

“Union Bank of India  
Q1 FY2019 Results Conference Call”

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**Moderator:** Ladies and gentlemen, good day and welcome to the Union Bank of India Q1 FY2019 results conference call, hosted by Elara Securities. 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 call, please signal an operator by pressing “\*” and then “0” on your touchtone phone. Please note that this conference call is being recorded. I now hand the conference over to Mr. Rakesh Kumar from Elara Securities. Over to you and thank you Sir!

**Rakesh Kumar:** Thank you. Good evening to you all on the Q1 results Union Bank conference call. We have on the line Mr. Rajkiran Rai G, the Managing Director & CEO, Mr. Raj Kamal Verma, Executive Director, and Mr. Atul Kumar Goel, Executive Director along with other senior management team. I would like to hand it over to the management team to give firstly the disclosures and thereafter we can start with a brief presentation on the results and then Q&A session. Over to you Sir! Thank you.

**Atul Kumar Goel:** Good evening everyone. Before getting into the concall, I will read out the usual disclaimer statement. We would like to submit that certain statements that maybe made or discussed during the investor interaction maybe forward looking statements based on the current expectations. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ from the statement. Investors are therefore requested to check the information independently before making any investment or other decisions. I would now hand over to our MD and CEO who is joined by executive directors and senior management team. Over to you Sir!

**Rajkiran Rai G:** Good evening ladies and gentlemen. It is a pleasure and privilege to interact with you on our Q1 financial results for FY2018-2019. On behalf of Union Bank of India and on my personal behalf, please accept my heartiest welcome to our telecall today. I structured my remarks in three segments. I will begin with the overview of business setting, which will help you appreciate the progress during the quarter ended June 2018. It will be followed with a brief on financials and finally I will take the opportunity to update you on our structural transformation initiatives, which are being rolled pan India.

Business overview, it has been a rather eventful quarter for the economy. There is definite turn in interest rate trajectory with concerns on inflation and financial flows impacting exchange rate stability as well. Externally trade war narrative intensifies while interest rates continue scaling upwards. On a positive, we are witness crude and commodity turning softer after a sharp rally earlier. Besides better revenue collections have somewhat allayed concerns on fiscal situation. Bond markets are also reflecting the improved confidence in economy. Being particular to banking sector, there were a couple of big ticket reservations concluding through NCLT with good recoveries coming through. However the broader story remains about struct recognition and provisioning build up to strengthen balance sheet.

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Coming to Union Bank's progress, the business mix stood at Rs.724475 Crores with advances noting 7.9% growth while deposits growing at 8% on annual basis. Within advances, the RAM sector share stood at 53% while CASA share in deposits stood at 34%. The bank continued to pursue capital light growth as risk weighted assets degrew even as balance sheet noted 8.8% growth. Asset quality continues to be the foremost priority with management focus on cleaner and quality growth. Slippages were 54% down sequentially. There was Rs.4652 Crores of slippage during the quarter of which 50% was contributed by 88 accounts. Recoveries and upgradation together rose to Rs.1623 Crores, which is four times higher sequentially. Of the recoveries, the bank received around Rs.726 Crores from the accounts settled through NCLT. Slippages are of course reflective of front loaded stress recognition. We remain sanguine about full year guidance given earlier with marginal upside.

Coming to financial our Q1 FY2018-2019 the net interest income rose 17% YoY reflecting improving yield on advances and moderate fall in cost of deposit. Of the other income adjusting for one off factors, treasury contribution has remained steady reflecting the conscious balancing of treasury book covered slower duration. Likewise establishment expenses have remained contained during the quarter with our focus on cost efficiency and operation. As you are aware, the bank has not availed any of the dispensation provided by Reserve Bank of India and has provided fully these related to NCLT account, treasury, MTM losses or gratuity. The operating profit during Q1 rose 1.6% YoY to Rs.2089 Crores. Provisions meanwhile stood at Rs.1959 Crores thus taking the provisioning coverage ratio at 56% compared to 51% a year ago. Accordingly the bank recorded net profit of Rs.130 Crores as against Rs.117 Crores a profit one year ago, an increase of 11% on annual basis.

