

Transcript

Conference Call of Oriental Bank of Commerce

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Presentation Session

Moderator: Ladies and gentlemen, good afternoon and welcome to the 1Q FY17 earnings conference call of Oriental Bank of Commerce hosted by HDFC Securities Limited. As a remainder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions once the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing * and then 0 on your touchstone telephones. Please note that this conference is being recorded. I would now like to handover the floor to Mr. Darpin Shah from HDFC Securities. Thank you and over to you Mr. Shah.

Darpin Shah: Good afternoon everyone. On behalf of HDFC Securities, I welcome you all for the first quarter FY17 earnings call of Oriental Bank of Commerce. We have with us Mr. Animesh Chauhan, the MD and CEO, Mr. Rajkiran and Mr. Himanshu, Executive Director and other senior members of the team. Now I would like to hand over the conference to Mr. Chauhan to take us through the details. Over to you sir. Thank you.

Animesh Chauhan: Good afternoon. The basic details of the results that our total business on YoY basis has grown at about 3.59% and in absolute terms it is 3,54,809 crores. And in this the total deposit growth is 4.36% and the total advances growth is 2.56%. However, if you take out the DISCOM, which is little over 4000 crores, converted to bonds, so if DISCOM is taken out, the growth is around 6%. Our CASA deposit growth has improved this time. In absolute terms, the YoY growth is 11.67% and CASA is now 25.91% of total deposits. But, the average CASA growth is better at 13.34%. The retail term deposit grew by 11.86% and deposits above 1 crores, there is a de-growth of about 9%. In credit, the retail credit growth is 10.58%. Housing loan growth is 17.12% and (audio break).

On the NPA front, the NPA has gone up. It is now 17209 crores i.e 11.45% of gross advances and the net NPA is 8.11%. The fresh slippage this quarter is 3464 crores, mainly consisting of accounts from iron and steel sector of 1070 crores and textiles of 959 crores. But, the recovery and upgradation have shown substantial improvement from the previous quarter and increased to 692 crores. The capital adequacy, the total tier-I has improved from 9.10 as on March to 9.16% and total CRAR from 11.76% to 12.40%. During the quarter we raised the tier-II bonds of 1000 crores and allotted shares to the Government of India whose investment of 300 crores was already taken in the previous quarter. So, now I will invite the questions from your end. Thank you.

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.

Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad.

Sir, the first question is from Mr. Rajesh Kothari from Alpha Accurate Advisors. Please go ahead sir.

Rajesh Kothari: Good afternoon sir.

Animesh Chauhan: Good afternoon.

Rajesh Kothari: Just wanted to know few things. One, if you can give some color on what kind of an overall loan book growth we are looking for in the current year. And second, if you can also highlight what kind of asset quality you are targeting at the end of the year? And in terms of the slippage ratio, if you can give any guidance? Thank you.

Animesh Chauhan: As far as the loan growth is concerned, we expect a loan book growth of about 10% by March 2017. And the asset quality, the reason the percentage shoots up more is, because the total advances have not grown much. And the slippages have been quite high in the last three quarters. We expect the credit growth to pick up now to about 10% by the end of the financial year and also the slippages to be substantially lower in the coming quarters, because most of the large stressed assets seem to have slipped into NPA. So, we expect this number to be substantially less in quarters going forward. And that should reduce the gross NPA percentages. In absolute terms, it will depend on how the resolution process takes shape in the coming quarters, because so far on resolutions nothing much has happened. SDR also only one or two accounts have succeeded and in S4A, it is yet to take off. So, we will have to wait and watch on those big chunk reductions. But, even without that, with the lesser slippage and with the increase in the credit growth, we expect this gross NPA number to come down. Hazarding a guess would not be good as on the absolute numbers.

Rajesh Kothari: Sir, in the loan book growth, you mentioned that you are looking at 10% for the full year. First thing, can you give some breakup that how you are looking at corporate versus retail?

