

## Transcript

### Conference Call of Oriental Bank of Commerce

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#### *Presentation Session*

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**Moderator:** Ladies and gentlemen good afternoon and welcome to the 4QFY16 earnings conference call of Oriental Bank of Commerce hosted by HDFC Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing \* and then 0 on your touch tone phones. Please note, that this conference is being recorded. I would now like to hand over the floor to Mr. Darpin Shah from HDFC Securities. Thank you and over to you Mr. Shah.

**Darpin Shah:** Thank you. Good afternoon everyone. On behalf of HDFC Securities, I welcome you all for the fourth quarter and FY16 earnings of Oriental Bank of Commerce. We have with us Mr. Chauhan, MD and CEO, and other senior management of the team. And now I would like to hand over the conference to Mr. Chauhan to take us through the details. Over to you sir.

**Animesh Chauhan:** Thank you and good afternoon to everybody. The basic data on the results as is already in your hands is this, total business has gone up by about 2.98% to 3,62,554 crores, deposit is up by 2.4% and advances is up by 3.78%. The CASA has grown by 6.74% and the retail term deposit that is below 1 crore has grown by 12.27%. On credit side, (audio break) retail credit grown by about 17.94% and housing loans by about 21.05%. We have improved our NII quarter-on-quarter by 3.39% and NIM by 8 basis points. NII and NIM are also positive for year-on-year. Gross NPA ratio has gone up from 7.75% last quarter to 9.57% and net NPA was 6.70%. This is because of slippage of 4019 crores in the quarter basically from iron and steel 2312 crores, ship building 373 crores, and construction of 297 crores. These three constitute around 3000 crores of the 4019 slippages. The CRAR has improved in tier 1 to 9.10%, tier 2 to 2.66%, and the total CRAR is 11.76%. This is helped by LIC subscribing to shares of about 178 crores and Government of India 300 crores. The board has recommended a dividend of 7%. This is all to begin with and I will be happy to take your questions. Thank you.

#### *Question and Answer Session*

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**Moderator:** Thank you sir. Ladies and gentlemen, we will now begin with 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, our first question comes from Mr. Kaushal Patil from India Nivesh Securities, please go ahead.

**Kaushal Patil:** Hello? Sir, can you hear me?

**Animesh Chauhan:** Yeah, I can, a little louder will help.

**Kaushal Patil:** Okay. Sir, my first question is related to our assets quality. I would like to know the trend going forward, what will be the trend on slippages side and particularly in Q4FY16 which was the major sector from where slippages came and in addition your outlook. Second question is, on our exposure to stress sectors, which are infrastructure and iron and steel sector and what is the standard assets outstanding on these sectors?

**Animesh Chauhan:** Okay. See, the first thing on NPA slippages, I already told majority has come from steel, which is 2312 crores and ship building 373 crores and construction 297 crores. So these have been the major slippages. Going forward even in these sectors we don't expect much of the slippages to happen because what has happened is government has taken several steps on them and these steps helped steel to gain some margin (audio break) ship building ports and also the road sector has shown improvement. So we hope that slippages from these sectors going forward should be much less than what it has been in Q3 and Q4 of the present financial year. That is all the guidance that I can give because individual accounts will not be discussed in here. As for the exposure, in infra, our outstanding as on March 2016 is 21664 crores and NPA is 1047 crores, that is about 4.83%. In iron and steel the outstanding is 10854 crores and the NPA is 5295 crores, which is already 49%. So, in steel we have already seen substantial slip backs and we do not expect further such huge slip backs because of the MIP and all the measures taken by the government of late, since February. The impact will take some time to come, but we expect them to sustain. Infra, the position has improved, lot of accounts, resolutions have happened, so we don't see huge slippage is there.

**Kaushal Patil:** Right. Sir, any restructure during this Q4FY16?

**Animesh Chauhan:** Restructuring was nil during this period.

**Kaushal Patil:** So sir, what is the outstanding as of Q4?

**Animesh Chauhan:** In the restructure book?

**Kaushal Patil:** Yes.

**Animesh Chauhan:** The restructured book outstanding is 11828 crores.

**Kaushal Patil:** And sir any SDR or 5:25 cases?

**Animesh Chauhan:** SDR we did only one account of 56 crores during this quarter and 5:25, one account of 180 crores.

**Kaushal Patil:** One account?

**Animesh Chauhan:** One account.

- Kaushal Patil:** Okay. So sir, year outstanding in SDR and 5:25?
- Animesh Chauhan:** Total outstanding...one minute, I will give it to you. In SDR, the total outstanding is 3080 crores, but out of that about 1615 crores is already substandard. So, quite substantially we don't see SDRs coming in. On 5:25, the total outstanding is 2151 crores. Here again, 1242 crores is already NPA and about 300 crores is fresh sanctions, so that is not stressed.
- Kaushal Patil:** Sir, this 2150 is 5:25, right sir?
- Animesh Chauhan:** Yes.
- Kaushal Patil:** Okay. In addition, one more question related to power sector. I think the exposure to power sector has been reduced mainly because of conversion into that bonds. So what was the quantum that we converted into that?
- Animesh Chauhan:** That was around 3900 crores.
- Kaushal Patil:** And average yield on that investment?
- Animesh Chauhan:** Average yield on that investment is 8.20% to 8.70%.
- Kaushal Patil:** Okay, thank you sir.
- Moderator:** Thank you sir. Sir, we have the next question from Mr. Hardik Shah from Birla SunLife Insurance, please go ahead sir.
- Hardik Shah:** Sir, my question is on the restructured book...
- Animesh Chauhan:** Can you speak a bit louder?
- Hardik Shah:** Yeah. Sir, my question is on the restructured book, I went through the last quarter's presentation. Up to 2015 the number was 16356 crores and current year it has come down to... same figure has come down to 10619 crores. So is my understanding correct that the entire slippages have come from this section?
- Animesh Chauhan:** Not entire.
- Hardik Shah:** Sir, this number has dipped from 16000 crores to 10000 crores, up to (not clear).
- Animesh Chauhan:** 11828 crores, so around 12000 crores.
- Hardik Shah:** Yes sir. So I am only talking about the up to 2014-'15 number. So if you see the last presentation, it was around 16356 crores up to 2014-'15 and the same number up to 2015-'16 has become 10,619 crores.
- Animesh Chauhan:** Not entirely because of slippage, 3900 crores has gone into bonds.
- Hardik Shah:** Has gone into bonds, that's right. So...

