04 August 2026

To The Manager Listing Department **BSE Limited** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	To The Manager Listing Department **National Stock Exchange of India Limited** 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 30 June 2026

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 15 July 2026, the transcript of Q1 FY2027 investors conference call held on 30 July 2026 at 6:30 p.m. IST 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,
For **Bajaj Finance Limited**

R VIJAY
Digitally signed by R VIJAY
Date: 2026.08.04 17:18:55 +05'30'

R. Vijay
Company Secretary
Email ID: investor.service@bajajfinserv.in

Encl.: As above

"Bajaj Finance Limited
Q1 FY '27 Earnings Conference Call"
July 30, 2026

MANAGEMENT:	**MR. RAJEEV JAIN – VICE CHAIRMAN AND MANAGING DIRECTOR – BAJAJ FINANCE LIMITED** **MR. ANURAG CHOTTANI– CHIEF OPERATING OFFICER– BAJAJ FINANCE LIMITED**
MODERATOR:	**MR. ANUJ SINGLA – JP MORGAN**

Moderator: Ladies and gentlemen, good day, and welcome to Bajaj Finance Limited Q1 FY '27 Earnings Conference Call hosted by JP Morgan. This event is not for the members of the press. If you are a member of the press, please disconnect and reach out separately. Please note that this call and your questions will be recorded and the recording will be made available publicly. By participating in the event, you consent to such recording, distribution and publication.

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 touchtone phone.

I now hand the conference over to Mr. Anuj Singla from JP Morgan. Thank you, and over to you, sir.

Anuj Singla: Thank you, Neerav. Good evening, everyone. This is Anuj Singla from JPMorgan. Thank you very much for joining us for the Bajaj Finance Q1 FY '27 Earnings Call. To discuss the earnings, I'm pleased to welcome Mr. Rajeev Jain, Vice Chairman and Managing Director; and Mr. Sandeep Jain, COO and CFO; and other senior members of the management team. On behalf of JP Morgan, I would like to thank Bajaj Finance management for giving us the opportunity to host them.

I now invite Rajeev for his opening remarks, post which we will open the floor for Q&A. With that, over to you, Rajeev.

Rajeev Jain: Thank you, Anuj. Thank you, JP Morgan team. Unfortunately, Sandeep is not here. There is a bereavement in his family. So he's not here. I was just speaking to him and I told him the first time in 19 years since I know that he was not there for AGM. When he was not even CFO, he was always there assisting the CFO, but it was unavoidable.

Very good evening. I have the senior management team members, the rest of them are all here. Welcome to BFL Q1 earnings call. The investor deck has been uploaded on our website. I hope you've had a chance to go through the same. I'll quickly focus on key updates for the quarter and management assessment before Q&A. I expect to take about 15-odd minutes.

Let's jump to panel number five. Excellent quarter, I would say. I mean, I've used this word after a long time, probably six - seven quarters, across all metrics actually, volume momentum, new customer addition. We added 5 million new customers. AUM, we added a record INR37,000 crores of AUM in a quarter. Profit growth was strong at 28% and ROE crossed 20% despite the overhang still there on account of BHFL dilution. So, a pretty good quarter, I would say. ROA came in at 4.7% and ROE at 20.4%. Opex to NTI came in at 33.4%, marginally higher than last year. It will smoothen out as I cover over the next few panels.

Panel six, seven and eight is what I'll quickly cover the key high points. AUM growth was secular and broad-based, as you can see from the composition summary later in the deck. Gold loan business sustained its strong momentum, grew by 112%. Business is now 4% of AUM. By year-end we foresee 2,700 to 2,800 branches, all goes well, maybe 3,000 branches and AUM of between INR29,000 crores and INR31,000 crores, all organic.

Rural consumer finance and urban consumer finance grew by 49% and 38% due to organic volume growth on one hand, but also increase in SKU prices. So out of, let's say, 40% average growth, 20% is on account of SKU price increase and 20% is organic growth. We foresee further risk in terms of SKU prices going up is what the indication that we are principally getting from OEMs, let's see. MSME grew by 2%. As you're aware, since last July, we've been pruning business due to sort of risk actions that we've taken. It should come back into growth momentum by Q3 or so.

NIMs remained steady in Q1. Deposit book came in at INR68,500 crores. It's now 15% of the balance sheet. Opex to NTI came in at 33.4%. The marginal increase principally reflects our accelerated investments in gold loan and MFI branch expansion as well as impact of new labor code. So new labor code contributed to 10 basis points, INR60 crores. Since you count decimals, I'm making the point on decimals. So, labor code, gold loan and MFI branches. Overall, we are confident of delivering 25 to 40 basis points improvement for FY '27 in opex to NTI. Fulltime employee head count stood at 73,261. We added 1,650 employees. Excluding gold loan and MFI, the net addition was 811.