Animesh Chauhan: Corporate, we are not looking much larger growth. And within corporate also we have now started concentrating on smaller corporate. Smaller corporate means corporate which are about 250 crores or so outstanding and not the huge consortium advances. So, we hope that portion of the corporate will grow away. But, major growth will come from retail, MSME and agriculture, which has shown a de-growth in the previous quarter.

Rajesh Kothari: And in this quarter even your operating profit, if one looks at it is quite disappointing. So, can you throw some highlight on that in terms of overall spreads, do you see further compression in spreads? And how do you look at operating

profits, because the number has also been very disappointing compared to few other large PSU banks, who have reported very strong core operating profit growth, despite pressure on asset quality just like your bank?

Animesh Chauhan: I think the banks you are saying, they had a cycle, where their NPLs peaked last quarter and not in this quarter. So, when the NPA slippages will remain high, the pressure on operating profit will continue to be there. But, as we say that we now expect the cycle to be reversed with the numbers going down, the increased numbers, the operating profit is expected to go up in the coming quarters, especially with credit growth also happening now. The credit is static credit. And high NPA is the reason for even the NIM going down to about 2.36. But with the credit growth and lesser slippages, it is expected to come back to what we had in the last year.

Rajesh Kothari: You said that the other banks asset quality has, basically the worst was in the last quarter. So, is it because you have some interest reversal in your top line and that is the reason the operating profit growth is disappointing?

Animesh Chauhan: This reversal will happen when such a big NPA thing will come. The interest reversal, related interest reversal is bound to happen. Our interest reversal in this quarter is about 160 crores.

Rajesh Kothari: Okay, fine. I will come back in the queue. Thank you very much.

Moderator: Thank you sir. We have the next question from Mr. Chinmayi Desai from Anvil Wealth Management. Please go ahead.

Chinmayi Desai: Hi, good afternoon sir.

Animesh Chauhan: Good afternoon.

Chinmayi Desai: Sir, could you share the 5:25 that we have done in this quarter and SDR that we have done in this quarter and also the outstanding position in the standard book?

Animesh Chauhan: Outstanding in standard and 5:25 and this, yes, I will share it with you.

Chinmayi Desai: Yes. And also done during the quarter.

Animesh Chauhan: As far as 5:25 is concerned, this quarter we have done one account, but the disbursal 9:30 has not yet happened of about 100 crores. The outstanding of the total 5:25 accounts as on 30th June was about 2186 crores, out of which the NPA was 1271 and standard, is 914. As for the SDR accounts, there was nothing this quarter. But, the total SDRs up to now is fourteen accounts, 2794 crores, out of which NPA is 1901 crores. So, standard is about 893 crores.

Chinmayi Desai: Standard is about 893 crores, okay. Sir, on the margins what you are seeing is that you should be able to get back to 2.6% is what you are saying?

Animesh Chauhan: Yes, that is what we are trying to do, because the growth if it happens more in MSME and personalized loans in retail, the margins should improve a bit.

Chinmayi Desai: Sir, could you split your slippages between the segments, basically agri, MSME, retail or something like that?

Animesh Chauhan: Out of the 3464 crores, the retail was only about 81Cr. Agri was about 231 crores MSME 491 crores and the corporate thing 2661 crores. And within the corporates, 1070 crores was iron and steel and 959 crores was textiles.

Chinmayi Desai: Sir, I am sorry, agri, I missed your figure on agri.

Animesh Chauhan: Which one? Agri, I will repeat. Retail was 81, agri was 231, MSME 491 and others 2661, others means corporate.

Chinmayi Desai: That is it. I will come back in the queue sir.

Moderator: Thank you sir. The next question comes from Mr. Sangam Iyer from Subhkam Ventures. Please go ahead sir.

Sangam Iyer: Sir, just going back to the question on asset quality, which an earlier participant did ask. Just wanted to understand, how do you see the slippages going forward? This quarter was around 3400 odd crores. How do you see this in the immediate, maybe the next quarter or so? When do we see the peaking coming in, because you did mention that among your peers, they have peaked in the last quarter?

Animesh Chauhan: Not the peers, but few of the large banks that we must talk.

