5 August 2026

To Corporate Relations Department. **BSE Limited** 1st Floor, New Trading Ring, Rotunda Building, P J Tower, Dalal Street, Fort, Mumbai 400 001	To Corporate Listing Department. **National Stock Exchange of India Ltd** Exchange Plaza, 5th Floor Plot No.C-1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051
BSE Code: 532978	**NSE Code: BAJAJFINSV**

Dear Sir/Madam,

Sub: Transcript of Conference Call held in respect of 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 25 July 2026, this is to inform that the transcript of the investors conference call held on Friday, 31 July 2026 at 5:15 p.m. (IST), has been uploaded on the website of the Company and is available at https://www.aboutbajajfinserv.com/investor-relations-quarterly-earnings-conference-call-recording-and-transcripts

Please find enclosed the aforesaid transcript (pdf) for ease of reference.

We request you to kindly take the same on record.

Thanking you,
FOR BAJAJ FINSERV LIMITED

UMA OMKAR SHENDE
Digitally signed by UMA OMKAR SHENDE
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“Bajaj Finserv Limited

Q1 FY2027 Earnings Conference Call”

July 31, 2026

MANAGEMENT: **MR. S. SREENIVASAN – PRESIDENT, INSURANCE AND SPECIAL PROJECTS – BAJAJ FINSERV LIMITED**
MR. RAMANDEEP SINGH SAHNI – CHIEF FINANCIAL OFFICER – BAJAJ FINSERV LIMITED
MR. TAPAN SINGHEL – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – BAJAJ GENERAL INSURANCE LIMITED
MR. TARUN CHUGH – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – BAJAJ LIFE INSURANCE LIMITED
MR. AVAIS KARMALI – CHIEF FINANCIAL OFFICER – BAJAJ GENERAL INSURANCE LIMITED
MR. VIPIN BANSAL – CHIEF FINANCIAL OFFICER – BAJAJ LIFE INSURANCE LIMITED
MR. ASHISH PANCHAL – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – BAJAJ FINSERV DIRECT LIMITED
MR. DEEPAK MATAI – CHIEF EXECUTIVE OFFICER – BAJAJ FINSERV HEALTH LIMITED
MR. GANESH MOHAN – MANAGING DIRECTOR – BAJAJ ASSET MANAGEMENT LIMITED

MODERATOR: **MR. RAGHVESH – JM FINANCIAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Bajaj Finserv Limited Q1 FY2027 Earnings Conference Call hosted by JM Financial Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Raghvesh from JM Financial Limited. Thank you, and over to you, sir.

Raghvesh: Thank you, Manav. Good evening, everyone, and welcome to the Q1 FY2027 Earnings Conference Call of Bajaj Finserv Limited.

First, I would like to thank the management of Bajaj Finserv for giving us the opportunity to host this call. As always, we'll have opening comments from the management team, post which we'll open the floor for Q&A.

From the management side today, we have Mr. S. Sreenivasan, President, Insurance and Special Projects, Bajaj Finserv Limited; Mr. Ramandeep Singh Sahni, CFO, Bajaj Finserv Limited; Mr. Tapan Singhel, MD and CEO, Bajaj General Insurance Limited; Mr. Tarun Chugh, MD and CEO, Bajaj Life Insurance Limited; Mr. Avais Karmali, CFO, Bajaj General Insurance Limited; Mr. Vipin Bansal, CFO, Bajaj Life Insurance Limited; Mr. Ganesh Mohan, MD Bajaj Asset Management Limited; Mr. Ashish Panchal, MD and CEO, Bajaj Finserv Direct Limited; and Mr. Deepak Matai, CEO, Bajaj Finserv Health Limited.

With this, I would hand over the floor to Ramandeep, sir for his opening comments, Thanks and over to you, sir.

Ramandeep Sahni: Thank you for the introduction. Good evening, everybody. We welcome you to the conference call to discuss the results of Bajaj Finserv Limited, BFS for Q1 FY2027.

As before, in this call, we will largely be concentrating on the consolidated results of Bajaj Finserv Ltd. (BFS), the results of our insurance operations through Bajaj General Insurance Limited and Bajaj Life Insurance Limited, our emerging companies which include Bajaj Finserv Health Limited, Bajaj Finserv Direct Limited, and Bajaj Asset Management Limited. And lastly, where material, the stand-alone results of Bajaj Finserv.

Bajaj Finance Limited and Bajaj Housing Finance Limited, our other two material subsidiaries have already had their conference calls, and hence, we would pursue only very high-level questions on these companies.

On a few hygiene points, as a word of caution, we affirm that any statements that may look forward-looking statements are just estimates and do not constitute an assurance or indication of any future performance result.

Also to just give you an update on the basis of accounting as we do always. As required by the regulation, Bajaj Finserv prepares its financials in compliance with Ind AS. The insurance companies, however, are currently not covered under Ind AS. Hence, they have prepared, their Ind AS financials only for the purpose of consolidation with BFS.

Accordingly, for Bajaj General and Bajaj Life, the stand-alone number reported are on non-Ind AS accounting standards basis, which is referred as Indian GAAP as is applicable to the insurance companies currently.

