United Bank of India to 'consider all options to step up recovery'

Shobha Roy Kolkata | Updated on May 14, 2019 Published on May 14, 2019

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Aims to recover up to ₹5,000 crore in FY20

United Bank of India is exploring all options, including settlement of cases outside of National Company Law Tribunal (NCLT), to step up recovery efforts.

The bank is looking to recover close to ₹4,500-5,000 crore this fiscal.

According to Ashok Kumar Pradhan, MD and CEO, the bank had recovered close to ₹6,000 crore in 2018-19. Of this, nearly ₹2,500 crore was recovered during the last quarter.

"We are looking at all possibilities, including one-time settlement outside of NCLT. The aim is to recover ₹4,500-5,000 crore this fiscal," Pradhan told *BusinessLine*.

The process of resolution under the Insolvency and Bankruptcy Code (IBC) is "time-taking", and some of the cases have been taking too long to even get admitted under the NCLT. This is primarily due to the judicial and legal hurdles, and it might take some more time for these issues to get ironed out.

NCLT cases

United Bank had referred 33 cases to the Kolkata bench of the NCLT in the first and second quarter of last fiscal; of this, only two have been admitted so far, he said, highlighting the issue of delay, which has been undermining the entire process of resolution under the Code.

The total exposure of the bank under these accounts would be close to ₹300 crore.

"In many cases we are seeing that the 180 days or 270 days deadline is far exceeding and there is no resolution. Hence, we will explore all possibilities for stepping up recovery," he said.

Price discovery would be the most important factor while considering resolution outside of IBC, he added. The bank, which had recovered close to ₹220 crore through sale of assets in written-off accounts in Q4 of FY 2019, is looking to get ₹800-900 crore through such accounts this fiscal.

"We have close to ₹9,700 crore under written-off accounts, and we are expecting to recover at least around 10 per cent from such accounts. This will directly contribute to our bottomline," he said. Stepping up of recovery efforts and curbing fresh slippages would help the bank improve its asset quality.

The bank is hopeful of bringing down its gross non-performing assets GNPAs to 8-9 per cent and net NPA to 3-4 per cent by the end of this financial year.

For the quarter ended March 31, 2019, gross NPA of the bank stood at 16.48 per cent, while net NPA was 8.67 per cent.

The bank has already been able to curtail fresh slippages, which came down to ₹2,500 crore in FY19, against ₹8,000 crore in FY18.

The bank has also been undertaking several operational measures to improve profitability by way of rationalisation of branches and manpower.

The number of unviable bank branches came down to 33 in 2018-19, against 191 in 2017.

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United Bank of India NCLT money market

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