

Transcript

Conference Call of Oriental Bank of Commerce

Event Date / Time : 11th August 2017, 03:30 PM IST

Event Duration : 39 min 07 sec

Presentation Session

Moderator: Good afternoon ladies and gentlemen, I am Jithin, moderator for the conference call today. Welcome to Oriental Bank of Commerce 1QFY18 earnings results conference call. We have with us today the senior management team from Oriental Bank of Commerce Mr. Mukesh Kumar Jain, MD and CEO, Mr. Himanshu Joshi, Executive Director, and Mr. Jitendra Mohan Singh, GM and CFO. At this moment, all participants are in listen only mode, later we will conduct a question and answer session. At that time, if you have a question, please press * and 1 on your telephone keypad. Please note, this conference is recorded. Now, I would like to hand over the floor to Mr. Nitin from Antique Stock Broking. Thank you and over to you sir.

Nithin: Thanks Jithin. Good afternoon everyone. On behalf of Antique Stock Broking, I welcome the management of Oriental Bank of Commerce. I would request the management to kindly take us through the key highlights of the quarter, following which we can open the floor for the Q&A. Over to you sir.

Mukesh Kumar Jain: I will give brief highlights of the financial results for the Q1 of financial year '18 and then I will take your queries.

Within the quarter, total business of the bank has grown up by 6.64% YOY to Rs.3,78,364 crores, out of which deposits have grown up by 4.54%, advances have grown up by 9.50% YOY basis. The CASA and retail term deposits have increased by 18.86% and 7.03% respectively during the quarter. The operating profit on YOY basis has grown up by 9.94% from 917.09 crores to 1008.28 crores during the quarter. The bank has substantially reduced losses from 1218.01 crores in March '17 quarter to 486.20 crores during June '17 quarter. The losses are mainly due to additional provisions on account of slippages in failed SDR, S4A accounts, other big ticket advances, and aging of NPAs. In June '16, bank had posted a profit of Rs.100.69 crores. The gross NPA of the bank has increased from 13.73% in March '17 quarter to 14.83% in June '17 quarter and the net NPA from 8.96% to 9.56% during the quarter. The provisioning for NPA has declined substantially from 3050.60 crores to 591.48 crores during this quarter. The provision coverage ratio have increased from 53.61% to 54.68% that is 107 basis points on quarter-to-quarter basis. Total cash recovery has increased by 3.02% YOY basis and has been recorded at 439.2 crores during June '17 quarter. The cost of deposits on YOY basis has decreased to 5.83% from 6.71%, that is by 88 basis points. The cost to income ratio on YOY basis has also improved from 49.56% to 47.30%, that is by 226 basis points. The RAM book of the Bank that is Retail, Agriculture, and MSME has grown up by 21.89% YOY basis and growth in Retail is 47.85%, Agriculture and MSME growth is 14.68% and 10.59% respectively. The share of RAM advances has increased from 45.14% to 50.25% on YOY basis. Loan interest

income has increased by 34.92%, interest expenses have declined by 8.05% YOY, though deposits have increased. Business per employee has increased from 16.26 crores to 16.76 crores YOY and business per branch has increased from 150.92 crores to 159.24 crores. The capital adequacy ratio of the bank remains at satisfactory level at 11.25%, with CET1 at 7.24% and total tier 1 at 8.53%. The percentage of digital transactions has increased from 54.51% to 59.11% sequentially during the quarter. Now, I am open for the questions please.

Question and Answer Session

Moderator: Thank you sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again.

Sir, we have got the first question coming from Ms. Sneha Ganatra from Subhkam Ventures. Please proceed ma'am.

Sneha Ganatra: Sir, first question is, what is the outlook on the credit growth, currently we have grown by 9% Y-on-Y.

Mukesh Kumar Jain: The outlook is around 10%.

Sneha Ganatra: Okay. Second question is, how much is the slippages for the quarter?

