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ICICI BANK: RESTORING FAITH IN CORPORATE GOVERNANCE[[1]](#endnote-1)

Arpita Agnihotri and Saurabh Bhattacharya wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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In March 2016, an investor named Arvind Gupta accused the chief executive officer (CEO) and managing director of ICICI Bank Ltd. (ICICI) of nepotism and conflict of interest.[[2]](#endnote-2) Gupta alleged that Chanda Kochhar, who was the CEO at the time, sanctioned high value loans between 2009 and 2011 that favoured Videocon Group (Videocon). In return, Videocon struck a deal with NuPower Renewables Pvt. Ltd. (NuPower),[[3]](#endnote-3) a company owned by Kochhar’s husband, Deepak. Gupta also warned ICICI that the accounts of the debt-ridden Videocon would soon become non-performing assets (NPAs).[[4]](#endnote-4)

For almost two years, the ICICI board of directors supported Kochhar as CEO and claimed that she was not involved in a conflict-of-interest situation.[[5]](#endnote-5) However, by May 2018, several Indian regulatory bodies including the Securities and Exchange Board of India (SEBI) and the Central Bureau of Investigation (CBI) opened preliminary investigations against Kochhar, her husband, and Videocon owner Venugopal Dhoot, among others.[[6]](#endnote-6) In June 2018, ICICI also opened an internal investigation against Kochhar, and appointed a retired judge of India’s Supreme Court, B.N. Srikrishna, to lead the investigation.[[7]](#endnote-7) During this time, the ICICI management asked Kochhar to go on indefinite leave. In August 2018, various changes took place that affected the ICICI board. Subsequently, in October 2018, Kochhar was asked to resign from ICICI.[[8]](#endnote-8)

In January 2019, the ICICI board officially reversed its previous two-year position in support of Kochhar. The reversal followed the release of the Srikrishna inquiry report, which found Kochhar guilty of violating the bank’s code of conduct by not making adequate disclosures.[[9]](#endnote-9) The ICICI board’s newly appointed chairman, Girish C. Chaturvedi, not only decided to terminate the services of Kochhar but also demanded the recovery of US$30 million[[10]](#endnote-10) in bonuses and stock options she received from April 2009 to March 2018, while serving as CEO of ICICI.[[11]](#endnote-11) From a governance perspective, this was considered a bold move in the Indian corporate history.[[12]](#endnote-12)

Chaturvedi was vocal about increasing governance in the bank. He stated, “The bank is taking steps to ensure that going forward the retirements and induction of independent directors are more evenly spaced out.”[[13]](#endnote-13) Global rating agency Standard and Poor’s (S&P), however, claimed that the board’s change of stance raised serious governance issues in the country’s banking system.[[14]](#endnote-14)

How could Chaturvedi improve corporate governance at the bank? Was he justified in recovering bonuses and employee stock ownership plan earnings from Kochhar? How could he ensure that ICICI would avoid such scandals in the future?

KOCHHAR’S PERFORMANCE AS Chief Executive Officer

Kochhar first joined ICICI in 1984 as a management trainee. At the time, the firm was known as ICICI Ltd. and operated as a development finance institution that provided project financing to businesses in India. In 1994, ICICI Ltd. established ICICI as a banking operation.[[15]](#endnote-15) By 2001, Kochhar had become a board member of ICICI. In 2009, she was appointed CEO. Kochhar’s appointment was explained by one board member as follows: “It was after the Lehman crisis. . . . Chanda as CFO . . . handled the crisis well. The board decided that it needed a CEO that could stabilize the institution rather than grow aggressively.”[[16]](#endnote-16)

As CEO of ICICI, a financial institution with more than 80,000 employees around the world, Kochhar won several awards. In 2017, she was ranked fifth on *Forbes*’ list of The World’s Most Powerful Women in Finance 2017 and was the only Indian leader to make the list. In the same year, she was ranked 32nd in *Forbes* list of The World’s 100 Most Powerful Women 2017.[[17]](#endnote-17) During Kochhar’s tenure as a CEO, ICICI’s operating profit increased from $1.36 billion to $2.65 billion, for a 94.85 per cent growth. During the same period, however, NPAs grew 461 per cent, only marginally lower than the growth rate of NPAs in India’s private banking sector (see Exhibit 1).

