03 February 2024

THE MANAGER, BSE LIMITED DCS - CRD PHIROZE JEEJEEBHOY TOWERS DALAL STREET, MUMBAI - 400 001	**THE MANAGER, LISTING DEPARTMENT NATIONAL STOCK EXCHANGE OF INDIA LTD. EXCHANGE PLAZA, C-1. BLOCK G, BANDRA - KURLA COMPLEX, BANDRA (EAST) MUMBAI - 400 051**
SCRIP CODE: 500034	**SCRIP CODE: BAJFINANCE – EQ**

Dear Sir/Madam,

Sub: Transcript of Conference Call held in respect of the Financial Results for the quarter ended 31 December 2023

Ref: Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations') r/w Clause 15 of Part A of Schedule III to the SEBI Listing Regulations

In furtherance of our letter dated 29 January 2024, the transcript of Q3FY2024 investors conference call has been uploaded on the website of the Company at https://www.aboutbajajfinserv.com/finance-investor-relations-quarterly-earnings-call

Also, enclosed is the transcript (pdf) as attachment for ease of reference.

Kindly take the above on record.

Thanking you,
Yours Faithfully,
For **Bajaj Finance Limited**

VIJAY RAMCHANDRA

Digitally signed by VIJAY RAMCHANDRA
DN: c=IN, o=PERSONAL, pseudonym=af20ff9cad3d4f5caf0aef4cad9c0847, 2.5.4.20=c78f85aa58180cc29440efb4e892d483d085d17b433a905c56ab2b61527257bf, postalCode=560027, st=KARNATAKA, serialNumber=fc8684b15269c625c72aa7633770e8c160d844db57fa2ef224f0cee0a8c26d0e, cn=VIJAY RAMCHANDRA
Date: 2024.02.03 17:00:48 +05'30'

R. Vijay
Company Secretary
Email ID: investor.service@bajajfinserv.in
Copy to Catalyst Trustee Ltd. (Debenture Trustee, Pune)

Bajaj Finance Limited

Q3 FY '24 Earnings Conference Call"

January 29, 2024

MANAGEMENT: **MR. RAJEEV JAIN – MANAGING DIRECTOR – BAJAJ FINANCE LIMITED**
MR. SANDEEP JAIN – CHIEF FINANCIAL OFFICER – BAJAJ FINANCE LIMITED
MR. ANUP SAHA – EXECUTIVE DIRECTOR – BAJAJ FINANCE LIMITED
MR. RAKESH – EXECUTIVE DIRECTOR – BAJAJ FINANCE LIMITED
MR. ATUL JAIN – MANAGING DIRECTOR – BAJAJ HOUSING FINANCE LIMITED
MR. MANISH JAIN – CHIEF EXECUTIVE OFFICER – BAJAJ HOUSING FINANCE LIMITED

MODERATOR: **MR. SAMEER BHISE – JM FINANCIAL**

Moderator: Ladies and gentlemen, good evening, and welcome to Bajaj Finance Limited Q3 FY '24 Earnings Conference Call hosted by JM Financial 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sameer Bhise from JM Financial. Thank you, and over to you, sir.

Sameer Bhise: Thank you, Neerav. Good evening, everyone, and welcome to the Q3 FY '24 Earnings Conference Call of Bajaj Finance Limited. From the management team, we have Mr. Rajeev Jain, Managing Director, Bajaj Finance; Mr. Sandeep Jain, Chief Financial Officer, Bajaj Finance; and the entire senior management team of Bajaj Finance Limited.

As usual, we will first start with opening remarks from the management team post which we will open the floor for Q&A. At the same time, I would also wanted to thank the team of Bajaj Finance for giving us the opportunity to host this conference call.

With that, I hand over to the management team. Over to you, Rajeev, sir. Thank you.

Rajeev Jain: Thank you. Thank you, JM. Good evening to all of you. Good morning, depending on the geography. I have with me Anup, Rakesh, the two Executive Directors, and whole host of -- Atul Jain, Managing Director, BHFL; Manish Jain, CEO, BHFL; and, of course, Sandeep.

I'm referring to the presentation that we have uploaded on BSE and NSE stock exchanges. We're having some DLP issue on the website, so -- on uploading it. So please refer to the stock exchanges for the presentation. I'm referring to the investor deck.

It's long agenda. Jumping right straight into Panel number three. As part of this, there are four key updates I'm going to share today: first is, of course, quarterly financial performance; update on regulatory matter; long-range strategy because it's the third quarter of the year, which is really when we annually last turn was started to share our long-range plan; and the set of key senior management portfolio changes that we've embarked on. I intend to take not more than 25 to 30 minutes, so that I can leave sufficient time for Q&A.

Jumping right to Panel number five. Executive summary. Mixed quarter. Good quarter on AUM, customer acquisition, portfolio metrics and operating efficiencies. Strengthened capital position with a capital raise of INR9,100 crores. Dampener for the quarter were elevated loan losses and impact of regulatory action. Overall, delivered AUM growth of INR2,700 crores, booked just a tad below 10 million loans, 9.86 million loans and highest ever new customer acquisition of 3.85 million customers. Bajaj FinServ App now has 49.2 million customers.

In terms of AUM, AUM stood at -- just tad below INR311,000 crores, growth of 35%. Opex to NIM came in below 34% for last 2 quarters consistently. PAT came in at INR3,639 crores, a growth of 22%. ROE of 22%. And net NPA at 37 basis points.

Some more texture on the quarter. On Panel six, just quickly. You're aware of the AUM growth. In terms of B2B, overall disbursements are up 32% at INR21,686 crores, as against INR16,500 crores. In terms of customer franchise, company now estimates overall customer addition at 13 million to 14 million for full year of FY '24. In terms of customer -- overall franchise, we expect to end the year between 82.5 million to 83 million customers. In Q3, the company added 158 new locations and 9,500 distribution points. Overall geographic footprint is now at 4,100 locations.

Clearly, cost of funds, inching up slowly. But given our diversified profile, it's a very slow movement. In Q3, cost of funds came in at 7.76%. It was an increase of 9 basis points over the previous quarter. Deposits book grew in line with the balance sheet grew by 35% and stood at INR58,000 crores. Deposits now contribute to 22% of consolidated borrowing.

In terms of operating efficiencies, net interest income grew by 29%. NIM compression in Q3 was 11 basis points. As you saw, cost of funds itself rose by 9 basis points. And given the increase in risk weights and higher incremental cost of funds across all businesses of the companies on our portfolios, company effective January 1 has increased interest rates by 20 -- 30 basis points to mitigate the impact of cost of funds and higher risk weights.

