

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY**

**ORDINARY ORIGINAL CIVIL JURISDICTION**

**P. I. L. WRIT PETITION NO.        OF 2009**

In the matter of:

- 1) Article 226 of the Constitution of India;  
And
- 2) Articles 14 and 21 of the Constitution of India;  
And
- 3) Companies Act, 1956;  
And
- 4) Securities and Exchange Board of India Act, 1992;  
And
- 5) Chartered Accountants Act, 1949;  
And
- 6) the scam involving Satyam Computer Services Limited (Satyam);  
And
- 7) the utter negligence, breach of duty, breach of trust and fraud perpetrated by the Directors and Auditors of Satyam on its shareholders  
And
- 8) the investigation being carried on by various authorities at this point in time as well as which may be undertaken in the future;  
And
- 9) the suspicious activity involving the scrip of Satyam for the previous 3 months, promoters including, on 7<sup>th</sup>

January 2009 including the aggressive selling on the thereof in the Futures and Option segment of the National Stock Exchange which caused heavy losses to the small investors;

And

- 10) Accountability of Regulators
- 11) Losses incurred to the Small Investors directly & through LIC, ULIP, Mutual Funds
- 12) the need to review the existing laws qua their efficacy to protect and safeguard the interest of the small investors.

1. INVESTORS GRIEVANCES FORUM,  
a Society, registered under the provisions of the Societies Registration Act, 1860 and a Trust registered under the provisions of the Bombay Public Trust Act, 1950, having its office at Neelam Nagar, Mulund (East), Mumbai – 400 081.
2. Dr. KIRIT SOMAIYA,  
aged about 54 years, of Mumbai, Indian Inhabitant, residing at 9C, Neelam Nagar, Mulund (East), Mumbai – 400 081.
3. Mr. CHANDRESH K. SHAH,  
aged about 51 years, of Mumbai, Indian Inhabitant, residing at 96, marine Drive, H Cross Road, 4<sup>th</sup> Floor, Flat No. 15, Mumbai 400 002.

4. Mr. VINOD TIWARI,  
aged about 39 years, of Mumbai, Indian  
Inhabitant, residing at Rajaram Mishra  
Chawl, Room No.4, Kajupada, Ganesh  
Maidan, Kurla (West), Mumbai – 400 072. ... Petitioners

Versus

1. UNION OF INDIA,  
through the Department of Company  
Affairs to be served through the Office of  
the Additional Solicitor General at New  
Delhi.
2. STATE OF MAHARASHTRA,  
through the Secretary department of  
Home Affairs, to be served through the  
office of the Government Pleader, High  
Court (O. S.), Mumbai.
3. SECURITIES AND EXCHANGE BOARD  
OF INDIA,  
a board constituted under the provisions  
of the Securities and Exchange Board of  
India Act, 1992 through its Chairman  
having its office at Plot No. C4-A, 'G'  
Block, Bandra-Kurla Complex, Bandra  
(East), Mumbai – 400 051.
4. NATIONAL STOCK EXCHANGE,  
through its Chief Executive Officer and  
Managing Director, having its office at  
Bandra-Kurla Complex, Bandra (East),  
Mumbai.

5. THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA,  
through its President a body established under the provisions of the Chartered Accountants Act, 1949, having its office at 71, Indraprastha Marg, New Delhi.
6. THE COMMISSIONER OF POLICE, MUMBAI,  
having his office at Crawford Market, CST, Mumbai - 400003
7. SATYAM COMPUTER SERVICES LIMITED, a company incorporated under the provisions of the Companies Act, 1956 and having its corporate office at 5th, Boston Plaza, Suven RD, NEXT to Cinemagic Chakala village, Mumbai – 400 093
- 8 B.RAMALINGA RAJU, Chairman, SATYAM COMPUTER SERVICES LIMITED
- 9 B. RAMA RAJU, MD, SATYAM COMPUTER SERVICES LIMITED
- 10 RAM MYNAMPATI, wholetime Director, SATYAM COMPUTER SERVICES LIMITED
- 11 KRISHNA PALEPU, Director, SATYAM COMPUTER SERVICES LIMITED  
(resigned on 29/12/08)