Structural transformation update friends, financials are accumulative of our efforts made in business. However it will be near sighted to be fixated on financials alone and not take note of capacity building, which would be confidential for future profitability. I had briefed you earlier about the key shifts we are making in our making in our ways of doing business especially the way we approach and acquire customers, the quality of risk underwriting, monitoring, collections and recoveries. I am happy to update you that we are fully scaled up the new desire of sourcing, we call it customer acquisition group across 50 cities. The CAG or the customer acquisition groups are especially equipped with teams of marketing personal trained well to capture new business in a holistic way, so that rest of the branch resources can focus on service and cross sale of existing customer base. I will be updating you about the incremental gains in new business through the CAG teams as we go along in the year ahead.

On quality of credit underwriting, I am happy to update you that we have rolled out new design of centralized processing across all the credit segments that is retail, agriculture, MSME, mid corporate and large corporate. This way we have centralized 50% credit processing in some 160 centers. Our aim is to take this centralized processing to 80% by the end of this year from about 50% in March 2018.

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On monitoring and collections, the bank has developed in house model for early warning signals to detect stress even earlier than accounts turn due. The EWS builds on 28 parameters both internal and external give head start in managing asset quality. The early warning signal is mapped with recovery teams constituted at all regional offices, which act upon stress signal devising and implementing corrective action. We have also done the EWS model on SMB portfolio and we are noticing these to be good indicators. We are in process to scale up this model in other loans segments as well like retail and agriculture. The bank is also in process of building new capabilities for collection management and we are going to rope in experts from markets going forward. There are parallel interventions in building human capabilities through training, performance monitoring and talent management. We are making extensive outreach to staff as well as customers to usher in a culture shift. These efforts will start reflecting in our business as well as financials as we go along.

Let me conclude by reiterating our guidance for remaining of the financial years. Credit growth should be around 7% to 8% and deposit growth to be around 8% to 10%. CASA share to remain in the range of 34% to 35%, NIM to be around 2.25%, cost to income ratio to be around 46% to 48%, delinquency to be around 3.5% and credit cost to be around 2.25% to contain gross NPAs around 12% and net NPAs below 6% by March 2019. PCR is to rise around 60%. To conclude friends the business performance has started gaining momentum. There is positive vibes gathering force across country. It is important that we have the right mechanisms and structure in place so that we do not repeat the mistakes made earlier. We cannot be too conservative given challenges as well as too aggressive in light of opportunity. I assure you that Union Bank is building right structures to benefit from India's story. Also the bank is entering its centenary year this year and we are confident of becoming a preferred bank for New India. Thank you all for your patient hearing. I look forward to actively engaging with you in shaping the future course of this great institution. Thank you so much.

- Moderator:** Thank you very much Sir. Our first question is from Sanket Chheda from IDFC Securities. Please go ahead.
- Sanket Chheda:** The recovery from Bhushan Steel and if at all there is something from Electrosteel how much was taken into net interest income and how much was written back in provisions?
- Atul Kumar Goel:** In case of Bhushan Steel, we took Rs.260 Crores in interest income whereas in Electrosteel was a written off account, so the whole thing went to the recovery and written off account.
- Sanket Chheda:** How much was that?
- Atul Kumar Goel:** It was 161.
- Sanket Chheda:** Anything on provision? Any entry on provision?