In October 2015, when Kochhar proposed a board resolution that provided generous special options as a retention tool for herself and the top management team, ICICI’s board of directors approved it without hesitation. At that time, the bank’s share price was at an 18-year low and serious questions were being raised about the bank’s growth strategy—and its NPAs.[[18]](#endnote-18)

VIDEOCON

Videocon, owned by Dhoot, was primarily an electronic appliance maker with exposure to other businesses, such as oil and gas, telecommunications, and direct-to-home television. Between September 2009 and December 2011, Videocon’s total debt increased from $1.69 billion to $3.13 billion, although investment did not increase in the same proportion (see Exhibit 2). By March 2018, Videocon’s total debt had increased to $7.03 billion. In an October 2015 study by international financial services group Credit Suisse, Videocon was named one of the top 10 business groups with the highest debt in India.[[19]](#endnote-19) Videocon’s profits after taxes also constantly decreased from $0.06 billion in September 2009 to $–0.19 billion in December 2011, and further to $–0.91 billion in March 2018 (see Exhibit 2).

ICICI and Videocon had a mutual and continuous relationship that began in the 1990s. The bank was always a major source of finance for Videocon. However, because of Videocon’s underperformance over a long period (see Exhibit 2), ICICI’s credit rating for Videocon was a low score of BBB or lower.[[20]](#endnote-20)

THE WHISTLE-BLOWER

Gupta, the whistle-blower in this situation, was an investor in Videocon between 2010 and 2016 who researched the shareholding pattern of NuPower, a joint venture between Dhoot and Kochhar’s husband. NuPower, which produced wind and solar power, was founded in December 2008. Gupta noticed a series of transactions based on information he obtained from public documents and company filings with the Registrar of Companies in India. For instance, within a month of forming NuPower, Dhoot resigned from NuPower and transferred his 25,000 shares to Kochhar’s husband for $3,500. [[21]](#endnote-21) On August 26, 2009, three months after Kochhar became CEO of ICICI, the bank sanctioned a $42 million loan for Videocon International Electronics Ltd., a subsidiary of Videocon. On September 7, 2009, this loan was disbursed. The very next day, NuPower received a loan of $9 million through Supreme Energy Pvt. Ltd., which was owned by Dhoot.[[22]](#endnote-22)

Between April 2010 and August 2010, a sequence of share transfers took place between Supreme Energy, NuPower, and a company called Pacific Capital, owned by Kochhar’s relatives. After these share transfers, Supreme Energy became a 94.9 per cent shareholder in NuPower. Then, in November 2010, Dhoot transferred his holding in Supreme Energy to Mahesh Punglia, his associate. In 2012, Punglia, in turn, transferred his holding to a trust called Pinnacle Energy, in which Kochhar’s husband was a managing trustee. The transaction value of this transfer was $12,600.[[23]](#endnote-23) Therefore, Supreme Energy, which had given a loan of $9 million to NuPower in 2009, was subsumed by Pinnacle Energy within three years (see Exhibit 3A and 3B). Six months before this final transfer took place, Videocon received the $455 million loan from ICICI as part of a total $5.6 billion loan provided by a consortium of 20 banks. This consortium was led by the State Bank of India, the largest bank of India. In addition to the loan of $455 million in 2012, ICICI also disbursed six other loans to Videocon between June 2009 and October 2011, for a total value of $243 million.[[24]](#endnote-24)

In March 2016, Gupta wrote letters on his findings to the Prime Minister of India and the Reserve Bank of India (RBI), the central bank of India. Gupta stated in the letter that Videocon was nearing a deep crisis and would soon become ICICI’s NPA, despite the bank offering Videocon financial support that was also questionable. Gupta alleged that the bank extended such support to the debt-ridden Videocon because of the relationship between Dhoot and Kochhar’s husband.[[25]](#endnote-25)

Gupta also stated that Dhoot’s hefty political contribution of $1.55 million to the ruling party of India should not deter the government from calling for an investigation into the transactions between Kochhar and Dhoot and preventing a banking crisis at ICICI.[[26]](#endnote-26) By December 2017, 86 per cent of this loan remained unpaid; as predicted by Gupta, the Videocon account with ICICI was declared an NPA.[[27]](#endnote-27)