- 12 M. RAMMOHAN RAO, Director, SATYAM  
COMPUTER SERVICES LIMITED
- 13 V.S. RAJU, Director, SATYAM  
COMPUTER SERVICES LIMITED
- 14 MANGALAM SRINIVASAN, Director,  
SATYAM COMPUTER SERVICES  
LIMITED ( resigned on 25/12/08)
- 15 VINOD DHAM, Director, SATYAM  
COMPUTER SERVICES LIMITED  
(resigned on 29/12/08)
- 16 T.R. PRASAD, Director, SATYAM  
COMPUTER SERVICES LIMITED
- 17 PRICE WATERHOUSE & CO., Audit firm  
of Chartered Accountants, having its  
office at PwC House Plot No. 18 A, Guru  
Nanak Road (Station Road) Bandra  
Mumbai 400 028.
- 18 BOMBAY STOCK EXCHANGE,  
through its Chief Executive Officer and  
Managing Director, having its office at  
Phiroze Jeejeebhoy Towers Dalal Street  
Mumbai- 400001.

... Respondents

**TO**

**THE HON'BLE THE CHIEF JUSTICE AND  
THE HON'BLE PUISNE JUDGES OF  
THE HON'BLE HIGH COURT AT BOMBAY.**

**THE HUMBLE PETITION OF  
THE PETITIONERS ABOVE NAMED.**

**MOST RESPECTFULLY SHEWETH:**

1. Petitioner No.1 is a public spirited non-government organization based in Mumbai. Petitioner No.1 is registered under the provisions of the Societies Registration Act, 1860 as well as the Bombay Public Trust Act, 1950. Petitioner No.1 is also registered with Respondent No.3. Petitioner No.2 is the President, Petitioner No.3 is the Members' Managing Committee of the Petitioner No.1. Petitioner No.2 is a Chartered Accountant by profession and an Ex-Member of Parliament. He has been awarded Doctorate by University of Mumbai on "Capital Market – Small Investors Protection". Petitioner No.3 is a Office Bearer of Petitioner No.1 and Activist. He has also represented various committees on Small Investors – Capital Market. Petitioner No.4 is a shareholder of Satyam Computers. Petitioner No.1 has in the past successfully campaigned against the fraudulent activities committed in the capital market. One of the leading causes espoused by Petitioner No.1 is improvement of the existing system of regulators of the capital market to benefit the small investors. In the past, the Petitioner No. 1 has successfully taken up several causes in the public interest, a list whereof hereto annexed and marked as **Exhibit "A"**. Several members of Petitioner No. 1 have been inducted in various committees set up by Respondent No. 3. The Petitioners have their office and/or reside at the addresses respectively mentioned in the cause title.
  
2. Respondent No.1 is the Union of India. The Department of Corporate Affairs is responsible for the regulation of affairs of public limited companies incorporated under the provisions of the Companies Act, 1956. Respondent No.2 is the State of Maharashtra. The Department of Home Affairs is in-charge of the police authorities for Respondent No.2. Respondent No.3 is the Security & Exchange Board of India, a statutory authority constituted under the provisions of the Securities and Exchange

Board of India, 1992. Respondent No.3 is established to protect the interests of the investors in securities and to promote the development of the securities market through appropriate regulation. Respondent No.4 is the National Stock Exchange. The scrip of Respondent No. 7 is listed on Respondent No.4. Respondent No.5 is the Institute of Chartered Accountants of India, a statutory body established under the provisions of The Chartered Accountants Act, 1949. Respondent No.5 regulates profession of Chartered Accountants throughout India. Respondent No.6 is the Commissioner of Police for the City of Mumbai. Respondent No.7 is a company incorporated under the provisions of the Companies act, 1956. Respondent No.8 to 16 were the Directors of Respondent No.7 immediately preceding the supercession of the Board of Directors of Respondent No.7 by Respondent No.1. Respondent No. 17 is a firm of Chartered Accountants. Respondent No. 17 is the statutory internal auditor of Respondent No.7. The Respondents have their offices at the address respectively mentioned in the cause title.

3. The Petitioners have been constrained to approach this Hon'ble Court invoking its extra ordinary jurisdiction conferred upon it by Article 226 of the Constitution of India in view of the one more scam of monstrous proportion allegedly committed by Respondents No.8 and 9.
4. The aforesaid scam is another one in the line of securities fraud which are becoming common place in the Indian economy. Regular reports of fraud committed by Indian companies has besmirched the reputation of the Indian economy. The same is also detrimental to the economic growth and progress of India. It has also dealt a heavy blow to the already shaken confidence of the small investors. Some of the small investors have lost their life's savings as a result of the frauds. The constant reports of fraud has made securities market, which in any event is fraught with risks, very gloomy.
5. By this Petition, the Petitioners seek, interalia, order and direction from this Hon'ble Court to appoint a committee consisting of such persons as

this Hon'ble Court may deem fit and proper to prepare plan within such time as this Hon'ble Court may deem fit for suggesting measures to make the regulatory process more effective and accessible even to the small investors and upon receipt of the report thereof to implement the directions passed by this Hon'ble Court thereon till such time as Respondent No. 1 does not pass appropriate law dealing with the same.

