



“LIC Housing Finance Limited  
Q4 FY '26 Investors Conference Call”  
May 14, 2026



**MANAGEMENT:**    **MR. TRIBHUWAN ADHIKARI – MANAGING DIRECTOR AND  
CHIEF EXECUTIVE OFFICER – LIC HOUSING FINANCE  
LIMITED**  
**MR. LOKESH MUNDHRA – CHIEF FINANCIAL OFFICER –  
LIC HOUSING FINANCE LIMITED**

**MODERATOR:**    **MR. PRAVEEN AGARWAL – AXIS CAPITAL LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the LIC Housing Finance Q4 FY '26 Investors Conference Call hosted by Axis Capital Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchstone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Praveen Agarwal from Axis Capital Limited. Thank you, and over to you, sir.

**Praveen Agarwal:** Thank you, Swapnali. Good morning, everyone, and welcome to this earnings call. Today with us, we have Mr. Tribhuwan Adhikari, MD and CEO; and Mr. Lokesh Mundhra, CFO, to discuss the results.

I would request Mr. Adhikary to share his initial remarks on the results, post which we'll open the floor for Q&A. Over to you, sir.

**Tribhuwan Adhikari:** Yes. Thank you, Praveen. Good morning, and welcome to all of you to the post earnings conference call of LIC Housing Finance Limited. As you are aware, LIC HFL declared its Q4 financial year '26 results yesterday.

Before I start the highlights of the Q4 results, I would like to outline the few developments in the economy of the last quarter. Over the past few months, the global economy has been navigating heightened geopolitical uncertainty arising from the evolving situation in the Middle East.

The conflict has resulted in volatility across global financial and commodity markets, particularly in crude oil prices. Concerns around supply disruptions and logistic bottlenecks have led to intermittent spikes in crude prices, which have implications for inflationary expectations, currency movements and global interest rate outlooks.

The increase in oil prices has exerted pressure on the Indian rupee and could potentially impact imported inflation if the situation persists for an extended period. However, India's macroeconomic fundamentals continue to remain relatively resilient, supported by healthy GDP growth, stable financial sector conditions, adequate financial -- foreign exchange reserves and continued government focus on infrastructure and capital expenditure.

Against this backdrop, the RBI maintained a wait-and-watch stance in the first MPC for FY '27 and flagged further escalation of the conflict, elevated energy prices, weather-related events, including the emergence of El Nino conditions, slowdown in exports and heightened volatility in the global financial markets as a downside risk to domestic growth.

While liquidity conditions have remained broadly adequate, the RBI continues to closely monitor inflationary trends, global commodity prices and external sector developments while balancing the growth inflation dynamics.

Coming to the housing finance industry, despite external uncertainties, domestic mortgage demand has remained reasonably resilient. Structural drivers such as urbanization, favorable demographics, rising income levels, increased aspiration for homeownership and continued policy support for housing continues to provide long-term growth visibility to the sector.

With this, we present the financial highlights of the company for the quarter as follows: Total revenue from operations, INR7,194 crores as against INR7,281 crores for the corresponding quarter of the previous year.

Outstanding loan portfolio stood at INR3,20,707 crores as on 31st March 2026 as against INR3,07,732 crores as on 31st March 2025, reflecting a growth of 4%. The individual home loan portfolio stood at INR2,70,893 crores as on 31st March 2026 as against INR2,61,562 crores as on 31st March 2025, up by 4% and comprising 84% of the total portfolio.

Total disbursements for the quarter were INR21,019 crores as against INR19,156 crores for Q4 FY '25, up by 10%. Out of that disbursement in the individual -- disbursements in the individual housing loans were INR16,672 crores for Q4 of FY '26 as against INR15,383 crores for Q4 FY '25, up by 8%.

And non-housing individual loan segment were at INR3,348 crores as against INR2,676 crores, up by 25%, whereas project loans were at INR847 crores compared to INR875 crores in Q4 financial year '25.

On the net interest income front, net interest income was INR2,222 crores for the quarter as against INR2,102 crores for Q3 of FY '26 and INR2,165 crores for Q4 of FY '25, showing a sequential growth of 6% Q-on-Q and 3% on Y-o-Y basis. Net interest margin for the quarter stood at 2.80% as against 2.69% for Q3 of FY '25 -- '26 and 2.85% for Q4 FY '25.

And for the full year, it stood at 2.68% as against 2.73%, which was well within the guidance given at the beginning of the year. PBT profit before tax for the quarter stood at INR1,934.24 crores as against INR1,769.58 crores, a growth of 9.31%. Profit after tax for the quarter stood at INR1,497.41 crores as against INR1,367.96 crores for the same period previous year, up by 9.46%.

And PAT for FY '25-'26 stood at INR5,595.15 crores as against INR5,429.02 crores for FY '24-'25, showing a growth of 3%. Dividend was declared by the Board at 500%, that is INR10 per share.

In terms of asset quality, the Stage 3 exposure at default stood at 2.16% as against 2.47% as on 31/3/25 and 2.45% as on 31/12/25, reflecting a sequential as well as Y-on-Y, year-on-year improvement in the same. Total provisions as on 31st March '26 is INR4,569 crores, with Stage 3 provisioning at -- cover at 50.08%.

The credit cost for Q4 of FY '26 is 2 basis points and the full year, it is 18 basis points. The company also conducted sale of a stressed asset through ARC for a cash consideration of INR70 crores during Q4 of financial year '26.

On the funding side, the cumulative cost of funds stood at 7.27% as on 31st March '26 as against 7.73% as on 31st March '25, showing a decline of 46 basis points on a year-on-year basis. Incremental cost of funds also reduced significantly from 7.73% in financial year '25 to 6.94% in financial year '26, a decline of 79 basis points. And Q4 of FY '26, it stood at 6.86% as compared to 7.66% for Q4 FY '25.