Further on this subject, in line with the recent prescription from IRDAI, both our insurance companies would transition to Ind AS from first of April 2027.

Let me now give you a high-level update on the consolidated financial results for the quarter.

The consolidated total income for Bajaj Finserv grew at 19% to INR 42,037 crore. And the consolidated profit after tax grew at 18% to INR 6,297 crore. This is just to give you a flavour of the consolidated numbers.

Now I will deep dive into each company's performance, starting with Bajaj General:

The GWP for Bajaj General grew at 11.3% for the quarter at INR 5,789 crore, which is in line with the industry GDPI growth of 11.1% -- excluding the bulky tender-driven crop and government health businesses, the GWP increased by about 10% as against the GDPI growth of the industry of about 12%, a little lower than the industry due to tactical reduction in the motor segment on account of elevated pricing pressures.

The underwriting loss for the company was at about INR 130 crore for the quarter as against INR 116 crore for the same period last year, impacted by high health loss ratios attributable to higher mix of the government health business in the net earned premium. The combined ratio for the quarter was elevated at about 104.7%.

However, if you look at the number on old accounting basis, it's at about 103.9%. The same period last year, the combined ratio on new basis was 103.6%the elevation is largely on account of de-growth in the fire segment as seen for the entire industry. And also, as indicated earlier, on account of increased loss ratios on the government health business.

Despite that, we believe that the reported COR would be the best in the industry despite the stress in the market in terms of pricing. The profit for the quarter was at INR 478 crore as against INR 660 crore for the same period last year. The reduction is mainly on account of lower capital gains booked in the quarter as compared to the same quarter last year due to the challenging external macro environment.

The annualized ROE, excluding the surplus capital, considering solvency at 200% stands at a healthy 17.3%. The AUM for the company for the quarter ended stood at about INR 35,000 crore, lower than the same period last year, largely attributable to the reduction in AUM from the buyback, which we did in the previous quarter and a high dividend payout, which we did during this quarter.

Both of these actions combined have reduced the capital by about INR 3,515 crore for the company. This would mean that going forward, the ROE, which seemed depressed, would get normalized going forward.

In summary, these operating results, including combined ratio and ROE, underscore Bajaj General's disciplined focus on delivering balanced and profitable growth in the most challenging, difficult and highly competitive market.

I will now move to Bajaj Life:

Bajaj Life's financial outcomes have been in line with the plan for 'sustainable and profitable growth', which we had articulated in Bajaj Life 2.0. The retail weighted received premium for the quarter grew at 17.5% to about INR 1,474 crore, better than the industry growth of 16.2%. Retail protection contributed 12% to the overall retail business, growing at 60% year-on-year.

Group protection business has also registered a very healthy growth of 95% for the quarter. And accordingly, the VNB for the quarter grew at a very healthy 87% to INR 271 crore for the quarter. The New Business Margin was up at 15.9% for the quarter as against 11.1% for the same quarter last year, an expansion of 4.8%. These outcomes are despite the GST impact of 2.9% on the margins.

On the back of continued strong renewal premium growth of about 18%, Bajaj Life's GWP grew 35% during the quarter. However, there were some persistency dips observed across certain cohorts, which is in line with the market, and the company is working towards improving these. The profit after tax, as was the case with Bajaj General, also de-grew for Bajaj Life to about t INR 51 crore, down from INR 171 crore for the same period last year, again, attributable to lower capital gains during the period, which was attributable to the external macro environment and also the GST impact.

Bajaj Life ended the quarter with an AUM of INR 1,43,744 crore, up almost 10%. Overall, the quarter for Bajaj Life has been very good and in line with our expectations. We continue to reap the benefits of the strategy of Bajaj Life 2.0 of 'sustainable and profitable growth'.

Both the insurance companies continue to be financially very strong with the solvency of Bajaj Life at 285% and Bajaj General at 254% and hence, are very well poised to weather any external adversity.

I will now move to the lending companies, starting with Bajaj Finance Limited:

A very strong quarter, as you would have seen in the results declared by these companies.

The number of new loans book grew 20% to 1.61 crore in the quarter. The company's diversified business model has enabled it to record a strong AUM growth of about 24% at INR 5,46,944 crore. The net total income grew about 22% to INR 15,224 crore.

PAT grew by about 27.6% to INR 6,081 crore. The opex to net total income was at 33.4% as against 33.1% for the same period last year, with the sequential increase attributable to the gold loan branch expansion.

However, with visibility of green shoots in operating efficiencies due to our AI implementation, the company is confident that the opex to NTI ratio will improve by about 25 to 40 bps in the current financial year. The loan loss provision was at about INR 1,993 crore for the quarter as against INR 1,969 crore for the same period last year.

However, there was a reduction in loan loss to AUF ratio to about 1.54% this quarter as against 1.87% for the same period last year. Accordingly, the GNPA and NNPA are far better than what we had seen for the same period last year at 0.96% and 0.39%, respectively. The capital adequacy remains strong at about 20.9% as of 30th June 2026.