6. In or around the year 1991, the then Union Minister, Mr. P. V. Narsimha Rao ushered in what is popularly known as liberalization of Indian Economy. One of the off-shorts of the so-called liberalization was increase in the participation of the common man in the share market. This in turn led to large scale increase in the volume of small investors who put their life savings in various shares and securities quoted on the Stock Exchanges. Mumbai being the economic and financial capital of India, naturally a very large number of people from the city joined the bandwagon. However, there was no focus at least initially to educate the investors, particularly the small investors, about the pit falls of the share market. Moreover, the existing laws were not fully equipped to deal with the barrage of investments.
7. All the aforesaid factors made the share market a ripe ground for nefarious and illegal activities. In fact, the past two decades have seen an unprecedented rise in securities scams. Two of the more notorious scams were the ones perpetrated by Mr. Harshad Mehta in 1991-1992 and Mr. Ketan Parekh in 2001. The details of the said two scams do not bear repetition. The aftermath of these scams saw wholesale amendment in laws relating to securities. In fact, a Special Court was constituted to deal with the claims which rose out of the Harshad Mehta scam.
8. Despite passage of several years and large scale investigations carried on by several authorities, the perpetrators of said two scams are yet to be brought to justice. This itself speaks volumes for the existing system.
9. In addition to the aforesaid two scams, there were several other smaller but no less heinous scams and frauds which were committed by

promoters, brokers and other individuals dealing with shares and securities. Some of the more prominent share market scams are as under:-

- Harshad Mehta
- NBFC Scam
- CRB Finance
- Plantation's Co.
- Vanishing Co.
- Name Changing Scam
- Dot Com. Co.'s Scam
- US-64 Disaster
- Ketan Parekh Scam
- UTI Fiasco
- MNC Delistings
- Buy Back
- By passing "Open Offers under Take Overs".
- Co-operative Banks
- "Home Trade Ghotala"
- Assured Returns Schemes of Mutual Funds.
- Negative Returns of Private Mutual Funds
- Manipulation Scam of 1998
- FII Sub Accounts – PN Route
- "Ek ka Double"

10. All the scams and frauds in the securities market have led to a large number of small investors losing their hard-earned life savings. In fact many of the small investors, lured by the promise of big returns by unscrupulous promoters, brokers, etc., have caused their homes to be mortgaged, taken bank loans to invest in the shares and securities. Despite the existence of Respondent No. 3 and a plethora of laws, rules and regulations to safeguard the interests of the investors in share and securities the same have not always been successful. In all this milieu it is the small investors who have been the biggest losers.

11. The latest to join the ranks of the multi-crore Rupees scams is Respondent No.7. However, unlike the other scams, the one in relation to Respondent No. 7 is ominous for the economy.
12. Respondent No.7 is the 4<sup>th</sup> largest company providing information technology services in India. It serves 654 global companies of which 185 are Fortune 500 corporations. Its network covers 67 countries across 6 continents. It employs 53,000 IT professionals. Respondent No.7 has received several awards from National as well as international agencies and organizations for its Excellence in Corporate Governance. The awards won by Respondent No. 7 are listed on its web-site, a copy whereof is hereto annexed and marked as **Exhibit "B"**.
13. Prior to the revelation of the scam, several foreign institutional investors and domestic institutional investors held shares of Respondent No. 7. Eminent persons like Mr. T. R. Prasad, former Cabinet Secretary, were its independent directors. In view of its immense reputation, the shares of Respondent No. 7 commanded a very high price and/or premium. Respondent No.7 was no fly by night operation before investing in which investors were required to exercise extreme diligence. Several small investors were lured into buying shares of Respondent No.7. With the outbreak of the news of the scam, the share prices of Respondent No. 7 are at an all time low. The life savings of several small investors has been completely wiped out. Even investments in big reputed companies are now not secure. This will make the investors anxious. Such anxiety is ominous for a growing economy like India.
14. Though the details of the scam as learnt by the Petitioners have been widely publicized, some of the events of its aftermath bear repetition and are as under:
  - (i) Respondent No. 8, by his letter dated 7<sup>th</sup> January 2009, resigned as a Director of the Respondent No. 7. Paragraph No.1 of the said

letter of resignation dated 7<sup>th</sup> January 2009 is relevant, which is annexed hereto and marked as **“Exhibit “C”**.