On credit quality now, credit performance principally remained quite strong with loan loss to average AUF in the new frame that we talked about improving to 1.54% versus same time during the same period, 1.87%. Now both numbers are comparable.

As a measure of prudence, we've recognized an additional management and macroeconomic provision of INR296 crores during current quarter on account of what's happening geopolitically and the monsoon uncertainty. Of course, monsoon has covered a lot of ground, I would say, in the last 15-odd days, but I think we still have some distance to cover on monsoon before we say that the super El Nino did not impact the country. If you exclude this provision because this is a macroeconomic overlay of provision, loan loss to AUF for the current quarter would have been 1.31%.

New Stage 2 and Stage 3 contribution was 1.87% from 1.94% in the previous quarter. We expect continued improvement at this juncture on this metric over the coming quarters. Vintage performance, which is principally how the portfolio churns across 3MOB, 6MOB, 9MOB continue to reflects, significant and sustained improvement and is now running below FY '20 our pre-COVID benchmark.

I keep reminding people within the company and otherwise that pre-COVID remains my benchmark. People say our size was smaller. I don't agree with that point. I've made this point many times. Across businesses, now we're looking lower than or equal to our pre-COVID benchmark. And we, in general, remain quite optimistic about the credit cost outlook for FY '27.

GNPA and NNPA came in line, 0.96% and 0.39%. Provision coverage is at 60%. We'll continue to hold there structurally. On portfolio credit quality, all businesses are green. You may see a marginal dip in business loan, but I have pencilled as green because it's just a denominator effect rather than a numerator effect, the 3MOB, 6MOB and some vintages of 9, we are beginning to see significant improvement even over FY '20.

FinAI, while if some of you were there on the AGM, I've covered a lot, but if you're not there I'll just cover some points that are principally not covered. We showed five different examples in production. If it was a physical one, I would have showed it in as a live demo, but on VC it was difficult to do a live demo.

We're doubling down on Fin AI transformation. We're expanding the AI unit from 230 to 400 people. We're also adding another 300 people in digital platform unit. It will principally augment our customer centricity, rapidly accelerate our technology transformation and strengthen our lowest risk framework. I mean this year the digital platform will deliver INR50,000 crores of business.

I am targeting that next year we should be delivering INR100,000 crores volume between customer centricity, AI and tech transformation and digital transformation, all these three as they come together, that's really what we are aiming to do so that from a push business, we rapidly transition towards being a full business. In Q1, on Fin AI, 27 bots are now live. But as we get deeper and deeper into this, we find more and more opportunities. So it's a continuous transformation frame.

On data for AI, 45 million customer interactions were analyzed in the quarter through voice and text AI initiatives, and it resulted in 4 lakh additional offers and delivered INR517 crores of disbursements just as a result of better insight into the consumer. On product and service discovery, banners, videos, podcasts are enabling faster and more efficient marketing. You will see massive acceleration in this from November, December. massive both from a GEO, SEO and otherwise.

So, in underwriting processes, we are seeing 20% plus efficiency using AI. On disbursements, AI, voice and text bots did INR2,500 crores, we will do INR11,000 crores INR12,000 in the full year this year. On service, AI bots are now handling 71% of our DIY customer service volumes. 17 agentic applications have now got deployed out of 118, and we'll rapidly accelerate as we get into the year.

I'm on panel 13. I'll just cover two odd points that it gives you texture on our data intelligence, consumer, agentic AI and custom AI models. The interesting thing is custom AI model, which is on track to go live in Q2. That should help us for our B2B business generate 0.5 million customers that we could not do earlier. It will go live for the next business which will be our B2C business that will go live by October, November. So we are beginning to have confidence to use to build models using AI, which are faster, number one, and gives us insight that our traditional models did not give us. That's on AI, I would say.

I would go to subsidiaries. BHFL did its second AGM yesterday. Strong quarter, I would say, highest ever quarterly AUM addition. Disbursements grew 33%. AUM grew 24%. They continue to remain under pressure on attrition, given the intense competitive activity in the business.

Their Opex to NTI, which they can control, continues to improve, came in at 19.6% against 21% a year ago. And both their PAT and PBT grew by 23%. ROE improved to 12.5%. Asset quality remained pristine at 29 basis points and NNPA at 12 basis points. BFSL, strong AUM growth. Profit growth was softer at 22%, company is beginning to mature now and we have plans to continue to scale the business.

