Let me -- Q1 clearly was a pandemic quarter. The focus of the company was really on employee safety, capital preservation, liquidity management, business scenario planning, OpEx management, collections capacity augmentation, creating new customer propositions, business transformation framework, and lastly, but most importantly, calibrated restart of business as the country started to reopen because the lockdown was sudden in nature.

As a result of the fact that 68 days country was in national lockdown. The results are that assets under management grew by 7% Y-o-Y. OpEx to NIM grew by -- came in at 27.9% versus 35%. PAT came down by 19% Y-o-Y. ROE came in at 2.9%, not annualized. Net NPA came in at 50 basis points versus 64 basis points.

These numbers, given that we are in a -- given the whole host of situations are not really that, I would say, they need to be watched over the next 1 or 2 quarters before we make too much sense out of them, is really what I would guide all of you too.

Let me just quickly cover some of the 35, 37 points that we've articulated here for clarity. Let me just jump to balance sheet and franchise very quickly.

Clearly, till 10th of May, business operations were closed and gradually, restarted as local administrations eased lockdown conditions.

As of yesterday, we are operational in 2,322 locations, which represents 85% of company's business. 86 locations at this point in time are closed for business fully.

Example being, Pune, Bangalore, among the large cities, which represents 15% of the company's business. These locations do 2,003 -- Bombay is part of 2,322 rather than part of being 86, just to give you texture.

AUM, we talked about moderated to 7%.

On a gradual basis, over the last 60 days, company has opened business-by-business based on its degree of confidence. It started with sales finance, auto finance, point-of-sale business, loans against security, gold loans business.

Then started, in June, home loans and credit card distribution business. And in between extension of moratorium came in, and it's only in July that we restarted all our other lines of businesses from 1st of July.

At this juncture, based on our assessment and what we are seeing, we do believe that 75-plus cities should revert to pre-COVID volumes by October. This is 75 plus, I mean, 40 to 75 cities by end November; 10 to 40 cities by January; and top 10 cities by March. This is assessment at this point in time. This, of course, assumes that we will not have a second national lockdown.

In general, as a result, our view is that overall assets under management growth could look like, anywhere between 10% to 12% in FY '21.

We booked a set of 1.7 million customers in the last 50 days across our different businesses. In general, the early bounce rate and collection efficiencies of these clients, we are seeing them to be marginally better or in line with pre-COVID levels. This is an early indicator. If these indicators were to persist -- in July and August -- in August, September and so on and so forth, then we could probably have a stronger growth stance in the second half of the year.

The entire -- so given the lockdown, company was also locked down. The entire focus of the company was, what do we do to -- with our workforce, what do we do with our customers? In the process, 2 big parts emerged where we could work with our existing customers, which is point #8 and 9.

We had a health card product which had gone live in October, November this year. And given the entire focus on health, we started to cross-sell health card to our existing EMI card customers. The company successfully managed to sell 5.33 lakh health card customers. It generated INR 35 crores of net fee income in the quarter for the company.

Given the lockdown, company also decided to convert some of its existing customers with no overdue and good repayment track record from term loan to a flexi loan for a switch fee. This generated INR 135 odd crores of switch fee in Q1.

I'll be covering this in greater detail, given the -- what I would call WhatsApp murmur since we released this investor deck in the afternoon and the data in the afternoon. Just give me 5 minutes to come back to this point.

Let me just jump to point #10. Fundamentally, company acquired 0.5 million new customers in the current quarter. Total franchise stood at 42.95 million.

Liquidity, company is sitting on INR 20,600 crores of cash and SLR investments of INR 2,550 crores. This represents 19.5 -- virtually 19.25% of its total borrowing.

Given the environment, we do believe that we will continue to run high liquidity buffer. Its impact on cost of fund is reasonably material, which is the point #13. It is INR 169 crores in -- was the cost of excess liquidity in Q1 itself. In a way it's a 600 -- INR 650-odd crore run rate, if we were to maintain this for a full year.

Prudent ALM and liquidity management foregoing the near term interests @ long term sustainibility

Do we have that stance for at least the next 1 quarter? The answer is, yes. And we will take it as things progress.

Deposits book stood at INR 20,061 crore. Its year-on-year growth of 33%. Contribution was 17% of consolidated balance sheet. We continue to attract sizable deposits even in Q1. We dropped rates twice by 65 basis points in 2 tranches. Corporate retail mix stood at 70-30, in line with our stated strategy to reduce reliance on corporate deposits.

As you may be aware, on point #15, S&P Global downgraded the company's long-term issuer rating on account of sectoral downgrade due to COVID-19. So that's a update on point #15.

On OpEx, as I've said on April 6 call and in May '18 -- '19?

Sandeep Vijay Kumar Jain, Bajaj Finance Limited - CFO [4]

'19.

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [5]

May '19. May '19 Q4 results that, clearly, we have limited control over revenue, we have limited control over credit cost, we do have control over OpEx. So company has gone out [hammer and pump] and has looked at -- where are the -- what I would call, non-value add cost and even value-added costs for at least the next 2 quarters until things come back to normalcy.

On a sequential basis, overall OpEx has dropped by INR 296 crores on a year-on-year, which is a 20% sequential drop and 11% year-on-year drop.

We've taken several actions. We have taken a voluntary pay cut. It's across the company from 5% at junior levels to 17.5% for the current year. We are reasonably heavy on incentives. We've taken a view till September to pause that as well. We've done significant call center optimization and so on and so forth.

All actions that we deemed appropriate that we were to take as a company, to protect the P&L and in the process balance sheet have actually been taken from an OpEx standpoint.

On credit cost, let me spend 5 minutes on it. There are 8, 9 points. You're aware, RBI on account of continuing disruptions, extended the moratorium by another 3 months till 31st October.

As Consolidated moratorium book came in at INR 21,705 crores, which is 15 and then 0.7% of AUM from INR 38,599 crores, which was 27.1% of AUM as on April 30. Mainly bounce rates are dropping, collection efficiencies are improving and as a result, the moratorium book came down.

During the quarter, as a measure of prudence, company continued to accelerate its provisioning. Took INR 1,450 crores of contingency provisions, taking total provision that we have taken so far to INR 2,350 crores.