In Q3, opex to total income -- opex to NIM came in at 33.9%. The company is -- as we get into next year planning cycle, the company is working to enhance operating efficiencies by implementing a host of Gen AI capabilities and other digital initiatives to ensure that we can continue to keep bringing this number down.

Employee headcount stood at 54,300 people. We net added 3,200 people. The annualized attrition came in at 13.8% versus 19.1% a year ago. Credit costs, which, as I said, was one of the dampeners of the quarter, let me spend 2, 3 minutes on it. Loan losses and provisions were INR1,248 crores. The losses were primarily on account of two portfolios of the company.

For Rural B2C business for the last two quarters have been elevated. They remained elevated even in Q3. The AUM growth of that business continues to slow down as a result of risk actions. In March quarter, it grew by 26%. In December quarter, that portfolio has grown only by 10%.

The second reason why credit costs were elevated in the quarter was Urban B2C business. They were higher due to lower collection efficiencies. The Urban B2C portfolio principally sees the transient frame. Rural B2C, as you have observed, continues to be inside our problem. I've said this in previous calls as well. And between risk and data, the call is always risk. And that's why the growth rates of the business has constantly been brought down until the time that we can start to see gross flow rates in that portfolio improved.

Annualized loan loss to -- in the process, annualized loan loss to average AUF excluding management overlay, if you account for it, was 1.79%. On a full year basis, we expect annualized loan losses to average AUF to hold at 1.79%.

It's important just in the context that pre-COVID, we used to be at 1.89% in FY '20. FY '18-'19, we used to be at 1.6%. We foresee the numbers to continue to straddle between 160 to 180 basis points as we move forward.

As a result, GNPA and NNPA came in at 95 basis points and 37 basis points, remains amongst the lowest -- probably the lowest in the industry and lowest for us for -- by a mile. On a year-on-year basis, it came down from 1.14 to 95 basis points and 0.41 to 0.37. Risk metric, as I said, across other than Rural B2C business continue to remain in good shape.

On Panel 8 quickly, as a result of the consolidated pre-provisioning profit grew by 27%, given good control over operating expenses. Consolidated profit before tax grew 22%. As you can see, while NIM continues to soften gradually on account of lagged effect of cost of funds, in Q3, the elevated loan losses and impact of regulatory action has led to profit growth being lower by approximately 5% to 6%. It happens of these two, and there's no such thing absence of these two, but just at a mathematical level, the normalized frame would have been 27%, 28%. But that's mathematics. The real numbers are a growth of 22% for the quarter.

Consolidated profit after tax grew 22% to INR3,639 crores. And ROA came in at 4.92%. And ROE came in at 22%. Capital adequacy remains strong. But as a result of the RBI's increase in risk weights from 100% to 125%, overall, it had impact of 290 basis points on the company's CRAR. And adjusted for this change, CRAR is now at -- is at 24, otherwise, it would have been 26.7.

Additional updates are known. So I'm going to jump forward. Just quickly on BHFL. BHFL, good quarter. AUM was up 31%. Home loans AUM grew 21%. Loan against property grew 15%. And LRD grew 70% and DF grew 74%, albeit on a low base, mainly DF, and Rural mortgages grew 19%. Portfolio composition remains at 56%, 9%, 19%, 10%, 4% and 2%, which is principally very similar to where it was 4 quarters ago.

Net interest income grew 17%. Clearly, there is a margin pressure in that business as well. As a result, the NIM growth was 17%. opex to NIM continues to come down gradually and came down to 23.2% versus a year ago of 24.5%.

Credit costs. Clearly, the GNPA stood at lowest in the industry at 25 basis points and 10 basis points. The profit after tax grew 31% to INR334 crores.

Very quickly to BHFL. BHFL has started to turn the corner, added 38,000 customers. but principally on the organic, does not do business with affiliates anymore given that the model was not economic in nature, at least from our standpoint, and as most of the business from the FinServ app. Margin trade financing business grew given the changes in regulations. Profit before tax came in at INR22 crores for the quarter. And profit after tax came in at INR16-odd crores. Continues to invest in new features on the App and Web platforms.

Jumping right over to omnipresent. There is a noise in the data given the embargo. So downloads in the quarter were marginally down post 16th November. Net installs were marginally down on the next panel. Wherever you see stars, principally have a transient impact as a result of the embargo. Otherwise, we continue to invest in the digital assets to make it more -- the UI and UX more and more convenient for the consumer. So I would ignore the -- these 2 panels from a quarter standpoint given that they had some impact as a result of embargo.

Jumping right over to Panel 32 now, which is the quarter-on-quarter. As you can see, assets under management grew 35%. NII grew 29%. Net total income grew 25%. Pre-provisioning profit grew 27% and PAT grew 22%. Operating expenses to NIM came in at 33.9% and annualized loan loss to average AUF, I have already shared the numbers.

What I do want to spend 2 minutes is on 9 months so far look like 35% balance sheet growth, 29% NII growth. Total net income growth is 26% and profit after tax growth is 27%. And so far, the -- for 9 months, the operating expenses look like -- opex to NIM looks like 34% and annualized loan loss to AUF looks like 1.61% and ROE looks to be 22.3%.

Let's now jump quickly to panel -- to the portfolio mix, which is Panel 49. I'm rushing through a little bit because I have some more sections to cover, some important sections to cover. I'm on Panel 49. The composition of the balance sheet remains largely stable, plus/minus 1% on a year-on-year basis. 2-wheeler and 3-wheeler stood at 5.1% and 6.2%. Urban B2C, 20.7%, 19.8%. Rural B2C, as I've said earlier, it includes gold loan from March quarter on -- I mean, June quarter onwards, which is as we get into next year, we'll separate gold loan, 8% down to 7%. Still does not take into account the impact of gold loan. Adjusted for that, this number would have been like 6% to the point earlier made.

SME lending -- so plus/minus 1%. The mix remains largely same. Jumping to GNPA and NNPA data. On a year-on-year basis, marginal movement, plus/minus. On an aggregate basis, we -- from 1.12%, were down to 0.95%. And NNPA down from 0.41% to 0.37%. You'll see some movements, as you can see, on a GNPA basis, Rural B2C is sideways. On NPA basis, there is a 13 basis point movement. And Urban B2C, there is an 18 basis point movement. Mind you, these numbers are lower than what they used to be in pre-COVID time.