To summarize, I would just say and open it up for questions, I would say we began FY'27 with reasonably strong momentum. It should lead to accelerating growth, credit costs that are structurally improving. Of course, I would flag geopolitical tensions as an area to continue to watch for. Monsoon, hopefully, should be behind us in the 30 days. If we continue to maintain strong profitability ratios, which are being reinvested to remain a growth-oriented company. That's from me for the quarter. It's a clean quarter. I shouldn't have questions, but let's do questions.

Moderator: Thank you very much. We'll now begin the question-and-answer session. The first question is from the line of Abhijit Tibrewal from Motilal Oswal. Please go ahead.

Abhijit Tibrewal: Congratulations on an excellent quarter, like you said. Sir, the question is that fact that it was an excellent quarter, despite that, you've not seen any change in your assessment for FY'27. This kind of a growth in the first quarter itself, don't you think this year we can grow at maybe a higher rate also drawing from the fact that what you just alluded, business and professional loans should turn from yourself acknowledge that maybe from third quarter we can start growing it. So don't you think this 22% to 24% corridor that we have given for AUM growth can maybe see some upside.

And the other thing is on credit cost as well sir, starting the year, if I exclude the management overlay and the macro provisions that you have created. Credit cost of about 1.3% - 1.32% thereabouts. So there also, do you think at least the guidance that you've given out on the credit cost, you could be at the lower end of that guidance.

Rajeev Jain: No, it's a fair question. It's only question I didn't cover. So, it's fair you're asking this. As they say, one solo doesn't make a summer, we'll wait for one more quarter. I think we see continued momentum. We are a growth-oriented business. We are seeing opportunities. We got to grow. All engines are firing for the firm, even MSME should be back.

If you look at quarter 1, logically, but I would wait for second quarter, whether it's top line, which is AUM or PBT growth or ROA or ROE, it does seem we are much better than the guidance that we gave in March. Abhijit, I would say to all investors, wait for one more quarter, and we sustain it, then we know. We are in a way to revise.

Abhijit Tibrewal: Sir, just a follow-up on that. You spoke about the ROE and the PBT. So there, I'm just trying to understand this quarter, we created about INR300 crores in management overlay macro provisions. So, I mean, is the thought process that given that all cylinders are firing, credit cycle is good, utilize it for strengthening the balance sheet, improving the provision covers and keep ROE in a certain range?

Or is the thought that maybe once we are behind some of these things, like you said, monsoons might be behind us in the next one month, you don't know about this West Asia war that is going on. Do you think this will be a more constant phenomenon, this macro overlay or can we see that if the quarter is actually good, credit costs are actually lower, we see them translating into profits?

Rajeev Jain: I mean, I would just say quarter a time, Abhijit. Okay. I'll make one point, which is important. As I've said, that we will continue to work towards strengthening balance sheet resilience. That's the word. Second word that I use is bulletproofing balance sheet because we are truly living in a VUCA world. We do not know where is the next crisis coming from. And given our size, scale, complexity and sheer expectations from various stakeholders, I want to make sure we are one of the most resilient companies in India. So that's really what the philosophical point is. Give us one more quarter we will provide greater clarity on guidance for the year and direction of overlay creation. Nobody will have any other questions.

Abhijit Tibrewal: Sir, I just had one last question, and this is something we keep discussing a lot. You have your this term till, I think, March '28, if my memory serves me right. So, I mean, while we keep...

Rajeev Jain: I lost you Abhijit.

Moderator: Sir, we lost the line for Abhijit. His line dropped. We move to the next.

Rajeev Jain: No, I'll answer. So we'll make a decision by December '27 - January '28, which gives us good 18 months to continue to stay focused on building a resilient business.

Moderator: I request all the participants kindly limit yourself to one question per participant and rejoin for a follow up. Next question is from the line of Avinash Singh from Emkay Global.

Avinash Singh: One question in the directional credit cost and yield. I mean, it has been kind of a very excellent quarter. But even broader, if you see post-COVID, the credit cost has been kind of for the industry despite the geopolitical turmoil, the Russia-Ukraine war, trade war and all this. So you had turbulence. But for Indian NBFC, the retail side of it, the credit cost structure I have been seeing a directional improvement. Do you see this kind of a structural improvement or this is again a cyclical kind of a mean reversion will happen? And if this is structural do you see that structurally the yields will see a compression because the credit cost is improving? I mean, not just for you, from broader retail lending side of it.

And second, if you can help absolute amount, of course, you have given that the lead generated disbursement. But what would be the share today or this quarter, the share of that in the total disbursement?

Rajeev Jain: So look, I can't speak about the macro. One, I'm not a macro person. I'm a micro person. I've said in the past that risk going wrong is choices we make. It's got nothing to do with macro in general, leave COVID aside and in general, risk decisions are the choices we make. We are very clear the choice we are making is to being the lowest risk company in India. So that's a choice that we have made given our size, scale, as I keep repeating, complexity and growth orientation. Risk doesn't hold the company back. It propels the company forward. I'm very clear about.