In addition, there is a INR 623 crores of ECL on this INR 21,705 crores, taking the overall provision to just a tad below INR 3,000 crore on this INR 21,705 crore book, aggregating to 13.7% on a -- on the consolidated moratorium book as of June 30.

Since moratorium book is also continuing to accrue interest, in line with our assessment, we also decided to reverse interest income to the tune of INR 220 crore during -- in the quarter.

when these reverses are written back; the EPS will surge very very sharply, 962c Cr. Pat and 1450 Cr prov, means if PAT has gone down by 19% PAT at no growth would have been around 1200 Cr. just adding back 220Cr. of Moratorium Int. If to these even 50% of provisions i.e. 700 Cr,. is reversed PAT jumps by 50 off % but instead mgmt. took P&L hit to protect and provide robustness to BS

Last, we provided an update on our credit cost scenario planning model on 6th April. We estimated that by the time 80% to 90% increase in credit cost, assuming lockdown continues till 15th May.

The national lockdown continued for 68 consecutive days till 31st of May and it was followed by multiple district and state level lockdown imposed by respective local authorities. At this juncture, as we speak, Bangalore and Pune are in midst of, I would call a more stringent lockdown than the original national lockdown.

Based on incoming data over the last 3 months, we've now updated our credit cost model. And we now estimate that the overall credit cost for the year will actually rise by 100% to 110%, which is INR 6,000 crores, INR 6,300 crores for FY '21 over previous years.

no assumptions; data driven

We do believe and it's evident and visible that we have reasonably strong pre-provision profitability to absorb the increase versus what we had originally estimated in April.

We have provided an outlook that to mitigate the significant increase in bounce rate as a result of the pandemic, we are investing significantly in augmenting our collections infrastructure. We've added 2,800 collection officers so far, and 16,000 collection agencies to manage the increased bounce. 30k to 46k

At this juncture, the way it really looks to us is that 75-plus cities should revert to pre-COVID collection efficiencies sometime around November, 40 to 75 by end December, and 10 to 40 cities by February.

The question that we have in front of us, fundamentally is, what happens to top 10 cities? It is really tough to predict. Most of you who are on call -- a lot of you were on call around Bombay are aware of how the lockdown has been. We are for the last 8 days in Pune in a complete lockdown state.

So top 10 cities is making it very difficult for us to fully forecast in an effective manner how things will pan out. And of course, if the cases were to go up, we are

RISK; out of mgmt. hand; or anyone's hand

so far not forecasting a second national lockdown. So that's really on the credit cost.

And I'm coming in a moment to a set of points that I do want to cover, which are not there in the investor deck as well but let me just complete this.

Profitability came in 19% lower, mainly on account of INR 14,050 crores of -- mainly on account of INR 1,670 crores of provisions and reversal of interest income.

Overall, pre-provision profitability remained reasonably strong. We had given an outlook to the Street that in May we are also looking at some of the businesses where we do believe that there is -- there may be some opportunities from a margin profile standpoint. We have taken actions as we deemed appropriate to increase margin profile in some of the business.

Businesses that are fundamentally a business that is probably struggling, most on account of pricing pressure is the mortgage business, where there is tremendous pricing pressure at this point in time.

We are re-pivoting the mix marginally for short- to medium-term to navigate through this.

details??

Capital position remained very, very strong at 26.4% overall CRAR. Tier 1 capital was 22.6%.

Let me now jump very quickly to what I would call to -- and I'll come to transformation if there is interest on that, but later. Let me just jump to moratorium, which is Slide 11.

This is data as of April and as of June. Clearly, it's a -- the data is based on -- you see all the information here. There are -- there is some question that, as I said, I'll come to what the WhatsApp chatter is, and I'll try and address as to why have you changed the format in terms of not providing the bounce rate, and I'll cover that in a moment.

But at this point in time, as you can see, AUM as of April 30 was INR [1,42,000] crores by different lines of businesses. INR 38,600 crores of AUM under moratorium, it was 27%. We had overall COVID provision and ECL provision of INR 1,870 crores on that. As of June 30, it's INR [1,38,000] crore, INR 21,705 crores, which is amounting to 15.7% and total provision is INR 2,973 crores, which is 13.7% of total provision.

Let me now come to -- and then I'll open it up to questions to some of the WhatsApp chatter that's going on since in the afternoon we published this.

Have I missed anything, Sandeep, that?

Sandeep Vijay Kumar Jain, Bajaj Finance Limited - CFO [6]

(inaudible)

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [7]

Yes, I'll cover that in the end. Let me just jump to some of the points.

For the first time, now we were helping the Street by telling them that if somebody looked at how did the fee income grew during this quarter? We said there is INR 140 crores of fee income that's come in as a result of flexi. That was a perspective on providing update on flexi.

Little we realize that people are connecting the wrong dots. So let me connect the right dots from our perspective. Flexible -- flexi products or flexi loan products as it's called, was launched in 2013 by us as a company for loans against property customers as a competitive tool against ODCC. That's really what we are competing with.

Gradually, as we saw the power of it, we extended this product across all our lending businesses like personal loan, doctors' loan, SMEs and loans against securities.

Fundamentally, if you were a customer, it allows you to draw when you want, and pay when you want, giving you complete flexibility and control over interest outgo.

You may have 0 drawdown and 0 interest repayment or you may have 100% drawdown and pay interest on that.

You can have -- you can choose a drop line flexi or a hybrid flexi. Drop line flexi fundamentally is like a flexi saver or a home saver that some of you may have had, where the amortization starts on day 1.

Hybrid flexi works exactly like an overdraft or a cash credit account, where for a particular -- in fact, here, this is more hybrid that first 1 or 2 years, you're in interest outgo and then you transition to term.

In both the products, customer has to service interest or EMI, as a case may be based on utilization levels. We do charge the customer 25 to 50 basis points higher pricing. Customer does pay an annual AMC, which can range anyway depending on the products from 25 to 100 basis points, generating a fee income on it.

On a lifetime basis, in the last 7 years, it's our experience that this product is distinctly more profitable, despite loan losses being marginally higher compared to term loan due to slower amortization. The fact is, it is slower amortization, there is -- that's the nature of the product.