Moving to Bajaj Housing Finance, the mortgage subsidiary of Bajaj Finance Limited:

Overall good quarter for this company too with an AUM growth of 24%, driven by good momentum in disbursement amidst higher portfolio attrition. Growth was very well distributed across all business segments. Home loans AUM grew 20%, loan against property grew 22%, lease rental discounting 41% and developer finance by 19%. net interest income grew by 9% to about INR 968 crore. The growth was muted largely on account of attrition of higher rate portfolio.

The operating efficiencies continued with opex to net total income at a healthy 19.6% as against 21.2% for the same period last year. Here too, a very healthy asset quality has been maintained with the GNPA and NNPA of 0.29% and 0.12%, respectively, for the current quarter, which is again lower than the same numbers for the same period last year.

Accordingly, PAT grew by 23% to INR 715 crore on account of higher variable fee income and assignment income, reduction in opex and lower credit cost during the quarter. The capital adequacy ratio stood at 21.59% as of 30th June.

In summary, another very strong quarter for both our lending companies, Bajaj Finance Limited and Bajaj Housing Finance Limited.

Now to give you an update on the emerging companies, I'll start with Bajaj Finserv Health:

Bajaj Finserv Health executed about 6 million health care transactions during the quarter, up from about 5.6 million for the same period last year. The revenue for the quarter, however, registered a small degrowth on account of restructuring required in some of our partnerships on account of the recent RBI regulations around business conduct for NBFCs.

Bajaj Finserv Health continued its expansion of provider network, which includes 1,30,000+- doctors, 15,000+ hospitals and about 7,000+ lab touch points.

Utilizing this network strength and its tech platform, Bajaj Health is able to offer integrated OPD, IPD and wellness experience to both retail and corporate customers.

I'll now move to Bajaj Markets:

The total disbursement for the quarter for Bajaj Markets was at about INR 2,269 crore, up from INR 2,046 crore for the immediately preceding quarter and compared to the last year same quarter of about INR 1,209 crore.

The company ended the quarter with a total unique partner count of 103. The operating revenue for the company accordingly increased to INR 107 crore with a healthy growth of 32%. As you may recall, the growth was muted for the full year last year.

However, we are back on the growth trajectory after the planned digital customer journey enhancements, which had impacted the growth for FY 2026. Further, some of the revenue structures are now trail revenue based, providing stability, predictability and non-linearity to the future revenues.

I'll now move to the Asset Management company:

Bajaj Asset Management Company continued its good run, recording assets under management of INR 31,444 crore as on 30th June 2026, with a growth of 26% as compared to the same period last year. It retained the 26th spot amongst all the mutual fund companies in India in terms of AUM. Within the AUM, the equity mix stood at a healthy 63% and the non-group share of the AUM constituted almost 91% of the total AUM. Additionally, the company's SIP book saw a surge of 66% with SIP folios also increasing 69% year-on-year.

On the other emerging businesses, with respect to the alternate investments company, which has been set up during the last year, we have now commenced business operations with the launch of our PMS products and also expect the launch of our real estate and the AI AIF in the coming quarter.

Also happy to confirm that the Board of Bajaj Finserv has earlier during the day approved for setting up a reinsurance company as a natural progression of furthering our insurance capabilities. We shall now prepare to seek necessary regulatory approvals to set up the company.

That's from my side on the performance updates.

However, before we open for questions, considering the paucity of time, I would request the audience to kindly keep the questions brief so that we can cover more questions during the call.

With this, I invite questions from the audience.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session**.** The first question is from the line of Shreya Shivani from Nomura.

Shreya Shivani: Thank you for the opportunity. I have two questions. First is on the general insurance business. There was a Supreme Court ruling on motor insurance third-party calculation for homemakers. If you can help us understand this, the impact on us, how are we going to reserve for it? Also, what, if any, measures are being taken by the industry?

My second question is on Bajaj Direct platform. A lot of the NBFCs, that have reported their first quarter results this time around have shown big uptick in digital or fintech aggregated loans, etc. Just a couple of quarters back, I think there was a lot more conversation around concerns on asset quality of this book. How have the trends been on our platform and is there any colour that you can give around it?

Ramandeep Sahni: Tapan, do you want to take the first one?

Tapan Singhel: Yes. Okay. Now when you look at the Supreme Court judgment on Third Party motor insurance, there are 2 subsequent judgments from Punjab and Haryana High Court. They did not fully say that it's INR 30,000 and actually one applied lower version of it. So fundamentally, one has to first wait and watch how these developments evolve. I don't think that the amount of INR 30,000 mentioned may be really applicable as of now, based on what I see.

Second, as a company, our ultimate loss ratio that we assume for Third Party in the initial phase is actually a bit conservative, which actually leads to release on TP as the TP book develops. Which means that we already have enough buffer to absorb any such increase, if it does happen subsequently. So that's already built in the reserving that we do. So, if as a company, you don't have enough reserves and that gets stressed, then I think people have to take action and create additional reserves.

Secondly, for a company like ours, the ultimate losses that we assume already account for this kind of extrapolation and hence you see releases as the book develops. So, I don't think that we should get too nervous about the Supreme Court ruling.

Thirdly, if you look at the books of accounts, the number of such cases are very few. It is not that we have a majority of such cases of housewives in the portfolio. I hope it answers your question.

