HUDCO/List. Comp. /SE/2026 10th November, 2026

Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001
SCRIP CODE: 540530

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (E)
Mumbai – 400051
SCRIP CODE: HUDCO

Sub.: Transcript of Earnings Conference Call held on 6th November, 2026

Sir/Madam,

In compliance of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached transcript of Earnings Conference Call held on 6th November, 2026.

The same will also be available on the website of the Company i.e. www.hudco.org.in

This is for your kind information.

Yours sincerely
For Housing and Urban Development Corporation Limited

Digitally signed by VIKAS GOYAL
Date: 2026.11.10 11:49:03 +05'30'

Vikas Goyal
Company Secretary & Compliance Officer

Encl. as above

“Housing and Urban Development Corporation Limited

Q2 FY27 Earnings Conference Call”

November 06, 2026

MANAGEMENT: **MR. SANJAY KULSHRESTHA – CHAIRMAN & MANAGING DIRECTOR – HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED**
MR. M. NAGARAJ – DIRECTOR, CORPORATE PLANNING – HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED
MR. DALJEET SINGH KHATRI – DIRECTOR, FINANCE – HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED
MR. ACHAL GUPTA – EXECUTIVE DIRECTOR, FINANCE – HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED

MODERATOR: **MS. RATI PANDIT -- ASHIKA INSTITUTIONAL EQUITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Housing and Urban Development Corporation Limited Q2 FY 2027 earnings conference call hosted by Ashika Institutional Equities. 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 star then zero on your touch-tone phone.

Please note that this call is being recorded. I now hand the conference over to Ms. Rati Pandit from Ashika Institutional Equities. Thank you, and over to you.

Rati Pandit: Thank you, Yashashree. A very good afternoon to everyone. On behalf of Ashika Institutional Equities, we welcome you all to the Q2 FY 2027 earnings conference call of Housing and Urban Development Corporation Limited. We are pleased to host the senior management of the company represented by Shri Sanjay Kulshrestha, Chairman & Managing Director, Shri M. Nagaraj, Director Corporate Planning, Shri Daljeet Singh Khatri, Director Finance, and Shri Achal Gupta, Executive Director Finance.

I now hand over the call to Chairman Sir, Shri Sanjay Kulshrestha, for his opening remark, post which we can have the floor open for Q&A. Thank you, and over to you, sir.

Sanjay Kulshrestha: Thank you, Ashika Equities. Good afternoon, friends. At the outset, I will extend my warm greetings to all the investors and the stakeholders. I also take the opportunity to wish everyone a very Happy and Prosperous Diwali, may the festival bring happiness, prosperity, and new opportunities.

If you see the journey of the HUDCO during last two, three years, it has been very happening. There were a lot of commitments from the Government of India, not only towards the financial supplementation, but also towards the policy side. There were lot of announcements in the budget regarding lot of missions and a lot of programs.

If you see the bottom line, the thought of the Government of India is that for the Viksit Bharat, we need Viksit cities, the developed cities and for developed cities, we need lot of capital infusion, lot of planning, and lot of emphasis towards the reforms and the governance. During H1 of the 2027, HUDCO has delivered a strong performance because of all the reasons I had mentioned. During the first half of FY 2027, it reflects the sustained business momentum and improved operational efficiency.

The disbursement of the loan stood at around more than INR35,000 crores, which is around 37% more than the previous financial year, and our loan sanction has reached to more than INR1 lakh crore during the first half yearly. The pipeline is very strong regarding the disbursement, and we are completely aware that lot of disbursements will be planned in times to come. The loan book has grown by 29% and it has become INR1.86 lakh crores. Revenue from operation has also increased by 26%.

The net profit has also increased by 31% during half yearly. Asset quality continued to improve, and we are very aggressively working towards the resolution of the balance assets also, so that

we can use that capital. Our gross NPA has declined to around 0.7%, and net NPA is just above zero, that is 0.04%, and we are committed to become zero Net NPA company very shortly.