Sangam Iyer: Correct, few of the large banks. So, how do we see the situation for us here and how should one look at it?

Animesh Chauhan: It seems for us, it should have peaked in this quarter, because this level of NPAs slippages we do not expect in the quarters to come, unless some upheaval happens in the economy, which will be unpredictable. But, the economy as it is today and the way we see it going forward, we don't see this level of slippages coming in the quarters up to March 2017 or so.

Sangam Iyer: So, on a gross level or on a net level, how should one be looking at the slippages going forward as....?

Animesh Chauhan: Giving a number would be a guessing which should better be avoided. But, the slippages that is today 3500 crores or 3464 crores is going to be substantially reduced; that's our expectation quarter on quarter.

Sangam Iyer: So, can one look at it as a step function kind of year, wherein it could step down to 2500 and below at the gross level?

Animesh Chauhan: I will not put a number to it, but yes it is expected to be substantially less.

Sangam Iyer: Okay. And sir, what about the recovery and upgradation? Should one be looking at (not clear)?

Animesh Chauhan: Recovery and upgradation this quarter has been much better than the previous quarter or on year on year basis. The previous quarter it was 479 crores. This quarter it is 692 crores. So, that has been a bit better. And if the resolutions under either SDR or S4A happens in a few large accounts, that upgradation should see a substantial improvement. That is the expectation.

Sangam Iyer: Okay. And sir, with regards to your credit cost, how should one be looking at the credit cost going forward?

Animesh Chauhan: Credit cost is expected to be going down because if you look at this quarter, it was 1.97. The previous quarter it was 2.15. And with the slippages going down, I think it should come down quarter by quarter.

Sangam Iyer: So I mean on an average for the year?

Animesh Chauhan: I will not be able to hazard a guess right now, because lots of things and schemes or resolution are on. And even one resolution makes a big difference.

Sangam Iyer: Sir, out of the total NPAs that we have how much would actually be eligible for these resolutions? What percentage of the books?

Animesh Chauhan: Lot of it. Because if you look at our NPA, sectoral NPA, you will find that the corporate credit is about 12970, out of the total of 17208. So, lot of it will be eligible for these resolutions, if it can successfully happen.

Sangam Iyer: Okay, got it. And sir, any targets for gross and net NPA that you would be looking at, by the year end, like your larger peers have actually given. Let's say maybe if we are at 10, looking at something around 9, because of certain (not clear)?

Animesh Chauhan: I would not like to hazard a guess at this moment. The only thing we are saying is we would like to bring down the percentage.

Sangam Iyer: Okay, but that might go if there is a 10% increase in the loan book?

Animesh Chauhan: Loan books, so it should happen both ways. The denominator can also go up and the gross numbers may not increase the way they have been happening.

Sangam Iyer: Okay. And would there be any aggressive provisioning that we might be looking at going forward to increase your PCR?

Animesh Chauhan: We expect our PCR to be around 55 at least by March. It has come down substantially, because last three quarters there has been large slippages of around 4000 crores per quarter. And then the provisioning at 15% doesn't

increase the PCR. It reduces the PCR substantially. But, going forward by March we expect it to come down, the PCR to increase to above 55.

Sangam Iyer: Sir, for that rough calculation if I were to do, then our credit cost will remain elevated at around 1.9% plus levels?

Animesh Chauhan: Maybe yes, little over than what it is today.

Sangam Iyer: Very marginally. Okay, got it sir. All the best sir.

Moderator: Thank you sir. The next question comes from Mr. Rajesh Kothari from Alpha Accurate Advisors. Please go ahead sir.

Rajesh Kothari: Thank you for giving us an opportunity again. Just few questions, can you please mention about the current management tenure?

Animesh Chauhan: Whose?

Rajesh Kothari: MDs?

Animesh Chauhan: The MD retires the next year June. The EDs have long term tenures.

Rajesh Kothari: Okay. And can you give us some color on how the company is focused on its recovery plans. What is the strategy in place to ensure that this slippage doesn't happen and at the same time, you can do more recovery? Or, is it more of a conservative way whatever SBI does, you guys follow it?

