



ICICI Bank CEO Chanda Kochhar under fire over Rs 3,250 crore loan to Videocon Group

Meetu Jain and Balkrishna March 30, 2018

Business Today



Once lauded for her role in shaping the retail banking sector in the country and establishing ICICI Bank during the 1990s, Chanda Kochhar seems to be caught in a swirl of nepotism and conflict of interest charges in the Rs 3,250 Videocon Group loan controversy even as the Board has expressed full faith and confidence in its managing director and chief executive officer.

ICICI Bank and Videocon Group investor Arvind Gupta had red-flagged the bank's lending practices and accused Kochhar of favouring the Venugopal Dhoot-led conglomerate in a letter addressed to Prime Minister Narendra Modi on March 15, 2016. Gupta accused Kochhar of favouring Videocon by approving two loans totalling around Rs 4,000 crore and

"amassing wrongful personal gains deceiving stakeholders, shareholders, public/private sector banks and Indian regulatory agencies for unjust and illegal enrichment through corrupt banking practices".

According to Registrar of Companies filings, the ICICI chief's husband Deepak Kochhar and Dhoot set up a joint venture NuPower Renewables Pvt Ltd (NRPL) in December 2008. Dhoot, his family members and associates held 50 per cent stake in NRPL with the remaining shares owned by Deepak Kochhar and Pacific Capital, which was owned by his family.

A year later in January 2009, Dhoot resigned as NRPL director and transferred his around 25,000 shares to Deepak Kochhar. In March 2010, NRPL secured a loan of Rs 64 crore from a company called Supreme Energy Private Limited, which was owned by Dhoot. By end of March 2010, Supreme Energy took majority control of NRPL with Deepak Kochhar retaining only 5 per cent. Almost eight months later, Dhoot transferred his entire holding in Supreme Energy to his associate Mahesh Chandra Punglia. Around two years later, Punglia transferred his entire stake in Supreme Energy to Deepak Kochhar's Pinnacle Energy for Rs 9 lakh.

Now, serious questions have surfaced around the business partnership between Dhoot and Deepak Kochhar especially in the light of the bank's massive loan to the sinking company. Gupta told India Today, "We need to know why Deepak Kochhar and Dhoot formed a joint venture and then why did he [Dhoot] leave it. We need to know who are the real people behind the Mauritian company DH Renewables."

What aroused Gupta's suspicions was a flow of foreign funds to NRPL around the same time. ICICI Bank lent close to Rs 4,000 crore to the Videocon Group between 2010 and 2012, and DH Renewables pumped Rs 325 crore and Rs 66 crore into NRPL. ICICI Bank lent Rs 3,250 crore to five Videocon companies in April 2012 and quickly followed it by another loan of Rs 660 crore to a shell company on the Cayman Islands. ICICI has denied a quid pro quo in what is now a bad loan of Rs 3,250.

The bank's board stood by the CEO insisting that forensic audit isn't necessary for every loan and that Kochhar never headed the credit committee that sanctioned Rs 3,250 crore to Videocon. Both Deepak Kochhar and Dhoot also denied wrongdoing. Deepak Kochhar rejected allegations of share transfers to NRPL

UNANSWERED QUESTIONS

While the ICICI Bank board has given a clean chit to CEO Chanda Kochhar, the questions left unanswered are:

- 1 What was Videocon's loan guarantee to ICICI Bank?
- 2 What was its credit score when the bank approved the loan?
- 3 Did Chanda Kochhar declare her husband's business association with Venugopal Dhoot?
- 4 Why was loan given to a firm in the tax haven of Cayman Islands?

Deepak Kochhar, Venugopal Dhoot face CBI probe in ICICI Bank-Videocon loan case

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Deepak Kochhar, CEO, NuPower Renewables

Days after the ICICI Bank reposed 'full faith' in its CEO & MD Chanda Kochhar in the Videocon loan case, the Central Bureau of Investigation

(CBI) has begun a preliminary enquiry (PE) against Chanda Kochhar's husband Deepak Kochhar. This comes after ICICI Bank shareholder Arvind Gupta accused Kochhars of amassing 'wrongful personal gains' after private sector lender sanctioned loans worth Rs 3,250 crore to various private companies belonging to the Videocon Industries Limited.

