

# Lesson for India Inc: 'Any allegation must be taken seriously and quickly'

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Was ICICI Bank's board too hasty initially in giving a clean chit to its former Managing Director and CEO Chanda Kochhar, or should she have made more disclosures?

## Hotly-debated issues

These are the two issues being debated a day after the BN Srikrishna enquiry report said Kochhar had violated the bank's code of conduct and framework on conflict of interest and that her lack of disclosures made the bank's processes ineffective.

"It is easy to say that the bank should have done more, but it is not clear what they could have done differently. For

instance, here the bank is saying that a process has been put in place, but is helpless since it was being wilfully ignored. And so, it cannot be seen as a systematic issue,” said Amit Tandon, founder and Managing Director of corporate governance and proxy advisory services, IiAS.

Most experts believe that the clean chit given by the board of ICICI Bank, led by then Non-Executive Chairman MK Sharma in March, last year, was based on the information available at that time and the 2016 report, which was later withdrawn by the law firm.

## Independent probe

It was only in May last year that the board decided to start an independent investigation into the allegations made by an anonymous whistleblower. “The lesson for India Inc is that any allegation needs to be taken seriously and quickly as time is key in investigations. Also, boards should ensure they are seen as independent because their primary responsibility is to the shareholders,” said Tarun Bhatia, Managing Director and Head South Asia, Kroll.

Analysts believe that the report, along with the board terminating Kochhar’s appointment, could mean a clear break for the beleaguered private sector lender, which has been battling allegations about her since last year.

“I would think the chapter is now closed, but it is hard to predict. It did impact the bank’s share price initially, but with good earnings and performance, investors are now focussing on other parameters,” said an analyst, who did not wish to be named.

On Thursday, the ICICI Bank scrip, after initial gains in the morning, closed with a loss of 0.27 per cent at ₹364.25 apiece on the BSE.

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