During March '26, the interest rates were elevated due to the war in West Asia which resulted in a shoot up of crude oil prices and the fall of the INR at record low levels. However, we managed to reduce our interest expenses by more than INR150 crores as compared to Q3 of FY '26.

We also got repriced some of our outstanding bank borrowings during the last financial year. In the last financial year '25-'26, we raised fresh loan from banks and financial institutions amounting to more than INR45,000 crores and raised more than INR10,000 crores for NHB at very competitive rates.

Out of the total incremental borrowings of financial year '25-'26, around 82% were at floating rates. Out of the total outstanding borrowings, share of the floating rate borrowings today stands at 52% as on 31/3/26 as compared to 45% as on 31/3/25.

On the technology initiative, the company has launched a project in February '26, which we call the straight-through process. This is basically a machine-enabled credit appraisal process, enabling automated underwriting of loans. This initiative is expected to significantly reduce manual intervention in the sanction process and enhance overall customer experience through much reduced turnaround times.

With this brief introduction, I would like to invite you for your queries. Thank you.

**Moderator:** Thank you very much. We will now begin with the question and answer session. We will take the first question from the line of Maruk from Tara Capital.

**Maruk:** Sir, can you talk about your growth outlook in terms of what disbursement growth in individual home loans you expect next year and even your margin outlook, your margins did expand in 4Q, but from here on. And then your Stage 3 ECL has gone down. So if you could comment on what level you would like to keep it at?

**Tribhuvan Adhikari:** Okay. Thank you, Maruk, for your question. Coming to the first thing regarding the growth estimates. Well, honestly, Maruk, right at the moment, we are sitting in a very volatile geopolitical situation, right? West Asia crisis going on. Nothing seems to be moving as such. Of course, a lot of initiatives, cease fire and all that have been taken.

On top of that, India itself is being impacted, the energy crisis, as we may call it, the sort of pressure -- inflationary pressure on all the other things. So honestly, growth would depend on the geopolitical situation and the economic situation.

Yes, growth in last year has been muted, 4.4% was the growth for the full financial year, largely contributed by intense pressure in the housing finance industry. As you are aware, LIC Housing Finance, basically, we are into the individual home loan segment where we are competing with

banks and with the repo rate cut of 100 basis points by RBI, the bank's repo rate was immediately reset because their rates are linked to the repo. We had to frantically take a call on reducing our rates also that did impact -- of course, there was a time lag, a delay in us reducing rates.

So there was -- the impact was felt in the business inflow into the company. So it was a very competitive year last year, which -- and the competition did impact the -- I would say, the growth, which we received, 4.4% as against a double-digit growth, which we were alluding to in the beginning of the year.

But yes, that is the way it is going to be. And in the beginning of last year, I clearly said that given a choice between protecting margins and going for growth, I would prefer to protect my margins than really go helter-skelter for growth. So that is we have been able to protect our margins.

Going forward, honestly speaking, yes, what we are right at the moment, difficult to hazard a guess what the situation is going to play out throughout the year. Q1, definitely, we are targeting a 15% growth for Q1. Going forward, definitely, if the conditions are what they are, a 10% to 12% growth is what I'm expecting this year, and I'm pretty sure we'll get there this year.

On the margins front, 2.80% was the NIM for the quarter, 2.68% was the NIM for the entire financial year, well within the guidance of 2.6% to 2.8%, which we had given in the beginning of the year. February and March were reasonable months. Yes, February, I would say, January and February were good months for us, where we were able to borrow at very competitive rates of almost 6.8%.

But thereafter, February and March, especially March with the West Asia crisis evolving and growing, there was a pressure on the borrowing costs. The costs are still, I feel elevated. But I think in Q1, we would be able to -- we will be able to maintain a margin of 2.6% to 2.7%. For the year, difficult to predict right now. But assuming that things remain normal, I would say, for the year, margin growth -- sort of NIM of 2.5% to 2.7% is what we are aiming to achieve.

On the ECL front, yes, on the asset quality front, asset quality has been improving quarter-on-quarter. Our GNPA ratio has come down from 2.47% at the end of last year to 2.15% at the end of FY '25, '26 and NNPA is down from 1.22% to 1.08%. The provisioning requirements are reducing.

As regards settlement, no major big settlement was witnessed except for this one settlement of INR70 crores, which we could do in the month of March. So the big ticket settlements are still in various stages of negotiation expecting, yes, advanced information, there is one big account which has been resolved.

But as per the guidelines of RBI, we have to wait for one full year before the -- let us call it, the resolution of the settlement can take effect in our books. That settlement happened in the month of May of last year. So this year in the month of May current year, the effect of that settlement will be felt in our books. So asset quality is definitely going to improve much, much further in the coming financial year, better than what we witnessed last year.