We had also worked towards cutting down of cost of funds by taking the various measures and various steps, not only towards the policy, but also we are taking benefit of this RBI swap window. Our blended cost has been very stable irrespective of the turbulent markets, which is now at around 7.07%, which reflects our continued focus on resource optimization despite a rising interest rates regime and elevated corporate bond yields.

These achievements reflect HUDCO's strong fundamentals, prudent risk management, and consistent execution of growth strategy. You may all be aware that there are a lot of geopolitical issues which are there in the international domain, and because of these uncertainties, there are a lot of uncertainty in the money market, be it the rising of the dollar or the crude, or tightening of the monetary policy, including the raising of the repo rates by the RBI.

All these winds are coming for us, and we are targeting that how to resolve that our continual growth will become at the optimum level, and we will continue to find our growth space as we were doing presently. We are very consciously pursuing to diversify our funding strategies, leveraging multiple resources. It may be domestic, it may be international, optimizing our cost of funds.

At the same time, we are also addressing that there should not be any risk perceived while taking the international loans, and that's why we are taking full advantage of RBI swap window. Our resource monetization strategy is closely aligned with our asset management, so we are fully aware that we need to balance our asset management as well. By continuously optimizing our borrowing mix and the funding cost, we aim to strengthen our competitive edge in lending operations, protect margins, and ensure sustainable growth.

Our endeavour is to translate resource mobilization efficiencies into the competitive lending rate, thereby creating long-term value for our stakeholders. If you see the infrastructure story of the Government of India and our country, India, there are a lot of emphasis is there on the urban ecosystem and how to create a very viable, bankable, and sustainable urban infrastructure.

It is not only about the trunk infrastructure on which the Government of India is extending lot of missions and a lot of programs, starting from the PMAY, that is ensuring the housing for all across the country. PMAY 1 was very successful, and now the PMAY 2.0 is also launched.

Along with the housing, you are also aware that there are a lot of missions towards water, that is AMRUT 1, AMRUT 2. The Smart Cities Missions were there. Swachh Bharat Mission is also there. Alongside, government is pushing the mobility also, be it metro, rapid rail, or Vande Bharat, or air networks through UDAN programs, or industrialization through various programs, be it the food parks. A lot of things we are transforming, and everything, if you see, is enforcing the view regarding creation of the urban agglomeration. We are very fast in our urbanization.

Our pace is very fast, and it has been estimated that by 2050, our urban population will be doubled by 2050. There is a big challenge towards the urban ecosystem for creation of this

infrastructure, which is not only for the facility, but also it will create a growth engine for the country, because around 60%-70% of the GDP is coming from the urban networks only.

With this challenge, government has also announced the Urban Challenge Fund, wherein INR1 lakh crores is the subsidy or the grant portion that the government has decided, and another INR1 lakh crores has to be infused by the state governments. For INR2 lakh crores, the private participation that has to be seen.

In other words, you can say it is a 50% VGF for the urban infrastructure that the Government of India, in association with the state government, has announced. It will unlock lot of private capital. It will also leverage lot of assets which are there with the ULBs or with the cities. Government has also come out with the SASCI Loan.

It's a 50-year interest-free loan to the state, which is primarily used for the urban ecosystem. The 16th Finance Commission has also raised lot of grants for the states, which will also become a driver in the growth story of the urban networks. The objective of the government is to create the growth engine, the cities as a growth engine, redevelopment of the cities.

Alongside, there is one program which is also announced, which is City Economic Region, wherein the main city will be identified, its economic activity will be identified, and other cities will be developed with backward and forward integration of this economic activities. For that also, a lot of funds had been earmarked in the budgets.

If you see, HUDCO is at the epicentre of starting from the housing to the infrastructure across the country. Lot of programs are supplementing the efforts of the HUDCO, that's why this is the main reason that our loan book is continuously growing. This story is just started. It may be continuing for another few years, and we will be supplementing the efforts of the government for creation of the developed nation by 2047. We are a sector-agnostic company. Across the sectors, we are financing.