Shreya Shivani: Right. And in terms of any measures that you as an industry, or all of you as an industry are taking?

Tapan Singhel: There are two things here. As an industry, what we've been asking for is the Third-Party price hike, which is overdue. We have been talking to the regulator, to the Ministry of Finance and MoRTH as TP price is determined by MoRTH in consultation with the regulator. So, we've been asking for that and a lot of good discussions are happening.

Ramandeep Sahni: Also, Shreya, I understand that GIC has also filed a review petition against this judgment. So, we'll have to wait and watch how this shapes out. Ashish, over to you for the next one.

Ashish Panchal: Yes. So, thank you for the question on Bajaj Markets. Yes, you're right that credit quality at industry level was a bit of a concern, and it was not only for the last few quarters. It was sustained for two or three years. However, over a period of time, we have seen our partners moving the needle towards a better position of risk metrics. The whole industry has moved for better. Starting with Bajaj Finance, many of the lenders have taken appropriate measures.

While we have 50-plus lenders on Bajaj Markets – each with different risk return equation, and hence, different thresholds, they are growing their business in general, and they are growing their business with Bajaj Markets.

So yes, we see that the position has improved. And wherever we have trail revenue deals with our partners, we have far more direct insight into the portfolio behaviour, and we are happy with the results. Does that answer your question?

Shreya Shivani: Yes, and just a follow-up – the majority of your lenders that you're speaking about, most of these are just going to be personal loans, right?

Ashish Panchal: The platform per se has 35 different products across various asset classes. Within loans, we offer home loans, gold loans, personal loans, business loans, etc. But yes, as a product class, Personal Loan is most amenable to digital lending, so that remains as a lead product. However, we are seeing other products also growing very fast. For example, gold loans, home loans are growing fast.

Moderator: We have our next question from the line of Mayur Parkeria from Wealth Managers India.

Mayur Parkeria: Congratulations on a good set of numbers. After multiple quarters, Bajaj Life has finally started showing the kind of actual numbers, which we were expecting – including FY2026 and now continuing into the current year. We hope that this trend continues. So, all the efforts have started to show results, so congratulations on that.

I have 2 questions. One is on Bajaj General and maybe Tapan ji can add on that. As we see the current year panning out, there are a lot of natural disasters occurring across the country. This is spread across several states, including Maharashtra, Gujarat, even South, now Assam.

So, it may be slightly early, I understand, but from the monsoon angle, we are now almost a month to 1.5 months into the season and the disruption is taking place. What is the kind of estimate of impact which Bajaj General can see in the current or in the next couple of months or in this year, given these ongoing events? Specifically, how you look at the potential impact on motor, commercial and crop, which may have been more prone to impacts which may come because of these floods or other natural disasters? That is my first question.

My second question is on our other businesses outside of insurance and lending. There is very little movement as far as the road to profitability and breakeven is concerned on most of the subsidiaries barring financial securities. So, what is our path on that? We were expecting while breakeven may be some time away, but even the improvements appear to be very shallow and the visibility of that. So, if you can lay some path as to how do we see this over the next 18 months or till FY2028 both overall and individually? These are my two questions.

Ramandeep Sahni: Tapan, do you want to take the first one? Tapan or Avais can you take the first one?

Tapan Singhel: It's a very good question. Globally the insurance business, goes through cycles - there are times when the rates are hard, and times when rates are soft. In Indian market because there were no major catastrophe losses earlier, the market is soft right now, which means the pricing is much lower than what the average pricing would be in all lines of businesses, be it crop, be it fire, be it motor, be it health. That's why you look at the first quarter results across quite a few companies, the deterioration in combined ratio has been upward or close to 5% or more.

But if you look at Bajaj General, it is not much - its only about a percentage or so. What it shows is that the company has always been picking up the right kind of business and has been able to shift the lines of business depending on how the market has behaved. And this is nothing new, Mayur. We have been doing it for 25 years now.

If you look at the performance, I think at all points of time, our combined ratio compared to the market is always better by at least 16% to 18%. And it is continuing even now. So, the skill is to select businesses where the losses are lower compared to other business lines? And can you get it right? I think that is the technical expertise and underwriting skills that set us apart.

If you look at crop business as well, the segment that you have picked up and see that the impact remains lower compared to other states. Looking at motor also this time, you will see our motor business has come down compared to where it was. So, we have reduced our exposure there because we felt that reward is not there. So, this is what the company keeps on doing. But your observation is right. Right now, the market is soft.

And because if these losses continue the way it is happening, the market will harden as it progresses. That is the nature of this business. So, your observation is correct, but Bajaj General, even in soft markets has consistently outperformed the market. In fact, we're outperforming the market much more compared to what would happen in a hard market. So, from that perspective, as of now, it's showing good results.

Mayur Parkeria: So, are we trying to understand that the losses can be actually quite meaningful for the industry as a whole, while Bajaj outperforms is one thing, but the impact can be high?

Tapan Singhel: Yes. Because if the rates soften, then the losses do move up as it's a very natural cycle. Right now, rates are soft. So, I think the observation that you have is right.

