



हडको/लिस्ट.कम्प./एसई/2025

17 नवम्बर, 2025

लिस्टिंग विभाग  
बीएसई लिमिटेड  
फ़िरोज़ जीजीभाय टावर्स  
दलाल स्ट्रीट  
मुंबई - 400001  
स्क्रिप कोड: 540530

लिस्टिंग विभाग  
नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड  
एक्सचेंज प्लाज़ा, प्लॉट नं. सी/1, जी ब्लॉक  
बांद्रा-कुर्ली कॉम्प्लेक्स, बांद्रा (पूर्व)  
मुंबई - 400051  
स्क्रिप कोड: हडको

विषय: 12 नवंबर, 2025 को हुई अर्निम्स कॉन्फ्रेंस कॉल की ट्रांसक्रिप्ट

महोदय/या,

सेबी (लिस्टिंग ऑब्लिगेशन्स एंड डिस्कलोजर रिक्वायरमेंट्स) रेगुलेशन्स, 2015 के रेगुलेशन 30 के अनुसार, कृपया 12 नवंबर, 2025 को हुई अर्निम्स कॉन्फ्रेंस कॉल की ट्रांसक्रिप्ट साथ में देखें।

यह कंपनी की वेबसाइट यानी [www.hudco.org.in](http://www.hudco.org.in) पर भी उपलब्ध होगी।

कृपया यह आपकी जानकारी के लिए है।

भवदीय  
कृते हाउसिंग एंड अर्बन डेवलपमेंट कॉर्पोरेशन लिमिटेड

विकास गोयल  
कंपनी सचिव और कंप्लायंस ऑफिसर

संलग्न: उपरोक्तानुसार



“Housing & Urban Development Corporation Limited

Q2 FY '26 Earnings Conference Call”

November 12, 2025



ElaraSecurities



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

**MODERATOR:** **MS. SHWETA DAPTARDAR – ELARA SECURITIES**

**Moderator:**

Ladies and gentlemen, good day and welcome to the Housing and Urban Development Corporation, HUDCO Q2 FY '26 Earnings 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 star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Shweta Daptardar from Elara Securities. Thank you, and over to you, ma'am.

**Shweta Daptardar:**

Very good evening to all of you. On behalf of Elara Securities, I welcome you all for Q2 FY '26 Post Earnings Conference Call of HUDCO. From the esteemed management, we have with us today Mr. Sanjay Kulshrestha, Chairman and Managing Director; Mr. M. Nagaraj, Director, Corporate Planning; Mr. Daljeet Singh Khatri, Director, Finance; and Mr. Achal Gupta, General Manager, Finance.

Without further ado, I now hand over the call to Mr. Sanjay Kulshrestha for his opening remarks, post which we can open the floor for Q&A. Thank you, and over to you, sir.

**Sanjay Kulshrestha:**

Good evening, friends, ladies and gentlemen. Thank you for joining the call. Let me start with the story of HUDCO that we had started 2 years back. Today, we stand at 6 monthly sanctions of around INR92,985 crores, around INR93,000 crores, which is highest ever sanction in the history of HUDCO.

Last year, during the same tenure, that is the H1 of the last year, we had achieved around INR76,000 crores of the sanction. So, you can see there is a jump in the growth towards the sanction, and we had achieved around 22% of the growth in the sanction side. And now we are financing entire gamut of the infrastructure, which are covered under the harmonized list of Government of India.

Similarly, if you see the growth towards the disbursement side, last year during H1, we had achieved around INR21,700 crores. And this year, there is an enhancement of around 19%, and we had achieved around INR26,000 crores during H1. So around 19% is the growth towards the disbursement.

Similarly, on the loan book side, if you see, we had grew up around 30% from INR111,000 crores to INR144,000 crores, we had grown. If you see the H1, we had -- our growth is around 15.8%. So, as we always discussed that our growth will be more than 25%. So we are maintaining our growth rate of around 30%.