**Animesh Chauhan:** 3900 crores you can take out from here, then there is just more than 1000 crores, about 1100-1200 crores, then there will be slippages. So this is how it will come out.

**Hardik Shah:** So, the discom bonds would be part of this?

**Animesh Chauhan:** Naturally, because this constituted discom outstanding as well. So the bonds, which have got converted, have liquidated that account.

**Hardik Shah:** And like in sectoral NPAs, the NPAs specifically in the SME segment and Agri segment, is generally very high. So, going forward...

**Animesh Chauhan:** Is what?

**Hardik Shah:** Is high.

**Animesh Chauhan:** SME segment and...

**Hardik Shah:** The SME segment is around 7.61%, the...

**Animesh Chauhan:** MSME is 7.61%, agriculture is 6.33%.

**Hardik Shah:** Right. And other credits are almost 12.93%. That I believe is the corporate credit section. So going forward what are the specific measures that you are taking so that this stress level would come down?

**Animesh Chauhan:** See, stress level in agriculture with the...these are basically restructured accounts and the accounts which could not be rotated, this year agriculture has not done well, for last two years it has not been doing well; so expected good monsoons should see that not much is being slipped. That is one. On MSME, MSME is dependent basically on large corporates and government sector on payments. As their position improves in various sectors, MSMEs must show a good growth.

**Hardik Shah:** I mean most banks are looking for growing in this segment.

**Animesh Chauhan:** We also look in growing in this segment because even in today's stress condition, the (audio break) 2% less than what it has been in large corporate, means substantially less than what it has been in large corporate. So, that way as far as large corporates are concerned, yes, they are mostly consortium accounts, where we expect resolutions to come in some of them and the rest will go with the economy that we expect them to start coming back and some we will have to do hard recoveries, that are how the resolutions will come.

**Hardik Shah:** Right sir. And finally on the write offs. The write offs have spiked to almost 750 crores, so any chunky write offs that have taken place?

**Animesh Chauhan:** Write offs are being done almost equivalent to the recovery done in all the advances for the total year, it is tallied. Because last two quarters our write offs were less than the recoveries, so this quarter it has caught up.

- Hardik Shah:** See the cash recovered from bad debts is around 76 crores.
- Animesh Chauhan:** This is a technical write off, so it is only written off from the balance sheet purpose, the recovery and all continue.
- Hardik Shah:** So recovery is expected to happen. Okay, right, thank you sir.
- Moderator:** Thank you sir. Sir, we have the next question from Mr. Chinmay Desai from Anvil Research, please go ahead.
- Chinmay Desai:** Hi, good evening sir.
- Animesh Chauhan:** Good evening.
- Chinmay Desai:** Yeah sir, actually I did not catch the number on the outstanding book of 5:25 and outstanding book of SDR.
- Animesh Chauhan:** Okay, I will repeat, first I will repeat that. The SDR outstanding book is 3080 crores, out of which 1615 crores is already NPA. So that's the position of the SDR account. On the 5:25 the total is 2151 crores, I hope you are getting this, the NPA in this is already 1242 crores and the other is we have few accounts about 281 crores, which were sanctioned by this as a fresh sanction only, so there is no stress or cash flow issues.
- Chinmay Desai:** Sir if you compare to your Q3 number of the closing restructured book, it has come down by something like 1500 odd crores. Most of this would be what, I mean, are these slippages?
- Animesh Chauhan:** Come down? See, 1181 crores is the slippage from restructured books to NPA this quarter; rest may be upgradations and discom bond conversions.
- Chinmay Desai:** Okay. Sorry sir, 1181 crores was the slippage from restructured, right?
- Animesh Chauhan:** Yes, this quarter.
- Chinmay Desai:** And the balance would be...
- Animesh Chauhan:** Some upgradations in the account from restructured to standard.
- Chinmay Desai:** Sir, have you taken any provision for this Punjab food exposure?
- Animesh Chauhan:** Yes, we have. We have taken about 75 crores in March and we will be taking 75 crores in June as things stand on date as per the regulatory requirements.
- Chinmay Desai:** And on this remaining proportion of the SEB loans, are we taking any provisions for that?

**Animesh Chauhan:** You see, we have some provision in our books, but on the other part, what RBI has instructed, we will be taking the provision as the conversions and loan recast happens, but we are also in negotiations, some of the states are going to convert much more than 50% and 75%, so there the provisions may not come.

**Chinmay Desai:** Sir, because what has happened is that, I mean, one of the other banks has actually taken a provision for these loans. So...

**Animesh Chauhan:** Yes, we also have provision in our books, but it is not the end full 2017 how it will go. We expect some more to come.

**Chinmay Desai:** Sir, how much would that be?

**Animesh Chauhan:** It is yet to be ascertained. As I told you some states are ready to give more into SDL bonds where there is no provision. In some states may be the discom bonds don't get converted into longer duration bonds, so there again provision may not come. The final figure when it comes we will take a call. But we have provision because these are restructured assets, so that provision is already held in books. So that will be getting compensated here, getting set off against this provision to a big extent.

**Chinmay Desai:** Okay sir. Sir, I will get back in the queue.

**Animesh Chauhan:** Okay, thank you.

**Moderator:** Thank you sir. Sir, we have the next question from Mr. Anand Laddha from HDFC Mutual Fund, please go ahead sir.

**Anand Laddha:** Hello sir. Sir, on the other interest income, do we have any one off this quarter may be in terms of interest on income tax refund or (not clear)?

**Animesh Chauhan:** We have some income tax refund interest in that. The amount would be around 90 crores.

**Anand Laddha:** And sir if you can give some indication that what could be the interest reversal this quarter on the NPAs, on the (not clear).

**Animesh Chauhan:** I will give you that figure. One minute, let me see if I can get you the figure. It should be a little less than 50 crores, I don't have the exact figure, I can send it to you later. You can interact, but exactly I don't have it right now.

**Anand Laddha:** Sir just wanted to understand, we had one large slippage from the iron and steel account 2300 crore, the account was not paying interest to us sir?

**Animesh Chauhan:** Again, this 2300 crores is not one account, these are a few accounts.

**Anand Laddha:** Okay. But sir all these accounts, we were not accounting interest income for these accounts sir, because there is hardly any interest reversal on these accounts.

**Animesh Chauhan:** They must have paid, that is why the reversal is not there. Because becoming NPA is not only interest, there are several other issues. Some of the accounts, the interest was serviced because NCP government not paid for three months and all, they have become NPAs, so interest will not be reversed in a big way. But, one minute, let me check if it was correct figure I gave. I will revise the figure. See it is 233 crores, not 33, 233 crores.