Other than that, we are financing the new satellite towns or magnet towns or industrial towns as well. The ring roads or the mobility also we are supporting in a big way. We are also working on our SDG structure and ESG structure, so that whatever loans we are extending, they will be compliant with the ESG guidelines so that our international stakeholders will not have any issue regarding the financing.

We are very closely working with the multilateral banks like World Bank, ADB, KfW, AIIB, NDB. They are also supporting our point of view and the objective of the nation. I am very sure that the way the company is growing and supplementing the efforts, we have already achieved around INR1.86 lakh crores of the loan book.

We are targeting that during this year, this financial year, we will be around INR2 lakh crores loan book. By 2030, we had given an initial guidance two years back that we will be achieving around INR3 lakh crores loan book. We are working on that. We are trying that our spreads will be maintained at around 2% and NIMs will be at 3%.

All the financial ratios are very well under control, which is supporting the business model of the company. Government is also supporting since we are a 75% owned Government of India company. It's a company of the strategic importance, and we are working towards repurposing of HUDCO. Within HUDCO also we are creating lot of strength, not only through the recruitments of the new officers, but also through the capacity building across the company. We had started the Urban Invest Window recently, last year.

It's a UiWIN, so you win, I win. It is primarily to identify the assets of the ULBs, to create the projects, then their restructuring, and then their financial closure. At every step, there will be a capacity building of these state entities and their officers. We are focusing to become a purely a 360-degree kind of output-oriented and outcome-oriented company in terms of the urban infrastructure. With this, I will not take lot of time. Thank you so much, and we are open for your question and answer.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Sanket Chheda from DAM Capital Advisors. Please go ahead.

Sanket Chheda: Yes, hi, sir. Congrats on a good set of numbers. What I wanted to understand is, we are fairly certain about the growth looking at the disbursement and sanctions momentum, but I wanted to get more sense on yield holding up while we pursue this growth for next couple of years, and thereby margin. How would you suggest an outlook on both of these things? Cost of funds, I leave it to the market dynamics, and hence not budging on that. But how would you see your yields moving, and thereby margins over next one, two years?

Sanjay Kulshrestha: Sanket, good morning. How are you?

Sanket Chheda: I am good, sir.

Sanjay Kulshrestha: If I have understood correctly, you are asking about how we will be sustaining the interest spreads and the net interest margin.

Sanket Chheda: Yes.

Sanjay Kulshrestha: I can assure you and the investors fraternity that our spreads will be around 2%, and we will be maintaining on year-to-year basis. There may be slight corrections during the year because of the market fluctuations, cost of borrowing, the timing of the disbursement, the resets which are happening across the loan portfolio because we reset on tranche-to-tranche basis.

There may be a temporary slowdown towards the spread, but I can assure you that it will remain 2% at the end of the financial year, and we will be sustaining across the journey, the spreads of the 2%.

Similarly, the NIMs, we are targeting that it should be at least 3%, and we are maintaining that. If you see, without this EBR of 20,000, presently also our spread is 1.96%, which is just around 2%, and our net interest margin is 2.93.

For the sake of others' knowledge, I can tell you that INR20,000 crores in our loan book is a loan to the Government of India, which has a spread of only 40 basis points. If you reduce this amount, then the spreads are around 2%, and the net interest margin is currently at 3%.

Sanket Chheda: When is that moving out, sir, in terms of the repayment schedule?

Sanjay Kulshrestha: 2028-2029, it will be out from this.

Achal Gupta: FY 2028-2029.

Sanket Chheda: Okay. Sure, sir. I think, Yes, I just wanted to know that. The other thing which we didn't have in this quarter, which is transitional losses due to the currency movement, as we had highlighted last year, that from hence on, we will not be seeing that, and that would stay, right, going ahead as well?

Sanjay Kulshrestha: It's a very minuscule amount, so it will stay for…

Achal Gupta: Zero.

Sanjay Kulshrestha: It is zero.

Achal Gupta: Yes.

