure regarding the control deficiencies in its audit reports. Instead, PwC India issued unqualified audit opinions, therefore directly misrepresenting the Company's internal controls and the accuracy of its financial statements.

134. PwC India's failure to disclose Satyam's clearly inadequate internal controls further facilitated and concealed the Company's fraudulent activity, and deprived investors of critical information that would have indicated the uncertainty of Satyam's financial reporting.

D. PwC India's Audit Procedures Were Inadequate and Not in Accordance with GAAS

135. In addition to its direct actual knowledge of the fraud, and its willful blindness with respect to numerous other facts in its possession, PwC India further facilitated and participated in Satyam's fraud by issuing opinions regarding Satyam's annual financial statements included in Form 20-F and its quarterly financial statements included in Form 6-K indicating that it had conducted its audits in accordance with the governing auditing standards. In reality, PwC India's audits were overwhelmingly deficient and represented an extreme departure from these standards, thereby rendering the auditor's opinions material misstatements.

136. PwC India's audit procedures clearly violated the guidelines that govern the work of an independent auditor: the Generally Accepted Auditing Standards approved and adopted by the American Institute of Certified Public Accountants ("AICPA") and Auditing Standards issued by the Public Company Accounting Oversight Board ("PCAOB"). The AICPA has

developed and codified Statements on Auditing Standards (hereinafter referred to as “AU § ___”) through its Auditing Standards Board (“ASB”) which interpret and provide guidance regarding GAAS.

137. GAAS sets forth the auditing standards that an independent auditor must follow in planning, conducting, and reporting the results of an audit. GAAS includes the following standards that have been approved and adopted by the AICPA, all of which were knowingly or recklessly violated by PwC:

- a. “Due professional care is to be exercised in the performance of the audit and the preparation of the [audit] report.” General Standard No. 3, AU § 150.02.
- b. “The work [of the audit] is to be adequately planned and assistants, if any, are to be properly supervised.” Standard of Field Work No. 1, AU § 150.02.
- c. “A sufficient understanding of internal control is to be obtained to plan the audit and to determine the nature, timing, and extent of tests to be performed.” Standard of Field Work No. 2, AU § 150.02.
- d. “Sufficient competent evidential matter is to be obtained through inspection, observation, inquiries, and confirmations to afford a reasonable basis for an opinion regarding the financial statements under audit.” Standard of Field Work No. 3, AU § 150.02.
- e. “The [audit] report shall state whether the financial statements are presented in accordance with [GAAP].” Standard of Reporting No. 1, AU § 150.02.
- f. “Informative disclosures in the financial statements are to be regarded as reasonably adequate unless otherwise stated in the report.” Standard of Reporting No. 3, AU § 150.02.

138. PwC India violated each of these standards by conducting “audits” that were so deficient as to constitute no audit at all. As a result, PwC India had no reasonable basis to issue its unqualified audit opinions upon which it knew investors would rely.

139. As more particularly set forth below, PwC India knew and ignored, or recklessly failed to discover, at least the following “red flags” or warning signs in addition to those previously stated that, pursuant to AU Section 316, *Consideration of Fraud in a Financial Statement Audit*, should have indicated to PwC India and its partners that there was a heightened risk of material misstatement due to fraud and should have triggered more stringent auditing procedures:

- a. The Officer Defendants had formed related party investment companies controlled by the Raju family to hold and dispose of shares owned by the Rajus, and these investment companies funded other related party companies;
- b. Hundreds of millions of dollars in secret loans were made by the Rajus and the aforementioned investment companies to Satyam and re-characterized as fictitious cash receipts;
- c. Satyam was dominated by a small group of Control Persons, including Defendants Ramalinga Raju, Rama Raju, and Srinivas, without compensating controls, with an inadequate system of authorization and approval of transactions, and an IT system subject to manipulation, including the manipulation described previously by which the Officer Defendants were able to generate 7,561 phony sales invoices;
- d. Satyam had been reporting a rapid 39% compounded annual growth rate in revenues since the fraud began in 2001; and

- e. Over a ten year period, Defendant Maytas Infra and members of the Raju family steadily decreased their holdings in the company from about 19% to less than 2%.

(a) PwC India Failed to Obtain Reasonable Assurance that the Financial Statements were Free from Material Misstatement Caused by Fraud

140. In assessing the risk of material misstatement of the financial statements due to fraud, auditors are required to thoroughly investigate “fraud risk factors”—that is, “red flags”—that are apparent from the financial statements themselves or from the characteristics of the company, as described in AU § 316.85. In addition, GAAS emphasizes that fraud risk factors may be identified throughout the audit. AU § 316.68.

141. PwC India knowingly or recklessly failed to adequately address the possibility of fraud in conducting its audit of Satyam. Had it done so, it would have increased its professional skepticism and augmented its audit procedures in response to the many glaring red flags that were readily apparent at the Company. At the very least, it would have increased its focus on material transactions and relationships by, for example, thoroughly investigating the following: significant variances between amounts in third party documents and those in internally generated records; information technology systems which were subject to manipulation; internal control discrepancies; and related party transactions. It also would have undertaken extended procedures to corroborate the representations of management, including conducting interviews of those employees responsible for the Company’s internal accounting, as well as its major customers. Finally, it would have thoroughly investigated the sources of funds supporting the Company’s cash and bank deposit balances, accounts receivable, and the like. *See* AU § 316.25-.29.

142. Indeed, if the auditor concludes that there is a heightened risk of material misstatement due to fraud or otherwise, he or she must take whatever steps are necessary to assure that the financial statements are not materially misleading. *See generally* AU § 312

(requiring an auditor to limit audit risk to a low level, that is, a level appropriate for expressing an opinion on the financial statements). Audit risk should be considered when determining the number and types of audit procedures performed, the time spent on the audit, the number and experience of personnel that must be involved, and the level of supervision that should be employed. AU § 312.17. This, PwC India failed to do.

143. Instead, PwC India knowingly or recklessly violated GAAS by failing to exercise due professional care in the performance of its audits of Satyam's financial statements during the Class Period, and violated auditing standards by:

- a. Failing to recognize the effects of countless fraud warning signs on the financial statements and its audit opinions;
- b. Failing to understand the audit risks resulting from a complex information technology system that was not integrated and therefore subject to manipulation;
- c. Failing to substantially adjust its audit procedures to mitigate the audit risk caused by hundreds of internal accounting control deficiencies;
- d. Failing to obtain sufficient competent evidential matter to verify the Company's financial statements; and
- e. Failing to implement effective confirmation audit procedures.

144. Instead of questioning and critically assessing audit evidence and the effects the fraud warning signs and internal control deficiencies would have on the financial statements, PwC India readily accepted the assertions made by Satyam in the financial statements with respect to revenue, receivables, and cash and bank deposits. As a result of PwC India's violation of auditing standards, Satyam was able to publish materially false and misleading financial statements throughout the Class Period.

(b) PwC India Failed to Adequately Plan Its Audit, Did Not Understand Satyam's Accounting Processes, and Failed to Assess the Nature of Satyam's Business

145. In auditing an entity such as Satyam, GAAS required PwC India to have experience auditing complex information technology systems similar to those used by the Company. AU § 311.03. In 2007 and 2008, PwC India identified hundreds of internal control deficiencies and stated that the information systems were not integrated and subject to manipulation. Therefore, PwC India concluded that the nature and extent of its audit procedures needed to be more substantial and elaborate in order to conduct an examination of the financial statements in accordance with GAAS. However, PwC India did not make the extensive changes to the audit procedures it concluded were necessary as a result of the internal control deficiencies.

146. GAAS emphasizes the critical nature of third party confirmation of amounts included in financial statements as providing solid reliability for the purposes of an independent audit, and presumes that an auditor will request confirmation of accounts receivable during an audit. *See* AU § 330.

147. PwC India failed to adequately plan and execute its audits of Satyam insofar as it failed to gain even the most basic confirmations of the Company's financial representations, as required by Statement on Auditing Standards 22, *Planning and Supervision*. *See* AU § 110.02. PwC India's confirmation audit procedures were specifically deficient in the following ways:

- a. Intentionally failed to rely upon confirmation requests and responses provided by Satyam's banks, which showed balances materially different than the balances reported by Satyam;
- b. Did not follow up on discrepancies between amounts in Satyam's books and records, and the amounts included in the confirmation responses; and

c. Most importantly, did not analyze the nature of confirmation exceptions.

(c) PwC India Failed to Obtain Sufficient Competent Evidential Matter

148. As a result of its internal control testing, PwC India was aware of the potential for improper creation or alteration of operational and financial information regarding the Company. Furthermore, PwC India was aware that Satyam's procedures for creating and recording invoices included several significant deficiencies which could potentially invalidate evidence obtained from the Company as substantiation for revenue and receivable amounts in financial statements, as detailed in Section V.C, *supra*.

149. It therefore would have been impossible for PwC India to gather valid audit evidence to support the amounts recorded in the Satyam financial statements as required by AU § 326, *Evidential Matter*, because the Company had been misstating its financial figures to a great extent for many years. PwC India should have refrained from forming an audit opinion to the extent that it was unable to get sufficient competent evidence to support the assertions made by Satyam in financial statements or to the extent that the evidential matter PwC India did receive contradicted the Company's assertions. In the alternative, PwC India should have issued a qualified opinion or disclaimed an opinion altogether.

E. PwC International Controlled PwC India

150. PwC International, the various PwC member firms, and the partners of those member firms, were directly, indirectly, and/or collectively involved in auditing Satyam. They therefore played an integral part in the fraudulent scheme described above and are directly liable for PwC India's misconduct.

151. PwC International controlled the acts of the PwC member firms and the partners who conducted Satyam's statutory audit services, and is directly responsible for the violations of

the federal securities laws that resulted from their actions. Although PwC International repeatedly states that each of its member firms is a “[s]eparate and independent legal entity,” these member firms and partners, to the extent they provided audit services to Satyam entities, did so as agents of PwC International, and provided those services on the authority of, at the direction of, and for the benefit of PwC International.

152. PwC International directly controls the actions of the PwC member firms through a centralized global leadership structure that sets the strategy, policies, and standards for the entire organization. Indeed, PwC stresses that it is a unified entity with global reach and a single set of standards to which all of its member firms adhere, as described in its 2008 Global Annual Review:

[T]he standards each PwC member firm is obliged to follow have been updated and expanded to reflect the increasingly global nature of our services and the need for worldwide consistency across an ever-widening range of areas.

153. Furthermore, PwC International’s swift and firm response to the Satyam fraud establishes that the global entity responds to, and is accountable for, the misdeeds of its agents, the PwC member firms.

154. The leadership of the PwC International network is centralized in a global Chief Executive Officer, a global Board of Directors, a global Network Leadership Team, a global Strategy Council, and a global Network Executive Team. The Global Board ensures accountability, protects the PwC network, and ensures effective governance. The Network Leadership Team sets the strategy and standards that the PwC network will follow. The Strategy Council agrees on strategic direction and ensures alignment in the execution of strategy. Finally, the Network Executive Team, which reports to the Network Leadership Team, is responsible for key service line and functional areas across the PwC network.

155. Partners, associates, officers, directors, and other employees of the PwC member firms regularly participate in global PwC practice groups and regularly attend meetings of PwC International member firms in the U.S. and abroad.

156. PwC's documents, public statements, and other proprietary materials state that PwC International is the driving force behind this unified PwC network. The PwC International Memorandum of Association clearly provides that the organization can require member and network firms to comply with its edicts at will:

The Company may make and adopt regulations governing, and establishing the rights and obligations of, the Company, its members, officers and organs and committees, the Network Firms and other Relevant Entities in relation to, without limitation... the standards, principles, strategies, policies, objectives, plans, projects, programmes, practices and systems to be observed and applied, and other obligations to be complied with, by Member Firms, Network Firms and other Relevant Entities including in relation to, without limitation, compensation, network clients (including the identification and designation of certain clients of the network of Member Firms as network clients)

157. In addition, PwC promulgates and enforces professional standards which its member firms must obey, and has the power and authority to exercise oversight over these firms. According to the 2008 PwC Annual Review “[a] firm’s membership of [*sic*] the PwC network depends on its ability to comply with common risk and quality standards.” The 2004 Annual Review stated that all member firms “are bound to abide by certain common policies and to maintain the standards of the global network as formulated by the CEO of PricewaterhouseCoopers International Limited and approved by its Global Board.”

158. Similarly, PwC International’s Articles of Association state that its object is to “develop, and to promote and assist, the development of *common standards, principles, strategies, policies, objectives, plans, projects, programmes, practices, and systems to be applied by Member Firms, Network Firms and Relevant Entities in carrying out their*

businesses” (emphasis added). PwC International has also developed a Code of Conduct, which acts as “a set of principles intended to guide us in the conduct of [our] business and aid us in ensuring that PwC’s culture of ethics and integrity is sustained around the world.”

159. In order to ensure adherence to its common policies and standards, PwC International has put into place what it calls an “assurance quality” review process. This process is intended to “[e]valuate a member firm’s performance of its overall quality and risk management responsibilities *relative to PwC global policies and procedures* and the performance of its partners and staff on selected individual engagements” (emphasis added). PwC International has also established a policy and practice among its member firms to cross-check the quality of each other’s work product.

160. As yet another standardized quality assurance measure, PwC International has established a Global Audit Policy Board. According to the Company’s 2004 Global Annual Review:

PwC’s Global Audit Policy Board was established to reinforce our commitment to continuous improvement in audit quality, bringing together practitioners and professional standards leaders from around the world. *The Global Audit Policy Board defines our global audit policies, monitors the implementation of our global methodology*, oversees assurance training and technology strategy, and provides thought leadership on auditing standards and issues.

(emphasis added)

161. Several facts illustrate the specific control relationship between PwC International and PwC India. For example, a May 2007 PwC Press Release states that Ramesh Rajan, currently a member of the PwC International Global Strategy Council and a partner with Lovelock & Lewes, had been elected as the new CEO of PwC Pvt. Ltd.

162. PwC International’s response to the Satyam scandal has also illustrated both the extent to which it controls the actions of its member and network firms, and the extent of PwC

International's control and domination of PwC India. For example, Samuel A. DiPiazza, the current CEO of PwC International, rushed from the World Economic Forum ("WEF") in Davos, Switzerland (where he was scheduled to participate as an Executive Committee member of the WEF International Business Council) to Mumbai, India, when PwC's Indian audit partners were taken into custody. As the *Financial Times* reported:

The global head of PwC has rushed to Mumbai after police detained two of the firm's auditors over the scandal at Satyam Computer Services.

Sam DiPiazza, chief executive officer of PwC, arrived in Mumbai as the firm's Indian arm suspended the auditors, S. Gopalakrishnan and Srinivas Talluri, while police investigate the \$1bn-plus fraud, India's worst corporate scandal.

* * *

Mr. DiPiazza had been expected at the World Economic Forum in Davos, but departed at short notice for Mumbai as the police escalated their inquiry into the Price Waterhouse auditors.

163. The *Financial Times* further reported that "PwC, whose global chairman Sam DiPiazza was in Mumbai this week to examine the case, has suspended the two auditors only from their normal duties following their detention and has kept them on as partners." The power to suspend or not suspend these PwC India auditors reflects PwC International's overall control and responsibility for PwC India's activities, and is consistent with the image of a single worldwide firm with which PwC markets its services. It is also consistent with Mr. DiPiazza's description of PwC's control over its member firms, given in an interview with the *Financial Times* prior to the revelation of the Satyam fraud. As Mr. DiPiazza explained: "We've [changed the standards] in a way that the consequences are very clear – *all the way to the point of having the ability to actually change the management around the world if we need to*" (emphasis added).

164. In further response to the Satyam scandal, DiPiazza said, “It is essential that the quality, expertise and behavior of partners in PwC member firms all around the world are, and are clearly seen to be, of the highest standards.” Indeed, PwC International decided to recheck the audits of all of the firm’s Indian clients in response to the Satyam fraud. In a later interview, DiPiazza stated:

It has been difficult. Whenever you have a major fraud in a country, it’s embarrassing. *When you have some participation in the situation, as we did in this case as auditors, it’s difficult.*

* * *

What we understand is that this was a massive fraud conducted by the (then) management, and we are as much a victim as anyone. *Our partners* were clearly misled.

(emphasis added)

165. Perhaps most tellingly, PwC International has represented Gopalakrishnan and Talluri before the Indian criminal tribunal, including in petitions for bail for the partners (which recently was rejected on their seventh appeal).