Mukesh Kumar Jain: During the quarter, slippages is around 2900 crores.

Sneha Ganatra: How much is the recovery?

Mukesh Kumar Jain: The recovery and the upgradation is 691 crores.

Sneha Ganatra: Sir, my question is, what is the outlook on the slippages, what will be the run rate we can expect and how do you see the overall recoveries and upgrades, and anything on the NCLT account, how much is the exposure, and how much you have provided till date?

Mukesh Kumar Jain: NCLT, we have exposure on nine accounts, out of these...that is 12 accounts, our exposure is around 5200 crores, we have made a provision of 49.25% and we are required to make a provision of around 400 crores in the year up to March '18. And as far as NPA is concerned, we will try to control our NPAs and we will try to maintain it below 15% on gross basis. Yes ma'am?

Sneha Ganatra: Yeah. Below 15% you would like to maintain?

Mukesh Kumar Jain: Yeah, yeah.

Sneha Ganatra: How do you see the overall recoveries and the upgrades?

Mukesh Kumar Jain: See, during the year, we are finding some trouble in agriculture and MSME sector, agriculture, because of debt waiver scheme announced

by few states and MSME also because during demonetization the 60 days that was available, the overdue payment was available, that has grown. So during the year we are expecting recovery and upgradation of around 3000 crores.

Sneha Ganatra: 3000 crores. And what about the slippages?

Mukesh Kumar Jain: Slippages, may be, overall maybe around 8000 crores, out of that 2900 already taken place.

Sneha Ganatra: Okay. And your guidance on the credit growth?

Mukesh Kumar Jain: Credit growth guidance is around 10%.

Sneha Ganatra: No, no, credit cost guidance I am asking.

Mukesh Kumar Jain: Credit cost?

Sneha Ganatra: Provisional guidance.

Mukesh Kumar Jain: It is 3.84% now. We will try to reduce below 3.50.

Sneha Ganatra: That considering your aging of the provision as well as additional provision you have to provide due to the NCLT?

Mukesh Kumar Jain: Yes, yes.

Sneha Ganatra: Everything is considering you are giving a guidance of 3.5. And your outlook on the power sector sir? There is a worry on that...

Mukesh Kumar Jain: At present NPA in power sector is around 850 crores, that is 3.50%.

Sneha Ganatra: That I know, power sector NPA, but I want to know your outlook on power sector, still anything... risk of NPAs, how do you see the overall outlook on power sector?

Mukesh Kumar Jain: It will remain stable.

Sneha Ganatra: Are you not seeing any pressure on that?

Mukesh Kumar Jain: No, no.

Sneha Ganatra: Okay, got it. Thank you.

Moderator: Thank you ma'am. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad. Sir, the next question is coming from Mr. Jay Mundra from BNK. Please proceed sir.

Jay Mundra: Yeah, hi sir. Thanks for the opportunity. Sir, I just wanted to know, you know, our exposure to this 5/25 and SDR accounts? Is there any addition that we have done in this quarter and what is the outstanding balance?

Mukesh Kumar Jain: This 5/25, we have 10 accounts amounting to 2010 crores. S4A we have 12 accounts, amounting to 1956 crores, SDR we have 33 accounts, amounting to 5059 crores.

Jay Mundra: And sir, in this 5/25 of 2010 crores, how much is already NPA sir?

Mukesh Kumar Jain: 5 accounts are NPA amounting to 1423 crores.

Jay Mundra: Okay. And is there any restructured accounts sir, which is sitting in the 5/25 refinancing?

Mukesh Kumar Jain: Yeah, one account is there, amounting to 72 crores.

Jay Mundra: Okay, so rest is the standard...

Mukesh Kumar Jain: Already NPA

Jay Mundra: Okay. And sir similarly for SDR accounts, where we have exposure of 5059 crores, how much is already NPA sir?

Mukesh Kumar Jain: Pardon? What did you say?

Jay Mundra: Sir, of the 5059 crores exposure in SDR, how much is already NPA?