- Maruk:** Okay, sir. And I just have one question. Sir, may I please ask if your successor has been identified?
- Tribhuwan Adhikari:** Yes. My successor has been identified. In fact, a very unfortunate incident took place. The successor who was identified earlier, suddenly passed away on the 9th of...
- Maruk:** Yes, sir.
- Tribhuwan Adhikari:** May 9th of May, Mr. Sanjay Dayal, who was the appointed COO and designated to take over from me. He suffered a sudden heart -- on the 9th of May and passed away. Now we have another successor in place, Mr. Sandeep Kumar. He has joined us just yesterday, and he will be taking over from me on 31st of August 2026.
- Moderator:** We will take the next question from the line of Kunal Shah from Citigroup.
- Kunal Shah:** So firstly, when we look at it in terms of the overall repayment and prepayment rate during the quarter, it's been slightly higher outside of the HL loans, particularly on the LAP side. So if you can just highlight in terms of how the trends have been in BT out, how has been the repayment rates in the home loan? And why the prepayment or runoff rates were quite high in Q4 despite I would believe like there would have been some improvement on BT out during the quarter as you indicated last quarter, yes?
- Tribhuwan Adhikari:** Well, Kunal, yes. If I talk about the prepayment, yes, prepayment is a natural phenomenon in the housing finance industry, right? Along with every EMI, some amount of principal does come in and then people having extra cash or extra money to spare, they do try to pay off their outstanding loans. So if I talk about the last quarter, the prepayment has basically been -- on an average in the company, the prepayment is about, what, INR2,000-odd crores every month...
- Lokesh Mundhra:** Yes, Kunal, just I want to supplement. For the last quarter, the net BT was around INR1,250 crores only. Prepayment by way of lump sum payment by the customer, it is normal phenomenon of the industry. So important is what BT out exactly we have paid. So that is -- it's not in an alarming situation. It is quite normal during this quarter.
- Kunal Shah:** So this compares with Q3, yes, INR1,150 crores, if I have to compare it with Q3, how much was that net BT out?
- Tribhuwan Adhikari:** And if I compare BT of Q3, in Q3 BT, 8,916 loans went out of our books amounting to INR2,157.29 crores, right? And in Q4, this figure came down to INR6,480 crores and INR1,187.71 crores. So approximately near about INR1,000 crores reduction in BT out in Q4, which is not that BT out has increased.
- In Q2 and Q3, the BT out was significantly higher. Q2, it was INR2,838 crores. Q3, it was INR2,157 crores. Q1 was INR1,341 crores and Q4 was INR1,187 crores. So BT is more or less settled at about what, approximately, if I round it up to about INR1,200 crores in a quarter.

**Lokesh Mundhra:** And Kunal, for repricing of our -- this inspections we have issued somewhere in last week of October. So after October, BT out is checked to a great extent. In the last Q4, it is not so much material.

**Kunal Shah:** Got it. So when we are looking at, say, 10%, 12% disbursement growth for the full year. So in fact, you are suggesting closer to almost like, say, INR73,000 crores to INR75,000-odd crores of disbursements for next year. And looking at the current run rate, in fact, still the loan growth would appear to be in a mid-single digit or so.

Maybe earlier, you have been guiding for taking it towards 8% to 10%-odd. But is there any possibility? Would there be any levers? Are there any initiatives which you are taking in order to pull that up? Or we should see nearly like a mid-single-digit growth continuing for a while given this geopolitical situation?

**Tribhuvan Adhikari:** Yes, Kunal, if I talk about the book growth and the disbursement growth, yes, disbursement growth was impacted in Q1, Q2 and Q3 of last year, right? If you look at Q4, our disbursement growth is 10%. So this was where we wanted to be for the full financial year, but somehow it happened in Q4 only. And this has continued in the April of Q1 of this year. In April, I have a disbursement growth of almost 20.87%, so the growth is picking up.

Yes, as regarding the levers, yes, we have looked at what we really need to do to really achieve this so-called elusive double-digit growth, which we have been alluding to in the past 2, 3 years. 2, 3 things we have identified this year, which is going to be totally different from what we have been doing in the previous years.

Number one is all this while 36, 37 years of our history, we have always been focused on sourcing housing loan assets or rather the organic method of doing business, right? For the first time since last quarter of last -- we spent the last quarter of last year in formulating a co-lending and a DA policy, direct assignment policy, which is now ready.

So this year, we are going into going for co-lending more so in the retail segment and partially in the -- partially and cautiously in the project finance segment. So this is one initiative or one step which I think would help us grow our business as well as our book, number one.

Number two is what we are looking at. Traditionally, we have been sourcing business through our agents, right? 90% of my business comes in through them. We -- apart from them, we have just 2 corporate agents. One is our own subsidiary, LIC Financial Services Limited, which approximately does about 10% of the total business of the company.

And the other is an individual entity or a company called SP Enterprises. This year, what we are looking at -- there are a lot of business aggregators available in the market, people like Andromeda and others. We are consciously going to engage with them and try to engage them to source business for us. So that would probably give us some volume of business, INR4,000 crores, INR5,000 crores is what I'm looking for in the first year. That is one.

And number three is we have been focused -- we have been trying to do affordable business, but it has not taken off in any big way. Yes, we were cautious about it. Consciously, we were going

slow because we were aware of the high risk in this segment. And the other thing was that since in the last 36, 37 years, we have never done affordable, the true meaning of affordable. We've mostly been comfortable doing IHL, individual home loans to the salaried and the self-employed class.

So this year, a decision has been taken that we need to set up a separate affordable vertical, something like what PNB has done, the Roshni vertical of PNB, we'll be setting up a similar vertical. The process will start very shortly. It will be completely new and totally people will be onboarded from outside because I believe people -- in our company, we are not attuned for that.

So we'll be hiring people from outside. It will be a complete separate vertical wherein the entire sourcing, the entire credit appraisal, the entire recovery, the entire collection machinery will be handled by people who are attuned with, who are experienced in doing affordable business. So that is another.

And the fourth is we are increasing our feet on the street or resources in the marketing side. We have achieved -- we have received an approval of onboarding about 200 people for the marketing vertical. The process will be completed by the end of Q1. These 200 people are about, what, 6%, 7% of my employees -- I have a total employee strength of 2,500.

So this 200 will be about 7%, 8% of the total employee strength. So this also will add to my feet on the street and naturally my business push, which I intend to have. So these 4, 5 things which I talked about should give me at least a double-digit growth in the current financial year.

**Kunal Shah:**

So this is on disbursements?

**Tribhuvan Adhikari:**

This is on disbursement. Yes. Yes. On the book growth side, yes, one area we are looking at or one area we had not been very focused on was on the BT out, right, people moving out. Last year, BT out for the company as a whole was about, what, INR12,778 crores. So that's approximately a rundown of almost INR1,000 crores per month.

