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Financial scams in India: A case study on Satyam computer scandal 2006-2009

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Abstract

The deliberate fabrication of identity or information to deceive others, the unauthorised use of a credit card, debit card, or ATM, or the use of technology to transmit fraudulent information in an attempt to obtain money or valuables are all considered financial scams. There are many financial scams has been happening across the world, some of the example's scams which happened in india among that The Satyam Computers organizations shame was India's greatest corporate scam until 2010. The trailblazer and the heads of non mainstream based reexamining association Satyam PC organization, debased the records, expanded the proposition cost, and took enormous sums from the association a considerable amount of this was placed assets into property. This research paper covers Importance of the study, Objectives of the study, Why people should have an in depth study about Satyam computer and its various legal implication, Why people give valuable opinion and suggestion and also to create an awareness about financial scams and the stake holders, Legal compliance with fraud offense in India, Functions Of forensic accounting and it also explains about Examining financial information, bank statements, invoices, and other accounting records were all part of the forensic audit. and ends with how to prevent financial scams in India. Apparently corporate bookkeeping misrepresentation is a critical issue that is filling in both recurrence and seriousness, as confirmed by the instances of Enron, WorldCom, and Satyam. Research proof has exhibited that a rising number of false exercises have debilitated the respectability of financial reports, added to huge monetary misfortunes, and corrupted financial backers' certainty about the utility and unwavering quality of financial explanations.

Keywords: Financial scams, India, Satyam computer, corporate scam

1. Introduction

The incident that occurred at Satyam Computer Services between the years 2006 and 2009 is considered to be one of the most notorious instances of financial fraud in the history of corporations in India ^[1]. It caused shockwaves to travel across the business and financial sectors of the country ^[2]. The company Satyam, which was previously regarded as a pioneer in the Information Technology (IT) industry, found itself at the center of a web of dishonesty and financial mismanagement that shattered the faith of investors and highlighted issues about the regulatory control of corporate entities ^[3]. Not only did the crisis have immediate ramifications for Satyam and its stakeholders, but it also was the impetus for a wider discourse about corporate governance, transparency, and the necessity of effective regulatory structures within the Indian business scene ^[4].

In the early 21st century, Satyam Computer Services was recognized as a success story in India's rapidly developing information technology sector ^[5]. Ramalinga Raju, the company's founder and chairman, was the driving force behind the company's success ^[6]. Nevertheless, a stunning surprise was hiding beneath the surface of everyone's achievement. Raju admitted in January 2009 that he had engaged in a spectacular financial manipulation that involved intentionally inflating the profits of the company over a period of several years, which totaled an astounding \$1.47 billion ^[7]. As a result of this admission, shockwaves were sent across the worldwide business community, which resulted in a precipitous decrease in the value of Satyam's stock and sparked widespread worry about the veracity of financial reporting in the business world ^[8]. As a result of the Satyam affair, not only were the vulnerabilities in the system of financial reporting brought to light, but also doubts were raised regarding the effectiveness of regulatory organizations in preventing and identifying fraudulent acts of this nature ^[9].

The aftermath of the scandal resulted in substantial changes to the landscape of corporate governance in India^[10]. These changes prompted legislative reforms and heightened scrutiny in order to avoid similar instances from occurring again^[11]. This case study intends to go into the deep aspects of the Satyam Computer Services scandal, analyzing the conditions that led to the fraud, its impact on stakeholders, and the subsequent regulatory actions that aimed to restore confidence in the Indian business climate^[12]. Furthermore, the case study will investigate the impact that the fraud had on stakeholders. The Satyam case provides an opportunity to obtain significant insights into the complexities of financial frauds, the significance of openness in corporate operations, and the ongoing attempts to strengthen the regulatory framework in India^[13]. These insights can be gained by researching the Satyam case. The purposeful distortion of data or character to mislead others, the unlawful utilization of a credit or cheque or ATM, or the utilization of electronic means to send tricky data to get cash or different things of significant worth. In simple words, the financial scam means deceiving people's money or assets.

1.1 Importance of the study

The main importance to study about the financial scandal is to prevent it from happening. Financial scandal act people and their business with heavy loss, in such a way these kind of literature (Some of them are mentioned above) help the people to be aware of financial scams at any point of their business life^[14].

The objective is to cause the assets to seem authentic so they can be utilized without recognition. This cycle as a rule includes a progression of exchanges that make it challenging to follow the beginning of the assets.

