



## **ICICI Bank reviewing all loans disbursed in last 5 years**

***With the US SEC intensifying its probe, ICICI Bank is reviewing all loans disbursed over the past five years to overhaul processes, plug loopholes and prepare reports to address regulatory inquiries***  
***Under new COO Sandeep Bakhshi, ICICI Bank is trying to boost corporate governance***

Jul 30 2018 | [Anirudh Laskar](#) LIVE MINT

Mumbai: With the US Securities and Exchange Commission (SEC) intensifying its probe into ICICI Bank Ltd, India's second largest private lender is reviewing all loans disbursed over the past five years to overhaul processes, plug loopholes and prepare reports to address regulatory inquiries, if any. The bank's compliance division, risk management department and the arm that manages non-performing assets (NPAs) asked its main loans divisions last week to provide valuations of the securities (on loans that turned bad) over the past five years, three people directly aware of the latest review and the bank's plans said, requesting anonymity.

Under the newly appointed chief operating officer Sandeep Bakhshi, ICICI Bank is trying to review and overhaul the credit disbursement processes to avoid controversies such as those surrounding its chief executive Chanda Kochhar, who is now on indefinite leave. Kochhar's leadership came under a cloud because of allegations of a conflict of interest over loans made to

Videocon Group, whose chairman had business links with her husband Deepak Kochhar.

In the past two weeks, ICICI Bank's loan divisions were also asked to prepare exhaustive reports on the trend in valuation of securities to check if valuations were inflated, one of the three people said.

An email sent to ICICI Bank on Friday remained unanswered.

The loans divisions were also asked to seek details of the officials who valued the loan assets; the officials who approved the appointment of valuers; the credentials of the valuers and the fees paid to them and so on, the first person said.

The officials concerned were given tight deadlines to submit all the data for five years to the respective heads of the risk management department, compliance department and the performance, information and value management group (PIVG) that manages NPAs, this person said.

Officials with risk management and the PIVG departments were given a deadline of three days that ended last week, said the second person.

"After the recent board-level changes, the top management is planning to review the credit disbursement processes followed by the bank so far and take corrective actions. The exercise was initiated following the regulatory probes into the bank's dealings," the second person said. "The objective is to avoid future controversies regarding the bank's loan disbursement processes and strengthen corporate governance practices."

On 26 July, *Mint* reported that the US Securities and Exchange Commission (SEC) has intensified its investigation into alleged wrongdoings with regard to loan disbursement by ICICI Bank.

US SEC's probe has gathered momentum after a whistleblower complained to the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (Sebi) that ICICI Bank unfairly serviced at least 31 doubtful loans in order to delay provisioning and inflate profits between 2008 and 2016.

Referring to a *Mint* report on the US regulator's ongoing probe, ICICI Bank in a US SEC filing on Saturday (India time), said: "The bank has been responding to requests for information from the SEC investigatory staff regarding an enquiry relating to the timing and amount of the bank's loan impairment provisions taken under US GAAP (generally accepted accounting principles). The bank evaluates loans for impairment under US GAAP for the purpose of preparing the annual footnote reconciling the bank's Indian GAAP financial statements to US GAAP. The bank has voluntarily complied with all requests of the US SEC investigatory staff for information and interviews related to the bank's US GAAP loan impairment process."

## **Banks eye one-time settlement deal from stressed power firms**

***Banks are pursuing one-time settlements in KSK Mahanadi Power, RKM Powergen, SKS Power and Avantha Group's Jhabua Power Project***

***Lenders are racing to avoid a potentially long-drawn insolvency process as all such defaulting projects will proceed for liquidation after 26 August following a recent RBI circular***

Jul 30 2018 | [Tanya Thomas](#) LIVE MINT

Mumbai: Lenders to India's stressed coal-based power projects are chasing one-time cash settlements to recover their long-pending loans even at a substantial cut on their dues. Banks are racing against time to avoid a potentially long-drawn insolvency process as all such defaulting projects will proceed for liquidation after 26 August following a recent circular by the Reserve Bank of India. It has led to a rush among lenders to discuss with various parties, including domestic power producers and private equity funds, on exiting the projects.