Look, as the risk costs are going down, we are accelerating momentum. It's a simple explanation in front. It's right here. Risk was not doing well. We were not doing okay even on growth. Risk starts to do well, growth starts to do okay. So we are a micro-focused management. That's one point I would make. And the choice that we have made is we want to be the lowest risk company.

On the other hand, now it depends on what your risk thresholds are, okay? That's the third point I would make. Our thresholds remain quite low. We track bureau data as to what is the industry's credit cost by line of business, by line of business versus ours. Our risk thresholds are 30%, 35%, 40% of the industry in general on 30 days past due and 60 days past due. We track it since COVID. So that's our in general threshold levels, and that's where we intend to remain.

So I won't comment on macro. But same point I would repeat, Avinash, that while you see crisis, you say it doesn't lead to that kind of pressure, the pressure that you envisage, you're not seeing us gray, the speed at which we are gray. VUCA is not making life easier. It's only making life harder. So it's the only last point I would make.

Avinash Singh: And if you can quantify the share of AI contribution

Rajeev Jain: I talked about it actually in the AGM, the number for digital contribution, right? AI contribution? You were asking AI contribution, digital contribution?

Avinash Singh: Yes, AI contribution. The absolute amount is given disbursement, but we don't know.

Rajeev Jain: So, let's say, in a given month, if we do INR4000 crores to INR6,000 crores of urban and rural consumer PL, that's around INR6,000-odd crores between 17% - 18% is coming from voice bot. Voice bot and data put together, that would be 20-odd percent put together. Go ahead, Anurag.

Anurag Chottani: The call center business is 20%.

Rajeev Jain: Of the call center business as Anurag has confirmed is 30%, data conversion, everything put together, you assume it is 20%. So just for PL, whereas for gold loan, digital platform is now contributing to 25% of the business. For BL, it's 20-odd percent.

I'll just make one point, which probably I didn't make that you will see continued integration of digital platform infrastructure and AI infrastructure. You will start to see business by business on our asset, AI embeddings emerge. So the same asset will continue to morph into having AI embeddings on one side, I'm talking app and web. And on the other, you will start to see altogether new consumer AI platform emerge by May, June '27 and that should further accelerate our momentum as well.

Moderator: Avinash, I would request you to come back for a follow up. I request all the participants kindly limit yourself to one question per participant. Next question is from the line of Shreya Shivani from Nomura.

Shreya Shivani: I have a question on the cost of fund. The sequential decline has been quite controlled at 5 bps or so, and 4Q was already soft. I mean, it was a decent quarter there. So if you can help us understand what has been our strategy on how much liquidity we are holding? What will we do for the next three quarters for most of the year? And in what direction could this cost of fund? I know it's a volatile year, but if some idea you can give us around there.

Second question is on the Fin AI bit. Interesting to hear all the digital and AI integration that you're speaking about. But if you can help us understand how will you make sure that the opex on the AI bit is under control given all the concerns around the global rising token costs? How much of open source or SLM models are you using in your FinAI bit?

Rajeev Jain: So, on cost of funds, I mean, principal point which I made many times in the past is that one is our liability maturity is longer than our asset maturity. So just at a philosophical level, that's the first point. So that's on a behavioralized basis. I think that's important. So, overall cost of funds, the incremental cost of funds has gone up. You would track the fixed income markets. Clearly, one is seeing increase of anywhere between 30, 50 or 60 basis points. Slowly, we do see directionally West Asia crisis if it doesn't settle down, it being inflationary. We are watching monsoon. If it doesn't do as well, that could also be inflationary.

But again, as I said, those are the two uncertainties that we are principally facing. You've seen stabilization in cost of funds over the last three-odd quarters now. We had gains in between January last year to September. Since September, it's mostly stabilized. you will see slowly creep up from here on is all, I would say. Anand, if you want to comment?

Anand Bagri: No, we expect it to remain range bound at these levels only and maybe with a slight upward bias, as you pointed out, because of some of the other issues that those are there. Otherwise, we expect it to remain range bound at these levels only possibly.

Rajeev Jain: On second point sorry, on your second point, you're clear about it that tokens are a cost. So I'll let Anurag make a point. We built a so-called calculator, which ensures that we know what we're spending on, but I'll let Anurag expand on it.

Anurag Chottani: Yes, that's right. So, one of the baseline that we use is wherever the costs are involved, we make sure the cost of the AI is less than the cost of the human labor getting deployed. Like if I can talk about like voice AI will be like 1/3 of the human cost today, we run our voice model at. Vision AI, we use as you rightly mentioned, we use a lot of open source technologies. And we use our own context layer or the RAG infrastructure, that's what we call it, which necessarily reach the local AI model rather than going to large language models.