VI. THE AUDIT COMMITTEE DEFENDANTS RECKLESSLY CAUSE SATYAM TO ISSUE FALSE AND MISLEADING STATEMENTS

166. The Audit Committee Defendants, as members of the Audit Committee of the Satyam Board of Directors during the Class Period, were responsible for directing and overseeing the Company’s financial reporting processes and internal controls, as well as the retention, review and payment of the outside auditor. Through their performance of their responsibilities, the Audit Committee Defendants were responsible for and made aware of numerous facts that, but for their recklessness, would necessarily have led to their:

(1) discovering the scheme carried out by the Officer Defendants and PwC, and (2) preventing the Company from issuing false and misleading statements to the investing public. In reality,

however, the Audit Committee Defendants were little more than a quiescent “rubber stamp” who recklessly permitted the Officer Defendants and PwC to do as they pleased and thereby caused the systematic and pervasive fraudulent scheme within Satyam to continue unchecked. The Audit Committee Defendants’ reckless discharge of their responsibilities directly caused Satyam to issue the false and misleading statements alleged herein and was a direct and proximate cause of the harm suffered by Class members.

167. According to the Company’s annual report filings with the SEC on Form 20-F, the Audit Committee Defendants were charged with the following responsibilities:

The audit committee of board of directors reviews, acts on and reports to the board of directors with respect to various auditing and accounting matters, including the recommendation of our independent registered public accounting firm, the scope of the annual audits, fees to be paid to the independent registered public accounting firm, the adequacy and effectiveness of the accounting and financial controls of our company and our accounting practices.

168. Along similar lines, according to Satyam’s 21st Annual Report 2007–08, the Audit Committee’s responsibilities include the following:

- a. Overseeing the Company’s financial reporting process and ensuring that the financial statements are correct, sufficient, and credible;
- b. Reviewing the quarterly financial statements with management before submission to the full Board for approval;
- c. Reviewing the adequacy of the internal audit processes, including the structure of the internal audit department, staffing of the department, reporting structure coverage, and the frequency of internal audits;
- d. Providing recommendations to the full Board regarding the retention of an independent auditor and determination of the auditor’s fees;

- e. Approving retention and payments to an independent auditor for any non-audit services rendered; and
- f. Reviewing the performance of independent and internal auditors, and the adequacy of the Company's internal controls with the management.

169. The Audit Committee Defendants could not have properly performed these duties without discovering and preventing the scheme carried out by the Officer Defendants and PwC. Thus, but for their reckless discharge of these duties, Satyam could not and would not have issued the false and misleading statements alleged herein. The Audit Committee Defendants, by virtue of their role on the Audit Committee, had in their possession extensive information that should have, and but for their recklessness would have, caused them to unearth and stop the Satyam fraud. The Audit Committee Defendants' recklessness is, therefore, a direct and proximate cause of the harm to Class members.

170. The facts revealing the recklessness of the Audit Committee Defendants include the following:

- a. Materiality of the financial misstatements: The sheer materiality of the falsehoods contained in Satyam's financial statements—which, among other things, overstated the Company's revenues by approximately \$190 million annually and overstated the Company's assets by over \$1 billion—raises a strong inference of the Audit Committee Defendants' recklessness. As discussed above, the fraudulent scheme at Satyam pervaded the Company's financial reporting and spread through virtually every material metric disclosed to the investing public, and the Audit Committee Defendants' failure to identify this all-encompassing scheme strongly supports the conclusion that the Audit Committee Defendants

acted recklessly. It is not plausible that a pervasive fraud of the magnitude carried out by the Officer Defendants and PwC could have been achieved in the absence of, at a minimum, an extreme and reckless departure by the Audit Committee Defendants from any applicable standard of care. Moreover, the Audit Committee Defendants were sophisticated and highly educated individuals—including a Professor of Business Administration and Senior Associate Dean at the Harvard Business School, who holds himself out as an expert on corporate governance; a management consultant and distinguished fellow at the Kennedy School of Government at Harvard University; a Dean of the Indian School of Business; and other members with extensive experience serving on the boards of other companies. These Audit Committee Defendants had the ability and wherewithal to understand the facts before them and to raise the appropriate questions concerning the Company’s financial reporting and related internal processes. Indeed, according to Satyam’s SEC filings, Defendant Palepu was a “recognized expert in the analysis of financial statements and accounting matters,” and as such should have, and but for the recklessness of the Audit Committee Defendants would have, been able to detect the fraud.

- b. Excessive auditor fees: Given their responsibility for determining auditor compensation, the Audit Committee Defendants were necessarily aware of, and approved the compensation paid to, PwC in connection with its audit services. As discussed in Section V.B, *supra*, this compensation was well above market rates in comparable circumstances—*as much as fourteen times higher when measured as a percentage of the audited company’s revenue*—and functioned as

a quid-pro-quo for the auditors' willingness to certify the Company's false and misleading financial statements. The Audit Committee Defendants also approved payments to PwC of approximately \$300,000 in both 2007 and 2008 for unspecified "other related services." In carrying out their stated responsibilities, the Audit Committee Defendants were required to inform themselves as to the reasonableness (or unreasonableness) of the compensation paid to PwC India. Had the Audit Committee Defendants done so, they would have informed themselves of the reason why PwC India was being paid so much for its "audits" of Satyam. Witness statements obtained by Lead Counsel indicate that certain members of the Audit Committee, including Defendants V.S. Raju and Prasad, were fully aware of the "abnormally high amount of fees paid to the statutory auditors" and of the "sudden increase in the audit fee" during the Class Period. These Defendants further claimed that, when they raised these issues with the senior management of the Company, they were told, among other things, that "the auditors were required to do a lot of work" and that their workload had "increased two fold." Significantly, the Audit Committee took these cursory explanations at face value, and failed to do any investigation to determine whether management's assertions were correct. For example, there is no evidence that the Audit Committee Defendants reviewed any documents relating to this purportedly increased workload, such as invoices, time records, or any additional work product prepared by the auditors. Moreover, there is no evidence that the members of the Audit Committee asked the auditors for any records or other proof showing their supposedly increased workload. Given their claimed

awareness of the exorbitant fees paid to the auditors, the Audit Committee's failure to sufficiently investigate the purported reasons for these fees at minimum raises a strong inference of their recklessness. The Audit Committee Defendants recklessly failed to investigate the excessive fees paid to the auditor and, but for this recklessness, would have discovered that these fees were in return for participation in the Officer Defendants' fraudulent scheme.

- c. Knowledge of deficient internal controls: The Audit Committee Defendants knew, or but for their recklessness would have known, that Satyam's financial and accounting internal controls were weak and inadequate. Indeed, PwC identified hundreds of internal control deficiencies in 2007 and 2008, and communicated these deficiencies in Management Letters addressed to the Company dated May 10, 2007 and August 8, 2008. These internal control deficiencies should have clearly signaled to the Audit Committee Defendants that there was a greatly increased risk of inaccurate financial reporting. The Audit Committee recklessly failed to take any steps to correct these deficiencies or to ensure that the Company's financial reporting was accurate in light of the Company's extensive control deficiencies.
- d. The Maytas Acquisitions: The conduct of Audit Committee Defendants Srinivasan, Rao, Prasad, and V.S. Raju with respect to Satyam's proposed merger with Maytas Infra and Maytas Properties is likewise indicative of these Defendants' recklessness, and reveals the extent to which these Defendants functioned as a "rubber stamp" for the plans and intentions of Defendants Ramalinga and Rama Raju. In approving the proposed transactions (detailed at

paragraphs 8, 36 and 72, *supra*), these Defendants agreed to a deal that would have depleted all of the Company's reported cash and bank balances to acquire two greatly overpriced companies controlled by the sons of Defendant Ramalinga Raju whose business models had nothing to do with that of Satyam. Moreover, these acquisitions would have been achieved in large part by Satyam acquiring stakes held by the Raju family. As was later admitted by Defendant Ramalinga Raju, this proposed transaction was actually an effort to cover up the fraud at Satyam. The Audit Committee Defendants' approval of the Maytas acquisitions and their failure to inquire as to the justifications for the acquisitions—despite the fact that these deals would have diverted much of the Company's reported cash on hand to members of the Raju family in order to achieve a commercially irrational business result—is further evidence of the recklessness with which the Audit Committee Defendants approached their responsibilities.

VII. FALSE AND MISLEADING STATEMENTS

171. Defendants' fraudulent scheme falsified virtually every material component of the financial statements disclosed by the Company to the investing public.

172. At the heart of the scheme was Defendants' artificial inflation and fraudulent disclosure of the Company's revenues, profits, and related operational data, achieved principally by means of phony invoices for non-existent business and fraudulent bank documents. These sham profits were then recorded as assets on Satyam's balance sheets, which, among other things, significantly overstated the Company's cash position, bank deposits, and receivables. To conceal the extent of the Company's false bank deposits, Defendants even disclosed fake income supposedly earned as interest on these fictional deposits. To fill the hole in Satyam's balance sheet, Defendants secretly arranged undisclosed related party loans to Satyam, thus greatly

understating the Company's true debt levels. As a result of the foregoing, Satyam's Class Period financial statements and related disclosures were false and misleading in all material respects.

173. Defendants also made numerous false and misleading statements concerning the number of Satyam employees and their "utilization rate" (also called "loading factor"), which is a percentage reflecting the extent to which Satyam employees' time is being used to perform work for Satyam's clients. A high utilization rate implies to the investing public that a company has sufficient business to keep its employees working full time. By significantly exaggerating the size of the company's work force—at times inflating the number of employees by at least 25%—and overstating these employees' utilization rates, Defendants furthered the illusion that Satyam's business was growing at a healthy pace and that there was significantly greater demand for Satyam's services than there actually was.

174. By falsely inflating the number of Satyam employees, Defendants also concealed the significant misappropriation of cash from the Company carried out by the Rajus. During the Class Period, Defendant Ramalinga Raju unlawfully caused the salaries of as many as 13,000 phony Satyam employees to be diverted into accounts he controlled, thereby pilfering, at its height, up to \$4 million monthly (above and beyond the proceeds of insider trading). This undisclosed misconduct and the continued fraudulent inflation of the Company's work force served to conceal the ongoing theft of the Company's assets.

175. Throughout the Class Period, Defendants made numerous false and misleading statements in press releases, conference calls, SEC filings, and other public statements and disclosures. These false and misleading statements were accepted as truthful by the investing public, as well as the numerous securities analysts that regularly followed and reported on the

Company's financial condition, thereby causing Satyam's ordinary shares and ADSs to trade at artificially inflated levels throughout the Class Period.

176. Among other false and misleading statements alleged herein, the false and misleading statements set forth in paragraphs 178 through 200, *infra*, were contained in or incorporated by reference into Satyam's annual reports filed with the SEC on Forms 20-F during the Class Period and the quarterly reports filed with the SEC on Forms 6-K during the Class Period, all of which were signed by Defendant Rama Raju as CEO and Defendant Srinivas as CFO.

177. Each of the annual reports filed on Forms 20-F was also falsely certified as truthful, accurate, and GAAP-compliant by Defendant PwC India. PwC India's audit reports during the Class Period state the following:

- a. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects;
- b. We believe that our audits provide a reasonable basis for our opinions; and
- c. In our opinion, the consolidated financial statements ... present fairly, in all material respects, the financial position of Satyam Computer Services Limited and its subsidiaries at March 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

178. The specific Form 20-F filings alleged herein to have contained false and misleading statements are:

Fiscal Period	Filing Date of Annual Report on Form 20-F
FY 2004 (ended 3/31/04)	June 29, 2004
FY 2005 (ended 3/31/05)	April 28, 2005 ²
FY 2006 (ended 3/31/06)	April 28, 2006
FY 2007 (ended 3/31/07)	April 30, 2007
FY 2008 (ended 3/31/08)	August 8, 2008

179. The specific Form 6-K filings alleged herein to have contained false and misleading statements are:

Fiscal Period	Filing Date of Quarterly Report on Form 6-K
Q1 2005	July 28, 2004
Q2 2005	October 25, 2004
Q3 2005	January 27, 2005
Q4 2005	April 26, 2005
Q1 2006	July 27, 2005
Q2 2006	October 27, 2005
Q3 2006	January 27, 2006
Q4 2006	April 28, 2006
Q1 2007	July 28, 2006
Q2 2007	October 27, 2006
Q3 2007	January 26, 2007
Q4 2007	April 27, 2007
Q1 2008	July 27, 2007
Q2 2008	October 31, 2007
Q3 2008	January 28, 2008
Q4 2008	April 28, 2008
Q1 2009	July 25, 2008
Q2 2009	October 24, 2008

² This Form 20-F refers to the financial statements prepared in accordance with U.S. GAAP for FY 2005 that are included in the Form 6-K filed with the SEC on April 26, 2005.

180. The disclosures contained in the foregoing public filings were false and misleading as set forth specifically below. The figures stated below are based on, among other things, the CBI Report, which sets forth a preliminary forensic restatement of the figures that the Officer Defendants had fraudulently misstated, and expert accounting analysis of Satyam's financial statements.³

A. Defendants Fraudulently Inflated Satyam's Revenues and Related Operational Data

181. Throughout the Class Period, Defendants fraudulently overstated Satyam's revenues based on falsified invoices. These inflated revenues caused a ripple effect throughout Satyam's financial statements, distorting numerous operating statistics reported to the investing public.

182. Satyam's revenues were materially overstated throughout the Class Period as estimated in the following chart:

³ The Company's financials are presently being re-audited and are expected to be restated by early 2010.

Fiscal Period	Revenues as Reported in Annual and/or Quarterly Reports (in U.S. dollars)	Approximate Amount of Overstatement (in U.S. dollars)	Approximate Actual Revenues (in U.S. dollars)	Approximate Percentage of Overstatement
Q1 2005	\$175,000,000	\$34,000,000	\$141,000,000	24%
Q2 2005	\$189,000,000	\$7,000,000	\$182,000,000	4%
Q3 2005	\$205,000,000	\$16,000,000	\$189,000,000	8%
Q4 2005	\$225,000,000	\$37,000,000	\$188,000,000	20%
FY 2005	\$794,000,000	\$93,000,000	\$701,000,000	13%
Q1 2006	\$246,000,000	\$30,000,000	\$216,000,000	14%
Q2 2006	\$268,000,000	\$33,000,000	\$235,000,000	14%
Q3 2006	\$282,000,000	\$40,000,000	\$242,000,000	16%
Q4 2006	\$301,000,000	\$41,000,000	\$260,000,000	16%
FY 2006	\$1,096,000,000	\$144,000,000	\$952,000,000	15%
Q1 2007	\$323,000,000	\$12,000,000	\$310,000,000	4%
Q2 2007	\$352,000,000	\$32,000,000	\$320,000,000	10%
Q3 2007	\$376,000,000	\$51,000,000	\$325,000,000	16%
Q4 2007	\$411,000,000	\$59,000,000	\$353,000,000	17%
FY 2007	\$1,461,000,000	\$153,000,000	\$1,309,000,000	12%
Q1 2008	\$452,000,000	\$63,000,000	\$389,000,000	16%
Q2 2008	\$510,000,000	\$85,000,000	\$425,000,000	20%
Q3 2008	\$563,000,000	\$106,000,000	\$457,000,000	23%
Q4 2008	\$613,000,000	\$131,000,000	\$482,000,000	27%
FY 2008	\$2,138,000,000	\$384,000,000	\$1,754,000,000	22%
Q1 2009	\$637,000,000	\$125,000,000	\$513,000,000	24%
Q2 2009	\$652,000,000	\$104,000,000	\$548,000,000	19%

183. As a function of the overstatement of revenues, the Company's gross profits were also materially overstated throughout the Class Period as estimated in the following chart:

Fiscal Period	Gross Profits as Reported in Annual and/or Quarterly Reports (in U.S. dollars)	Approximate Amount of Overstatement (in U.S. dollars)	Approximate Actual Gross Profits (in U.S. dollars)	Approximate Percentage of Overstatement
Q1 2005	\$69,000,000	\$34,000,000	\$35,000,000	95%
Q2 2005	\$72,000,000	\$7,000,000	\$65,000,000	11%
Q3 2005	\$70,000,000	\$16,000,000	\$55,000,000	28%
Q4 2005	\$76,000,000	\$37,000,000	\$39,000,000	96%
FY 2005	\$287,000,000	\$93,000,000	\$194,000,000	48%
Q1 2006	\$87,000,000	\$30,000,000	\$57,000,000	52%
Q2 2006	\$97,000,000	\$33,000,000	\$64,000,000	52%
Q3 2006	\$105,000,000	\$40,000,000	\$65,000,000	61%
Q4 2006	\$118,000,000	\$41,000,000	\$77,000,000	53%
FY 2006	\$407,000,000	\$144,000,000	\$263,000,000	55%
Q1 2007	\$117,000,000	\$12,000,000	\$105,000,000	12%
Q2 2007	\$122,000,000	\$32,000,000	\$90,000,000	36%
Q3 2007	\$138,000,000	\$51,000,000	\$88,000,000	58%
Q4 2007	\$147,000,000	\$59,000,000	\$88,000,000	66%
FY 2007	\$524,000,000	\$153,000,000	\$371,000,000	41%
Q1 2008	\$163,000,000	\$63,000,000	\$100,000,000	63%
Q2 2008	\$179,000,000	\$85,000,000	\$94,000,000	90%
Q3 2008	\$202,000,000	\$106,000,000	\$96,000,000	110%
Q4 2008	\$234,000,000	\$131,000,000	\$103,000,000	127%
FY 2008	\$779,000,000	\$384,000,000	\$395,000,000	97%
Q1 2009	\$252,000,000	\$125,000,000	\$127,000,000	98%
Q2 2009	\$258,000,000	\$104,000,000	\$154,000,000	68%