If you look at today, the INR 36,000 crores portfolio that we've given data on, [90%] if you were a doctor, our main product that we offer on the INR 7,100 crores of doctor portfolio is only flexi.

If you're a salaried customer, affluent-salaried customer, 90% of INR 10,600 crores of salaried PL is offered only flexi. 100% of [lakh] is flexi. 60% of lakh an LRD portfolio is flexi. 65% of SME, which is INR 11,000-odd crore portfolio is flexi because these clients have surpluses and cyclical needs.

Fundamentally, I would like 100% of these clients to get flexi products because I get more fees, they get more cyclicality, I have greater competitive product to manage my good customer portfolio.

The average I in fact, I'll challenge more often than not, on this product is utilization rates. Utilization rates in flexi essentially run between 60% and 85% of the approved line as a framework.

Conversion from term to flexi, in general, we offer. Now this is a moment of truth business. If any of you would like to go ahead and take it, you can offer it tomorrow and take it.

Now let me just come to what the fuss is all about from WhatsApp chatter standpoint. In Q1, fundamentally, to help our good -- look, I want to just remind everybody, we are in a pandemic to help our good performing and never overdue customers, navigate COVID and to grow our fee pool during this pandemic, when everything is in locked down and all businesses are shut, we chose to offer term to flexi conversion to a set of clients.

Risk controlled disbursal, calibrated and modelled

Let me reiterate, never overdue customer, who would never had any installments overdue in his entire relationship with BFL. Serendipity, however, it emerged that we never offered it to our personal loan cross-sell customers as well. So we went out and offered it to them as well in which we will do even going forward.

If not product innovation; adroit scaling up; manging risks; creating alternatives then what?

INR 8,600 crores of conversion number that we have given to the Street generated a fee of INR 147 crores, okay?

Additionally, it will also generate AMC on every anniversary, depending on the nature of the segment.

Out of it, total conversion of INR 8,600 crores, INR 5,000 crores were (technical difficulty)

Operator [8]

Participants, please stay connected.

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [9]

Yes, sorry?

Operator [10]

Sir, go ahead.

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [11]

Yes. Out of a conversion of INR 8,600 crores, 5,000 -- crore customer -- worth of customers were not even in moratorium. They were serving their term loans successfully, even during these times. Balance 3,600 crores, who were never in delinquency and had a good bureau score, but sought moratorium to conserve cash in pandemic, these are the customers that we offered. We offered it to a much larger base, let me make a point. We offered it to close to 15,000 crores, because we wanted to generate fees, one, and we wanted to help our customers.

granular

What we are seeing on this INR 8,600 crores of customers -- sorry, the 3,600 crores customers is significantly lower bounce rate and collection efficiencies at pre-COVID level.

safe so far with +ve revenue and AMC kicking in

At this point in time, based on the banking, only 26 crores of these customers have flown forward in the month of June.

At a fundamental level, we believe as we get out of this COVID pandemic, we believe on a click of a button, we will own our digital assets, customers will be able to convert from term to flexi and flexi to term. That's really where we are fundamentally headed, and I thought I'll clear the air. Intention was to draw the -- connect the dots from a fees standpoint and not from a portfolio standpoint.

Let me come to the second point that we have not provided bounce data. Let me just remind while you all appreciate that, and I'm aware of it, that we provide utmost disclosure to Street in general.

Bounce was a topic fundamentally that we talked about in our first update on COVID on April 6. It was important that when we came in May to not break the chain and thus, you publish the data.

However, post that, lots of you were on call with me or with Sandeep, essentially, and we realized that the analyst community in general, and investors struggled with the disclosure.

If I further add to it, that given reduction in monthly banking, the monthly banking in the last 4 months has actually dropped by 18%.

So if you look at aggregate percentages, they would not really help. And that's why we've not provided the data. But can I say to you that on the bounce rate by each portfolio in general are dropping by 3% to 4% every month over the last 3 months? Is that a data -- can we provide? The answer is, yes.

Of course, I must just say that the big drop, fundamentally, will only be evident and visible by September, when moratorium ends.

That will be the time in December when many will FALL flat on their faces; many are raising now to protect their balance sheets, many who don't have internal resources to support their ALM and in-fact a few prudent ones who will garner the Market share very very swiftly from these weaker players and if these players who take that market share can provide an honest and frictionless experience to those on boarded can have them for ever unleashing next phase of growth; one which now comes calibrated and accentuated with ZERO ACCOUNTING MODEL

There is some chatter on why on customer franchise you've not provided -- updated the slide? May I just remind that we are in pandemic times and because of moratorium, everything is in a static mode. We will refresh our customer franchise data only by October.

Until the Best customer proves they are best by servicing liabilities, curr. moratorium + 90 dpd ends no updates to franchise, providing an honest representation of facts to stakeholders

This is September and October bounce rate, #1 repayment, #2 and bureau refresh, #3. The only relevant data on that panel for Q1 was the addition of 0.5 million customers to our gross franchise, which we've already disclosed.

Let me come to the last point on -- last 2 points, and then I'll open up to questions, on portfolio held charts.

Let me -- I don't want to remind, everything is in a static mode. Due to moratorium, 0 DPD, 30 DPD and 60 DPD portfolio movements are on a stands to loan -- standstill basis, either custom -- basis customer request or suo moto moratorium.

The only DPD at this point in time, which is moving, is 90 DPD, which, if you draw the dots 2 has resulted in loan loss provisions of INR 255 crores in Q1 already. And it's -- as it represents, ECL Stage 3 provisions and write off.

If we had populated, 0, 30 and 60 as current, because of suo moto moratorium or customer-requested moratorium, it would have presented an artificially rosy picture, which would have not been a prudent thing for us as a company to do. We will reinstate portfolio charge from Q2 post ending of moratorium. If RBI, let me make a point, were to extend moratorium further, we will still not be publishing it. This will only be published post normalization of -- or ending off moratorium as the limited point, I would make. Not for anything else, because it is otherwise, artificial.

U won't find these quality Mgmts specially in India. In every action they are concerned about Honest representation of facts. HATS OFF to the thought process.