Banks are pursuing one-time settlements (OTS) in KSK Mahanadi Power, RKM Powergen, SKS Power and Avantha Group's Jhabua Power Project,

three people, who didn't want to be named, told *Mint*. In addition, the promoters of GVK Power and Infrastructure are in talks with lenders on a restructuring package, the firm said in its March quarterly results.

"Bankers are exploring OTS options or resolution plans for a majority of stressed power projects and have received multiple bids for some of them," said one of the people close to the development. "Under the Parivartan scheme, many bankers saw their loans converted into equity in these projects. In some of these, like with GMR's Chhattisgarh plant, lenders are majority equity holders. Now, under OTS, either the existing promoter or an outsider will bid for these projects, giving banks an upfront lumpsum and a complete exit route."

"I think banks are willing to take up to a 50% haircut on loans," said the person, who handles some of the proposals.

He said bids were received in the past two weeks for KSK Energy, SKS, Jhabua power plant, either under the resolution option or as a one-time settlement. "These bids have come in from domestic power producers and a couple of Asia-Pacific private equity funds," he said.

The person said following a 12 February circular of RBI offering OTS as a possible resolution option for defaulting power sector dues, banks have taken 1 March as reference date for such loans. "According to the circular's timeline of 180 days, this gives banks until 26 August to resolve bad loans, after which they head into liquidation," the person said.

Emails sent to the current promoters of the four power projects named above remained unanswered at the time of going to print.

In an interview with *Mint* last Tuesday, Rajnish Kumar, chairman, State Bank of India, said power firms are likely to face severe "cash-flow issues" once admitted for insolvency as their power purchase and fuel supply agreements are likely to be terminated on being declared insolvent. So, lenders are trying to resolve a few power sector assets independently, and will use the bankruptcy court as a last resort.

"We will follow a transparent process through the Swiss challenge method," Kumar said. The Swiss challenge method is a process where, if

the bank receives an unsolicited bid for an asset, it makes the details of the bid public and invites other interested parties to match or exceed the bid before finalizing the sale. "We have constituted an oversight panel within the bank where eminent outsiders like retired high court judges, retired vigilance commissioner will look into the integrity of the process. Ultimately, what matters is they should have a robust mechanism to discover a transparent price," Kumar said.

N.B. Gupta, director, finance at Power Finance Corp., said over the phone that the public sector lender is keen on pursuing one-time settlements for its outstanding loans to stranded power plants. "We have different proposals that are coming to us for different projects. Right now, no final decision on this has been taken," he said.

Gupta said the settlement offers are "usually coming from the promoters or competing power producers and we are evaluating these offers."

"In GVK, for instance, we didn't take a haircut on the total amount but we have extended the repayment period. We are evaluating which other proposals are suitable," he said.

## **Antigua govt to consider 'legitimate request' from India to send back Choksi**

[PTI](#) | NEW DELHI, JULY 26 BUSINESSLINE

The Antigua Government has indicated that it may consider "a legitimate request" from India to send back the uncle of fugitive diamantaire Nirav Modi, Mehul Choksi, who has taken citizenship there, according to a newspaper report in that country.

The Daily Observer today quoted a Cabinet press briefing issued by the Chief of Staff, Lionel "Max" Hurst, to state that Antigua and Barbuda government will make every effort as per law to honour a "legitimate" request from India.

The issue of Choksi, a fugitive from India involved in an alleged banking scam worth over USD 2 billion, getting citizenship in Antigua in November

last year was discussed in a Cabinet meeting of Antigua and Barbuda government, the newspaper said.

A CBI request, India's nodal agency for Interpol matters, to issue a Red Corner Notice against Choksi is pending with the international police organisation and is likely to be granted soon.