CHARGES AGAINST KOCHHAR AND INITIAL RESPONSE OF the BANK TO ALLEGATIONS

Kochhar was on ICICI’s credit committee, responsible for the approval of high-value loans, in three out of seven loans issued to Videocon between 2009 and 2012. These loans consisted of a $42 million loan in 2009, a $105 million loan disbursed in October 2011, and a $455 million loan sanctioned in 2012.[[28]](#endnote-28) When the issue first surfaced in 2016, Kochhar was questioned by then ICICI chairman M.K. Sharma. Kochhar denied awareness of her husband’s business dealings with Dhoot.[[29]](#endnote-29) ICICI then engaged Cyril Amarchand Mangaldas, a law firm based in Mumbai, India, to ascertain whether the allegations against Kochhar were accurate. The law firm found no evidence of any quid pro quo,[[30]](#endnote-30) after which Sharma announced in the media that all was well at ICICI, and Kochhar was not involved in a conflict of interest. Sharma further stated that Kochhar was only one of the members on the credit committee that approved the loans given to Videocon.[[31]](#endnote-31) Because Videocon was not an investor in NuPower, the board did not see a conflict of interest. ICICI stated that the credit committee had “a well-structured and standardized credit approval process,” and “[no] individual employee, whatever may be his or her position, has the ability to influence the credit decision at the Bank.”[[32]](#endnote-32)

Conversely, Gupta felt that Kochhar was an influential person on the board and led ICICI’s credit committee. He also believed that everyone on the credit committee was culpable. He explained that several board members were present on the credit committee, along with independent directors. It was hard for him to believe that these members were not aware of Kochhar’s conflict of interest in regard to Videocon.[[33]](#endnote-33)

Kochhar was also accused by CBI in April 2018 of a possible conflict of interest regarding Kochhar’s brother-in-law Rajiv Kochhar, who performed several debt-restructuring tasks on behalf of errant corporate borrowers from ICICI, including Videocon. However, ICICI did not consider this a conflict-of-interest situation. According to them, Kochhar had no obligation to disclose her brother-in-law’s involvement, because he was not defined as a relative under the law. [[34]](#endnote-34)

INVESTIGATIONS: RBI, SEBI, and CBI

In 2016, after the allegations were made by Gupta, the Prime Minister’s Office referred the issue to RBI. RBI’s investigation revealed that it was difficult to establish any conflict of interest in the sanctioning of loans, but it noted that it was unable to determine the sources of funding in some transactions involving NuPower. According to RBI, this source of funding was critical for establishing the legitimacy of NuPower transactions, and this was a matter for investigative agencies to confirm. [[35]](#endnote-35)

In May 2018, SEBI began interrogating Dhoot, Kochhar, and her relatives. It found several deals involving Dhoot and ICICI that raised the issue of conflict of interest. SEBI accused both Kochhar and ICICI, stating “By not disclosing the details of her husband's dealings with Videocon, Kochhar has not complied with the provisions of listing agreement. Further, the bank also failed in ensuring that its directors comply with listing rules.”[[36]](#endnote-36) SEBI recommended adjudication proceedings against both ICICI and Kochhar; once charges were proved, SEBI was expected to levy fines of up to $3.5 million on ICICI and $0.14 million on Kochhar.[[37]](#endnote-37) Kochhar continuously claimed that it was only after SEBI sent her a letter that she made inquiries of her husband and ascertained his business dealings.[[38]](#endnote-38)

CBI independently probed into the quid pro quo case of loan irregularities. CBI alleged that Kochhar abused her official position by approving a loan to Videocon International Electronics Ltd. within three months of becoming the CEO and managing director of ICICI. CBI made this allegation based on the fact that immediately after the loan was disbursed, Dhoot transferred $9 million to NuPower. According to CBI, as Videocon received more loans from ICICI over time, Supreme Energy’s ownership was gradually transferred to Pinnacle Energy, which was owned by Kochhar’s husband. According to CBI, Dhoot knew that he would get the loans from ICICI, and by transferring the ownership of Supreme Energy to Pinnacle Energy, which was managed by Kochhar’s husband, he was returning a favour. [[39]](#endnote-39)