So this is one area which we need to focus. We have set up a separate, I would say, department, which we are calling business retention department. This year, people have been put in place, and they will be completely focused on the BT out. Any case going out, we'll have to go through this particular -- the people in this department.

And we will try whatever is possible on our part, including compromising on the rates we offer to hold back business or retain the business which we have because retaining business is always profitable because people going out are not only a drain on the income of the company, but also sourcing new people is slightly more costly proposition as compared to retaining existing customers.

**Lokesh Mundhra:**

And Kunal, net business transfer is around INR7,000 crores only looking to the size of the company, the portfolio is more than INR3,20,000 crores. So net BT out of INR7,000 crores -- around INR7,000 crores it's very normal, I think, looking to the industry practices.

**Moderator:**

We will take the next question from the line of Sanket Chedda from DAM Capital.

- Sanket Chedda:** Just wanted to check the 10% to 12% guidance that you gave is on a loan growth, right?
- Tribhuwan Adhikari:** Yes, 10% to 12% is on the book.
- Sanket Chedda:** On the book.
- Tribhuwan Adhikari:** Yes. Like Kunal was talking about INR73,000 crores disbursement is what we are targeting in retail. INR4,500 crores disbursement is what we are targeting. That is the budgeted disbursement, which the Board has given us, INR73,000 crores in retail, INR4,500 crores in construction finance or the wholesale book. So total taken together is about what -- near about INR78,000 crores that is what the budget of the company is this year.
- So if we get that, that will give us near about a 15% business growth. And that should definitely translate with all the steps we are taking, including retention of portfolio departments which we have opened. We expect that the BT out INR1,000 crores per month should come down significantly. And that should give me a loan book growth of double digits, 10% to 12%, what I'm talking about.
- Sanket Chedda:** Yes. So since we are out of the rate cut cycle, you expect the BT out to come down and hence, the guidance of 10%, 12%. Is it fair to say?
- Tribhuwan Adhikari:** No, can you come again, Sanket?
- Sanket Chedda:** No. Since we are now at the present or out of the rate cut cycle, wherein usually during the rate cut cycle, you face a lot of BT out. And now you expect that to come down, the pressure of BT outs. Is that the right assumption for next year?
- Tribhuwan Adhikari:** Yes. At the moment, I think that the rates are more or less fixed. I think there's not going to be - - I'm pretty sure there is not going to be any more rate cut in the prevailing circumstances. I don't think RBI has any leeway to that. On the contrary, there is a possibility if things go -- if the situation turns from bad to worse and this West Asia crisis prolongs for another 2 to 3 months, you may -- I see there could be a possibility of a rate hike, right, increase in repo rate.
- So again, this rate war, you see, the problem with us now we are competing with banks. My IHL portfolio is 82%. We have brought it down from 85% to 82% at the end of this year. We are trying diversification into the LAP and LRD segment. But yes, we are still 82% IHL.
- And IHL also, it is a prime segment, basically CIBIL score 750 and above. So that is exactly the, I would say, the domain, the territory of banks. So competing with them on the rate front is proving to be very, very difficult on our part. Banks have an inherent advantage of cost of funds. Their cost of funds are slightly lower. And slightly thing is that we borrow from banks, right? So basically, we are competing with our lenders, which is a difficult proposition.
- Hopefully, yes, hopefully, I think the rates are settled. And going forward, let us see what the RBI does, and we will have to match -- see, the problem is our banks are totally repo rate linked, right? So there is an advantage for us in an increasing rate cycle, the moment repo rate goes up, bank rates will immediately go up.

We do have some opportunity probably 1, 1.5 month's time frame where we can sit back and probably not immediately hike the rates and probably go in for a rate hike at a slightly later stage, which can give us this 1 month, 1.5 month advantage over the bank. So let us see how it plays out, and we'll be waiting for an opportunity and try to cash in on that.

**Lokesh Mundhra:** And Sanket, I want to add one more thing. The BT-out for the month of March is negligible. BT-out -- net BT-out -- so BT-out was 1,100 somewhere at the retail segment and the BT-in was 1,011. So net BT-out is hardly INR100 crores. So, looking at the size of this company, INR100 crores BT-out -- net BT-out is insignificant for the company.

**Sanket Chedda:** This for April, yes?

**Tribhuwan Adhikari:** Yeah, Sanket. What? Your voice was not very clear. Did you say something?

**Sanket Chedda:** Sir, I was saying relatively you are right that banks will always be more competitive on cost of funds, but within our peers or the NBFC set of companies, since we have a higher share of, say, in the capital market borrowings, our cost of fund inch-up will be relatively slower, right, in a rising interest rate scenario?

**Tribhuwan Adhikari:** Yes, yes, yes. Our cost of funds is definitely much, much less than that of NBFCs. We are AAA-rated, which is the highest rating you can get in the industry. Right? So, our cost on -- borrowing cost for the year was 7.27% cumulative and 6.94% incremental. This is the overall rate at which we borrowed in the last financial year. We expect -- yes, as far as the thing is concerned, we will definitely be getting lower rates as compared to NBFCs and other HFCs. So, we'll try to take it at an advantage. But, again, the problem, as I said, we are competing with banks. So even a borrowing cost of -- incremental borrowing cost of 6.94% as compared to the borrowing cost of a bank, including CASA, which probably would be 5.5%, 5%, it is still on the higher side. So we have a little bit of more tightrope walking to do as compared to banks. But yes, we have to be competitive, as I said, because it's -- because of the line of business, the segment in which we operate, IHL. We have to be competitive, we have to compete with banks and we'll do that.