TREADING THE RIGHT PATH IN TOUGH TMES; REFLECTS STRENGTH OF CHARACTER AND CHARACTER MY DEAR IS THE ONLY PEREMEANCE VIRTUE

Let me come to the last point, on loss forecast. In general, it's our view as a company that we need to prepare for the worst and hope for the best.

If we believe it as a company that all is well, we would have not reduced INR 300 crores of OpEx on a sequential quarter.

Despite, let me make a point, Ind AS accounting, wherein, a variable sourcing cost gets amortized with income or life of the loan. In iGAAP, it's a different treatment. In Ind AS, it's over the life of the loan. So the degree of impact has been far more brutal for the INR 300 crores of OpEx saved to fundamentally come through.

The reason for increase in loan forecast is primarily on account of continued disruption in economic activities, going to persistent lockdowns.

86 -- I talked about it, 86 markets representing 15% of our business are currently in complete lockdown.

And so for every lender in this country, mind you, this does not include markets like Mumbai, which are considered open but are functioning. You would know it better. Probably, at 25%, 30% level.

Even markets which are considered open, lot of nuances like, weekend curfew, some states are running 2 days curfew, some states are running 1 day curfew in a week and so on and so forth, reduces fundamentally number of working days. In general, disrupting momentum.

We have factored in these additional nuances in our risk model or our credit cost model and have thus, accordingly, increased our credit cost guidance.

If things do change for the better, we have no intention to -- we have no, let me make a point. We enter pandemic with a completely clean balance sheet. We took the 2 large accounts that we had, we charged them off.

I have nothing to charge-off. If -- so we entered at in a -- in the pink of health from a portfolio standpoint. So there's nothing to clean.

On the -- and we are still taking these charges, as I said, because we want to prepare for the worst and hope for the best, all actions that need to be taken to protect and prevent credit costs from rising, have already been taken, but it's important that we protect the P&L to the extent possible.

We will have -- if things change for the better, we will have balance 3 quarters to fundamentally, adjust accordingly, is really the thought process that we've had in increasing our credit cost forecast.

and then the EPS will shoot up drastically and the shareholders could get rewarded with a positive surprise; but more importantly a stronger BFAL as a business OWNER mindset; the pie of business that i own is actually more robust now is the satisfaction that the shareholder will carry back

That's really -- I did have some point, but I don't want to be a monologue. Clearly, 70% of the last quarter's effort, I'll just make only 1 point. I do believe that's from Page #9, 70% of the management effort actually in the last quarter has actually gone into how do we transform the company to prepare, when we get on the other side of the tunnel?

We do very strongly believe that never let a crisis go waste. This crisis is showing up tremendous challenges in the short term, but tremendous opportunities in the long term.

There will be structural change in the way our business will be conducted -- is really what we believe in management in next 12 months' time.

they are guiding for Opex cost to NII at 29% in FY22, which means a direct 7% bottomline addition from here to distant future

And that's really where majority of our effort is fundamentally going. Some of the cost lines may get permanently eliminated, if we manage to transform what we are planning to -- based on the transformation work that the teams are doing at this point in time. That's really 70% of our effort.

And we are quite confident that 9 or 12 months' time, you will see a very different moment of truth because we are a consumer company, for us is a company as we get on to the other side.

That's really all from me. Hopefully, covering most of the points. Between me, Sandeep, Atul, Anup, Deepak, happy to answer, whatever, questions you have. Thank you.

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Questions and Answers

Operator [1]

(Operator Instructions) First question is from the line of Antariksha Banerjee from ICICI Prudential Asset Management.

Antariksha Banerjee, [2]

Can you hear me?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [3]

Yes. I can hear you, Antariksha.

Antariksha Banerjee, [4]

Yes. So congrats on the numbers. And first, let me appreciate your disclosures, especially, on the flexi loan. I had 2 specific questions on the same. One is, I think the -- very really is on the portion of this loan that is currently under a principal holiday. Because as you, yourself, acknowledged that the macros and the environment are not really great. So if somebody is today not making a principal payment or a full EMI payment, could you be in a position to say, how much of this total book is currently under principal holiday and only making interest pay? That's one.

And the second is, while you give these products to a specific sets of customers, what are the negative filters that you apply? Now I understand you say that no overdue is one of the conditions. Are there other conditions like, some occupations which are in our note, I mean, blacklist or some other negative filters that you may have in this product?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [5]

So this is level 2 filter, Antariksha, let me simplify conversation, that this is a level 2 filter, which means, first, whether we want to give you money, okay? Number one, it defers product-by-product. Number two, even there based on our stance, if it is in general a lower risk business, we offer it to all.

the kind of granular modeling and segregation/ rolling it out on a scale; the fact and figures the MD knows like the back of his hand in a con-call at random shows how critically and deeply he is involved in design and discussion of these products and its agile monitoring

So doctor portfolio, we offer it to 97%, 98% of our customers. Salaried PL in general, we are keen to offer it to 95% of the customers. As I said, 90% of the customers of doctors only land up taking it. So it's a level 2 filter, okay?

As I said, in general, we see utilization rates itself at 60% to 85%. Now coming to the structure of the product. The structure of the product has got nothing to do with COVID or moratorium.

You may be a doctor, Antariksha, who may have taken a year ago a flexi product of INR 15 lakhs. Your utilization may have been INR 10 lakhs. You may be in a 1-year product or a 2-year product or in a drop line product. That structure has not changed for a customer.

And it's got nothing to do with COVID or with moratorium. Does that clarify the point?

Antariksha Banerjee, [6]

Just 1 follow-up, if I may? What I'm trying to say is, since you started the product or maybe the sanctions that you made for the last 2 years. Since then, today, we know the macro have -- has -- I mean, it's got worsen, as you -- yourself admit. So some of their customers' income earnings capability itself would have gotten worse. So in your estimate, people who are only paying interest, I mean, probably are in the first year or second year, depending on the product, how much would you estimate to be under stressed based on what data you analyze their income earnings capability or whatever you would use to analyze that?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [7]

Antariksha, let me step back. As of March, none. Or none being defined as, those who would -- was taken into account on annualized credit cost basis. So it's pre-COVID, post-COVID conversation, fundamentally. Okay. That -- so that we are all on same page. Did we see lowest economic growth for us as a country in 2019, '20? And despite that, if you take out the onetime provision on 2 large accounts that we took, the credit cost remains only range bound, which it moved only by 20 basis points.