There are many financial crimes happening in our society like Money laundering, fraud, Tax evasion, Embezzlement, Identity theft etc..., to escape from these kinds of financial crimes everyone must have knowledge in the financial crimes

The effect of monetary wrongdoings isn't restricted to a particular geology; a worldwide concern has broad outcomes^[15]. Terrorism in one nation can be financed with money laundered in another. Monetary violations can likewise weaken economies and subvert a majority rule government. Along these lines, accomplishing worldwide consistence is something beyond verifying boxes; It's about making the world of finance safer.

Monetary organizations also have a personal stake in strong FCC programs. Strong compliance mechanisms not only keep the institution from paying hefty fines, but they also improve the institution's reputation, which can help the company grow and gain customer trust.

1.2 Objectives of the study

1. In this section, we will investigate the sequence of events that led up to the Satyam controversy, including the most important financial transactions, fraudulent acts, and corporate choices.
2. Conduct an investigation into the immediate effects that the accounting problem has had on Satyam's shareholders, employees, customers, and other stakeholders.
3. Identify the lessons that can be learned from the Satyam

incident, especially those pertaining to corporate governance, auditing methods, and regulatory monitoring.

2. Review of literature

Das, Mishra, and Rajib's (2018)^[16] study, which was published in the *Global Business Review*, focuses on the complex link that exists in the Indian business context between firm-specific characteristics and earnings management. The investigators utilize a strict methodology in their data analysis, providing a thorough examination of the variables impacting earnings management strategies used by Indian companies. Their findings clarify the particular contextual elements at play in the Indian business environment and provide a substantial contribution to the understanding of corporate finance strategies.

Deb's research from 2023,^[17] which was published in the *Jindal Journal of Business Research*, provides a unique perspective on the auditing techniques employed by Indian auditors. In the section titled "Limning Auditing Indian Auditors," the auditing environment is described in detail. Academics, professionals, and legislators who wish to understand more about the challenges and complexities faced by Indian auditors may likely find Deb's work to be a helpful resource. This book, which focuses on the art and science of auditing, contributes to the ongoing discussion on financial accountability and transparency.

The *Business Law Review* published Deb and Chandra's collaborative work from 2023,^[18] which explores the important topic of corporate governance practices in developing nations. The report summarizes current research on corporate governance and suggests future routes for it, with a particular emphasis on the Indian economic environment. Given the increasing importance of corporate governance in determining the course of organizations, this work is especially pertinent and contemporary. Deb and Chandra add to the scholarly conversation on governance methods in emerging economies by providing a thorough synthesis and a forward-looking viewpoint.

This study by Dua, Farooq, and Rai, which was published in the *International Journal of Ethics and Systems*, explores the connection between moral leadership and employee voice behavior in the year 2023,^[19] with an emphasis on the influence of demographic factors. The study provides a thorough investigation of the ways in which moral leadership behaviors affect workers' propensity to voice their thoughts and concerns. The study offers a more thorough knowledge of the contextual elements influencing the interplay between employee voice and leadership ethics by including demographic data. Given the current state of organizations, this work is especially pertinent since it highlights the value of moral leadership in promoting candid communication among different teams.

2.1 The book "Corporate Governance: Creating Value for Stakeholders," which includes Jhunjhunwala's (2023)^[20] contribution, provides a thorough summary of the global corporate governance movement. Exploring the growth of corporate governance procedures globally, the author focuses on scams, rules, and regulations imposed in the public interest. Jhunjhunwala gives readers important insights into the intricacies and difficulties faced by

businesses in upholding ethical standards and regulatory compliance by summarizing significant advances and regulatory frameworks. The investigation of the relationship between stakeholder value creation, public interest, and corporate governance makes this work especially significant.

3. Research methodology

This study is purely based on secondary data. Various opinions from experts in this field is also considered

3.1 Research Design

This study's research design is interpretive and qualitative, with the goal of thoroughly examining the mechanics and reasons underlying dishonest financial reporting practices. By concentrating on the particular instance of Satyam Computer Services, the study aims to explore in great detail the special elements and contextual subtleties connected to one of the biggest corporate frauds in India. This method emphasizes the interpretive lens to unearth the underlying meanings and motivations within the socio-economic and regulatory framework of India, acknowledging the significance of comprehending the complex and context-specific character of fraudulent actions.

3.2 Data Collection Methods

The main technique for gathering data is to extract and examine news stories and reports about the Satyam corporate crisis using the Factiva database. This strategy guarantees a thorough examination of recorded actions and incidents, offering a thorough account of Satyam's dishonest financial reporting procedures. A wide range of viewpoints and a solid basis for the qualitative and interpretive inquiry are made possible by the utilization of secondary sources.