Animesh Chauhan: I don't know what SBI does. I have not heard that. But, we have been very focused through recovery teams of people who are in this business, in the bank being segregated from routine work and being totally freed for the recovery..... Our legal team are trying to do SARFAESI and DRT cases in a focused manner, but also involving the head office, a group of senior executives to be handling this resolution mechanism, either through OTS or through whatever S4A or SDR all are being looked into. So, hopefully it should give us better recovery and upgradation, including OTS.

Rajesh Kothari: Any pipeline which you would like to give some guidance on, based on your efforts which is ongoing from the last three-four months?

Animesh Chauhan: Efforts on what? Recoveries?

Rajesh Kothari: Yes.

Animesh Chauhan: No, that will be, it will not be possible to give, because recovery in general as I said, recovery and upgradation improved substantially this quarter from 479 to 692. But, going forward you can't hazard a guess. Lot of recovery comes from liquidating properties, which is quite slow in happening. We expect it to improve in the next two quarters. And also, the resolution that is to come through the SDR and S4A mechanism have not yet actually started picking up, though a lot is under discussion. As it clicks it will show a big change. But, as of now you can't know which of the accounts will be clicking on that front.

Rajesh Kothari: Understood. Since it is difficult for you to give guidance in both slippage as well as recovery, will it be possible for you to give some color on what is your first quarter.....?

Animesh Chauhan: From our stressed book we expect around 2500 crores to slip in the next three to four quarters. So, that from the larger accounts we are seeing. But giving any further guidance will be quite difficult.

Rajesh Kothari: No problem. Sir, can you give guidance on, for example, in the first quarter what is our retail loan book growth?

Animesh Chauhan: Retail loan book growth is about 10.58%.

Rajesh Kothari: Okay. And how do you see the net interest income growth for the full year? At least I think that is probably in your hand rather than the slippage and recovery?

Animesh Chauhan: It will depend on the credit growth and when we are targeting a credit growth of 10%, this NII should grow over the quarters. And also because when a large slippage happens, the interest reversal also is substantial, so that impacts the NII. With the slippage reducing and the credit growth happening, this NII is a result of the two.

Rajesh Kothari: No, if I am adding back your interest reversal of 116 crores in the current quarter, do you think.....?

Animesh Chauhan: 160.

Rajesh Kothari: 160, understood. And how much basically spend you are planning to maintain technology and related things, if you can just give some color on that?

Animesh Chauhan: How much spend will be very difficult to tell you, but we are into lot of upgrades on our system, including the data warehouse and the risk management tools and also operational tools on retail sanctions and operations within the branch, all that is already on. So, as it comes, we will be announcing to the world out of it. But, giving an exact number would only be a guess, because only when it matures, the payments come in the books.

Rajesh Kothari: I see. And in terms of capital raising, how much you plan to raise from the equity markets, whether it is from Government or from shareholders over the next twelve months or so?

Animesh Chauhan: Government, you will have to ask the Government.

Rajesh Kothari: How much you plan to raise? I am not saying (not clear).

Animesh Chauhan: As far as the capital is concerned, for 2016-2017 regulatory we are not requiring anything further. But, going forward we will require capital. So, what we raised 1000 crores of tier-II bonds in this quarter, quarter one. Now, we are

planning to raise in Q2 some 81 bonds. And then going forward we will be taking a call on raising either through rights issue or through, depending on how much Government is willing to give us, we will have to take a call on whether to go for a rights issue or QIP or whatever should be required.

Rajesh Kothari: How much probably will be your requirement?

Animesh Chauhan: Our requirement maybe around anywhere between 500 crores to 1000 crores.

Rajesh Kothari: And by when do you think...

Moderator: Mr. Kothari.

Rajesh Kothari: It is a related question ma'am, if I can ask.

Moderator: Sure.

Rajesh Kothari: By when you think you will be able to conclude that, by when that will be required?