Confirming the development, a CBI official told India Today, "This preliminary enquiry names Deepak Kochhar and has been registered to ascertain the allegations of nexus between Deepak Kochhar and Venugopal Dhoot." The enquiry also mentions some 'unknown bank officials' of ICICI Bank.

Sources in CBI also told India Today that enquiry has already begun and the agency has started collecting documents pertaining to the allegations. And, if the allegations are proven then an FIR will be registered against all those found guilty. Deepak Kochhar and Dhoot may soon be called for questioning by the agency.

Deepak Virendra Kochhar, who finds himself at the centre of this controversy, is yet to present his side of the story. Kochhar is the co-founder and Chief Executive Officer of NuPower Renewables which was set up in December 2008. NuPower Renewables was originally founded as a 50-50 JV between Videocon Group's Venugopal Dhoot family and Kochhar and Advani families (Chanda Kochhar's brother, Mahesh Advani). Around that time Chanda Kochhar was the CFO and Joint MD at ICICI Bank.

Deepak Kochhar was a financial services entrepreneur before he co-founded NuPower Renewables. He studied Masters in Finance from the Jamnalal Bajaj Institute of Management Studies, Bombay University. That's where he met Chanda Advani (Chanda Kochhar's original name). He is also an Alumnus of Harvard Business School - Graduate of the Advanced Management Program (AMP). Deepak Kochhar is also the managing trustee of Pinnacle Energy.

ICICI Bank had backed its CEO on Wednesday, saying that no individual employee, irrespective of his or her position, has the ability to influence credit decision at the bank.

In a statement to the stock exchanges on Wednesday, the ICICI Bank said that its board has concluded that there is no question or scope of any favouritism, nepotism or quid-pro-quo. The bank also urged the public to not be misled by the rumours which are being spread to malign the bank and its top management.

Gupta had alleged that despite Supreme Energy, which was owned by Videocon Group's Venugopal Dhoot, funding a sum Rs 64 crore in NuPower Renewables, its shareholding in NuPower got reduced to just 2.32 per cent, whereas with the investments of only Rs 1.89 crore Deepak Kochhar acquired 92.67 per cent stake in NuPower Renewable Private Limited.

Putting its weight behind the celebrated CEO Chanda Kochhar, the board of ICICI Bank further said that it was not the 'lead bank' for this consortium and sanctioned Rs 3,250 crore which was less than 10 per cent of the total consortium facility in April 2012.

While Kochhar was on the committee which sanctioned Rs 3,250 loan to Videocon in 2012, the bank said that Kochhar did not chair the committee which had many independent directors. It added that the Chairman of the Credit Committee till as late as June 2015 was always a non-executive director.

Defending Kochhar, ICICI Bank Chairman MK Sharma said the board does not see this as a conflict of interest in any manner since Videocon Group is not an investor in NuPower renewables, so there was no need to recuse herself from this committee.

The Credit Committee which authorized loans to debt-laden videocon Group included Chanda Kochhan, former MD & CEO KV Kamath. It also had two Independent non-executive Directors - Homi Khusrokhhan and Madras Seshamani Ramachandran.

L'affaire ICICI Bank: Board ducks key questions on Chanda Kochhar, Videocon ties

Rajeev Dubey March 29, 2018

Business Today

Remarkable coincidence, or something sinister? That's the question posed by L'affaire Chanda Kochhar, the celebrated managing director & CEO of ICICI Bank. But by issuing a well-couched statement, the ICICI Bank has not left people any wiser. In fact, barring denying any wrongdoing and reiterating its confidence in Kochhar, the 3-page statement has failed to answer any of the grave allegations leveled by investor Arvind Gupta against Kochhar and her husband Deepak Kochhar for "amassing wrongful personal gains deceiving Stakeholders, Shareholders, Public/Private Sector Banks and Indian Regulatory Agencies for unjust and illegal enrichment through corrupt banking practices".

It was Gupta's 8-page letter (dated 15 March, 2016) with those allegations addressed to prime minister Narendra Modi and copied to the finance minister, RBI Governor, Sebi chairman, Enforcement Directorate and CBI chief, besides others, that led to sotto voce initially but has caused a severe social media frenzy in the past few weeks. That forced ICICI Bank to issue a statement defending Kochhar: "The Board has full confidence and reposes full faith in the Bank's MD & CEO Ms Chanda Kochhar".