Mukesh Kumar Jain: 11 accounts are already NPA, amounting to 2169 crores.

Jay Mundra: Okay. And is there any restructured account, which is sitting in the SDR exposure?

Mukesh Kumar Jain: Yes, standard, 7 accounts are there, amounting to 1622 crores.

Jay Mundra: These are restructured, right?

Mukesh Kumar Jain: See, out of this 5059 crores 20 accounts are NPA amounting to 3732 crores. The figure I mentioned was the restructured NPA accounts, I mentioned to you no, earlier, the correct figure is 20 accounts amounting to 3732 crores.

Jay Mundra: Okay. And so out of the 5059 crores, 3732 crores is NPA?

Mukesh Kumar Jain: Yes.

Jay Mundra: Is there any restructured standard account sir, also?

Mukesh Kumar Jain: Yeah, seven accounts are restructured, amounting to 622 crores.

Jay Mundra: And sir, similarly for S4A, what would be the breakup sir, in terms of NPA and restructured and the total number?

Mukesh Kumar Jain: See, S4A, there are total 12 accounts, amounting to 1957 crores, out of these 3 accounts are NPA amounting to 592 crores.

Jay Mundra: Okay. And any restructured accounts sitting here sir?

Mukesh Kumar Jain: Yeah, in standard, restructured are 7 accounts, amounting to 1120 crores, and one account is NPA restructured, that is 297 crores, so total restructured 8 accounts, 1417 crores out of 1956 crores.

Jay Mundra: Sure. And sir, this quarter we had slippages of 2900 crores, any... what was the slippages from, let's say, large corporates?

Mukesh Kumar Jain: 1150.

Jay Mundra: Okay. And any broad sector there sir, in 1150? Any large account that slipped?

Mukesh Kumar Jain: In power sector 206 crores, iron and steel 233 crores, telecom 150 crores, electronics 135 crores, food processing 211 crores, construction 125 crores, and engineering 95 crores.

Jay Mundra: Okay sir. Thanks for this. And sir, any...you know, your internal calculation, what is your, let us say, estimate for the slippages for the full year? Do you see some moderation, you know, coming in for...

Mukesh Kumar Jain: Yeah, as compared to last year, we definitely see substantial moderation. Last year the slippage was more than 12000 crores, this year we are expecting around 8000 crores, out of which already 2900 has already slipped in first quarter.

Jay Mundra: And sir, if I may ask, last quarter our SMA 2 number, that was somewhere around, if I am not wrong, somewhere around 7000 odd crores, right sir, fourth quarter. What is it as of first quarter? And any trend that you are seeing there?

Mukesh Kumar Jain: SMA 2 around 5500 now.

Jay Mundra: So that has actually come down a bit.

Mukesh Kumar Jain: Yeah.

Jay Mundra: Okay sir, I will come back in the queue. Thank you.

Mukesh Kumar Jain: Okay, yeah.

Moderator: Thank you sir. Sir, the next question comes from Mr. Sushil Choksi from Indus Equity Advisors. Please proceed sir.

Sushil Choksi: Good afternoon sir. My question is more pertaining to agriculture advances and what provisions have we taken this quarter and the losses?

Mukesh Kumar Jain: You are asking provisions or slippage you are asking?

Sushil Choksi: Because of the farm loan waiver, what kind of (audio break) out of our agriculture portfolio.

Mukesh Kumar Jain: The first quarter slippage has been around 834 crores.

Sushil Choksi: On account of agriculture.

Mukesh Kumar Jain: Yeah, yeah.

Sushil Choksi: And what is the total exposure in agriculture?

Mukesh Kumar Jain: 23574.

Sushil Choksi: And can you highlight which state would have impacted you the most in this?

Mukesh Kumar Jain: UP and Punjab.

Sushil Choksi: Sir, you highlighted that your gross NPA will be...you will be restricting to 15%.