On portfolio credit quality, the bars that we've been publishing for many years from a management assurance standpoint. The only yellow remains Rural B2C. As you can see, 98.32% pre-COVID is at 97.98% and 1.09%, which is Stage 2 assets is 1.5%. But since there's a noise in the quarter on account of Urban B2C, it's important for me to spend 1 minute on it, just go back to Panel 56. So it used to be at 98% current. It's at 98.6% current. And 143 basis points of Stage 3 assets is at 95 basis points. So it's principally a transient movement at this point in time, but we remain watchful.

That largely completes the first part of my section on quarterly. I just thought we'll also provide an update to you on the regulatory matter. I'm in Panel 60. RBI directed the company to stop sanction and disbursal of loans under its 2 lending products, mainly eCOM and Insta EMI Card on account of implementation of deficiencies and implementation of digital lending guidelines, mainly non-issuance of KFS statements.

In compliance, we've already published to the Street that the company temporarily suspended sanction and disbursal of new eCOM loans, which used to be 250,000 to 280,000 loans in a month between marketplace and eCOM loan and Insta EMI Card effective November 16. Also, it temporarily suspended sourcing and issuance of new EMI cards and levy of annual renewal fee, which is levied on those clients who do not use the card once in a year.

Since 16th November, the company has conducted a comprehensive review of the guidelines on digital lending and KFS. It has sent the KFS to the entire active base already and is implementing requisite corrective actions. We scanned through the entire frame to ensure that we are in full compliance of the executive order. And everything else is done except for 2 areas that we thought from a complete spirit standpoint that we ought to complete, which was a digital signature on every KFS account and a vernacular in 20 different languages given our scale and breadth. So they're just getting completed and sometimes very, very soon, we will be filing for compliance.

But these are -- given our scale and complexity, were large changes, and that's taken. But we wanted to make sure that we are fully compliant in form and spirit and that's how we are making sure that we are completing them and filing for compliance. So that's really on the regulatory matter.

Let me now jump to long-range plan. We shared last year that the company for the last 14 years runs on an ongoing -- on annual ritual basis a long-range strategy exercise, which allows us to seize the India opportunity and seize the financial services opportunity. It's the 14th year of our long-range planning process. And as part of that, we published a construct and the strategy.

So to stay to the spirit of that frame, we're here to share the second update on the LRS '24-'25. In terms of business construct, last year, we had shared 6 key dimensions, which drive, which guide our basic construct as a company: it was ambition strategy, approach, philosophy, market share and profit share. This year, as part of sharpening the pencil, we've added 2 new dimensions of customer share, which is to grow our share of customer. Acquire and sell -- cross-sell has been a strategy, but customer share, which we started to publish 2 quarters ago as part of our product per customer metric, we thought from a construct standpoint, as a company, the franchise grows larger and larger, it's important to create -- to add this dimension as part of our basic construct.

So -- and the intent is to deliver reduced friction, intend is to deliver highest customer satisfaction score and intent is to in the process grow products per customer.

In terms of technology and data, first, while you may say that's really where how we built the company over the last 17 years. But it was -- what we are principally saying is that using technology and data first to solve all our problems and be an early adopter and invest in emerging technology and data practices. And it should eventually, in the process, result in sustained growth, superior customer experience, improved productivity and robust controllership.

So these are 2 new additions to our construct. And as we continue to grow larger in size and more complex, clearly, some of these construct dimensions will ensure that we are -- we remain within the guardrails of what we -- what got the company to be here.

This is an update what we said last year. We last year identified on Panel 65. This is an update on what we said last year. It's good to identify megatrends. How well are we doing against it is more important than identifying megatrends. As you can see, clearly, out of 15 megatrends, 12 are in progress. Account aggregator, we expect to end the year with consents of 7 million customers by March '24. Social as a platform. ONDC will go live by June '24. Social as a platform by June '24. Rewards as a platform by March '24. Offline to online, it's already gone live, and 5 events if any of you as a customer. And all, offline to online and online to offline even should have gone live by June '24.

So between -- whether you're a store or you're an app or you're a web, you will have a synchronized experience by June '24.

In terms of work in progress, clearly 2 areas, which is vernacular and voice, which are work in progress. On products, pre-owned has gone live, Bajaj Plus would generate this year 2 million loans. UPI is open architecture. The technology infrastructure is ready. We are awaiting regulatory approvals. Monetizing digital assets from an infrastructure standpoint would be ready by March '24.

Just a quick update on strategy that we articulated last year. Good product across key strategic blocks of products, geography, platforms, horizontal functions and subsidiaries. I'm on Panel 66.

On products, company launched 5 new product initiatives. Went live with emerging corporates, auto loans, microfinance and tractor finance and -- as products in the last 1 year. On geography, we have added 139 locations in UP, Bihar and have created a template, which in a sustained manner should allow us to launch all our products in all our locations in a sustained manner over the LRS period.

On platforms, well positioned from experience standpoint and from new platform launches standpoint and continue to invest in horizontal functions in reducing friction and improving resilience and scalability.

Just jumping to now what does future holds for us from a rolling standpoint. I'm on Panel 68. Clearly, from our internal forecast standpoint, we think the next 5 years rolling, including the current year and plus 4, the total trade market will grow by 12.7%. Commercial in our assessment will grow by 6.8% and retail in our assessment would grow by 15%. That's just outside-in view.

In terms of inside-out view, we are principally -- or primarily a retail company with 86% of the portfolio being retail and SME. And Panel 69 is really what is relevant for us. By '25, what we foresee is that other than agri, we as a company, should be able to offer all products that are retail and MSME customers may require from us. It would have been a good 18-year journey in which is the time we would have taken to offer in a gradual manner and a profitable manner for all our products to a customer franchise.

From a megatrend standpoint, we've identified overall 10 new megatrends. CBDC, nothing on the platform in the current year. Four key areas of products. While we cannot do credit on UPI, but we think it's a trend. So we can -- it's a megatrend, we'll keep watching it. Non-banks are not allowed to do, as you are aware, but plastic is a form factor. Future of device.

In technology clearly, generative AI. Generative AI, digital fraud, cybersecurity and blockchain. So these are 4 areas. And in 3 of them, we intend to make significant progress as we move into next fiscal.

Clearly, climate risk, while we are a retail company, but it's a practice we started to build in the risk side of the business to start to seriously look at the impact that it has on whether in retail or on MSME clients.

In terms of strategy, very quickly, I am coming to the end of monologue. Please bear with me for 5 more minutes. In terms of strategic construct on Panel 72. Clearly, on products, the ambition is to be among top 5 players in each product line in LRS period. We'll continue to invest in new product lines, clearly, to seize India opportunity.