**Anand Laddha:** 233 crores this quarter.

**Animesh Chauhan:** Yes, this quarter, is the interest cost.

**Anand Laddha:** Sir, last quarter should be similar reversal, because last quarter also slippages was 4000 crore for us.

**Animesh Chauhan:** Last quarter also it was the same, but they may be little higher because some of the accounts in AQR, they had asked us to make NPA from further back dates. So last quarter may be the figure was a little higher.

**Anand Laddha:** Okay. And sir, you mentioned that slippages from restructured book was 1181 crore this quarter. What could be the number for the full year sir?

**Animesh Chauhan:** The full year number from the restructured book is around 4726 crores.

**Anand Laddha:** So 4726 crores is the slippages from restructured for the full year.

**Animesh Chauhan:** Yes.

**Anand Laddha:** Okay. Sir, this time the employee cost has seen a very sharp jump. Is there any one off provision in that sir?

**Animesh Chauhan:** There are provisions. One off is provision on sick leave that Reserve Bank of India wanted us to make, which we have made, and others are the normal thing including wage revision because everything has been paid.

**Anand Laddha:** What was the provision on sick leave sir?

**Animesh Chauhan:** Around 75 crores.

**Anand Laddha:** Okay. And sir is there any higher provision on pension because of the change in discount rate?

**Animesh Chauhan:** Yes, there is a little higher provision for pension as well.

- Anand Laddha:** If you can quantify that sir, what could be the amount of that sir?
- Animesh Chauhan:** See, amount taken in this quarter was 180 crores.
- Anand Laddha:** Including sick leave?
- Animesh Chauhan:** No, sick leave, other than sick leave about 107 crores, around 107 crores.
- Anand Laddha:** Okay. Sir, what is the discount rate now we are having on the pension side sir?
- Animesh Chauhan:** It is 8.5%.
- Anand Laddha:** But sir it is still quite high compared to the 10-year G-SEC yield sir?
- Animesh Chauhan:** This is the actuarial discretion; I will not be discussing it right now.
- Anand Laddha:** Okay sir, that's it from my side.
- Animesh Chauhan:** Thank you.
- Moderator:** Thank you sir. Sir, the next question is from Mr. Gaurav Agarwal from E&R Advisors, please go ahead sir.
- Gaurav Agarwal:** Sir, I joined the call a little late sir. Sir have you shared any watch list for NPA or if (not clear) any view on the asset quality, which you have given here?
- Animesh Chauhan:** See, the only asset slippage pressure to ease in the quarters to come. I will not be able to give a...speculate on a specific number.
- Gaurav Agarwal:** Sir, if I just exclude your restructured and 5:25 all that, you know, considering all these assets are bad, so we will have to...
- Animesh Chauhan:** No, they are not bad. Even new sanctioned infrastructure is happening on 5:25, so it cannot be said to be bad.
- Gaurav Agarwal:** What I meant is, if I break your book in two parts, one part is 5:25 NPA restructured, the other part is Standard, good.
- Animesh Chauhan:** But NPA, you will have to do a little better maths on this when you do it, because as I said in our 5:25 and this SDR also there are NPAs of more than 50%. So, you will have to take into account all that to come at the math.
- Gaurav Agarwal:** Yes sir, I will do that. But you know, what I wanted to ask, how do you see the others, 80%, 82% of the book panning out in terms of asset quality.

Do you see more number of advances coming into these categories as in restructured.....?

**Animesh Chauhan:** See, we don't see restructured much to come, 5:25 will be happening, because all the CAPEX intensive projects will go into 5:25 who have larger life span of the asset. Because that's a normal thing even in the fresh (not clear). But SDR yes, depending upon how the SDR route succeeds, it is quite early days for SDR. As they see the success is good, I think the SDR route will be used more, but if success is not that good, probably then it would not be used as frequently as it has happened initially. So we will have to wait for some time to see how the progress on the SDR front happens.

**Gaurav Agarwal:** Okay. Okay sir, SDR you mentioned the stock number is 3080 crores, out of which 1615 crores you said is NPA, right? The others should be...

**Animesh Chauhan:** 1465 crores is standard.

**Gaurav Agarwal:** Standard restructured, right?

**Animesh Chauhan:** Not essentially restructured, but most of it is restructured. But some portion is not restructured also which has gone into it.

**Gaurav Agarwal:** Also sir, 5:25, the stock number you said 1242 crores is NPA, the other 1000 crores is it...

**Animesh Chauhan:** 1242 crores was NPA and out of that remaining 909 crores, 281 crores was fresh mix which was given on 5:25 basis, fresh projects.

**Gaurav Agarwal:** So this 909 crores, is it restructured as well.

**Animesh Chauhan:** Sorry?

**Gaurav Agarwal:** This 909 crores which is left from this 2151 crores, is it restructured or is it standard?

**Animesh Chauhan:** No, it is standard.

**Gaurav Agarwal:** Okay. Sir, lastly on your establishment expenses, you know, if I see the last four quarters, the employee cost has increased very high. So how do you see these expenses panning out for the next two, three quarters?

**Animesh Chauhan:** One is because of the increased pension provision and what we said, sick leave provision which has been made now. So that increases the employee cost. Second is after June, wage revision thing has been actually paid out. So earlier it was below the line on provision side which is (audio break) actual payout so that has increased the cost factor. One is, we have increased some employees also because have a lot of retirements going forward, so we have done an increase so about 1000 employees have increased in the books of the bank, so there also the cost has gone up. So all these factors put together are showing a spike in the employee cost.

**Gaurav Agarwal:** Sir these wage hike factors will not come in the quarters to come so what is the....?

**Animesh Chauhan:** It means the amount will not continue to go up like that. Even the sick leave will not go up.

**Gaurav Agarwal:** Will it be in the similar range 550, 600 kind of a number on a quarterly basis?

**Animesh Chauhan:** That I will have to check out, I will not be able to tell you off hand.

**Gaurav Agarwal:** Okay sir that's it from my side, I will come back in the queue; thank you.

**Moderator:** Thank you sir. We have the next question from Mr. Bhavik Dave from Reliance Mutual Fund. Please go ahead.

**Bhavik Dave:** Hello sir, my question is regarding....I missed out the number on your NPA that exist in infrastructure exposures; out of 21,000 crores how much would be the NPA?