If you see the borrowing side also, it is very promising, and we have been able to sustain our growth towards reduction in the interest rate and to place us as a very competitive player into the financing of the infrastructure, and we had raised around INR32,000 crores at the rate of -- weighted average rate of 6.32%.

So, the resources we had tapped is entirely from across the taps, starting from the foreign currency borrowing to domestic loans to domestic funds from the refinancing. And also, we had

started our 54 EC contribution in a very smaller way, but it is a very accelerated kind of deposits that we are getting. We have taken a lot of measures to cut down our cost of funds, including our hedging policies, our ECB borrowings in the yen denominated.

Then we had strategically placed our mechanism that how the loans will be taken up to what kind of tenure it should be. Similarly, the bond when and what kind of strategy we should be adopting by issuance of the bond. So, all these measures has contributed in reduction of cost up to 6.32%, and that makes us more competitive.

Debt equity ratio will remain very promising. We are under 7%. So there is a lot of gearing that we can do towards the financing of the infrastructure as we have our pipeline, which is very strong. And revenue from the operation also grew by 31% on a year-to-year basis. So it has raised to around INR6,100 crores from INR4,700 crores in the similar H1 last year.

So there is a loan book growth. There is a decline in the blended cost of funds from 7.12% to 6.32% sorry, a decline in weighted average cost from 7.45% to 7.12%. And similarly, we have been able to resolve our NPA assets also during first year, there is a reversal of INR120 crores in the ECL and recovery of around INR339 crores. Profitability has also increased by 7.55%, even though we have not compromised on the quality of the assets and the scenario is very, very competitive in the country.

Our gross NPA has reduced and now it is only INR1,750 crores, which is only 1.21%. We are very promising towards the net NPA and now we are at net NPA of 0.07%. I will -- just like to say that we are committed that within 15 months of the time, we want to become a zero NPA company and all efforts we are making, whether it is resolution through the NCLT, DRT, DRAT, different legislative procedures or through one-to-one discussions with the borrowing borrowers, understanding their issues, and we are going to the Board, and we have taken a mandate that we should be able to resolve these kind of distressed assets.

We are working very hard towards monetization of our land bank. We want to create space, rental spaces so that it will contribute towards our bottom line, and we had a very dedicated plan for that kind of construction and enhancing our carpet areas. Similarly, if you see the NIM, if we exclude this EBR, which we had raised around INR20,000 crores on behalf of Government of India, our NIMs are standing at 3.43%. And even though if we take care of this INR20,000 crores, the NIMs are at around 3%.

Similarly, spread on the same lines, it is 2.42% and 2.02%, including the INR20,000 crores of the government. Similarly, ROE has also improved from the last quarter and now it is 1.93% and return on equity is also around 15%. So, if you see, we are maintaining everything, including the CRAR ratio of around 38%. So, we are placing the company at a level where there will be a visibility, where we will be more competitive, where we will be clearing our book of our old NPAs and creating value through our monetization of the assets.

Very recently, we had launched a different product, which is an urban infrastructure window, wherein we want to convert all the actions which are required for creation of the infrastructure in the ULBs in the cities, in the states under the urban infrastructure and a lot of collaborative

activities that we are doing, and it will be resulting in enhancing the business volumes of the company. So we are discussing with all the ULBs. The program will start from their capacity building, asset monetization, project preparation.

And finally, the government of India has launched announced this Urban Challenge Fund in the recent budget. So, we are targeting the funds, the loans required for the Urban Challenge Fund through this urban invest window. So Urban Challenge fund will become a bigger subset of urban challenge -- urban invest window. So similarly, on the same lines for diversification of our businesses, we had started the private sector business and all five sectors that we were discussing from last 1 year.

So after a lot of discussions with the stakeholders, we are opening up to the private sector in five sectors. One is the port, second is the airport, third is the road, fourth is the energy and fifth is the real estate, which is our main sector. So, there is no target for the power sector as of now because we will believe that entity should be strong. It will be investable with. And similarly, the projects should be backed by concessionaire agreement -- strong concessionaire agreements and in some cases, in other cases, it should be backed by some regulatory revenue flows.