184. Further, Defendants also caused the earnings per share (“EPS”) disclosed throughout the Class Period to be materially overstated as estimated in the following chart:

Fiscal Period	EPS as Reported in Annual and/or Quarterly Reports (in U.S. dollars)	Approximate Amount of Overstatement (in U.S. dollars)	Approximate Actual EPS (in U.S. dollars)	Approximate Percentage of Overstatement
FY 2005	\$0.48	\$0.31	\$0.17	181%
FY 2006	\$0.75	\$0.45	\$0.31	146%
FY 2007	\$0.45	\$0.26	\$0.19	137%
FY 2008	\$0.61	\$0.59	\$0.02	2,463%
Q1 2009	\$0.19	\$0.19	\$0.00	N/A
Q2 2009	\$0.19	\$0.16	\$0.04	427%

185. Defendants also caused Satyam's disclosures concerning its cash flows to be materially overstated. Satyam's disclosures materially overstated the net cash provided by operations disclosed in the Company's financial statements throughout the Class Period. Defendants caused net cash provided by operations disclosed throughout the Class Period to be materially overstated as estimated in the following chart:

Fiscal Period	Net Cash from Operations as Reported in Annual and/or Quarterly Reports (in U.S. dollars)	Approximate Amount of Overstatement (in U.S. dollars)	Approximate Actual Net Cash from Operations (in U.S. dollars)	Approximate Percentage of Overstatement
FY 2005	\$171,000,000	\$75,000,000	\$96,000,000	78%
FY 2006	\$163,000,000	\$121,000,000	\$42,000,000	292%
FY 2007	\$262,000,000	\$122,000,000	\$139,000,000	88%
FY 2008	\$339,000,000	\$327,000,000	\$12,000,000	2,755%
Q1 2009	\$123,000,000	\$42,000,000	\$81,000,000	52%
Six months ended 9.30.08	\$311,000,000	\$50,000,000	\$261,000,000	19%

B. Defendants Fraudulently Inflated the Value and Extent of Satyam's Assets

186. Throughout the Class Period, Defendants also fraudulently overstated Satyam's assets in proportion to the Company's fictitious revenues. As the Company consistently recognized fraudulent revenues and profits throughout the Class Period, the false proceeds of this

non-existent business were carried as assets on the Company's balance sheet. This manipulation of the Company's financial statements had its principal impact on the balance sheet disclosures of the Company's cash and investments in bank deposits.

187. The amount of cash disclosed on Satyam's balance sheets throughout the Class Period was materially overstated as estimated in the following chart:

Fiscal Period	Cash as Reported in Annual and/or Quarterly Reports (in U.S. dollars)	Approximate Amount of Overstatement (in U.S. dollars)	Approximate Actual Cash (in U.S. dollars)	Approximate Percentage of Overstatement
FY 2004	\$87,000,000	\$61,000,000	\$26,000,000	226%
FY 2005	\$130,000,000	\$74,000,000	\$56,000,000	132%
FY 2006	\$293,000,000	\$214,000,000	\$79,000,000	227%
FY 2007	\$152,000,000	\$56,000,000	\$96,000,000	591%
FY 2008	\$291,000,000	\$207,000,000	\$83,000,000	248%
Q1 2009	\$351,000,000	\$287,000,000	\$65,000,000	442%
Q2 2009	\$433,000,000	\$369,000,000	\$65,000,000	569%

188. The investments in bank deposits disclosed on Satyam's balance sheets throughout the Class Period were almost entirely invented and materially overstated as estimated in the following chart:

Fiscal Period	Bank Deposits as Reported in Annual and/or Quarterly Reports (in U.S. dollars)	Approximate Amount of Overstatement (in U.S. dollars)	Approximate Actual Bank Deposits (in U.S. dollars)
FY 2004	\$332,000,000	\$332,000,000	\$0
FY 2005	\$412,000,000	\$411,000,000	\$1
FY 2006	\$404,000,000	\$404,000,000	\$0
FY 2007	\$768,000,000	\$768,000,000	\$0
FY 2008	\$827,000,000	\$827,000,000	\$0
Q1 2009	\$771,000,000	\$771,000,000	\$0
Q2 2009	\$714,000,000	\$691,000,000	\$23,000,000

189. Related to the scheme to inflate the Company’s bank deposits, and as a means of concealing it, Defendants also recognized sham interest income supposedly earned on these false bank deposits. Just as Satyam’s bank deposits were almost entirely made-up, the amount of interest income recognized by the Company on these deposits was likewise almost entirely fabricated. The following chart reflects the fabricated interest income disclosed in connection with the fraudulent bank deposits:

Fiscal Period	Fabricated Interest Income Disclosed in Annual and/or Quarterly Reports (in U.S. dollars)
FY 2004	\$20,000,000
FY 2005	\$22,000,000
FY 2006	\$26,000,000
FY 2007	\$37,000,000
FY 2008	\$67,000,000
Q1 2009	\$16,000,000
Q2 2009	\$16,000,000

190. In addition, the sham business contracts reflected in Satyam’s falsified invoices were initially recorded as accounts receivable, with the underlying sums ultimately transferred to the cash or bank deposit lines on the Company’s balance sheets upon the fictitious payment of these obligations to the Company. Throughout the Class Period until the second quarter of 2009 disclosures, the accounts receivable disclosed to the investing public were overstated in the range of up to approximately 3%. However, with respect to the disclosure of the financials for the second quarter of 2009, the Company disclosed accounts receivable on its balance sheet in the amount of approximately \$553 million. That figure materially overstated the Company’s accounts receivable by approximately \$104 million—an overstatement of approximately 23%.

191. As a result of the foregoing fraudulent inflation of the Company’s assets, Defendants also overstated the retained earnings and shareholder equity disclosed on the

Company's balance sheets, closing the Class Period with an overstatement of nearly \$1.5 billion.

Satyam's retained earnings disclosed throughout the Class Period were materially overstated as estimated in the following chart:

Fiscal Period	Retained Earnings as Reported in Annual and/or Quarterly Reports (in U.S. dollars)	Approximate Amount of Overstatement (in U.S. dollars)	Approximate Actual Retained Earnings/(Accumulated Deficit) (in U.S. dollars)
FY 2005	\$289,000,000	\$486,000,000	(\$197,000,000)
FY 2006	\$497,000,000	\$620,000,000	(\$123,000,000)
FY 2007	\$721,000,000	\$883,000,000	(\$162,000,000)
FY 2008	\$1,070,000,000	\$1,296,000,000	(\$226,000,000)
Q1 2009	\$1,196,000,000	\$1,365,000,000	(\$169,000,000)
Q2 2009	\$1,284,000,000	\$1,458,000,000	(\$174,000,000)

192. Further, upon information and belief, Satyam's shareholders' equity disclosed throughout the Class Period was materially overstated as estimated in the following chart:

Fiscal Period	Shareholders' Equity as Reported in Annual and/or Quarterly Reports (in U.S. dollars)	Approximate Amount of Overstatement (in U.S. dollars)	Approximate Actual Shareholders' Equity (in U.S. dollars)
FY 2005	\$768,000,000	\$486,000,000	\$282,000,000
FY 2006	\$994,000,000	\$620,000,000	\$375,000,000
FY 2007	\$1,371,000,000	\$883,000,000	\$488,000,000
FY 2008	\$1,862,000,000	\$1,296,000,000	\$566,000,000
Q1 2009	\$1,874,000,000	\$1,365,000,000	\$509,000,000
Q2 2009	\$1,820,000,000	\$1,458,000,000	\$362,000,000

C. Defendants Fraudulently Concealed Related Party Loans and Satyam's True Level of Indebtedness

193. Defendants also caused the Company to materially understate its debt liabilities by concealing large loans to Satyam that had been arranged by the Raju family and secured in their personal shareholdings.

194. Between 1999 and 2008, the Raju family created at least 327 separate companies. As of late 2006, Defendants Ramalinga Raju and Rama Raju and their wives had placed their Satyam holdings in SRSR Holdings, which began pledging these shares as collateral for numerous loans issued to certain of the 327 companies. The vast majority of the proceeds of these loans were then secretly transferred to Satyam and used to meet operational expenses.

195. Between November 2006 and October 2008, 37 of the 327 companies transferred approximately \$307 million to Satyam's bank accounts. Out of this amount, approximately \$42 million was returned to 15 of the 37 companies, leaving Satyam with an outstanding undisclosed liability of approximately \$265 million.

196. This figure is consistent with Defendant Ramalinga Raju's confession, in which he specifically admitted that Satyam's books had "[a]n understated liability of Rs. 1,230 crore on account of funds arranged by me."

D. Defendants Fraudulently Inflated the Number of Satyam Employees and Their Utilization Rates

197. During the Class Period, Defendants materially exaggerated the number of Satyam employees in public disclosures, and falsified its employees' utilization rates in order to create the illusion of a company with a busy work force that was growing rapidly to keep pace with an ostensibly growing demand for its business.

198. As of the first annual report filed by the Company on Form 20-F during the Class Period, the Company disclosed having 14,456 employees, referred to by Satyam as "associates." This figure grew significantly in each year of the Class Period, resulting in a disclosed 50,570 employees as of the final annual report filed by the Company during the Class Period—an apparent increase of 250% in only four years. These employee figures were materially inflated to create the impression that the Company was growing rapidly and was able to sustain and carry

out the many phony customer contracts for which the Officer Defendants had falsified invoices, as detailed in Section IV.A, *supra*. As discussed in Section VII.D, numerous reports have indicated that Defendant Ramalinga Raju has confessed that Satyam had inflated its work force by 10,000 nonexistent employees, and prosecutors believe that as many as 13,000 of Satyam’s more than 50,000 ostensible employees—almost 26%—did not actually exist.

199. Defendants also caused the Company to artificially inflate the utilization rates disclosed to the investing public. As set forth previously, the utilization rate (or “loading factor”) reflects the extent to which an employee’s time is utilized on revenue-generating projects. For example, as the Company explained in its most recent annual report on Form 20-F:

The utilization levels of our technical associates also affect our revenue and gross profits. We calculate utilization levels on a monthly basis, based on the ratio of the actual number of hours billed by technical associates in such month to the total number of billable hours. For purposes of such calculation, we assume that an associate is 100.0% utilized if he or she works 157 hours per month.

200. Defendants falsely inflated the utilization rates of Satyam employees to further the impression that Satyam’s workforce was fully utilized performing the numerous non-existent business contracts that the Officer Defendants had manufactured. The following utilization rates disclosed by the Company during the Class Period were inflated by as much as 20% starting at least in fiscal year 2007:

Fiscal Period	Utilization Rates Disclosed in Annual Reports
FY 2004	81.4%
FY 2005	82.1%
FY 2006	85.0%
FY 2007	83.8%
FY 2008	81.8%

E. Defendants' False and Misleading Sarbanes-Oxley Certifications

201. Along with each annual report filed on Form 20-F during the Class Period, Defendant Rama Raju, as the Company's CEO, and Defendant Srinivas, as the Company's CFO each signed and issued certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

202. In these certifications, Defendants Rama Raju and Srinivas certified that the Company's Form 20-F filings for each year of the Class Period fully complied with the Securities Exchange Act of 1934 and that the information in each Form 20-F "fairly present[ed], in all material respects, the financial condition and results of operations of the Company."

203. These certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 were materially false and misleading because, as set forth previously, each Form 20-F filed during the Class Period did not fairly present Satyam's financial condition and results of operations in all material respects and did not, as a consequence, comply with the Exchange Act.

F. Defendants Condition and Artificially Inflate the Marketplace for Satyam Ordinary Shares and ADSs Through Their Fraudulent Portrayal of the Company

204. Throughout the Class Period, the Defendants' false and misleading statements caused the public trading prices of Satyam ordinary shares and ADSs to rise to artificially inflated levels.

205. On April 22, 2004, Satyam held a conference call with analysts to discuss the Company's results for fiscal year 2004, ended March 31, 2004. During this conference call, Defendant Ramalinga Raju boasted about the Company's "strong sequential revenue growth," stating: "I'm happy to report that our revenue base, growth rate of 32.32% in U.S. dollar terms in this fiscal 2004 was more than twice the growth rate achieved in fiscal 2003. Revenue for Q4 at Rs. 720.70 crore exceeded our forecast of Rs. 690 crore to Rs. 700 crore."

206. Analysts accepted Defendants' positive statements about the Company. For example, Mumbai-based Enam Securities published a piece entitled "Robust Volume Growth, Holds Margin" noting that "[s]imilar to its frontline peers, Satyam Computers' (Satyam) Q4 results are marked with robust (9%) sequential volume growth and slight margin improvement." Enam Securities' analyst went on to note that: "We believe Satyam is a Tier 1 IT services player with marquee clients and proven delivery capabilities."

207. On April 21, 2005, Satyam held a conference call with analysts to discuss the Company's results for the 2005 fiscal year, ended March 31, 2005. During this conference call, Defendant Ramalinga Raju stated: "As per Indian GAAP, standalone Q4 recorded revenue of Rs.953.37 crore and an EPS of Rs.6.68 representing sequential growth of 7% and 21.7% respectively. Q4 is a landmark quarter in more ways than one. The quarter saw Satyam recording a total income in excess of Rs. 1000 crore on a consolidated basis."

208. Analysts were pleased with the positive results reported by the Company. In a piece entitled "Good Show," the securities analyst from Ask Raymond James & Associates Private Limited—an affiliate of the United States financial services firm, Raymond James Financial, Inc., that is a member of the Bombay and National Stock Exchanges of India—stated: "**Steady growth momentum and margins maintained:** Satyam grew its revenues by a healthy 7.0% QoQ and 32.3% YoY" (emphasis in original). Mumbai-based Kotak Institutional Equities' analyst wrote: "Satyam Computer Services: Delivers impressive performance. Stock to remain firm near term." The same analyst also noted that "4QFY05 performance [was] better than expectations" and "[s]equential volume growth [remains] at impressive levels." "Bright spot in bleak earnings season," was how BRICS India Equity Research summed up the Company's disclosed performance.

209. On April 21, 2006, Satyam held a conference call with analysts to discuss the Company's results for the 2006 fiscal year, ended March 31, 2006. During this conference call, Defendant Ramalinga Raju touted what he described as "growth [that] is one of the highest in the industry for this fiscal" year, stating that:

It is with a great sense of pride and joy that I report Satyam's entry into the billion-dollar club. Achieving this significant landmark has been possible by the support received from our customers and investors and the commitment of our associates. I would like to place on record my heartfelt gratitude to all stakeholders who made this possible. I'm pleased to report that our performance exceeded guidance in Q4. Volume growth at 6.8% was a key driver in this quarter. For Fiscal 2006 we achieved . . . an annual [revenue and EPS] growth rate of 36.1% and 36.2 respectively.

210. Analysts responded positively to the Company's entry into the "billion dollar club"—referring to Defendant Ramalinga Raju's announcement of Satyam's fraudulently reporting over a billion dollars in revenue for the first time during fiscal year 2006. For example, Gilford Securities Inc. noted that "[r]evenue crossed the \$1 billion milestone in fiscal 2006. Additionally, Satyam achieved one of the highest organic growth rates in the industry."

211. On April 20, 2007, Satyam held a conference call with analysts to discuss the Company's results for the 2007 fiscal year, ended March 31, 2007. During this conference call, Defendant Ramalinga Raju stated:

I am pleased to report that the Company has achieved an annual revenue growth rate of 35% and net profit growth of 43% under Indian GAAP consolidated basis for fiscal 2007. As per U.S. GAAP, the revenue growth rate is 33% and the net income growth is 40%. The strong performance is a culmination of strategic initiatives taken by the Company on several fronts, notably in the areas of relationship management, deepening of competencies and associate delight.

212. Defendant Ramalinga Raju also stated: "We continue to see strong demand in the marketplace and are well positioned to address that demand."