Sanjay Kulshrestha: It has been zero now. So, there will not be any loss towards…

Daljeet Singh Khatri; Going forward also, we don't foresee any losses on foreign currency translation, because now our outstanding ECB loans have maturities of basically five years. Further, recent addition in foreign currency exposure, which we have today, is covered under the RBI swap window, which allows for full protection against the currency fluctuations. Only a small portion of FCNR is there, which will be maturing in 2028, which is also adequately hedged, as of now. Going forward, we don't foresee any losses on foreign currency movement.

Sanket Chheda: Okay. Sure, sir. Lastly, just I joined the call a couple of minutes late. Have you spelled out any disbursement target for this year?

Sanjay Kulshrestha: Disbursement target, yes, we have kept an internal target of INR65,000 crores. During H1, we had already achieved more than INR35,000 crores. So, another INR30,000 crores is left in our target.

Sanket Chheda: That would be minimum, right? You can exceed that target.

Sanjay Kulshrestha: It's a target depending on the pace of the project because we disburse based on the project progress, basis which additional INR30,000 crores has been estimated. In case the pace of the project is expedited, then of course the disbursement may increase. But I don't see any reason to correct this figure of INR65,000 crores as of now.

Sanket Chheda: Okay, sir. Sure. Thanks a lot.

Moderator: Thank you. Next question is from the line of Devraj from Forensic Investing. Please go ahead.

Devraj: Sir, just want to know, the previous participant, right? Whatever is our lending book, asset book, that is we can reset, right, that interest at a particular after six months or nine months, something like that?

Sanjay Kulshrestha: Yes.

Sanjay Kulshrestha: There is a one-year reset that we are extending to all our loans. It's a tranche-wise one year. One tranche completes its one year then it will be reset as per the MCLR. Our MCLR, that is the benchmark rates, are revised on quarterly basis.

Devraj: Okay. Basically, if there is an increase in our borrowing cost post one to one and a half year, it will be reset, right? There won't be any compression in the NIMs.

Sanjay Kulshrestha: Yes. It is only one year, so there will not be any compression. Whatever the cost will be higher in, it will be passed on to the borrower at that interval.

Devraj: Okay, noted. And sir, regarding the resolution, right? Sir, is it possible to know that how our organization keeps such a minimal net NPAs, right? If there is any resolution, you know, would we encounter some difficulty in that thing?

Sanjay Kulshrestha: I don't say it's a difficulty in resolution because we are very, very aggressive and continually working towards not only the one-time settlement, but also aggressively pursuing at the NCLT or NCLAT levels. It's a two-way kind of resolution that we are working. It is not alone the court or the decision of the court that we are relying, but we are Evaluating, we are discussing with our borrowers, understanding their issues, and settling their projects.

Because these projects are way back, disbursed, be it 20 years or 30 years of the time. A lot of things has been changed. Proactively, we are discussing with them. If you see during H1 2027, we have a recovery of INR32 crores and resolved around INR359 crores. In 2025-2026, we have recovered around INR403 crores and resolved around INR660 crores.

In 2024-2025, we have a recovery of INR416 crores. If you see, we are very aggressively resolving these assets, recovering our money, what is possible within the framework. Most of these cases which are balanced, the orders had already received, they are under various stages so that the money will come.

Some of the project has gone to the liquidation. Time to time, we are started getting the monies also. I'm very hopeful that this minuscule amount of INR1,200 crores, mostly it is pertaining to the NCLT and the DRAT. Most of these amounts will be resolved in a year of the time, and we are very strongly pursuing with the consortium partner as well as the NCLT process.

Devraj: Okay. Great, sir. We are, as a shareholder, thankful to the management, right, for such a great support. But sir, we don't face challenges in government and semi-government organization, right, for recoveries?

Daljeet Singh Khatri: Excuse me, can you please come again? Your voice was not audible-

Devraj: Sir, see, this resolution is private entity, right? But in government and semi-government, right, some Pune Metro example, we won't face such challenges, right, in recoveries.

Sanjay Kulshrestha: Most of these, around 95% of these loans are to the private sector entities, and that's why we have a lot of discussions with the private sector players. And most of these are from the private sector side only.

Devraj: Okay. But sir, increase-

M. Nagaraj: Some of the assets have been backed by mortgage. It was around 20-25 years old assets. Now, the value of the assets have gone up substantially. We are very sure that we will be recovering our amounts.

