



**ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)**

163/4, Kutchery Road, Mylapore, Chennai - 600004

E mail i.d: aiubparf@gmail.com/ ubioatnng@gmail.com/ suryanarayananram@gmail.com

Com. P.B. Thomas Chairman Thiruvananthapuram M: 09447177456	Com. B.B. Yadav Vice Chairman Sangli M: :098811 91110	Com. Nitin Desai President Ahmedabad M: 097277 60641	Com. S. Bagchi Working President Kolkata M: 0983081586	Com. N. Govindarajulu General Secretary Chennai M: 09841089111
--	--	---	---	---

Dear Comrades,

31st January, 2019

News of Interest 31st Jan

QUOTE OF THE DAY

“BE STUBBORN ABOUT YOUR GOALS AND FLEXIBLE ABOUT YOUR METHODS.”

HIGHLIGHTS

1. ICICI BANK Q3 PROFIT DECLINES 3% TO RS 1,605 CR, GNPA RATIO IMPROVES
2. DHFL DIVERTED RS 31,000-CRORE LOANS TO PROMOTER FIRMS, SAYS COBRAPOST
3. NCLAT DECLINES PLEA OF ESSAR STEEL OPERATIONAL CREDITOR
4. HERE'S ALL THAT FINALLY DID CHANDA KOCHHAR IN
5. MCA TURNS UP THE HEAT ON INDIA INC; SEEKS ANNUAL RETURN ON LOANS, OTHER RECEIPTS

Business Standard

1. ICICI Bank Q3 profit declines 3% to Rs 1,605 cr, GNPA ratio improves

Net interest income up 21% to Rs 6,875 cr, other income rises 9% to Rs 3,404 cr

Nikhat Hetavkar

Private lender ICICI Bank saw its net profit for the December quarter fall by three per cent to Rs 1,605 crore against Rs 1,650 crore a year ago, said the bank in a filing to the exchanges.

This was the bank's first official quarter under Sandeep Bakhshi's leadership. He was appointed MD and CEO in October after Chanda Kochhar stepped down. He was previously appointed as the bank's interim CEO in June, while Kochhar was on leave facing investigation by the bank.

Net interest income rose 21 per cent to Rs 6,875 crore in December 2018, from Rs 5,705 crore in the year-ago quarter.

Non-interest income (or other income) was up just nine per cent at Rs 3,404 crore for the quarter under review. Net interest margin (NIM) stood at 3.4 per cent, compared to 3.33 per cent in the previous September quarter.

The gross non-performing asset (GNPA) ratio for the quarter improved to 7.75 per cent, from 7.82 per cent in the year-ago quarter and the previous quarter's GNPA ratio of 8.54 per cent.

The bank had appointed a panel led by former Supreme Court judge B N Srikrishna to investigate the allegations of conflict of interest against Kochhar. Business Standard had earlier reported that the report has been placed in front of the board in its meeting on Wednesday.

Total advances increased by 12 per cent year-on-year to Rs 5.64 trillion on December 2018 from Rs 5.05 trillion on December 2017.

Current accounts and saving accounts (CASA) deposits increased by 15 per cent year-on-year to nearly Rs three trillion at the end of the December quarter. The Bank's CASA ratio was 49.3 per cent at December 31, 2018 compared to 50.8 per cent at September 30, 2018 and 50.4 per cent at December 31, 2017

The bank's stock closed at Rs 365.25 on BSE, down by 5.29 per cent from previous close. The bank's results came post market hours.

2. DHFL diverted Rs 31,000-crore loans to promoter firms, says Cobrapost

Cobrapost said its revelations were not based on whistle-blowers documents but a result of its research

[Somesh Jha](#) |

The Ministry of Corporate Affairs (MCA) has taken a "very serious note" of allegations of financial mismanagement against Dewan Housing Finance Corp Ltd (DHFL), a government source with direct knowledge of the matter told Reuters on Wednesday.

Investigative media outlet Cobrapost on Tuesday said Dewan diverted funds to shell companies to buy assets, and that firms linked to Dewan's controlling shareholders—the Wadhawan group—made political donations beyond mandated levels.

Dewan, one of India's largest housing finance companies, said the report was unfounded and malicious and that it had engaged lawyers to defend itself.

Cobrapost told Reuters it stood by its reporting.