213. Analysts again accepted Defendants' falsely positive statements about the Company. For example, the Satyam analyst from Gilford Securities Inc. lauded the Company's "strong market demand [and] surprisingly resilient margins," as well as its "Robust FY08 Guidance!" Kotak Institutional Equities noted the Company's "robust" revenue growth, which was "ahead of our expectation." Ask Raymond James & Associates Private Limited likewise noted that Satyam's results were "better than our expectations" and praised the Company's "[s]trong volume growth."

214. On April 21, 2008, Satyam held a conference call with analysts to discuss the Company's results for the 2008 fiscal year, ended March 31, 2008. During this conference call, Defendant Ramalinga Raju stated that:

It is my distinct pleasure to report that fiscal year 2008 was exceptional for Satyam. Our U.S. GAAP revenues grew 46%, well beyond our 30% guidance from a year ago. Our net income growth was 40%. In the fourth quarter Satyam grew 9%, which placed us at the forefront of our industry in terms of growth rate. It is also heartening to note that we crossed the \$2b milestone for the year.

215. Analysts praised Defendants' falsely positive statements about the Company. As India Infoline Limited's Satyam analyst described it: "**Sector leading revenue growth continues:** Satyam reported a strong 10% QoQ growth in revenues in Q4 FY08. The revenue growth is far superior to peers for the third consecutive quarter and has come on the back of robust 11% and 8% sequential growth recorded in Q2 FY08 and Q3 FY08 respectively" (emphasis in original). Along similar lines, Kotak Institutional Equities praised the Company's "[s]trong operational performance" and noted Satyam's "[c]onsistent and strong performance over the past four quarters."

216. Throughout the Class Period, Defendants' false and misleading statements alleged herein concerning the Company's performance and financial condition caused the Company's

ordinary shares and ADSs to trade at artificially inflated prices. As a result, Class members and Sub-Class members purchased Satyam ordinary shares and ADSs at these artificially inflated prices and suffered direct and proximate harm when the artificial inflation was later removed from the prices upon the corrective disclosures discussed, *infra*, at Section VIII.

G. PwC Issued False and Misleading Audit Reports

217. Throughout the Class Period, PwC, directly and indirectly, by use of the means and instrumentalities of interstate commerce and of the United States mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Satyam, including its true financial results.

218. PwC issued its “Report of Independent Registered Public Accounting Firm” attesting to the facts that Satyam’s fiscal years 2004–2008 financial statements (1) complied with GAAP; (2) were free of material misstatements; (3) fairly presented Satyam’s financial position and results of operations; and (4) that management’s assessment of the effectiveness of internal controls was accurate for 2007 and 2008.

219. As alleged above, in conducting its audits, PwC failed to perform its procedures in accordance with the auditing standards of the PCAOB, knew that the financial statements it was certifying were materially false and misleading, and ignored the resulting financial ramifications to investors.

220. In accordance with GAAS, PwC was required to issue an unqualified audit opinion only if Satyam’s financial statements were fairly presented in accordance with GAAP. PwC issued unqualified audit opinions on Satyam’s annual financial statements for fiscal years 2004 through 2008, but PwC’s audits were not conducted in accordance with auditing standards and PwC knew it issued unqualified audit opinions on financial statements that violated GAAP and were materially false and misleading. PwC also knew that Satyam’s internal controls were

far from effective. Satyam's fraud was so egregious that had PwC conducted its audits in accordance with auditing standards, it would have recognized and reported the financial fraud.

221. PwC should have insisted that Satyam adjust its financial statements prior to issuing unqualified audit opinion reports. If Satyam refused to make the corrections, then PwC, instead of issuing unqualified audit opinion reports year after year, should have complied with auditing standards and written either adverse opinion reports stating that Satyam's financial statements did not comply with GAAP and were not presented fairly, or disclaimer of opinion reports stating that they were unable to give any opinion about the fairness of Satyam's financial statements. These types of audit reports should have included the reasons PwC was departing from the standard audit report and the related effect on Satyam's financial position and operating results.

222. If such audit reports had been issued by PwC, investors would have been notified of the substantial risk they were accepting by investing in Satyam. Instead, PwC violated auditing standards and issued "clean" audit opinions which prolonged the time that the materially misstated financial statements were being relied upon by investors and permitted Satyam to continue to perpetrate its massive fraud.

VIII. THE TRUTH IS REVEALED/PARTIAL DISCLOSURES

223. Throughout the Class Period, the public trading prices of Satyam's ordinary shares and ADSs were artificially inflated as a result of the foregoing false and misleading statements. A series of disclosures revealed truthful information about the Company's operations and financial state, causing downward corrections in the prices of Satyam's ordinary shares and ADSs as the artificial inflation was removed. Investors who purchased or otherwise acquired Satyam's ordinary shares and ADSs during the Class Period were directly damaged thereby when the truth was revealed.

224. On September 15, 2008, it was revealed that Satyam was planning to downsize its workforce by letting go approximately 4,500 employees. This ostensible downsizing of the Company's work force began to reveal that demand for the Company's services was materially lower than Defendants had indicated to the investing public and that the large Satyam workforce disclosed by Defendants was, in fact, unnecessary to carry out the services that the Company had been retained to perform.

225. The public trading prices of Satyam's ordinary shares and ADSs both declined as artificial inflation was removed from the prices of these ordinary shares and ADSs in direct response to the September 15, 2008 revelation. The price of Satyam's ordinary shares declined to \$8.02 per share on September 15, 2008 from a close of \$8.94 per share on the previous trading day, a drop of greater than 10%. Similarly, the price of Satyam's ADSs declined to \$18.05 per share on September 15, 2008 from a close of \$21.08 per share on the previous trading day, a drop of more than 14%. Nevertheless, the full truth about the nature and extent of the fraud at Satyam had not yet been revealed and the prices of the Company's ordinary shares and ADSs remained artificially inflated after this partial disclosure.

226. On December 16, 2008, the Company announced that its Board of Directors had approved the acquisition of Defendants Maytas Properties and Maytas Infra. Specifically, the Company stated that:

Satyam Computer Services Ltd. . . . today announced that its Board of Directors has approved proposals to acquire a 100% stake in Maytas Properties and a 51% share in Maytas Infra.

* * *

The total outflow for both the acquisitions is expected to be US \$1.6 bn consisting of US \$1.3 bn for the 100% stake in Maytas Properties and US\$ 0.3 bn for the 51% stake in Maytas Infra.

227. The proposed acquisition of Defendants Maytas Properties and Maytas Infra outraged the Company's investors, which led to the deal being aborted approximately seven hours after it was announced. As the *Financial Times* explained, shareholders viewed the proposed acquisition "as a raid on the company's cash pile and a bailout of the founding family's property companies at a time when the real estate sector is struggling badly." Indeed, the transaction would have reversed the Company's disclosed net asset position of over \$1 billion to a net debt of approximately \$400 million, while significantly overpaying for assets controlled by Defendant Ramalinga Raju's own sons. According to calculations performed by Mumbai-based institutional investor IIFL, Satyam's proposed acquisition would have paid \$1.3 billion for Maytas Properties, which had a net worth of only \$225 million.

228. Satyam cancelled the proposed acquisition in response to this investor pressure. As the Company stated on December 17, 2008, "Satyam Computer Services announced that it is not going ahead with its proposed acquisition of Maytas Properties and Maytas Infra, in light of the feedback received from the Investor community." Nevertheless, the damage had already been done, with serious questions being raised about the state of corporate governance at the Company and the motivations for the proposed deal. As one analyst from William Blair & Company stated: "Management's credibility with us and with the Street has been negatively affected, which we believe will lead to the stock trading at a significant discount to its peers even if the acquisition were reversed." An analyst from Mumbai-based Khandwala Securities Limited stated: "We downgrade Satyam to under-performer considering serious corporate governance issues even after deal cancellation." As the *Financial Times* also noted, "[i]n an unprecedented show of no-confidence, Citigroup, JPMorgan and Merrill Lynch downgraded Satyam over the proposed acquisition and slashed their share price estimates by up to half."

229. The disclosure of the proposed acquisition by Satyam of Defendants Maytas Properties and Maytas Infra directly caused a significant downward correction in the prices of the Company's ordinary shares and ADSs. Satyam ordinary shares closed at \$3.29 per share on December 17, 2008, down 30% from a close of \$4.70 per share on December 15, 2008, before the deal had been announced. Similarly, the Company's ADSs closed at \$8.55 per share on December 17, 2008, down 31.8% from a close of \$12.55 per share on December 15, 2008. Nevertheless, the full truth about the nature and extent of the fraud at Satyam had not yet been revealed and the prices of the Company's ordinary shares and ADSs remained artificially inflated after this partial disclosure.

230. On January 7, 2009, Defendant Ramalinga Raju submitted his letter to the Satyam Board of Directors resigning from his position with the Company and admitting to the massive fraudulent scheme to misrepresent the Company's financial statements. The letter was disclosed simultaneously to the public. The letter is quoted in material part at Section IV, *supra*, and attached hereto as Exhibit E. As a direct result of Defendant Ramalinga Raju's January 7, 2009 letter, the public trading prices of Satyam's ordinary shares and ADSs both evenly declined as the corrective information contained in the letter eliminated the remaining artificial inflation from the prices of the ordinary shares and ADSs. From a closing price of \$3.67 per share on the previous day, Satyam's ordinary shares plummeted 77.6% to close at \$0.82 per share on January 7, 2009, and fell another 40% to \$0.49 per share on January 9, 2009 (after the Indian markets were closed for a holiday on January 8, 2009). All told, ordinary shares dropped from \$3.67 to \$0.49 per share, a decline of almost 87%. With respect to the ADSs, the news of Defendant Ramalinga Raju's letter was revealed overnight in the United States and, as a result, trading in Satyam ADSs was completely halted on the NYSE before the U.S. markets opened on January 7,

2009. When trading in Satyam ADSs was permitted to resume on January 12, 2009, the ADSs traded at an opening price of \$1.14 per share, down 87.8% from a closing price of \$9.35 per ADS on January 6, 2009, the day before the disclosure.

IX. ADDITIONAL ALLEGATIONS OF SCIENTER

231. As discussed above and in the following paragraphs, numerous facts give rise to the strong inference that Defendants knew or recklessly disregarded that their statements as set forth above were materially false and misleading.

232. First, the Officer Defendants' admissions and conduct are conclusive evidence of their scienter. Defendant Ramalinga Raju provided a resignation letter to the Satyam Board confessing to his participation in the fraud and stating that he was "now prepared to subject [himself] to the laws of the land and face consequences thereof." His letter also stated that his brother, Defendant Rama Raju, who resigned that very day, was personally involved in the fraud.

233. While in custody, Defendant Srinivas also admitted to his role in planning and executing the fraud by falsifying Satyam's accounts and records.

234. Second, the evidence cited above indicates that the Officer Defendants and PwC had access to both actual financial documents showing Satyam's true financial condition, and forged versions of these documents that they ultimately used to create, sign, and/or certify Satyam's financial statements. They therefore were well aware that their statements to the investor community were materially false or misleading.

235. Third, the magnitude of Satyam's fraud gives rise to the strong inference that the Defendants knew their statements were materially false and misleading. In fiscal year 2008 alone, Defendants overstated Satyam's revenues by approximately \$384 million, its cash by \$207 million and its bank deposits by \$827 million. By the time the fraud was fully revealed to the public, Defendants had inflated Satyam's cash position and bank balances by approximately \$1

billion dollars. A fraud of such great magnitude and duration could not have continued without the knowledge and complicity, or completely reckless disregard, of the Chairman of the Board, Managing Director and Chief Executive Officer, and the Chief Financial Officer. As the facts previously discussed establish, not only did the Officer Defendants have knowledge about the fraud, they masterminded it and directed the actions of the subordinates who carried out the scheme.

236. Regarding PwC, and as discussed in detail above, it is clear that a statutory auditor who had conducted Satyam's audits in accordance with GAAS and the most basic audit procedures would have recognized the various blatant warning signs and discovered a fraud this comprehensive. Indeed, the auditors clearly knew some of the evidential matter they reviewed during the course of their audits were forgeries. Yet PwC did not qualify its opinions in any manner, indicating that they knew or recklessly failed to discover the indicia of fraud uncovered during their Satyam audits.

237. Finally, many of the Defendants benefitted financially from their participation in the fraudulent scheme. In addition to diverting funds from Satyam for their own personal use, the Officer Defendants and the Raju family made significant personal profits by selling their Satyam shares at artificially inflated levels during the course of the fraud and by causing the Company to issue dividends notwithstanding its precarious financial condition.

238. PwC benefitted from the fraud through the exorbitant audit fees paid by Satyam during the Class Period. A review of audit fees paid by Satyam and its top competitors during recent fiscal years indicates that Satyam paid its statutory auditors up to fourteen times as much in audit fees (as a percentage of the audited company's revenue) as larger Indian companies in the same industry paid their statutory auditors.

X. PLAINTIFFS ARE ENTITLED TO A PRESUMPTION OF RELIANCE

239. Lead Plaintiffs and the Class are entitled to a presumption of reliance on Defendants' material misrepresentations and omissions pursuant to the fraud-on-the-market doctrine. During the Class Period, Defendants made or caused to be made a series of material misrepresentations and omissions regarding Satyam's business, prospects, operations, and financial condition. Throughout this time, the markets for Satyam's ordinary shares on Indian Exchanges and ADSs on the NYSE were open, efficient, and well-developed, and the ordinary shares and ADSs traded in tandem. The material misrepresentations and omissions had the cause and effect of creating in the markets an unrealistically positive assessment of Satyam, thus causing the Company's ordinary shares and ADSs to be overvalued and artificially inflated. In ignorance of the misrepresented and omitted facts, Lead Plaintiffs and members of the Class and Sub-Classes purchased or otherwise acquired Satyam ordinary shares and ADSs between the time the material misrepresentations and omissions were made, and the time the truth was revealed, during which period Satyam's ordinary shares and ADSs traded at artificially inflated prices.

240. At all times relevant to this Complaint, the market for Satyam ADSs on the New York Stock Exchange was efficient for the following reasons, among others:

- a. Satyam's ADSs met the requirements for listing, and were listed and actively traded on the NYSE, a highly efficient and automated market.
- b. Satyam's ADSs were actively traded throughout the Class Period, with substantial volume and average weekly turnover, and high institutional investor participation.
- c. During the Class Period, Satyam was eligible to and did file Form F-3 registration statements, the functional equivalent of a Form S-3 for foreign issuers. As a regulated issuer, Satyam also filed periodic public reports with the SEC.

- d. Satyam regularly communicated with public investors via established market communication mechanisms, including regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications and conferences with investors, the financial press, and other similar reporting services. The market for Satyam ADSs reacted promptly to the public information disseminated by the Company.
- e. Satyam was followed by twenty-three separate analyst firms, which issued more than ten reports each during the Class Period. These analyst firms included major U.S. firms, such as Credit Suisse First Boston and JP Morgan. The analysts' reports discussed the Company and the value of its ADSs, were publicly available, and entered the public marketplace.

241. At all relevant times, the market for Satyam's ordinary shares, traded on the NSE and the BSE, was efficient for the following reasons, among others:

- a. Satyam's ordinary shares actively traded on the NSE and the BSE. During the Class Period, the average weekly turnover for Satyam's ordinary shares exceeded 9% and the average weekly dollar volume was approximately \$284 million. These figures indicate that Satyam's trading activity was significantly greater than the averages of stocks traded on both NASDAQ and the Indian exchanges.
- b. As indicated above, 23 separate analyst firms covered Satyam, issuing more than ten reports each throughout the Class Period. These firms included many India-based firms, as well as U.S. global firms. Furthermore, analyst coverage followed every Satyam quarterly earnings announcement issued during the Class Period. These analysts' reports were publicly-available and quickly entered the public

marketplace. The significant analyst coverage for Satyam's ordinary shares and ADSs indicates that there is an active market for information regarding Satyam ordinary shares and that this information is widely disseminated—both strong indicators of market efficiency.

- c. During the Class Period, Satyam filed Form F-3 registration statements and periodic public reports with the SEC. Although Satyam, as a foreign company, is not eligible to file a Form S-3 registration statement with the SEC, it would otherwise have been eligible to do so based on its size and the time period during which the Company has been public.
- d. As discussed above, Satyam regularly communicated with public investors via established market communication mechanisms, both within India and internationally. The market reacted to the public information disseminated by or about the Company, as indicated by the swift and significant adjustments to the price of Satyam's ordinary shares following the September 15, 2008 report that the Company was planning to lay off workers; the December 16-17, 2008 announcements regarding the proposed Maytas acquisitions; and the January 7, 2009 release of Defendant Ramalinga Raju's resignation letter.
- e. During the Class Period, the market capitalization for Satyam ordinary shares ranged from \$1.5 billion to \$6.7 billion, whereas the total market capitalization for Satyam ADSs ranged from \$297 million to \$1.9 billion. High market capitalization indicates market efficiency because there is greater incentive for stock purchasers to invest in more highly-capitalized corporations. The total market capitalization for Satyam's ordinary shares and ADSs ranks very

favorably on both the Bombay Stock Exchange (91st percentile of companies on the BSE500) and U.S. exchanges (88th percentile of the combined NYSE and NASDAQ markets) as of December 2007.