So clearly -- and this INR 36,000 crores of book was sitting there, okay? As I said earlier, adjusted for margin, this performs better on an ROE basis at a design level, structurally, over the last 7 years.

Antariksha Banerjee, [8]

Sure. But because of COVID, does that change or it's still you think, flat, it was?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [9]

COVID, as I said earlier, in general, we will see far get clarity, and that's not for flexi for anything as moratorium ends. The big month will be when moratorium ends.

Otherwise, is there a secular reduction, as I said earlier, in bounce rates every -- with each passing month, by portfolios? The answer is, yes. Is collection efficiency going up? Answer is, yes. Is it going up by what we would have liked it to be? Answer is, no, because of continued disruption in economic activities.

So we all have to fully wait as a banking system or as a financial system fully for what happens in September as moratorium ends.

Operator [10]

Next question is from Kuntal Shah from Oaklane Capital.

Kuntal Shah, Oaklane Capital Management LLP - Partner [11]

Thanks for excellent set of disclosure. I believe, you exceeded almost the tier by any other player in the BFSL segment.

My 2 questions are, you have ECL of INR 623 crore, COVID provision of INR 2,350 crore, INR 220 crore of morat book interest written back, INR 303 crore of Karvy written off, INR 275 crore of IL&FS return off, both of the last 2, your still security. So this is amounting to almost INR 3,500 crore of provisions/ECL/all the things you have taken.

This is far larger, given the size of your book compared to any other player we have seen. So any light you could throw on that in -- on why it is such a large magnitude? Is it by business? Or is it because of precaution? Or what is the reason of such a large percentage?

And second is. You saw that wallets have jumped 75% to 15 million and credit cards by almost 80%. So any flavor you can do on the credit card and wallets business, which you have not touched, based upon in your...

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [12]

So Kuntal, on your first point, I would just make a point that we would like to run a fully costed P&L. That's really how you run the company. That account for losses, early rather than later. That's the reason why we are a risk-driven company, because when it flows through the P&L, business is at. So it's an important point. It's tied to the fully costed P&L. It's fully tied to the way we run business.

When it flows through it, we run 40 different P&Ls as a company across businesses. When they flow through the P&L, the business manager wakes up and takes a set of actions to prune bottom 15%, 20% of the business, number one.

Granular, Agile, Early warning mechanisms, clear directions

Number two, this pandemic is like never seen before. We have not seen this kind of bounce rate. Or nobody has seen this kind of bounce rate. Nobody has seen this kind of collection efficiency. Nobody ever imagined we will all be operating from home for 120 days. But we do as a philosophy, believe that we want to run a fully costed P&L to the extent of information available to us erring on the side of conservatism and caution, rather than believing all is well. So that's my first point.

Point #2...

Sandeep Vijay Kumar Jain, Bajaj Finance Limited - CFO [13]

Wallet business.

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [14]

1.5 Cr. 4.3 Cr.

Wallet and credit card. Wallet is 15 million, customers are 43 million. Fundamentally, there should be a day when all our customers should be wallet customers. And there will be a day. That's the design thought process and the frame work that we are working with.

Credit card shift has grown. We would like to be among the top 3 or 4 card issuers in India. We are the franchise and the customer base. As a measure of conservatism, we started to originate only in the month of June, new customers. We are still at only 25%, 30% of -- 20% levels in June we were. In July, we hope to be at 30% level. And it continues to remain a reasonably disproportionately profit pool for us and for RBL, who is our strategic partner.

Kuntal Shah, Oaklane Capital Management LLP - Partner [15]

And Rajeev, anything on zero-based budgeting? What does it mean for shareholder?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [16]

What it means for shareholders is that, fundamentally, there should be dramatic -- if I simplify the conversation, it should fundamentally mean significantly lower friction, significantly higher velocity, net-net significantly lower costs.

Our OpEx to NIM, which is at 31.5%, as we come back to full demand potential, sometime in FY '22, do we believe that, that number can go 28%, 29%? The answer is, yes.

On our cost base, that's a substantial number to drop into the profit pool for us as a company.

agreed, it will be a big achievement if we could get there

Operator [17]

Bharat bhai :)

The next question is from Bhavesh Kanani from ASK Investment Managers.

Bhavesh Kanani, [18]

The amount of reduction we have seen in moratorium, you did mention the extent of flexi you have had done during the quarter. Can you help us or probably putting perspective, your understanding of how much reduction in moratorium is due to flexi or such alternate products?

And secondly, by virtue of the fact that, moratorium was taken out of fear and with cash flow there was salary impact, people have resumed normal repayment?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [19]

Sorry, the second part of the question was what Bhavesh?

Bhavesh Kanani, [20]

Sir, in moratorium, whatever reduction we have achieved, a part of it would be because the salaries of borrowers who had taken moratorium in down money are intact and the concern of maintaining liquidity is addressed, so they would have resumed repayment normally.

And second question would be -- the second question would be, where you invited borrowers to switch from normal term loan to a morat loan. So if you can break up the reduction in moratorium into these 2 buckets?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [21]

Yes. So as I said, Bhavesh, when I was making the point, the total amount of conversion is INR 8,600 crores. INR 3,600 crores were clients who had -- who -- I'll repeat what I said. Out of INR 8,600 crores, INR 5,000 crores came from customers who are not in moratorium.

So let's, for a moment, for simplistic purposes, let's add this INR 3,600 crores, okay, to INR 21,705 crores, the number and it is not so the case, but I -- so that we -- we were all not lost in the -- in the -- in multiple numbers. Let's add it for a moment. It is not so, let me reiterate, but let me add so, for simplification purposes and which is why we try and resist from giving number, but let me still give it.

The number still gets to 18 point...

Sandeep Vijay Kumar Jain, Bajaj Finance Limited - CFO [22]

3%.

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [23]

18.3%. It didn't -- it would not have -- whether I did 15.7% or 18.3%, it didn't really matter, quite honestly, okay?