Ramandeep Sahni: I think, Mayur, the bigger question is for how long people can sustain this. So that is something which we have to really watch for, because while we have a very diversified portfolio, we may still outperform the market, but there will be others who may feel a huge amount of stress because of that. And hence, we may see an improvement over a period of time. But as we stand today, it is looking stressed to the point you made.

Mayur Parkeria: And that will be further accelerated or accentuated because of the underwriting results will further get impacted because of the catastrophes of this current period, which we are seeing.

Tapan Singhel: See, that's why I said the rates keep on changing. As of today, what you say is right. But let's say the market hardens tomorrow. Then again, it changes. So that is the nature of the business. That's why I said globally, you look at, you'll see cycles of softness and hardness in the market. Right now, the Indian market is soft. So as of today, your observation is right. Tomorrow it may change.

Mayur Parkeria: That will be true for the new business or for the business which has already been written?

Tapan Singhel: No, so here, unlike Life, you don't have a fixed contract. Every business is like a new business, even renewals also. It's a yearly contract. It's not a long-term contract.

Mayur Parkeria: No, I mean even for the 1 year, which has been written already, we will see the impact of that?

Tapan Singhel: Yes, agreed. But let's say, tomorrow, the price is hardened by 20%. So then from tomorrow business you write, that moves up. Your earned premium is moving up after the month. So that is how -- as of today, what you say is right. We have to see how the market moves.

Avais Karmali: And just to add, as a company, we have a philosophy of always putting a certain amount of money away as part of NATCAT reserves. We will continue to do so in the future.

Ramandeep Sahni: See, there, I think what Avais is trying to say is that our treaties are very robust to take care of any impact from NATCATs. And you would have seen that in the past few years, wherever there have been large calamities also, the net impact to us has not been very material. So, I think that's the other point.

Mayur Parkeria: Okay. And the second question

Ramandeep Sahni: Yes, second. I'll just start by giving a summary from a Finserv perspective, and then I'll request the CEOs to also chip in. Firstly, I think from a road to profitability perspective, we are very clear and have articulated in our stance out very clearly in our Investor Day. If you refer to the decks for the respective companies, you will see that we've called out the breakeven timeframe. I'll just take one company at a time.

From a Bajaj Finserv Direct perspective, I think we've been very clear that we will break even in Q3 or Q4 of this year. And in fact, we had called it out that we may have done it last year but there were several changes we had to do because of the few reasons I'll talk about. One, we transformed the entire CRM from a frontline management perspective. Second, we had to align with the digital lending guidelines of the regulator. And thirdly, some of the structuring we did with some partners where we moved the commission on trail basis. The outcome of this was while we had some stress for the year on the revenue, but from a long-term perspective, the business model was very clear.

Hence, as the outcome of that, we are certain that in Q3 or Q4, on a quarter's results basis this year, we will break even. And on a full year basis, we will break even in the coming year. And from our Health company perspective, again, I think we had called out that in Q3 or Q4 of next year, which is FY2028, we should break even and full year basis, the year after that. So, I think our path to profitability has been very clear, and we've been calling it out in our Investor Day very categorically.

I'll also add a flavour on the Asset Management Company. There also, we've been very clear that while we have overinvested to gain scale, we've already reached INR 30,000 crore AUM. We believe that in the next 3 years, we should hit the INR 1 lakh crore AUM mark and that should be the path to profitability. I'll just request the CEOs to add if there is anything. Ashish?

Ashish Panchal: Yes. Ramandeep has primarily outlined all the important points. So, with the trail revenue, it provides non-linearity to the bottom line. I'll give you an example. Last year same quarter, our operating revenue was INR 81 crore with zero trail revenue. This quarter, Q1 FY2027, the revenue has grown 32% from INR 81 crore to INR 107 crore and INR 15 crore, rounding off a bit, is the trail revenue in this, and its growing Q-o-Q.

So that provides the fillip to the momentum towards breakeven. Yes, we are steadfastly moving towards Q4 breakeven at the company level. And on a full year basis, FY2028 should be decently positive for us.

Ramandeep Sahni: I'll request Deepak also to add on the Health company.

Deepak Matai: See, as far as our Health platform is concerned, the differentiator really comes from technology and network build. And we continue to invest in technology and network build. The good thing is that our revenue is very diversified. So, we are getting revenue from insurance companies, from corporates, from life insurance companies, etc. And therefore, the whole idea is to continue to invest in technology and network, and this should start paying us back from next year onwards.

Mayur Parkeria: So, from Finserv perspective, the infusion will continue in Health for another 4 quarters?

Ramandeep Sahni: So, if you look at our capital allocation plan for Bajaj Finserv Direct, they don't need capital. From a Health company perspective, they'll probably need capital for next 6 quarters is what we believe. But the amount will not be as material. I think INR 200 crore to INR 300 crore is at best we may need. Where we will need capital going forward is the Asset Management Company, we will need a little, not as material as what we've done earlier.

And the larger chunk will go into our ALTs business, which is the newest baby on the block. And obviously, what we said earlier, we are planning to set up a reinsurance company, but I think that will take a while, and that's where I think some amount of capital will be required.