**Animesh Chauhan:** NPA in Infra, one minute. Infra the outstanding you have the number 21664 crores?

**Bhavik Dave:** Yeah, correct.

**Animesh Chauhan:** NPA number is 1047 crores.

**Bhavik Dave:** But sir what I understand is, in your iron and steel sector exposure of 10,800 crores, NPA is around 5,300 crores and 2,400 crores restructured; so around 71% of your stress is already recognized in this book. So can we safely assume that the remaining....?

**Animesh Chauhan:** Hopefully. That's what I said, whether it is the restructured book that remains and the others they should not feel further stress because the stress easing has started happening from February onwards when the government announced the minimum import price. So March was too early for the impact to be felt. We hope going forward the slippages.... One is that the majority has already taken place and two is, that stress levels should come down. So we are expecting that these slippages in steel the way it has happened in the past will ease out a lot in the coming quarters.

**Bhavik Dave:** Correct so we can be reasonably confident that the remaining 30% is reasonably safe right?

**Animesh Chauhan:** That's the hope we also carry.

**Bhavik Dave:** Yes sir. And sir so basically we are saying that the other stress sector we are in is infra where around 5,200 crores is recognized so around 15,000 crores remain unrecognized so will most of the pain come from infra going forward or is there any sector that is showing...?

**Animesh Chauhan:** I think the world is seeing a much better improvement in the infrastructure of late. It is already being felt. In road construction and all the improvement, several projects getting resolved, some of the new projects coming under annuity scheme so much better repayment capacity, so I think a lot of it is getting resolved also. In power we expect (audio break) the power purchase to increase, so that should not be slipping further. Hopefully infra climate has improved and that should de-stress not going up substantially in the days to come.

**Bhavik Dave:** Sir is it safe to assume that next year the slippage number which we have of 10,300 crores for this year will be....

**Animesh Chauhan:** It will depend on the economy, but yes, reasonably we hope the number has peaked. It should now come on the down.

**Bhavik Dave:** Sure, alright that is helpful sir, thank you very much.

**Moderator:** Thank you sir. Our next question comes from Mr. Veekesh Gandhi from Bank of America. Please go ahead.

**Veekesh Gandhi:** Hi sir. Just a quick question. I heard your comments on this provisioning requirements with regards to state electricity boards. I am still a bit unclear as somebody else was also talking that one of the banks has made it. I could not understand clearly....

**Animesh Chauhan:** See this is a complicated detailing that the regulator has done so it cannot be explained on a concall fully and also the comment that one of the banks have done, we don't know what exactly has been done. In our case also when the entire asset was re-structured, we hold a 5% provision on that. Now that part of it has already gone into bonds, no provisioning is required on that but we have not reversed back the provision. It is still maintained. So we also maintain a substantial provision on the discom outstanding that is less now. We would like government (audio break) are also talking on taking further on to the non SDL, SDL bonds. So once the government bonds take over further of the loans, only on the residual we have to make the 15% provision. So then the differential what we hold today and what is required will be ascertained and then provided. Maybe June or in September depending on when the government finalize those positions. So we have substantial provisions.

**Veekesh Gandhi:** So basically you are saying that the 3,900 crores that you converted into bonds, you hold on an average 5% on that which has not been reversed?

**Animesh Chauhan:** Not exactly 5%, a little less because a lot of it was from discom bonds that were reversed. Discom bonds to government SDL but there we are not but still we hold substantial provisions and we do not hope that the worst of case provisioning will be more than....I can give an approximate number of 100 crores in the books, additional

**Veekesh Gandhi:** So how much would the provision be on these specific SEB related re-structured book that you would be holding...if you have a number?

**Animesh Chauhan:** Around the same number that I just gave.

- Veekesh Gandhi:** 100 crores?
- Animesh Chauhan:** Yes, it will be around the same.
- Veekesh Gandhi:** Okay understood right sir, thank you.
- Animesh Chauhan:** Don't expect a very big hit to come on that and there again, how the governments come forward to convert into SDL and what percentage they agree in view of this regulatory requirement that has come up, that will finally decide how much provisioning will come. So we are not very worried on that part of their promise.
- Veekesh Gandhi:** Understood, alright, thank you sir.
- Moderator:** Thank you sir. Our next question comes from Mr. Anurag Mantry from Jeffries.
- Anurag Mantry:** Good afternoon, sir first question...I think I might have missed this, in the total (not clear) of around 4000 crores what is from AQR?
- Animesh Chauhan:** Nobody asked us, yes we virtually completed the AQR last quarter itself, it is one account of 166 crores.
- Anurag Mantry:** Okay.
- Animesh Chauhan:** It is a very minor part of our slippages.
- Anurag Mantry:** Right and sir from...in the sense (not clear) you mentioned that there was some revaluation of the premises that was done. If you can just give a sense of the total appreciation that you got because of the revaluation and when the older valuation of the property was done?
- Animesh Chauhan:** The older revaluation when it was done, I will not be able to give you the date but yes, the present re-valuation which we keep on doing...the previous revaluation must be six, seven years old because what we got is a little over 900 crores and based on the regulatory thing, a part of it has gone into capital.
- Anurag Mantry:** Sure sir but that 900 odd crores, that would be....
- Animesh Chauhan:** Total appreciation.
- Anurag Mantry:** Since then if you can qualify?
- Animesh Chauhan:** for capital?
- Anurag Mantry:** If your land was worth Rs.100 it became Rs.110, so I just want to have the base....
- Animesh Chauhan:** Percentage I will not be able to give because there are several properties spread across India. Basically these are not lands; these are buildings which we use as offices or residences or training centers and all.

**Anurag Mantry:** Right okay and sir one last question regarding the SEB exposure again. If I understand, before the conversion to bonds, the exposure was around 5500 crores?

**Animesh Chauhan:** Yes.

**Anurag Mantry:** All that was restructured or there was some standard in that as well?

**Animesh Chauhan:** There were some standard also. Restructured was 5000 crores and then there was some additional funding working capital which was not part of the restructured book.

**Anurag Mantry:** So what was the total SEB exposure before the conversion and how much of that would be restructured before the conversion?

**Animesh Chauhan:** It was around 5000 odd crores because what we are left out is about 1400 crores in the restructured book and the rest has been converted so it must be 5000 odd crores in the restructured book.