**Lokesh Mundhra:** This year, our maximum borrowing is from banks and at floating rates only. So almost 82% we have borrowed at floating rates, especially from banks there is a substantial reduction in rate of interest. On an incremental basis, banks borrowing was at 7.85%. This year is 6.90% only. So a lot of cost benefit we got in the current year.

**Sanket Chedda:** And what I was alluding to is since we have a lot of NCDs, NCDs typically have a 3-year, 5-year maturity. So in that context also, our rate -- even if the rate increases, our rate increase will be relatively slower. The last question I wanted to have is, sir, if you can tell us something about April disbursements in terms of how it is versus last April? Any sense if you can give?

**Tribhuwan Adhikari:** No, disbursements in terms of what, Sanket?

**Sanket Chedda:** April disbursements in the month of April, how they have fared with last year, like for quarter, you were saying 15%, but April to April, the disbursement growth would be what?

**Tribhuwan Adhikari:** Yes, I told you, April to April, my disbursement growth is 20.87%.

**Moderator:** We will take the next question from the line of Abhijit Tibrewal from Motilal Oswal Financial Services.

**Abhijit Tibrewal:** Yes, Sir, 2 things. One is during your opening remarks, you have shared that domestic mortgage demand has remained reasonably resilient. And then you also shared that almost 20%, 21% kind of a growth in disbursements that we see in April this year. Just trying to understand, I mean, out of a few real estate companies, developers who've reported, we have started seeing some acknowledgment that footfalls have moderated a little bit.

Conversions are now taking longer. Customers are taking longer to make a purchase decision. So just trying to understand, have you started seeing any of that in April and May because your growth in April tells a very different story. So just trying to understand, I mean, what is your view on this?

**Tribhuvan Adhikari:** Yes, Abhijit, yes. Last quarter also, we grew by 10%, which was significantly higher than the growth in Q1, Q2, Q3. And then carrying it forward in April, we have shown a growth of almost 21%. So right now, the impact of either the West Asia crisis or the, I would say, slightly reduced outlook for the economy has not yet played out in us.

And I think typically, the reason is because of the segment we operate in, right? We are mostly into IHL, salaried class mostly. And number two, we are basically -- our ticket size is on about INR32 lakhs per loan. So basically, we are operating in the middle class segment. So right now, in this segment, not seeing too much of an impact. But if this crisis continues, the energy crisis continues, inflation goes up, definitely, there will be an impact.

The other part of it is which has me worried also to some extent, is the impact of AI, right? In India, we've been hearing a lot about AI and especially in the Western world. Right now, the impact, yes, there have been layoffs in India, but not to that extent.

So going forward, we'll have to be very, very cautious and I would say, on our feet and toes in assessing the impact on AI because some of the large centers where I do business, LIC HFL does business are basically centers which revolve around the IT industry, centers like Bangalore, centers like Chennai, centers like Hyderabad, Gurgaon, Pune.

So these are centers where a big chunk of my business comes in from. And these are centers which are totally, I would say, revolved around or evolved around the IT industry. So if AI -- the impact of AI does impact these centers, it is definitely going to impact my business also. So that is the worry for me.

Yes, West Asia crisis is a worry. Because basically, if you look at the housing thing, especially the segment ideally in the middle class segment, it is all sentiment based, right? If I go to buy a house being a middle-class man, I would first need to be very sure about my future, my future earnings, my capacity to repay.

So if there is any doubt, any hesitancy, I would defer the decision to purchase a house or take a loan, etc. So that could play out -- that could be maybe what is playing out when the developers are saying that we are witnessing slightly lesser footfalls or lesser interest.

And the other part of it is most of the developers, at least the big developers, if you see, they are into the semi-luxury and the luxury segment of the market. This is an area where we don't operate in. So there also, the sentiment plays a big hand. If a person or a businessman or anybody with money sees that my future income is protected, he's definitely going to go for INR3 crores, INR5 crores, INR10 crores or even INR100 crores Camellia.

So that could probably be the reasons. Right now, touch wood, we have not been able -- we have not felt the impact as such. Going forward, keeping our fingers crossed, hopefully, nothing happens.

**Abhijit Tibrewal:** Got it, sir. That's useful. Sir, the other question I had is, I am hoping you've not made any PLR changes in this quarter, which is yet to reflect in the reported yields, right?

**Tribhuvan Adhikari:** No, no, we have not made any PLR changes as yet. But yes, considering our cost of borrowing, which has increased in the month of March and April also, probably in the month of June, we will have to take a call on what we need to do. Definitely, at these rate -- at these levels of borrowing costs will be difficult to maintain the PLR at the rate at which we are maintaining.

**Abhijit Tibrewal:** Got it. But sir, just on that, I mean, from what I understand, mostly in the HFC space, we are price takers in the mortgage segment from banks. So unless there is a repo rate increase, do you think a PLR increase can be pushed through to customers?

**Tribhuvan Adhikari:** Well, if you're analyzing the banks, at least the quarterly results of banks, the NIMs of all banks are under pressure, right? Liquidity situation tightening, though right now, I have said that it is more or less adequate. But I think in the coming times, unless RBI intervenes in a big way, the liquidity situation is going to be tighter.

So again, I think banks also need to take a call as what they need to do with their NIMs. And similarly, if they increase then being in a competitive segment, yes, as I said, we have a leeway of probably 1 month, 1.5 months. But within a month, 1.5 months, we'll also have to increase if you want to protect our margins.

**Lokesh Mundhra:** Our cumulative cost as on 31st March, it was 7.27%. But as of now, there is no -- not an increase in that cumulative cost. Otherwise, there is a dip of at least 2 bps in that cumulative cost of borrowing. As of now, I don't think there is any need of increasing PLR or any rates. Let's see first quarter, then definitely we'll review it and then accordingly we will take a call.