Animesh Chauhan: Q4.

Rajesh Kothari: Q4, great. Thank you sir and wish you all the best.

Moderator: Thank you sir. Sir, our next question comes from Mr. Rahul Ranade from Goldman Sachs AMC. Please go ahead sir.

Rahul Ranade: Hi sir. Thank you for the opportunity. I just want to make sure that I am not double counting here, from double counting the stress. So, from the 5 by 25 stock of which you said 915 is standard and from the SDR stock figure, of which you said 893 crores, is standard. How much of it is already getting counted in the restructured books?

Animesh Chauhan: SDR stock must be in the restructured books. On this 5 by 25 because they are...5 by 25 has been basically, even in the standard accounts which are not restructured, it is in infra, these have happened. So, in that the restructured book must be, one minute, I can give you some number, about 50% in the 5 by 25 book.

Rahul Ranade: Okay, 50%. And I didn't get your reply for the SDR?

Animesh Chauhan: SDR, the restructured book must be almost everything.

Rahul Ranade: Almost everything and 50% of the 5 by 25.

Animesh Chauhan: Almost everything must be restructured only.

Rahul Ranade: Okay. And 50% of the 5 by 25.

Animesh Chauhan: Yeah.

Rahul Ranade: Alright sir. Thank you.

Moderator: Thank you sir. The next question comes from Mr. Jay Mundra from BNK Securities. Please go ahead sir.

Jay Mundra: Hi sir. Just if you can share the SMA-2 number for our bank for this quarter or the quarter ended June. And if possible, if you believe there is so much variation, SMA-2 number on daily average basis, so if possible if you can share the number of SMA-1 plus SMA-2 together, so that possibly would be more stable kind of a number?

Animesh Chauhan: SMA-1 plus SMA-2 will be too much of a calling and probably I don't have that number right now. But, what I can tell you is that our SMA-2, including the restructured accounts which are part of it is around 13000 crores.

Jay Mundra: Okay sir. And sir in terms of was there any ARC sale during the quarter?

Animesh Chauhan: No.

Jay Mundra: And sir, lastly on this SDR, so there was one account which has been kind of upgraded at the system level, because of the change in the management or kind of, they may have paid back to the bankers. So, have we seen any success case in SDR so far for our bank?

Animesh Chauhan: SDR one where our exposure is very small and not big, other than that the cement company. Other than that so far nothing has come to the finality.

Jay Mundra: Okay. So, that account, that exposure still remains in SDR category for us, right? It has not been upgraded so far?

Animesh Chauhan: Yes, yes, SDR (audio break) is this only.

Jay Mundra: And sir, lastly if you can share the sector of the pipeline? You mentioned one account in 5:25, if you can just tell us the sector of that account?

Animesh Chauhan: For?

Jay Mundra: For 5:25, which is in pipeline, where the money has not been disbursed.

Animesh Chauhan: That is a road project.

Jay Mundra: Okay sir. Thank you very much sir.

Moderator: Thank you sir. Sir, our next question comes from Mr. Chinmayi Desai from Anvil Wealth Management. Please go ahead sir.

Chinmayi Desai: Hi sir. Sir, could you give me at least on the iron and steel and on the textile book, what is already restructured or NPA? What proportion of your book of your total exposure as well?

Animesh Chauhan: Iron and steel, the NPA is around 56%, if I am not wrong. Wait a minute, I will just give you. Iron and steel, the NPA is about 56.69%. And which other sector you wanted?

Chinmayi Desai: Sir, if you give it in absolute numbers, NPAs as well as the....?

Animesh Chauhan: 6100 in iron and steel.

Chinmayi Desai: Sorry?

Animesh Chauhan: 6101 in iron and steel.

Chinmayi Desai: The NPA?

Animesh Chauhan: Yes.

Chinmayi Desai: And what about the restructured?

Animesh Chauhan: Restructured in steel look I have that breakup. One minute, 1500.

Chinmayi Desai: Sir, I believe last quarter our total exposure to iron and steel was something like 96500.