- (ii) A copy of the said resignation letter dated 7<sup>th</sup> January 2009 was also addressed to Respondent No. 4.
  - (iii) The same was received by respondent No.4 at 9.30 a.m. However, Respondent No.4 communicated the contents thereof to the public only at 11.15 a.m.
  - (iv) The trading on the scrip of Respondent No.7 permitted to continue thereafter at the risk of the interest of the public at large.
  - (v) In the Futures and Options segment, there was aggressive selling of the scrip of Respondent No.7.
  - (vi) Several foreign institutional investors dumped all or part of their shareholding in Respondent No.7 in open market.
  - (vii) Several employees of Respondent No.7 also indulged in sale of the shares of the Respondent No.7 held by them.
  - (viii) The price of 1 share of Respondent No.7 which was quoted between Rs.180/- & Rs.185/- when the market opened on 7<sup>th</sup> January 2009 crashed. There was a hit sale till Rs.115/-. Surprisingly, the price per share of Respondent No.7 came down to as low as Rs.31/- per share and finally closed at around Rs.40/- per share.
15. In the circumstances, it is clear that the mechanism established by the law for the time being in force has collapsed collectively. The Board of Directors including the so-called independent Directors of Respondent No.7 as well as Respondent No.17 are all guilty of negligence, breach of duty, breach of trust and fraud.
16. A bare perusal of paragraph No.1 of the said letter of resignation dated 7<sup>th</sup> January 2009 makes it crystal clear that by applying the minimum

care and precaution, it was possible for Respondent No.17 to detect the fraud. What is even more shocking is the fact that Respondent No.8 claims that he juggled with the facts and figures in the balance sheet for several years before his confession. It is apparent that Respondent No. 17 took no steps to verify and ascertain the true and correct state of affairs of Respondent No.7. In fact the scam of the nature which is confessed by Respondent No.8 is impossible without the complicity of the auditors.

17. Respondent No.17 is one of the big four accounting firms in the world. It enjoys immense reputation all over the world. It boasts of several multinational. Trans-national and global clients 46 of which are fortune500 corporations. However, this is not its first brush with infamy. Respondent no. 1 had to earlier suffer the ignominy of being restrained from conducting bank audits on account of its role in the Harshad Mehta scam. Respondent No.17 is also in deep trouble in relation to its suspect auditing of the collapsed Global Trust Bank. It is facing possible action by Disciplinary Committee of Respondent No.5. It is pertinent to note that both Global Trust Bank and Respondent No.7 figure in the list of 10 scrips (infamously known as "**KP 10**").
18. In the circumstances, it is indeed shocking that Respondent No.17 was permitted to conduct audit at all. Respondent No.5. has been sorely remiss in its duty as regulator of the profession of chartered accountants. This is yet another instance of the failure / loop hole in the existing system which puts the small investors at risk.
19. Respondent No.7 also had 6 independent Directors, viz., Respondents No.11 to 16. The scam was committed right under their noses. It is pertinent to note that under the provisions of the Companies Act, 1956, the balance sheet has to be approved by the Board of Directors before it is audited. However, if the contents of the said resignation letter dated 7<sup>th</sup> January 2009 are to be believed, Respondents No.11 to 16 were unable to even get a whiff of the scam. The veracity of the contents of the said

resignation letter dated 7<sup>th</sup> January 2009 shall be determined in due course. In any event, the position of the so-called independent Directors is proved to be superfluous in the case of Respondent No.7.