Mukesh Kumar Jain: Yes, yes.

Sushil Choksi: How do you see your net NPA and provision coverage ratio for the yearend?

Mukesh Kumar Jain: Irrespective, we will try to make it up to 60% PCR.

Sushil Choksi: PCR. And how are you seeing your NPA aging panning out over the year?

Mukesh Kumar Jain: Pardon?

Sushil Choksi: On NPA aging, are you sensing some taper off because of various measures, or you think this will continue as a trend in the quarter-on-quarter?

Mukesh Kumar Jain: See, as I mentioned, last year it was around 12000 crores. This year around we are expecting 8000 crores, so definitely there is some easing.

Sushil Choksi: Okay. And what about your guidance on business, which you said 10%, where do you see this business being generated from?

Mukesh Kumar Jain: See, basically advances we are expecting good growth from RAM segment, Retail, Agriculture, MSME.

Sushil Choksi: You are not worried about agriculture advances?

Mukesh Kumar Jain: It will be around 15 to 20%.

Sushil Choksi: No, no, what I am saying is, farm loan waiver is...are you not worried on agriculture advances going forward or you think that is one off?

Himanshu Joshi: Choksi saab, good afternoon, Joshi this side. In Agri, we have changed tracks, instead of going for farm loan advances, Agri advances, we are growing in the dairy segment, which is an assured repayment from the dairy federation. So we are trying to grow in that sector, instead of the traditional kisan credit card and all that. Similarly, if you see in the Retail, we have grown handsomely and after the stabilization of our vertical system, we expect that in RAM sector, we will be outperforming the industry.

Sushil Choksi: Okay. That's good to know that at least you are going with a methodical approach. Now can you highlight that you were working with lot of initiatives on your credit process between entire bank on the region to headquarters was concerned? Is that project over and what kind of results are you seeing on that?

Himanshu Joshi: That Project has already stabilized and you have seen the results of that in March quarter growth, and secondly June quarter also RAM sector has grown very well. Then mid corporate is another segment where we are betting our shirt on. Because that sector we expect that is going to be the growth engine of banking industry in times to come. So we expect that we will be again having a decent growth there in mid corporate sector also. And wherever we are seeing opportunity in corporate credit, where we can have good corporates, we will definitely be there.

Sushil Choksi: My last question would be more pertaining to what kind of asset monetization program do you have in the year?

Himanshu Joshi: See, we do not have non-core assets like other banks. So, asset monetization program, you see, we will not be in a position to sell any assets, because we do not have any asset to sell, only we are having only one JV with HSBC Canara and that JV is doing fantastically well, so there is no point in selling any stake at this point of time.

Sushil Choksi: Can you give us the embedded value of the insurance company, which you are a partner in?

Himanshu Joshi: Sorry, I am not having the figures right now, but we will get back.

Sushil Choksi: Okay sir, thanks a lot and all the best.

Himanshu Joshi: Thank you.

Moderator: Thank you sir. Sir, we have got the next question coming from Sangam Iyer from Subhkam Ventures. Please proceed.

Sangam Iyer: Yeah hi. Sir, when you are giving the incremental guidance on slippages being at around 5000 odd crores for the next three quarters, could you just

break up the sectors from where you are seeing this slippages coming through? And what is gaining us the confidence that, you know, now henceforth going forward, this slippages would actually get limited to kind of a run rate of around 1400 or 1500 odd crores?

Mukesh Kumar Jain: See, in corporate sector, we are expecting more around 1500 crores, out of 5500 crores, and rest maybe from other sectors like Retail, Agriculture, and MSME, mainly in Agri and MSME.

Sangam Iyer: So sir, would it be fair to assume that given that we have an SMA 2 book of 5500 crores, we just expect a 1500 crore getting slipped for the full financial year?

Mukesh Kumar Jain: Yes.

Sangam Iyer: So, the others are, you know, much better position, that is what the indication would be, right sir?

Mukesh Kumar Jain: Yes.