So thank you so much. Thank you for joining.

**Moderator:** First question comes from the line of Roshan Mene, an Investor. Please go ahead. Roshan sir your line is unmuted, please proceed with your question. Our next question comes from the line of Mohit Oza from Elara. Please go ahead.

**Mohit Oza:** Sir, I have two questions. First is what would be the risk evaluation and underwriting criteria for assessing the private loans? And second, if you could tell us about your loan growth guidance?

**Sanjay Kulshrestha:** Yes. Thank you, Mohit. Regarding the private sector, we will be going with the best practices available in the market. And we will be very, very vigilant regarding the quality of the assets since we are starting this private sector after 12 years of the time frame.

Initially, the bankability of the project has to be seen and the investment grade of the entity has to be seen. So, it will be two graded approach, for the appraisal. And for monitoring, it will be 3 graded approaches. We will be taking support from the PMC also to take care of the project progress and the quality.

So, the entity should be at least IR1, IR2 and IR3. So first pre-integrated rating, we will be catering the loans. So, it will be an integrated rating of entity and the project. So, the process is very stringent and so that there should not be any doubt regarding any NPA or that kind of this thing.

And initially, till the time our capability is enhanced, we will be taking support of the external consultants parallelly who will appraise the project in line with our guidelines. So, this is number one. Second is the guidance on the loan. So, as we already -- I had already discussed that it will be plus 25% that we are maintaining. And I don't see anything to obstruct this path of 25%.

So definitely, it will be between 25% to 30% that we will be maintaining. And now since these two products are also added in our portfolio, that is the private sector and this urban invest window. So, I think they will be working as a catalyst towards the growth of the company.

**Moderator:**

Our next question comes from the line of Rati Pandit from Nirmal Bang Institutional Equities.

**Rati Pandit:**

My first question is regarding the outstanding sanctions that we are having, which could be -- which could get converted into disbursements in the coming time. That is one.

Secondly, our outlook on the margins. I mean, last quarter, if I remember, we had mentioned that our growth was back-ended in the first quarter because of NIMs were not that -- I mean, not that great in the first quarter. But now we are seeing that we are having around 3% NIMs, excluding the EBR portion. So what is our outlook on the margins? I mean if we can expect some improvement over here?

And my third question is regarding the -- I mean, with respect to the remaining NPAs in consortium and outside that, what are the resolution plans?

**Sanjay Kulshrestha:**

So you had asked 3 questions. One is regarding the sanction. So the sanction process starts from the signing of MOUs. So we have outstanding MOUs signed up to the extent of around INR7 lakh to INR8 lakh crores. This is number one.

Then the documented schemes are also around INR2 lakh crores, which will be converted into the disbursement. So non-documented another INR1 lakh crores is scheme, the projects which are there, which needs a loan agreement and documentation, which are at several stages. So we have a clear pipeline of around INR3 lakh crores of the sanctioned projects, out of which INR2 lakh crores has already been documented, agreements have been done. INR1 lakh crores at various stages, and we are discussing regarding the documentation. So this is number one.

You had requested regarding the profitability. I think we are maintaining our profitability in line with our guidance that is around 2% of the spread and 3% of the NIM irrespective. If you see, there is a lot of fluctuation in the international market, and we are making some expenditures towards that. And because of that impairment reserve, some loss of profit, you can say. So the profit has come in this quarter to slightly lower.

But finally, because of the loan book enhancement, we have been managed to have their levels of this stress and the NIM. Similarly, regarding the resolutions, yes, this year, we have resolved many projects, but there are many which are in pipeline. And we are very aggressive towards resolutions of our assets. And in quarter 3 also, we are targeting around INR200 crores of the resolutions, which are in the advanced stage.

Actually, what happened in the resolutions because resolution, we are on the one side and other side is the borrower and third side is a legal proceeding. So sometimes it is very difficult, even though you are very aggressive to have that kind of timelines on quarter-to-quarter basis. But definitely, in this financial year, I think a lot of resolutions will come.

**Moderator:**

Our next question comes from the line Sunil, an Investor.