- Atul Kumar Goel:** Provision we have reversed write back of Rs.221 Crores in Bhushan because we have recovered 991 and out of 991 we have booked 274 to be interest income and 221 we have reversal of the interest.
- Sanket Chheda:** In Electrosteel?
- Atul Kumar Goel:** In Electrosteel as MD Sir has told 161 it was a provisioned in retail account. For the entire amount, we have booked in the other income.
- Sanket Chheda:** Sir in slippages like how much was the corporate and how much was other like retail and SME?
- Atul Kumar Goel:** I can give you the aggregate. If you see the composition of the total slippage in agriculture it was around 532 and retail it was around 389 and MSME it was around 685. The remaining was around 3046 in which out of 3046 around Rs.2000 Crores was in the corporate account in the industry account basically.
- Sanket Chheda:** Corporate and industry?
- Atul Kumar Goel:** Yes corporate and industry.
- Sanket Chheda:** Sir what would be the loan growth and margins you will be aiming for this year or next year?
- Atul Kumar Goel:** Loan growth we said it will be in the range of 7% to 8% and NIM actually 2.25%.
- Sanket Chheda:** Slippages, how would you...?
- Atul Kumar Goel:** Slippages we are slightly moderated. Last time we had given position of 3% delinquency. It is slightly modified to 3.25%. At that time, I had also projected that the maximum slippages will happen in H1 and H2 will be much lower, but then Q1 was slightly higher than what we anticipated, so now it will moderate a lot actually like this quarter itself you will see that and may be Q3 and Q4, the numbers will come down drastically.
- Sanket Chheda:** Last question Sir your provision cover on NCLT1 and 2 accounts exposure and provision cover?
- Atul Kumar Goel:** It is 65.73% in both the list. First list it is 63.41% and in second it is 68.99%.
- Sanket Chheda:** Exposure?
- Atul Kumar Goel:** Exposure is 10806 and total provision is 7103.
- Sanket Chheda:** 10803?

- Atul Kumar Goel:** 10806 in both the list. Provision in both the books 7103.
- Sanket Chheda:** What is the restructured book you have right now?
- Atul Kumar Goel:** Restructured is 1079 as on date.
- Sanket Chheda:** That includes SDR and the remaining?
- Atul Kumar Goel:** There is no this thing. Restructured book, which is standard is 1079.
- Sanket Chheda:** Any exposure left in those schemes 525?
- Atul Kumar Goel:** Whatever is there is all standard perfectly standard. Under 525, we have accounts, but they are standard. There are no issues or no stress there.
- Sanket Chheda:** What would be the amount on that?
- Atul Kumar Goel:** About 4546.
- Sanket Chheda:** 4546?
- Atul Kumar Goel:** Yes.
- Sanket Chheda:** Nothing under SDR as well?
- Atul Kumar Goel:** SDR is nothing. SDR basically one account that is zero outstanding and S4 is three account Rs.126 Crores.
- Sanket Chheda:** Okay Sir, that helps. Thank you so much.
- Moderator:** Thank you. The next question is from Jay Mundra from B&K Securities. Please go ahead.
- Jay Mundra:** Thanks for the opportunity. Sir if you can sort of explain the movement of SMA2, last quarter, we had around Rs.8700 Crores and of course what is the SMA2 now and if you have the rough sort of breakup in terms of how much of that slipped and was there any addition to the SMA2 book?
- Atul Kumar Goel:** SMA2 as of June is 10172. Out of that corporate, SMA2 is only 1525. The remaining is retail, MSME, and other portfolios, which generally do not slip because they generally tend to pay between that 60 to 90 days bracket, so it is very difficult to say like. One thing I can say last March, we had about Rs.1700 Crores of corporate SMA2. All the Rs.1700 Crores slipped. One account itself was around Rs.1200 Crores, so that slipped actually and there are other two smaller accounts that slipped

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actually, so now corporate about Rs.1500 Crores is there, so that actually we do not expect that it will slip, but then this is not one big account kind of thing. It is four to five accounts, but then we have factored possible slippages in our projection and the remaining is from retail MSME book, so that account wise information will be difficult to give, but they continue to be there.

**Jay Mundra:** Sure and Sir in terms of private power exposure, I believe if you remove the PSU and the SEB exposure out of our power exposure last quarter it was somewhere around Rs.15000 Crores to Rs.16000 Crores and now we have slippages in power is around Rs.5700 Crores?

**Atul Kumar Goel:** That is total. I can give you the number. Correctly you can take it.

**Jay Mundra:** Because last time after Q4 you said there is some let us say additional Rs.4000 Crores to Rs.5000 Crores of power assets, which are under stress, so just wanted to check what is the outlook there in terms of stressed power portfolio and thought it may not be there in SMA2, but...?

**Rajkiran Rai G:** While Mr. Goel gives the exact number, I would like to say that because these are the accounts, which were in SMA1 last quarter, so that is why we said that with the new RBI guidelines, they may get into the NCLT kind of thing, but then I am very happy to say that all these accounts are upgraded and there is no default in these accounts. There is no threat of these accounts getting into any kind of NCLT or NPA now. All of that is safe now all this Rs.5000 Crores and anyway, Goel will give you the exact numbers.