To assess the authenticity of the loans given by the consortium of banks in 2012, CBI noted in its first information report in January 2019 that, apart from Kochhar, her husband, and Dhoot, they may also interrogate other top officials for their roles on the credit committee that sanctioned loans to Dhoot.Those officials included the following people: Sandeep Bakhshi, the current CEO and managing director of ICICI; Sonjoy Chatterjee, the chairman and co-CEO at Goldman Sachs’ India unit; Zarin Daruwala, the CEO of Standard Chartered Plc. in India; K.V. Kamath, the former chief of ICICI and current president of New Development Bank; and Rajiv Sabharwal, the CEO of Tata Capital. [[40]](#endnote-40)

However, Arun Jaitley, the Finance Minister of India, dissented. Jaitley urged CBI to show “professionalism” in its investigations and not to indulge in “adventurism.” He further stated, “If we include the entire who’s who of the banking industry—with or without evidence—what cause are we serving or actually hurting?”[[41]](#endnote-41) According to Shubho Roy, a legal consultant at the National Institute of Public Finance and Policy, a premier research institution in public economics and policies, CBI suffered from confirmation bias. It would interpret data or information collected in a way that confirmed its pre-existing beliefs or hypotheses that the investigative agency raised.[[42]](#endnote-42) As with RBI, media reports asserted that conflict of interest could only be confirmed if investigative agencies could find the source of funding from Videocon to NuPower. If investigation could reveal that the $9 million funds came from Indian banks, the case would clearly be one of siphoning funds, and Kochhar could be penalized accordingly.[[43]](#endnote-43)

INTERNAL INVESTIGATION AND KOCHHAR’S INDEFINITE LEAVE AND RESIGNATION

In June 2018, ICICI started an internal investigation led by Srikrishna and the board asked Kochhar to go on indefinite leave. However, she received her full compensation, which surprised stakeholders and proxy advisory firms. Shriram Subramanian, founder and managing director of InGovern Research Services Ltd., a proxy advisory and corporate governance firm, stated that “it’s tough to digest that Kochhar will be getting full compensation for the period when she is on leave. Yes, she is still the CEO, but the board could have discussed her compensation for the period when she is not at work.”Proxy advisory firms also criticized the absence of directors from the crucial meeting that took place in June 2018. Two directors, including the government nominee and an independent director, were absent from that ICICI board meeting, where it was decided to pay full compensation to Kochhar during her indefinite leave. Explaining the absence, one of the ICICI’s board executives stated, “The government wants to keep intervention to a minimum in the case of ICICI Bank.” [[44]](#endnote-44)

Sharma’s term as chairman of ICICI ended on June 30, 2018. In August 2018, Chaturvedi was appointed as the bank’s new chairman.[[45]](#endnote-45) Most of the board underwent a change at that time. In addition to the new chairman, three new directors were appointed: Rama Bijapurkar, a reputed market strategist; B. Sriram, a former SEBI senior executive; and V.K. Sharma, the ex-chairman of Life Insurance Corporation of India, who was not known to be a Kochhar loyalist. V.K. Sharma was the only board member who had a reputation for “speaking his mind,” or openly disclosing his opinion. The rest of the board, under the ex-chairman of ICICI, were considered to be somewhat pliant.[[46]](#endnote-46)

On October 4, 2018, around 11 a.m., Chaturvedi asked Kochhar to submit her resignation by 3 p.m. that same day. Kochhar first sent an elaborate five-page letter describing all her achievements in detail. Chaturvedi warned her that if she did not resign, he would announce her termination to the media, after which Kochhar finally resigned.[[47]](#endnote-47) ICICI’s share price increased by three per cent after the news of her departure. On the same day, Sandeep Bakhshi, who headed ICICI Prudential (the life insurance business division of ICICI), was made the CEO and managing director of ICICI.[[48]](#endnote-48) ICICI’s investors in the United States, however, would have preferred an outsider as the new CEO. Suresh Ganapathy, an analyst with financial consultancy Macquarie Group, stated that “they (US investors) are not very confident of an insider getting appointed as the CEO. They believe the culture and DNA of the organization can be changed largely by an outsider.”[[49]](#endnote-49)