- Sunil:** My question is related to the forex fluctuation. I just want to understand the currency fluctuation, especially in terms of dollar. Do we have such kind of borrowing which can affect our margins in short run and long run?
- Sanjay Kulshrestha:** Yes, sure. Our Director of Finance will be answering this question.
- Daljeet Singh Khatri:** We have two kinds of foreign currency borrowings. One is FCNR loans having maturity up to 1 year, and then we have external commercial borrowings having maturity of 5 years. So as far as the external commercial borrowings are concerned, which are around INR9,900 crores, we have taken adequate protection by way of SGL options, and we are very much within the protection levels.
- But we have some foreign currency FCNR loan also, which are having tenure up to 1 year. There, the volatility is more and there is -- there we have some losses we have booked in the last 2 quarters. But now we have protection for the remaining FCNRs, we have taken the protection levels by way of SGL options.
- And we have also taken additional protection by way of European knock-in barrier option structure, which gives us added protection beyond forward levels. And side by side, we are also monitoring the levels of USD INR and US CSF on day-to-day basis, and we are taking the CKB remedial action as and when required.
- Sanjay Kulshrestha:** I would also like to add. We all know that this is a very disturbing year as far as this currency fluctuation is there. From last 6 months, 7 months, we have seen the how the CSF has gone strengthened and how the dollar is moving. But I'm very happy that we are having some issues in the FCNR, which we are taking all the mitigation help.
- But on dollar side, which are long-term loans, 5-year loans, we didn't have any problem and sufficient protection levels have been taken. And we will be sorting out the CSF issue by this March. So, and we will not be creating another FCNR obligation on the company now.
- Sunil:** And just to add on to understand, is there -- could you just quantify how much impact we were having due to this fluctuation in terms of PAT in terms of percentage, if I would say?
- Sanjay Kulshrestha:** Yes. In the H1 2025, '26, we have taken -- we have incurred a loss of around INR176 crores as compared to zero loss in the H1 of 2024, '25. So, most of my FCNR -- I mean, more than 50% of my FCNR stands matured and now around 30% to 40% of FCNR is remaining, which will get matured by February, March, coming February, March that is Q4. And after that, we do not have any FCNRs to mature in the next FY.
- Moderator:** Our next question comes from the line of Nemin from Geojit PMS.
- Nemin:** Firstly, just wanted to get an idea as to what debt-to-equity levels would we be comfortable at since we are growing at upwards of 25%, 30%, what would be the debt-to-equity levels that you would be looking at?

- Sanjay Kulshrestha:** I think as far as the RBI regulations are concerned, there is no limit for that. But yes, there are covenants when we borrow from the external market, and that covenant is 10%, but it is far off to achieve that 10%. I think now we are at sub-7% of debt equity ratio. And we have done our mathematics for this growth, and we will be around 8%, we will be there. So, debt equity ratio will be maintained at around 8%.
- And in the meantime, we are also planning to have some perpetual debt, and we will be going to the market maybe in the third or fourth quarter, depending on the market conditions. Because it is not an emergent need. But yes, you are right in our plan of action. This is also one of the matter that we need to resolve at the appropriate time.
- Nemin:** Okay. Got it. Secondly, sir, on your yields, what would be our incremental yields, disbursement yield?
- Sanjay Kulshrestha:** If you see the yield in the markets are coming down. The repo is coming down, and we are expecting further rate cuts. And now it is around 2%, and I think that will be maintained. So that will not -- so regarding the yield, it's around 9%, 9.21%. Even though the market has come down, our cost of funds has come down, we have been able to sustain that kind of yield of around plus 9% -- 9.2% rather.
- Nemin:** Okay. Okay. So, what portion of our book would be fixed? I mean, is there any portion of our lending book that would be fixed in nature?
- Sanjay Kulshrestha:** There is no fixed actually. If you see everything is floating after a year. So, all our loans are 1-year reset, and there are some loans may not be 2%, 3%, 4% more than that. They are fixed for 3 years and then the reset is done. So, it's a win-win approach as an NBFC. So, there is a reset on the day the repo cut comes for a domestic borrowing, but the transfer or transmission of that rate cut on lending portfolio comes after -- at the time of 1 year reset.
- Nemin:** Okay, sir. Got it. Got it. Sir, when we look at our -- now when we are venturing into the private side of the market, so would our yields be at similar levels? Or would it be at a higher level? And what sort of competition do you foresee in this market?
- Sanjay Kulshrestha:** Actually, there is no straight-line answer for this. But yes, at least these levels will be maintained. Finally, it depends on what kind of rating that the project is getting. If it is IR1, it will be very competitive because of the asset quality and the type of entity. If it is IR3, yes, of course, it will be higher. And similarly, on segment to segment, if it is a HAM project backed by strong concessionaire agreement, the rates will be different. But if it is loosely bound kind of concessionaire agreement, but it is in IR 3, then the rate of interest will be different.
- Nemin:** Got it, sir. Got it. Sir, next on your NIM, when you say that 3% to 3.3% NIM could be maintained. So, is there any fixed percentage of fee that certain projects have been charged? Is there any particular benchmark that is supposed to be charged over and above your yield?
- Sanjay Kulshrestha:** Yes. For private sector, we had adopted the practice that is processing fees and legal fees. All these fee structure will be there. But we don't want to overburden our product. Rather, we don't