- f. The high float and high institutional investor ownership of Satyam ordinary shares are significant indicators of the stock's market efficiency. For example, as of September 30, 2007, approximately 89.1% of the Satyam ordinary shares float was held by public investors rather than insiders, and 73.9% of these shares were owned by sophisticated and knowledgeable institutional investors.

242. As a result of the foregoing factors, the market for Satyam's ordinary shares and ADSs promptly digested current information regarding Satyam from all publicly-available sources and reflected such information in the prices of Satyam's ordinary shares and ADSs. Accordingly, Lead Plaintiffs and the members of the Class and the Sub-Classes did rely and are entitled to have relied upon the integrity of the market price for Satyam's ordinary shares and ADSs and a presumption of reliance on Defendants' material misrepresentations and omissions during the Class Period applies. Under these circumstances, all Class Members suffered similar injury through their purchase or acquisition of Satyam's ordinary shares and ADSs at artificially inflated prices and all Sub-Class Members did so as well.

XI. THE STATUTORY SAFE HARBOR IS NOT AVAILABLE TO THESE DEFENDANTS

243. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. As several Defendants have admitted the fraud, it can hardly be doubted that the statements, whether forward-looking or not, were knowingly false and misleading or were authorized and/or approved by an executive officer of the Company who knew that those statements were false or

misleading in each case when such statements were made. As a result, the statutory safe harbor cannot apply to such statements.

244. Furthermore, solely with respect to those Defendants who are not alleged to have actual knowledge of the falsity of their statements or with respect to statements that were not authorized or approved by an executive officer of the Company who knew that those statements were false or misleading, many of the statements pleaded herein were not specifically identified as “forward-looking statements” at the time such statements were made, and many were statements of historical fact and/or representations about the Company’s present status to which the statutory safe harbor does not apply.

245. To the extent that any of the statements pleaded herein may properly be classified as forward-looking statements to which the statutory safe harbor applies, those statements were not accompanied by meaningful cautionary statements identifying the important then-present factors that could cause actual results to differ materially from those in the purportedly forward-looking statements.

246. Any purported warnings contained in or accompanying any of the press releases, periodic financial reports and financial statements, offering materials and other statements described herein were generic and unparticularized boilerplate statements which lacked the meaningful cautionary language necessary to insulate any purportedly forward-looking statements.

XII. ALLEGATIONS CONCERNING THE CLAIMS ON BEHALF OF PLAINTIFF BRIAN F. ADAMS AND THE SATYAM EMPLOYEE STOCK OPTIONS SUB-CLASSES

247. Plaintiff Adams repeats and realleges each allegation above as if fully set forth herein.

248. During the Class Period, Satyam maintained various stock option plans for the benefit of its employees.

249. As part of their compensation at Satyam, employees would receive options granting them the right to acquire Satyam common shares and/or ADSs at a certain price (called an “exercise price” or “strike price”) during a period of time (called the “exercise period”).

250. During the Class Period Satyam had at least five (5) similar option plans:

- a. The Associate Stock Option Plan which was established in 1998 and was annexed as an exhibit to Satyam’s May 7, 2001 Registration Statement (“Associate Ordinary Share Option Plan”). The securities issued pursuant to the Associate Ordinary Share Option Plan were subject to Registration Statements filed by Satyam that were amended from time to time, including a Registration Statement on Form F-3 filed on February 25, 2005 that was amended four times, the last amendment being on May 9, 2005. Plaintiff Adams is asserting a claim pursuant to the Exchange Act based on this plan but is not asserting claims pursuant to the Securities Act based upon this plan;
- b. The Associate Stock Option Plan B which was established in May 1999 and was annexed to Satyam’s Form 20-F filed on April 28, 2006 (“Associate Ordinary Share Option Plan B”). The securities issued pursuant to the Associate Ordinary Share Option Plan B were subject to Registration Statements filed by Satyam that were amended from time to time, including a Registration Statement on Form F-3

filed on February 25, 2005 that was amended four times, the last amendment being on May 9, 2005. Plaintiff Adams is asserting a claim pursuant to the Exchange Act based on this plan but is not asserting claims pursuant to the Securities Act based upon this plan;

- c. The Associate Stock Option Plan ADS which was established in May 1999 and was attached to Satyam's Form 20-F filed on April 28, 2006 ("Associate ADS Option Plan"). The securities issued pursuant to the Associate ADS Option Plan were subject to Registration Statements filed by Satyam that were amended from time to time, including a Registration Statement on Form F-3 filed on February 25, 2005 that was amended four times, the last amendment being on May 9, 2005. Plaintiff Adams is asserting a claim pursuant to the Exchange Act based on this plan but is not asserting claims pursuant to the Securities Act based upon this plan;
- d. The Associate Stock Option Plan-RSUs (ADS) which was established in October 2006 and was attached to the Registration Statement filed on January 12, 2007 ("Associate RSU (ADS) Option Plan"). Plaintiff Adams is asserting claims pursuant to the Exchange Act and the Securities Act based on the Associate RSU (ADS) Option Plan; and
- e. The Associate Stock Option Plan-RSUs which was established in October 2006 and filed with the Form 20-F on April 30, 2007 ("Associate Ordinary Option Plan-RSU"). Plaintiff Adams is asserting claims pursuant to the Exchange Act and the Securities Act based on the Associate Ordinary Option Plan-RSU

251. The Associate Ordinary Share Option Plan, Associate Ordinary Share Option Plan B and the Associate Ordinary Share Option Plan - RSUs shall be collectively referred to herein as the “Satyam Employee Ordinary Share Option Plans.” The Associate ADS Option Plan and the Associate RSU (ADS) Option Plan shall be collectively referred to herein as the “Satyam Employee ADS Plans.” Collectively, the Satyam Employee Ordinary Share Option Plans and the Satyam Employee ADS Plans shall be referred to herein as the “Satyam Employee Stock Option Plans.”

252. Plaintiff Adams and the other Sub-Class members are employees and former employees of Satyam and its affiliates who acquired Satyam options through at least one of the Company’s employee option plans pursuant to the materially false and misleading registration statements and other materially false and misleading statements by Defendants as alleged in this Complaint.

253. Plaintiff Adams and the Employee Options Sub-Class members acquired or exercised their Satyam options when Satyam’s ordinary shares and/or ADSs were artificially inflated and have seen the value of their Satyam ordinary shares and/or ADSs plunge when the multi-year scheme at the Company was disclosed.

XIII. CLASS ACTION ALLEGATIONS

254. This action is brought as a class action pursuant to Federal Rules of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of purchasers or acquirers of Satyam ordinary shares traded on Indian exchanges who are residents of the United States, and all those who purchased or otherwise acquired Satyam ADSs traded on the NYSE during the period between January 6, 2004 and January 6, 2009, and who were damaged thereby. Plaintiff Adams also brings this action on behalf of two Sub-Classes consisting of (i) all persons who were eligible to receive, who did receive and who exercised options to purchase Satyam ADSs

pursuant to Satyam Employee ADS Plans during the Class Period and who were damaged thereby; and (ii) all United States residents who were eligible to receive, who did receive and who exercised options to purchase Satyam ordinary shares pursuant to Satyam Employee Ordinary Share Option Plans during the Class Period and who were damaged thereby. Excluded from the Class and the Sub-Classes are the Defendants; persons who, during the Class Period, were officers and/or directors of the Company or of its parent, subsidiaries and/or affiliates; persons identified herein by name as having knowledge of the fraudulent misconduct; any entity in which the Defendants have or had a controlling interest; the Defendants' liability insurance carriers and any affiliates or subsidiaries thereof; members of the immediate families of any of the foregoing; and their legal representatives, heirs, successors or assigns.

255. The members of the Class are so numerous that joinder of all members is impracticable. As of Satyam's fiscal year 2008 annual report, filed on August 8, 2008, there were more than 670 million Satyam shares outstanding. Throughout the Class Period, Satyam ordinary shares and ADSs were purchased in numerous countries worldwide and were actively traded on the Bombay Stock Exchange, the National Stock Exchange of India, and the New York Stock Exchange. While the exact number of Class members is unknown to Plaintiffs at this time, and can only be ascertained through appropriate discovery, Plaintiffs believe that there are thousands of members in the Class. Record owners and other members of the Class may be identified from records maintained by Satyam or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

256. The members of the Sub-Classes are so numerous that joinder of all members is impracticable. As of March 31, 2007, employees of Satyam had been granted options to

purchase 23,829,720 ordinary shares of Satyam pursuant to the Associate Ordinary Share Option Plan; 54,582,747 ordinary shares of Satyam pursuant to the Associate Ordinary Share Option Plan B; 3,215,800 Satyam ADSs representing 6,431,600 ordinary shares pursuant to the Associate Stock Option Plan ADS; 3,293,140 Satyam ordinary shares pursuant to the Associate Stock Option Plan–RSUs (ADS); and 236,620 Satyam ADSs representing 473,240 ordinary shares pursuant to the Associate Stock Option Plan–RSUs. While the exact number of Sub-Class members is unknown to Plaintiffs at this time, and can only be ascertained through appropriate discovery, Plaintiffs believe that there are thousands of members in the Sub-Class. Record owners and other members of the Sub-Class may be identified from records maintained by Satyam or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

257. Plaintiffs’ claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by the Defendants’ wrongful conduct in violation of the federal securities laws that are complained of herein. Plaintiff Adams’ claims are typical of the claims of the other members of the Sub-Classes as all members of the Sub-Classes were similarly affected by Defendants’ wrongful conduct in violation of law that is complained of herein.

258. Plaintiffs will fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in class and securities litigation. Plaintiff Adams will fairly and adequately protect the interests of the members of the Sub-Classes and has retained counsel competent and experienced in class and securities litigation.

259. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- a. Whether the federal securities laws were violated by the Defendants' acts as alleged herein;
- b. Whether Defendants engaged in a scheme and fraudulent course of conduct in violation of Rule 10b-5;
- c. Whether statements made by the Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and financial statements of Satyam in violation of Rule 10b-5;
- d. Whether the Defendants acted willfully or with recklessness in connection with the scheme and the misrepresentations alleged herein;
- e. Whether the conduct engaged in by the Defendants caused Plaintiffs' losses; and
- f. Whether the members of the Class have sustained damages.

260. Common questions of law and fact exist as to all members of the Sub-Classes and predominate over any questions solely affecting individual members of the Sub-Classes. Among the questions of law and fact common to the Sub-Classes are:

- a. Whether Defendants participated in and pursued the common course of conduct complained of herein;
- b. Whether documents, press releases, and other statements disseminated to Satyam's employees who participated in Satyam's Employee Stock Option Plans misrepresented material facts during the Class Period about the business, finances, financial condition and prospects of Satyam;

- c. Whether statements made by Defendants during the Class Period misrepresented or omitted to disclose material facts about the business, finances, value, performance and prospects of Satyam;
- d. Whether the market price of Satyam ordinary shares and/or ADSs during the Class Period was artificially inflated due to the material misrepresentations and failures to correct the material misrepresentations complained of herein; and
- e. The extent to which the members of the Sub-Classes have sustained damages and the proper measure of damages.

261. A Class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all Class and/or Sub-Class members is impracticable.

262. Furthermore, as the damages suffered by individual Class and/or Sub-Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class and/or Sub-Classes to individually redress the wrongs done to them.

263. There will be no difficulty in managing this suit as a class action.

XIV. CLAIMS FOR RELIEF

COUNT I

Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder

(Against Satyam Computer Services Limited, Byrraju Ramalinga Raju, Byrraju Rama Raju, and Vadlamani Srinivas)

264. Plaintiffs repeat and allege the allegations contained in paragraphs 1 through 263 above as if fully set forth herein.

265. This Count is brought pursuant to Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder on behalf of Plaintiffs, the Class and the Sub-Classes against Defendants Satyam, Ramalinga Raju, Rama Raju, and Srinivas.

266. Satyam and the Officer Defendants employed devices, schemes, and artifices to defraud, and engaged in acts, practices, and a course of business that operated as a fraud and deceit upon the purchasers and acquirers of Satyam ordinary shares and ADSs in order to maintain artificially high market prices for Satyam's ordinary shares and ADSs in violation of Section 10(b) of the Exchange Act and Rules 10b-5(a) and 10b-5(c). Satyam and the Officer Defendants also made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading, by use of the means or instrumentalities of interstate commerce in order to maintain artificially high market prices for Satyam's ordinary shares and ADSs in violation of Section 10(b) of the Exchange Act and Rule 10b-5(b).

267. During the Class Period, Satyam and the Officer Defendants carried out a plan, scheme, and course of conduct, and made false and misleading statements of material fact which were intended to and did: (a) deceive the investing public, including Plaintiffs, as alleged herein; (b) artificially inflate and maintain the market for and market prices of Satyam's ordinary shares and ADSs; and (c) cause Plaintiffs to purchase or otherwise acquire Satyam ordinary shares and

ADSs at artificially inflated prices. In furtherance of this unlawful plan, scheme, and course of conduct, the Officer Defendants took the actions set forth herein.

268. The Officer Defendants, as senior officers and/or directors of Satyam, individually and collectively were responsible for the Company's financial accounting systems, and the preparation and review of its unaudited financial statements. In this role, the Officer Defendants were responsible for the publication or other release to the public of documents containing untrue statements of material fact, and/or omitting to state material facts required to be stated to make the statements therein not misleading. The Officer Defendants had knowledge of, or were extremely reckless in not knowing of, and/or directed or participated in the manipulations undertaken in order to fraudulently boost Satyam's reported assets and earnings, and reduce its liabilities. Satyam is equally at fault because it had knowledge of, or was extremely reckless in not knowing of, the financial manipulations undertaken by its employees. Satyam engaged in fraudulent activities by selling artificially inflated ordinary shares and ADSs by means of false and misleading statements in financial reports, offering documents, and press releases. Satyam actively marketed and sold these ordinary shares and ADSs in the United States and globally despite the false reporting of its financial condition as alleged herein.

269. Satyam and the Officer Defendants engaged in the fraudulent activity described above knowingly and intentionally, or in such an extremely reckless manner, as to constitute willful deceit and fraud upon Plaintiffs. Satyam and the Officer Defendants knowingly caused Satyam's reports and statements to contain misrepresentations and omissions of material fact as alleged herein.

270. As a result of the fraudulent activities of Satyam and the Officer Defendants described above, in conjunction with the activities of the other defendants, the prices of Satyam ordinary shares and ADSs were artificially inflated during the Class Period.

271. In ignorance of Satyam's true financial condition, Plaintiffs, relying upon the integrity of the market price for Satyam's ordinary shares and ADSs, and/or the statements and reports of Satyam containing false and misleading information, purchased or otherwise acquired Satyam ordinary shares and ADSs at artificially inflated prices during the Class Period.

272. The market prices for Satyam's ordinary shares and ADSs declined materially upon the public disclosure of the true facts which had been misrepresented or concealed as alleged herein.

273. As a direct and proximate result of the wrongful conduct of Satyam and the Officer Defendants, and their false and misleading statements and omissions, Plaintiffs suffered damages in connection with their respective purchases of Satyam ordinary shares and ADSs, for which the defendants named in this Count are jointly and severally liable.

COUNT II
Violation of Section 10(b) of the Exchange Act
and Rule 10b-5 Promulgated Thereunder
(Against Mangalam Srinivasan, Krishna G. Palepu, M. Rammohan Rao, T.R. Prasad, and V.S. Raju)

274. Plaintiffs repeat and allege the allegations contained in paragraphs 1 through 273 above as if fully set forth herein.

275. This Count is brought pursuant to Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder on behalf of Plaintiffs, the Class and the Sub-Classes against Defendants Srinivasan, Palepu, Rao, Prasad, and V.S. Raju.

276. The Audit Committee Defendants, as members of Satyam's Audit Committee, individually and collectively were responsible for overseeing the integrity of the Company's financial statements; the engagement, performance, and compensation of the Company's independent auditors; and the adequacy and effectiveness of the Company's internal accounting and financial controls. In this role, the Audit Committee Defendants were responsible for the publication or other release to the public of documents containing untrue statements of material fact, and/or omitting to state material facts required to be stated to make the statements therein not misleading. Because of their extensive control of and role in the Company's financial reporting systems, the false and misleading statements made by the Company constitute statements by the Audit Committee Defendants.

