10 November 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 in respect of financial results for the quarter and half year ended 30 September 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 Para A of Part A of Schedule III to the SEBI Listing Regulations

In furtherance to our letter dated 19 October 2026, this is to inform that the transcript of the investors conference call held on Tuesday, 3 November 2026 at 5:00 p.m. (IST) has been hosted 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
Date: 2026.11.10 15:49:50 +05'30'

UMA SHENDE
COMPANY SECRETARY
Email ID: investors@bajajfinserv.in
Encl.: As above

BAJAJ FINSERV LIMITED
https://www.aboutbajajfinserv.com/about-us

Registered Office: 6th Floor, Bajaj Finserv House, Off Pune - Ahmednagar Road, Viman Nagar, Pune - 411 014, Maharashtra, India
Tel: +91 20 7150 5700 | **Fax:** +91 20 7150 5792
Corporate ID No.: L65923PN2007PLC130075 | **Email ID:** investors@bajajfinserv.in

“Bajaj Finserv Limited

Q2 FY2027 Earnings Conference Call”

November 03, 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 AND GROUP STRATEGY HEAD – BAJAJ FINSERV LIMITED
MR. DEEPAK MATAI – CHIEF EXECUTIVE OFFICER – BAJAJ FINSERV HEALTH LIMITED
MR. GANESH MOHAN – MANAGING DIRECTOR – BAJAJ ASSET MANAGEMENT LIMITED

MODERATOR: **MR. AJIT KUMAR – JM FINANCIAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 FY2027 Earnings Conference Call for Bajaj Finserv Limited, hosted by JM Financial Institutional Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ajit Kumar from JM Financial Institutional Securities Limited. Thank you, and over to you, sir.

Ajit Kumar: Thank you, Rayo. Good evening, everyone, and welcome to the Q2 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. We will have the opening comments from the management team, post which we will 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 Group Strategy Head, Bajaj Finserv 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. Thank you, and over to you, sir.

Ramandeep Singh Sahni: Thank you. Good evening, everybody. We welcome you to the conference call to discuss the results of Bajaj Finserv Limited, BFS, for Q2 FY2027. As before, in this call, we will largely be concentrating on the consolidated results of Bajaj Finserv, the results of our insurance operations through Bajaj General and Bajaj Life Insurance Limited, our emerging companies, which include Bajaj Finserv Health, Bajaj Finserv Direct and Bajaj Asset Management Company; and lastly, where material, the stand-alone results of Bajaj Finserv. Bajaj Finance and Bajaj Housing Finance, our other two material subsidiaries have already had their conference calls, and hence, we will pursue only very high-level questions on these companies.

To start with 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. On the basis of accounting, as required by regulations, Bajaj Finserv prepares its financials in compliance with Ind AS. The insurance companies are, however, currently not covered under Ind AS since we have sought one year forbearance from the regulator.

Therefore, Bajaj General and Life have prepared Ind AS financials on Ind AS 104 basis only for the purpose of consolidation and the stand-alone numbers for them are based on non-Ind AS accounting standard, which is referred as Indian GAAP as applicable to insurance companies today. Further on this subject, in line with the recent regulations from IRDAI, both the insurance companies would transition to Ind AS from 1st of April 2027.

Additionally, regarding the recently published consultation paper by IRDAI on recalibrating economics of insurance distribution, we appreciate and support the IRDAI's intention of fostering a customer-centric, competitive, efficient and transparent distribution ecosystem. As this is a consultation paper at this stage, it would be followed by draft regulations for comments and then the final regulations shall be issued.

Hence, in that sense, it would be premature to come to any conclusion basis this consultation paper. However, as seen in the past, any large-scale initiative, which aims to improve the customer proposition may lead to short-term impact for the insurers as well as distributors in this case. However, in the medium to long-term, the sector only bounces back much stronger as has been seen during the past in terms of the GST exemptions or various changes in ULIP norms, or surrender value changes and so on.

We hence continue to support any initiative, which improves the customer proposition and expands insurance coverage. As part of IRDAI's reach out to seeking feedback on the paper, our insurance companies have also been providing necessary feedback to the authorities.

I'll now move to giving a high-level update on the consolidated financial results for the quarter, which have been put out in the press today. The consolidated total income grew 17% to INR 43,416 crores, consolidated profit after tax grew a healthy 25% to INR 5,952 crores and consolidated profit after tax attributable to the owners grew 23% to INR 2,758 crores.

Let me now deep dive and give you further texture on the performance of each of our companies.

I'll start with Bajaj General:

GWP for Bajaj General grew at 10% for the quarter to about INR 7,056 crores, which is marginally lower than the industry growth of about 12%. However, if we were to exclude the bulky tender-driven crop and government health business, the GWP for the Company increased by a very healthy 21%, which is significantly higher than the industry growth of close to 13%. This was primarily driven by the health and the motor segments, which grew at 31% and 18%, respectively.