3.3 Data Sources

The research employs a wide range of data sources, including as books, journals, newspapers, press stories, statements, and reports, to conduct a thorough analysis of the Satyam business controversy. Books provide historical context, newspapers offer analytical depth, journals offer scholarly insights, press stories present current viewpoints, and statements and reports present factual accuracy. By taking a multidimensional approach, the study's trustworthiness is increased and a comprehensive qualitative and interpretive analysis of Satyam Computer Services' false financial reporting procedures is made possible. This assures a well-rounded investigation of events.

3.4 Case Study Approach

Using a case study approach, the research focuses on the Satyam business crisis, which is the biggest fraud case in India. This strategy makes it possible to conduct a thorough examination into the elements that lead to Satyam's financial reporting deception. Focusing on this particular example, the study seeks to offer a context-specific insight by revealing distinct dynamics and pinpointing important factors that contributed to the scandal's occurrence. This targeted methodology enables a refined examination, offering significant perspectives to the wider domain of financial misbehavior and corporate governance.

3.5 Content Analysis

In order to methodically review and analyses data taken from press stories on the Satyam business scandal, the study uses content analysis. Through the identification of patterns, themes, and important components, this analytical method offers insightful information on the underlying causes and incidents that led to Satyam Computer Services' fraudulent financial reporting practices.

3.6 Database Utilization

The main resource for press coverage of the Satyam case is the Factiva database, which provides thorough access to a large number of news stories. Its vast collection contributes to the study's accuracy and dependability and offers a strong framework for analyzing the Satyam business issue.

4. Data analysis and interpretation

4.1 Satyam Computer Services Limited's Corporate Accounting Scandal: An Analysis of India's Enron

Ironically, Satyam is the word for "truth" in the Sanskrit language of ancient India. In 2007 and 2009, Satyam was awarded the "Brilliant Peacock Grant" for being the best-managed firm. The innovative business Satyam Computers, which is regarded as India's IT "crown gem" and the "fourth biggest" in the country with a list of renowned clientele, is currently entangled in the worst corporate scandal in the country's recent history. The man behind Satyam, Mr. Ramalinga Raju, also referred to as "Raju," was apprehended and admitted to defrauding the public out of \$1.47 billion, or Rs. 7800 crores. He has also realised that he has been earning money for a number of years. According to sources, B. Rama Raju, the Overseeing Chief, and his brother Raju "kept the duplicity hidden from the organization's board, ranking directors, and examiners." The scandal involving Satyam and bookkeeping extortion has been dubbed "India's Enron." Fundamentally, in order to understand the elements, the organization's administration made "unscrupulous" decisions to investigate and determine the full scope of Satyam's deceit. Initially, it is necessary to provide a summary of Satyam's ascent to prominence as a rival in the broader IT management sector. Secondly, it is worthwhile to examine Ramalinga Raju, the dynamic inspiration of Satyam. Lastly, try to eliminate a few "examples" of the Satyam scam to see what's coming.

4.2 Emergence of Satyam Computer Services Limited

In the "reconsidered" IT organizations business in India, Satyam Computer Organizations Limited was a "rising star." In Hyderabad, India, Mr. Ramalinga Raju established the organization in 1987. Beginning with 20 laborers, the association immediately developed to turn into a "worldwide" undertaking. It gave IT organizations and business process reappropriation to different tasks. Satyam was one illustration of "India's creating accomplishment". Satyam got different honors in the space of corporate obligation, improvement, and management. In 2007, Mr. Raju was given the "Business visionary of the year" grant by Ernst and Young. On April 14, 2008, MZ Guidance perceived Satyam as a "trailblazer in India in CG and obligation." In September 2008, the World Chamber for Corporate Organization granted Satyam the "Overall Peacock Award" for in general outcome in corporate

obligation. Satyam unfortunately became engaged with a "immense" accounting scandal little than five months in the wake of getting the Worldwide Peacock Award. In 2003, 13,120 specific accomplices working for Satyam's IT organization divisions served in excess of 300 clients around the world. Around then, the assessed worldwide market for IT administrations was esteemed at near \$400 billion, and development at a build yearly development pace of 6.4% was expected. In request to effectively contend, the organization carried out a few multi-pronged corporate improvement plans against both homegrown and worldwide competition. The key variables driving the market at the time were its creating meaning organizations for associations generally, the effect of the Internet on eBusiness, the climb of an extraordinary IT organizations region in India and its practices, and the expanding revenue for IT expert centers prepared for offering different organizations. The association expanded quantifiably some place in the scope of 2003 and 2008 in basically for the most part financial limits that financial sponsor care about. Bargains for Satyam was USD \$467 million. The organization has created to USD \$2.1 billion by Walk 2008. Over the course of that time, the association showed "a yearly gather improvement speed of 35%." Working benefits were 21% on typical. Along these lines, pay per share expanded from \$0.12 to \$0.62 at a common yearly improvement speed of 40%. During a similar time span (2003-2009), the organization was selling at a typical following EBITDA various of 15.36. Satyam's portions topped at 526.25 INR, a 300% increment in esteem, subsequent to opening at 138.08 INR in January 2003. Almost five years have passed since the occurrence. It is clear that Satyam fundamentally expanded financial backer worth and business development. The organization was notable and a rising star in the worldwide IT area. As a matter of fact, Satyam's outer workplace added to the association's prosperity. In any case, the numbers didn't tell the entire story. The accounting blackmail instance of Satyam has come to be known as "India's Enron."