A government source said the ministry of corporate affairs had taken "very serious note" of the allegations would likely inspect the records of Dewan Housing and "further action" against the company and its directors cannot be ruled out." Another source confirmed the plan to investigate the firm and the alleged shell companies. Both said they could not be named, citing

government rules. Reuters contacted Dewan by phone and email for a response to the government move but there was no immediate response.

However, company chairman Kapil Wadhawan firmly rejected the Cobrapost allegations in a call with media, investors and analysts earlier in the day.

"DHFL has never lent to a shell company," he said. Neither it nor its units made any political donations, he said. The firm's denial of the report failed to stop investors selling the stock, which has lost a third of its value since Jan. 1.

Shares of Dewan lost 8 percent on Tuesday and closed down a further 4.9 percent on Wednesday. Shares fell by as much as 9.5 percent to 153.55 rupees at one stage before Wadhawan's comments were made public.

During the call, Wadhawan also addressed liquidity concerns in India's non-banking lending sector, saying Dewan was well-financed and had never defaulted on a loan.

"We are committed to have adequate liquidity to meet commitments for the next 12 months," Wadhawan said.

He also said Dewan, which is selling its life insurance business, will shortly raise debt from overseas markets.

Financial Express

3. NCLAT declines plea of Essar Steel operational creditor

By: [FE Bureau](#)

The two-member NCLAT bench headed by Justice S J Mukhopadhaya did not entertain the plea and said that there could be no hearing on the issue before it till the time NCLT decided on the Essar Steel resolution.

Against his claim of Rs 41.14 crore from Essar Steel, Ahluwalia's admitted amount is Rs 25.92 crore, as per the operational creditors' list shown in the Essar Steel website. (Representational photo)

A day after National Company Law Tribunal's Ahmedabad bench rejected Essar Steel promoters bid to regain the bankrupt steel firm, one operational creditor Kamaljeet Singh Ahluwalia on Wednesday moved National Company Law Appellate Tribunal (NCLAT) requesting it to direct the adjudicating authority to hear his plea ahead of finalising on ArcelorMittal's resolution plan.

The two-member NCLAT bench, headed by Justice S J Mukhopadhaya, did not entertain the plea and said that there could be no hearing on the issue before it till the time NCLT decides on the Essar Steel resolution. It said the appeal could be listed on February 4. Abhishek Manu Singhvi, who was also present in the court room on behalf of ArcelorMittal, said such move by the operational creditor was 'to derail the (resolution) process'.

On January 23, NCLAT asked NCLT's Ahmedabad bench to pass an order by January 31 on Essar Steel's resolution plan. It also said that if the NCLT

bench failed to pass any order by that day, it would pass an order on the next date of hearing, slated on February 4.

Against his claim of Rs 41.14 crore from Essar Steel, Ahluwalia's admitted amount is Rs 25.92 crore, as per the operational creditors' list shown in the Essar Steel website.

"Operational creditors should not go and cry in the street. Otherwise, we will have to look into the matter," the NCLAT bench observed, adding that any successful resolution applicant should not 'kill them'. The bench said that the interest of the Essar Steel's operational creditors would be protected in the same fashion as it was ordered in the Binani Cement matter.

Approving Aditya Birla Group firm Ultratech's bid for Binani Cement, the NCLAT observed, "The I&B Code aims to balance the interests of all stakeholders and does not maximise value for financial creditors. Therefore, the dues of creditors of operational creditors must get at least similar treatment as compared to the due of financial creditors".

It also said that the liabilities of all creditors who are not part of the CoC must also be met in the resolution. Ultratech had 100% repayment to financial creditors and operational creditors with interest in its bid for taking over Binani Cement.

Economic Times

4. Here's all that finally did Chanda Kochhar in

ET Online

Immediately after the Justice Srikrishna committee report, the bank sacked Kochhar and took away many benefits due to her.

After initial denials, now it has been established by an independent probe that ICICI Bank's ex-CEO Chanda Kochhar had indeed violated the company code of conduct. A committee headed by retired Justice B.N. Srikrishna committee has indicted Kochhar. The indictment comes less than a week after the Central Bureau of Investigation (CBI) turned its preliminary enquiry, in which it was probing the alleged nexus between Deepak Kochhar, husband of ICICI Bank NSE 5.49 % ex-CEO Chanda Kochhar and Videocon group MD Venugopal Dhoot, into an FIR.