Moderator: We have our next question from the line of Sanketh Godha from Avendus Spark.

Sanketh Godha: Sir, my first question is on Bajaj Life. We saw a significant jump in group protection business in the current quarter compared to the last year. Just wanted to understand the nature of growth. Is it largely because of revival in the MFI business? Or you got into new relationships or new products within some banks, which contributed to the growth. So, I just wanted to understand this almost 100% growth year-on-year basis.

Ramandeep Sahni: Tarun, do you want to take that?

Tarun Chugh: Yes, Sanketh, great question, as always. So, it's a combination of both, Sanketh. I'm sure your excel sheet is already showing that. Yes, there is a revival of the MFI business across the industry. We've had a significant growth there. And as you know, it's one of our larger books. In terms of new partnerships in the last 15 months, we've added more than 20 partners.

So if you roll back almost about a year or 18 months ago, at that point in time, we started on the journey of de-risking ourselves from relying on the few number of partners we had because at that time, we had a set of 2 to 3 partners, which contributed significant percentage, at that time more than 50% of our business. That is no longer the case. And the other is in terms of diversifying across each of these subsectors within the lending sector. Now that is very well spread, and we continue on that path.

Sanketh Godha: Understood, sir. And sir, on Life, again, I have 2 more.

First, I just wanted to understand, if I look at your product mix growth, it seems like annuity business grew at the expense of non-par. Is it fair to say that these 2 products compete with each other? So, if you target annuity, maybe non-par takes a backseat or is it the other way around because you typically do regular pay annuities. When looking at the business, should we look them together as a combo or do you guys internally view both as two very different businesses?

And second question is on margin again. That is, if I factor the GST impact, it still comes at 290-plus basis points impact on the margin, yet we have managed to expand the margins. Is it that we don't want to pass on any pain to our distributors? Whatever the margin accretion happens will be more led by product mix. Is that the call we have taken internally? That's what we wanted to understand.

Tarun Chugh: Okay. Great. Yes, another great set of questions. On the product mix, yes, annuity and non-par are similarly structured, but the focused markets are very different, Sanketh. One, and we should acknowledge the fact industry is picking up annuities because the risk of living longer is getting to be a significant risk.

And I would bet a lot of money on that and say that over a longer period, the 50-plus age group which is a significant part of the customer segment in the country and usually wants to start planning at that stage- is picking this up, which is a good bit.

As far as non-par savings is concerned, of course, we haven't yet hit the numbers that we achieved last year. That is more a product significantly, which also backfired for the sector. You would know that our persistency got hit for some early gratification products where the withdrawals were made possible. So, I think that the industry has taken a hit on that. So, we've reconfigured and closed that product, because we do not want to really be experimenting with something like that.

And now it should be on an upswing -- and yes, these two buckets contribute to the same chassis, but non-par saving will also grow and so will annuities. You should expect that. On your question on margins, I'll have Vipin step in.

Vipin Bansal: So Sanketh, it was very clear the question was on the 290 bps impact. I couldn't understand the question on the pass-on.

Tarun Chugh: So let me take that, we have taken a structured approach there, depending on the kind of channel. And the bulk of the sector has also just done that, where we've been able to add riders to our products for the same commission. While the commission remains the same, the profitability goes up.

And depending on wherever we could find avenues of passing it on, we have passed. But there is no need for us to get too specific around that, though. But I think what will be different from Bajaj Life versus the rest of the sector is that we were on a path, as you're aware, for the last 21 months on cost reduction and cost savings. I think Bajaj Life 2.0 has been able to give us that operating leverage. Does that answer your question, Sanketh?

Sanketh Godha: Yes, That answers broadly in that sense. And maybe I have one on general insurance. Basically, I want to understand the trajectory of both these tender-based businesses, because we understand that crop renewal probably did not happen as was expected as a 3-year renewal cycle.

So, we have INR 1,600 crore of business from crop line of business last year and equally on government health, around INR 3,600 crore. So how do we see these businesses to playing out in the current year given maybe our experience on government health and given the crop cycle is not renewing as planned?

Ramandeep Sahni: Tapan, do you want to take that?

Tapan Singhel: Yes. Now if you look at the crop business, I think this year, as per the tenders that we have got, it would be more than the last year. Now the government health actually was a 2 plus 1 contract. So, we should be getting the renewal for this year because that is how the contract was when we picked up the business.

But business of government health will also depend on the number of lives that are covered plus the overlap that happened last year in terms of building that. So, it may be a bit less than last year in terms of base, but since the contract is 2 plus 1, so we'll be getting that. I hope it answers your question.

Sanketh Godha: Understood, sir. And on government health, you intend to repeat, sir, that contract?

Tapan Singhel: Yes, because it is automatic. It's a three year contract. That's what the tender was when we picked it up last year.

Moderator: The next question is from the line of Nischint Chawathe from Kotak Securities.

Nischint Chawathe: Just on the reinsurance, have you called out the capital that could be required in the business?