In January 2019, after almost eight months of investigation, the internal investigation committee headed by Srikrishna submitted its report on the allegations made against Kochhar. In this report, Srikrishna stated that Kochhar showed a “lack of diligence” in dealing with due disclosure.[[50]](#endnote-50) Based on the findings of the internal committee, ICICI stated that “after due deliberations, the Board of Directors decided to treat the separation of Ms. Chanda Kochhar from the Bank as a ‘Termination for Cause’ under the Bank’s internal policies, schemes, and the Code of Conduct.”[[51]](#endnote-51) ICICI revoked all fringe benefits that Kochhar availed, such as unpaid bonus, medical benefits, and unexercised stock options. She was also asked to repay all bonuses she had received between April 2009 and March 2018.[[52]](#endnote-52)

Kochhar, who had served with ICICI for 34 years, stated that she was “utterly disappointed, hurt, and shocked” by the ICICI board’s decision. She further said that she was not given a copy of the report and emphasized that no credit decisions made by the bank were unilateral. Several high-calibre professionals participated in the decision-making process. Kochhar further claimed that she had pursued her career “as an independent professional with utmost honesty, dignity, and integrity.” She added, “I continue to have faith and belief in my conduct as a professional, and I am certain that truth will ultimately prevail.”[[53]](#endnote-53)

THE ROAD AHEAD

In January 2019, ICICI appealed to SEBI to “decouple” the bank from Kochhar’s case.[[54]](#endnote-54) After the internal investigation report was tabled, the bank considered Kochhar’s issue to be closed. Bakhshi described the entire epic as a “distraction” for the bank. However, the issue did not appear to be entirely closed; by virtue of being listed on the New York Stock Exchange, ICICI was susceptible to class action suits in the United States.[[55]](#endnote-55)

The managing director of Stakeholders Empowerment Services, a proxy advisory firm, stated that actions taken by the bank against Kochhar could serve as a sufficient deterrent to others in the future. However, he also said that this does not absolve ICICI’s board of its failure in fiduciary duties and governance practices, which played a critical role in increasing NPAs.[[56]](#endnote-56) Gupta, the whistle-blower of this entire situation, stated that several companies that received loans from ICICI later went bankrupt. Kochhar seemed to have found a “new way” to personally benefit from their unfortunate situations, according to Gupta.[[57]](#endnote-57) A fundamental principle of banking was to monitor the end use of funds, but ICICI was silent on the critical aspect of how it monitored Videocon’s use of funds from the bank.[[58]](#endnote-58) According to Gupta, Kochhar was only the “tip of the iceberg”; similar practices were probably being adopted across all banks, and loans were not necessarily given on merit.[[59]](#endnote-59)

Amid this controversy, Chaturvedi assured stakeholders that improving governance practices at ICICI would be his utmost priority.[[60]](#endnote-60) S&P suggested that governance in Indian banks could be improved only if the boards would set the “right tone” at the top. S&P further suggested that boards of Indian banks had to effectively manage risk culture so that asset quality did not deteriorate.[[61]](#endnote-61) Chaturvedi, ICICI’s new board chairman, had to consider what his governance areas should be for the bank’s future. How could he make the board more effective?

EXHIBIT 1: ICICI Bank Ltd. FINANCIALS and Non-Performing Assets (FY 2009–10 to FY 2017–18)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Fiscal Year** | **ICICI-Total Assets**  **($ Billion)** | **ICICI- Operating Expenses**  **($ Billion)** | **ICICI-Operating Profit**  **($ Billion)** | **ICICI-Gross NPA**  **($ Billion)** | **ICICI-Growth Rate in Gross NPA (%)** | **Indian Private Sector Banks -Gross NPA of ($ Billion)** | **Indian Private Sector Banks- Growth Rate in Gross NPA (%)** |
| 2009–10 | 50.85 | 0.78 | 1.36 | 1.35 |  | 2.54 |  |
| 2010–11 | 56.85 | 0.89 | 1.27 | 1.42 | 5.19 | 2.53 | –0.39 |
| 2011–12 | 68.44 | 1.10 | 1.45 | 1.34 | –5.63 | 3.21 | 26.88 |
| 2012–13 | 75.12 | 1.26 | 1.85 | 1.35 | 0.75 | 3.68 | 14.64 |
| 2013–14 | 83.21 | 1.44 | 2.18 | 1.48 | 9.63 | 3.56 | –3.26 |
| 2014–15 | 90.42 | 1.61 | 2.52 | 2.13 | 43.92 | 4.77 | 33.99 |
| 2015–16 | 100.85 | 1.77 | 2.77 | 3.74 | 75.59 | 7.86 | 64.78 |
| 2016–17 | 108.00 | 2.06 | 2.51 | 5.95 | 59.09 | 12.14 | 54.45 |
| 2017–18 | 123.03 | 2.20 | 2.65 | 7.57 | 27.23 | 15.28 | 25.86 |