The CBI has booked the three of them in connection with alleged cheating and irregularities in loans sanctioned by the bank to the Videocon group in 2012. After the CBI probe started last year, Kochhar sought an early retirement and the bank accepted her resignation. Immediately after the Justice Srikrishna committee report, the bank sacked Kochhar and took away many benefits due to her.

What did Justice Srikrishna probe? The Justice Srikrishna committee dwelled on whether Kochhar violated the code of conduct by not recusing herself in case of the Videocon loan and whether she made required disclosures related to her husband's and brother-in-law's businesses.

After allegations by whistleblowers about a quid pro quo between Videocon, which got a hefty loan from the ICICI Bank, and Kochhar whose husband

Deepak Kochhar got money from Videocon, the bank made an internal inquiry and defended Kochhar.

MK Sharma, then ICICI Bank chairman, said that the board did not see any conflict of interest since the Videocon group was not an investor in Kochhar's husband's company and, therefore, there was no need for Kochhar to recuse herself from the committee that sanctioned the loan to Videocon. He said the committee had many independent directors and was not chaired by her. He also said that the loan disbursed to Videocon was part of a consortium arrangement where terms and conditions had already been agreed upon by the lender group. Sharma said Chanda Kochhar had also made all the necessary disclosures.

However, when the issue did not die down, the bank agreed to institute an independent probe by Justice Srikrishna who has now found that Kochhar indeed violated the code of conduct, by not recusing herself from the committee that sanctioned loan to Videocon and not making necessary disclosures required under the company code.

It all began with this company: Kochhar, whose company NuPower Renewables allegedly received an investment from a Videocon group company as a quid pro quo for a loan from the bank. Dhoot allegedly invested crores of rupees in Nupower months after the Videocon group got Rs 3,250 crore as loan from the ICICI Bank in 2012.

How it came to light: The Videocon loan issue was first raised by whistle-blower Arvind Gupta in 2016 when he wrote about it on a blog. He accused Chanda Kochhar of conflict of interest and corporate misconduct while sanctioning loans to Videocon.

Gupta wrote to the Prime Minister, the RBI governor and several other authorities demanding a probe but. However, his complaint drew no response from the authorities. The issue came to the limelight when early last year when a newspaper published an investigation of Gupta's allegations.

How the money changed hands: Whistle-blower Gupta alleged that a company owned by Dhoot loaned Rs 64 crore in March 2010 to NuPower Renewables that he and Deepak Kochhar had jointly promoted just two years ago. A complex web of deals resulted in a trust controlled by Deepak Kochhar acquiring the lending company six months after the Videocon Group got the loan from ICICI Bank. The transfer of company shares to Kochhar's trust was made at a paltry Rs 9 lakh.

A company that loaned an amount as big as Rs 64 crore, was acquired by the trust Deepak Kochhar controlled for as small an amount as Rs 9 lakh. This was the part that raised the eyebrows.

Dhoot also sold his 50 per cent stake in NuPower Renewables for just Rs 2.5 lakh to Deepak Kochhar. Gupta alleged that ICICI Bank awarding the loan to Videocon and the loan later becoming an NPA in 2017 were due to Dhoot's business relations with Deepak Kochhar whose wife, Chanda, was part of the committee that sanctioned the loan. Nearly 86 per cent of Videocon's ICICI Bank loan remains unpaid.

The brother-in-law angle: It also came to light that ICICI Bank borrowers, including Jaiprakash Associates and Jaiprakash Power, had hired services allegedly of a firm, Avista Advisory Group, run by Chanda Kochhar's brother-in-law Rajiv Kochhar (brother of Deepak Kochhar). Among the companies that are said to have hired services of Avista for the restructuring of debt were Videocon, GTL Infrastructure and Suzlon NSE 1.01 %. ICICI Bank was a lender to all these entities. However, the bank denied that it had ever engaged Avista Advisory Group for any services. Earlier, the bank said that the brother of a husband did not fall within the definition of a "relative" under the Companies Act and, therefore, there was no requirement for making any disclosure of such a relationship.