And the third strategy that we use is we do not go for a full-length large language model. We use flash to mini models, which delivers better outcome at a lower cost. And I think we use these three kind of strategies to contain the cost. And with respect to the new business origination, there, we keep cost at times in mind or rest of the time, the business takes care of the cost.

Rajeev Jain: I'll just summarize Anurag's point. On one side is the use case. Use case must be at 1/3, 1/5 the cost. That's one side. Other side is how do we do technology development to ensure that we are optimizing at best. If OCR for two version documents can solve the problem why use AI. That's as simple an example with 98% accuracy. We are not doing this for happiness. We're doing it to generate efficiency. So that's the second point.

Third point, however, I would just say that as the adoption increases across the firm, as the deployment increases, it's a line to watch for. It is the only third point I would make because once people, whether employees or consumers start to use it extensively, we will actually see the -- we would see the benefit that we are clearly counting on, but I would not ignore the point on cost as well. So first two done. Third, we are watching out for.

Shreya Shivani: Right. That's useful. And just on that point that you mentioned that we are not going full length on LLMs, you have in-house SLMs, right, which you would have your engineers have created or not? Just one extra point there.

Anurag Chottani: Yes. That's what I mentioned, the internal RAG infrastructure and the building on the open weights, open source models.

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

Kunal Shah: So, firstly, again, touching upon the point on margin. This time, yield improvement appears to be largely because the growth was led by consumer durables, and we kept excess liquidity as well compared to where we were in fourth quarter. We guided for margin moderation in FY '27, but are we more comfortable with where the margins stay because you mentioned like cost of borrowing should be range bound. And I don't think there would be too much of pressure in terms of the yields currently. So yes, how do we look at the margins?

Second is, again, on growth. So in fact, you indicated the credit quality is much better. In fact, we revised the number of customers, which we want to add to the franchise from 15-17 to almost 18-20, SKU pricing is going up. So would it be like still towards the longer-term guidance of '23-'25 or you are more comfortable that we can even cross that looking at how things are panning out for us?

And the balance sheet strengthening point, we are already like 2% ECL coverage on the overall AUM when our GS2 plus GS3 itself is 2-odd percent. So why still so much of balance sheet strengthening is required? We are almost 100% covered as far as GS2 plus GS3 is concerned. Yes and one last point in terms of the leverage. So, on deck 42, you have indicated last time you evaluated the capital raising when leverage was 4.9x and that's marked yellow. We are currently at 4.9x. So any plans out there or we are still comfortable with our capital adequacy.

Rajeev Jain: okay, I'll go in reverse. Kunal, as I said to Abhijit, just give us one more quarter. Second quarter goes well, we'll revise our guidance on some of the metrics that we have given a management assessment on. It's unfair to give a guidance based on 1 quarter performance. That's one.

Two, you're looking at the numerator of my provisions. I'm looking at the denominator, which is that we will have INR630,000 crores to INR650,000 crores of balance sheet. We want to make sure that we are really really solid. It's the only point I would belabor again on.

Third, capital raising, we are at 21% at this point in time. We still have to dilute BHFL. We are at 86.7%. We will go down to 75%, while we have time and we are in no hurry. First protocol most likely will be BHFL dilution. And then if our growth momentum continues to accelerate, then do -- then think about capital raise.

At this point in time, I do foresee in general that our profit growth in general from a resilience standpoint should be faster than the balance sheet growth. That's the best way to build balance sheet resiliency is the way I think about it. So that's just the third point, Kunal, I would make.

Kunal Shah: Got it. And margins?

Rajeev Jain: Margins give us one more quarter, plus/minus as Sandeep is not here, I'm missing him. Whatever Sandeep has guided for or what we've said, I think that moderation 10 - 15 basis points is what we foresee at this juncture, give us a quarter.

I'm not hesitant. I want to make the point that you may say why are you hesitant? What are you thinking? I'm thinking about nothing. Okay. I can change the guidance today. It's not a problem. So it's not lack of confidence. It's just being conscious of the fact that what we say, we stay with. So that's all. Nothing else. So that's all I would say because since this question has been asked second time, I want to make sure it's not lack of confidence.

Kunal Shah: That conveys, yes, that conveys.

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

Piran Engineer: Team, congratulations on the quarter. You sound much more confident this quarter than at least I've heard in the last 10 - 15 quarters, so congrats on that.

Rajeev Jain: Last quarter also I was confident.