I could have still argued that it's a 27% going down to 18%. That is not the point. The point fundamentally was that, as I said earlier, we are trying to draw the dots from a fee side.

not switching to Flexi to get moratorium down but to increase fee pool

And let me make a point, and it's an important point. We would like to tell the Street what we were up to in Q1. We're a public company. What were we, as management up to? We, as a management, were up to employee safety, capital preservation, liquidity management, business scenario planning, OpEx management, collection capacity augmentation, customer proposition, Flexi and EMI card sit in customer proposition, business transformation framework, which the earlier gentlemen had asked me, and I responded.

This is really a flow in terms of -- as a matter of fact, what were we up to in the last 100 days? So if you -- for simplicity sake, you add to it, it's 18%, okay, big deal. It is not so, let me reiterate for the third time, so that, hopefully, it's understood clearly. Yes, go ahead.

Sandeep Vijay Kumar Jain, Bajaj Finance Limited - CFO [24]

Yes. See another point is, see, this product is offered to set of customers who have performed reasonably well with us in the past. That's an important point to note.

Secondly, I think in the current situation, it's very, very important that customer starts getting back into repayment behavior. Keeping the customer in moratorium is not in the interest of anybody, neither of a company nor in the interest of customers. It is important that customer comes back into the habit of making monthly payment.

Inducing the rt culture in customer by switching them to flexi and providing them a option to pay easily as they can rather than getting them into a habit of defaulting and stressing them out later

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Operator [25]

The next question is from the line of Prashanth Sridhar from SBI Mutual Fund.

Prashanth Sridhar, [26]

Just 2 questions from my side. If bounce rates would not give an accurate picture, maybe, if you can just give us the total amount of collections that was due for June against that? How much was actually collected? Number one.

And number two, how big is the gold AUM? And are you incrementally competing with the bigger gold NBFCs? That's it?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [27]

First question, I will not have...

Sandeep Vijay Kumar Jain, Bajaj Finance Limited - CFO [28]

Collection...

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [29]

So collection efficiencies -- so 2 things. Bounce rates, as I said, are dropping by 3% to 4% and collection efficiencies have moved anywhere in the month of June, especially because lot more was open, have moved between 8% to 10%.

In July, we are forecasting it to move by another 8% to 10%, subject to how open still the country remains, okay?

Having said that, having made both these points that there's a reduction in moratorium -- bounce rates, there is increase in collection efficiency, as a result, reduction in moratorium, we are still way off from where we used to be pre-COVID. That's an important point I want to make, because it connects to the eventual credit costs.

So that's the dot to connect.

Are they moving in the right direction? Answer is, yes. Slower than I would like? The answer is, yes. We have 45 more days before the moratorium ends. So that's an important 40 or 45 days from hereon.

Gold loan, look, we've started gold loan in rural markets 3, 4 years ago. We tried to be intelligent. Realized 18 months ago, it really doesn't work and decided to do how gold loan works.

The business is now aggregating INR 70 crores to INR 80 crores of net assets per month is between INR 1,500 crores to INR 1,700 crores of AR, should grow. We are rapidly expanding gold loan in 75-plus markets. Today, we offer it in 400 cities at this point in time as a standard operating. We will grow this much more rapidly.

Operator [30]

Next question is from Priti RS from UTI Mutual Fund.

Preethi RS, UTI Asset Management Company Limited - Research Analyst [31]

Sir, my question is on the collection of the network that we have interacted...

Operator [32]

Priti, sorry to interrupt you. May I request you to speak little louder, please?

Preethi RS, UTI Asset Management Company Limited - Research Analyst [33]

Yes. So I want to understand how -- what is the increase in the collection, if the network that you have [increased]? If I remember, in Q1 FY '20, the number was 4,500. So -- so if you could explain the 2,800 and 16,000, vis--vis that number?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [34]

The 1,500 officers are in addition to the 4,500 we had.

total 6000 officers for collection on company rolls

Preethi RS, UTI Asset Management Company Limited - Research Analyst [35]

Okay. And 16,000 is fresh?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [36]

Officers on the company's rolls. 16,000 is agency staff.

46000 agency staff- outsourced

Preethi RS, UTI Asset Management Company Limited - Research Analyst [37]

And what was that number back in -- I mean, in June 2019?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [38]

Around 28,000 to 30,000, is really what the ballpark number would be.

Preethi RS, UTI Asset Management Company Limited - Research Analyst [39]

Okay. So sir, 30,000 is clawing now close to 46,000.

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [40]

Yes.

Preethi RS, UTI Asset Management Company Limited - Research Analyst [41]

Okay. Sir, and the second question is on the employee cost. You did mention that you had taken -- that there has been salary cuts. But how do you boost your employee morale in situations like these?

very good ques

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [42]

So fundamentally, look, we -- it's little ironical that, in the quarter that we actually cut salaries, we became the fifth best employer in India. We do believe people is capital in our business. People make a business. In a -- the stance that we as management have taken is fundamentally that in good times, employee first. In bad times, shareholder first.

It's the first time in 13 years that we are fundamentally doing a shareholder first. And we will remain shareholder first, until we come back to a growth stance.

So -- and we have long-serving employees, they understand the point. Is it difficult? Because the effort is 2x at this point in time and outcome is half, right, or let's say, 70% or 80%. If you add incentives, they're earning 60% to 70% of what they would earn.

So effort is 2x and reward is 0.7x. But once in 13 years, it's okay to have shareholder first and balance 13 years, we'll have employee first.

And we -- as we come back, we will ensure that we reward those who persist with us in getting to the other side of the tunnel.

the very next day after corporate rate tax cut announcement; salaries across the board were raised by 5%; that was in normal growth phase, now in time of prudence it is not bad if they are seeing the interest of the compnay and shareholders first

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Preethi RS, UTI Asset Management Company Limited - Research Analyst [43]

Right. Right. Sir, this 2,800 number, this is effectively moving our sales force network into collection?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [44]

No. No. Very little. Nothing. We have not moved anything. Very little. Less than 150 people. Yes.

Preethi RS, UTI Asset Management Company Limited - Research Analyst [45]

Got it. Sir, the last question that I had is on the auto finance book. The provisioning on the morat AUM is at 12%, which is lower than the overall average at 14%. So while the logic would suggest that, you would probably provide higher since it's the mass segment compared to a mass affluent segment of the other portfolio that we have?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [46]

Mainly, our assessment is that as a result of repositions and the residual value in general, historically, being 45% to 50% and we expect it to be a little higher because of BS-VI conversion, in general, the prices have gone up of secondhand assets. That's the fundamental logic behind why that number is at 11.8% versus in some of the businesses at '21 and '22.