People argue, i.e., questions, is it because you're growing slowly? That is not the point. It is to see India opportunity and to grow in a sustained manner. That's really our objective as India per capita grows, as India grows. And given the capital, talent and long-term orientation that we have, we would like to offer all the products that our clients need.

So it's not like this conversation keeps happening. We are not launching new lines because we're not seeing growth. And for that matter, if you went back to -- for a moment to panel -- to the mix point, which I missed actually talking about, the growth in the quarter across -- just give me 1 second, on Panel 49, 2-wheeler, 3-wheeler grew 64%. Urban sales finance grew 44%. These are businesses that are 17-year old. Urban B2C grew 29%. Rural sales finance grew 40%. It's a 10-year-old business. Rural B2C, of course, I articulate because it's a risk that we have. SME lending grew 39%.

So it's not we're launching new lines because the -- we are short of growth. LAS is a 17-year-old business, grew 45% and so on and so forth. It's because we want to seize India opportunity that -- and we have a longer-term view on -- given our ambition is why we launch new products.

Going right back to 72, on geography. Clearly, we are at 4,100 locations. We increasingly foresee that the -- we are really deep. It's more products in those locations and branches rather than more locations. So clearly, that's the way forward rather than more branches or more locations. And that's why you see the frame to be all products in all locations.

On platforms, clearly, dominate all digital platforms. We are today at 5 million organic downloads a month. We've got to get to 10 million organic downloads a month. We -- 2 years ago, we were doing virtually nothing. If from 0 to -- we can get to 5 million. We have clear strategy road map to get to 10 million a month to get to 100 million overall net installs as a company in the LRS period.

On consumer web, clearly, to be more efficient, we've got to focus on organic rather inorganic. We do very little inorganic any which ways. But even otherwise, given our growing breadth, the goal is to generate 1 billion organic hits on the web assets as you move ahead.

On horizontal functions, given our growing size and scale, the goal is to solve the hardest problems in our business and to reduce friction on one hand for consumers, scalability for us as a company and resilience. I think -- so clearly, business -- function by function, the goal you will see is on 0, 0, 0, on DMS zero complaints, to an operations at service 0 paper, to 0 identity mismatch and so on and so forth. And treasury 0, liquidity drag. So clearly, start to focus on solving the hardest problems is really where the horizontal function stream is headed to be.

We delivered all this, which we have so far done over the last many years. In FY -- by FY '28, we could look like 130 million to 140 million customer franchise, 80 million to 90 million customers. Cross-sell franchise, 3.8% to 4% of retail credit and 3% to 3.25% of total credit and should be present in 5,200-odd locations with 120 million to 150 million installs.

So I think we remain anchored and committed to generating these outcomes on a long-term basis and ensuring that we remain accountable to do that. As we add to the majority shareholders, we intend to do that for minority shareholders.

That brings me to the last section of -- on key -- on a set of key senior management portfolio changes. As you can see from the LRS update, the company remains pretty excited about its long-term growth prospects and remain highly committed to continuous transformation as a company, shareholder value creation, good customer service and fostering a supportive and dynamic work environment.

In order to prepare the company to achieve its long-term growth objectives, the Board of Directors as part of its nomination remuneration have approved the following senior management portfolio changes. They are subject to -- the first one is subject to shareholders' approval. Balance are internal changes.

What we have -- what the Board of Directors recommended is for Anup Saha, who's been with us for the last 7 years, subject to shareholders' approval, to move as -- from Executive Director to move as -- to be designated as Deputy Managing Director. In addition, to assist Anup, we're creating 3 new Chief Operating Officer positions, Deepak Bagati, who currently runs Debt Management, would incrementally run Debt Management, Operations, Service and Public Relations; Sandeep Jain, who currently runs -- who's the CFO, runs Treasury and Investor Relations and FP&A, would also run Human Resources, Administration and Legal; Anurag, who currently is the CIO and Strategy Head, would run Marketing and Digital platforms as well.

Lots of noise about me on an ongoing basis. I thought we'll just put all of that to rest as to what would I do? I'll continue to be actively involved in shaping the strategy of the company of -- and its subsidiaries and I will remain -- will engage with the CEOs of the wholly owned subsidiaries to achieve short-term and long-term objectives of the company -- of BFL and its subsidiaries. Anup will work for me. The commercial lines of businesses will work for me, risk, Compliance, Internal Audit and CISO, which are important statutory positions, will also work for me.

Rakesh, who's been -- me and Rakesh go back 30 years, who's been an important member of the management team in shaping the company, its innovation and its various control functions, has resigned from the services of the company. He's an outstanding leader and really helped us achieve various milestones. He will be deeply missed. He'll remain with the company until June 30. After June 30, he'll remain as an adviser to the company and will work with me.

These announcements should make the company stronger, of course, not Rakesh's departure. He'll be deeply missed, as I said. Subject to shareholders' approval on Anup's appointment, these changes are effective 1st of April.

That brings me to in an uncluttered manner, all that you guys have been asking, the 4 key areas of -- of course, quarter is quarter, but otherwise, update on regulatory matter, long-range plan for the company and senior management appointment changes.

I'm sorry for the monologue. I hand it over to you guys for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Viral Shah from IIFL Securities.

Viral Shah: So I have two questions. One is basically what gives you this confidence on the -- sorry, the Urban B2C where the rising delinquencies, you mentioned that it is transient. I get it that it is lower than what it has been pre-COVID. But given the trends that we are seeing in the other segments of unsecured loans, even including credit cards, are you seeing higher delinquencies even in the higher ticket size PL segment? And how should one think of it?

Rajeev Jain: No. Don't think of it. Go by the data, right? I mean that's why I made the point that clearly, you see in Rural B2C, numbers slowly go down, which is not how you see in Urban B2C. So we'd rather be data dependent than anything else. I think that's the only one point I would make at this point in time.

It not mean we are not to remain watchful. It's an important point, but remain data dependent. At this point in time, it looks transient is what I would say.

Viral Shah: Okay. And also as a corollary to this piece of the question...

Rajeev Jain: And mind you, just as a separate point, if you look at the last 4 quarters of growth, given what we saw on B2C, on the margin, we have cut even Urban B2C. We've actually cut quarterly close to INR450 crores to INR500 crores of business because at some point, India starts to be rural and urban as a mix.

So we have in Urban B2C, on a preventive basis, in the last 2 quarters more so -- have -- actually 3 quarters, have taken action already and reflected in a 3% lower growth on a year-on-year basis. If you look at it, March quarter was 32%, 33%, is down to 29%. So on a preventive measure, that action has been taken.

Viral Shah: Fair enough. And how do you see it going ahead? I know we're data dependent but any sense on how you're seeing?