20. Upon learning of the said letter of resignation dated 7<sup>th</sup> January 2009, the Petitioners, by their 2 letters, both dated 7<sup>th</sup> January 2009, requested Respondent No.3 and the Crime Branch of Mumbai Police to take action as more particularly suggested therein. Copies of the said two letters dated 7<sup>th</sup> January 2009 is hereto annexed and marked as **Exhibits "D" and "E"** respectively.
21. Thereafter, Petitioner No.1, by its letter dated 8<sup>th</sup> January 2009 once again requested Respondent No.3 to take action as more particularly suggested therein. Hereto annexed and marked as **Exhibit "F"** is a copy of the said letter dated 8<sup>th</sup> January 2009.
22. Simultaneously, the Petitioner No.1, by its Advocates' three letters, all dated 8<sup>th</sup> January 2009, set out the aforesaid facts and requested Respondents No.3, 4 and 5 to take action as more particularly suggested therein. Copies of the said three letters, all dated 8<sup>th</sup> January 2009 are hereto annexed and marked **Exhibits "G" to "I"** respectively.
23. Till date none of the Respondents have replied to any of the aforesaid letters. Though it is heartening to see that all the concerned authorities have reacted with the necessary alacrity to investigate said scam. Till date there is no whisper in any news paper reports or official government publications as what remedial steps are being taken by the concerned authorities to protect and safe guard the interests of the small investors of Respondent No.7. This is a poor reflection on our existing system.
24. One of the chief causes for this alarming apathy to the travails of the small investors is the lack of a unified body to espouse its cause. It is pertinent to note that till such time as the state adopts more efficacious laws to combat the nefarious and illegal practices in the share market, the plight of the small investors will not improve. However, Respondents

have been negligent in their duty towards the small investors. In fact the tendency in recent legislations has been to further strengthen the hands of the big investors.

25. The scam of Satyam came out only after the Promoter, Mr. Raju himself wrote to the Stock Exchanges on 7th January 2009. This should have come out earlier if the Auditors would have been more watchful, careful and had performed their duty religiously. The Petitioners feel that knowingly the bubble was created in the Capital Market. The Public Issues of the Companies have been floated with the permission of various Respondents at astronomical rates. Sensex was taken and gone up to 21000 in the month of January 2008, which crashed to 9000 at the end of the year, i.e. December 2008. Out of the 42 IPOs floated during the year 2008, 38 are quoted at 22 to 30% of their Issue Price. The rates of real estate companies' shares have fallen drastically. Non-transparent system of rating and valuation is one of the major reasons. Regulators have been mute spectators. The Mutual Fund, insurance companies including the Life Insurance Corporation of India have invested in all such companies for the reasons known to them. Small Investors in the Mutual Fund have lost Rs.1,50,000 crores in a single year 2008. An amount of Rs.10,000 invested in ULIP of the Life Insurance Corporation in 2007 is now valued at Rs.4,900. The Petitioners Nos.1 and 2 have approached and interacted with almost all the Respondents several times during the years 2007 and 2008, have made presentation and representation about the bubble, non-transparent activities, manipulation in IPOs, exorbitant valuation. Petitions have also urged them several times to act promptly to avoid a major scam. The Petitioners feel that Satyam may be the first bubble to burst. The recent report of a prominent Merchant Banker, J.M. Financial Research says that 15 prominent listed companies have shown inflated profits or so in their published Accounts. The Petitioners have approached this Hon'ble Court to draw attention about the failure of the responsibility and accountability by various Respondents.

26. It seems that the Government and Regulators have taken some action on Satyam. The Promoter of Satyam, Mr. Raju has surrendered to the Police after 60 hours. The Directors have been sent to judicial custody. The Petitioners fail to understand how the inquiry and investigation of CID will proceed. The Petitioners' points regarding freezing of the assets and properties of Promoters' sister companies, bank accounts as also action against the Auditors are not yet taken. No steps are seen to be taken against all those who failed to perform their duty. No steps are seen to find out the real truth behind the scam.
27. In the premises, the Petitioners have approached this Hon'ble Court invoking its inherent and extra-ordinary constitutional jurisdiction under Article 226 of the Constitution of India for intervention on behalf of the investors, particularly the small investors, on the following amongst other grounds which are in the alternative and without prejudice to each other:-

#### **G R O U N D S**

- (i) there is no reason whatsoever as to why the Respondents No. 1 to 4 have failed and neglected to take immediate effective steps to safeguard the interests of the investors, particularly the small investors;
- (ii) all the powers for providing more effective laws is vested in Respondents No. 1 to 5. Respondents No. 1 to 5 being the State or instrumentalities of the State, they are expected to act efficiently and without any delay. However, the conduct of Respondents No. 1 to 5 has been far from what is expected of the State;
- (iii) despite the past wrong-doings of Respondent No. 17, Respondent No. 5 permitted it to continue auditing the accounts of several large corporations. No stringent action capable of deterring another Chartered Accountant or a firm of Chartered Accountants

from committing such gross breach of duty has been taken by Respondent No. 5;

