

Top Women at India Banks Prove ICICI CEO Factory Gender Neutral

June 23 (Bloomberg) -- ICICI Bank Ltd. Chief Executive Officer Chanda Kochhar says it doesn't seem so long ago that she was worrying that she wouldn't be able to handle her job at what's now India's largest nongovernment lender while managing her household and caring for her infant son.

"I'd taken my maternity leave and come back," says Kochhar, 49, munching on a salad in the top-floor executive dining room of the bank's 11-story Mumbai headquarters. "I found it a little difficult."

During that time of doubt that almost derailed her career in 1996, Kochhar was fortunate to be working at a place that encourages women to not abandon their first steps up the corporate ladder, Bloomberg Markets magazine reports in its August issue.

ICICI Bank, which lends to corporations and individuals and offers insurance, investment banking and other financial services, has produced seven of India's 14 top female financial professionals.

"ICICI has served as a bit of a CEO factory," says Gunjan Bagla, managing director of Amritt Inc., which advises Western and Indian companies on working together.

"Many women who rose to top positions inside ICICI and its affiliate companies have since moved on to other entities in India."

'Looking for Talent'

Kochhar thanks former CEO Kundapur Vaman Kamath for making what turned into a career-changing decision for her. He let her take a half-year hiatus from her job as head of infrastructure financing after she was overwhelmed by work and family life. The change from India's typical three-month maternity leave made the difference. Thirteen years later, in May 2009, Kochhar succeeded Kamath as CEO.

Kamath, 63, who became the bank's chairman, was building on a tradition of ensuring that women get opportunities to prove themselves. Narayanan Vaghul, who was managing director and chairman of the bank's predecessor, ICICI Ltd., from 1985 to 1996, says India's management-minded females confronted two kinds of employers in the 1970s: those who believed women could perform as well as men and those who couldn't see them in roles beyond secretary or stenographer.

Vaghul and his predecessor, Suresh Nadkarni, were believers.

"It was never a question of gender," says Vaghul, who remained ICICI Bank chairman until early 2009. "We were really looking for talent."

Executive Director K. Ramkumar, the bank's head of human resources, says the company challenged norms without having formal diversity policies.

'Fairness and Transparency'

"If your board or chairman wants to implement equality, you don't have to create committees," he says.

That kind of thinking has pushed ICICI Bank into the vanguard of companies where women can succeed at the top, says Deepak Gupta, managing director and country head for India at search firm Korn/Ferry International in New Delhi.

"It's a women-friendly kind of culture catering to fairness and transparency," he says of ICICI Bank.

India's foreign banks, such as Citigroup Inc., also have done well in mentoring women, Gupta says. The difference at those companies: When women reach upper management, they're offered opportunities outside India.

"ICICI being an Indian bank, the women that get to senior levels tend to excel within Indian institutions without having to go anywhere," he says.

Kochhar Tested

Kochhar put her skills to the test after she returned from her break. From 2001 to 2006, when she headed retail banking, ICICI Bank expanded lending. Loans to retail customers surged more than 30-fold.

Then, as India's economy grew at the slowest annual pace in six years beginning in April 2008, ICICI Bank became the nation's only lender to see a run on deposits. Hundreds of people pulled money out of automated teller machines because ICICI's U.K. unit held 57 million euros (\$82 million) in senior bonds sold by Lehman Brothers Holdings Inc., which filed for bankruptcy that September. Kochhar and Kamath helped defuse the situation by appearing on TV and saying the bank had enough capital.

The years of lending caught up with the bank in 2008. The nonperforming assets ratio, a measure of bad loans, soared more than 30 percent for the 12 months through March 2009. Profit plunged 35 percent in the quarter ended that March.

"With the benefit of hindsight, yes, we could have adjusted our growth rate," Kochhar says.

Shares, Profit Soar

She took over as CEO in May 2009 and has slashed loans to retail borrowers by 21 percent over two years. ICICI Bank's profit has almost doubled, increasing to a record 14.5 billion rupees (\$325 million) in the quarter ended on March 31 from 7.43 billion rupees in the March 31, 2009, quarter.

ICICI Bank shares, which are listed in India and the U.S., soared 108 percent to 1,018.9 rupees on June 22 under her watch compared with a 51 percent rise in the Bombay Stock Exchange Sensitive Index during that period.

"The targets management set under Chanda Kochhar were fairly ambitious, and they've pretty much accomplished all of them," says Brian Hunsaker, an analyst at Keefe, Bruyette & Woods Inc. in Hong Kong.

With ICICI as their incubator, women alumnae are bringing their experience to India's top banking jobs. Kalpana Morparia joined ICICI in 1975 and left in 2008 to become CEO of JPMorgan Chase & Co.'s India unit. She says ICICI managers never stereotyped women.

"None of them ever made us feel special, and I mean it as a very positive statement," she says.

'We Flourished'

Morparia, 62, who has a law degree from Bombay University, says Kamath pushed women out of their comfort zones, in her case making her leave the legal department for the bank's treasury. Kamath is scheduled to become chairman of Bangalore-based Infosys Technologies Ltd. on Aug. 21.