Rajeev Jain: So clearly, as Viral, we've said that we foresee the number to remain anchored from a guidance standpoint between 175 to 185 basis points, which is really where the number was pre-COVID. So -- and mind you, during this period are -- there are a reasonable level of changes that we made to our provisioning policies.

Customer-level GNPA, just to give you an example, never used to exist. There are a whole host of things that never used to exist; pre-COVID, but I'm still going by that to make the point. So as you guided, as part of this presentation, that we foresee the number to be between 175 to 185 basis points. That's really where the number is likely to be.

Viral Shah: Sure. And 1 more question I have is on, basically, with regards to your entire digital and the text setup we have. So over there, are you seeing some -- the progress of the adoption on the digital platforms kind of slowing down? Because I see -- again, I'm not referring to the segments, which are impacted because of the regulatory restrictions. But if I look at the growth in the digital app downloads that is slowing down, the credit card acquisition on app is declining.

Rajeev Jain: Viral, as I said, focus on the star marks that principally the -- it's a transient because from 16th of November, we're could not do Insta EMI Card. Insta EMI Card alone quarterly used to be 150,000 accounts just from the app. The numbers are published, 140,000 to 150,000 accounts. So take these 2 panels, as I said, on a transient basis.

We continue to invest deeply. I mean I said in the last call actually that by June '24, the asset would be -- is getting mostly fully refreshed. And as the January Sprint and the March Sprint goes live, we will start to see visible changes. So we continue to invest and digital assets require ongoing investments and ongoing deep investments and deep commitment.

So -- and as I said earlier, from 5 million a quarter, we have planned to get to 10 million -- sorry, 5 million a month, we have planned to get to 10 million a month. All organic mind you. To get to this 49 million, we have not spent -- we spend very little money. We just integrated the infrastructure to make it meaningful for the consumer. So answer is no. We remain -- just 1 point, Viral, I missed, I should have mentioned it probably that the purpose of the platforms and it's part of the deck is to generate eventually 25% of the business.

So to give you an example, that's where the star marks are creating a transient frame that, let's say, instant personal loan, we stopped on account of KFS. That's where the metrics are looking slower. So just ignore this for until such time there's embargo. Post that, we should be back in a growth mode -- we should be back in significantly higher growth mode.

Viral Shah: Got it. And just last very small question more directionally. I noticed that last few months back, there were some changes in the Articles of Association enabling the company to issue credit cards. So is there anything on the enliven in terms of making an application to RBI?

Rajeev Jain: Nothing. No.

Moderator: Next question is from the line of Abhishek Murarka from HSBC.

Abhishek Murarka: So my question is on growth. So you can see that there are sort of elevated NPA pressures in the system, also probably elevated regulatory scrutiny as well. But for you, the growth continues to be pretty strong. And do you see any risk to that or your intentional slowdown that you've done for maybe a couple of businesses. But on a broader basis, do you see that sort of overshadowing the distribution-driven tailwind that you have for growth?

Rajeev Jain: So the good part of it is that -- okay, so there are 2, 3 dimensions of this growth and risk, risk margin and growth margin. The fortunate thing for us is the tailwind is that there is strong growth, okay? So that means you have the latitude, if you want to calibrate. I'm not saying slowdown. I'm saying to calibrate between these three dimensions of risk, growth and margin to ensure we deliver what we call the optimized return on asset and return on equity.

As I said earlier, Abhishek, we've launched new lines. The new lines are -- so 9-month growth, as I said, is secular across businesses. B2B was strong, 2-wheeler and 3-wheeler financing volumes were strong. Commercial lending was strong. Product mix, we expect it to remain stable. So I think we just continue to pivot and re-pivot between growth, margin and risk and remain committed to deliver a rightful outcome to shareholders.

So growth is tailwind. Margin is a little bit of headwind. Risk is a little bit of headwind, I think. So that's -- does that answer your question? Or you have a follow-through question?

Abhishek Murarka: Yes. Actually, I do. So let's say -- are there any particular segments where you see that for a prolonged period, you need to slow down basically because systemic risks are rising? Or maybe you're not making these kind of margins?

Rajeev Jain: I mean, look -- I mean, monthly, personal loan disbursals are INR70,000 crores. We know that our franchise takes of that INR70,000 crores a month between INR40,000 crores and INR42,000 crores, INR43,000 crores -- between INR38,000 crores and INR42,000 cores, INR43,000 crores. We only get INR4,000 crores, INR5,000 crores of it.

I mean that's -- so there remains significant opportunity without diluting risk or margin. So I think the franchise is extremely strong, and it's -- the optimal frame is really where the frame is. The new lines business has gone live. Auto is now already doing 200 -- new auto is already doing INR200 crores, INR250 crores a month. LAP, which we started in BFL, is now already INR250 crores a month. So those are new lines, but they, as I said earlier, existing lines itself remain with a lot of opportunity and excitement in. We'll calibrate between the three is all we'll continue to do.

Abhishek Murarka: Got it. Got it. And my second question, Rajeev, is on asset quality. So one thing, if you can provide some comment on what exactly is happening. Some of your peers are saying that personnel leverage has now become a systemic issue. You've been saying that for a while. And if you look at your own GNPA numbers in some cases in 2 quarters, it's increased 50%, 60% or more, absolute numbers. So what's happening in the system? How do you calibrate that? Or how do you control that in your portfolio?

And second is on the 1.8% credit cost, does that assume that you will not use any of the management overlay? Or you can dip into management overlay going forward? Those are my questions.

Rajeev Jain: So look, let's take us as an example, right? And we remain at ever low GNPA, NNPA. And this is, as I said, despite the fact that there have been significant regulatory changes, like I give an example of -- I mean once a customer, always a customer and so on and so forth.

The -- eventually, as a fundamental point of view and which is really how we are organizing ourselves as a company is that eventually, everything will go back to pre-COVID, let me make that point, eventually.

Now whether it happens in FY '25 or happens in '26, I am -- I don't know or nobody knows. But eventually, everything will go back to pre-pandemic levels.

When I look at across our portfolios, and now coming to risk, across our portfolios, numbers are still significantly lower. Let me give you an example. We talked rural B2C and urban B2C. The bounce rates are lower than pre-COVID. The flow rates are a little higher, okay? Bounce rates are materially lower. So now I'm just giving you texture to make the point.

So we have to just keep watching data, Abhishek, rather than go by the casualness of the frame. And I have said this in the past that rural B2C is not an outside-in problem. It's an inside-out problem. I've said this. So it will be there in the transcript in last quarter. Because you may say, why do you say that? You look at rural B2B number, because that is actually across millions of consumers. Rural B2C is actually across lakhs of customers, whereas rural B2B is across millions of customers.