**Atul Kumar Goel:** Mundra, total exposure in our power sector of our bank is 23701 out of which PSU and SEB is around 5112, so remaining 18589 is known PSU. Out of 18589, 5726 is only in the NPA, so 18586 minus 5726 remaining is around 12863. As on date, last we have told out of this exposure around 4700 to 4800 on account of new guidelines of the RBI. We were of the view that it will slip we have to take the NCLT, but as on date as MD Sir has also explained to you as on date all those accounts, there is no overdue as on date and we are not finding any threat for the account going to the NCLT. This is for the position as on date.

**Jay Mundra:** Sure. Sir just to get it right Sir, so these accounts they would have paid to you as well as every other banker where they were running behind the schedule right?

**Atul Kumar Goel:** All the banks.

**Rajkiran Rai G:** Otherwise the Reserve Bank guidelines apply even if the default is one bank and we have checked that. They updated in every bank.

**Jay Mundra:** They are now standard with every bank that they had relationship with?

- Atul Kumar Goel:** Every bank yes.
- Jay Mundra:** Sure just to double check similarly we had this 11 accounts wherein last quarter we had 11 accounts where they were running behind, they were in let us say SMA0 to above category of which you said three have been regularized, so it looks like most of them have been regularized is it?
- Atul Kumar Goel:** All others are regularized yes. You are right.
- Jay Mundra:** Sure. Thank you so much. I will come back in the queue. Thank you.
- Moderator:** Thank you. We have a question from Kunal Shah from Edelweiss Securities. Please go ahead.
- Prakhar:** Sir this Prakhar from Edelweiss. One question. What is your nonfund base exposure to you NP accounts?
- Atul Kumar Goel:** Around Rs.2000 Crores. It is about Rs.1200 Crores, others have crystallized. It is about Rs.1200 Crores.
- Prakhar:** Rs.1200 Crores and Sir when you are talking about this Rs.4700 Crores to Rs.4800 Crores in private power, which has upgraded to a larger extent, have we factored some slippages in our annual guidance of 3.25 or we have not factored in?
- Atul Kumar Goel:** Not in this account. Now they are standard up-to-date, very up-to-date, so even if there is a new default in this account, it will have another 180 days from that date as per the new guidelines, so I do not think any of these accounts will slip during this period.
- Prakhar:** Sir one more question under this new guidelines RBI guidelines, which has been affective how many cases are there, which are probably reported to our database and probably can face NCLT accounts as of now?
- Atul Kumar Goel:** In the power?
- Kunal Shah:** No overall, so for us how many accounts are there who have delayed the payment and has a potential to be referred to NCLT if no action has been taken till 180 days?
- Atul Kumar Goel:** We have like at least two accounts from our side, so may be other banks. Actually these numbers are yet to crystallize actually. In our case, actually there are two accounts, which are likely to hit the NCLT, but they are already NPA accounts. There are no fresh standard accounts. They are NPA account, but then the resolution plan is on. If it does not click, then they will hit NCLT.