Animesh Chauhan: The total exposure is, last quarter was 10854 and today it is 10762. It is almost the same.

Chinmayi Desai: 10762 crores, of which around 6100 is NPA and about 1500, about 70% is already under stress.

Animesh Chauhan: Yes. So, that is what, whatever is left is quite seems to be...

Chinmayi Desai: Sir, and from the textile books, if you can give the similar figures for the entire outstanding as well as the NPA and restructured books?

Animesh Chauhan: Textile books, the total outstanding is 7270 and NPA is 1860. And restructured is only 160.

Chinmayi Desai: Sorry, restructured is only 160 crores?

Animesh Chauhan: Yeah, yeah, because it is only few big accounts that have slipped. It is not in general a sector that is in trouble.

Chinmayi Desai: Right. Sir, and during the quarter how much from the restructured book has slipped into NPAs?

Animesh Chauhan: 1508 crores above.

Chinmayi Desai: 1508 crores. Sir, of this balance restructured books that outstanding restructured book that we are having of around 97 billion, how much is the proportion that is coming out of moratorium in this year or if you can give similar numbers for next year as well?

Animesh Chauhan: 2000 crores. That is all that is left. Only 2000 is left, where repayment is to commence. In all other cases, the repayment has already commenced.

Chinmayi Desai: So, you are saying only 2000 crores?

Animesh Chauhan: 2200 crores where repayment is to commence.

Chinmayi Desai: Okay. That should start commencing this year you are saying?

Animesh Chauhan: Yes.

Chinmayi Desai: Okay. That is it from my side for now.

Moderator: Thank you sir. Sir, our next question comes from Mr. Manish Agarwal from Phillip Capital. Please go ahead.

Manish Agarwal: Hi sir, just a data point. Is there any overlap between SMA-2 and standard restructured, if so, what would be the amount?

Animesh Chauhan: Yes, it is around 3000 crores.

Manish Agarwal: Okay. And can you also share the interest reversal during the quarter?

Animesh Chauhan: 160 crores.

Manish Agarwal: 160 crores. That is it from my side sir. Thank you.

Moderator: Thank you sir. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad.

Sir, we have the next question from Mr. Kunal Shah from Edelweiss. Please go ahead sir. Mr. Shah, please go ahead with your question.

Kunal Shah: Sir, can you please elaborate on notes to accounts point number seven, the bank has recomputed the net present value of the future cash flows of around 309 odd crores this quarter. So, can you please elaborate on that what we have done?

Animesh Chauhan: It is as per the RBI provisions annually you can do the re-tabulation of the net present value, the provisioning for the net present value and that is what has been done, on the restructured books. On the restructured books.

Kunal Shah: Sir, the entire write back has been taken in this quarter?

Animesh Chauhan: Yes.

Kunal Shah: Okay, thank you so much sir.

Moderator: Thank you sir. The next question comes from Mr. Roshan Chutkey from ICICI Pru AMC. Please go ahead sir.

Roshan Chutkey: Thank you sir for taking my question. Sir what is our power, can you give me the power sector stress numbers as well sir, like iron and steel sector?

Animesh Chauhan: Power sector stress number, because our exposure in power itself is not much. One minute, I will just give. Power sector, the total, if you take out DISCOMs, which is now almost coming down substantially, the power generation companies our total restructured books is 1089 crores.

Roshan Chutkey: And anything which is already recognized?

Animesh Chauhan: Recognized as NPA?

Roshan Chutkey: Yeah.

Animesh Chauhan: That in NPA, the power sector....the number I will give. I don't think we have much. That number is not available separately. But, I don't think there is much on it.

Roshan Chutkey: And treasury gains, I just wanted to understand, unlike all others we seem to have not been able to make much on treasury income. Any particular reason on that?

Animesh Chauhan: I don't know. I have not seen others, so I can't tell the comparative numbers. But, our treasury trading profit has gone up from 101 crores (not clear) to this year.

Roshan Chutkey: Right. I think that is it. Thank you so much. That is all from my side.