Sangam Iyer: And sir, anything which could actually slip from restructured book, which is also factored in, in this corporate 1500 crores that we are talking about?

Mukesh Kumar Jain: Yes, we have factored that also.

Sangam Iyer: Okay, that's also factored in, in this 1500 crores of overall...

Mukesh Kumar Jain: That's right.

Sangam Iyer: Okay. And sir, similarly, if you could just give us the breakup for recovery and upgrades as well, because we are looking at around 3000 crores of recovery for the full year, maybe around 2500 crores in the incremental three quarters. So can you help us in terms of which segments would actually help us in the recoveries and upgrades?

Mukesh Kumar Jain: Sir, right now, these details are not with me, I will get back to you.

Sangam Iyer: Okay. But any flavor that you could help us with?

Himanshu Joshi: Look, I am Joshi this side. Look, we are having around 24400 crores of NPA, out of that around 18000 is corporate NPA, where we are not consortium leaders and it depends only on resolution. So, what we are expecting is, our major recoveries will come from this non corporate books, plus any resolutions from NCLT will be a bonus over this 3000 crores. We have already shown recovery of 600 crore plus in this quarter and this is a lean quarter for recovery. So, going by this trend, we expect that we will be landing at around 3000 crores plus of recovery this year. It includes upgradation...

Sangam Iyer: 486 crores of recovery was in Q1?

- Himanshu Joshi:** 691 crores.
- Sangam Iyer:** 691 crores, not 486 crores?
- Himanshu Joshi:** Including upgradation, 691.
- Sangam Iyer:** 691, okay. And sir, on the provisioning side, incrementally, should we be looking at the similar kind of a provisioning run rate of 1500 crores?
- Himanshu Joshi:** We are going for 60% PCR by March end.
- Sangam Iyer:** Okay, got it. Thank you very much.
- Moderator:** Thank you sir. Sir, we have got the next question coming from Mr. Anand Laddha from HDFC. Please proceed sir.
- Anand Laddha:** Hello sir.
- Mukesh Kumar Jain:** Hi Mr. Anand Laddha.
- Anand Laddha:** Sir, how much was the interest reversal we have done this quarter, sir, because of the NPA?
- Mukesh Kumar Jain:** 289 crores.
- Anand Laddha:** Okay. And sir, for the Agri NPA, which we had this quarter, was the interest reversal happened only for one quarter or was the interest reversal for more than one quarter?
- Mukesh Kumar Jain:** More than one quarter. This is as per the RBI guidelines.
- Anand Laddha:** No sir, just wanted to understand sir, for the Agri NPA, we could have reversed the interest for almost like two or three quarters.
- Mukesh Kumar Jain:** For two years, it is as per the Reserve Bank of India guidelines.
- Anand Laddha:** So the interest rate reversed for two years?
- Mukesh Kumar Jain:** Yes. Unrealized interest.
- Anand Laddha:** Sorry, I am not able to understand, can you explain me again sir?
- Mukesh Kumar Jain:** Unrealized interest for the last two years, that has been reversed.
- Anand Laddha:** Okay. And sir, this 289 crores interest reversal, which we have done totally, how much would have been for only Agri NPA, sir? This quarter how much was the Agri NPA...interest reversal for Agri NPA sir?