- Kunal Shah:** Thank you so much.
- Moderator:** Thank you. Our next question is from Akash Nainani from Macquarie. Please go ahead.
- Akash Nainani:** Can you please repeat the restructured advances and the 525 portfolio?
- Atul Kumar Goel:** I will give you the number. Under S4A, we have three accounts of Rs.126 Crores, which are standard. Under 525, there are 12 accounts with 4546 of exposure. Under standard restructured, there is only Rs.1076 Crores, so this is what is standard and they are all perfectly alright.
- Akash Nainani:** Is there any overlap between the restructured advances and 525?
- Atul Kumar Goel:** I do not see. No.
- Akash Nainani:** Thank you.
- Atul Kumar Goel:** But they are not even SMA0, so you do not take it under stressed.
- Akash Nainani:** Yes correct.
- Moderator:** Thank you. Our next question is from Anand Laddha from HDFC Mutual Fund. Please go ahead.
- Anand Laddha:** Sir this quarter, the recovery upgrade excluding the recovery from Bhushan Steel was a little better if you can highlight what you expect for the full year?
- Atul Kumar Goel:** From the NCLT cases for the full year we expect about Rs.3500 Crores of recovery. That means total NP reduction is much higher, but actual recovery is we are estimating Rs.3500 Crores for the next three quarters on NCLT side. If you leave that actually like generally our recovery and upgradation is between Rs.800 Crores to Rs.1000 Crores per quarter, so we can say about Rs.6500 Crores to Rs.7000 Crores of recovery NCLT and other put together we can expect in this year.
- Anand Laddha:** Fair to assume our slippages for the next three quarters should be similar number if I assume your guidance?
- Atul Kumar Goel:** No, it will be much less than that. I think maybe the tipping point will come next quarter or Q3 where our recovery upgradation will be more than the NPA slippages because this quarter was a bit high on slippage, but otherwise we are coming close to that numbers where our recovery upgradation will be higher than the slippages. We are reaching that levels.

- Anand Laddha:** Right and Sir this quarter our recovery from written off account was also not large, so is there anything we are doing to recover better on the account?
- Atul Kumar Goel:** We are having this recovery teams at every place monitoring these accounts. Then specialized schemes are given now so that like at the ground level itself they can take a decision, so very transparent schemes are being given. We are working on that, but this take some time before we really get the numbers. We have a lot of OTS approved actually. The actual recoveries we will start seeing in the coming quarters.
- Anand Laddha:** Sir what sort of ROA and ROE we expect this year and next year Sir?
- Atul Kumar Goel:** ROA for this year I have given 0.2 and next year is 0.7.
- Anand Laddha:** Fine Sir. That is it from my side.
- Moderator:** Thank you. Our next question is from Nilanjan K from Jefferies. Please go ahead.
- Nilanjan K:** Question on this you talked about this upgrade on the power sector, which we have seen right about Rs.4700 Crores to Rs.4800 Crores could you explain Sir how did this upgrade happen, are these accounts, which perennial atypically paid in the 80 days class and that is what has happened because it does not look like the power sector has improved a lot?
- Atul Kumar Goel:** These are accounts where typical default was up to 60 days. There not even SMA-2 actually if you look at the numbers, so the defaults are either one installment or two installments mostly, so maybe they collected their receivable much faster and may be brought in funds because they knew that on August 27, 2018 there will be an NCLT and after that the management change and all that because these are the units where there is a proper coal supply arrangement and there is a PP. Actually their problem was their collection with the DISCOM was poor, so that is where the stress was., so maybe they would have brought in some money from the promoter or some other way, but then all of them updated because the dues were one month or two months max.
- Nilanjan K:** Sir how many accounts and gross capacity of these assets Sir, would you have the data?
- Atul Kumar Goel:** Gross capacity is basically difficult, number was around eight to nine.
- Nilanjan K:** Eight accounts?
- Atul Kumar Goel:** Eight accounts.
- Nilanjan K:** Right and by any chance would these accounts have also figured in the ministry report?

- Atul Kumar Goel:** Definitely yes. Because in the initial phase they were also under stress actually, so because thing was there actually, industry roughly Rs.70000 Crores of exposure you can say.
- Nilanjan K:** Of these eight to nine accounts?
- Atul Kumar Goel:** Yes.
- Nilanjan K:** Sir just I think you repeated this, but how was Bhushan account is, it was Rs.260 Crores in interest income and how much was the balance Sir?
- Atul Kumar Goel:** Interest income was Rs.274 Crores.
- Nilanjan K:** What was in the recovery of other assets?
- Atul Kumar Goel:** Outstanding in Bhushan was around 1288. We have recovered 991, provision was 793. We have booked 274 to the interest. NP reduction was 717 and provision write back was 221.
- Nilanjan K:** Sir did we also disclose how much of MSME we had kind of used that RBI rule, RBI provided that 180 day kind of a window right, did we use that?
- Atul Kumar Goel:** We have not disclosed, but we have used.
- Nilanjan K:** It was only Rs.200 Crores?
- Atul Kumar Goel:** Rs.188 Crores.
- Nilanjan K:** It is a small account Sir. Thank you Sir. That is very helpful.
- Moderator:** Thank you. The next question is from Sneha Ganatra from Subhkam Ventures. Please go ahead.
- Sneha Ganatra:** Good evening Sir. I might be repeating your question because I have joined the call late so I wanted to know first outlook on the gross margins and asset quality what is your guidance on the deficit and the recoveries and upgrade and what was the target for the PCI?
- Atul Kumar Goel:** The NIM is projected at around 2.25, which we have achieved in this quarter and we are likely to sustain that level 2.25 and the delinquency we have projected between 3 and 3.5 and credit cost around 2.25.
- Sneha Ganatra:** Growth outlook?
- Atul Kumar Goel:** Credit growth 7% to 8%.