**Anurag Mantry:** Okay so is there any outstanding standard discom exposure as well currently?

**Animesh Chauhan:** Outstanding standard yes it should be there....on restructured yes there are, it is about....See in the re-structured book, what is left now is about 1493 crores. The rest which does not form the restructured book must be around.... See there are certain discoms like in Gujarat, in Punjab which are not part of the restructured book. So whatever is with them is the non-restructured. I will not know....it must be over 1000 crores. But they were not part of the FRP that was held in 2012-'13, so they are not part of this.

**Anurag Mantry:** Right and within this, I think around 2500 crores of the restructured discom exposure has been converted to bonds, is there any breakup for that in terms of SDL bonds...?

**Animesh Chauhan:** What we are saying is convert it to bonds is converted to state government's SDL bonds, that's what it will be converted.

**Anurag Mantry:** But there are no conversions to bond issued by the discoms?

**Animesh Chauhan:** No, no we have not gone into that this quarter. Earlier in the FRP 2013 it has happened but not in this quarter.

**Anurag Mantry:** Right, but out of this 1500 odd crores some conversions could happen to bond issued by either the state or the discom....?

**Animesh Chauhan:** That will depend on how it will go forward. It will certainly happen to SDL, but how much will happen to discom bonds we don't know. That we will have to see....it depends on how the government of the particular state takes it.

**Anurag Mantry:** Understood. Okay thank you sir.

**Moderator:** Thank you sir. Ladies and gentlemen we request you to please speak a bit loud so that you are heard clearly for questions. Sir our next question comes from Mr. Nilesh Pareek from Edelweiss Securities. Please go ahead.

**Nilesh Pareek:** Sir our first question is on tax rate, what is the...there was tax write back of 169 odd crores, so some clarity on that and your outlook on tax going forward?

**Animesh Chauhan:** Can you speak a bit louder? You want....there is a tax write back of 169 crores, yes, what else?

**Nilesh Pareek:** Sir some clarity on that and your outlook on the tax rate going forward?

**Animesh Chauhan:** Outlook on the tax rate? That will be very difficult to give, it is as per the tax rules but tax write back is because we had a huge provision in the previous quarter and this quarter. Beginning and losses have resulted into the write back of the advance paid...

**Nilesh Pareek:** I missed the numbers that you gave for interest income reversals so can you please....during the quarter what was the interest rate cum reversal....?

**Animesh Chauhan:** 233 crores.

**Nilesh Pareek:** And sir what is your outstanding corporate book as of now and its corresponding number last quarter or last three, four FY....?

**Animesh Chauhan:** Last year it was 81,067 crores, that is other than retail, agriculture and MSME, a little bit maybe staff loans also in this but the growth is around 2%.

**Nilesh Pareek:** Last thing there was no impact on account of Bonus Act in your staff expenses or is there some impact?

**Animesh Chauhan:** It will be very meager even if it is, very negligible if it is.

**Nilesh Pareek:** Okay, thank you so much.

**Moderator:** Thank you sir. Our next question comes from Mr. Hardik Shah from Birla SunLife Insurance. Please go ahead sir.

**Hardik Shah:** Sir just a couple of questions. Why has the cost to income ratio come down quarter on quarter? Any specific reason for that secondly is it sustainable or you expect this to be a onetime...? It has come down from 55% to 52%, so going forward it will continue to be at around 55 level or it will...?

**Animesh Chauhan:** We would like it to be even less and we hope it to be even less....this is because of the slippages, reversals that has happened from the income

side. Once that reduces and the credit book expands, this should be coming down because this already we consider it a very elevated level.

**Hardik Shah:** Right. Sir, secondly if you see the provision numbers comparing year-on-year, there is this other provision which has come down from 620 crores positive in FY15 to minus 315 crores; so any sense on that...other provisions? The net profit side...?

**Animesh Chauhan:** Other provisions....?

**Hardik Shah:** Other provisions, 620 crores

**Animesh Chauhan:** 620 crores it is minus 315 crores ...

**Hardik Shah:** another 315 crores sir, it is a very big jump!

**Animesh Chauhan:** One of the reasons is when advance slips from restructured to NPA, there is a new NPA provision and the restructured provision is written back.

**Hardik Shah:** But that would be in the provision for standard asset no?

**Animesh Chauhan:** It gets shifted into provision for NPAs.

**Hardik Shah:** That would be I believe in the provision for standard asset that 318 crores has become minus 1.8 crores.

**Animesh Chauhan:** That is slippage from standard to NPA. I am talking of slippage from the restructured book to NPA. It gets reduced from here and gets added in a bigger number in NPA provision and the major reason is this. There may be other minor reasons which needs analysis.

**Hardik Shah:** Sure, okay thank you. Just one final question, any sale of assets during this quarter?

**Animesh Chauhan:** 190 crores.

**Hardik Shah:** That was part of the NPA book?

**Animesh Chauhan:** Yes, certainly.

**Hardik Shah:** Okay sir.

**Moderator:** The next question comes from Mr. Roshan Chutkey from ICICI PRU AMC. Please go ahead sir.

**Roshan Chutkey:** Any particular guidance on branch expansion? Are you doing anything there?

**Animesh Chauhan:** We are not going for a large scale branch expansion. Till last year we have done only about 100 and we do not propose any larger scale of branch expansion during this year also. The exact number we are yet to finalize.

**Roshan Chutkey:** Okay but how do you intend to maintain your CASA into it?

**Animesh Chauhan:** Branch expansion alone is not the reason of CASA growth, there are multiple ways including the alternate channels that get you CASA. We hope to get CASA more from them rather than only from branch expansion. You have BCs; you have entire e-lobbies and all that working whether going forward branch expansion alone gets those numbers is a debatable issue. So we are not looking at branch expansion as a major way of improving our CASA.

**Roshan Chutkey:** Okay, thank you so much.

**Moderator:** Thank you sir. Next question comes from Mr. Prfaful Kumar from MSD partners. Please go ahead sir.

**Praful Kumar:** Good afternoon, thanks for the opportunity. One small question, given the fact that your 5:25, you give a 5-year moratorium and what is the reason for a follow-up...?

**Animesh Chauhan:** It is not a five-year moratorium my friend. It is a five-year roll over on 5:25.

**Praful Kumar:** Initial five years you give principal at least in terms of moratorium, correct?

**Animesh Chauhan:** No. Not essentially.

**Praful Kumar:** So what do you mean by fall out just want to understand just in terms of what you said....2000 crores of 5:25, 1242 crores is NPA, so...just wanted to....?