"As we got on with the job, we flourished," she says.

That's a departure from most of India. Women in the world's largest democracy rise to just 9 percent of jobs at the director level or higher -- behind all countries but the United Arab Emirates and Japan, accounting firm Grant Thornton International Ltd. says. Worldwide, women managers average 20 percent of executive jobs, according to the 2011 report.

A situation at State Bank of India, the nation's biggest lender by assets, is an example of the hurdles women can face. In 2009, the government-controlled bank barred pregnant women from being hired during a recruitment drive that drew 11,000 applicants, according to the Centre of Indian Trade Unions, which represents industrial and service workers.

Only Female CEO

The CITU said in an August 2009 letter, which it sent to Indian Finance Minister Pranab Mukherjee, that women who successfully passed a written test and interview had to provide a gynecological history. State Bank spokesman Milind Arjunwadkar declined to comment.

It was a different story at ICICI Bank that year: Kochhar attended the International Monetary Conference in Kyoto, Japan. She was the only female CEO among the 76 delegates.

Some Indian women who pursued banking elsewhere say they were pigeonholed before they even got started. Manisha Girotra says that when she joined Barclays de Zoete Wedd, the investment-banking unit of Barclays Bank Plc, in 1994, her bosses debated whether to spend equal money on training female and male analysts. The assumption was that women would marry and leave, she says.

'Extra Bit'

When she moved to London from Mumbai with the firm, she says managers doubted whether she could handle the 18-hour days that investment banking demanded. They offered her a position in communications with fewer hours.

She says she slept in the office many times during a four-month period to prove them wrong, keeping a change of clothes and a toothbrush with her.

"I would just not go home," says Girotra, 42, now CEO of UBS AG's India operations. "I used to go under the table, sleep and then come back up."

Kaku Nakhate, CEO of Bank of America Corp.'s Indian unit, says women can still struggle to meld work and personal lives, making mentoring and support at home crucial to their success.

"Women put in that extra bit," Nakhate, 45, says. "Because women are taking precious time away from their family, they are a lot more focused on getting the most out of every minute."

'Work Speaks for You'

Kochhar says her gender-related setbacks originated outside the bank. Factories that she appraised in her early years didn't have bathrooms for women, and officials questioned her authority.

"It was not a natural thing for factory owners at the time to see some girl in her 20s," Kochhar says, dressed in a black- and-silver sari that sets off her diamond-studded earrings. "Finally, your work speaks for you. So what if a girl came to inspect the factory, as long as she was knowledgeable and asked the right questions and behaved in the right manner?"

Inside ICICI Bank, two top women executives quit the month before Kochhar was scheduled to take over. Shikha Sharma, who ran the life insurance arm for eight years, and Renuka Ramnath, head of the venture fund, resigned within days of each other in April 2009. Sharma is now CEO at Axis Bank Ltd., India's fourth-largest lender by market value. Ramnath has her own private-equity firm, Multiples Alternate Asset Management. Sharma and Ramnath declined to comment.

Unusual Name

The company with the unusual moniker got its start in 1955 as Industrial Credit and Investment Corp. of India, later shortened to ICICI. It worked with India's government

and the World Bank to fund development. In the 1990s, ICICI branched into financial services, creating ICICI Bank in 1994. ICICI Ltd. merged into the bank in 2002.

Early female recruits say the company has treated women as equals for as long as they can remember. When Lalita Gupte, 62, now chairwoman of the private-equity business, began job hunting in 1971, every employer asked whether she'd move with her husband, who was in the Indian navy and therefore likely to be uprooted.

ICICI never raised the subject. Instead, Nadkarni pushed her to succeed.

"You had to be excellent," she says. "I'd just had a kid; I was back after three months, and he wanted to send me off for a week to a project site. I said, 'That's hard; I can't do it.' He said, 'If you don't adjust now, you never will.' It ultimately turned out to be a three-day trip, but it was testing times."

Nadkarni intervened a few years later when Gupte considered resigning after the birth of her second child. He went to her home and told her husband -- using a dose of humor -- not to let her quit or she'd drive him up the wall.

'Women Are Secure'

"Word seemed to spread that here is an organization that is friendly to women, where women are secure," Vaghul says. "In relation to other companies, we attracted more women."

ICICI trusted its new hires.

"They believed that you can take a young person and give him or her a lot of responsibility and let them run with it," says Vedika Bhandarkar, 43, vice chairman and head of investment banking at Credit Suisse Group AG in India, who worked at ICICI for nine years starting in 1989.

"We would go meet CEOs and CFOs when we were all young."

As more women joined, they shared tips on travel and work hours, Gupte says.

"I've had instances when women colleagues were questioned about why they were coming home so late," she says. "We've helped these colleagues talk it through with their partners."

Young children often caused the strife, and the bank would sometimes provide an extended leave, she says.

Greater Loyalty

When Prime Minister P.V. Narasimha Rao opened India to outside investment in 1991, a shortage of non-clerical workers, salespeople and bankers helped more women get noticed. Some of ICICI's men left because the company waited until 1996 to raise salaries, Vaghul says.