277. The Audit Committee Defendants were extremely reckless in not knowing of, and preventing, the manipulations undertaken in order to fraudulently boost Satyam's reported assets and earnings, and reduce its liabilities. The Audit Committee Defendants' recklessness caused Satyam's reports and statements to contain misrepresentations and omissions of material fact as alleged herein.

278. As a result of the conduct of the Audit Committee Defendants described above, in conjunction with the activities of the other defendants, the prices of Satyam ordinary shares and ADSs were artificially inflated during the Class Period.

279. In ignorance of Satyam's true financial condition, Plaintiffs, relying upon the integrity of the market price for Satyam's ordinary shares and ADSs, and/or the statements and reports of Satyam containing false and misleading information, purchased or otherwise acquired Satyam ordinary shares and ADSs at artificially inflated prices during the Class Period.

280. The market prices for Satyam's ordinary shares and ADSs declined materially upon the public disclosure of the true facts which had been misrepresented or concealed as alleged herein.

281. As a direct and proximate result of the wrongful and reckless conduct of the Audit Committee Defendants, and their false and misleading statements and omissions, Plaintiffs suffered damages in connection with their respective purchases of Satyam ordinary shares and ADSs, for which the defendants named in this Count are jointly and severally liable.

COUNT III
Violation of Section 20(a) of the Exchange Act
(Against Byrraju Ramalinga Raju, Byrraju Rama Raju, and Vadlamani Srinivas)

282. Plaintiffs repeat and allege the allegations contained in paragraphs 1 through 281 above as if fully set forth herein.

283. This Count is brought pursuant to Section 20(a) of the Exchange Act on behalf of Plaintiffs, the Class and the Sub-Classes against Defendants Ramalinga Raju, Rama Raju, and Srinivas.

284. As set forth above, Satyam committed primary violations of Section 10(b) and Rule 10b-5 promulgated thereunder by virtue of the plan, scheme, and course of conduct set forth herein.

285. The Officer Defendants acted as controlling persons of Satyam within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their executive positions, memberships on Satyam's Board of Directors, and/or stock ownership, as alleged above, the Officer Defendants had the power to influence and did influence and control, directly or indirectly, the decisionmaking of Satyam. The Officer Defendants were provided with, or had unlimited access to, copies of internal documents, reports, press releases, public filings, and other

statements alleged by Plaintiffs to be misleading and used in furtherance of the plan, scheme, and course of conduct set forth herein, and had the ability to prevent the issuance of the false and misleading statements or to cause the statements to be corrected.

286. The Officer Defendants also had direct involvement in the day-to-day operations of Satyam and are therefore presumed to have had the power to control or influence the particular conduct giving rise to the securities law violations, and exercised that power, as set forth herein.

287. By virtue of their positions as controlling persons of Satyam, the Officer Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of the Officer Defendants' wrongful conduct, Plaintiffs suffered damages in connection with their respective purchases of Satyam ordinary shares and ADSs for which the defendants named in this Count are jointly and severally liable.

COUNT IV
Violation of Section 20(a) of the Exchange Act
(Against Byrraju Teja Raju, Byrraju Rama Raju Jr., Maytas Infra Limited, and Maytas Properties)

288. Plaintiffs repeat and allege the allegations contained in paragraphs 1 through 287 above as if fully set forth herein.

289. This Count is brought pursuant to Section 20(a) of the Exchange Act on behalf of Plaintiffs, the Class and the Sub-Classes against Defendants Teja Raju, Rama Raju Jr., Maytas Infra, and Maytas Properties.

290. As set forth above, Satyam committed primary violations of Section 10(b) and Rule 10b-5 promulgated thereunder by virtue of the plan, scheme, and course of conduct set forth herein.

291. The Maytas Defendants acted as controlling persons of Satyam within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their practical operational control of the Company, their representation within the management and Board of Directors through the Officer Defendants, and/or stock ownership, as alleged above, the Maytas Defendants had the power to influence and did influence and control, directly or indirectly, the decision-making of Satyam. The Maytas Defendants were provided with, or had unlimited access to, copies of internal documents, reports, press releases, public filings, and other statements alleged by Plaintiffs to be misleading and used in furtherance of the plan, scheme, and course of conduct set forth herein, and had the ability to prevent the issuance of the false and misleading statements or to cause the statements to be corrected.

292. The Maytas Defendants also had involvement in the day-to-day operations of Satyam through the actions of the Officer Defendants, and are therefore presumed to have had the power to control or influence the particular conduct giving rise to the securities law violations, and exercised that power, as set forth herein.

293. By virtue of their positions as controlling persons of Satyam, the Maytas Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of the Maytas Defendants' wrongful conduct, Plaintiffs suffered damages in connection with their respective purchases of Satyam ordinary shares and ADSs for which the defendants named in this Count are jointly and severally liable.

COUNT V
Violation of Section 20(a) of the Exchange Act
(Against Mangalam Srinivasan, Krishna G. Palepu, M. Rammohan Rao, T.R. Prasad, and V.S. Raju)

294. Plaintiffs repeat and allege the allegations contained in paragraphs 1 through 293 above as if fully set forth herein.

295. This Count is brought pursuant to Section 20(a) of the Exchange Act on behalf of Plaintiffs, the Class and the Sub-Classes against Defendants Srinivasan, Palepu, Rao, Prasad, and V.S. Raju.

296. As set forth above, Satyam committed primary violations of Section 10(b) and Rule 10b-5 promulgated thereunder by virtue of the plan, scheme, and course of conduct set forth herein.

297. The Audit Committee Defendants acted as controlling persons of Satyam within the meaning of Section 20(a) of the Exchange Act. By virtue of their oversight of the Company's financial reporting processes and internal controls, their control over the Company's internal auditing structures, their role in the retention and payment of the Company's independent auditors, and their failure to discover the numerous aspects of Satyam's fraudulent conduct as alleged herein, the Audit Committee Defendants had the power to influence and did influence and control, directly or indirectly, the decisionmaking of Satyam. The Audit Committee Defendants were provided with, or had unlimited access to, copies of internal documents, reports, press releases, public filings, and other statements alleged by Plaintiffs to be misleading and used in furtherance of the plan, scheme, and course of conduct set forth herein, and but for their reckless disregard of their duties, could have prevented the issuance of the false and misleading statements or caused the statements to be corrected.

298. By virtue of their positions as controlling persons of Satyam, the Audit Committee Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of the Audit Committee Defendants' wrongful conduct, Plaintiffs suffered damages in connection with their respective purchases of Satyam ordinary shares and ADSs for which the defendants named in this Count are jointly and severally liable.

COUNT VI
**Violation of Section 10(b) of the Exchange Act
and Rule 10b-5 Promulgated Thereunder**
**(Against PricewaterhouseCoopers International Limited, PricewaterhouseCoopers Private
Limited, Lovelock & Lewes, and Price Waterhouse (the “PwC Defendants”))**

299. Plaintiffs repeat and allege the allegations contained in paragraphs 1 through 298 above as if fully set forth herein.

300. This Count is brought pursuant to Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder on behalf of Plaintiffs, the Class and the Sub-Classes against Defendants PricewaterhouseCoopers International Limited, PricewaterhouseCoopers Private Limited, Lovelock & Lewes, and Price Waterhouse.

301. PwC employed devices, schemes, and artifices to defraud, and engaged in acts, practices, and a course of business that operated as a fraud and deceit upon the purchasers and acquirers of Satyam ordinary shares and ADSs in order to maintain artificially high market prices for Satyam’s ordinary shares and ADSs in violation of Section 10(b) of the Exchange Act and Rules 10b-5(a) and 10b-5(c). PwC also made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading, by use of the means or instrumentalities of interstate commerce in order to maintain artificially high market prices for Satyam’s ordinary shares and ADSs in violation of Section 10(b) of the Exchange Act and Rule 10b-5(b).

302. At all times relevant hereto, PwC India was and acted as the agent of PwC International. PwC India had actual, apparent, and/or implied authority to act and speak on behalf of PwC International and PwC International exercised substantial control over the manner in which PwC India conducted its business, including through PwC International’s centralized global leadership structure, which sets the strategy, policies, and standards for PwC globally,

including for PwC India. As a result, PwC International and PwC India have a principal-agent relationship and PwC International is chargeable with and responsible and liable for the acts and public statements of its agent, PwC India, under the doctrine of *respondeat superior*.

303. During the Class Period, PwC carried out a plan, scheme, and course of conduct, and made false and misleading statements of material fact, which were intended to and did: (a) deceive the investing public, including Plaintiffs, as alleged herein; (b) artificially inflate and maintain the market for and market prices of Satyam's ordinary shares and ADSs; and (c) cause Plaintiffs to purchase or otherwise acquire Satyam ordinary shares and ADSs at artificially inflated prices. In furtherance of this unlawful plan, scheme, and course of conduct, PwC took the actions set forth herein.

304. The PwC Defendants acted as independent auditors for Satyam. They knew and understood that the opinions issued by the PwC member firms concerning the financial statements and reports of Satyam would be released to the investing public, and that investors would rely, and had a right to rely, on those reports and opinions. The PwC Defendants had access to Satyam employees, and continuing access to and knowledge of Satyam's confidential corporate, financial, operating, and business information. Despite this access and knowledge, the PwC Defendants knowingly or with extreme recklessness perpetrated and/or concealed the accounting manipulations and other schemes undertaken, and certified without qualification and publicly represented that Satyam's financial reports were free from material misstatements, in order to fraudulently boost Satyam's reported assets and earnings, and reduce its reported liabilities.

305. The PwC Defendants engaged in the fraudulent activity described above knowingly and intentionally, or in such an extremely reckless manner, as to constitute willful

deceit and fraud upon Plaintiffs. They knowingly caused Satyam's and their own reports and statements to contain misrepresentations and omissions of material fact as alleged herein.

306. As a result of the fraudulent activities of the PwC Defendants described above, in conjunction with the activities of the other defendants, the market price of Satyam ordinary shares and ADSs were artificially inflated during the Class Period.

307. In ignorance of Satyam's true financial condition, Plaintiffs, relying upon the integrity of the market price for Satyam's ordinary shares and ADSs, and/or the statements and reports of Satyam containing false and misleading information, purchased or otherwise acquired Satyam ordinary shares and ADSs at artificially inflated prices during the Class Period.

308. The market prices for Satyam's ordinary shares and ADSs declined materially upon the public disclosure of the true facts which had been misrepresented or concealed as alleged herein.

309. As a direct and proximate result of the wrongful conduct of the PwC Defendants, Plaintiffs suffered damages in connection with their respective purchases of Satyam ordinary shares and ADSs for which the defendants named in this Count are jointly and severally liable.

COUNT VII
Violation of Section 20(a) of the Exchange Act
(Against PricewaterhouseCoopers International Limited)

310. Plaintiffs repeat and allege the allegations contained in paragraphs 1 through 309 above as if fully set forth herein.

311. This Count is brought pursuant to Section 20(a) of the Exchange Act on behalf of Plaintiffs, the Class and the Sub-Classes against Defendant PricewaterhouseCoopers International Limited.

312. As set forth above, PwC International's member firms and their employees committed primary violations of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder by virtue of the plan, scheme, and course of conduct set forth herein.

313. PwC International acted as a controlling person of its member firms and their employees within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of the unified international structure of the auditing firm and the relationships among member firms as alleged above, PwC International had the power to influence and control, and did influence and control, directly or indirectly, the decision-making of its member firms and their partners. PwC International's actual control of PwC India's conduct is demonstrated by, *inter alia*, PwC International's centralized global leadership structure, which sets the strategy, policies, and standards for PwC globally, including for PwC India. Through this relationship, PwC International possessed the power to direct and/or cause the direction of the management of PwC India's affairs, including PwC India's conduct of its audits and its preparation of its audit reports.

314. PwC International was provided with, or had unlimited access to, copies of its member firms' work papers for audits of Satyam, as well as copies of internal documents, reports, memoranda, communications, press releases, public filings, and other statements alleged by Plaintiffs to be misleading and used in furtherance of the plan, scheme, and course of conduct set forth herein, and had the ability to prevent the issuance of the false and misleading statements or to cause the statements to be corrected, as well as prevent the scheme and fraudulent course of conduct from being perpetrated.

315. PwC International had direct involvement in its members firms' audits of Satyam, and therefore is presumed to have had the power to control or influence the particular conduct

giving rise to the securities law violations, and exercised that power, as set forth herein. By virtue of its position as a controlling person of its member firms and their employees, PwC International is liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of PwC International's wrongful conduct, Plaintiffs suffered damages in connection with their respective purchases of Satyam ordinary shares and ADSs for which PwC International is jointly and severally liable.

COUNT VIII
Violation of Section 20(a) of the Exchange Act
(Against PricewaterhouseCoopers Private Limited)

316. Plaintiffs repeat and allege the allegations contained in paragraphs 1 through 315 above as if fully set forth herein.

317. This Count is brought pursuant to Section 20(a) of the Exchange Act on behalf of Plaintiffs, the Class and the Sub-Classes against Defendant PwC Pvt. Ltd.

318. As set forth above, PwC Pvt. Ltd. acted as an alter-ego and control person of Defendants Price Waterhouse and Lovelock & Lewes, each of which committed primary violations of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder by virtue of the plan, scheme, and course of conduct set forth herein.

319. PwC Pvt. Ltd. acted as a controlling person of Defendants Price Waterhouse and Lovelock & Lewes and their employees within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of the common management, reporting relationships, financial interdependence, PwC Pvt. Ltd. had the power to influence and control, and did influence and control, directly or indirectly, the decision-making of Price Waterhouse and Lovelock & Lewes and their partners.

320. PwC Pvt. Ltd. was provided with, or had unlimited access to, copies of Price Waterhouse's and Lovelock & Lewes' work papers for audits of Satyam, as well as copies of internal documents, reports, memoranda, communications, press releases, public filings, and other statements alleged by Plaintiffs to be misleading and used in furtherance of the plan, scheme, and course of conduct set forth herein, and had the ability to prevent the issuance of the false and misleading statements or to cause the statements to be corrected, as well as prevent the scheme and fraudulent course of conduct from being perpetrated.

321. PwC Pvt. Ltd. had direct involvement in Price Waterhouse and Lovelock & Lewes' audits of Satyam, and therefore is presumed to have had the power to control or influence the particular conduct giving rise to the securities law violations, and exercised that power, as set forth herein.

322. By virtue of its position as a controlling person of Price Waterhouse and Lovelock & Lewes and their employees, PwC Pvt. Ltd. is liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of PwC Pvt. Ltd.'s wrongful conduct, Plaintiffs suffered damages in connection with their respective purchases of Satyam ordinary shares and ADSs for which PwC Pvt. Ltd. is jointly and severally liable.

COUNT IX

Violation of Section 11 of the Securities Act

(Against Byrraju Ramalinga Raju, Byrraju Rama Raju, V.P. Rama Rao, Mangalam Srinivasan, Krishna G. Palepu, Vinod K. Dham, M. Rammohan Rao, Ram Mynampati, Vadlamani Srinivas, Price Waterhouse, PricewaterhouseCoopers Private Limited, and Lovelock & Lewes on behalf of the Employee Common Stock Option Sub-Class)

323. Plaintiff Adams repeats and realleges each and every allegation in paragraphs 1 through 322 above as if fully set forth herein.

324. For the purposes of this Count, Plaintiff Adams asserts only strict liability and negligence claims and expressly disclaims any claim of fraud or intentional misconduct.

325. This Count is brought on behalf of all current or former employees who received and exercised options to acquire Satyam ADSs through the Associate RSU (ADS) Option Plan pursuant to or traceable to a false and misleading Form S-8 filed with the SEC on January 12, 2007 and the Associate Ordinary Option Plan-RSU filed with the SEC on Form 20-F on April 30, 2007

326. The ordinary share options and ADSs in the Associate RSU (ADS) Option Plan were issued pursuant to a Form S-8 which contained false and misleading statements of material fact and omitted material information.

327. The ordinary share options and ADSs in the Associate Ordinary Option Plan-RSU were issued pursuant to the Form 20-F which contained false and misleading statements of material fact and omitted material information

328. A Form S-8 is a Registration Statement under the Securities Act.

329. The federal securities laws require that the issuer file these types of registration statements in order to provide truthful information to investors about the Company issuing the securities.

330. Section 11 of the Securities Act provides that any signer, director of the issuer, preparing or certifying accountant, or underwriter may be liable if “any part of the registration statement, when such part became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading.” 15 U.S.C. § 77k(a).