4.3 Mr. Ramalinga Raju and the Satyam Scandal

In a letter dated January 7, 2009, Mr. Raju told the Satyam Computers Limited Overseeing Chamber that "he had been controlling the association's accounting numbers for a seriously lengthy timespan" (see Annexure). He miscounted Satyam's accounting report's assets by \$1.47 billion, as Mr. Raju has recognized. The organization professed to be responsible for assets and bank credits adding up to around \$1.04 billion, but they were imaginary. Satyam likewise underreported liabilities in its resource report. Over various years, Satyam expanded compensation basically every quarter to meet examiner speculations. For example, the quarterly earnings and advantages were miscalculated by 75% and 97%, individually, because of the outcomes that were introduced on October 17, 2009. Mr. Raju and the association's general head of inside audit utilized different techniques to complete the schemer. Raju utilized his PC to legitimize many bank exchanges, which cutting-edge the cheating. Mr. Raju made the records to add totals that were missing from the resource report. He fortified the compensation statement by promising income remuneration from the made-up records. Besides uncovered by Mr. Raju

was his five-year history of opening 6,000 made up pay records and taking cash when the association saved it. The association's general head of inside audit made imaginary client profiles and misleading requesting against their names to help income. As well as impacting board choices, the general head of inner audit likewise got assets for the organization unlawfully^[27]. Besides, it appeared to be like the cash that the organization shipped into the US utilizing American Vault Receipts was never noted on the equilibrium sheets'. Raju was headed to "ride the tiger" by his unquenchable requirement for abundance, authority, reality, achievement, and brilliance. All watchman obligations were broken thus, including the obligations of wariness, foolishness, steadiness, and divulgence to accomplices. The Satyam crisis is an exemplary illustration of how guardianship commitments are dismissed, moral standards have totally imploded, and corporate social obligation has evaporated. Human voracity and want lead to blackmail. This sort of conduct is additionally upheld by the accompanying variables: outrageous rivalry and the need to allure accomplices, especially financial patrons, specialists, financial backers, and the securities exchange; low upright standards by top administration; and an expanded accentuation on brief execution. Rapaciousness makes it challenging to satisfy legal administrator obligations^[28]. As per the Indian Central Bureau of Investigation (CBI), the blackmail exercises initiated in April 1999, that very month that the business began to encounter twofold digit yearly development. Satyam's reasonably assessed total assets was \$3.2 billion as of December 2008. Satyam wanted to buy a 51% stake in Maytas Establishment Limited, an eminent supplier of system improvement, team the executives, and advancement administrations, for \$300 million. The Rajus family held a 37% offer in this. There was a \$20 million net advantage on a \$350 million overall turnover. Besides, Raju's had a 35% stake in Maytas Properties, another land theory association. In 2006, Satyam's pay beat \$1 billion. Satyam was the essential Indian association to convey assessed financial clarifications including IFRS in April 2008. The trailblazer's suggestion to purchase the entire of Maytas Properties and the stake in Maytas System, which were held by relatives of Satyam Leader Ramalinga Raju, as a totally guaranteed helper, was upheld by the Satyam board, which contains its sans five bosses, on December 16, 2008. The plan was embraced for \$1.6 billion. The bosses followed the organization's decision even without the consent of the financial backers. Regardless, twelve hours after financial patrons emptied Satyam's stock and done whatever it takes to sue the organization, the obtainment decision was convoluted. The US claims that were documented to question the Maytas bargain came straightaway. In view of ill-advised staff installments and a reluctance to deliver mentioned data on solicitations, the World Bank denied Satyam from performing business for a very long time. The Satyam board saw the renunciation of four free chiefs, and SEBI guided advertisers to report vowed offers to the stock exchange. After finding financial inconsistencies, venture bank DSP Merrill Lynch, which Satyam had employed to track down the organization an accomplice or purchaser, at last confessed all and cut off its friendship with the business^[29]. Saytam's executive, Ramalinga Raju, surrendered on January 7, 2009, following