want to compromise on the quality of the assets. So, these fees or these kind of things will be as minimum as possible. We will remain competitive. So, we are not these kind of things as our...

**Nemin:** Perfect. And lastly, sir, just to get an idea, what would be our sanctions to disbursement lag, I mean, time lag between sanctions to disbursement?

**Sanjay Kulshrestha:** Starting from 3 months to 1 year.

**Nemin:** Starting from 3 months to 1 year. Okay. Okay, sir. Got it. And lastly, sir, on your PMAY, I think would you like to comment anything that we will be seeing any disbursement coming in the second half of this year? Or will it be in FY '27? Any thoughts or comments?

**Sanjay Kulshrestha:** I cannot comment on the time of disbursement, but as of now, we have not sanctioned. No state has come forward to take the loan against the counterpart requirement of that state.

**Moderator:** Our next question comes from the line of Gaurav Kochar from MLP.

**Gaurav Kochar:** Sir, a few questions. Firstly, on the forex loss in this quarter, you mentioned that now the hedging process has changed. So maybe if you can highlight till what level of -- maybe for both the currency, both USD-CHF and USD-INR till what level are we protected from here? -- hypothetically, if the currency were to depreciate another 3%, 4% from here, are you still protected in terms of -- will you still see loss in the P&L? Or do you see any loss in the P&L?

**Sanjay Kulshrestha:** Yes. Our Director of Finance will be answering that.

**Daljeet Singh Khatri:** Yes. Good afternoon again, Daljeet Singh Khatri this side. We have around USD 400 million of FCNR coming for maturity in Q3. And out of that 175 million is in November itself, remaining will be in December. And protection levels as of now, all the 3 are in the -- I mean, within the limits as far as dollar is concerned, USD-INR is concerned, they are above 89. And USD-CHF are also around 79.

But yes, protection levels, all these deals are presently within the protection levels. But going forward, seeing the volatility, we are taking alternative measures. We are trying to partially unwind some of them and taking the full hedge again by bearing cost. Because if I leave it with unattended, it may lead to a loss, a higher loss.

But if I unwind and take unlimited protection, again, it will lead to a saving of around 50% of what the potential loss could be. So we are on a day-to-day basis, monitoring the situation and taking the extra protection as and when it is felt appropriate.

**Gaurav Kochar:** Sure. So, sir, if the currency remains at the current levels, there will not be any loss in the coming quarter. Is that a fair sort of assessment?

**Daljeet Singh Khatri:** As of now, it doesn't further deteriorate. That is why we are doing it and monitoring on a daily basis. And wherever required, we are trying to take some additional protection at some additional costs, so that the loss minimization can take place.