The Cabinet underlined that they do not have extradition treaty with India and that Choksi has not been charged for any crime, it reported.

The paper also stated that the Cabinet noted that no request has been received by the Antigua and Barbuda government for any action against Choksi.

The Citizenship by Investment unit of Antigua faced criticism from the paper for allowing Choksi to get passport of Antigua in November last year. The unit had informed the paper that Choksi's request was allowed after "due diligence" and detailed background check from Interpol.

The CBI has denied that Interpol ever approached it regarding background checks on Choksi, who was facing inquiries from various agencies last year.

In an editorial, the paper said, There is a perception that the CIU's due diligence is a farce and that CIP money trumps due diligence. This is a perception that cannot be allowed to linger because it will have damaging effects on our country's reputation. The government must produce all the documentary evidence of the due diligence process so that the citizens of this country can have confidence that there is integrity to the process,

It also noted that India is a friendly country, an "ally", and that it had helped Antigua in past on several occasions and it was a time to reciprocate.

Beyond that, India is an ally. They have provided assistance to us in the past, and they have been tapped to provide assistance in the future. Most recently (as in April of this year), we sought their technical assistance in the areas of health and the management of public finance. Will we now

turn our backs on them and give safe harbour to a fugitive from their justice system?, an editorial in the paper said.

Meanwhile, the Enforcement Directorate has moved to a Special court in Mumbai seeking to declare Nirav Modi and his uncle Choksi 'fugitive economic offenders' which will enable them to seize their assets in India.

Nirav Modi and Choksi are being investigated by the ED and the CBI after it was detected that they allegedly cheated the Punjab National Bank of more than Rs 13,400 crore with purported involvement of a few of the lender's employees.

The scam, which reportedly began in 2011, was detected in January this year, after which PNB officials reported it to the probe agencies.

Choksi and Modi fled the country in January this year nearly a fortnight before the scam was detected.

Choksi's actions show that he had planned his escape and subsequent life in advance knowing that the scam would blow up after the retirement of PNB employee Gokulnath Shetty, who was allegedly helping him with renewal of letters of undertaking, sources said.

He escaped the country on January 4 on an Indian passport and took the oath of allegiance in Antigua on January 15, they said.

Next day, his firm approached the Brady House branch of the Punjab National Bank seeking renewal and issuance of letters of undertaking which were denied as the officer concerned sought cash guarantee for issuing these notes, a CBI FIR in this connection alleged.

The executives told the officer that they have been taking these letters over last several years without any demand of such guarantee, it said.

The officer could not find instructions for such LoUs in the bank's system which led to a detailed scrutiny. It is then that the alleged scam surfaced prompting the bank to approach the CBI with a complaint and an FIR was registered on January 31.

An LoU is a guarantee given by an issuing bank to Indian banks having branches abroad to grant short-term credit to an applicant.

Choksi allegedly swindled Rs 7,080.86 crore, making it possibly the biggest banking scam in the country, the FIR has alleged.

Choksi and his companies allegedly availed of credit from overseas branches of Indian banks using the fraudulent guarantees of the PNB given through LoUs and letters of credit issued to Brady House branch which were not repaid bringing the liability on the state run bank, the officials said.

A charge sheet filed in a special court in Mumbai after a three-and-a-month probe alleged that Shetty, a deputy manager in the PNB and arrested by the CBI, received Rs 1 crore from the companies of Choksi to issue LoUs to his companies, they said.

## **PNB fraud: India requests Antigua and Barbuda govt. to detain Mehul Choksi**

[Kallol Bhattacharjee](#)

NEW DELHI, JULY 30, 2018

**THE HINDU**

***Georgetown High Commission has alerted the A&B govt. to confirm Choksi's presence and detain him, says a source***

The Indian High Commission in Antigua and Barbuda had asked the authorities there to stop billionaire diamond trader Mehul Choksi from travelling around the world, sources informed on Monday.