Devraj: Okay. Noted, sir. I will join in the queue. Thank you, sir.

Sanjay Kulshrestha: Okay. Thank you.

Moderator: Thank you. Next question is from the line of Harsh Hulsogi from Ashika Institutional Equities. Please go ahead.

Harsh Hulsogi: Yes. I just have three questions. Firstly, I mean, we've highlighted in our presentation that there's a INR3 lakh crores opportunity under finance infrastructure, which consists of housing and urban infra. Which sectors should we primarily, I mean, which sectors are we primarily going to focus on there?

Second question being, under the PPP project financing, have we commenced our sanctions, I mean, sanctions and disbursements? The last question being, what is the number for our outstanding sanctions, and in how much time do we expect to convert it to disbursements? Yes, those are my three questions.

Sanjay Kulshrestha: Okay. Harsh, actually, if you see, we had kept a target of INR3 lakh crores of the loan book. But the opportunity is very huge in urban sector. As per the World Bank report, it requires around INR250 lakh crores by 2050. So, we had taken our share till 2030 of the loan book of INR3 lakh crores, on which we are working so that our ratios should not get disturbed.

Secondly, you had asked regarding the PPP. We had already started sanctioning of the projects. We had sanctioned one redevelopment of the biggest slum project that is in Mumbai, Dharavi. It is in the advanced stage of the documentation, and we are very hopeful that during this quarter, the disbursement will start. Other than this project, no disbursement has been started under the PPP mode, but we had sanctioned around INR9,000 crores of the PPP projects.

They are primarily from the redevelopment of the slum, the road sector, and one is from the renewable energy side also. Third question was regarding the outstanding.

Daljeet Singh Khatri: Pipeline for the sanctions.

Sanjay Kulshrestha: Outstanding pipeline.

Harsh Hulsogi: Outstanding pipeline, Yes.

Sanjay Kulshrestha: There is no dearth of the outstanding pipeline. If you see, every half yearly, we are sanctioning around INR1 lakh crores. Last half yearly also, we had sanctioned INR1 lakh crores. We have a pipeline of projects which are sanctioned around between INR3 lakh crores to INR3.5 lakh crores to INR4 lakh crores. Since they have long gestation periods starting from the three years to the five years of the time, so the conversion will take some time regarding the disbursement and the loans.

Harsh Hulsogi: Okay, thank you. That's very clear, sir. Just one small bookkeeping question, if you could provide the cost of borrowings for banks, bonds, and ECBs respectively?

Sanjay Kulshrestha: Yes, Yes…

Daljeet Singh Khatri: ECB, I mean, we have raised during the current financial so far, we have raised $2 billion, and the effective blended cost after hedging is slightly less than 7%. It is around roughly 6.75%. Coming to the bonds as you see, the bond rates are quite elevated these days for the last two, two and a half months. It is hovering around 8%. We have not raised any money through bonds in the last quarter. We raised in the first Q1, we raised around INR2,200 crores through bonds. That was roughly 7%, 7.25% roughly.

Sanjay Kulshrestha: Yes.

Daljeet Singh Khatri: But after that, the yields have gone up, so we are not resorting to and we are waiting for the right time to go for bonds. From banks also, we are able to raise money at around 7.25%.

Harsh Hulsogi: Okay. Thank you so much, sir. I'll join back with you.

Moderator: Thank you. Next question is from the line of Nemin Doshi from Fortress Group. Please go ahead.

Nemin Doshi: Yes. Hi, sir. Thanks for the opportunity. Sir, coming back to your yield, sir, if I see there has been on a YoY basis and a sequential basis, we have seen some compression in yield. So what gives us confidence, or are we seeing that the repricing is yet to happen and will happen in next few quarters and will be packed with our spreads of 2%? Because cost of funds, we don't see much of a relief anyways from the either from the bond market or from the MCLR. What gives us the confidence that we'll be able to maintain or end the year with a 2% spread?