- Sneha Ganatra:** How will you fund this, what is the capital raising plan?
- Atul Kumar Goel:** Capital raising plan actually we have already disclosed. We have taken the Board permission and in the first phase we are looking at raising like getting capital from the government, so we also have plan for market, but then they may not be immediate. In the first phase, I think we will be getting capital from the government because actually we are like very close to that regulatory minimum, so now the first cushion will come from the government that is what we expect.
- Sneha Ganatra:** How much we are expecting from the government?
- Atul Kumar Goel:** That number is very difficult to give, but then equity our Board permission is Rs.6850 Crores. When we plan for Rs.6850 Crores, it is factoring credit growth of more than 10% and also some cushion for Ind-AS requirements in future. We have made that pitch to the government, so let us see because they have not indicated any numbers as of now.
- Sneha Ganatra:** When you are mentioning ROA 0.7% for the next year what is the rationale behind that in terms of the growth quality, asset quality as well as your opex and cost to income ratio when you are mentioning of FY2020 or getting an ROA of 0.7%?
- Atul Kumar Goel:** Next year, I think may be when you get to Q3 to Q4 kind of numbers you will have a sense of the slippages drastically coming down and recovery upgradation gradually moving up and provisions getting unlocked. Particularly we have made lot of efforts on the MSME side also, so now this will add in the next year. What we assume is the operating profit moving up by at least 20% in the next year and the provisions and credit cost going down substantially, so that is why we are projecting ROA of 0.7.
- Sneha Ganatra:** Got it. All the best. Thank you.
- Moderator:** Thank you. The next question is from Mahrukh Adajania from IDFC Securities. Please go ahead.
- Mahrukh Adajania:** Sir I just want to clarify that these power accounts, which have been upgraded we have nothing to do with the Samadhan Scheme right those are separate accounts, which are already NPA?
- Atul Kumar Goel:** No. These accounts are not NPA. When we flagged these accounts, we flagged it specifically because of the RBI guidelines of February 12, 2018 where it said even one day default accounts within 180 days if they have not resolved they will go to NCLT. That is why as a precaution we said this is the amount, which may likely to go to NCLT if they are not regularized. It was not NPA and not even SMA-2 at that point of time, but now what we are confirming is all these accounts are regularized.

- Mahrukh Adajania:** Thank you. I understood that. I just wanted to reconfirm that none of these were ever part of the Samadhan Scheme right because if Samadhan there are only NPA?
- Atul Kumar Goel:** Samadhan we are talking of accounts, which are already NPA.
- Mahrukh Adajania:** Got it and Sir any progress on that scheme how is that going, do you think that banks will be able to resolve it by August?
- Atul Kumar Goel:** There are three proposals, which are already under discussion. There is one more proposal we are expecting, so where there is some process there and there is some buyer and there are some offers. At this point of time difficult to disclose, but then there is a process going on, so that we resolve it before August 27, 2018 that is the idea or may be like request for some additional time. In other cases may be they will hit NCLT.
- Mahrukh Adajania:** Four accounts may not, but you think RBI will give more time?
- Atul Kumar Goel:** One is RBI. Then there will be some relief coming from the court also. It is very difficult to say, but then like RBI because we had all bankers meeting where we have bifurcated these accounts, so resolutions are possible and we are seeking more time. Actually four accounts where we already have offers, but then there are about six to seven accounts where the resolution is possible. About 10 to 11 accounts resolution seems to be possible given another five to six months time.
- Mahrukh Adajania:** But those four accounts?
- Atul Kumar Goel:** These four accounts already there are some concrete offers.
- Mahrukh Adajania:** It will happen before August means tying up everything?
- Atul Kumar Goel:** That is what we were trying to do because now the time is passing and it is very difficult to say anything on that, but then if we are given time under Samadhan Scheme these 10 to 11 accounts are likely to be solved outside NCLT.
- Mahrukh Adajania:** Got it Sir. Thank you so much Sir.
- Moderator:** Thank you. The next question is from Jay Mundra from B&K Securities. Please go ahead.
- Jay Mundra:** Sir any other accounts, which are systemic accounts more than Rs.2000 Crores and which are running behind their schedule Sir apart from this power?
- Atul Kumar Goel:** No, we do not have any other.