Gupta told businesstoday.in his curiosity was aroused by a 10 per cent coincidence he noticed in ICICI's loans to Videocon group companies and foreign fund inflows into husband Deepak Kochhar's firm NuPower Renewables. Gupta says NuPower Renewables was originally founded as a 50-50 JV between Dhoot family and Kochhar and Advani families (Chanda Kochhar's brother, Mahesh Advani).

"In May 2009, Chanda Kochhar became the CEO & MD of ICICI Bank Limited. Upon Chanda Kochhar becoming CEO & MD the identity and ownership of the NuPower Renewables Private Limited was masked by transferring the shareholding to "Pinnacle Energy" (A Trust) where Mr.

Deepak Kochhar the husband of Chanda Kochhar is the Managing Trustee," Gupta says in the letter to the Prime Minister.

Gupta says ICICI loaned Rs 3,250 crore to Videocon group companies. Exactly 10 per cent of that amount (Rs 325 crore) was invested in NuPower in the form of compulsorily convertible preference shares by Mauritius-based Firstland Holdings. That investment was later transferred to DH Renewables Holding Limited, also from Mauritius.

Gupta also noticed that Videocon Group Company based in Cayman Islands - Tuskar Overseas - also received funding worth Rs 660 crore from ICICI Bank's UK and Canada branches. This coincided with Venugopal Dhoot-owned Supreme Energy funding NuPower with unsecured loans worth Rs 64 crore.

It may or may not be a coincidence, but Gupta sensed something fishy. He says his enquiries led him to Mauritius-based DH Renewables Holding Limited through a multi-layered and complicated holding structure. "What does 'DH' stand for Dhoot or for Deepak?" asks Gupta.

ICICI's response to the specific allegations are far from specific. "The larger exposures are approved by the Credit Committee of the Board. The majority of Credit Committee members are independent directors of the bank. The Chairman of the Credit Committee, till as late as June 2015, was always a non-Executive Director. Given this architecture, no individual employee, whatever may be his or her position, has the ability to influence the credit decision at the Bank".

ICICI Bank also said, "...a consortium of over 20 banks and financial institutions sanctioned facilities to the Videocon Group for a debt consolidation programme and for the group's oil and gas capital expenditure programme aggregating approximately Rs 40,000 crore...ICICI Bank was not the lead bank for this consortium and the bank only sanctioned its share of facilities aggregating approximately Rs 3,250 crore which was less than 10 pc of the total consortium facility".

Out of Rs 3250 crore, Rs 2810 crore remains outstanding, the bank told the Indian Express. The bank's total exposure to Videocon group is Rs 2849 crore, it said.

Neither of these explanations, however answers the question of coincidence or money flow into Deepak Kochhar's firm, just as ICICI Bank was providing loans to Videocon group companies. Even though as part of a larger 20-bank consortium. Instead, it concludes, "Hence the Board concluded that there is no question or scope of any favouritism, nepotism or quid pro quo. The Bank desires to clarify that none of the investors of NuPower Renewables are borrowers of ICICI Bank".

That, however, is not the contention. Gupta's allegation does not suggest a loan from ICICI Bank to NuPower. Instead, he terms it as "amassing wrongful personal gains" and "unjust and illegal enrichment through corrupt banking practices".

In the Videocon-Deepak Kochhar saga, the questions were raised about propriety and conflict of interest. However, the board chose to address issues of whether loans were given to Deepak Kochhar run companies.

If ICICI Bank's board led by former Hindustan Unilever vice-chairman MK Sharma came together to quell the rumours, it will be disappointed. By evading the key questions, the board has inevitably kept the rumour mill humming. Unless, of course, a thorough investigation of the money trail proves it otherwise.

Chanda Kochhar 'a huge beneficiary' of Videocon loan, says whistleblower

ANI 31 3 2018 THE ECONOMIC TIMES

A day after the ICICI Bank cried foul over the controversy surrounding the loan sanctioned to Videocon Group, Trustee, Indian Investors Protection Council, Arvind Gupta, on Friday, said that the evidence in the case clearly shows the bank's CEO, Chanda Kochhar, being a beneficiary of the loan.

"Evidence shows strong links that Chanda Kochhar and her family are a huge beneficiary of this loan. Government should order investigation and audit to check why loan was given to a sinking company," Gupta told ANI.

Deepak Kochhar, who is Chanda Kochhar's husband, is an indirect beneficiary of the loan granted to Videocon, according to Gupta.