**Abhijit Tibrewal:** Got it, sir. Got it. And then the last question that I had is, I mean, have you taken any technical write-offs or...

**Moderator:** Sorry to interrupt in between Abhijit. I request you to kindly rejoin the queue again for more questions. We will take the next question from the line of Renish from ICICI.

**Renish Bhuva:** Sir, my first question is on the NIM, right? So when we look at the spreads, actually it fell sequentially and largely due to continuous asset yield contraction. So just wanted to understand how do you see asset yields moving going ahead also considering we want to restrict BT out.

And also at the same time, we are thinking to modify PLR in the next couple of months. So yes, anything on the asset yield, what do you see, let's say, near term?

**Tribhuwan Adhikari:**

Yes, talking of spreads. We ended the year with a spread of 1.94%. And when compared to last year, the spread was 2.06%. So yes, definitely, there was a 12 basis point compression in the spreads. But this was expected. We were expecting this because of our competition with banks, the low lending rates, the BT outs, the rewriting and rewriting happens when a customer applies for rewriting at a lower rate as compared to his existing rate.

So rewriting almost INR40,000 crores of business got rewritten where the rates got reset. And we had to reduce our rewriting rates also to keep them in line with the market. So it's going to be a challenge maintaining NIMs, I'm telling you. Yes. But what we are trying to do, cautiously for the past 2 years, we've been trying to diversify our business from the predominantly IHL segment into the LAP and the LRD.

And I would say I am reasonably satisfied. In 2 years, we've been able to increase the proportion of our LAP and LRD business to around about 15%. Last year, it was at about 12%. So this year, there's a 3% increase.

Yes, nothing great if you talk about the percentage increase, but definitely a directional shift. And if you realize, if you understand right changing -- you can change products, you can change everything, but changing culture is very, very difficult. So predominantly, our retail dominant culture and moving it to LAP and LRD is going to take some time.

It's going to take some time, but we are definitely there. We would ideally like to have at least 25% of our business in the coming 2 years from LAP and LRD, which are margin-accretive segments. So that is the way forward. And the other thing, the affordable, of course, it will take time because we are setting up the vertical this year. So I expect another 2 to 3 years where we can get into the affordable.

And the third part is our -- the construction finance, right? Last year was not a very good year for us. There was a negative growth in the wholesale book, largely because of our restriction imposed by the Board on processing wholesale loans where the developers are rated BBB and above, right?

So that we have addressed. We have now come out with our own credit rating model wherein this BBB will be removed. And I think in the next month onwards, I think we should have a fairly level playing field for construction finance also. So that will give us some margin because construction finance our lending rates are slightly higher in construction finance. I think it's more about 11% -- near about 11%, right? So I think that should help me in protect my margins.

**Renish Bhuva:**

Got it. Sir, but if I -- LRD and IHL yields would be very similar, right?

**Tribhuwan Adhikari:**

No, LRD is slightly higher than IHL. We do not -- if my IHL starts at 7.15, of course, that is for the top bracket, top notch, 800 plus CIBIL My LRD would be starting at somewhere about 9.25, right. So there is a big...

- Renish Bhuva:** LRD would be closer to 10%?
- Tribhuwan Adhikari:** Starts at 9.25. Average, I would say, would be around about 9.75%. On an average, I think LRD would be at 9.75%.
- Renish Bhuva:** And LAP?
- Tribhuwan Adhikari:** LAP would be at 9 -- average would be about 9.3%, 9.4% lower than LRD.
- Renish Bhuva:** LAP is lower than LRD.
- Tribhuwan Adhikari:** Yes.
- Renish Bhuva:** Got it. And sir, just lastly, on this affordable piece, is there any target in our mind that, let us say, by '28, we want to scale this book to this level or something?
- Tribhuwan Adhikari:** Renish, no, right of now, no target. Right now, we are planning for the baby to be born. Now whether he becomes an IAS officer or a pilot or an astronaut, we'll see after he is born.
- Moderator:** We will take the next question from the line of Shubhranshu Mishra from PhillipCapital.
- Shubhranshu Mishra:** This growth that we are targeting of 10% to 12%, how do we decompose that segment-wise? And how much are we expecting for individual home loans? How much for LAP, how much for construction finance? Also, if you can give me segment-wise yield on books and segment-wise GS3 numbers?
- Tribhuwan Adhikari:** Segment-wise yield on books and...
- Shubhranshu Mishra:** GS3 numbers, gross Stage 3 numbers or segment-wise...
- Tribhuwan Adhikari:** Lokesh, just look at the segment. Yes. Talking about this 10% to 12% growth in the book, as I said. Yes, retail, we will be targeting about near about, I think, 15%, right? That is what the budget is for, the budget of INR73,000 crores.
- Last year, we had done INR66,000 crores. So the budget is around about 15% for retail. Project finance, we have reduced our budget from INR10,000 crores because last year, we just did about INR2,000-odd crores. We have reduced it from INR10,000 crores to INR4,500 crores.
- But honestly, heart -- my heart says that we should be able to do more because now, as I said, we have come out with a new credit rating model, which does not put this obstacle or limitation of BBB-rated companies. So I should be able to get a fairly wider pool to source my business from. Though we have set it at INR4,500 crores, I expect at least INR6,000 crores to INR7,000 crores from my project team to come put together.
- LRD last year, we have witnessed a growth of LRD and LAP, we have witnessed a 25% growth. That is not contributing too much of thing of my book right now. But LRD and LAP, I would expect this 25% growth rate to continue. In fact, I would expect it to accelerate because slowly, slowly, as we've been doing it for the past 2 years, there has been a visible momentum shift,

change in the mindset, change in the culture, the confidence level of people in writing this LRD and LAP loans has increased.