Sanjay Kulshrestha: Yes. Thank you, Mr. Doshi. I think very relevant question, and we all know that the cost of fund is increasing. We have taken several measures. One, as my colleague has already informed that we are very aggressive to take the benefit under this RBI swap window. We had already borrowed around $2 billion, $2 billion we had already taken at an average price of around 6.5%.

Daljeet Singh Khatri: 6.75%.

Sanjay Kulshrestha: Around 6.5%, 6.75% it was. It is in between that. The total amount we are targeting is slightly more than 3 billion. Other loans are also tied up, and the disbursement will come before 31st of December or before the closure of this window. If you see the total loan book is INR1.86 lakh crores, and our total borrowing is around INR1.65 lakh crores.

Out of that, around INR35,000 will come at around 6.5%- 6.75%. You can say 6.75%. This will reduce lot of pressure on us regarding the borrowing side. That's why we are very aggressive on this. Secondly, we have increased the MCLR after the gap of two years. We had already started increasing our MCLR by 15 basis points. We had already increased, and I have already mentioned that our loans are being reset on a yearly basis.

So we had estimated that around INR20,000 crores of the loan will be reset during this half year. So that will also increase our bottom line. Other than that, whatever we are discussing with the states, our negotiations are being done, and now we are changing our pattern from one year reset to the quarterly reset in some of the cases.

So we had started implementing that idea that the reset should come on every quarter to quarter basis. So there are few more things that we are discussing, but I can assure you that with all these measures, because our resets are happening, we shall be in a position to pass of this increased costs. And our states also understand because they are also issuing the SDL.

So everybody knows that the pricing is increasing, so there is no problem regarding the resets and the transmission of this higher cost to our borrowers.

Nemin Doshi: Okay. So, can we say that this quarter, the yields more or less from a repricing front would have bottomed out, and from now on it will be…

Moderator: I am sorry, Nemin, your audio is not very clear. Can you use your handset more, please?

Nemin Doshi: Hello? Am I audible now?

Moderator: Yes. Please go ahead.

Nemin Doshi: Yes. I was just saying, can we say that the yields are more or less bottomed out and we could see increase in yields from here on for the next two quarters?

Sanjay Kulshrestha: Yes, they will be increasing. Rather, I can say that we will be maintaining 2% spread and 3% of the NIM.

Nemin Doshi: Perfect.

Sanjay Kulshrestha: If you see our position, we want to create that kind of infrastructure.

Nemin Doshi: Got it. And, sir, when you say 3% spread, 3% NIMs, when I look at your other operating income and other income, we haven't seen that of a growth. I mean, the disbursements are growing upwards of 30%-35%, whereas your other income and operating income are still more or less in the same line with the NII growth. So where do we see the incremental 1% spread over and above this NII spread. How do we see this other income gap going ahead?

Sanjay Kulshrestha: Mr. Doshi, it is not the other income, it is the return on our equity, and that is creating the higher NIMs. Other than that, other income, we are also working towards the monetization of our assets. But I will not talk about that.

Daljeet Singh Khatri: I think there is some disconnect also. I think, sir has said our target for spread is 2% and NIMs is 3%, which we are presently also maintaining. Going by the cost of funds which we are able to have, and the yield we are having, or we are expecting to further increase by another, I mean, the transmission effect of 15 basis points will also give a result in the Q3 of the financial year. The impact of ECB which we raised, that also will be reflected in the Q3 results. So, what sir is saying, target is 2% for spread and NIMs target is 3%, and we are very close to it, and we will maintain that.

Nemin Doshi: Got it. Lastly, sir, on your tax expenses, how should we see the tax rate going ahead for us?

Achal Gupta: Tax rate?

Management: Tax rate will be the same in the future also.

Nemin Doshi: So, 20% or currently it is at 21.5%?

Management: It is 21%.

Achal Gupta: It is roughly 21%.

Nemin Doshi: Okay. Got it. That's it from my side. Thank you and all the best.

Moderator: Thank you. Next question is from the line of Divyam Doshi from 923 Capital. Please go ahead.