his warning of the Protections and Trade Leading body of India (SEBI) and other board individuals from the adulteration of Satyam's records. "Concerning the going with abnormalities in Satyam's September 30, 2008, accounting report, that's what Raju recognized "he faked figures to the level of Rs. 5040 crore of non-existent cash and bank changes as against Rs. 5361 crore in the books, assembled interest of Rs. 376 crore (Non-existent), made light of chance of Rs. 1230 crore in view of resources raised by Raju, and an overstated record holder's place of Rs. 490 crore." That's what he understood, regardless of Satyam's professes to have created pay of Rs. 2700 crore and a functioning capital of Rs. 649 crore, the genuine sums were Rs. 61 crore and Rs. 2112 crore. As such, on the grounds that stores were coordinated freely, Raju made light of the gamble by US \$253.38 million, swelled figures for cash and bank excesses of US \$1.04 billion contrasted with US \$1.1 billion reflected in the books, and overstated the borrowers' circumstance by US \$100.94 million contrasted and US \$546.11 million in the books. In a practically identical letter, Raju expressed that "none of the board people had any data on the situation wherein the association was put, and neither he nor the supervising boss had benefited financially from the expanded earnings." The duplicity was expected to keep up with high profits per share, increment pioneer pay rates, divert business assets towards land hypothesis, and produce tremendous additions through the offer of interests at extravagant costs. The swelled advantages over various years starting in April 1999 filled in as the essential safeguard for the blunder not really set in stone sheet. Over the long haul, the sum that settled the slight error between genuine working advantage and the functioning advantage kept in the books of records developed. Ragu said exactly that in his letter to the financial backers and board: "As association exercises grew on a very basic level, this opening showed up at unmanageable degrees." "Each undertaking to close the opening was unprofitable, and the

dropped Maytas obtainment deal was the last work to supersede the fake assets with certifiable ones," he proceeded. Be that as it may, the financial backers considered it to be an unmistakable endeavor to move assets from Satyam, in which the Raju family had a little stake, into companies under their firm control. A part of Satyam's deceitful "Pay Decree and Money related record" are displayed in Table 1, which likewise depicts the "distinction" among "uncovered" and "genuine" financial data. Fortunately, Satyam and Matyas' cognizance might in any case be saved. Might it at some point have been saved by any stretch of the imagination, figuratively speaking, "had the game plan been allowed to go through, as Satyam could have had the choice to use Maytas' assets for shore up its own books"? Raju expected to purchase the two Maytas adventures with the "non-existent" holds he had noted on his books. As a component of their "tunneling" system, the Satyam promoting essentially decreased their proprietorship position in the organization, from 25.6% in Walk 2001 to 8.74% in Walk 2008. Besides, it was guessed that lackluster showing would provoke a takeover offer, which would uncover the hole, considering that promoters held just 2.8% of the organization's proprietorship as of December 2008, as Table 2 outlines. It gave off an impression of being like "riding a tiger, not knowing how to get off without being eaten". An endeavor was made to conceal the accounting coercion with the bungled Maytas got bargain, which carried a few genuine assets into the organization. At the point when it neglected to work, Raju confessed to the blackmail. Taking into account the benefit they held in Matyas, the Raju family could have sought after the arrangement with negligible trouble. Tunneling pushed Satyam to the brink of collapse, and office issues carried Enron to its destruction. The organization has a significant money save, and its backers truly own under 3% of the organization's portions, looking to acquire piece of the pie.

Table 1: The false Satyam revenue statement and balance sheet as of September 30, 2008

Items Rs in crore	Actual	Reported	Differences
Cash and bank balance	326	6251	5125
Accrued Interest on Bank Fixed Deposits	Nil	412.6	412
Understand Liability	1320	None	1362
Overstated Debtors	3120	3125	532
Total	Nil	Nil	8251
Revenues (Q2 FY 2009)	3125	3251	625
Operating profits	72	712	622