So approximately about a 25% growth in LRD and LAP this year, continuation from where we left last year, 10% to -- 10% growth in retail -- no, 15% growth in retail and approximately at least more than 100% growth in project because INR2,000 crores what we did last year, INR4,500 crores is the minimum target which we have to achieve this year.

- Lokesh Mundhra:** Shubhranshu, just I want to add, you wanted to know the segment-wise yield. So just cumulative yield on the IHL is around 9.03% for the cumulative yield. And for non-housing individual, it is 10.05%. And for others, corporate loans and project loans, it is 10.56% on cumulative basis. And in totality, it is 9.21%, our cumulative yield for the -- as on 31st March '26.
- Shubhranshu Mishra:** And GS3, sir?
- Tribhuwan Adhikari:** What rate?
- Shubhranshu Mishra:** Gross Stage 3 segment-wise?
- Tribhuwan Adhikari:** Stage 3 segment-wise.
- Lokesh Mundhra:** You mean Stage 3 NPA?
- Shubhranshu Mishra:** Yes, sir. Yes, sir.
- Lokesh Mundhra:** Segment-wise. So Stage 3 for individual loan, it is 1.03% only Stage 3 individual loans. And for NHC, it is 20%, 20% plus 21.02%. For NHI, it is...
- Shubhranshu Mishra:** Right. And sir, if I can just squeeze in one last...
- Lokesh Mundhra:** Yes, sir. 3.02%. NHI is it 3.51%...
- Tribhuwan Adhikari:** Non housing individual, this is basically your LAP and LRD. This is 3.51%...
- Lokesh Mundhra:** And in totality, Stage 3 is 2.15%.
- Shubhranshu Mishra:** Understood, sir. And if I can just squeeze in one last question, sir. So LIC holds a large stake in IDBI Bank and of course, it owns wealth as well. Is there any discussion at the Board level of a merger, then we get that cost of fund advantage as well, right, sir? So we don't have to compete with the banks anymore?
- Tribhuwan Adhikari:** No, no, no. That I think your DIPAM has already run with no merger of IDFC -- no, sorry, IDBI with LIC. They're not allowing that, though I...
- Shubhranshu Mishra:** But isn't that logical, sir. This will reduce our pressure -- cost of funds, sir?
- Tribhuwan Adhikari:** No, no, agreed. Subhanshu will do it. If you have some lobbying skills, you can lobby with RBI and tell them to permit. Regulator has to permit, Shubhranshu.

- Lokesh Mundhra:** Shubhranshu, we are not the right person to answer this question basically, it belongs to LIC...
- Tribhuwan Adhikari:** Because the regulator has to...
- Lokesh Mundhra:** Our parent organization.
- Tribhuwan Adhikari:** The regulator is not permitting, neither RBI nor IRDA.
- Moderator:** We have the next question from the line of Gaurav Khandelwal from JPMorgan.
- Gaurav Khandelwal:** I actually got 2 questions. One on the corporate NPA resolution, how much is the amount pending? What is the size of the resolution that you expect to book in May? And any more clarity on when can we expect rest of the resolutions to take place, sir?
- Tribhuwan Adhikari:** Well, if you look at the corporate NPA, our Stage 3 -- just a minute, that is 20.91%. He's wanting it's volume. Volume of total NPA -- breakup of...
- Lokesh Mundhra:** Gaurav, for corporate and projects, our NPA exposure under Stage 3 is INR2,837 crores.
- Gaurav Khandelwal:** Okay. And any time line?
- Tribhuwan Adhikari:** No, corporate NPAs, Gaurav, as I've been saying, corporate NPAs, these are a difficult piece to resolve because most of these are companies and they have their own legal teams. They are very adept in putting a spanner in the works. Yes, but then a lot of work has gone in last year, especially the big NPAs in the corporate sector, which we have.
- And we did resolve one INR70 crores through ARC sale in March of last year. There are others lined up, and I believe touch wood Q1 of the current financial year should be good. Another piece of news in advance is that we have gone in for a resolution in one of the big corporate NPAs where -- the resolution has been finalized in May of 2025 as per RBI directives and guidelines.
- The effect of that resolution can only be taken after a curing period of 1 year. So May 2026 is when that resolution -- the effect of that resolution goes into my books. So that would reduce my NPA as well as reduce my provisioning significantly. I cannot give you the exact figures right now.
- But overall, I think corporate NPAs are well on the way. Just keeping our fingers crossed lots of cases in the DRTs and the NCLTs, which usually takes time, as you know. But again, many of the people whom we have taken to NCLT and DRT wanting to settle. Of course, the moment we get a proper settlement price, which is, I would say, acceptable to both then the resolution does happen.
- And on top of that, ARCs, yes, we are pursuing ARCs. There have been just 2 ARC sales so far, but we are trying to rework our ARC policy, try to be slightly more accommodative and possible and try to offload bigger chunks of our retail NPAs, especially in the retail segment and just specified NPAs or difficult NPAs in the corporate segment. So all put together, all these 3 efforts

would result in a significant improvement in my asset quality, provisioning requirements. and the overall improvement in the asset quality.

**Gaurav Khandelwal:** Got it. That's very helpful. But if I just look at the bigger -- the larger picture, how are you internally thinking about the ROA in FY '27? So we ended the year at 1.78% in FY '26. From your comments, margins likely NIM is going to go down. You're going to do more of third-party distribution.

So that's an addition on the cost, DSA loans would cost anywhere between 50 to 100 basis points on disbursements as a percentage of the disbursement amount. Credit costs at best stays flat in FY '27 or potentially moves up. In that context, how shall we think about ROA for FY '27?

**Tribhuwan Adhikari:** No. Credit cost -- see, as far as NIMs are concerned, yes, we have given you a slightly lower guidance, but we would be looking at maintaining the NIMs at this level because, again, you'll have to see, yes, cost of borrowing is up. But then as I said, we'll have to take a call on the cost of lending also, and that should happen quickly, number one.