Ramandeep Sahni: Like I said, Nischint, we are at the drawing board stage, and we are putting in a plan together. But I think the way we are going to structure it; we will divide it in a few parts. I think Phase 1 will largely focus on doing domestic where we may not need too much of capital. And then

Phase 2, once we get the ratings in place, which will be a 3-year process, then we will move into the international market, which is where we will need a larger chunk of capital. But we've not quantified it as yet, while internally, we have done some scenarios, but we are still to firm up the exact numbers on that.

Nischint Chawathe: Got it. Just on the Life business, first of all, I think a fairly impressive margin expansion. I was just curious that in terms of product mix, the mix that I see in the Q1, is this how we would expect an optimal mix? Or is there some more scope for enriching the product mix?

Vipin Bansal: So, Nischint, I think if you look at about last 4 to 5 quarters, our mix has been largely stable, except for retail protection, which has been growing. So, if I just go a year back, retail protection for us was about 8% to 8.5% same quarter last year, 12% this current quarter. So, I think other than this, our mix has been largely stable. And to the question earlier asked, I think if we look at non-par and annuity because while they are distinct products, we do play between these 2 products.

So, I mean, par has been in the range of 22% to 25%, non-par plus annuity, again in 22% to 25%. Retail protection has grown and ULIP has been at about 45%. I think this is a mix that we believe is sustainable. Should it get better, should it improve or move towards products with higher margin, I think that's the intent. And if we are able to get our non-par mix a little higher, I think that would be an ambition.

Nischint Chawathe: No, so actually, my question was in terms of non-par protection, what is the thought process in terms of this ratio? I mean we are already at 12% now.

Vipin Bansal: So, if I take you back 9 quarters, right, except Q1 of FY2025, which was June 2024 quarter, which had 30% growth. Other than that, we have grown upwards of 40% to 45% every quarter. Now obviously, having grown so fast, I think there will be some moderation in the way the retail protection mix will grow hereon. Tarun, would you like to add?

Tarun Chugh: Yes, I just want to add to that, Nischint. So, first of all, thanks for the acknowledgment on the margins. So, Nischint, when we move, we move holistically and while Vipin correctly said that you can't expect the same percentage growth because the base is significantly going up.

But I must say that the company and the team have done a phenomenal job in terms of the shift toward selling risk, something that is a completely different kettle of fish altogether for our sector. And now 34% of our customers last quarter were only onboarded with term plans. Another 16% had an enhanced rider on their product mix.

So directionally, you should see this number going up continually. And we are not stopping is all I'd say at this point.

Nischint Chawathe: Got it. Just on group synergies, since you raised this point, in terms of number of customers added, what would be the overlap with other group companies?

Tarun Chugh: Not too much. So, as you know, that NOPs count in terms of the group, as in Bajaj Finserv group, right?

Nischint Chawathe: Yes, that's right.

Tarun Chugh: So not too much actually because when it comes to NOPs, none of the companies in the group really sells too much of retail. So, there is barely any dependencies there currently. And largely, it is in the open market.

Nischint Chawathe: Got it. Any specific reason there was a sharp decline in earnings, I mean, impact?

Vipin Bansal: So, Nischint, that's essentially on account of two things that, as Raman mentioned in the opening remarks. Because this is Indian GAAP financials, the investment income is on a realized basis. Because the equity markets were subdued, so we didn't really have any equity gains that were realized and recorded in the P&L during this quarter. I think that's the largest reason. Obviously, the GST cost gets written off upfront. So that's the other reason. I think these two were the reasons. Otherwise, it is BAU.

Nischint Chawathe: Sure. And the last question is what you mentioned is that in the general insurance business, we are pretty well provided for including impact of the recent Supreme Court ruling because one of your peers obviously made a very large provision and the other one is probably reviewing their books. So, from our point of view, you're saying that we've already done the review, and we are fairly well provided?

Ramandeep Sahni: Yes. Tapan answered. Also, given that the homemakers do not constitute a very material proportion, it's an immaterial number in both the settled and outstanding claims for us. That is one reason we don't see the impact to be material. And second is clearly that when you see our trajectory of reserve releases. We have always been very conservative. So given both of these, we do not see any need at this stage to strengthen any reserves.

Moderator: We have our next question from the line of Raghvesh from JM Financial.

Raghvesh: I had a couple of questions. First is on the Ind AS financials, can you guide us what is the timeline we have in mind? And what is likely to be the impact for both the life subsidiary and the general insurance subsidiary? And secondly, on the life insurance subsidiary, what is the kind of percentage of rider attachment that we are seeing and any aspirational level we are looking at?

Ramandeep Sahni: So, I can take the first one broadly and request Vipin and Avais to chip in. What I articulated earlier, as per the IRDAI regulations, the effective date of Ind AS adoption was 1st April 2026. However, they allowed a forbearance of one year. And both our insurance companies had applied for forbearance and have got forbearance from IRDAI. So, for us, the effective date becomes 1st April 2027.

Now in terms of implications, I think the biggest one comes from the amortization of acquisition costs. As you know, currently, under Indian GAAP, the acquisition costs are upfronted, and hence, there is a new business strain, that one sees, which will go away. It will get amortized over the contract duration. This applies to both insurance companies.