Piran Engineer: This time it is double, and we can all sense it. But anyway. Just two things. One is you always share your statistics around consumer leverage, like 3PL number of customers used to be 7%, 8%, 12% to 13%, where does that stand? That's number one.

Number two, just qualitatively and quantitatively, both, can you just talk about the gold loan business because there's just so much competition. Every Tom, Dick and Harry wants to enter this space. We've built a book of INR20,000 crores, targeting INR50,000 crores or whatever. And you also mentioned one thing in one of your replies that digital platforms is 25% of the business. So how does that really work? So just more color on the gold loan business would be useful.

Rajeev Jain: Yes. So, one thing, as we track bureau data and Avinash had asked this question, maybe I should have mentioned it then that at least we're seeing stabilization. So leverage levels overall not going up at a 2% level. Last year, the number looks to be at 1% okay? And the 30 DPD data for the businesses that we are -- that are prone to higher level of prone to leverage and prone to -- are looking better. They are flattish actually. They are not deteriorating anymore.

Year-on-year, there is improvement. I still compare versus FY '20, I still see -- so what -- year-on-year is improvement in -- we track BL portfolios, we track PL portfolios, we track professional loans portfolio. Year-on-year, all three, when you take bureau data versus our data, we are seeing improvement across the board on bureau data and, of course, our data. So that's one point.

Level of leverage versus 2%, the number is looking like 1% for last year, increase 41% is, I think, what the number is looking like. So that's the...

Piran Engineer: What is 2%, I didn't understand that?

Rajeev Jain: 41%, consumer debt to GDP, what we track, the number as a consumer number was growing by 2% a year for the last four years. Last year, it grew by 1% is what my latest understanding is. So there are two parts I'm discussing. One is bureau data. Bureau data is showing in the unsecured businesses, Y-o-Y improvement. And of course, we are showing improvement.

As I made a point to Avinash, my thresholds are 40% of the industry. So I must just make that point at a micro level on our behalf. So that's one part, which is bureau data. The second part is consumer debt as a percentage of GDP. The number as of March 31, number is looking to be 40%. Just give me one minute, Piran. I'll come back on that on the second point.

Now coming to gold loan until they fetch that number. On gold loan, look, we are in the business for the last six, seven years, okay? We took a time cracking it. We principally cracked it in '23 November, virtually, we converted the business into a company within a company. And since then, I would say we've not looked back. It's principally focused on strategy is very simple, Piran. One, this business is a network expansion business.

It doesn't happen through the main branches of the company, happens through standalone gold loan branches as we call them, okay? We've tried out of 1,700 branches that we have today, only 80 are integrated branches, and they are courtesy legacy prior to '23. Since then, we are very clear, it's network expansion, process excellence and these are only two principal points.

We are right now adding 110 new branches a month, okay, should take us to 2,700 - 2,800 branches. 2,800 branches should mean from a capacity standpoint in our assessment to deliver a peak outcome at maturity, a INR14 crores per branch number. That's a INR37,000 crores, INR38,000 crores capacity. We think in the current year, we'll deliver between INR29,000 crores to INR31,000 crores AUM. 25% of the business comes through digital platform. That's our principal moat

Piran Engineer: So this 25 -- like an open market customer can also come through the digital platform.

Rajeev Jain: Actually, this is a question that is asked that how many are ETB and how many are NTB on the app.

Piran Engineer: Overall would be useful.

Rajeev Jain: Yes. Out of 86 million customers, my sense is ETB, NTB of app is 70% is ETB and 30% is NTB customer coming for payments business coming for just downloads as a result of ASO activity. So between 70-30 is the mix.

Piran Engineer: Understood. Understood. And just one other bank sort of mentioned that gold loans is cannibalizing their own personal loan business because they offer it at lower rates. Do you see that not for your business, but in general, as a threat to the PL segment where somebody could just easily take a gold loan and PL loses popularity?

Rajeev Jain: So, two things are happening. I think it's a good business for self-employed. 95% of the customers are self-employed. It's a good business for a self-employed customer. One, it has no friction cost. Entry exit costs are very low. Let me make a point those who have small working capital needs, it's a very good proposition. That's the second point. Third has much lesser credit filters, while RBI has tightened the requirements of -- as a result of the comprehensive regulations that came out and that went into force from April 1, but still remains low on credit filters. And last point, okay, sorry. Look, at -- it's right now at $4,000 - $4,100 gold is. At $4,500, $5,000, it was becoming a business in terms of what one could originate, okay? One could easily say at $4,500, we track, let's say, or INR1.5 lakh per 10 grams, it's a reasonable frame for a customer to raise INR8 lakhs, INR10 lakhs of working capital, which was never the case when gold was at $2,000. I think that's a fourth point, you're seeing expansion of the denominator itself. It's the only added point. If it comes back to $2,500, then the fourth point will go away, rest will remain true.