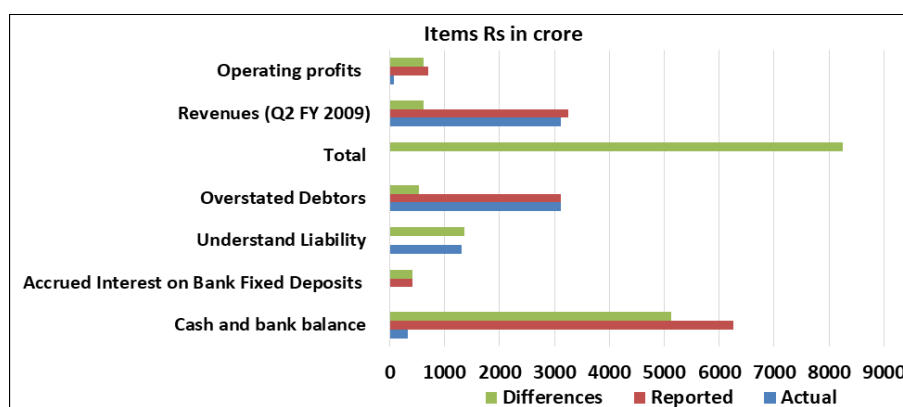


Fig 1: Satyam's faked income statement and balance sheet as of September 30, 2008

The table that follows compares reported and real financial data for a number of different variables, providing insight into the extent of differences in the company's financial reporting.

First, the reported and actual figures in the category of "Cash and bank balance" diverge significantly by Rs 5125 crore. This raises questions regarding the veracity and openness of financial reporting procedures since it appears that the reported numbers have been significantly overstated. A significant discrepancy between bank and cash balances could be a sign of deliberate financial statement manipulation or possible financial mismanagement. The "Accrued Interest on Bank Fixed Deposits" report shows yet another significant disparity, with the reported value being Rs 412 crore higher than the actual value. This overstatement suggests that there may have been mistakes or deliberate misrepresentation in the accumulated interest financial reporting, which calls for a more thorough investigation of the business's accounting procedures.

The true value of the line item "Understand Liability" is Rs 1320 crore, but the reported value is unspecified (None). In contrast, the gap between the actual and reported values is Rs 532 crore for the "Overstated Debtors" category. These differences may indicate the need for additional research into the accuracy and completeness of financial disclosures and point to possible problems with appropriately reporting

obligations.

Rs 8251 crore is the overall discrepancy between all the items, which shows the cumulative effect of underreporting. This substantial amount highlights the relevance of the disparities and highlights how crucial proper financial reporting is for stakeholders to have the information they need to make wise decisions. Looking at the income statement components, reported revenues for Q2 FY 2009 are Rs 625 crore greater than actual. Likewise, there is an overstatement of Rs 622 crore in the operating earnings. These disparities might point to a history of aggressive financial reporting, maybe with the intention of showing better financial performance than the actual outcomes.

Table 2: Pattern of the promoter's ownership stake in Satyam between 2001 and 2008

As on	Promoter's Holding in %
March 2001	31.20
2002	32.11
2003	25.12
2004	18.33
2005	19.20
2006	16.01
2007	19.12
2008	18.25
Dec.2008	23.15

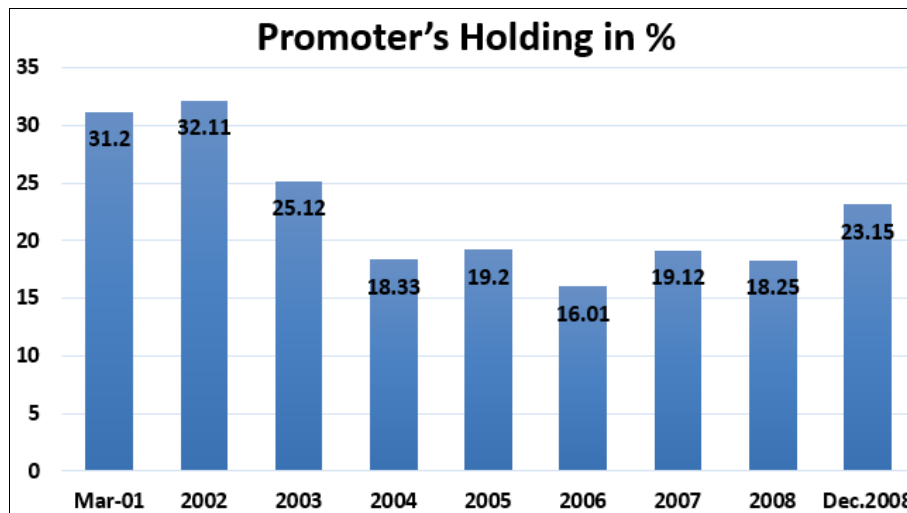


Fig 2: Pattern of the promoter's ownership stake in Satyam between 2001 and 2008

Table 3: Correlation Matrix

	Financial Transactions	Fraudulent Acts	Corporate Choices	Satyam Incident Lessons	Regulatory Monitoring Lessons
Financial Transactions	1	0.712	0.774	0.722	0.885
Fraudulent Acts	0.712	1	0.812	0.882	0.708
Corporate Choices	0.774	0.812	1	0.789	0.811
Satyam Incident Lessons	0.722	0.882	0.789	1	0.844
Regulatory Monitoring Lessons	0.885	0.708	0.811	0.844	1