- Jay Mundra:** Even in power there are no accounts?
- Atul Kumar Goel:** No. Actually accounts, which are already NPA.
- Jay Mundra:** Apart from them.
- Atul Kumar Goel:** Apart from them there is nothing. In the NPA some of the accounts will meet the NCLT otherwise also. There is no standard account as of now. We had only in power there are certain cases, which got resolved, so there is no account, which will hit NCLT, which is standard account or even SME.
- Jay Mundra:** Sure and Sir there was media news of RBI conducting a AQR-3 or AQR-2 next round where in at least they are asking banks to provide more and this time around they have also started RBIs audit a little bit early, so any sense there if what is your sense in terms of could we be asked to provide more in certain cases or there could be a separate list of accounts wherein the post forensic audit RBI is asking to step up the provisioning?
- Atul Kumar Goel:** I was wondering why this question did not come up earlier, but anyway this is a very normal process, which RBI runs every year, so they collect a lot of information. Somehow this time media got the essence of it and it was hyped out, but is very normal process. It is nothing different what they have done last year or before that, so they collect all details. Generally if you see it is in the Q3 that divergences are booked actually, so last time also it happened in Q3, so at this point of time it is very difficult to comment on what they are going to do. They are still in the process of calling for details where we are submitting information. We have no idea. It is very difficult to project whether they will give any divergence list and all that. We have not reached that level yet.
- Jay Mundra:** Because there was another report, which said that Rs.3 lakh Crores of accounts, which are NPA one bank and they are still standard at some of the other banks?
- Atul Kumar Goel:** This is CIBIL report.
- Jay Mundra:** The amount is still huge at Rs.3 lakh Crores.
- Atul Kumar Goel:** They are not said when they talk of this Rs.3 lakh Crores whether it is corporate credit or whether it is MSME retail and all put together because they must be talking of the whole portfolio, so now there actually like MSME retail if it is NPA in one bank it is not necessarily that it is NPA in the other bank because CIBIL has a different way of looking at this number, so corporate credit I do not think that is a situation because to a great extent corporate accounts, which is NPA in another bank it is all marked in other banks also, so unless we have a real split of the Rs.3 lakh Crores it is very difficult to predict.

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- Jay Mundra:** Sure Sir and Sir just lastly there were two big accounts, which were downgraded by media IL&FS and Reliance Infra Group anything to worry from our bank perspective, they may not be in SMA-2, but any sense on if what is the exposure and what is the likelihood of them eventually falling?
- Atul Kumar Goel:** Individual companies we do not comment actually. It is not fair on our part to comment.
- Jay Mundra:** Sure Sir. Thank you so much Sir. That is it from my side.
- Moderator:** Thank you very much. As we have no further questions, I would now like hand the conference over to the management for some closing comments.
- Atul Kumar Goel:** Thank you very much. This was a good quarter for us because after three quarters of negativity first time we have turned around and as per our estimates this is very, very sustainable, so we hope that the economy also will be showing signs of strength and Union Bank has built sufficient mechanisms now for improving on recovery, credit underrating and all that, so with that we also expect that the coming quarters will be much better than this quarter, so thank you for all your cooperation. Thank you so much.
- Moderator:** Thank you very much Sir. Ladies and gentlemen, on behalf of Elara Securities that concludes this conference call. Thank you for joining us. You may now disconnect your lines.