Operator [47]

Next participant is Roshan Chutkey from ICICI Prudential Mutual fund.

Roshan Chutkey, ICICI Prudential Asset Management Company Limited - Associate VP and Analyst [48]

Congratulations on great set of disclosures and a great quarter. Sir, firstly, sir, what is the collection efficiency absolute number or sort of 3 months of the quarter, if you can just share that?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [49]

It defers product-by-product. I -- sorry...

Roshan Chutkey, ICICI Prudential Asset Management Company Limited - Associate VP and Analyst [50]

At a company level?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [51]

No, Roshan. It is -- I mean, because if you have, let's say, auto finance businesses is under -- was in suo motto moratorium. So it's a -- that number is a -- it's by business that the number has to be seen because let me make a -- give you a texture on it, so that you're clear, I'm not of escaping the point that in terms of number of clients banked, largest number is in sales finance business.

If you refer to Page #11, in terms of number of clients, the largest is sales finance. So the number will [first aid] the point. One is to look at it portfolio-by-portfolio rather than on an aggregate number basis -- is the limited point, I would make to you.

As I had said earlier, are we seeing bounce rates go down? Yes. Every month? Answer is, yes. Are we seeing collection efficiencies go up? Answer is, yes. At the pace in which I would like it to be? Answer is, no.

And so that's really what our stance is at this point in time.

Roshan Chutkey, ICICI Prudential Asset Management Company Limited - Associate VP and Analyst [52]

Okay. What percentage of the portfolio have paid all their EMIs?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [53]

Percentage of portfolio. Sorry? Yes. Percentage of clients who have...

Roshan Chutkey, ICICI Prudential Asset Management Company Limited - Associate VP and Analyst [54]

Have paid all the EMIs?

Sandeep Vijay Kumar Jain, Bajaj Finance Limited - CFO [55]

Current portfolio.

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [56]

Yes. Portfolio that is fundamentally current. That means minus morat...

Roshan Chutkey, ICICI Prudential Asset Management Company Limited - Associate VP and Analyst [57]

Including morat?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [58]

I didn't understand your question.

Roshan Chutkey, ICICI Prudential Asset Management Company Limited - Associate VP and Analyst [59]

Including morat, including everybody, what percentage of the portfolio has paid all the EMIs thus far?

Sandeep Vijay Kumar Jain, Bajaj Finance Limited - CFO [60]

See, Roshan, for the current quarter, that number may not be relevant because of the standstill nature of the book because of moratorium.

However, what may be important to see is that, the moratorium book has come down from 27% to 15.7%, as Rajeev has articulated earlier.

Second, the other parts of the balance sheet has remained on standstill mode from classification point of view.

So if the customer was in O DPD, it remains on 0 DPD. Customer was a 1 -- let's say, 1-month overdue or 2-month overdue, remains in that bracket.

The number will may not be relevant in the current quarter. However, I'll come back to you separately on the numbers part.

Roshan Chutkey, ICICI Prudential Asset Management Company Limited - Associate VP and Analyst [61]

Okay. And so what exactly is the morat definition? If somebody makes even 1 payment among the 3 or 4 payments that are pending, is it deemed to be out of moratorium?

Sandeep Vijay Kumar Jain, Bajaj Finance Limited - CFO [62]

These are set of customers who have come out from moratorium, based on their June repayment.

Roshan Chutkey, ICICI Prudential Asset Management Company Limited - Associate VP and Analyst [63]

1-month repayment is good enough?

Sandeep Vijay Kumar Jain, Bajaj Finance Limited - CFO [64]

April -- in the month of April, customer may have paid in the month of May, customer may have paid in the month of June. He is no longer in moratorium.

Roshan Chutkey, ICICI Prudential Asset Management Company Limited - Associate VP and Analyst [65]

Okay.

Sandeep Vijay Kumar Jain, Bajaj Finance Limited - CFO [66]

So INR 21,705 crores worth of customers have taken moratorium for the month of June as well.

Roshan Chutkey, ICICI Prudential Asset Management Company Limited - Associate VP and Analyst [67]

Right. And this INR 220 crores of interest reversals, so when did we charge them to reverse it? I mean which period have we charged them in the first place? Let me say...

Sandeep Vijay Kumar Jain, Bajaj Finance Limited - CFO [68]

This is the interest earned by capitalizing the interest during the moratorium period. The amount is around INR 1,700 crores of interest that is levied on the customers during moratorium period.

The company believes, while it is making provision to the tune of 13.7% on the principal component, there ought to be a provision that needs to be made on the interest component as well.

so prudently they wrote back the interest also which was due

Operator [69]

Your next question is from the line of Nischint Chawathe from Kotak.

Nischint Chawathe, Kotak Securities (Institutional Equities) - Associate Director & Senior Analyst [70]

Am I audible?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [71]

Yes. Yes. Yes, Nischint.

Nischint Chawathe, Kotak Securities (Institutional Equities) - Associate Director & Senior Analyst [72]

Sure. Yes, sure. So just trying to understand these INR 38,000 crore AUMs and the under moratorium going down to INR 21,700 crores, so these customers, the difference was actually paid, all their EMIs till June, right? They have cleared all their dues?

Sandeep Vijay Kumar Jain, Bajaj Finance Limited - CFO [73]

Nischint, as I have clarified to the previous speaker, these are set of customers who have paid their installs -- who have not paid their installment in the month of June. The customer may have taken moratorium in the month of April, customer may have taken moratorium in the month of May. However, if they have paid for the month of June, they are out of morat. If they have still not paid for the month of May, they continue -- for the month of June, they continue to be in morat.

Nischint Chawathe, Kotak Securities (Institutional Equities) - Associate Director & Senior Analyst [74]

Okay. So they -- so these 17,000-odd customers would be the ones who would have paid the June installment and hence, they are out of the moratorium? It is possible that tomorrow, let's say, some of them don't pay the July installment, they can come back into the moratorium?