The property angle: Chanda Kochhar's house too has come under the lens. The Income Tax department has probed the acquisition of the current family residence of Kochhar in South Mumbai by her husband Deepak Kochhar in a complex transaction involving firms linked to Videocon Group, The Indian Express reported in June last year. The house was bought through Credential Finance Ltd, a financial services firm set up by Deepak Kochhar and his brother Rajiv Kochhar in the mid-1990s. The company had intricate relations with the Videocon group, the report said.

Sale of ICICI bank building: The Income Tax department also probed a 2010 real estate transaction between ICICI Bank and Videocon Group as part of its investigation into possible tax evasion in the ICICI Bank-Videocon loan case, The Indian Express reported last year. The sale of a 13-storey building, Radhika Apartments, which was earlier the staff quarters of ICICI Bank, in Prabhadevi in central Mumbai, to Videocon Industries came under the scanner following allegations of possible quid pro quo. It was allegedly sold to Dhoot's firm at a much lower price than the existing market rate at that time.

Mauritius connection of NuPower: Whistle-blower Gupta has also alleged that NuPower received what he described as round-tripped investments of Rs 453 crore from Essar Group, routed through an organisation called Matix Group and its holding entity First land Holdings Ltd, both based in Mauritius. These firms are owned by Nishant Kanodia, husband of Smiti Ruia, who is the daughter of Essar Group vice-chairman Ravi Ruia. ICICI Bank is a key lender to Essar Group and during the same period, it lent to Essar's now-bankrupt US steel project in Minnesota and its UK refinery project at Stanlow. However, The allegations have been dismissed as motivated by the Essar Group, which maintains it has no business interest in Firstland Holdings.

Inflated profits: A whistle-blower complaint accused Kochhar of irregularities in 31 loan accounts. It was alleged that ICICI Bank inflated profits by at least \$1.3 billion over eight years by delaying provisioning for 31 non-performing assets (NPA) accounts. The whistle-blower alleged that the bank delayed provisioning for NPAs from loans worth at least \$3 billion. The whistle-blower claimed that the bank would have reported losses in some quarters over the eight years, had the bank's management not deferred impairment of loans.

ET reported in December last year that ICICI Bank was close to appointing a forensic auditor to probe these allegations. The inquiry will reveal if profits were inflated and what role Kochhar played in it.

Business Line

5. MCA turns up the heat on India Inc; seeks annual return on loans, other receipts

[K.R.Srivats](#)

With a spate of corporate irregularities coming to the fore, the Centre has decided to make disclosure norms more stringent. Corporate India is now required to submit details of transactions involving receipt of money or loans taken by them, which are otherwise not considered deposits.

All companies — other than Government companies — have been asked to file a one-time return covering all such outstanding receipts of money or loans from April 1, 2014 to January 22, 2019. The latter date is when the Ministry of Corporate Affairs (MCA) issued a notification in this regard.

The reporting requirement is expected to continue in the coming years as well.

Already, there is a strict reporting regime for companies that accept deposits.

Critics, however, see the latest MCA move as a part of 'surveillance capitalism', a phenomenon that is widespread in the Western world and which is gaining currency in other parts of the globe.

Putting off lenders

Besides adding another layer of processes and procedures, the reporting requirement, with its emphasis on source of funds, would discourage lenders, some observers feel.

Vaibhav Kakkar, Partner, L&L Partners, a law firm, said: "The exercise seems to have been undertaken with the objective of determining the various categories under which such amounts, not being deposits, are being held and the details thereof.

"Upon this determination, the possibility of the government regulating this exempted space, to align it with its policy objectives and prevent any potential misuse, cannot be ruled out."

Sai Venkateshwaran, Partner and Head CFO Advisory at KPMG India, said: "While the disclosures are required only at an aggregate level, this is likely to impose an additional burden on companies as they compile information and get it certified by the auditors."

Sweeping coverage

The disclosure norm covers most financial transactions including amounts received from governments, both Indian and foreign, including government bodies; loans from banks and financial institutions; advances from customers for goods, services and property; inter-corporate receipts; proceeds from the issue of commercial paper, bonds and debentures; share application money; and loans from directors, he said.

With kind regards,

Yours Comradely,

A handwritten signature in blue ink, appearing to read 'N. Govindrajulu', with a long, sweeping horizontal stroke extending to the right.

(N. GOVINDRAJULU)
GENERAL SECRETARY