331. Defendants named in this Count issued, caused to be issued, and participated in the issuance of, materially false and misleading statements to eligible Satyam employees who received options to purchase ordinary shares and/or ADS options pursuant to the Associate RSU

(ADS) Option Plan and the Associate Ordinary Option Plan-RSU. Those statements and omissions were contained in or omitted from the operative Form S-8 and Form 20-F, as well as the related SEC filings, and made a part of the Associate RSU (ADS) Option Plan and the Associate Ordinary Option Plan-RSU.

332. Under SEC rules, including Item 3 of Form S-8, the Registration Statement at issue here incorporated by reference all documents subsequently filed by Satyam with the SEC.

333. Moreover, in order to comply with Item 9 of Form S-8, Defendants were required to provide the information set forth in Item 512(a) of Regulation S-K, which includes the obligation “[t]o reflect in any prospectus any facts or events arising after the effective date of the registration statement . . . which individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement.”

334. Each Defendant named in this Count signed the Form S-8 for the Associate RSU (ADS) Option Plan and/or the Form 20-F for the Associate Ordinary Option Plan-RSU.

335. As a direct and proximate result of the wrongful conduct of Defendants named in this Count, the exercise price of the Satyam options and the market price for the underlying Satyam ordinary shares or ADSs obtained through the Associate RSU (ADS) Option Plan and the Associate Ordinary Option Plan-RSU was artificially inflated during the Class Period.

336. As a direct and proximate result of the wrongful conduct of Defendants named in this Count, Plaintiff Adams and the members of the Sub-Classes have suffered substantial damages in connection with their exercise of Satyam options through the Company’s stock option plans and pursuant to or traceable to the materially false and misleading Registration Statements.

337. As alleged above, Defendants in this Count did not make a reasonable investigation of the statements incorporated into the Company's Form S-8 for the Associate RSU (ADS) Option Plan and/or the Form 20-F for the Associate Ordinary Option Plan-RSU and did not possess reasonable grounds for believing that the Company's Form S-8 for the Associate RSU (ADS) Option Plan and/or the Form 20-F for the Associate Ordinary Option Plan-RSU did not contain an untrue statement of a material fact or omit to state a material fact.

338. Plaintiff Adams and the members of the Sub-Class did not know, nor in the exercise of reasonable diligence could they have known, of the untrue statements of material facts or omissions of material facts in the Form S-8 for the Associate RSU (ADS) Option Plan and/or the Form 20-F for the Associate Ordinary Option Plan-RSU when they received and exercised the Satyam options.

339. By reason of the foregoing, Defendants named in this Count are liable to Plaintiff Adams and the Sub-Classes for violating Section 11 of the Securities Act.

COUNT X

Violation of Section 12(a) of the Securities Act (Against Byrraju Ramalinga Raju, Byrraju Rama Raju, V.P. Rama Rao, Mangalam Srinivasan, Krishna G. Palepu, Vinod K. Dham, M. Rammohan Rao, Ram Mynampati, Vadlamani Srinivas, Price Waterhouse, PricewaterhouseCoopers Private Limited, and Lovelock & Lewes on behalf of the Employee Common Stock Option Sub-Class)

340. Plaintiff Adams repeats and realleges each and every allegation in paragraphs 1 through 339 above as if fully set forth herein.

341. For the purposes of this Count, Plaintiff Adams asserts only strict liability and negligence claims and expressly disclaims any claim of fraud or intentional misconduct.

342. This Count is brought on behalf of all current or former employees who received and exercised options to acquire Satyam ADSs through the Associate RSU (ADS) Option Plan

pursuant to or traceable to false and misleading Form S-8 and the Associate Ordinary Option Plan-RSU pursuant to or traceable to the Form 20-F filed with the SEC on April 30, 2007.

343. Securities Act Section 12(a)(2) creates liability for any person who offers or sells a security through a prospectus containing any “untrue statement of a material fact or omits to state a material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading.”

344. The Form S-8 and Form 20-F for the securities underlying the Associate RSU (ADS) Option Plan and the Associate Ordinary Option Plan-RSU were materially false and misleading and incorporated the company’s materially false and misleading SEC filings (*i.e.*, Form 20-Fs and Form 6-Ks).

345. Defendants were required to comply with Item 512(a) of Regulation S-K, which includes the obligation “[t]o reflect in any prospectus any facts or events arising after the effective date of the registration statement . . . which individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement.”

346. As alleged herein, Defendants’ statements in the Company’s Associate RSU (ADS) Option Plan and the Associate Ordinary Option Plan-RSU were materially false and misleading because they failed to disclose that Satyam had engaged in a multi-year scheme in which (i) its financial accounts and disclosures were systematically falsified; (ii) its profits were materially overstated; and (iii) the Company materially understated its liabilities.

347. Defendants are sellers within the meaning of the Securities Act because they: (a) transferred title of Satyam securities to Plaintiff Adams and other members of the Employee Options Sub-Classes and (b) solicited the purchase of Satyam ordinary shares and/or ADSs by

Plaintiff Adams and other members of the Employee Options Sub-Classes, motivated at least in part by the desire to serve their own financial interest.

348. Plaintiff Adams and other members of the Employee Options Sub-Classes exercised their Satyam Options and purchased Satyam ordinary shares and/or ADSs in part based on the materially misleading information included in the Form S-8 for the Associate RSU (ADS) Option Plan and Form 20-F for the Associate Ordinary Option Plan-RSU and have been damaged thereby.

349. Plaintiff Adams and the other members of the Sub-Classes did not know of the misstatements and omissions described above when they received and/or exercised their Satyam options.

350. By virtue of the foregoing, Defendants have violated Section 12(a)(2) of the Securities Act.

COUNT XI

Violation of Section 15 of the Securities Act

(Against Byrraju Ramalinga Raju, Byrraju Rama Raju, V.P. Rama Rao, Mangalam Srinivasan, Krishna G. Palepu, Vinod K. Dham, M. Rammohan Rao, Ram Mynampati, and Vadlamani Srinivas on behalf of the Employee Common Stock Option Sub-Class)

351. Plaintiff Adams repeats and realleges each and every allegation in paragraphs 1 through 350 above as if fully set forth herein.

352. For the purposes of this Count, Plaintiff Adams asserts only strict liability and negligence claims and expressly disclaims any claim of fraud or intentional misconduct.

353. Each Defendant named in this Count was a controlling person of Satyam within the meaning of Section 15 of the Securities Act by reason of his or her respective positions at Satyam.

354. Because of his or her positions at Satyam, Defendants named in this Count had the requisite power to directly or indirectly control or influence the specific corporate policies which resulted in the unlawful acts and conduct alleged herein.

355. By reason of the foregoing, Defendants named in this Count violated Section 15 of the Securities Act and are jointly and severally liable with and to the same extent Satyam is liable to Plaintiff Adams and other members of the Sub-Classes as a result of the conduct alleged herein

XV. JURY TRIAL DEMAND

Plaintiffs hereby demand a trial by jury on all claims so triable.

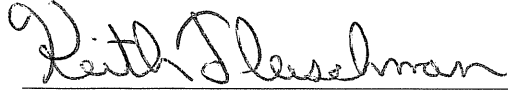
XVI. PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for relief and judgment, as follows:

- A. Determining that this action is a proper class action, and certifying Plaintiffs as class representatives under Rule 23 of the Federal Rules of Civil Procedure;
- B. Awarding compensatory damages in favor of Plaintiffs and the other Class members against all Defendants, jointly and severally, for all damages sustained as a result of the Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- C. Awarding Plaintiffs and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees;
- D. Compelling the Defendants to disgorge all proceeds they realized from their illegal insider trading;
- E. Restitution of investors' monies of which they were defrauded; and
- F. Awarding such other and further relief as the Court may deem just and proper.

Dated this 17th day of July, 2009.

GRANT & EISENHOFER P.A.



Jay W. Eisenhofer
Keith M. Fleischman
Deborah A. Elman
485 Lexington Ave 29th Floor
New York, New York 10017
Tel: (646) 722-8500
Fax: (646) 722-8501

Co-Lead Counsel for Plaintiffs

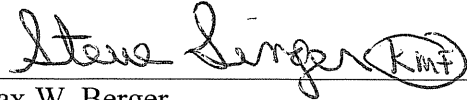
BARROWAY TOPAZ KESSLER
MELTZER & CHECK, LLP



David Kessler
Sean M. Handler
Sharan Nirmul
280 King of Prussia Road
Radnor, PA 19087
Tel: (610) 667-7706
Fax: (610) 667-7056

Co-Lead Counsel for Plaintiffs

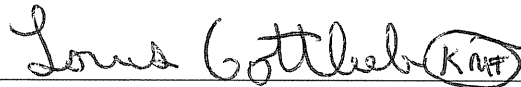
BERNSTEIN LITOWITZ BERGER &
GROSSMANN LLP



Max W. Berger
Steven B. Singer
Noam Mandel
Michael Petrusic
1285 Avenue of the Americas, 38th Floor
New York, NY 10019
Tel: (212) 554-1400
Fax: (212) 554-1444

Co-Lead Counsel for Plaintiffs

LABATON SUCHAROW LLP



Lawrence A. Sucharow
Christopher J. Keller
Louis Gottlieb
140 Broadway
New York, NY 10005
Tel: (212) 907-0700
Fax: (212) 818-0477

Co-Lead Counsel for Plaintiffs

GAINEY & MCKENNA

Thomas J. McKenna
295 Madison Avenue, 4th Floor
New York, New York 10017
Tel: (212) 983-1300
Fax: (212) 983-0383

Counsel for Plaintiff Brian F. Adams

EXHIBIT A

**CERTIFICATION PURSUANT TO
THE FEDERAL SECURITIES LAWS**

I, George W. Neville, Esq., on behalf of the Public Employees' Retirement System of Mississippi ("Mississippi PERS"), hereby certify, as to the claims asserted under the federal securities laws, that:

1. I am a Special Assistant Attorney General in the Office of the Attorney General of the State of Mississippi. I have reviewed a complaint filed in this matter. Mississippi PERS has authorized Grant & Eisenhofer P.A. and Bernstein Litowitz Berger & Grossmann LLP to file a motion for appointment as lead plaintiff on its behalf.

2. Mississippi PERS did not purchase the securities that are the subject of this action at the direction of counsel or in order to participate in any action arising under the federal securities laws.

3. Mississippi PERS is willing to serve as a lead plaintiff and representative party on behalf of the Class, including providing testimony at deposition and trial, if necessary. Mississippi PERS fully understands the duties and responsibilities of the lead plaintiff under the Private Securities Litigation Reform Act, including the selection and retention of counsel and overseeing the prosecution of the action for the Class.

4. Mississippi PERS' transactions in the Satyam Computer Services Limited securities that are the subject of this action are set forth in the chart attached hereto.

5. Mississippi PERS has sought to serve and was appointed as a lead plaintiff and representative party on behalf of a class in the following actions under the federal securities laws filed during the three-year period preceding the date of this Certification:

In re Sears Holdings Corporation Securities Litigation, Case No. 06-cv-4053 (S.D.N.Y.)
In re Semtech Corp. Securities Litigation, Case No. 07-cv-7114 (C.D. Cal.)
In re Ambac Financial Group, Inc. Securities Litigation, Case No. 08-cv-411 (S.D.N.Y.)
In re Schering-Plough Corporation/Enhance Securities Litigation, Case No. 08-cv-397 (D.N.J.)
In re Maxim Integrated Products Inc. Securities Litigation, Case No. 08-cv-832 (N.D. Cal.)

6. Mississippi PERS is currently seeking to serve as a lead plaintiff and representative party on behalf of a class in the following actions filed under the federal securities laws during the three years preceding the date of this Certification:

Neca-Ibew Health & Welfare Fund et al v. Goldman Sachs & Co. et al,
Case No. 08-cv-10783 (S.D.N.Y.)
*Iron Workers Local No.25 Pension Fund et al v. Credit-Based Asset Servicing
and Securitization LLC et al*, Case No. 08-cv-10841 (S.D.N.Y.)

7. Mississippi PERS has sought to serve as a representative party on behalf of a class in the following action under the federal securities laws filed during the three-year period preceding the date of this Certification:

Public Employees' Retirement System of Mississippi v. Morgan Stanley et al.,
Case No. 08-cv-1469 (C.D. Cal.)

Public Employees' Retirement System of Mississippi v. Goldman Sachs Group, Inc. et al.,
Case No. 09-cv-1110 (S.D.N.Y.)

Public Employees' Retirement System of Mississippi et al v. Merrill Lynch & Co. Inc. et al.,
Case No. 09-cv-1392 (S.D.N.Y.)

8. Mississippi PERS is serving as a lead plaintiff and representative party on behalf of a class in *In re Merck & Co. Inc. Securities, Derivative & "ERISA" Litigation*, MDL No. 1658 (SRC); 05-cv-01151 (D.N.J.), 05-cv-2367 (D.N.J.). Mississippi PERS intervened in the action and was appointed to serve as a lead plaintiff and representative party in the action in 2007.

9. Mississippi PERS has sought to serve as a lead plaintiff and representative party on behalf of a class in the following actions under the federal securities laws filed during the three-year period preceding the date of this Certification, but either withdrew its motion for lead plaintiff or was not appointed lead plaintiff:

In re Par Pharmaceutical Companies, Inc. Securities Litigation, Case No. 06-cv-3226 (D.N.J.)

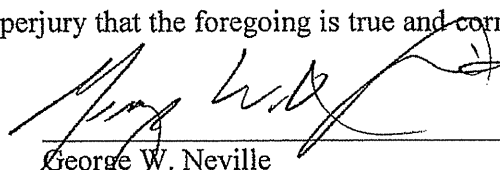
In re Dell, Inc. Securities Litigation, Case No. 06-cv-726 (W.D. Tex.)

*E*Trade Financial Corp. Securities Litigation*, Case No. 07-cv-8538 (S.D.N.Y.)

Lipetz et al. v. Wachovia Corporation et al., Case No. 08-cv-6171 (S.D.N.Y.)

10. Mississippi PERS will not accept any payment for serving as a representative party on behalf of the Class beyond Mississippi PERS' pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the Class, as ordered or approved by the court.

this 5th I declare under penalty of perjury that the foregoing is true and correct. Executed
day of March, 2009.



George W. Neville
Special Assistant Attorney General
Legal Counsel to the Public Employees' Retirement
System of Mississippi

Mississippi PERS					
Transactions in Satyam Computer Services (SCS IN)					
Transaction	Date	Shares	Price (Indian Rupee)	Exchange Rate (Rupee:USD)	Price (USD)
PURCHASE	5/2/2006	450,000	767.5000	44.8200	\$ 17.1241
SALE	6/15/2006	(21,400)	600.9105	45.9500	\$ 13.0775
SALE	2/5/2007	(26,900)	489.1683	44.1050	\$ 11.0910
PURCHASE	8/24/2007	23,900	431.2100	41.0920	\$ 10.4938
PURCHASE	8/24/2007	5,000	430.6400	41.0920	\$ 10.4799
PURCHASE	8/27/2007	15,400	438.6000	41.0200	\$ 10.6923
PURCHASE	8/28/2007	14,700	441.2600	41.1650	\$ 10.7193
PURCHASE	8/29/2007	17,700	442.8900	41.1050	\$ 10.7746
PURCHASE	8/29/2007	700	443.1400	41.1050	\$ 10.7807
PURCHASE	8/30/2007	6,000	443.9330	41.1600	\$ 10.7855
PURCHASE	8/30/2007	600	443.9800	41.1600	\$ 10.7867
PURCHASE	9/10/2007	2,300	443.8900	40.6400	\$ 10.9225
PURCHASE	9/10/2007	90,500	441.8200	40.6400	\$ 10.8716
PURCHASE	9/10/2007	5,200	443.8953	40.6400	\$ 10.9226
PURCHASE	9/11/2007	77,241	441.5943	40.5600	\$ 10.8874
PURCHASE	11/12/2007	98,700	418.9631	39.3600	\$ 10.6444
PURCHASE	11/12/2007	26,000	416.4100	39.3600	\$ 10.5795
PURCHASE	11/13/2007	31,800	411.1505	39.4200	\$ 10.4300
PURCHASE	11/13/2007	7,800	411.0800	39.4200	\$ 10.4282
PURCHASE	11/14/2007	35,900	423.0626	39.3100	\$ 10.7622
PURCHASE	11/14/2007	13,700	424.5600	39.3100	\$ 10.8003
PURCHASE	11/15/2007	14,692	423.9794	39.3000	\$ 10.7883
PURCHASE	6/26/2008	18,600	455.4864	42.6800	\$ 10.6721
PURCHASE	6/27/2008	13,900	445.5139	42.8750	\$ 10.3910
PURCHASE	6/30/2008	2,210	447.3300	43.0200	\$ 10.3982
PURCHASE	6/30/2008	8,400	446.9776	43.0200	\$ 10.3900
SALE	7/9/2008	(24,800)	470.1129	43.1200	\$ 10.9024
PURCHASE	11/6/2008	62,400	271.2559	47.7400	\$ 5.6819
PURCHASE	11/7/2008	7,200	271.5900	47.6500	\$ 5.6997
PURCHASE	11/7/2008	30,900	271.3784	47.6500	\$ 5.6952
PURCHASE	11/10/2008	33,850	290.4233	47.3800	\$ 6.1297

EXHIBIT B

CERTIFICATION

I, Michael John Hensman, as Finance Manager of Mineworkers' Pension Scheme, hereby certify as follows:

1. I am fully authorized to enter into and execute this Certification on behalf of Mineworkers' Pension Scheme ("Mineworkers' Pension"). I have reviewed a complaint filed against Satyam Computer Services Ltd. ("Satyam") alleging violations of the federal securities laws;

2. Mineworkers' Pension did not purchase American Depository Receipts of Satyam at the direction of counsel or in order to participate in any private action under the federal securities laws;

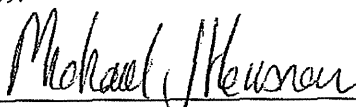
3. Mineworkers' Pension is willing to serve as a lead plaintiff in this matter, including providing testimony at deposition and trial, if necessary;

4. Mineworkers' Pension's transactions in the American Depository Receipts of Satyam during the class period are reflected in Exhibit A, attached hereto;

5. Mineworkers' Pension has not sought to serve as a lead plaintiff in a class action under the federal securities laws during the last three years;

6. Beyond its pro rata share of any recovery, Mineworkers' Pension will not accept payment for serving as a lead plaintiff on behalf of the class, except the reimbursement of such reasonable costs and expenses (including lost wages) as ordered or approved by the Court.