**Animesh Chauhan:** 5:25 happens even when the account has turned NPA. The account may be NPA but if he has a longer life of asset we can do 5:25 for that. So it is not that because 5:25 has happened, still it has slipped. Most of that must have been converted into 5:25 after being on a very stressful reason.

**Praful Kumar:** The way you reported, so it can be part of 5:25 and NPA as well, that's what it is?

**Animesh Chauhan:** Yes.

**Praful Kumar:** Okay sir. Thank you sir.

**Moderator:** Thank you. The next question comes from Ms. Sneha Ganatra from Shipkon. Please go ahead.

**Sneha Ganatra:** Sir your outlook on credit growth as well as margin?

**Animesh Chauhan:** See the outlook on....NIMs says we maintain it that we will be able to retain it between 2.65% to 2.70% and on credit growth we intend to have anywhere between 10% to 12%.

**Sneha Ganatra:** And considering the V1 asset quality how will you like to see your PCR to be maintained at?

**Animesh Chauhan:** PCR we like to definitely increase but that will happen only as the slippages start going down. So it would not be right to guess a number. But yes 51 is not a very satisfactory number. We would like to take it up substantially.

**Sneha Ganatra:** Okay, any fund raising camp?

**Animesh Chauhan:** We do intend to risk at least in the third or fourth quarters both tier 2 or tier 1 bonds or through IPO, all the sources depending upon how the market is and what are the rates we are able to get.

**Sneha Ganatra:** Could you share some figure on that....on raising funds?

**Animesh Chauhan:** May be around 2000 crores.

**Sneha Ganatra:** Okay, thank you.

**Moderator:** Thank you ma'am. The next question comes from Mr. Nikil Runta from Bajaj Allianz Life Insurance. Please go ahead sir.

**Nikil Runta:** Just wanted to check the credit growth which we are targeting of around 10% to 12%, is it net of the SEB loans which will get converted to the bonds or....

**Animesh Chauhan:** Yeah because the majority have already been converted. Now what we have left is only 1400 crores. So even if half of it gets converted...because now the total of 75% was to be converted, majority is already done so what would be left would not be very high number so this would be net of that.

**Nikil Runta:** Okay and secondly do we think this will continue to come from the retail and the SME front or you believe the corporate we can increase....

**Animesh Chauhan:** We would not put a restriction on any of the sectors but yes the primary growth we would like to come from retail and MSME book; specially the MSME book because retail will not give a bigger growth. But corporate credit wherever it is good, specially mid corporates, we will be equally interested in that.

**Nikil Runta:** Alright sir. Thank you so much sir.

**Moderator:** Thank you. The next question comes from Mr. Sachin Upadhyay from ICICI Securities. Please go ahead sir.

**Sachin Upadhyay:** Sir I just wanted to understand the lumping of the slippages in the current quarter so if you can indicate the top three accounts, what would be the ticket size?

**Animesh Chauhan:** Top three accounts itself will be around 2100 crores.

**Sachin Upadhyay:** Okay and the industry?

**Animesh Chauhan:** We have already given you the major industry numbers. Steel was 2300 crores; ship building 373 crores and construction 297 crores. These accounts are within that.

**Sachin Upadhyay:** Okay and sir what would be the largest account ticket size....?

**Animesh Chauhan:** Come on, next you will ask the name!

**Sachin Upadhyay:** Fair enough. Sir what would be your guidance in terms of slippages from here on? What do you think will be the quarterly run rate?

**Animesh Chauhan:** From what I have been discussing if you go by that, steel almost 49% is NPA. What will be the impact on the major stake in Q1, this stress should ease. So I don't feel that much of it is going to slip. Similarly on infra a lot of steps, a lot of things happen. So I hope going forward the type of slippages we have seen in Q3 and Q4 should not happen. The peak has come and then it should be downwards. This is the expectation looking to everything happening in and around the economy.

**Sachin Upadhyay:** Good but can we go back to the average run rate of around 800 or....

**Animesh Chauhan:** Rate will not be proper for me to give.

**Sachin Upadhyay:** Right sir, that's it from my side thank you.

**Moderator:** Thank you. The next question comes from Mr. M.V. Mahesh from Kotak Securities. Please go ahead.

**M. V. Mahesh:** Good afternoon sir. Just a few data points, questions and clarifications; one is, from this movement of tier 1 between last quarter and this quarter, there has been an increase in tier 1 ratio of 1400 crores. 930 crores is the revaluation which has come in so I guess....

**Animesh Chauhan:** Wait the revaluation increase will not come totally to this, it will only be a percentage of that that will come.

**M. V. Mahesh:** 45% right, so about 420 crores which comes from revaluation.

**Animesh Chauhan:** No, no unfortunately the maths is not that straight. There was some portion of revaluation reserve already sitting in the tier 2 capital that also shifts along with it to tier 1. Then there is government infusion of 300 crores and the LIC infusion of 178 crores. All these put together has resulted into this number.

**M. V. Mahesh:** But the government's infusion has already moved to tier 1 is it because the allotment was not done?

**Animesh Chauhan:** Yes.

**M. V. Mahesh:** Okay. Was there any benefit because of DTA as well?

- Animesh Chauhan:** DTA....we don't have much of it, no benefit in fact zero on this.
- M. V. Mahesh:** And why is that because we have created huge amounts of provision right?
- Animesh Chauhan:** But that's not there with us.
- M. V. Mahesh:** Okay. Second question is sir, what is the duration of the AFS book today?
- Animesh Chauhan:** Duration of AFS book is 3.61.
- M. V. Mahesh:** Sorry I missed one part of the tier 1 question, next year out of your tier 1 bonds how much would be moving out of recognition? The reason why we are asking is that, would you run into again another round of risk if you are not able to repay this bonds with another set of fresh Basel III compliant bonds?
- Animesh Chauhan:** It is a very small portion of around 85 crores...
- M. V. Mahesh:** Which moves out is it?
- Animesh Chauhan:** Yes.
- M. V. Mahesh:** Okay. My two final questions are what will be your technically written off asset book as of March '16 and correspondingly there has been a lower amount of recoveries in the entire financial years, some comment on it and the SR outstanding in your books.
- Animesh Chauhan:** SR outstanding I cannot talk because SR....
- M. V. Mahesh:** Not SR exposure, security receipt.
- Animesh Chauhan:** Outstanding security receipt is around 332 crores. Recovery in TWO is less because very little of the TWO asset was sold to ARC. Last year the sale to ARC from TWO was there. This year it is virtually negligible, therefore the recovery seems to be much less.
- M. V. Mahesh:** The 190 crores which is sold to ARC this quarter, that's from the written off pool is it?
- Animesh Chauhan:** No it is from the...NPA pool.
- M. V. Mahesh:** But when you say recovery is weaker this year....
- Animesh Chauhan:** Yes, weaker means, last year it was higher. The TWO book sales of the cash component was a recovery which is not there this year.
- M. V. Mahesh:** Okay. What will be the total outstanding that we have written off?