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

Abhishek Murarka: So one question is on your comment that you saw a 20% Y-o-Y growth in SKUs in, I think, consumer B2B as in, yes. So now one of the components, which is smartphone sales, that is not seen much growth, right, on a Y-o-Y basis. So what are the SKUs which are compensating? If you can give some color on how you got a 20% growth. I mean, something would have substituted for smartphones etcetera...

Rajeev Jain: I'll let Manish comment.

Manish Jain: So, yes, you're right. So if you look at it from an industry point of view, and we all look at the same report, which is a counterpoint report, which basically talks about that the shipments of the smartphones in India have declined by almost 13% to 15% in the last quarter. But we continue to register very good growth in terms of smartphones in the range of approximately 20% to 23%. And on top of it is obviously the increase in the ATS. The ATS or the ticket size between last year to this year, if I talk about the month of July, is about close to 30% to 33% higher versus last year.

Rajeev Jain: So there are two points. One contributed by Apple and another contributed by ATS

Manish Jain: So it's actually a combination of both, yes. As Rajeev is pointing out that we see a 33%, 35% higher increase in ticket size because one is the contribution of Apple to our overall sale has increased vis-a-vis last year. And apart from that, for every manufacturer, the ATS itself has also increased from last year to this year. So it's a combination of both these two things for us. At an overall level, we see about between a 32% - 33% increase in the ticket size of smartphone.

On the other appliances and all, the ticket size is actually almost flat. So if you talk about air conditioner, et cetera, that's also a result of the GST decrease that happened. So basically, the air conditioners saw GST decrease by 10%, which has now got made up because of the increase in commodity prices, etcetera. So the air conditioner and the panel prices or the washing machine prices are almost flat versus last year.

Abhishek Muraka: So, primarily, it's just a penetration thing, smartphones, which -- so you're sort of bucking the trend in the overall industry just because you're improving penetration?

Manish Jain: Yes, that's right. The affordability penetration, and we continue to mine deeper and deeper into our customer franchise and therefore, both our franchise and distribution, that combination gives us a higher penetration of the overall attach rates.

Rajeev Jain: Since you made this point, Abhishek, I'll just add a dimension. As I've said, I should have probably captured it, that we looked at distribution and we said, as you've seen over the last seven, eight quarters, our branch expansion, non-gold loan and MFI is either flat or going down actually. And because when we look at India from the top, we think we are covered. We said I don't think or we do not think it's covered. So we're doing bottoms of work.

We've done bottoms of work after, I would say, two-odd years. We are very clear 4% to 5% distribution expansion we'll continue to do. If India opportunity is real, we've got to continue to do plumbing. We have now identified 160-odd branches so far that we'll open in the current year. And it's ongoing continuous work, we will add 170 to 250-odd branches every year as a firm, which have material outcomes on a 2- to 3-year forward basis.

Abhishek Muraka: Understood. By the way, thanks for that color. That was very interesting. And can you comment on this PL competitive intensity in personal loans and also in MSME, when do you see disbursements growth picking up? You said AUM start improving in -- from 3Q. So are you already seeing disbursements growth pick up over there? So some color on these 2 fronts.

Rajeev Jain: Competitive intensity is for every line of business and that's now for three, four years. There's nothing new. I think -- so it's now -- we're used to it across every line of business. And it's not one competitor. It's five, six competitors. Actually, one has to look at competitors as PSU banks, private banks, nonbanks, all three competing. but I'll make an important point, that's where the franchise value frame will come in.

And that's where -- let me connect one last dot. What we are doing on customer centricity, digital transformation and AI will ensure that our that are cost of originating a new customer, cost of managing a customer, cost of cross-sell and cost of credit.

As we mine more and more and more and the example that Manish gave, we just keep doing that. I think I said in the last quarter that the color of the balance sheet in 3-odd years could change. NIM could look lower, opex would look lower, credit cost could look lower. I made the point in fourth quarter. It will take us two, three years to get there, but that's where the direction will eventually go to at 200 million customers.

Rajeev Jain: As Manish is saying, confirming, ETB contribution is?

Manish Jain: Is now 63%, and it used to be in the range of close to about 60%.

Rajeev Jain: So that will lead to lower credit cost only. 3% movement and 16 million loans will lead to lower credit cost is given actually.

Moderator: I request all the participants kindly limit yourself to one question per participant. Next question is from the line of Bharat C. Shah from BCS Capital Ideas.

Bharat Shah: First of all, just a comment. I was so great to hear your comment that you as an individual leader and Bajaj Finance as a firm is deeply focused on micro rather than take refuge in macros. Our investing world is having too many people who look at macro. So I feel very safe when you say that you and the firm are deeply focused on micro. So that really greed in my heart to hear that.