I declare under penalty of perjury, under the laws of the United States, that the foregoing is true and correct this 27 day of February, 2009.



MICHAEL JOHN HENSMAN
FINANCE MANAGER
Mineworkers' Pension Scheme

EXHIBIT A

TRANSACTIONS IN
SATYAM COMPUTER SERVICES LTD.

SATYAM COMPUTER SERVICES LTD ADR

Transaction Type	Trade Date	Shares	Price Per Share	Cost/ Proceeds
Purchase	10/22/07	10,400.00	\$ 26.32	(\$273,680.00)
Purchase	12/13/07	70,400.00	\$ 26.25	(\$1,848,282.00)
Purchase	12/14/07	38,400.00	\$ 26.58	(\$1,020,503.00)
Purchase	12/17/07	115,100.00	\$ 25.43	(\$2,926,751.00)
Purchase	03/26/08	800.00	\$ 23.64	(\$18,909.00)
Purchase	03/26/08	10,700.00	\$ 23.64	(\$252,898.00)
Purchase	03/26/08	22,100.00	\$ 23.53	(\$520,013.00)
Purchase	03/27/08	32,800.00	\$ 23.52	(\$771,426.00)
Purchase	03/27/08	93,400.00	\$ 23.55	(\$2,199,150.00)
Sale	02/29/08	-17,000.00	\$ 26.34	\$447,787.00
Sale	07/02/08	-21,900.00	\$ 25.31	\$554,307.00

EXHIBIT C

CERTIFICATION OF HARALD ESPEDAL IN SUPPORT OF SKAGEN A/S'S MOTION FOR ITS APPOINTMENT AS LEAD PLAINTIFF, AND FOR THE APPROVAL OF ITS SELECTION OF COUNSEL

SKAGEN A/S ("SKAGEN" or "Plaintiff") declares, as to the claims asserted under the federal securities laws, that:

1. SKAGEN did not purchase the security that is the subject of this action at the direction of Plaintiff's counsel or in order to participate in any private action.
2. SKAGEN is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary.
3. Attached in Schedule A are Plaintiff's transactions in Satyam Computer Services, Ltd.'s (NYSE: SAY) American Depositary Shares ("ADSs") during the Class Period.
4. SKAGEN has full power and authority to bring suit to recover for investment losses suffered as a result of investing in Satyam Computer Services, Ltd. and has received an assignment of claims to prosecute all causes of action relating to the transactions listed on Schedule A.
5. SKAGEN has fully reviewed the facts and allegations asserted in a complaint filed in this action and has authorized the filing of the motion for appointment as lead plaintiff on its behalf in this action.
6. I, Harald Espedal, Managing Director of SKAGEN, am authorized to make legal decisions on behalf of SKAGEN.
7. SKAGEN intends to actively monitor and vigorously pursue this action for the benefit of the class, and it has retained the law firm of Barroway Topaz Kessler Meltzer & Check, LLP which has extensive experience in securities litigation and in the representation of institutional investors, to represent Plaintiff in this action.

8. SKAGEN will endeavor to provide fair and adequate representation and work directly with the efforts of Class counsel to ensure that the largest recovery for the Class consistent with good faith and meritorious judgment is obtained.

9. Plaintiff has not served nor has is sought to serve as a representative party for a class action filed under the federal securities laws during the three years prior to the date of this Certification.


10. Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond the Plaintiff's pro rata share of any recovery, except such reasonable costs and expenses directly relating to the representation of the class as ordered or approved by the Court.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 6 day of March, 2009.

SKAGEN A/S

By:



Harald Espedal, *Managing Director*

SCHEDULE A

Fund	Type of Securities	Purchase or Sale	Date	Number of Securities	Price of Securities
SKAGEN Kon-Tiki	ADS	Purchase*	3/16/2004	120,000	\$9.4712
	ADS	Purchase	1/8/2008	534,100	\$24.8830
	ADS	Purchase	1/8/2008	5,100	\$24.6624
	ADS	Purchase	1/8/2008	3,300	\$24.6461
	ADS	Purchase	1/9/2008	202,600	\$24.4071
	ADS	Purchase	1/10/2008	115,500	\$24.5021
	ADS	Purchase	1/11/2008	291,500	\$23.7330
	ADS	Purchase	1/14/2008	62,000	\$23.7761
	ADS	Purchase	1/15/2008	361,900	\$22.9935
	ADS	Purchase	3/7/2008	34,000	\$23.7793
	ADS	Purchase	3/10/2008	40,000	\$23.1593
	ADS	Purchase	4/22/2008	72,108	\$23.2430
	ADS	Purchase	4/25/2008	600	\$24.1000
	ADS	Purchase	4/28/2008	24,000	\$24.3455
	ADS	Purchase	5/8/2008	47,790	\$25.3999
	ADS	Purchase	6/11/2008	59,000	\$25.2499
	ADS	Purchase	7/1/2008	47,000	\$23.9789
	ADS	Purchase	7/11/2008	276,000	\$23.2435
	ADS	Purchase	7/18/2008	99,700	\$22.3231
	ADS	Purchase	9/15/2008	116,900	\$18.5335
	ADS	Purchase	12/16/2008	403,000	\$5.4752
	ADS	Sale*	4/1/2004	120,000	\$10.5848
	ADS	Sale	4/1/2008	50,000	\$24.0000
	ADS	Sale	4/2/2008	26,500	\$24.0007
	ADS	Sale	9/25/2008	266,300	\$17.9112
	ADS	Sale	9/26/2008	352,585	\$17.7807
	ADS	Sale	9/29/2008	380,500	\$15.1852
	ADS	Sale	9/30/2008	700,112	\$15.7024
	ADS	Sale	10/1/2008	63,700	\$16.2475
	ADS	Sale	10/2/2008	53,401	\$15.7064
	ADS	Sale	10/3/2008	26,000	\$16.2500
	ADS	Sale	10/6/2008	36,500	\$13.9901
	ADS	Sale	10/6/2008	321,900	\$13.8953
	ADS	Sale	10/13/2008	115,600	\$14.2903
	ADS	Sale	12/17/2008	353,000	\$8.2059
	ADS	Sale	12/29/2008	50,000	\$8.5043

**Adjusted for two for one stock split on October 18, 2006*

EXHIBIT D

**CERTIFICATION OF HENRIK OLEJASZ LARSEN AND CHARLOTTE MØLLER IN
SUPPORT OF SAMPENSION KP LIVSFORSIKRING A/S'S MOTION FOR ITS
APPOINTMENT AS LEAD PLAINTIFF, AND FOR THE APPROVAL OF ITS
SELECTION OF COUNSEL**

Sampension KP Livsforsikring A/S ("Sampension" or "Plaintiff") declares, as to the claims asserted under the federal securities laws, that:

1. Sampension did not purchase the security that is the subject of this action at the direction of Plaintiff's counsel or in order to participate in any private action.
2. Sampension is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary.
3. Attached in Schedule A are Plaintiff's transactions in Satyam Computer Services, Ltd.'s (NYSE: SAY) American Depositary Shares ("ADSs") during the Class Period.
4. Sampension has full power and authority to bring suit to recover for investment losses suffered as a result of its investments.
5. Sampension has fully reviewed the facts and allegations asserted in a complaint filed in this action and has authorized the filing of the motion for appointment as lead plaintiff on its behalf in this action.
6. We, Henrik Olejasz Larsen and Charlotte Møller, Chief Investment Officer and Director of Finance respectively, of Sampension, are authorized to make legal decisions on behalf of Sampension.
7. Sampension intends to actively monitor and vigorously pursue this action for the benefit of the class, and it has retained the law firm of Barroway Topaz Kessler Meltzer & Check, LLP which has extensive experience in securities litigation and in the representation of institutional investors, to represent Plaintiff in this action.

8. Sampension will endeavor to provide fair and adequate representation and work directly with the efforts of Class counsel to ensure that the largest recovery for the Class consistent with good faith and meritorious judgment is obtained.

9. Plaintiff has not served as a representative party for a class action filed under the federal securities laws during the three years prior to the date of this Certification.


10. Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond the Plaintiff's pro rata share of any recovery, except such reasonable costs and expenses directly relating to the representation of the class as ordered or approved by the Court.

We declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 5th day of March, 2009.

Sampension KP Livsforsikring A/S

By: 
Henrik Olejasz Larsen
Chief Investment Officer

By: 
Charlotte Møller
Director of Finance

SCHEDULE A

Type of Securities	Purchase or Sale	Date	Number of Securities	Price of Securities
ADS	Purchase	8/23/2007	4,600	\$23.6961
ADS	Purchase	8/23/2007	32,800	\$23.7563
ADS	Purchase	8/23/2007	54,518	\$23.7770
ADS	Purchase	8/23/2007	9,400	\$23.7989
ADS	Purchase	8/23/2007	621	\$23.8712
ADS	Purchase	8/24/2007	14,079	\$24.3748
ADS	Purchase	8/24/2007	3,900	\$24.4000
ADS	Purchase	8/24/2007	200	\$24.4260
ADS	Purchase	8/24/2007	36,482	\$24.4272
ADS	Purchase	9/12/2007	40,100	\$24.2409
ADS	Purchase	3/5/2008	11,100	\$25.6320
ADS	Purchase	7/14/2008	30,000	\$22.4742
ADS	Sale	10/16/2008	106,800	\$13.1698
ADS	Sale	10/16/2008	44,800	\$13.2144
ADS	Sale	10/17/2008	75,700	\$14.4283
ADS	Sale	10/17/2008	10,500	\$14.5720

EXHIBIT E

To the Board of Directors
Satyam Computer Services Ltd.

From B. Ramalinga Raju
Chairman, Satyam Computer Services Ltd.

January 7, 2009

Dear Board Members,

It is with deep regret, and tremendous burden that I am carrying on my conscience, that I would like to bring the following facts to your notice:

1. The Balance Sheet carries as of September 30, 2008
 - a. Inflated (non-existent) cash and bank balances of Rs.5,040 crore (as against Rs. 5361 crore reflected in the books)
 - b. An accrued interest of Rs. 376 crore which is non-existent
 - c. An understated liability of Rs. 1,230 crore on account of funds arranged by me
 - d. An over stated debtors position of Rs. 490 crore (as against Rs. 2651 reflected in the books)

2. For the September quarter (Q2) we reported a revenue of Rs.2,700 crore and an operating margin of Rs. 649 crore (24% Of revenues) as against the actual revenues of Rs. 2,112 crore and an actual operating margin of Rs. 61 Crore (3% of revenues). This



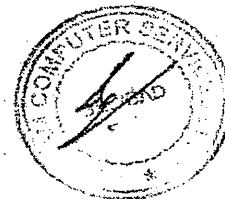
has resulted in artificial cash and bank balances going up by Rs. 588 crore in Q2 alone.

The gap in the Balance Sheet has arisen purely on account of inflated profits over a period of last several years (limited only to Satyam standalone, books of subsidiaries reflecting true performance). What started as a marginal gap between actual operating profit and the one reflected in the books of accounts continued to grow over the years. It has attained unmanageable proportions as the size of company operations grew significantly (annualized revenue run rate of Rs. 11,276 crore in the September quarter, 2008 and official reserves of Rs. 8,392 crore). The differential in the real profits and the one reflected in the books was further accentuated by the fact that the company had to carry additional resources and assets to justify higher level of operations –thereby significantly increasing the costs.

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.

The aborted Maytas acquisition deal was the last attempt to fill the fictitious assets with real ones. Maytas' investors were convinced that this is a good divestment opportunity and a strategic fit. Once Satyam's problem was solved, it was hoped that Maytas' payments can be delayed. But that was not to be. What followed in the last several days is common knowledge.

I would like the Board to know:



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 (Statement enclosed, only to the members of the board). Significant dividend payments, acquisitions, capital expenditure to provide for growth did not help matters. Every attempt was made to keep the wheel moving and to ensure prompt payment of salaries to the associates. The last straw was the selling of most of the pledged share by the lenders on account of margin triggers.
3. That neither me, nor the Managing Director took even one rupee/dollar from the company and have not benefitted in financial terms on account of the inflated results.
4. None of the board members, past or present, had any knowledge of the situation in which the company is placed. Even business leaders and senior executives in the company, such as, Ram Mynampati, Subu D, T.R. Anand, Keshab Panda, Virender Agarwal, A.S. Murthy, Hari T, SV Krishnan, Vijay Prasad, Manish Mehta, Murali V, Sriram Papani, Kiran Kavale, Joe Lagioia, Ravindra Penumetsa, Jayaraman and Prabhakar Gupta are unaware of the real situation as against the books of accounts. None of my or Managing Director's immediate or extended family members has any idea about these issues.



Having put these facts before you, I leave it to the wisdom of the board to take the matters forward. However, I am also taking the liberty to recommend the following steps:

1. A Task Force has been formed in the last few days to address the situation arising out of the failed Maytas acquisition attempt. This consists of some of the most accomplished leaders of Satyam: Subu D, T.R. Anand, Keshab Panda and Virender Agarwal , representing business functions, and A.S. Murthy, Hari T and Murali V representing support functions. I suggest that Ram Mynampati be made the Chairman of this Task Force to immediately address some of the operational matters on hand. Ram can also act as an interim CEO reporting to the board.
2. Merrill Lynch can be entrusted with the task of quickly exploring some Merger opportunities.
3. You may have a 'restatement of accounts' prepared by the auditors in light of the facts that I have placed before you.

I have promoted and have been associated with Satyam for well over twenty years now. I have seen it grow from few people to 53,000 people, with 185 Fortune 500 companies as customers and operations in 66 countries. Satyam has established an excellent leadership and competency base at all levels. I sincerely apologize to all Satyamites and stakeholders, who have made Satyam a special organization, for the current situation. I am confident they will stand by the company in this hour of crisis.



In light of the above, I fervently appeal to the board to hold together to take some important steps. Mr. T.R. Prasad is well placed to mobilize support from the government at this crucial time. With the hope that members of the Task Force and the financial advisor, Merrill Lynch (now Bank of America) will stand by the company at this crucial hour, I am marking copies of this statement to them as well.

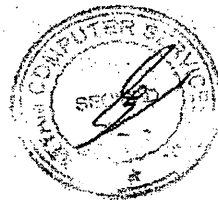
Under the circumstances, I am tendering my resignation as the chairman of Satyam and shall continue in this position only till such time the current board is expanded. My continuance is just to ensure enhancement of the board over the next several days or as early as possible.

I am now prepared to subject myself to the laws of the land and face consequences thereof.

(B. Ramalinga Raju)

Copies marked to:

1. Chairman SEBI
2. Stock Exchanges



CERTIFICATE OF SERVICE

I hereby certify that on July 17, 2009 the attached **Consolidated Class Action Complaint** was served overnight mail and email to the following counsel:

Warren R. Stern
George T. Conway III
Michael S. Winograd
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019

*Attorneys for Defendant Satyam Computer
Services Limited*



Keith M. Fleischman
Keith M. Fleischman