- Animesh Chauhan:** 5636 crores
- M. V. Mahesh:** Okay done thanks a lot.
- Moderator:** Thank you sir. The next question comes from Mr. from Mr. Anand Laddha from HDFC Mutual Fund. Please go ahead sir.
- Anand Laddha:** Hello? Sir just wanted to understand next year what proportion of our restructured book will move out of moratorium sir?
- Animesh Chauhan:** Next year the number of exit is not there but I can tell you how much is there where repayment has not commenced as of now. That is around 4574 crores.
- Anand Laddha:** Okay, on the balance repayment has started?
- Animesh Chauhan:** Yes.
- Anand Laddha:** And sir if you can give some color as to how the SMA II book has behaved? How much this quarter has it increased or has it come down this quarter over the last quarter?
- Animesh Chauhan:** It has come down. That's all that I can tell.
- Anand Laddha:** Okay what could be our SMA II book for us sir?
- Animesh Chauhan:** That I will not be able to give right now.
- Anand Laddha:** Has it come down substantially or it is still...?
- Animesh Chauhan:** That's all I can tell.
- Anand Laddha:** Okay, thank you sir.
- Moderator:** Thank you sir. We have the next question from Mr. Jai Mundhra from BNK Securities. Please go ahead sir.
- Jai Mundhra:** Sir I just wanted to understand the slippages, so out of the 4000 crores slippages our AQR slippages has been very small at around 106 crores. So most of the slippages has come from non-AQR corporate accounts. So possibly could be due to the reason other banks have classified those accounts in their AQR. Sir what is your sense, what could be our exposure to let's say some of those stressed corporates which we may get recognized in the subsequent quarters?
- Animesh Chauhan:** Most of the accounts which were AQR in any of the bank's books have become NPAs in our books. That's our guess because we don't have the exact number but that's our gut feeling that most of the accounts which were in AQR, the larger ones in the books of major banks have become NPA in our books in these two quarters. Because if you look at our AQR book the two quarter's slippage is 8000 crores, means our bank's AQR. The other consists a large part of those accounts which were NPA because of AQR in some of the larger bank resulting in slippage.

**Jai Mundhra:** And sir we have not got any major slippages in power sector this quarter right?

**Animesh Chauhan:** No.

**Jai Mundhra:** And sir if I just ask you what is the largest steel account that we slipped quantum wise?

**Animesh Chauhan:** Again, that's where I will not be....it is virtually like telling the names no?

**Jai Mundhra:** No problem sir.

**Moderator:** Thank you sir. Sir we have the next question comes from Mr. Dhaval Gada from Motilal Oswal. Please go ahead sir.

**Dhaval Gada:** Thanks for giving me the opportunity. Sir just one question, what is the outstanding provision that we need to make as part of the AQR on the restructured loan for the next year?

**Animesh Chauhan:** I don't think provisions have to be made. This number I will not be able to give but as on today, if we see from that list what has slipped to (audio break) what is left and what provision has already been made in March, it should be anything little less than 300 crores. But then I qualify it that Reserve Bank has permitted that those accounts which have started showing better performance can represent back to us and talk to your auditors. So substantial of that exposure in our books is already those infra accounts which are already performing....means last six months they have improved their performance. So going forward, I think a lot of it would be actually performing and not be required to be provided for. So we do not see a larger provision coming. What we have said is the outer limit maximum which certainly will be reduced substantially.

**Dhaval Gada:** Okay. Sir one more thing, on this tier 1 capital you mentioned about the revaluation reserve of 900 crores getting added; what was the earlier number...?

**Animesh Chauhan:** It is only a percentage, 45% of that which goes into capital.

**Dhaval Gada:** Sir in Basel I if we quantify what is the impact of revaluation reserve this quarter on the CAD 1 ratio?

**Animesh Chauhan:** See the revaluation reserve there are two components, one which was upgraded from tier 2 to tier 1 and one out of the present revaluation. So the total impact is about 40 basis points.

**Dhaval Gada:** Okay fine thank you.

**Moderator:** Thank you sir. Our next question comes from Mr. comes from Mr. Gaurav Agarwal from E&R Advisors. Please go ahead sir.

**Gaurav Agarwal:** Sir I just wanted to get back on the employee cost again. FY 16 full year expenses were 1637 crores, in the same year you had 300 odd crores provisions for wage hike. So if we add this 1637 and 309 plus the 75 crores of sick leave provision which you have provided this year, I get close to somewhere the full establishment cost of FY16. Am I doing the correct math? Is it how your employee cost has moved over the year?

**Animesh Chauhan:** Previous year's cost plus the wage provision that has been made plus the provisions of pension and sick leave, that's how it should come.

**Gaurav Agarwal:** So if I were to ask, how much is it recurring in nature? This wage hike should be recurring...?

**Animesh Chauhan:** Wage hike means it was a provision of last two years that got paid, so it will not be recurring to that extent. But there is a employee numbers going up and that will add up.

**Gaurav Agarwal:** What is the non-recurring part of the expense that will be a benefit which you will get?

**Animesh Chauhan:** Non-recurring part is sick leave provisioning plus that part of the provision for the wage settlement which was belonging to prior to march '15 period which should be around 300 crores. But then there is an addition of 1000 employees in the total number so that will increase the cost; not exactly for the whole year but they've been there for six months, eight months so their full year cost will come. We do not expect this cost with all those revisions to go up. Pluses and minuses it will not go up next year.

**Gaurav Agarwal:** It will not go up but what I wanted to check if it can go down?

**Animesh Chauhan:** It will go down....but how much...it needs a lot of calculations because these are the numbers which will not be repeated.

**Gaurav Agarwal:** I will catch up with you offline. Sure, thank you so much.

**Moderator:** Thank you sir. Our next question comes from Mr. Anurag Mantry from Jeffries. Please go ahead sir.

**Anurag Mantry:** Sir I just wanted to check, have you heard anything in terms of consolidation of banks or any color you can throw sir?