That number was 99.33% pre-COVID. It's still at 99.62%. It used to be 32 basis points of Stage 2. It's in Panel 57 Abhishek, it's at 23. That's the same rural consumer that I gave a personal loan, too. So I don't believe it's a system issue or leverage issue.

And mind you, our B2B reflects significant mood on one hand from a purchasing power standpoint and behavior on a -- from a credit standpoint. Both urban and rural B2B are not showing that in any given manner. So just as a data point to leave you with.

Abhishek Murarka: Got it. Got it. And just on the credit cost part.

Rajeev Jain: 175, 185 we'll keep I think...

Abhishek Murarka: So does it assume that management overlay will not be utilized?

Rajeev Jain: Management overlay, CFO can answer.

Sandeep Jain: Yes. So Abhishek, I think the number that Rajeev quoted at 179 basis points for the 9-month period is gross of any release from overlay. So when he's giving reference to 185 as a corridor on the outer side, he is still not counting the overlay release.

I think we remain watchful of the external factors which can impact us and the industry. The GNPA remains strong at 95, NNPA remains strong at 37 basis points. We have INR590 crores of management cum macroeconomic overlay. I think Fakhari is sitting here. He's listening to the call.

I think we do annual review of our ECL provisioning methodology and it is due for revisit in quarter 4. We'll take a final view on the overlay position and what needs to be protected for macroeconomic purposes. We'll give a final guidance on overlay in quarter 4.

Rajeev Jain: And intend to remain prudent. .

Sandeep Jain: Yes.

Rajeev Jain: I just want to reemphasize on. The numbers that I talked are gross of, they're not net of. Because if you see the 9-month financials, it's 161. Whereas if you see my management commentary, it's 179. And as written there, it's excluding because eventually, management overlay will either get adjusted to...

Sandeep Jain: Trending ECL model.

Rajeev Jain: Trending ECL model or eventually it's consumed, it's not a permanent frame. What is the normalized cost of credit, I think that's more important or the most important rather than anything else. And that number is 175 to 185 basis points. Having said that, which is what it was in FY '20 but which was 179 basis points, intentional to 180.

Sandeep Jain: 189.

Rajeev Jain: Sorry, 189. 189, intention would be continue to remain below.

Moderator: Next question is from the line of Kunal Shah from Citigroup.

Kunal Shah: So firstly, with respect to the management changes, now if you look at it, there were two Executive Director positions which were created. Now we have seen Mr. Saha becoming the Deputy Managing Director. So would there be any thought in terms of the Executive Director positionship or maybe that seemed to be more like a transient into this management changes which were there?

Rajeev Jain: I think, look, as the company grows in size and scale, and as the need to create more mature organization design emerges, we'll continue to invest. I think our business is about talent. It's about investing in people. The three new chief operating positions are new positions that have been created to reflect growing size, complexity and a need for a more mature organization design. I think that's really -- and it's for NRC on an ongoing basis to debate on it and make the decision.

Kunal Shah: Okay. Sure. And secondly, when we look it in terms of this entire RBI's embargo. So with respect to the submission, so you mentioned maybe in terms of the digital signature and vernacular language is something which is still pending. But otherwise, are we largely done with the submission out there? What has been the early feedback from the regulator? When do we see the embargo getting lifted? If you can just share some sense out there here.

Rajeev Jain: I would not like to make too much comment on it. Have we submitted? Yes. Are we holding on to submit on account of these two areas when we look at it highly rigorously? I think as a regulated entity, we'll go by regulators' prerogative of determining the timing of satisfaction to the changes and eventual lifting of embargo. I think that's really all I would like to state Kunal and you should...

Kunal Shah: Yes. But in terms of the submission, it's largely done except for the digital signature and vernacular.

Rajeev Jain: Yes.

Sandeep Jain: Just to be absolutely clear, Kunal, we had given an initial submission to the RBI team. The final submission after incorporating as we said, digital signature and vernacular, is yet to be done. I think Rajeev did mention as part of the opening remarks that we should be able to do it very soon in the next couple of weeks' time.

Kunal Shah: Okay. Sure. And lastly, in terms of the new product rollout, be it with respect to, say, MFI, if you have to look at it, and the other products. So what has been the experience and in terms of the acceptability because there were -- there are already existing competitors out there in many of these new segments? So if you can just highlight in terms of the initial experience with the rollout of this products. Yes.

Rajeev Jain: So new auto loans, as I said, we launched in 85 locations. We're now doing INR240 crores, INR250-odd crores. 50%, 55% of customers are existing customers.

On 2-wheeler, which is open architecture 2-wheeler, we went live 18 months ago. We are now doing 27,000 to -- between 27,000 and 30,000 accounts a month. Again, 50%, 55% of the customers are existing customers. We are in 250 locations in that business.

MFI is a completely different category for us. So both -- only three lines are off to what I would say a very good start. LAP in BFL, new passenger vehicles in BFL and open architecture 2-wheeler.

MFI, I've said, Kunal, over time, is clearly a LRS view. It will be -- it's a slow burn frame. We'll build this. It's a new segment as far as we are concerned, we will take our time and build it out. So it won't be like when we're sitting here next year, we won't be doing INR200 crores like passenger vehicles is doing or LAP is doing. It will take its time, and we are in no hurry to -- when I say we are in no hurry, we won't build in a hurry. It'll take -- so we'll be in only 100 villages by March.

We'll be in 200 villages by September. I think Anup is trying to make a point. Sorry? Anup is just reminding me that gold loan is now reset. It will cross -- this year, it's growing in the rural

B2C, which is the point, Kunal, that I made earlier, that majority of the growth is coming from there.

It's clearly now we have in the last 12 months or so, fully cracked the model, and that's growing in 3-digit growth. Base is small. But I think over the next 2 years, I would say, we are very, very excited about the business. And current year, we have fully turned that around. So these four lines will be meaningful drivers. MFI etcetera will be a longer haul. And we are clearly prepared for it.

Moderator: Next question is from the line of Kuntal Shah from Oaklane Capital.

Kuntal Shah: First question is, Rajeev, there was a news flow of RBL and Bajaj not getting the credit card extension beyond 1 year. And normally, the extensions are given for longer period. So wanted to solicit your comments and what is the issue out there on the regulatory front?

And second is what's stopping RBI or you to activate credit card given the fact that worldwide credit cards are run by nonbanks?