"Venugopal Dhoot transferred money from Videocon Group to Supreme Energy, in which he had 90 percent shares. He promoted it and later transferred it to Deepak Kochhar. Deepak Kochhar then transferred his shareholdings to Pinnacle Energy. Pinnacle Energy was a trust formed by Kochhar family. Now they are saying they sold their shares of NuPower Renewables much before. NuPower Renewables was special purpose vehicle made to revert allegations in future. ICICI never gave it loan, but company was benefited," Gupta claimed.

He added that the bank is only trying to save itself since the money has become a Non-Performing Asset (NPA).

"That reply doesn't inspire any confidence in me or any deposit holder or any shareholder. The question is when I say dirty banking, somebody else, other than the bank and its functioning or the management, has to look into the matter. And if you see their reply, they have gone into examining the internal process of giving loans. I am not asking about the process, your process may be very robust, your process may be very strong, transparent, but how does it matter?" asked Gupta while commenting on the statement issued by ICICI Bank.

"The net result is that your money has gone down the drain...you have given them the money and it has gone bad and become NPA," he added.

Earlier on Thursday, ICICI Bank Chairman M.K. Sharma had claimed that attempts were being made to malign the reputation of the bank, its Managing Director (MD) and Chief Executive Officer (CEO).

Addressing a press conference, Sharma came to defense against the loan sanctioned to the debt-laden company, said the ICICI bank's Board had reviewed the internal processes and details of the exposure to the group.

He further noted that the share of sanction to Videocon was less than 10 percent, contrary to the media reports.

The chairman of the leading private lender further noted that in 2012, a consortium of over 20 banks and financial institutions had sanctioned facilities to Videocon Industries Limited, 12 of its subsidiaries and associates as co-obligors for a debt consolidation programme, and for the group's oil and gas capital expenditure programme aggregating to Rs 40,000 crore.

"ICICI Bank's current exposure to the group is part of the syndicated consortium arrangement; ICICI was not the lead bank for the consortium. It only sanctioned its share of the facilities aggregating to Rs 3,250 crore," he said.

Sharma also ruled out the possibility of any special benefit granted to the borrower and said terms and conditions offered are similar to those offered by other banks of the consortium, who account for 90 percent of the role amount.

Media reports suggested that the ICICI Bank had granted a loan worth Rs 3,250 crore to Videocon. However, concerns were flagged about the payment of the loan, as almost 86 percent of it (Rs 2,810 crore) still remains unpaid, and the Videocon account was declared a NPA in 2017.

The controversy comes amid a number of banking scams that have been unearthed in the public sector bank space, particularly the multi-billion-dollar Punjab National Bank scam involving celebrated jeweller Nirav Modi and Gitanjali Group owner Mehu

ICICI Bank responds to report of impropriety in Videocon loan: 3 key takeaways

After a report in The Indian Express alleged impropriety and a possible quid pro quo in ICICI Bank's Rs 3,250 crore loan to Videocon group, the bank's chairman responded to the allegations saying that all the due processes were followed and there was no wrongdoing in granting of the loan.

By: FE Online | March 29, 2018 FINANCIAL EXPRESS

After a report in The Indian Express alleged impropriety and a possible quid pro quo in ICICI Bank's Rs 3,250 crore loan to Videocon group, the bank's chairman responded to the allegations saying that all the due processes were followed and there was no wrongdoing in granting of the loan. In a press conference, ICICI Bank Chairman M K Sharma mostly reiterated the ICICI Bank's statement of yesterday, wherein the board

had backed MD and CEO Chanda Kochhar, seeking to quell the report that the loan was given improperly.

According to a report in The Indian Express, Videocon chairman Venugopal Dhoot started a joint company with ICICI Bank MD and CEO Chanda Kochhar's husband Deepak Kochhar and two of her other relatives. The report claims that a staggering Rs 2,810 crore out of the Rs 3,250 crore loan has remained unpaid. The account of Videocon was declared a non performing asset (NPA) in 2017. The report further claims that this Dhoot-Kochhar-ICICI web of transactions is under scanner of investigative agencies. We take a closer look at what MK Sharma has to say in his defence-

ICICI Bank's exposure to Videocon is less than 10% of total lent by consortium

Addressing the press, ICICI Bank's Chairman MK Sharma pointed out that a consortium of over 20 banks where State Bank of India was the lead agent had sanctioned facilities to the Videocon group aggregating to approximately Rs. 40,000 crore. According to a recent review by the bank's board, ICICI Bank exposure to Videocon at the time was at Rs 3,250 crore, less than 10% of the total amount lent by the consortium. Sharma reiterated that ICICI Bank followed the same terms and conditions that was followed by all the other banks. Notably, the initial due diligence for the financing programme was prepared by the lead arrangers namely SBI CAPS and IDBI Bank. Sharma said the question of any special benefit to Videocon group by ICICI Bank doesn't arise.