**Gaurav Kochar:** Right. Understood. Perfect. Sir, my next question is with respect to the sanction to disbursement that you mentioned. And given that this quarter, we saw a very strong sanction. So, our H1 sanction is already INR90,000 crores plus.

So maybe if you can highlight and with overall pipeline you mentioned is very strong, what kind of disbursement are we looking at for this year, given that INR50,000 crores was the guidance, we are more than half already in H1. And with a very strong sanction in 2Q, the second half, do you expect to better the INR50,000 crore number that you've guided?

**Sanjay Kulshrestha:** So as a principle, we had taken a position that as far as possible, we will try to spread our disbursement on a quarter-to-quarter basis. And I'm very happy that we are trying to maintain that. If you see the last year pattern also, it was evenly distributed quarter-wise, and we had achieved INR40,000 crores. This year also, more or less, it is evenly distributed disbursement quarterly on a quarterly basis.

In first quarter, it was INR11,000 crores, INR12,000 crores. Then we have slightly increased in the quarter 2 to something slightly better than that. Now we stand at INR25,000 crores. For this year, we have a target of INR50,000 crores of the disbursement out of which in the first half yearly, we had achieved 50%. So the target is 50%, which is a growth of around 25% on a year-to-year basis. But I'm very sure that this INR50,000 will be achieved, with this committed pipeline.

**Gaurav Kochar:** Understood. Understood. And sir, with respect to the AUM growth, if the sanction or the disbursement will be INR50,000 crores, the AUM growth can be 30%, which is the number we've reported this quarter as well. And going forward, if the sanction pipeline is strong, what kind of growth are you expecting for FY '27?

**Sanjay Kulshrestha:** So 2 years back, we had targeted that by March '26, our loan book will become INR1.5 lakh crores. And we had already achieved INR1.44 lakh crore or INR1.45 lakh crore. So it is a statement that we will be achieving this INR1.5 lakh crore by March, and that's why we had revised upper side, and we have now revised to INR1.6 lakh crores.

So -- and for FY 2030, we have a target that it will become INR3 lakh crores of the loan book. So it may be around twice within the 4 years. So you can see that we have to grow at around 25%, 26%, then only we can be able to achieve that kind of target.

**Gaurav Kochar:** Okay. So maybe in FY '27, 25% growth looks possible, 25% plus growth looks possible even for FY '27...

**Sanjay Kulshrestha:** Yes, I think with this kind of sanction guidances, it's achievable 25%, 27% of the growth is a...

**Gaurav Kochar:** Understood. Sir, my next question is on margins. So in the last quarter, you mentioned that margins will expand and probably go towards 3.1%, 3.2% mark. So this quarter, we already -- we have seen improvement. If I look at just this quarter, there was an 8 basis point kind of an improvement, but still lower than what you had guided.

So maybe in the second half, with cost of fund coming down, you have indicated that the incremental cost of fund is at 6.32%. So with all these measures, where do you think the second half margin trajectory could be? Can we get closer to the 3.1%, 3.2% sort of range that we were there earlier in the second half of last year?

**Sanjay Kulshrestha:** Yes, definitely, we will be achieving. Actually, if you see the NIM is slightly down because the resolution has not come in that particular quarter. If you compare the last on year-to-year, Q2 of the last financial year, we had got income of more than INR200 crores after resolution of some of prices. This year, it is only INR16 crores, INR16 crores is recovery.

So you see around INR200 crores we have lost on account of recovery or you can say it has not been added into our income and enhanced our NIMs. But I'm sure that in quarter 3, we will be able to get that kind of momentum, and we will be easily achieving the NIMs of more than 3.1%. And at the same time, we are also expecting that repo will come down by at least 25 basis points in December monetary policy, which will further extend -- further reduce our expenditure on the interest expenditure.