Number two, ROA, 1.78% for the year, right? This year, what guidance should I be 1.75% to 1.80% in the ROA under the existing circumstances, if things improve or thing better, we'll be looking. The target given by the Board is 2% -- target given by the Board is 2%, right?

**Gaurav Khandelwal:** Got it, sir. Okay. And any plans on increasing dividends?

**Tribhuwan Adhikari:** Well, dividends, we maintained it. Last year, we had increased it from 450% to 500%, right, INR10 per share...

**Gaurav Khandelwal:** Yes. But going forward, any discussions at the Board level because if ROA -- well, if ROA, let's say, is flat in FY '27, ROEs have been declining. So has there been any discussion on whether you want to increase payout to hit that 15%, 16% ROE mark?

**Tribhuwan Adhikari:** Well, yes, there was a discussion in the Board yesterday on this. Yes, certain Board members were of the opinion that we should increase dividend payout and other Board members were of the opinion that maybe we could find other ways of, let me say, rewarding investors. But nothing -- no decision has been taken. But let's see, going forward, how it goes, how it goes because this is a call to be taken by the collective Board altogether.

**Moderator:** We will take the next question from the line of Rakesh Kumar from Valentis Advisors.

**Rakesh Kumar:** So firstly, the question with respect to affordable housing. So what is the credit composition that we are looking at, like you referred the name of PNB Housing, like where we have seen composition rising from 2.7% to 9.4% from like year '24 to year '26 March? So how do we see affordable housing mix changing or like increasing because it is not there right now. So how to look like maybe 1 year down the line?

**Tribhuwan Adhikari:** Rakesh, honestly speaking, see, the baby has not yet been born. So we are first looking -- getting the baby born and then seeing whether it is healthy or not, how it shapes up. So honestly

speaking, right now, we have no targets in mind for the first year. Yes, eventually, we do realize this is a segment as a company, we have to be in.

We also realize that this is a segment which is completely new to us. And so we are cautious that we should not jump into it head first and burn our fingers or burn our heads, if I may say so. So we will be taking a thing.

We'll be setting up the vertical. And I said, this vertical has to be run by people who are experts or who have experience in running or working in the affordable segment vertical, right, affordable segment. So honestly speaking, yes, in the long run, we would expect this segment to contribute significantly to the business of the company. But right now, we have no targets. We have not set any targets.

**Rakesh Kumar:**

Got it. Got it. Just one small question. Like if we look at like in the declining interest rate like phase, we have seen like our funding cost going down by 46 bps and credit yield going down by around 58 bps. So assuming like from the next year onwards, if we see rising interest rate scenario, so would we see the reverse like and to what extent possibly?

**Tribhuwan Adhikari:**

So looking into the very competitive scenario, which we are in, right, competing with banks. So I do not see a major reversal happening with the interest rates going up because, yes, interest rates going up, it does give the housing finance companies the benefit of slightly higher rates or higher spreads or higher margins.

But then again, if you have to compete with your competitors, you cannot do things which are completely different from what they are doing. Until and unless you are going to -- you are able to enter into segments into which your competitors are not very comfortable with or not very, I would say, focused on. So that is precisely what we are trying to address it from the 2 fronts.

Number one, knowing very well that IHL is our forte. We are not going to, I would say, dissuade people from doing IHL. Rather, we would say we would try to encourage people to get into LAP and LRD more. We have done that. The difference -- the rate of commission we are paying on LAP and LRD is slightly higher differential as compared to IHL.

And there has been a visible shift, as I said, about 15% business coming in from there as compared to 12% of last year to 3% increase in 1 year. Going forward, as this momentum picks on, people become more comfortable with selling LAP and LRD, I expect this percentage share to increase further.

So these are margin accretive, right, as compared to IHL because IHL is something which is giving me the lowest margins and lowest spreads. So these are margin accretive. So that is the segment we are trying to focus on, but it cannot happen overnight. We are a company for 36 years doing IHL, we cannot suddenly expect them to suddenly shift to whole hog to LAP and LRD.

It's going to be gradual, but definitely that -- directionally, we are there. We would like to increase the pace, of course. So that will probably give me a slightly better spread and maybe they help me to maintain my margins, which I have declared this year, my NIMS.

**Lokesh Mundhra:** Rakesh, I want to add one more thing. Our spread is 1.94%. If you see the industry average, it is on a better side. So if we are able to maintain this similar spread, then I think definitely our margins or NIM would be better in the current coming year.

**Moderator:** Thank you very much. Ladies and gentlemen, we will take that as the last question. And with that concludes the question-and-answer session. I now hand the conference back to the management for closing comments. Thank you, and over to you, sir.

**Tribhuvan Adhikari:** Yes. Thank you, friends. Thank you for joining us on this conference call. We have outlined what we feel are going to be our strategy or our thought process in the coming financial year. And as I said in the very beginning, with the volatile situation, the geopolitical uncertainty in the markets right now, we are keeping our fingers crossed.

We are looking at whatever is happening in the geopolitical world and also on the economic front in the country. Hopefully, things should turn out for the better because, again, we are a global -- this is a global -- this crisis affects the entire world. I'm sure the world leaders would get together and try to get out of this crisis rather than sticking on to their egos.

So hopefully, we started the year well. We started the year well, and we are hopeful -- not only hopeful, I think we are positive that this year is going to be a better year than that for last year. Looking forward to meeting you at the end of Q1 and discussing and analysing the situation further. Thank you all. Thank you for participating in this conference call.

**Lokesh Mundhra:** Thank you everyone.

**Moderator:** Thank you, members of the management. On behalf of Axis Capital Limited, we conclude this conference. Thank you all for joining with us today, and you may now disconnect your lines. Thank you.