Note: NPA = non-performing asset.

Source: Prepared by the authors with information from “ICICI Bank Annual Reports—2018,” ICICI Bank Ltd., accessed December 2, 2018, www.icicibank.com/aboutus/annual.page; “ICICI Bank Annual Reports—2016,” ICICI Bank Ltd., accessed December 2, 2018, www.icicibank.com/aboutus/annual.page?year=2016&type=IR-Annual%20Reports; “ICICI Bank Annual Reports—2013,” ICICI Bank Ltd., accessed December 2, 2018, www.icicibank.com/aboutus/annual.page?year=2013&type=IR-Annual%20Reports; “ICICI Bank Annual Reports—2011,” ICICI Bank Ltd., accessed December 2, 2018, www.icicibank.com/aboutus/annual.page?year=2011&type=IR-Annual%20Reports; “Publications,” Reserve Bank of India, September 15, 2017, accessed December 2, 2018, https://m.rbi.org.in/scripts/PublicationsView.aspx?id=17840; “Private Banks' Gross NPAs in Rs cr,” Infogram, accessed December 3, 2018, https://infogram.com/b9326d5c-a31b-4eaf-9370-a5259d85fa17.

EXHIBIT 2: VIDEOCON Group FINANCIALS (2009–2018)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Total Assets**  **($ Billion)** | **Net Sales**  **($ Billion)** | **Investment ($ Billion)** | **PAT**  **($ Billion)** | **Total Liabilities ($ Billion)** | **Total Debt ($ Billion)** | **EPS ($)** |
| September 2009  (12 months) | 2.72 | 1.46 | 0.11 | 0.06 | 2.72 | 1.69 | 0.25 |
| December 2010  (15 months) | 3.26 | 2.07 | 0.05 | –0.04 | 3.26 | 2.01 | –0.13 |
| December 2011  (12 months) | 4.22 | 1.88 | 0.16 | –0.19 | 4.22 | 3.13 | –0.63 |
| June 2013  (18 months) | 5.85 | 2.63 | 0.11 | –0.43 | 5.85 | 5.16 | –1.36 |
| December 2014  (18 months) | 7.06 | 2.86 | 0.33 | 0.70 | 7.06 | 5.62 | 2.08 |
| December 2015  (12 months) | 6.39 | 1.93 | 0.39 | –0.31 | 6.39 | 5.24 | –0.93 |
| March 2017  (15 months) | 5.77 | 1.75 | 0.56 | –0.47 | 5.77 | 5.36 | –1.40 |
| March 2018  (12 months) | 6.53 | 0.41 | 0.51 | –0.91 | 6.53 | 7.03 | –2.71 |

Note: PAT = profits after taxes; EPS = earnings per share

Source: “Videocon Industries,” Moneycontrol.com, accessed February 2, 2019, www.moneycontrol.com/financials/videocon%20ind/consolidated-balance-sheet/VLF; “Videocon Industries,” Moneycontrol.com, accessed February 2, 2019, www.moneycontrol.com/stocks/company\_info/print\_main.php;“Videocon Industries Ltd. Annual Report 2013,” Videocon Industries Ltd., accessed December 4, 2018, www.videoconindustriesltd.com/Documents/Videocon%20Industries%20Ltd\_2013.pdf; “Videocon Industries Ltd. Annual Report 2011,” Videocon Industries Ltd., accessed December 4, 2018, www.videoconindustriesltd.com/Documents/Videocon%20Industries%20Ltd\_2011.pdf.

