

A preliminary examination by regulator [Sebi](#) has favoured adjudication proceedings against [ICICI Bank](#) and its [CEO Chanda Kochhar](#) for alleged violation of listing disclosure norms regarding 'conflict of interest' in business dealings of her husband with [Videocon](#) group.

[ICICI Bank](#) may face a penalty of up to Rs 250 million under the relevant [Sebi](#) regulations for such lapses, while the fine for Kochhar may go up to Rs 10 million, besides other penal actions, a senior [official](#) said.

The adjudication process will convene formally soon after taking into account the replies to the show-cause notices issued by [Sebi](#) to ICICI Bank, Kochhar and others in this matter, the [official](#) added.

Besides Sebi probe, ICICI Bank's board has also constituted an "independent enquiry" and Kochhar has gone on leave till completion of this enquiry.

According to a regulatory filing by the [bank](#) last week, Kochhar will continue as MD and CEO, though the group's [life insurance arm head Sandeep Bakshi](#) has been appointed as a [whole time director and COO](#). Bakshi will report to Kochhar and will handle the day-to-day operations in her absence.

The bank has maintained that its board has full faith in Kochhar.

According to regulatory sources, Sebi's preliminary examination findings are based on enquiries made by the regulator in the matter involving Kocchar, [ICICI Bank](#) and [Videocon](#) Group.

As per the report, Kochhar has admitted that her husband [Deepak Kocchar](#) has had many dealings with [Videocon](#) Group over the last several years.

Besides, it has also been admitted by her that [Deepak Kocchar](#) and [Venugopal Dhoot](#) were [co-founder](#) and promoters of [NuPower](#).

Further, in June 2009, shares of [Dhoot](#) and [Pacific Capital](#) (owned by Deepak Kocchar's father and sister-in-law) in [NuPower](#) were sold to [Supreme Energy](#). Also, [Dhoot](#) continues to hold interest in [NuPower](#) through debentures of Rs 640 million, subscribed through Supreme Energy, the regulator found.

[Association of Deepak Kocchar](#) and Videocon has also been confirmed in case of [Credential Finance](#).

On the basis of the preliminary report, Sebi has concluded that there was a conflict of interest in the transactions of ICICI Bank with Videocon.

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, the [official](#) said.

Therefore, adjudication proceedings have been recommended against ICICI Bank and Kochhar, he added.

Last week, Sebi [Chairman Ajay Tyagi](#) had said the regulator is yet to receive a reply from ICICI Bank on the allegations involving Kochhar.

The cases under scanner include the bank's Rs 32.5 billion loan to Videocon Group in 2012 and the involvement of Kochhar's family members in the restructuring of the loan.

Kochhar and her family members are facing allegations of quid pro quo and conflict of interest with respect to a loan extended to certain entities.