Moderator: Thank you sir. Sir, the next question comes from Mr. Manish Agarwal from Phillip Capital. Please go ahead sir.

Manish Agarwal: Sir, I have just a question on the capital side. The recent capital allocation by the Government, wherein OBC is not in that featured list, so can you just elaborate what is the criteria for capital allocation this time and why are we there not in the featured list?

Animesh Chauhan: We are not the decision making authority, so criteria only the Government can tell. But, what is in the market is that banks with healthier tier-I ratios were excluded. I don't know whether this was the only criteria. But, if you look at the list of banks who have got capital, who have not got capital are all those who have a little healthier tier-I ratios as on March-April. Probably they have taken projections as on March 2017 also. I do not know the exact position, but that maybe the one of the qualifiers.

Manish Agarwal: But, SBI was also part of the list and they have got a healthy Tier-I.

Animesh Chauhan: Who?

Manish Agarwal: Even SBI was part of the list and SBI has...

Animesh Chauhan: SBI is probably because of the merger issues. It is a different. SBI is a different ball game compared to other public sector banks.

Manish Agarwal: And do you expect the last tranche to be relatively part in the last tranche, because I don't think so the entire amount is.....?

Animesh Chauhan: We expect it because, if you look at the present, what has come out is that they have tagged 75% to be released immediately. And in one bank's case only 50% and the rest depending on the performance parameters. So, I hope everybody is able to take it. But, maybe if a few cannot, then that also will get added to the undisbursed number. And there we do expect, last year also we got only from the fag end from the undisbursed part only. So, I think that should come to us.

Manish Agarwal: Sure, thank you.

Moderator: Thank you sir. Sir, we have the next question from Mr. Chinmayi Desai from Anvil Wealth Management. Please go ahead sir.

Chinmayi Desai: The SMA-2 of around 130 billion that you have said, if you could give the comparing figure in Q4?

Animesh Chauhan: That I will not have right now.

Chinmayi Desai: Or, if you can give some color on how it is trending in the current quarter?

Animesh Chauhan: SMA-2 is in fact, several of the accounts have a tendency to pay after sixty days and that happens even in MSME. It is not only the large corporate. It is happening in MSME. It is happening in mid corporate. It is happening in even some of the retail loans. So, trending is very difficult to gauge. But yes, one thing is sure that it has not gone up.

Chinmayi Desai: Sir, because over the last three quarters, we have seen almost our slippages trending around 3000 crores-4000 odd crores. And such large amount of slippages are happening, then at least there should be some trending downwards on these SMA books?

Animesh Chauhan: I don't have it, so I can't tell you right now. But, just there should be, I do not know. SMA plus restructured books, definitely must have gone down substantially.

Chinmayi Desai: Sir, that is because a large part of our restructured books has slipped into NPAs.

Animesh Chauhan: It is the same thing. That is how it has gone down in at least the previous two-three quarters.

Chinmayi Desai: So, of this 130 billion you are saying, of this 130 billion of the SMA book would also, you would have to add this 97 billion of the restructured books.

Animesh Chauhan: No, no, there is whatever is from the restructured is already SMA-2 is added in this.

Chinmayi Desai: Okay. So, out of this 130 billion, about 97 billion is coming from the restructured books.

Animesh Chauhan: No, not 97. Restructured accounts are not all SMA-2. There are some doing well also.

Chinmayi Desai: So sorry, I missed the overlap, sorry.

Animesh Chauhan: Out of this 13300 crores of SMA-2, about 3000 crores is from the restructured.

Chinmayi Desai: Okay, thank you. That is it from my side.

Moderator: Thank you sir. Now, I handover the floor to Mr. Darpin Shah for closing comments. Please go ahead sir.

Darpin Shah: Thank you. On behalf of the HDFC Securities, I thank the management of Oriental Bank of Commerce for their valuable time and insights. Then I also thank all the participants. Thank you.

Animesh Chauhan: Thank you.

Moderator: Thank you sir. Ladies and gentlemen, this concludes your 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 good evening everyone.

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