EXHIBIT 3A: KEY ACTORS IN THE ICICI Bank Ltd.–VIDEOCON Group DEAL

|  |  |
| --- | --- |
| **Key Actors** | **Positions Held** |
| Chanda Kochhar | CEO of ICICI Bank Ltd. (2009–2018) |
| Deepak Kochhar | Co-founder and CEO of NuPower Renewables Pvt. Ltd. (since 2008) and husband of Chanda Kochhar |
| Venugopal Dhoot | Founder and CEO of Videocon Group (since 1986); co-founder of NuPower Renewables Pvt. Ltd. |
| Mahesh Punglia | Associate of Venugopal Dhoot |
| Arvind Gupta | Investor in Videocon Group (2010–2016) and whistle-blower (in the ICICI Bank Ltd.–Videocon Group deal) |

Note: CEO = chief executive officer

Source: Sandeep Singh and Khushboo Narayan, “ICICI Bank Fires Boss: Hurt and Shocked, Credit Decisions not Unilateral, Says Chanda Kochhar,” *The Indian Express*, January 31, 2019, accessed February 2, 2019, https://indianexpress.com/article/business/banking-and-finance/icici-bank-chanda-kochhar-hurt-and-shocked-videocon-group-venugopal-dhoot-5561993.

EXHIBIT 3B: TIMELINE OF EVENTS RELATED TO THE ICICI Bank Ltd.–VIDEOCON Group DEAL

|  |  |
| --- | --- |
| **Timeline** | **Event** |
| December 2008 | Deepak Kochhar (Chanda Kochhar’s husband) and Venugopal Dhoot co-found NuPower Renewables Pvt. Ltd. |
| January 2009 | Venugopal Dhoot resigns from NuPower Renewables Pvt. Ltd. (transfers 25,000 shares to Deepak Kochhar for US$3,500). |
| April 2009 | ICICI Bank Ltd. announces Chanda Kochhar as chief executive officer. |
| August 2009 | ICICI Bank Ltd. sanctions US$42 million loan for a subsidiary of Videocon Group. |
| September 2009 | NuPower Renewables Pvt. Ltd. receives a loan of US$9 million through Supreme Energy Pvt. Ltd. (owned by Venugopal Dhoot). |
| April 2010 to August 2010 | Through a series of share transfers, Supreme Energy Pvt. Ltd. becomes a 94.9 per cent shareholder in NuPower Renewables Pvt. Ltd. |
| November 2010 | Venugopal Dhoot transfers his holdings in Supreme Energy Pvt. Ltd. to Mahesh Punglia, his associate. |
| Throughout 2012 | Mahesh Punglia transfers his shares in Supreme Energy Pvt. Ltd. to a trust called Pinnacle Energy, in which Deepak Kochhar (Chanda Kochhar’s husband) is managing trustee, for a transaction value of US$12,600.  Supreme Energy, which gave a loan of US$9 million to NuPower Renewables Pvt. Ltd. in 2009, is subsumed by Pinnacle Energy (within three years). |
| March 2016 | Whistle-blower Arvind Gupta writes publicly about the corrupt practices of ICICI Bank Ltd. and related parties. |

Source: Sandeep Singh and Khushboo Narayan, “ICICI Bank Fires Boss: Hurt and Shocked, Credit Decisions not Unilateral, Says Chanda Kochhar,” *The Indian Express*, January 31, 2019, accessed February 2, 2019, https://indianexpress.com/article/business/banking-and-finance/icici-bank-chanda-kochhar-hurt-and-shocked-videocon-group-venugopal-dhoot-5561993.

Endnotes

1. This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of ICICI Bank or any of its employees [↑](#endnote-ref-1)
2. “ICICI Bank Says No Question of Nepotism or Conflict of Interest by Chanda Kochhar,” Bloomberg Quint*,* March 29, 2018, accessed December 2, 2018, www.bloombergquint.com/business/icici-bank-says-no-question-of-nepotism-or-conflict-of-interest-by-chanda-kochhar#gs.0ci0Pi93. [↑](#endnote-ref-2)
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