Divyam Doshi: Hello, sir. Very good morning. I just wanted to ask one simple question that RBI has placed us in the Upper Layer in August, I think. What effect does that make for us, and does that affect any lending of ours?

Sanjay Kulshrestha: As we all know that RBI has notified recently in August regarding this list of the Upper Layer entities, and HUDCO is one of them because our loan book is INR1 lakh crores. If RBI talks about the Upper Layer, it is regarding the more compliances. Exposure limits have to be monitored and approved by the board in case we are extending beyond 25%.

Since we are recently created NBFC-IFC, the impact on the company may not be so much because we are starting from the clean slate, and whatever we were doing, we were doing actually complying the regulation of the Upper Layer from the day one. I don't think any impact will come, but yes, the compliance will be more from the RBI side. I don't think more than that.

Achal Gupta: Just minor exposure norms.

Sanjay Kulshrestha: Minor exposure norms, that is 25% can be done and 5% can be done by approval of the board. We are not in that position since our loan book is not so big. That kind of issue will not be there with the company. I don't see any bottleneck, but yes, compliance has to be done by the company.

Divyam Doshi: Okay. One more question, please. How is our private business doing?

Sanjay Kulshrestha: Private we had recently started. I think we had discussed and a lot of discussion for one and a half years, and we have come out with our guidelines. Recently, we had sanctioned few projects.

One is the redevelopment of Dharavi, wherein it is in the advanced phase of documentation. We have sanctioned some project, road project as a part of consortium also.

Achal Gupta: HAM project.

Sanjay Kulshrestha: HAM projects and one project in the energy sector. Total sanction is INR9,000 crores, but the disbursements have not yet started.

Divyam Doshi: When will the disbursement be?

Sanjay Kulshrestha: Maybe in this quarter we are trying that disbursement should start.

Divyam Doshi: Okay. That's it. Thanks so much and all the best. Happy Diwali.

Sanjay Kulshrestha: Thank you. Happy Diwali.

Moderator: Thank you. Next question is from the line of Devraj from Forensic Investing. Please go ahead.

Devraj: Sir, in the non-sovereign lending, right? What is our strategy, sir, in future incremental lending to the non-sovereign parties?

Sanjay Kulshrestha: If you see the non-sovereign lending, we had started, but we are very, very sensitive towards the fact that there should not be any risk towards financing of these PPP projects. Whatever we will be doing or we are doing, it will be in the PPP, and we will see that a strong concession agreement should be there. The entities should be very strong.

The appraisal mechanism should be very strong. The monitoring should be very strong. We are not compromising towards the asset quality. At the same time, there is a prerequisite that the entity should be in the investment grade then only we will be funding these kind of projects. There is no target for funding of the PPP project.

At the same time, you will see that the good entities will come, good projects will come, which are backed by good concession agreement or regulatory arrangements, like in the power sector. All these kind of things we are looking, and there is a third-party due diligence also. There is a condition of third-party appraisal by some, say, CRISIL or ICRA kind of agencies. Then there is a PMA, then there will be a TRA. A lot of protections and risk mitigation measures we have taken while extending any credit to the PPP partners.

Devraj: Okay. And sir, risk will get adjusted, right? Risk premium will be more there. Lending rate will be more.

Sanjay Kulshrestha: Obviously. But it's a very competitive market. But yes, of course, the risk premium with respect to the state government will be more.

Devraj: Okay, noted. Thank you.

Moderator: Thank you. Ladies and gentlemen, to ask a question, please press star and one on your phone. Next question is from the line of Harsh Hulsogi from Ashika Institutional Equities. Please go ahead.

Harsh Hulsogi: Yes, thank you. Sir, can we provide some guidance on ROA and which constituents of coupon will drive it? I have another question. Are we expecting credit costs to be negative going forward as well? Till when, which year will this continue? Yes.

Sanjay Kulshrestha: Regarding ROA, we are trying to maintain between 2%- 2.2%, and definitely we will be maintaining that kind of ROA. We all know that when there is an accelerated growth in the company, sometimes ROA comes down, and when the loans are settled, then ROA will come again to between that margin.

