

CHAPTER-10 INDIAN CORPORATE FAILURES

Particulars	Satyam	Kingfisher	PNB	IL&FS	ICICI Bank	Yes Bank
Year of scam	2009	2012 (crisis deepened by 2016)	2018	2018	2018	2020
Nature of fraud	Accounting fraud and falsification of financial statements	Loan default and diversion of borrowed funds	Fraudulent Letters of Undertaking (LoUs) for overseas credit	Debt default and financial mismanagement	Alleged quid-pro-quo lending and conflict of interest	Risky lending and misreporting of NPAs
Major corporate lapses	Inflated revenues, fake bank balances, manipulation of accounts, fake invoices	Poor financial discipline, extravagance, expansion financed by loans and not through revenues	Non-integration of SWIFT transactions with core banking system and 'round tripping'	Evergreening of loans, asset-liability mismatch, excessive leverage	Conflict of interest in loan sanctioning	Poor compliance culture, loans sanctioned without due diligence
CEO / Managing Director	Ramalinga Raju	Vijay Mallya	Usha Ananthasubramanian (former MD)	Hari Sankaran	Chanda Kochhar (CEO)	Rana Kapoor
Chairman	Ramalinga Raju	Vijay Mallya	Sunil Mehta (during exposure period)	Ravi Parthasarathy	M. K. Sharma	Ashok Chawla
Auditors	Price Waterhouse (PwC)	KPMG / BSR	Various statutory auditors	Deloitte Haskins & Sells	Deloitte Haskins & Sells	SR Batliboi & Co. (EY network)
Key people involved	Ramalinga Raju, Rama Raju, Srinivas Vadlamani	Vijay Mallya	Nirav Modi, Mehul Choksi, bank officials	Ravi Parthasarathy and IL&FS executives	Chanda Kochhar, Deepak Kochhar, Venugopal Dhoot	Rana Kapoor

Governance failure	Weak board oversight and auditor negligence	Reckless borrowing and weak financial discipline	Failure of internal controls and monitoring systems	Lack of transparency and weak board supervision	Weak conflict-of-interest controls	Poor risk management and aggressive lending
Regulatory action	Government dissolved board; company later taken over by Tech Mahindra	Banks initiated recovery; Vijay Mallya declared fugitive economic offender	CBI and ED investigations; arrests and asset seizures	Government replaced board; investigation by SFIO	SEBI and CBI investigation; Chanda Kochhar removed	RBI superseded board and imposed moratorium
Whistleblowers / exposure	Confession letter by Ramalinga Raju	Bank investigations and loan default scrutiny	Internal detection of fraudulent LoUs linked to Nirav Modi	Credit rating downgrades and regulatory scrutiny	Complaint by shareholder activist Arvind Gupta	RBI inspections and regulatory scrutiny
How the scam was detected	Founder admitted fraud in a public confession letter	Persistent loan defaults and investigations by banks	Discovered during reconciliation of SWIFT transactions not recorded in CBS	Series of defaults by IL&FS subsidiaries triggered crisis	Whistleblower complaint triggered investigation into Videocon loans	RBI found divergence between reported NPAs and actual bad loans
Corporate governance lessons	Independence of directors, strong auditing and transparent accounting	Need for prudent lending and monitoring of borrowed funds	Strong internal control systems and integration of banking platforms	Proper risk assessment and transparency in complex financial groups	Avoid conflicts of interest and strengthen board oversight	Robust risk management and transparent reporting of NPAs