- Mukesh Kumar Jain:** That figures we do not have as of now, we will get back.
- Anand Laddha:** Sir, if you can give some colour, like out of 2900 crores slippage this quarter, how much was from corporate and how much was Agri NPA?
- Mukesh Kumar Jain:** This quarter, Agri was 834 crores and corporate was 1445 crores.
- Anand Laddha:** Okay. And balance was from SME?
- Mukesh Kumar Jain:** Yes, yes. Retail and MSME.
- Anand Laddha:** So, Retail was how much sir?
- Mukesh Kumar Jain:** Around 148 crores.
- Anand Laddha:** Okay.
- Mukesh Kumar Jain:** And MSME 480 crores.
- Anand Laddha:** Okay sir. Sir, in the MSME, was there any slippages because of the demonetization, they were given some dispensation during demonetization, so some part of slippages in MSME could be because of that?
- Mukesh Kumar Jain:** Yes, that is the major reason.
- Anand Laddha:** How much would be because of that dispensation sir?
- Mukesh Kumar Jain:** Roughly 200 crores. Out of 480, 200 crores.
- Anand Laddha:** Okay. Sir, what's your outlook on margin, how do you see the margins for coming quarters for the bank? Net interest margins sir?
- Mukesh Kumar Jain:** See, (audio break) we are expecting, NIM, 2.4%.
- Anand Laddha:** Okay. Sir, what will drive this improvement in margins sir?
- Mukesh Kumar Jain:** This is our growth in RAM sectors, Retail and MSME.
- Anand Laddha:** Okay. Sir, like, some of the banks have started cutting rates on saving deposits sir, is there any plan we have sir?
- Mukesh Kumar Jain:** Right now we are not having any plans.
- Anand Laddha:** We are not thinking of, like, cutting...
- Mukesh Kumar Jain:** Moreover we are paying monthly interest on savings deposits.
- Anand Laddha:** Right, right. So we are not looking at cutting the savings accounts, right?

Mukesh Kumar Jain: Not at present.

Anand Laddha: Okay. Sir, out of the 24000 crore gross NPA, what could be the corporate NPA sir, in this sir?

Mukesh Kumar Jain: Around 18000 crores.

Anand Laddha: Okay. And how much coverage we would have on this sir?

Himanshu Joshi: That figure, I think, is not available, but we have improved the coverage almost by 1.6 percentage points.

Anand Laddha: Okay. Sir, this quarter we had incurred a loss and given that we wanted to increase our coverage by another 5-6%, which means that is it fair to assume that full year we would end up with some loss this year?

Himanshu Joshi: I don't think so, because my treasury is performing well, and the verticalization we have done in the bank has already started delivering the results. And you will see, we have mobilized... our CASA position has improved by 6% that has also started adding to my margins. And the kind of credit growth we are witnessing in our bank, that is also going to fuel my interest income also. Then, we are working on different measures for increasing our fee-based income, so it is safe to assume that we will end up on the green side.

Anand Laddha: Okay. Sir, because I was looking at our operating profits, 1000 crore, so on an average you will end up doing 4200 or 4300 crore of operating profit for the full year.

Himanshu Joshi: Because IBC provisions already we have done, we are only left with 403 crores, rather we are seeing provisions day-by-day and then of course income has also started flowing in and my JV is also delivering results in terms of income. So, we are safe to say that we will be on the green side of the balance sheet.

Anand Laddha: Okay sir. Thank you sir. That's it from my side sir.

Moderator: Thank you sir. Sir, we have got the next question coming from Mr. Jay Mundra from BNK. Please proceed.

Jay Mundra: Yeah, hi sir. Thanks for the followup. Sir, I wanted to know how...what percentage of our loan book is already on MCLR?

Mukesh Kumar Jain: It is around 28%.

Jay Mundra: Hello? You said 28% sir?

Mukesh Kumar Jain: 28, 29%.

Jay Mundra: Okay. And sir, what proportion of our loan book would be on floating rate, I mean, from let's say, what would be on base rate, which will eventually shift to MCLR?