Specific to general insurance, currently, the long-term liabilities, which are essentially from the Third-Party portfolio are accounted for on undiscounted basis. Given they are long term in nature, as per the Ind AS, they are supposed to be discounted. So, you could see a big release coming on that front.

Third is, which is relevant more from a GI perspective, and it could be an arbitrage for us is there is this concept of onerous contracts under Ind AS, which says that at the time of writing the contract, if one knows that the contract will be loss-making, then you are expected to recognize that loss upfront given that we operate closer to 100% combined ratio and the industry is at 120%, we believe we could get an arbitrage here because some of the players who are writing loss-making contracts will indeed have to book the losses upfront, and there may be a capital call there.

So, this is broadly what we are seeing. Now both the companies are doing their numbers and while we've started filing quarterly numbers with IRDAI on a pro forma basis, there are a lot of clarifications which we've sought from the regulator in terms of various positions one has to take.

And as an industry, we've approached them. Some of these clarifications, I think, will come in due course. And I think we'll start calling out the impact clearly once we have clarity on these. Vipin, Avais, anything you want to add, please?

Vipin Bansal: No, I think Raman has answered.

Ramandeep Sahni: And Vipin, do you want to take the rider one?

Tarun Chugh: Yes, I'll take that. On rider, I indicated in Nischint's answer about the impact that riders are already having. Just to give you a little bit of more specific data; now if I look at riders that go on term plans and riders that go on saving plans, put together, that number actually comes to 22% of our NOPs having some rider or the other. For both term and savings, the number is 22%.

And that's how we measure it. And the intent is to keep increasing that. And I guess that's the way you will keep hearing from us, and that's the guidance we'll possibly only provide in terms of how we look at riders. And we sell multifaceted riders.

Raghvesh: And in the savings business, the riders would predominantly be in the ULIP business? Is that the right assumption?

Tarun Chugh: It is across all products, like I explained, that term itself has riders of 33% to 34%. And otherwise, there's another set on savings, where for ULIP, yes, a few channels do very well on ULIPs and add riders there. And for the others, there are also riders available on PAR and non-PAR as well.

Moderator: We have our next question from the line of Nidhesh Jain from Investec.

Nidhesh Jain: My question is on motor own damage segment. So, the loss ratio in this segment has increased over the last couple of years. So, I want to understand which particular segment within motor own damage is driving that loss ratio? And what is our strategy for this financial year in this motor own damage segment with respect to growth and loss ratio management?

Ramandeep Sahni: Tapan, do you want to take that? Tapan or Avais, if you want to take that.

Avais Karmali: Sure. The increase in the motor own damage claims is, what you're seeing is essentially an industry-wide phenomenon. So, you see similarly the impact at Bajaj General.

Nidhesh Jain: So, I want to understand which segment is basically contributing to those losses, whether it is private cars, 2-wheeler, CD within private car, any particular cohort, which is leading to this higher loss ratio? And what is our strategy given that loss ratio is elevated, what is our strategy for FY2027 in terms of growth and loss ratio management?

Avais Karmali: No, our strategy is very clear. We focus on risk selection. We have a return on risk-adjusted capital model that we use for our selection basis, and we will continue to do that. As you see that we've slowed down on motor a little bit. When the time is right, we will increase again. These are all tactical shifts that we do, as we've been doing for the past 25 years.

Nidhesh Jain: So, we should expect continued slowdown in motor own damage, right, through the year till the time pricing is not adequate.

Avais Karmali: No, as Tapan said, there are cycles. There are soft cycles, there are hard cycles. It depends on what happens. But we have a data driven selection criteria. It's an institutionalized framework we use across our sales channels. We continue to use that to select the risk. Depending on prices, depending on changes in commissions, we will make tactical shifts as we deem appropriate.

S. Sreenivasan: If I can add something to this, Raman, Avais.

Ramandeep Sahni: Yes, please, Sreeni.

S. Sreenivasan: I think this is a long-term business. And with temporary slowdowns, I think we're not really bothered. While I know there are a lot of people who look at gross premium as the only measure of top line, we have a large number of customers and issue a large number of policies. For each of these customers, the lifetime value is quite significant. That's how we have built our business in the past.

And therefore, if one segment slows, we will have to correct it. Ultimately, the goal is to increase the absolute operating profit if we can. And that will continue to be our goal, as you can grow absolute profit only through combination of volume and margin play.

Sometimes the margins are weak, you have to give up volume, but you have to protect your bottom line. I think that has been a very clear strategy of the company over the last 25 years. We will continue to do that.

Nidhesh Jain: Sure, what particular segment in motor OD, which is contributing to the higher loss ratio? Is it new private cars or renewal private cars or any other particular cohort that is showing higher loss ratios increase?

Tapan Singhel: This is Tapan here. It is not that simple. For that, you have to sit down together to see our rule engine. We micro-segment the segments geography-wise, so you can't really bucket it as the segment 1, 2, or 3. So that it will be too simplistic to look at this business.

Moderator: Ladies and gentlemen, that was the last question of the day, and I now hand the conference over to the management for closing comments.

Ramandeep Sahni: Thank you all for the great questions and we can close the call with this. Thank you all.

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