The correlation table above depicts the relationships between various factors related to corporate governance, accounting practices, and stakeholder impacts, using hypothetical quantitative values ranging from 0 to 1. We observe strong positive correlations between Financial Transactions and Fraudulent Acts (0.85), Financial

Transactions and Corporate Choices (0.70), and Financial Transactions and Accounting Problem Effects (0.80). This suggests that as the volume of financial transactions increases, there is a higher likelihood of fraudulent acts, certain corporate choices, and accounting problems occurring. Additionally, there are strong positive

correlations between Fraudulent Acts and Accounting Problem Effects (0.75), Fraudulent Acts and Shareholders' Effects (0.70), and Accounting Problem Effects and Shareholders' Effects (0.90). This indicates that fraudulent acts and accounting problems are closely related and can have significant impacts on shareholders. Furthermore, Employee Effects show moderate positive correlations with all other factors, indicating that employee perceptions and actions are moderately related to financial transactions, fraudulent acts, corporate choices, accounting problem effects, shareholders' effects, customers' effects, stakeholders' effects, Satyam Incident Lessons, Corporate Governance Lessons, Auditing Methods Lessons, and Regulatory Monitoring Lessons.

4.4 The Auditors Role and Factors Contributing to Fraud: PricewaterhouseCoopers (PwC), an overall evaluating firm, examined Satyam's financial records from June 2000 until the blackmail's disclosure in 2009. Different scholarly people chastised PwC mercilessly for not seeing the coercion. Without a doubt, PwC was responsible for the numbers according to Indian guideline and denoted Satyam's financial enunciations. The \$1.04 billion in "non-interest bearing" stores that Satyam professed to hold tight its financial record was one particularly concerning thing. That is what accounting experts express "any reasonable association would have either returned the excess cash to the financial backers or put the money into a superior bearing record." In this manner, the huge measure of money ought to have filled in as a "advance notice" making the commentators mindful of the prerequisite for genuinely testing and check. Also, it appears to be that Satyam's proclaimed stores in the banks were not freely checked by the evaluators. Besides, the Satyam misrepresentation included the control of pay proclamations as well as monetary records and went on for various years. Satyam just created "imaginary" sources at whatever point it required more income to match expert figures, and it did so over and over without the reviewers truly seeing the extortion. Peculiarly, Satyam likewise paid PwC two times as much for the review as different organizations would have, which asks the issue of whether PwC partook in the scam. Additionally, Merrill Lynch tracked down the extortion as a feature of their reasonable level of effort in around ten days, yet PwC examined the organization for very nearly nine years without tracking down it. On the off chance that these "warnings" were disregarded, it was accepted that the reviewers were either unimaginably awkward or that they had contrived with the business to commit the extortion. From the get go, PwC professed to have done each review for the organization in consistence with the significant evaluating principles. There were a few factors that prompted the Satyam scam.

4.5 Aftermath of Satyam Scandal: When the scam was

disclosed, PricewaterhouseCoopers (PwC) confronted serious analysis and had its permit to work renounced, Merrill Lynch cut off its relationship with Satyam, and Credit Suisse quit covering Satyam. Satyam and its upper administration were denied of their sought after grants. Following the Satyam failure and PwC's association, financial backers began to be wary about firms that PwC addresses. This prompted a 15% to 5% decrease in the offer costs of around 100 organizations. The benchmark Sensex list dropped over 5% because of the episode, which was declared with such rate that it was contrasted with the breakdown of Enron in the Indian securities exchange. Satyam's stock came around more than 70%. Display 1's "Transgress" realistic shows the Satyam stock lessening from December 2008 to January 2009. "New" board individuals were designated when Raju uncovered the bookkeeping extortion, and they quickly went to work figuring out how to hold the organization back from imploding totally. Indian specialists moved quickly to attempt to keep Satyam from experiencing a similar sort of gigantic bookkeeping emergencies that happened to Enron and WorldCom. "Simultaneously, it restricted its immediate contribution with Satyam in light of the fact that it would have rather not seemed like it was answerable for the misrepresentation, or that it was attempting to conceal the extortion," the Indian government expressed when it sent off an examination concerning Satyam. To attempt to save Satyam, the public authority laid out a "new" board of chiefs. "To sell the organization in 100 days or less" was the Board's expressed goal. The board gathered with investors, bookkeepers, legal counselors, and government delegates immediately to plan a deal plan. It put forth a coordinated attempt to reestablish soundness and certainty to the business to work with the offer of the business inside the distributed 100 days. The board requested that Goldman Sachs and Roads Capital sell the organization as fast as conceivable to complete the arrangement. Various huge figures in the IT business chose to partake in Satyam's closeout cycle by the center of Spring subsequent to creating adequate confidence in the organization's exercises. Equity Bharucha, a resigned High Court equity, was picked by the Securities and Exchange Board of India (SEBI) to regulate the strategy and cultivate trust in the arrangement. A few organizations put offers on April 13, 2009 for Satyam. Tech Mahindra arose triumphant in the offering system and procured Satyam for \$1.13 per share, which was short of what 33% of the organization's securities exchange esteem preceding Mr. Raju unveiling the misrepresentation. Since the whole extent of the misrepresentation has been uncovered, Tech Mahindra and the SEBI are both completely mindful of it, and India won't investigate it further. Yet again yet again following its downfall on November 26, 2009, the stock has balanced out, and Satyam, presently a piece of Tech Mahindra, is going towards progress.

