

## RBI plans to collect information on loan to Videocon from ICICI Bank

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Dev Chatterjee | Mumbai April 11, 2018 Last Updated at 01:38 IST



The Reserve Bank of India (RBI) is planning to seek details from ICICI Bank on its Rs 32-billion loan exposure to the Videocon group.

“The RBI will first ascertain the facts. We can expect some action after that,” said a source close to the development. The finance ministry had said on

Monday that it was up to the RBI to take action in the ICICI Bank case. The RBI has a lot of information on Videocon Industries, which it had recommended sending to the National Company Law Tribunal (NCLT) in December last year, said a source.

The RBI move follows a Central Bureau of Investigation preliminary enquiry against Deepak Kochhar, husband of ICICI Bank’s Managing Director & Chief Executive Officer (MD & CEO) Chanda Kochhar, and Videocon Industries’ Chairman Venugopal Dhoot regarding a Rs640-million loan given by Dhoot to Deepak Kochhar’s company — NuPower Renewables. ICICI Bank’s board, Videocon, and NuPower have denied any quid pro quo.

When contacted, an ICICI Bank spokesperson said: “Your information is totally baseless and incorrect.”

A source at ICICI Bank said Videocon paid its dues to the bank till December 2017 and might even pay the dues for the March quarter. The loan by ICICI Bank to Videocon group companies was an old one, the executive said.

But in January this year, State Bank of India (SBI), following advice from the RBI, sent Videocon and its group companies to the NCLT for debt resolution. The company has contested the move and moved the Bombay High Court against SBI and the RBI. The matter is pending in the high court.

Dhoot had said the company would meet the commitments to the banks and they would not have to take any haircut on their debt.

The RBI, according to the source, wants details on the procedure followed for credit appraisal by the bank while giving loans to Videocon. The regulator is surprised that the ICICI Bank board gave a clean chit to its MD & CEO without any formal external investigation. On March 28, ICICI Bank had said in a statement that the board had concluded there was no question of any quid pro quo/nepotism/conflict of interest as alleged in the various rumours about its CEO.

M Damodaran, the former chairman of Securities and Exchange Board of India, told CNBC TV18 on Tuesday the NuPower-Videocon transaction has conflict of interest “written all over it” and the board should have called an independent investigation before giving its CEO the clean chit.

On Monday, the rating firm Fitch said the presence of the bank’s CEO on the credit committee (which sanctioned loan to Videocon) and the bank’s reluctance to support an independent probe had created doubts on the strength of its corporate governance practices.

ICICI Bank shares, meanwhile, closed 3 per cent up at Rs 289 on Tuesday. The shares have lost 8 per cent, or Rs159 billion, of market value since January this year.