"As soon as MEA received information of the likely presence of Mehul Choksi in Antigua, our High Commission in Georgetown had alerted the A&B Government, in writing and verbally, to confirm his presence in their territory and detain him and prevent his movement by land, air or sea," said the source.

India will hold talks with Antigua and Barbuda about Choksi's future on Monday as the Ministry of External Affairs (MEA) and other government agencies continue coordinated actions regarding the case, sources said. The government of the island nation has already indicated that it will try

to “honour” India’s request to send back Choksi even though there is no bilateral extradition treaty between both countries.

“We continue to liaise with relevant Government of India agencies and the Government of Antigua & Barbuda to follow up on this matter,” said the source.

Choksi and his nephew Nirav Modi are wanted in the billion-dollar bank fraud involving several public sector banks. Choksi was granted an Antiguan passport in the winter of 2017, three months before the scam came to light.

The MEA had revoked the passports of Modi and Choksi in February to prevent the duo from travelling around the world. However, news reports have hinted that both Modi and Choksi have been travelling.

## **PNB board discusses future of EDs Rao, Sharan at special meeting**

*Show cause notices were issued to the two EDs for their termination, and their replies were discussed at the PNB board meeting*

*They were divested of their responsibilities after the Rs.13,000-cr Nirav Modi scam came to light*

[KR SRIVATS](#) | NEW DELHI, JULY 27 **BusinessLine**

A specially-convened meeting of the Punjab National Bank (PNB) board, on Thursday, discussed the future course of action on the two Executive Directors – Brahmaji Rao and Sanjiv Sharan – who were divested of their responsibilities following the Rs.13,000-crore Nirav Modi scam.

“The board meeting was specially convened to discuss the matter of the two EDs. The opinion of the board would be conveyed to the Department of Financial Services,” a PNB official said.

This official, however, declined to comment on the opinion of the board on this matter. The government nominee on the PNB board did not attend the Thursday meeting, sources said.

It may be recalled that the Finance Ministry (Department of Financial Services) had recently asked the board of PNB to give its opinion on the future course of action on these two EDs.

The PNB board, on May 14 this year, based on a letter from the Finance Ministry, swung into action to divest both Rao and Sharan of their responsibilities.

Show cause notices were also issued to the two EDs for their termination, it is learnt. Their replies to the notices were discussed at the PNB board meeting of Thursday, sources said.

### **Allahabad Bank**

Allahabad Bank board met in Kolkata on Friday to discuss, among other things, the future of Usha Ananthasubramanian, who was divested of her role as Managing Director and CEO in the wake of the Nirav Modi scam. The Nationalised Banks (Management and Miscellaneous Provision) Scheme 1970 provides that the Centre can remove a whole-time director, including the Managing Director, only after satisfying two conditions.

One, consultation with the board and, second, giving the whole-time director, including the Managing Director, an opportunity to show cause against the proposed action, sources added. It is on the basis of this scheme, which requires consultation with the board, that the DFS has sought the opinion of the board, sources added.

Although the two PNB EDs have been divested of their responsibilities, they continue to attend office and none of their benefits have been taken away by the bank, a PNB official said.

<b>AIBEA THIS DAY JULY 31</b>	
1950	Sen Tribunal Proceedings concludes.
1968	A Delegation of Parliament Members meets Prime Minister on 36AD and 44 AA issue of Social Control Bill.
1978	Chief Labour Commissioner holds conciliation proceeding on 3 <sup>rd</sup> Bipartite demands at Delhi
1995	Delegation from NUBE, Malaysia hosted by AIBEA



## **ALL INDIA BANK EMPLOYEES' ASSOCIATION**

*Central Office: PRABHAT NIVAS*

*Singapore Plaza, 164, Linghi Chetty Street, Chennai-600001*

Phone: 2535 1522 Fax: 2535 8853, 4500 2191

e mail ~ [chv.aibea@gmail.com](mailto:chv.aibea@gmail.com)

Web: [www.aibea.in](http://www.aibea.in)