**Gaurav Kochar:** Okay. So, 10 basis point improvement in Q3 is what you're expecting in terms of margin?

**Sanjay Kulshrestha:** Yes, yes, definitely, at least 10 basis points.

**Gaurav Kochar:** Sure, sure, sure. And sir, just the last point that you mentioned regarding the resolution and the interest recovery on that. You also alluded to there are certain accounts which are under advanced stage of resolution. So maybe if you can -- what is the quantum of asset and what would be the recovery rate? And since we are already almost 95% provided on majority of the loans, will that entire recovery come on the P&L in the form of maybe interest income or provision reversal?

**Sanjay Kulshrestha:** See, around 10 projects we have identified for resolution in quarter 3 and quarter 4 total of around INR730 crores of the principal. And we are expecting a recovery of around INR900 odd crores. So that is our plan on which we are working. So if we at all the success of 50%, then also it will be around INR400 crores or INR500 crores kind of amount.

**Gaurav Kochar:** Got it. So, 10 projects worth INR730 crores are in advanced stages of resolution and you expect this in Q3 and Q4. The timing could be different. But by end of this year, you expect this to get resolved. Sure. And sir, you've guided...

**Sanjay Kulshrestha:** Yes, recovery of INR900 crores, we are targeting around 50% of the revenue should come in H2 of this financial year and then in the next financial year.

**Gaurav Kochar:** Right. Understood. So INR450 crores would come in this financial year itself?

**Sanjay Kulshrestha:** Yes, we are making all of...

**Gaurav Kochar:** Sure, sure, sir. And sir, you mentioned that in 15 months' time, you would become a zero NPA sort of -- so that was for gross NPA, right? Gross Stage 3 will become zero...

**Sanjay Kulshrestha:** For the net NPA that I'm talking for the net NPA for which we had already achieved 0.07%.

- Gaurav Kochar:** Okay. Okay. Okay. That was for net NPA. Sure, sure, sir. And sir, any incremental risk of any slippage, any account which is showing stress? If you can give some data around your Stage 2, if there are any accounts which could come in Stage 3 in the next couple of quarters? Any risk that you see?
- Sanjay Kulshrestha:** Actually, if you see our asset quality is very strong, around 90% is backed by the state government guarantees. There may be a delay of a few days only, but I don't see any risk towards the recovery. And from last 3 years, there is no NPA or no that kind of signs given by the states. And the states are very prudent in planning in their capital expenditure now.
- Gaurav Kochar:** Right. So no risk that you're seeing of any accounts slipping into NPA?
- Sanjay Kulshrestha:** No.
- Gaurav Kochar:** Great. Great, sir. And sir, just one last question from my side. Regarding this urban invest window that you indicated, maybe if you can throw some light on the size of the opportunity and as the organization, what kind of maybe in FY '27 or over a medium term, what kind of opportunity do you see yourself participating into this loan? And whether this new opportunity would be with similar spreads as we currently hold? Or will it be at a higher spread?
- Sanjay Kulshrestha:** I think we are repurposing the business of the HUDCO in line with the objective of the Government of India of Viksit Bharat 2047 and just 22 years are left for that target. And for any country to become a developed, cities are the face of that country. We are identifying 50-odd cities, which will come to the global standards, and we are discussing with our ministry and the government.
- So huge funds are required, and we have seen the studies around INR80 lakh crores of the funds are required in 2036, if you see around INR5 lakh to INR8 lakh crores of the funds are required on a year-to-year basis. Presently, we are spending around INR2.5 lakh crores on a yearly basis. A part of this is coming from the government of India and state government and HUDCO and other financial institutions.
- So, it's -- so accelerated growth is required. And with this perspective, this UI window is a very proactive initiative of the HUDCO and the government of India. Wherein it will be the business, it will be the loan growth. But at the same time, the capacity building, the absorption capacity of the urban local bodies, the cities, the states.
- So, we will be working from 3 fronts. One will be the capacity building, and we have our institution. So, there will be a big program, which will be supporting the states. Then it will be the asset registers, maintaining of the asset registers and converting these assets into the bankable projects. And third will be the financial closure.
- So HUDCO will be doing the financial closure and taking the help of the multilateral institution for that to spread the best practices. So it's a very inclusive kind of step that HUDCO has taken. And definitely, the loan book will be strong. The asset quality will be strong, and there will be an accelerated growth in the loan book in line with the national objectives.