Women were more likely to stay because they saw opportunities as men moved on.

"They showed greater levels of loyalty," he says.

India's working women enjoyed an important perk: affordable domestic help. Maids today make as little as 7,000 rupees, or about \$155, a month in Mumbai.

Nanny and Maid

"From the time you're a management trainee you can afford to have a full-time nanny and maid, so you don't need to have this constant tussle of 'Is my child taken care of or not?'" says Madhabi Puri-Buch, who joined ICICI in 1989 and until April headed investment banking arm ICICI Securities Ltd.

"I never needed to say, 'Now someone needs to go drop and pick up my son from tennis and from tae kwon do and from math tutorials,'" says Puri-Buch, 45, who's on a three-year sabbatical to be with her husband in Singapore -- another instance in which ICICI Bank has been flexible.

Falguni Nayar, who heads investment banking at Mumbai's Kotak Mahindra Capital Co., says she has never experienced a glass ceiling -- even as a mother of twins.

"Each woman must decide if she wants the responsibilities of handling a home and career," Nayar, 47, says.

Kochhar grew up in a less propitious environment for women in the state of Rajasthan. It has the nation's lowest female literacy rate at 52.7 percent this year, 13 percentage points less than India's average for women and 28 points below the state's average for men.

Kochhar's father, who was a professor at an engineering college, died when she was 13. Her mother was a housewife. The family moved to Mumbai, and Kochhar entered Jai Hind College.

'Very Focused'

Kochhar joined ICICI in 1984 after earning her bachelor's degree in economics at Jai Hind and then a Master of Business Administration from Mumbai-based Jamnalal Bajaj Institute of Management Studies.

Anita Shanbhag, a classmate who now teaches accounting at Jamnalal Bajaj, recalls Kochhar's work ethic.

"If we got time between classes, we would head for the canteen," Shanbhag says. "She would instead go to the library. She was very focused."

Kochhar made an early impression at ICICI by standing up for Reliance Industries Ltd., which today produces goods ranging from textiles to gasoline as India's largest company by market value.

In 1989, Reliance's polyester plant in the western state of Maharashtra was ravaged in a flood. Newspapers were filled with speculation about how badly the company was hit, Vaghul says. Though Kochhar was relatively junior, Vaghul made her explain to ICICI's board why the bank should continue lending.

Calming Fears

Kochhar told directors that her job was to back promising projects and the people behind them, even if they weren't creating new assets at the time. Directors approved the funding, Vaghul says, and Reliance got the complex running again in about 20 days.

After that, "Reliance loved to deal with her," he says.

Kochhar, a badminton and Bollywood enthusiast, says her status as a mother once even calmed concerns about the bank's health. In 2008, just before she became CEO, Kochhar was making TV appearances to discuss Lehman-related losses. One weekend when she traveled to Chennai for her son's squash tournament, women came up to ask whether everything was all right at ICICI Bank, she says.

"Yes, of course," she responded. "If they weren't, I wouldn't be here."

She says the women were relieved.

"We now feel comfortable because we are hearing you in person, as a mother," she says they told her.

'Sensible Plans'

With the overlending and Lehman scares behind the bank, Kochhar is expanding. Last year, she wanted to buy Bank of Rajasthan Ltd., even after India's central bank had fined the smaller lender 2.5 million rupees for accounting irregularities and other charges.

Prabodh Agrawal, then an analyst at IIFL Institutional Equities based in Singapore, called the 30.3 billion rupee all-stock deal too expensive.

Kochhar said the purchase would extend ICICI's branch network in northern India. After the acquisition, ICICI Bank's profit beat estimates and its loans climbed for the first time in two years in the quarter that ended on Sept. 30, 2010.

"ICICI is well-positioned and has sensible plans," says Adrian Lim, a fund manager at Aberdeen Asset Management in Singapore, which had a 2.5 percent stake in the bank as of April 29.

Top 20?

Lim says Kochhar raised ICICI Bank's capital adequacy ratio, a measure of financial strength, to 19.5 percent as of March 31, higher than its domestic peers. That provides a cushion for any slowdown.

"More importantly, it has a competent, professional management team," he says.

Kochhar says she can boost ICICI Bank into the ranks of the world's 20 top banks in five years, as measured by market value. At 1.25 trillion rupees in early June, it isn't in the top 50.

Kochhar's success is turning heads at her alma mater. On a May afternoon at Jamnalal Bajaj, students are poring over notes as they prepare for an exam. Ashwini Mistry, who will graduate this year with a master's in management studies, says Kochhar is inspiring a new generation of female leaders.

Mistry is 24, an age by which 86 percent of women in India have married at least once, according to the 2006 National Family Health Survey. She has her heart set on a plum banking job, with marriage in the future.

"I never thought the banking industry was male dominated because I could see Chanda Kochhar lead such a big bank," Mistry says in the sunlit classroom. "Chanda is my inspiration because I want to join banking."