Also in terms of the performance, I think finally, the symphony seems to be playing out where all notes have been struck well. And I think the final output has been sweet. And I hope that this is now going to amplify itself.

So just one question. And probably you might regard that as being a bit of a greedy question, at 20.5% ROE and about 4.7% ROA. I feel with the deep AI commitment that we have been -- we have made, much like very early, we were technology savvy and we were digital savvy. And in AI, as I see, clearly, we have taken a lead in the lending industry. Therefore, that should have deep implication over a period of time in terms of our business velocity, cost, credit quality as well as opex containment?

Can we think of -- or when do we think of ROE touching about 24% and ROA is going beyond 5%. I'm mindful of the fact that Bajaj Housing Finance business is a low ROA and low ROE and would continue to remain within a certain boundary. And therefore, our Bajaj Finance net stand-alone is a much better number. But I'm saying on the consolidated, do you think it is possible where ROAs will cross 5%, 5.25% and a little bit of leverage stretch and we touch closer to 24% ROE?

Rajeev Jain: So, Bharat bhai, if I was to maximize, the answer is yes. But if I was to take a longer-term sustainable view, now taking a longer-term sustainable view, if it happens, nothing like it. That will be true symphony. We'll go for orchestra one day together, okay?

But continuing to reinvest in business, I'm interested in long-term sustainability. There are two new lines of business that we are at this juncture planning to launch by January, February. We are -- as I showed in my AGM today that we continue to grow with India despite all the -- so we think India opportunity is real. And I am not sure now is the time to maximize. -- now is the time to continue to -- but we must remain responsible.

Now can '19, '21 become 2022? Very much possible. I mean, with investing, which means we become more efficient, AI transformation starts to either accelerate top line or decelerate costs. Logically, it should do both. But given our sustainability quotient of continuing to invest in building businesses, looking for new opportunities, I would say, can -- yes, instead of '19, '21, can we look at 2022 as the drag reduces of excess capital, that will also have a role to play. You will see improvement in Q2 in ROE because we would have paid a dividend. So actually, that number will automatically improve. So -- and as I said earlier, we don't foresee raising capital.

So I hope I'm not trying to avoid your question. I'm not trying to avoid a number. I'm not one of those. I'm just saying I just think you are well wisher. You should wish that we are getting to INR10 lakh crores with the same sustainability and profitability metrics, which is really what I've shown today in AGM that -- and I believe -- I mean, even I used to have doubts in my mind that is it possible that INR6 lakh crores same ratios will hold they're holding. Now I have no doubt that even at 10 or 12, they hold. We have crossed that point where we should even evaluate that it leads to lower -- that higher scale would lead to dilution. So I hope I have found.

Bharat Shah: No, absolutely. My question was not about immediacy. I was talking of a runway of three to five years. where 20.5% touching hopefully 0.5%, 0.5% every year to, say, somewhere around 23%, 24% over a 3- to 4-year time frame?

Rajeev Jain: No. Let me connect this to strategy Bharat bhai for a moment. I think it's important as a point. We deliver customer centricity and people think I'm making a good to make point. If my cost of originating customer goes down, it will dilute NIM marginally because I'm doing more with my customer at INR200 million franchise, which nobody comes near, and we are very confident of getting there. It will bring down the cost of operations and it will bring down the cost of credit. So that customer centricity is central to the strategy of us delivering that frame.

Now whether the number is 22 or whatever that I don't know. But it is so strategic. I spent virtually 3/4 of a day in a month on customer centricity. We've created a dedicated unit in the company. We are thinking of new products in the company for the first time as I can't think of lending companies around the world who would have design thinking units. We've set up 10 design thinking units in the company because as we're thinking of customer centricity, we are saying products the way they look today may not look that way tomorrow.

So we are investing in areas that are not logical that have not been normal to us as well, investing in customer centricity units, investing in design thinking units. These are all longer-term initiatives, let me tell you. I mean we put -- we are doing primary research in that unit. We're doing secondary research. I've worked for 33 years, you've done in research. It doesn't come normally to bankers to do research.

So we are shaping the company, Bharat bhai, and to all investors, I would say, in a little different way. It's a reasonable work in progress, whether AI transformation on one side, design thinking on the other, customer centricity other, all this comes together. To symphony, that's what we are working for. So I can tell you my efforts and my actions and number is an outcome.

Moderator: Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to the management for closing comments.

Rajeev Jain: Good night. Thank you so much. Thank you. Thank you for all your questions. Thank you so much.

Moderator: Thank you very much. On behalf of JP Morgan, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines. Thank you.