- Gaurav Kochar:** Sure, sir. But specific to this, any numbers internally maybe you have targeted or budgeted for next year under this program. Any sort of numbers that you can share, that will be helpful.
- Sanjay Kulshrestha:** Definitely, definitely. You may be knowing that the Urban Challenge Fund has been launched by Government of India in the budget speech of the Finance Minister. So INR1 lakh crores will come from the central government as a subsidy. INR1 lakh crores has to be arranged by the state government. So we are targeting INR1 lakh crores of the state government requirement.
- So that will be one part of INR1 lakh crores that is a business potential for HUDCO and INR2 lakh crores has to be arranged by the PPP players. And now since we are starting this private sector also, so that can also be a potential opportunity for HUDCO to grow.
- Gaurav Kochar:** Okay. Understood. And sir, under how many years -- or total how many years will this entire INR1 lakh Crore plus INR2 lakh Crore will be sanctioned or disbursed over what time period?
- Sanjay Kulshrestha:** Sanction will be done, I think, within a 1 year or so, 18 months of the time and the disbursement will take another 2 to 3 years of the time.
- Gaurav Kochar:** Understood. That's very helpful, sir. And just on the spread, will this incrementally be at a similar spread, higher spread, lower spread versus what you are currently holding?
- Sanjay Kulshrestha:** Actually, if you see the HUDCO belief or our mission, we doesn't mean we didn't load our projects with a lot of spread. So we will be maintaining our current rate of plus 2% of the spread and plus 3% of the NIMs because we want finally the projects should sustain the repayments, it should be viable, sustainable and bankable.
- Moderator:** Next follow-up question comes from the line of Mohit Oza from Elara. Please go ahead.
- Mohit Oza:** Sir, just again, if you could give additional details on this urban invest window and some color on the overall sanctions pipeline?
- Sanjay Kulshrestha:** So overall sanction pipeline is already very strong, and I think the same pace will be maintained in a couple of years. A lot of opportunities are there. Urban Invest window, actually, if you see, it's a comprehensive approach towards creation of the asset in the entire country, and we are talking about the bankable projects.
- So if we are talking about any bankable project in urban infrastructure sector, I think HUDCO is the only sector agnostic company, which we'll be looking upon. And we are in the Ministry of Housing and Urban Affairs, which is looking after all the urban affair projects. So we are getting that kind of natural benefit. And as I had already spoken that this window will work in 3 phases.
- One is the capacity building. Another is the asset mapping and making the assets bankable. And third is the financial closing. So a lot of push will come in a very financially prudent manner in a very -- projects will be implemented in a very accelerated manner.
- And it will be a convergence of a lot of things. If you see, there will be consultants, there will be transaction advisers, there will be capacity building kind of institutions. There will be

multilateral banks, issuance of the bonds. So we will be taking care of a lot of things and creating value in our works.

**Moderator:** As there are no further questions, I would now like to hand the conference over to the management for closing comments.

**Sanjay Kulshrestha:** So thank you, friends, for joining. It's a wonderful discussions and a lot of takeaways we had taken from your questions. And I can assure you that our growth story is not temporary. Whatever we are saying and we are believing that is being translated as you may have witnessed. And the same way, we will be catering to our responsibility as a listed company.

And rest assured that our names, our spreads will go on like on the same manner and business growth will always be there. there are a lot of opportunities in the country. If you see the Housing for -- all program is there, Amrit is there. We are also trying to start how we will be funding these metro projects, and we are working with a lot of multinational institutions.

So I will not talk in length about that. But what I can tell you that the potential is enormous. And as a company, as a sector-agnostic company, the 75% stakeholder by Government of India, a strategic company in the action plan of the government. So we have a lot of roles and responsibility across creation of the urban infrastructure for Viksit Bharat. So that is my assurance, my team's assurance that the next quarter, we will be again meeting and we will be talking about the same growth story. Thank you so much.

**Moderator:** On behalf of Elara Securities, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines. Thank you.