

**Dhruve  
Liladhar & Co.** (REGD)  
ADVOCATES, SOLICITORS & NOTARY\*  
Established Since 1957

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Ref. No.: 77/09

8<sup>th</sup> January, 2009.

To

The President  
The Institute of Chartered Accountants of India  
71, Indraprasth Marg,  
New Delhi.

Dear Sir,

**Kind Attn: Mr. Ved Jain.**

We are concerned for our clients, **Investors Grievances Forum** and under instructions from them, we have to address you as follows:-

1. You are aware that Price Water House Coopers (PWC) are the Auditors of Satyam Computers Services Ltd., ("the said Company").
2. PWC are one of the "big 4" Accounting Firms in the World and in India. PWC does not need introduction and as such a firm of immense repute they should have taken due care and precaution to verify, check and certify the Company's financial position i.e. at least to check the cash and bank balance.
3. From mere reading from the media reports as also from a mere perusal of the letter addressed by Mr. B. Ramalinga Raju, the Chairman of the said Company, a copy of which was marked to the Chairman SEBI and also to all Exchanges in India, which shows the sheer professional mis-conduct and negligence on the part of the PWC as Statutory Auditor of the said Company has itself mentioned in the said letter that the financial mess is going on in the said Company since past 8 years.
4. You will be shocked and surprised to read the first paragraph of the said letter addressed by the said Chairman of the said Company which reads as follows:-

*" 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 our 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);*

*DRM*

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- 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);"*

5. When the Chairman himself admits in his letter that the gap in the balance-sheet of the said Company has arisen purely on account of INFLATED PROFITS OVER A PERIOD OF LAST SEVERAL YEARS speaks gross negligence of the PWC. If, we will mention the conduct and the reckless attitude with which such an accounting firm like PWC functions, we can fill-up pages to that effect. The said Company is not the sole brush with infamy for PWC one of the worlds top accounting firms. PWC is already in deep trouble in relation to its suspect auditing of the collapsed Global Trust Bank for which it is already been proved by the disciplinary committee of the institute.

6. The Global Trust Bank and Satyam figure in the 10 scrips that were already violated by Mr. Ketan Parekh (named as K.P. 10) in the infamous stock market scandal years in year 2001.

7. Please note that no further evidence against PWC is required as the Satyam Computers Services Ltd. has repeatedly certified an inflated balance sheet over a period of eight years. PWC license granted by your Institute should be cancelled and stern action should be taken against them.

8. In the circumstances and under instructions from our clients, we have to call upon you to take immediate action forthwith against them.

Yours faithfully,  
For **M/s. Dhruve Liladhar & Co.**



**Partner**

Advocates, Solicitors & Notary

C.C. to: **The Chairman**  
**SEBI**  
**Mumbai.**