- (iv) unless the auditors mandated by the statute have unimpeachable integrity there can be no hope of regulating the unscrupulous promoters, brokers, etc.
- (v) the inability of Respondents No.11 to 16 to detect the infirmities in the books of accounts and the actual state of affairs of Respondent No.7 despite passing the same in the meeting of the Board of Directors is evidence of their gross negligence and breach of duty;
- (vi) a bare perusal of the contents of the said letter of resignation dated 7<sup>th</sup> January 2009 makes it shockingly clear as to how easy it is to hoodwink all the regulating authorities.
- (vii) on account of the aforesaid scams, a large portion of investor wealth has been obliterated;
- (viii) a number of small investors have lost their life's saving as a result of the scams (including the one involving Respondent No.7);
- (ix) such scams are fast becoming the norm rather than being an exception. This has dealt a severe jolt to the confidence of the investor, particularly the small investor;
- (x) at present there is no body, statutory or otherwise, which allows the small investor to effectively ventilate its grievances and obtain redressal thereof;
- (xi) Respondents No. 1 to 5 have not exhibited any inclination to deal with the problems which beset the small investors.

28. The Petitioners, therefore, submit that this Hon'ble Court may be pleased to issue a Writ of Mandamus or any other appropriate writ, order or direction under Article 226 of Constitution of India ordering and directing

the Respondents No. 3 to 6 or any one or more of them, their officers, servants and agents to forthwith:-

- (i) Block the Futures and Option pay out which is to be done in the scrips of Respondent No. 7 by Respondent No. 4 in respect of the trading which took place on 7<sup>th</sup> January 2009;
- (j) Investigate, with the help of Respondent No.6 if required, each of the transaction which was entered into on 7<sup>th</sup> January 2009 in respect of the shares of Respondent No. 7 and upon identifying the persons who undertook the same, if thought fit, forthwith initiate appropriate action against them under the law for the time being in force;
- (k) take appropriate steps, including with the help of Respondent No. 6, to freeze the personal assets of Respondents Nos. 8 to 16.

29. The Petitioners further submit that this Hon'ble Court may be pleased to issue a Writ of Mandamus or a writ, order or direction in the nature of the Writ of Mandamus or any other appropriate writ, order or direction under Article 226 of Constitution of India ordering and directing the Respondent No. 5, their members, officers, servants and agents to forthwith take appropriate action against Respondent No. 17 including cancellation/ revocation of the licence permitting them to practice as a firm of Chartered Accountants issued to them under the provisions of the Chartered Accountants Act, 1949, blacklisting Respondent No. 17 from carrying out auditing of any kind in respect of any person.

30. The Petitioners further submit that this Hon'ble Court may be pleased to order and direct the appointment of a committee consisting of such persons as this Hon'ble Court may deem fit and proper to prepare a detailed plan within such time as this Hon'ble Court may deem fit and proper for suggesting measures to make the regulatory process more effective and accessible even to the small investors including by ensuring that such scams do not occur in the future and upon receipt of the report

thereof to implement the directions passed by this Hon'ble Court thereon till such time as Respondent No. 1 does not pass appropriate law dealing with the same.

31. The Respondents have their respective offices at Mumbai. The cause of action of the Petition is such that all the citizens of the State of Maharashtra are vitally interested therein. This Hon'ble Court, therefore, has jurisdiction to try and entertain the present Petition.
32. The Petitioners have not filed any other Petition in this Hon'ble Court or in the Hon'ble Supreme Court of India relating to the subject matter of the present Petition, save and except as set out hereinabove.
33. The Petitioners state that they have no other alternative, adequate and efficacious remedy regarding subject matter of the present Petition, except to approach this Hon'ble Court under Article 226 of the Constitution of India for the reliefs sought for herein. The reliefs prayed for herein, if granted, shall suffice to meet the ends of justice.
34. The Petitioners have paid a fix Court Fees of Rs. \_\_\_\_\_/-.
35. Dr. Kirit Somaiya, the Petitioner No. 2 abovenamed, who is conversant with the facts of the case and able to depose to the same, has signed and verified this Petition.
36. The Petitioners will rely upon the documents a list whereof is annexed herewith.