- Mukesh Kumar Jain:** Now presently around 37% as on base rate basis.
- Jay Mundra:** So additional 37% in due course will be shifting to MCLR, right?
- Mukesh Kumar Jain:** If the borrower opts for that.
- Jay Mundra:** Yeah, yeah, I mean, eventually, if that happens. Sir, secondly what is our total exposure to power sector, that is not there in the presentation.
- Mukesh Kumar Jain:** Just a minute. The power sector exposure is 12369 crores, which is 7.51%.
- Jay Mundra:** Okay. And sir, within this, how much would be to private power units?
- Mukesh Kumar Jain:** Private units 7966 crores, you can say around 8000 crores.
- Jay Mundra:** Okay. And sir, do you see any sense, any worry in this private power exposure?
- Himanshu Joshi:** We see a few accounts, but already whatever could turn NPA, has turned NPA. But because of some external issues, we can see few, not major portion of this running difficult.
- Jay Mundra:** What is the already NPA in this sir? This 7900 crores?
- Himanshu Joshi:** I think that is available in our presentation, power sector.
- Jay Mundra:** No, that is infra total, I believe.
- Mukesh Kumar Jain:** See, total infra is around 15.66%, out of which 2257 is the NPA, and in power, exposure is 12369 crores, out of which 850 is NPA.
- Jay Mundra:** Sir, so this, as of now, let's say of 8000 odd crores, private power exposure, current NPA is around 850 crore, right?
- Mukesh Kumar Jain:** No, that is from 12369 crores, I am telling you, total power sector.
- Jay Mundra:** And sir, lastly, there was an RBI circular on raising the risk weight on unrated corporate exposure. Have we implemented that? That, you know, RBI had said to raise the risk weight on unrated exposures.
- Mukesh Kumar Jain:** Yes, we have implemented that.
- Jay Mundra:** Okay sir, yeah, that is very helpful. Thank you.
- Moderator:** Thank you sir. Sir, we have got the next question coming from Mr. Sangam Iyer from Subhkam Ventures. Please proceed.

Sangam Iyer: Sir, just wanted to clarify a small doubt. When I summarize whatever we said so far, in terms of a 10% credit growth or NIMs being at around 2-1/2% and assuming that the other income continues to be at the same level as we have seen in Q1, and op ex being at the same level similar to Q1, we are...you know, I am not actually able to get a PBT plus kind of a number, because our provisions will be almost equivalent or more than what we will be doing at the PBT level. Is there something that I am missing here sir?

Himanshu Joshi: No, we are expecting resolutions in big accounts also. Like, Bhushan, that appears to be round the corner. And this Bhushan, both the two accounts are resolved, my 20-25% NPA will be out.

Sangam Iyer: Okay. So how much of a write back will you be looking at, at the provision front, because of these kind of resolutions coming in?

Himanshu Joshi: We have already provided 49.27% provision for that. So, you can safely assume that we will be having a fairly large sum write back.

Sangam Iyer: So wouldn't that be part of the bad assets, I mean, 50% that you provided would go for the bad assets, the balance...

Himanshu Joshi: 50% will be earnings for me na?

Sangam Iyer: Correct, correct. So that would be part of the credit growth incremental...

Himanshu Joshi: That will be part of income growth.

Sangam Iyer: Yeah, income growth, sorry, okay. Got it, got it. So, that's where the delta on the incremental PBT...

Himanshu Joshi: Yeah, I am very hopeful that it should come through.

Sangam Iyer: Okay, okay.

Himanshu Joshi: The way things are panning out.

Sangam Iyer: Yeah, yeah. Sir, other than Bhushan, what are the other wherein you see there is a fast track possibility of a resolution coming through?

Himanshu Joshi: That depends on NCLT.

Sangam Iyer: Okay. Sir, how big is our SR book, security receipts?

Himanshu Joshi: SR is not much, 300 plus.

Sangam Iyer: 300 plus, okay, and none of the NCLTs are part of the SR?

Himanshu Joshi: Yes.

Sangam Iyer: Okay, okay. Just wanted a clarification. You said, our total loan book currently under MCLR would be 63%?

Himanshu Joshi: No, it is between 28 to 29% and we have 34% of our existing book is on base rate, which will gradually come into MCLR regime.

Sangam Iyer: Sir, could you repeat it? Current loan book, what is the status now, in terms of base rate and MCLR?