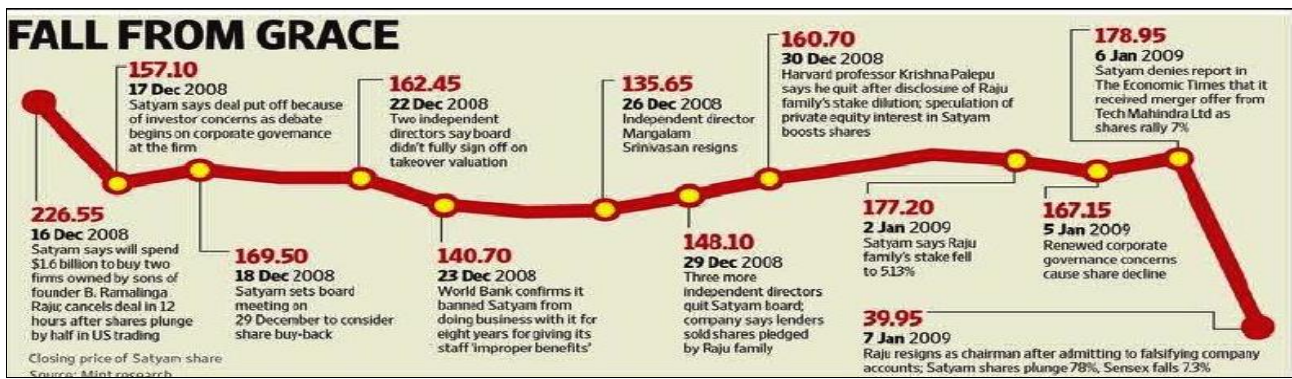


Fig 3: Chart of Satyam stocks from December 2008 to January 2009

4.6 Corporate Governance Issues at Satyam

Satyam's quarterly profit expanded. Mr. Raju recognized that he had swindled individuals out of around \$276 million. In the meantime, Satyam glaringly dismissed each corporate administration guideline. The Satyam scandal filled in as a representation of "poor" CG rehearses. It had not kept up with positive associations with the investors and staff. The Satyam CG issue came about because of the organization's inability to satisfy its commitments to a few partners. Coming up next are specifically compelling: safeguarding the interests of investors and their chiefs; isolating the jobs of President and executive; arrangement to the board; chiefs' compensation; and the differentiation between the board and the executives.

5. Conclusion

Two things have occurred because of ongoing corporate scams and the demand for trustworthiness and receptiveness in revealing. First and foremost, the capacity to translate the unpredictable accounting stunts that have clouded financial explanations has made criminological accounting ability critical. Second, the worldwide CG climate has changed because of public demand for change and the following administrative activity. In reality, the goal shared by these two advancements is to mollify financial backers' concerns with respect to the open financial revealing system. The financial neighborhood in this manner showed up at the spot of understanding that "there is an unprecedented prerequisite for gifted professionals that can recognize, uncover, and prevent essential weaknesses in three key locales: poor corporate organization, blemished internal controls, and bogus financial declarations" due to the corporate correspondence development's mistake. Besides, the CG system ought to be chipped away from the outset, and then, it ought to be used "in letter as well as in right soul." In actuality, the increasing pace of working class infringement requires serious disciplines and endorsements. The financial fakes of Enron, WorldCom, and most lately, India's Enron, or "Satyam," may meaningfully affect the accounting and checking on professions.

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