The underwriting loss for the Company stood at INR 115 crores for the quarter as against INR 92 crores for the same quarter last year. This was largely impacted due to the NATCAT claims of INR 75 crores net during the quarter. Accordingly, the combined ratio was also elevated at 104.5% for the quarter as against 102.3% for the same period last year. The combined ratio, excluding NATCAT claims is around 102%. If we exclude both NATCAT claims as well as the

impact of 1/n regulations, which is only a temporary difference, the combined ratio stands at 101.4%.

PAT for the Company de-grew for the quarter at INR 420 crores versus INR 517 crores for the same period last year. This was largely attributable to lower capital gains due to the volatile equity markets and the challenging external macro environment. It is also impacted by what I indicated earlier, NATCAT claims of net INR 75 crores. And there is also an impact of about INR 50 crores due to the capital reduction we've done through buyback and dividend in the last 6 months.

The annualized ROE for the Company at 200% solvency stands at 16.2%. AUM as of 30th September stood at INR 36,313 crores versus INR 34,974 crores for the same period last year. The lower growth in AUM is largely attributable to the buyback and the dividend payout last quarter totaling to close to INR 3,500 crores.

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

I'll now move to Bajaj Life:

Bajaj Life's financial outcomes are in line with the plan for 'sustainable and profitable growth'. The retail weighted received premium grew at 5% to about INR 1,942 crores. Growth was milder compared to the industry. However, that came with the continued increase in term mix, which went up by about 3.4%, which has a lower ticket size. Retail protection contributed 11% on the overall retail business, growing at a significant 51% YoY. Group protection business also registered a very healthy growth of 81% for the quarter.

The VNB for the quarter grew at 40% to INR 512 crores and the NBM was up at 21.6% for the quarter as against 17.1% for the same quarter last year, an expansion of healthy 4.5%. I'm also happy to inform that on a rolling 12-month basis, despite the impact of GST, our Life Insurance business has crossed the NBM of 20% and ended at 20.8%. Bajaj Life's GWP grew at a healthy 23% during the quarter, which includes a renewal premium growth of 17%.

We have been seeing some persistency dips over certain cohorts, which is in line with the industry, and the Company is making efforts to improve the same.

On retail weighted received premium basis, the product mix for the quarter continued to be well balanced as has been seen in the last few quarters.

Profit after tax for the Company was at INR 55 crores as compared to INR 13 crores for the same period last year. However, the PAT growth was on a lower base since last year, we had a one- time GST impact of INR 112 crores, partially offset by lower capital gains attributable to the external macro environment.

Bajaj Life ended the quarter with an AUM of INR 146,322 crores, up 11%.

Bajaj Life has also commenced operations in GIFT City in the month of October and is also expected to start the retail business with IndusInd Bank from Q3 of this year. Overall, the quarter for Bajaj Life has been good and in line with our expectations. We continue to reap the benefits of our revamped strategy of Bajaj Life 2.0, which is focused on 'sustainable and profitable growth'.

Finally, both the insurance companies continue to be financially strong with solvency of Bajaj Life at 255% and General at about 230% and are well poised to weather any external adversity.

Let me now move to our lending businesses, Bajaj Finance and Housing Finance:

Starting with Bajaj Finance, an excellent quarter across all key metrics. The number of new loans booked grew 11% to INR 1.34 crores for the quarter. The Company's diversified business model has enabled it to record a strong AUM growth of 26% for the quarter at about INR 584,000 crores. The net total income grew by 23% to INR 15,974 crores. Profit after tax was at about INR 6,367 crores, registering a very healthy growth of 29%.

Opex to net total income was flat at 33% for the quarter. However, with visibility of green shoots in operating efficiencies due to AI implementation, the Company is confident of improving the opex to NTI ratio by 25 bps to 40 bps in FY2027. Loan losses and provisions in the quarter were at INR 2,166 crores as against INR 2,080 crores for the same quarter last year. Q2 also includes a prudent management and macroeconomic provision of close to INR 340 crores. Loan losses to AUF ratio declined to 1.56% this quarter versus 1.88% for the same period last year. Accordingly, the gross and the net NPAs stood at 1.06% and 0.42%, respectively, much lower than the same period last year. Capital adequacy remains strong at 20.3% as at 30th September.

On 1st October 2026, Bajaj Finance's Board has approved an additional capital raise of INR 11,700 crores through equity shares by QIP to qualified institutional buyers and INR 5,800 crores through preferential issue of warrants convertible into equivalent number of equity shares to Bajaj Finserv Limited.

The BFL Board's decision on raising additional capital, subject to shareholders' approval is driven by various factors, including the strong India growth story, underlying growth momentum of the Company and its subsidiaries and increasing focus on building resilience across various dimensions of business.

I'll now move to Bajaj Housing Finance, the mortgage subsidiary of Bajaj Finance.

Overall, a good quarter across growth, asset quality and profitability metrics. The Company surpassed the landmark milestone of INR 1.5 lakh crores of AUM. AUM grew by 25% YoY. The growth was very well distributed across all business segments, including home loans, which grew at 22%, loan against property grew at 26%, LRD at 39% and developer finance at 13%. The net interest income grew 10% to INR 1,055 crores.