Himanshu Joshi: Current loan book around 29% is already on MCLR, right? And 36.90% is on base rate, which depending upon the customers' request will may convert into MCLR, but it will be in a gradual manner. It is not going to be that, one day, one fine day we are going to have this.

Sangam Iyer: Okay, got it. Understood sir, and thank you for the clarification. All the best.

Moderator: Thank you sir. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad. Sir, we have got a question coming from Ms. Sneha Ganatra from Subhkam Ventures. Please proceed ma'am.

Sneha Ganatra: Sir, just wanted to know that apart from these 12 NCLT media talks are going on, there would be few more accounts going in NCLT, how much is our exposure on that and what is the provision we are holding on that?

Himanshu Joshi: How much is exposure on what? Whatever is next going to NCLT, we don't know the list, so can't assume that.

Sneha Ganatra: Okay. How much is the provision you are holding on that front.

Himanshu Joshi: Madam, we are having overall provision of almost 54% plus, right? And if I do not know the accounts of lists, the second list of NCLT or third list of NCLT, I cannot comment that what provision I am holding on those accounts, I should know the number of accounts or name of those accounts before answering your question.

Sneha Ganatra: Okay, got it. And my second question is on the cost-to-income ratio, any target is set, considering that there could be some recoveries from the Bhushan Steel, (not clear).

Himanshu Joshi: Yes, we are expecting this to improve to 45%.

Sneha Ganatra: Okay. My question is like, there are some media talks going on that Videocon and some few top corporate accounts is going on the NCLT, so that is the reason I am asking, what is the provision you are holding in that front?

Himanshu Joshi: Madam, I cannot discuss a specific account, because I don't know whether these are going to NCLT or not. First let RBI decide which one of the accounts are going, then we can of course discuss on our con call that what kind of

provision we are holding and what kind of resolutions we are expecting in those accounts.

Mukesh Kumar Jain: See, madam, out of these 12 accounts, 9 accounts we are having provision of 49.25%. Overall our provisioning is 54% plus. So safely you can say it may be around 50% or so.

Sneha Ganatra: Okay, got it.

Moderator: Thank you ma'am. Sir, we have got the next question coming from Mr. Alok Ramachandran from Future Generali. Please proceed sir.

Alok Ramachandran: Yeah. Sir, this was regarding your recovery that you are assuming, which you mentioned as Bhushan, any amount of exposure that you have towards this account, particularly, if you could mention?

Himanshu Joshi: We have two accounts, that is Bhushan Powers and Bhushan Steel, and one more small account, Bhushan Energy, which is ultimately going to be part of this. Its exposure is around, between 3400 to 3500 crores.

Alok Ramachandran: So you expect this entire recovery to happen in this financial year?

Himanshu Joshi: I am praying to the God, let it happen.

Alok Ramachandran: But then, since you mentioned that this recovery might happen, you might actually to a positive PAT, you know, profitability and so in that case then even if this account has to actually, you know, be recovered in the last quarter of this financial year, right?

Himanshu Joshi: I don't know, last quarter, next quarter...

Alok Ramachandran: Given the NCLT has been...

Himanshu Joshi: I don't know.

Alok Ramachandran: Okay, alright, thank you.

Moderator: Thank you sir. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad. There are no further questions. Now, I would like to hand over the floor to Mr. Nitin for closing comments. Thank you and over to you sir.

Nitin: Yeah, thanks Jithin. I would like to thank the management team of Oriental Bank of Commerce for taking out time and joining us on this call. I also would like to thank all the participants for discussing the key highlights. Thanks so much everyone.

Himanshu Joshi: Thank you Mr. Nitin, thank you.

Moderator: Thank you, sir. Ladies and gentlemen, this concludes the conference call for today. Thank you for your participation and for using Door Sabha's Conference Call Service. You may all disconnect your lines now. Thank you and have a pleasant evening.

Note:

- 1.This document has been edited to improve readability.
2. Blanks in this transcript represent inaudible or incomprehensible words.