**Animesh Chauhan:** I have only read in the newspapers.

**Anurag Mantry:** Okay sir. No discussion that you might have had or....?

**Animesh Chauhan:** There is no discussion bank wise with us. To be very frank with you, in Gyan Sangam it was discussed as a course of action but no individual names were discussed. As the finance minister has been saying....in fact immediately after Gyan Sangam he said they are planning to put up a high power committee (not sure) to go into the entire gamut of consolidation and recommend. So unless that happens, we will not know the gamut as well as the names.

**Anurag Mantry:** Right sir, okay thank you.

**Moderator:** Thank you sir. The next question comes from Mr. Rakesh Kumar from Elara Capital. Please go ahead sir.

**Rakesh Kumar:** Hello? Sir the first question is with respect to the credit growth in the MSME vertical. Even if we take the Retail adjustment and the whole Agri number and the SME number the growth is close to around 2%, so it is a flat kind of a number basically. If you listen to a majority of PSU bankers they are saying we are growing retail, SME and Agri book; so what is that which is constraining us from growing....?

**Animesh Chauhan:** You are saying agriculture plus MSME if you add what is the growth, that's what you are saying.

**Rakesh Kumar:** Particularly the SME book because there was re-adjustments so I don't know what was the re-adjustment number.

**Animesh Chauhan:** Yes, it was basically the growth of SME and not the growth in agriculture. We have not seen growth in agriculture in fact numbers may have come down a bit, so the growth has been in retail and MSME. Agriculture is only the shift basically because of the RBI reclassification done in April.

**Rakesh Kumar:** Correct, correct.

**Animesh Chauhan:** That number with the monsoon being good may see upside.

**Rakesh Kumar:** So how much could be the growth if we set aside the impact of re-adjustment in SME?

**Animesh Chauhan:** If you set aside the re-adjustment in SME.....that calculation has to be done.

**Rakesh Kumar:** If you can give us a broader understanding what is happening in the sector because if we look at the credit growth number in the sectoral, that is quite weak. Even if we take any number....so if the credit demand itself is weak for a sector for a continuous period then there would be some weakness which would emerge at some point in time so just trying to get some favor you would have because you are practicing it so you would know better. So if you could let us know what is happening in the sector that would be useful?

**Animesh Chauhan:** There is no stress to the extent we have seen in corporate book. Growth was not coming basically because the overall growth was weaker. As it is stabilizing the MSME CAPEX and expansions will start coming and we are already seeing a little bit happening here and there. Then we have aggressively created some new schemes of lending to MSMEs which may see us acquiring some of the MSME book from other lenders as well. That's what will take the growth forward in the coming year plus we expect the MSME stress to go down as the corporate created stress stabilizes. Once the NPA numbers start stabilizing (audio break) because presently it is

all larger corporates also delay the payment book including some of the public sectors which of late has started improving already and the government supplies.

**Rakesh Kumar:** Correct and the (not clear) published numbers we have seen weakness in the higher slippage number in MSME for other banks as well....

**Animesh Chauhan:** MSME is not an (not clear) sector. It is correlated with overall consumption and corporate consumption both. So overall consumption was also weak because of the weak rural demand and the corporate consumption was also weak for the MSME product so that's why they were seeing a stress. We hope that it gets substantially reduced in the days to come.

**Rakesh Kumar:** But that would be the second leg of it correct but firstly the positive impact has to be seen in the larger corporate then only it will percolate to the....

**Animesh Chauhan:** Not only larger corporates, see if the monsoon is good, a lot of MSME supplies go into the rural economy. That itself will give it a kick start to it (not clear).

**Rakesh Kumar:** Correct, got your point. Sir if you can elaborate the notes of account No. 6, where the postponement of some provisions have been done so it was debited on the reserves and again it will be done for the P&L later on, so what are the logics of.....are we expecting the fraud account to get bid or something?

**Animesh Chauhan:** That's a very small number I think...1 crore. What RBI now says is, that as on....they allow the short provision to be spread over four quarters. But what they say is, anything that is left out as at the end of the financial year, must be reduced from the revenue reserve though it can be absorbed in the PL in the four quarters as it is, but say on 31<sup>st</sup> March it is only absorbed two quarters so the residual will be reduced from revenue result for the balance sheet of that year. Going forward it can be appropriated from the profit and loss. So there is that number.

**Rakesh Kumar:** Correct. Okay, many thanks sir.

**Moderator:** Thank you sir. The next question comes from Mr. Mehrukh Adjanina from IDFC. Please go ahead.

**Animesh Chauhan:** Sir your answer of 45 basis thing on revaluation reserve, would you have the absolute number?

**Animesh Chauhan:** It is about 680 crores. 680 crores went into tier 1 because I said there was 2 parts of it. If the amount of tier 2 which was shifted to tier 1 and one is the fresh re-valuation done, 45% of that going into tier 1. So both put together is around 680 crores.

**Animesh Chauhan:** Okay thank you.

**Moderator:** Thank you sir. The last question for the day comes from Mr. Manish Agarwal from Philip Capital. Please go ahead sir.

**Manish Agarwal:** We have already recognized that 50% of your iron and steel exposure is in NPA.

**Animesh Chauhan:** Almost yes.

**Manish Agarwal:** Now considering the state of the industry, iron and steel specifically and considering the underlying asset that you have, how much do you think is recoverable out of that 50% NPA?

**Animesh Chauhan:** Majority.

**Manish Agarwal:** So you think majority amount can be recovered?

**Animesh Chauhan:** These are all....most of them are functioning assets, all the assets of several of these units are still working which the repaying capacity got impacted who suffered the EBITDA losses and therefore have become NPAs. We hope that with the measures already taken, some of them should be earning their profits and paying us some amounts going forward, though the upgradations may happen much later. But at least they may start paying part of their interest cost or installments though the upgradations may happen three quarters or four quarters later.

**Manish Agarwal:** So considering today where the steel prices are you think you need not take any haircut or forego any....?

**Animesh Chauhan:** When it is already NPA, the provisioning is already there. So haircut up to that level is already covered.

**Manish Agarwal:** That's what we are trying to understand, what can be the level of haircut? I understand you have a 50%....

**Animesh Chauhan:** That only the economy can tell my dear because in some of the SDR accounts the same discussions are also on, so unless a few are finalized we will not know how the industry is moving.

**Manish Agarwal:** Fine, thank you sir.

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

**Darpin Shah:** On behalf of HDFC Securities I thank the management of Oriental Bank for their valuable insights and 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 disconnect your lines now. Thank you and have a good evening everyone.

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