**The Petitioners, therefore, pray that:-**

- (a) this Hon'ble Court be pleased to issue a Writ of Mandamus or a writ, order or direction in the nature of the Writ of Mandamus or any other appropriate writ, order or direction under Article 226 of Constitution of India ordering and directing the Respondents No. 1 to 21 or any one or more of them, their officers, servants and agents to forthwith:-

- (i) block the Futures and Option pay out which is to be done in the scrips of Respondent No. 7 by Respondent No. 4 in respect of the trading which took place on 7<sup>th</sup> January 2009;
  - (ii) investigate, with the help of Respondent No.6 if required, each of the transaction which was entered on 7<sup>th</sup> January 2009 in respect of the shares of Respondent No. 7 and upon identifying the persons who undertook the same to, if thought fit, forthwith initiate appropriate action against them under the law for the time being in force;
  - (iii) direct the Regulator, Respondents to investigate all the transactions in the Satyam Group shares 3 months prior to that of 7<sup>th</sup> January 2009. Transactions of the Promoters and Group companies as well as transactions that have been undertaken through Mauritius route, Participatory Notes route of FII;
  - (iv) take appropriate steps, including with the help of Respondent No. 6, to freeze the personal assets of Respondents No. 8 to 16;
- (b) this Hon'ble Court be pleased to issue a Writ of Mandamus or a writ, order or direction in the nature of the Writ of Mandamus or any other appropriate writ, order or direction under Article 226 of Constitution of India ordering and directing the Respondents No. 5, their members, officers, servants and agents to forthwith take appropriate action against Respondent No. 17 including cancellation/revocation of the licence permitting them to practice as a firm of Chartered Accountants issued to them under the provisions of the Chartered Accountants Act, 1949, blacklisting Respondent No. 17 from carrying out auditing of any kind in respect of any person;
- (c) to issue directives to execute the provisions of the Indemnity Insurance of the Auditors to protect Small Investors' interest;

- (d) as this is another disaster of PWC after GTB, to issue directive to conduct re-audit by SEBI/Institute of Chartered Accountants of India of all the companies audited by PWC;
- (e) to issue directive to Respondent No. 20 and the Regulators to take steps to protect the interest of Small Investors and make good all the losses incurred by them.
- (f) to issue directives to the Respondents to institute criminal proceedings against the Auditors;
- (g) to ask the Regulators and Respondents to take immediate steps to make valuation, rating, IPO premium rating system more transparent and accountable;
- (h) to call for explanation from the valuers, rating agencies regarding the disaster in the IPO premium;
- (i) to call for explanation from the Auditors, Institute of Chartered Accountants of India regarding showing inflated profits/revenue receipts, not adopted prudent accounting methods and by not provisioning the losses incurred;
- (j) to appoint a committee consisting of such persons as this Hon'ble Court may deem fit and proper to oversee the action taken by all the Respondents. The Committee also to oversee failure of the Regulators to stop and prevent Satyam scam/bubble. The Committee may report on the progress of the action to this Hon'ble Court on monthly basis. The Committee be asked to suggest measures to make regulatory process more effective accountable, transferable, accessible to the Small Investors. On receipt of the final report from the Committee, this Hon'ble Court may issue directions in the interest of Small Investors.
- (k) for interim and ad-interim reliefs in terms of prayer clauses (a) to (c) hereinabove;
- (l) for costs,

(m) for such other and further reliefs as this Hon'ble Court may deem fit and proper;

Petition drawn by:  
Mr. Nishant Sasidharan  
Advocate, High Court.

for Investors Grievances Forum

For M/s. Dhruve Liladhar & Co.,

President  
(Petitioner No. 1)

Partner  
Advocates for the Petitioners

Dr. Kirit Somaiya  
(Petitioner No. 2)

Chandresh K. Shah  
(Petitioner No.3)

Vinod Tiwari  
(Petitioner No. 4)

#### **VERIFICATION**

I, Dr. Kirit Somaiya, aged about 54 years, of Mumbai, Indian Inhabitant, Petitioner No. 2 abovenamed, residing at 9C, Neelam Nagar, Mulund (East), Mumbai – 400 081, do hereby solemnly declare that what is stated in paragraphs No. 1 to 27 of the Petition is true to my own knowledge and what is stated in remaining paragraphs No. 28 to 36 is based on information and belief and I believe the same to be true.

Solemnly declared at Mumbai ]

dated this day of January 2009 ]

Before me,

For M/s. Dhruve Liladhar & Co.,

Partner  
Advocate for the Petitioners.