Committee included even independent directors

M K Sharma also said that the committee which approved the loan was chaired by the then Chairman of ICICI Bank and it included many independent and working Directors of the Bank. Further, he reiterated that Chanda Kochhar was not the Chairperson of this committee. Sharma also said that no single individual in whatever position can influence the lending of credit to specific borrowers.

Chanda Kochhar part of credit committee not a conflict

M K Sharma said that while Chanda Kochhar was part of the credit committee which sanctioned the loan, the board doesn't believe it represents a conflict as Videocon group is not an investor in NuPower. Hence, there was no need for Chanda Kochhar to recuse herself from the committee.

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RBI slaps Rs 58.9-crore penalty on ICICI Bank for violating security sale guidelines



ICICI Bank said in a statement that the RBI imposed the penalty for continued sale of government securities classified as HTM - REUTERS

MUMBAI, MARCH 29 BUSINESSLINE

The Reserve Bank of India has slapped a monetary penalty of ₹58.9 crore on ICICI Bank for non-compliance with regulatory directions on direct sale of securities from the bank's Held To Maturity (HTM) portfolio and specified disclosure in this regard.

This is probably the highest penalty that the regulator has imposed on a commercial bank in recent times.

The central bank said in a statement that the penalty was imposed in exercise of powers vested in it under the provisions of the Banking

Regulation Act, 1949, taking into account the failure of the bank to adhere to its directions/guidelines.

“This action is based on the deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers,” the RBI said.

‘Genuine misunderstanding’

Meanwhile, ICICI Bank said in a statement that the RBI imposed the penalty for continued sale of government securities classified as HTM.

“ICICI Bank had continued with the sales from HTM category for a few weeks during the quarter ended March 31, 2017, due to a genuine misunderstanding on the timing of the applicability of the RBI’s direction in this matter,” it said.

According to the RBI, investments classified under HTM need not be marked to market and are carried at acquisition cost, unless it is more than the face value, in which case, the premium is amortised over the period remaining to maturity.

“As per RBI guidelines, the bank had disclosed in its annual report for FY2017 that it had sold more than five per cent of investments categorised as HTM,” the private sector bank said.

However, the bank added that it had not made the specified additional disclosure at that time.

The lender elaborated that it has subsequently been making the specified disclosure, as directed by the RBI, in the audited financial results since the quarter ended June 30, 2017.

In the current year (FY2018), the bank has sold less than five per cent of securities from its HTM portfolio, according to the statement.

The bank emphasised that it continues to give utmost importance to regulatory compliance and endeavours to meet supervisory expectations.

Loans to Videocon

On Wednesday 28, ICICI Bank's board scotched rumours of any favouritism, nepotism or quid pro quo in the sanction and disbursal of loans to the Videocon group. The board also expressed full confidence and faith in the leadership of its MD and CEO Chanda Kochhar.

The board had met against the backdrop of concerns that resurfaced over the sanctioning of loans to the debt-laden Videocon group.

All that glitters is not gold – AIBEA

In the wake of PNB fraud, ASSOCHAM, FICCI and their ilk demanded privatisation of nationalised Banks because private banks are more efficient. Now, after this ICICI Bank scam, will they demand nationalisation of Private Banks? If they have any scruples and ethics, they should.

AIBEA THIS DAY – 30 MARCH	
1992	Solidarity strike by Bank Employee in Andhra in support of Andhra Bank employees 63 days agitation, on officers issues and right of representation.

AIBEA THIS DAY – 31 MARCH	
1959	Expiry of Sastri Award as modified.
1959	Branch Manager, national & Grindlays Bank, Delhi locks the main gates and all employees detained illegally, leading to prolonged strike for 28 days and on demand for reinstatement of 6 dismissed leaders.
2003	Strike in Federal bank on pending issues.
2008	Strike in Federal Bank against anti labour polices.



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