Sandeep Vijay Kumar Jain, Bajaj Finance Limited - CFO [75]

It may so happen that for 5% of this INR 17,000 crores worth of customers may in the month of July come back and seek moratorium again. If they seek moratorium, they'll be added back to moratorium pool.

Nischint Chawathe, Kotak Securities (Institutional Equities) - Associate Director & Senior Analyst [76]

Okay. But then the thing is -- then what you are saying is that these 17,000 got moratorium in the first 2 months? And today, they are no more in the moratorium? So technically, these numbers change every month. It's not that you need to clear all the dues to get out of the moratorium?

Sandeep Vijay Kumar Jain, Bajaj Finance Limited - CFO [77]

I think, Nischint, the important point is that structurally from a trainer information point of view, when you at data of 30th April, interim, you at 31st of May and now 30th of June, we have seen structurally the moratorium book going down.

So while, hypothetically, you can see the number go to higher levels, when the moratorium period is over, looking at the trend line information, looking at bounce rate, looking at the collection efficiency, we have reason to believe that we are on the right path.

Nischint Chawathe, Kotak Securities (Institutional Equities) - Associate Director & Senior Analyst [78]

No. No. That's fine. Actually, I was asking the question because we are just trying to compare across companies, right? So we just thought, I'll put it in case.

The second thing is, when I'm looking at a provision of around INR 3,000-odd crores, which is around 14% of the total loans under moratorium, as we speak. Now I think you have guided for around INR 6,000 crores of provision for this year, which practically means that you're looking at somewhere close to around 30% odd coverage on loans and the moratorium. Is that the right way to think about it?

Sandeep Vijay Kumar Jain, Bajaj Finance Limited - CFO [79]

Nischint, let us appreciate that loss need not necessarily come from the moratorium book. We still have INR 100 -- whatever, INR 1,15,000 crores of balance sheet that is provided at normal rate of ECL. It may so happen that moratorium book will give you higher losses, but you will also see some losses coming from other part of the balance sheet as well.

Risk aware and averse

Nischint Chawathe, Kotak Securities (Institutional Equities) - Associate Director & Senior Analyst [80]

Okay. Okay. And just one last one was on the mortgage business, where I think you mentioned that you're facing some competition. So there were some changes that you were making, but I didn't kind of clearly catch what you're trying to say.

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [81]

Just on the previous point, Nischint, it's important so that we are all on the same page, that the purpose of moratorium, as Sandeep is making, is purpose by RBI was that, that everything is shut down, client position is stalled at 0. So I'm not talking loss. I'm talking -- the entire banking system. And as things come back, as is, income/salary comes back, as his anxiety level goes down, he starts to repay.

So technically, I would have taken a 36-month loan. For 4 months, I need not pay you. When I -- when the 4 months end or 6 months, in this case, by, as given by RBI starts -- he starts on a -- from the first month of September, that's fine, as long as, as long as he does not default from there.

So he clears in September. Does not default and continues to clear. So because the environment has eased or clear. That's really the objective of providing moratorium is. Does not mean, however, that all of it will come back to normalcy, and which is really how our credit model has actually been created, so that we are able -- we are distinguishing between the 2 at a fundamental level, just to add to whatever Sandeep has said so far.

Last point I'll make, all of this anyway, will end on 1st of September. And that's why I made a point earlier, that for the entire banking system, month to watch is September. September beginning and September end.

I mean everybody -- if RBI does not provide an extension of the moratorium, on that day, there are no dogs and cats. There is only 1 thing. So that we're all on same page on the previous point. We can have different calculations at this point in time, but all of it will end in the next 40 days.

Sandeep Vijay Kumar Jain, Bajaj Finance Limited - CFO [82]

So Nischint, just to -- just a last point, I think as we published even the portfolio charts, what we provide you is the point-in-time information.

Let's say on 30th of June, X percent of the customers who are in bucket 1, bucket 2 and so on and so forth. It will so happen that, some customers from bucket 1 may go back to 0. Some from 0 may go back to 1. And this may keep happening over the next couple of months as well.

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [83]

So static position at point.

Sandeep Vijay Kumar Jain, Bajaj Finance Limited - CFO [84]

Position as at 30th of June. That's how we should look at it.

Nischint Chawathe, Kotak Securities (Institutional Equities) - Associate Director & Senior Analyst [85]

Sure. So just on the mortgage question...

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [86]

Mortgage, we -- as I said, Nischint, we started business in June again. It is obviously very, very soft at a fundamental level at this point in time. On top of it, there is significant competitive pressure.

What I was fundamentally saying is that we will have to re-optimize between our various portfolios of mortgage offering that we do, to make sure that we are able to deliver the economic return to our -- to the shareholders at this point in time.

We continue to remain -- it's a strategic business. It's helping us during these times. That's very evident and clear. For a whole lot of people who had a question, then why do this business? This is providing the required safety and stability, which is really why we built out a INR 46,000 crores portfolio. As you can see, its level of morat rate is lower.

So it's just re-pivoting in terms of mix, a little bit to deliver minimum model rate of return on equity and nothing else.

Nischint Chawathe, Kotak Securities (Institutional Equities) - Associate Director & Senior Analyst [87]

So basically, either you're raising home loan rates or you're moving from basic salary to self-employed or something like that?

Rajeev A. Jain, Bajaj Finance Limited - MD & Executive Director [88]

No. I mean we will -- based on -- as we grow little more comfortable, if you go back to the previous to Panel #4, as you can see there, we started home loan in June. As you can see it, Point #5 -- and Panel #5, we restarted loans against property only in July.

So the rescue doesn't change. But within that, we'll re-pivot a little bit to deliver minimum hurdle rate of return on equity. The answer is, yes. If it compromise the risk, we won't even do that, at the design level.

Operator [89]

Ladies and gentlemen, due to time constraint, that was the last question for today. I will now hand the conference over to Mr. Karan Singh for closing comments.

Karan Singh, [90]

On behalf of JM Financial, I would like to thank Mr. Rajeev Jain and the senior management team of Bajaj Finance and all the participants for joining us on the call today. Thank you. And goodbye.

Operator [91]

Thank you very much. On behalf of JM Financial Institutional Securities Limited, that concludes this conference. Thank you for joining us. You may now