Rajeev Jain: So Kuntal, I can't comment on regulatory view, but I can comment on that RBI has granted 1 year renewal for a co-branded credit card partnership with RBL Bank. RBI has communicated to the company. There is no did certain deficiencies in its co-branded card options. And we are engaging with RBI and our partner, RBL, and are committed to resolve all the deficiencies to the full satisfaction of RBI at the earliest and may not even wait for 1 year extension -- 1 year to -- together working with RBL to file our application for renewal.

Good you raised the question because I have not covered it because -- but allows me to respond to that -- to clarify this stance as well.

Kuntal Shah: So how is the partnership with the DBS coming along?

Rajeev Jain: So whatever -- on a proactive basis, whatever we would do for RBL, we would do for DBS as well on a proactive basis.

Kuntal Shah: And again, I know you answered this question on the deficiencies in our documentation on digital loans, but shouldn't the signage of digital and the vernacular be an easy proposition to solve given the technology tool sets available on DocuSign, Adobe...

Rajeev Jain: At scale at 125,000 or 150,000 loans a day for 1 yes. For -- on a run-time basis, 150,000 loans in a day is where the complexity emerges -- for 1 language to 2 language, yes, for 20 languages across all products. We have taken a decision as a company that we will do KFS for all our products. So we are not even doing this for these two. We have taken a decision that we will do it by March '24 for all our products that we offer as a company. So that's just one added point I wanted to...

Kuntal Shah: Let me rephrase the question, Rajeev, how many lenders, bank and nonbanks are giving vernacular documentation?

Rajeev Jain: That you guys will have to do benchmarking of, we are benchmarking ourselves .

Moderator: Next question is from the line of Antariksha from ICICI Prudential.

Antariksha: Ami I audible?

Rajeev Jain: Yes, we can hear you.

Antariksha: So the first one, I'm sorry to harp on it again, but just picking up from where we left off last time. This rural B2C problem or the personal loan issue at large. Again, is it restricted to the lower ticket segment as you highlighted last time? Or do you think given the stress levels being elongated, it's now spanning to higher ticket loans also?

And I see the PCR on your ECL chart is still between 62 and 55. So is it fair to say that even now when the loan becomes NPA, you are able to recover 35%, 40%?

Rajeev Jain: On an aggregate basis, yes. On aggregate. Balance sheet, the answer is yes. So that's the easier part. Antariksha, sorry, your first question was?

Antariksha: The ticket size, less than 50 or is it spreading to higher tickets as well?

Rajeev Jain: Look, as I said, even in rural, the numbers have come from lower ticket and the value has come from high tickets. I mean, we are one level shocked that 5 lakh plus growth in even the 1,000 city is very, very high, if I take a 4-year view. So -- and of course, adjusted for pricing, the flow rates of a -- if you don't adjust for the pricing, the lower ticket is higher than the higher ticket.

But adjusted for net outcome that one would want, which is to run a risk-adjusted portfolio, it is -- the -- our sweet spot, Antariksha, it's important for me to make that point, remains between INR200,000 and INR400,000. It's always been so. Rural INR125,000 to INR350,000. I think that's -- urban corridor is INR200,000 to INR400,000. Of course, we straddle across all the way to, you could take a INR40 lakh personal loan from us like banks who do and which we do in large volumes as well but our sweet spot is INR200,000 to INR400,000 in urban and INR125,000 to I would say INR350,000.

And we don't do less as -- if agri is saying less than 50 we do not do across portfolios, actually, 50 to 75 is some very small part and so on and so forth because most of the lending is to existing customers. most is being polite. It's too -- in fact, it's interesting, right, that even to an existing customer where you take a B2B loan, you pay all of it, you've not -- never defaulted.

We give you a personal loan, which is only normally to 25% of the clients, and then you see performance with these levels. Imagine, if it's an NTB customer, if it's a new true bank customer, the performance would look significantly worse off.

Antariksha: Right. So if you were to look for markers of this, you wouldn't say that the newer geographies that you're entering, the new customers you're entering or any particular age bracket or any geography, nothing like that?

Rajeev Jain: Nothing. Nothing. Nothing. So there are no -- in rural B2C, as I said earlier, Antariksha, look at the B2B data, it is reflecting millions from a performance standpoint, not showing. Rural B2C, yes, it is showing as I've said, it's inside out. We acted, growth is down from 26% 3 quarters ago to 10%. And as I -- the management team knows that I'm not scared of cutting business because we build -- we know we're in the business of risk. We are not in the business of lending. We're in the business of risk. And all reduced business eventually leads to control in the metrics. So it will come around.

Antariksha: Sure. The second question I had, Rajeev, is while we definitely are one of the biggest retail financing companies, given the growth rate differential, the nonretail portion is also increasingly getting larger. I think it's only natural that will happen at this scale. Can you give us some texture on the nonretail segments in the sense, commercial, SME LAP, all these segments that are growing so fast.

One, are there also existing customers who are -- I mean, the existing retail finance customers are overlapping in the segment? If not, how do you go about acquiring in these segments? What are these like? Who are the competitors? And how is it growing that fast?

Rajeev Jain: So SME is actually MSME for us, it's important I make that point. Normally up to INR50 crores of turnover. That's -- it's -- we are present 2,000 cities in India where we serve MSME customers from city number 1 to, I would say, 2,000-odd cities and towns to small businesses and to professionals. So that's MSME.

Significant overlap of that in autos, significant overlap of that, I think they're mainly autos and LAP. These are the two clusters that both on MSME and from retail that they emerge. So that's one part.

The commercial business is principally INR250 crores to and above turnover. 70% would be BBB customers, investment grade, prime rate, prime pricing, compete head-on with leading banks built originally on domain specialization in sectors. And over time, as we gain confidence, moved more generalist.

And it principally reduces risk in the overall balance sheet and delivers stability to the balance sheet. It's purely a commercial lending business.

The LAP business runs at 2.3, 2.4x margin and serves HNI clients. Very low on retail, average client exposures would be INR5 crores, which means he's placing anywhere between INR12 crores or so of holdings to become a client. Very low on retail, but we're building slowly retail LAP as well. As the markets grow, that's an area of growth from an opportunity standpoint.

Antariksha: Got it. And just one last point. You mentioned this PL disbursement of INR70,000 crores is the market as a whole. Did I hear you correctly that INR4,000 crores, INR5,000 crores is what you eventually disburse and the rejection rate is about very high?

Rajeev Jain: Not rejection. We can't seize that opportunity. They're customer either I'm not reaching them in time or the price at which he wants doesn't work for me.

Antariksha: And has this INR70,000 crores increased decreased of late in the last 1 or 2 quarters?