So we will be maintaining, and I think this is one of the industry's best figures in the industry regarding the ROAs. Regarding the credit cost, yes, I think for a year or two, there will be some negative cost and some resolutions will be happening, and there will be some reversals because the provision coverage ratio is around 95%. So definitely there will be the reversals for a year or two.

Harsh Hulsogi: Sure. Thank you.

Sanjay Kulshrestha: Thank you.

Moderator: Thank you. Our next question is from the line of Rati Pandit from Ashika Institutional Equities. Please go ahead.

Rati Pandit: Yes. Actually, just one question. How is the sanction under PMAY-U 2.0, and whether we anticipate some further sanctions to come under that? Also, we have given a guidance of INR3 lakh crores AUM by FY30. Are we likely to revise that guidance now that we have almost a INR2 lakh crores book? Yes, so these are my questions.

Management: So I think you had asked regarding the PMAY 2.0.

Sanjay Kulshrestha: There is slight disturbance in the line.

Achal Gupta: Are we audible?

Moderator: Yes, sir, you are audible. I have muted Rati because there was some disturbance. You can go ahead, sir.

Sanjay Kulshrestha: Regarding PMAY 1.0 was started in 2014, and it has a lot of impact across, and which has a multiplying effect towards the water, roads, airways, and everything. We are funding on that front also. Under PMAY in totality, PMAY 1 and PMAY 2, we had sanctioned an amount of around INR58,000 crores, and we had released around INR48,000 crores.

Under PMAY 2, around 20 lakh dwelling units have already been sanctioned, and the government has a target to sanction around 40 lakh units during this financial year. But if you see the total investment which is required is around INR4 lakh crores in another times to come.

So definitely, our loans will also be extended towards this PMAY counterpart requirement of the states.

But the only thing is that, if in case the state wants that kind of counterpart requirement, then only they will come to us. Otherwise, states are arranging themselves this kind of money through SDL. So in case any state wants, we will be supporting this cause of the Government of India commitment towards this PMAY.

And we are discussing with a lot of states, but good states are arranging their own money through SDL because it is the cheapest form of the money for this non-remunerative sector of housing. But other than that, they are taking our assistance towards, say, road or ring roads or port or airport. So our funds are primarily used for these kinds of works, which have a multiplying effect on the economy of that particular state.

Moderator: Thank you. I now hand the call over to management for closing comments. Over to you, sir.

Sanjay Kulshrestha: Thank you so much, and thank you for having faith in us and whatever we are doing. But I can tell you with full assurance that we will be very transparent while declaring any guidance to the market, be it spreads, NIMs, or our loans, and we will be very, very conservative not to take the risk, and at the same time, we will be very, very competitive in financing good projects.

We are repurposing ourselves so that we will become the primary player which will guide the urban infrastructure for the country, and that's why we had started repurposing ourselves. We have started strengthening within the organization also because we believe that if our organization is strengthened, then only we will continue to grow like this.

Towards risk side also, we are working very aggressively that there should not be any risk, there should not be any new NPA. At the same time, we are very serious on the compliance part that there should not be any lack of compliance towards the RBI.

Then we are very, very aggressively pursuing and working with the state government, strengthening our regional offices so that the post sanction monitoring of the projects, is ensured.

We are very proactive in innovating resource management, also with the ALM and cutting down our cost of funds so that the optimum pricing of the loans can be done. We are monetizing our assets also.

A lot of assets we are monetizing, and around 1 lakh square meters of the space we will be creating in the next three years of the time, and we are expecting that income will start coming from that. On the future side, a lot of new ideas we are working. We are setting up a strategic business group also. Because if you see in urban landscape, a lot of transformation is being done, and we have to change on day-to-day basis.

That's why all this flexibility we are creating, all this resilience we are creating within the organization to be fit for any kind of market requirement to customize our needs and requirements in line with the solution for the urban local bodies. Thank you so much.

Moderator: Thank you, members of the management team. On behalf of Ashika Institutional Equities, that concludes this conference. Thank you all for joining us today. You may now disconnect your lines.