Rajeev Jain: No, no. It is not. But if you take pre-COVID, it's significantly grown. So it's grown significantly between pre-COVID and now. So it's a lot more structural. The adoption of personal loans is a lot more structural. That is very clear.

I don't have the number off hand, but we do have the numbers even for what was the -- because our franchise was also much smaller, right, then. We were talking 4 years ago. The franchise was 40 million probably, maybe less, 35 million. Sorry?

Management: Pre-COVID.

Rajeev Jain: Yes. Entire stock, yes. But franchise also grew during this period.

Management: This is on the entire market.

Rajeev Jain: On the entire market. So as Fakhari is saying that if you take absolute to absolute size of the market 4 years ago to today, it's grown 89%, just an absolute basis. Absolute 100 has gone to 189, so -- okay. Maybe last 1 or 2 questions.

Moderator: The next question is from the line of Piran Engineer from CLSA India.

Piran Engineer: Few ones. Firstly, on credit cards, not just this quarter, but last several quarters, the sourcing has sort of stagnated at INR1.5 lakhs, INR2 lakhs a quarter. What really has led to this? And how should we think about delinquencies and credit cards impacting your fee income?

Rajeev Jain: No, it's a correct question. It's a good question. Clearly, we were -- we understand from our partners that they have also experienced deterioration like as you're observing across the industry and have curtailed the growth based on their AIP engines. So clearly, growth has been restricted based on our partners' input on tightening the filtration criteria to reflect prudence.

Piran Engineer: Okay. So it's on their part, on the part of the banks essentially?

Rajeev Jain: At the end of the day, they run the balance sheet. I originate on their behalf.

Piran Engineer: Got it. And it's fair to say that higher delinquencies will lower your fee income or collection fees, right?

Rajeev Jain: Higher delinquencies -- I mean there is no causality between the two directly. I can argue both if it's in -- if the -- actually, it's a reverse point, Piran, as I made earlier a point that the default rates versus pre-COVID are significantly still lower, okay, whether it's B2B or B2C. If I take aggregate bounce rates, they are lower.

Actually -- and as a result of, you may say, what, I think, clearly improved banking, improved banking has had a significant role to play because we've only gone deeper and deeper into India. But portfolio for portfolio we see versus pre-COVID, the bounce rates being lower. In fact, that means lower fees because these were -- if my default rates are lower -- my default rate is lower, my GMP is lower, there were accidental defaulters who are not there anymore. They are not accidentally defaulting anymore. So it has led to lower charges -- fees and charges. So there's no direct causality between the two, Piran, is the only point I would make.

Sandeep Jain: I think the only point, Piran, I would try and draw correlation is if there's a high delinquency, I'm assuming that a partner would also take risk action and that will lead to overall volume being lower. The point that you're asking INR150,000 to INR200,000 is where the number is stagnating. It could also be because of the partner is currently seeing some stress based on which they have put a cap. So is there a correlation? The answer is yes, but the correlation is in terms of incremental volume that we can do.

Piran Engineer: Got it. Got it. And then secondly, just probably a little more philosophical, but when we started rural lending 7, 8 years back. At that time, the thesis was that rural is actually better than urban because it's less penetrated. We are not tapping farmers. We are taking salaried people. And I think even until COVID, our performance in rural was actually better than urban, and correct me, if I'm wrong.

Sandeep Jain: No, no, it's correct only.

Rajeev Jain: It is absolutely correct.

Piran Engineer: Now the tables have turned. So I just want to understand what has changed in the last 2, 3 years that we are actually more concerned about rural than...

Rajeev Jain: No. I think access has improved.

Piran Engineer: But that would be for urban also, right, the INR70,000 crores you mentioned. And I would assume 80%, 90% of that is in urban. Or is that not the case?

Rajeev Jain: No, your principal point is correct. And -- but clearly, we could pick and choose more earlier than now given massive supply I think is the only logical response I would give. I mean I think -- so clearly, our ability to pick and choose given significant competitive activity and increase in the supply side has sharpened the funnel for us. I think that's the -- that would be a reasonable logical conclusion.

Having said that, I think, I'll repeat for the third time, there's work to be done by us inside-out, which we will do. So...

Piran Engineer: Okay. The significant increase in competition is from banks, right? Because I can't fathom other NBFCs having the distribution that you have.

Rajeev Jain: Yes. It's mainly banks. I would say, public sector banks, mainly, mainly. Significant supply side increases from them because they only have the distribution, not for anything else. I'm not making any other point except just pure access in the smallest of the market that we're talking about.

Piran Engineer: Got it. Got it. And just lastly, one clarification. You mentioned you've increased yields by 25, 30 bps. This is across all unsecured products or across all products?

Rajeev Jain: No, no. Secured has a bigger problem. So it's across all products. I mean -- the cost is rising, yes, even more -- I mean the headlines rates may not have changed, but we are being a lot more choosy in pricing and picking up transactions clearly. I mean, look at where liquidity has gone, look at where cost of funds are going and our scale every month. And we run a short balance sheet, right?

On aggregate, the aggregate balance sheet churns in 25, 26 months. If you take a behavior like maturity, the balance sheet churns 25, 26 months. So we got to act quickly because then we can make up quickly. If we act later, then we'll make up later. I mean -- and I go back to the point that in the process, Abhishek was asking that and I was telling him the calibration is between risk, growth and margin. We'll just keep calibrating.

Right now to me the greater weight is on risk and margin than on growth because we have tailwinds in growth any which ways.

Piran Engineer: Got it. And lastly, what is the customer level GNPL thing you had mentioned once? Is it that if a customer's NPL with another lender is entered with you?

Rajeev Jain: Sorry, sorry.

Piran Engineer: You referenced customer level GNPL, you said things have changed…

Sandeep Jain: Yes. I think Rajeev was talking in reference to the once NPA always NPA circular of RBI, which says that only when the customer's all dues are paid, can the customer be upgraded. That's a change that has come in, in November, I think 2022 if I'm not wrong.

Rajeev Jain: And I'm making that as a point. There are many such changes between 2019, '20 and now that emerge to draw a parallel to the GNPA, NNPA conversation and to loan loss to average assets conversation.

Moderator: I'll now hand the conference over to Mr. Sameer Bhise for closing comments.

Sameer Bhise: Thank you very much today for joining this conference call. And thank you to the management team of Bajaj Finance for giving us the opportunity to host the call. You may now disconnect. Thank you so much.

Rajeev Jain: Thank you. Thank you. Thank you all for patience hearing.

Moderator: Thank you very much. On behalf of JM Financial Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.