The operating efficiencies continue to improve with opex to net total income at healthy 19.1% as against 19.7% for the same period last year. Healthy asset quality continued to be maintained with a gross and net NPA of 29 bps and 12 bps, respectively, as of 30th September 2026, in line with the same period last year.

PAT grew by 18% to INR 757 crores on account of higher variable fee income, operating efficiencies on opex and lower credit cost during the quarter. Capital adequacy ratio stood at 21.2% as on 30th September.

In summary, another very strong quarter for both our lending companies, BFL and BHFL.

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

Bajaj Finserv Health executed 5.7 million health care transactions during the quarter. However, revenue for the quarter registered a degrowth on account of restructuring required in some partnerships attributable to the RBI's revised circular on business conduct by NBFCs. The Company is, however, trying to mitigate this issue, specifically given the impact of revenue for some of these parties coming from the proposed distribution reforms. So we'll have to wait and watch how H2 for the Company plays out given the impact of these 2 circulars.

Bajaj Finserv Health continues its expansion of provider network, which includes 1,30,000+ doctors, 32,000+ hospitals and 10,000+ 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 as well as corporate customers.

I'll now move to Bajaj Markets:

The total disbursements for the quarter stood at INR 2,535 crores as against INR 2,269 crores in Q1 and INR 1,549 crores for the same quarter last year. The Company ended the quarter with a total unique partner count of 106.

The operating revenue for the Company has increased to INR 120 crores in Q2 with a healthy growth of 45%. Revenue is back on growth trajectory after the planned digital customer journey enhancements, which impacted growth in the last year. Further, some of our revenue structures are now trail revenue based, providing stability, predictability and non-linearity to future revenue. The Company is now on track to hit the planned quarterly breakeven target in Q4 of this year.

I'll now move to Asset Management Company:

The Asset Management Company sustained strong growth momentum in the quarter, crossing the INR 40,000 crores AUM milestone before closing the quarter at about INR 35,760 crores, registering a robust 24% growth YoY. Bajaj AMC retained the 26th spot amongst all mutual funds in India in terms of AUM. Within the AUM, equity mix for the Company stands at a healthy 60% and the non-group share of AUM constitutes about 91% of the total AUM.

Further, the Company's incremental SIP book saw a surge of 42% with SIP folios also increasing 41% YoY, reflecting sustained investor confidence and strengthening retail participation.

On the other emerging businesses:

With respect to the ALTs business, happy to confirm that we've commenced business operations with the launch of our PMS business and the first close of our real estate AIF which happened this quarter.

With respect to the reinsurance business, we are in the process of filing for necessary approvals with IRDAI.

That's from my side on the performance updates before we open the floor for questions. Considering the paucity of time, I would request the audience to kindly keep the questions brief so that we can cover more participants during this call. With this, I invite questions from the audience.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from Mahek from Emkay.

Mahek: I have a couple of questions. First, I'll take on the General Insurance Company. We have seen an increase in the loss ratios for the health segment. Could you just help us with some color on which segment particularly is driving this increase in the claim ratios? Secondly, on the motor as well, we have seen higher loss ratios due to NATCAT events. Could this kind of lead to a lower retention ratio going forward for the motor segment? These two are my questions on general insurance. I'll take Life Insurance later.

Ramandeep Singh Sahni: Avais, do you want to take that?

Avais Karmali: Thank you for your question. I would recommend you look at health loss ratio on an overall basis, along with the NEP mix. Essentially, what you're seeing is that the NEP mix for the quarter has come higher from our tender business.

Now tender business, one has to look at it holistically, where you see that it comes at a much lower expense ratio. However, from a sustainability perspective, the loss ratio in health is something that we envision will come down because the tender business is for two plus one years, as we have mentioned before.

On the motor side, as you said, it is driven by NATCAT. Therefore, we expect it to not continue at the rate as it is in the next quarter. In terms of retention, that is something that is looked at annually, and we will make that strategic decision at the end of the year. I hope I've answered both your questions.

Mahek: Just a follow-up on the last one. In the last few years, we've been seeing NATCAT events coming through. Is there kind of a normalized NATCAT rate which we should look into or we should assume going forward in our assumptions?

Ramandeep Singh Sahni: While NATCATs are evident now every year, but there is a lot of variation YoY. There are some large events in some year. What we've been seeing across a decade, every second or third year, we see one spike. Otherwise, they have been in control. I think that's a trend we are seeing that every 3 years, you'll see one area having a large event, but otherwise, it's sustainable. Hence, we've not seen any real need to change our retention limits at this stage.

S. Sreenivasan: Yes, I will add to that. I think the way to look at NATCAT is when you report a quarterly number, an event happening usually in Q2 when you have more floods, it does tend to distort that quarter's results. But over the year, they tend to sort of normalize. The same happens with large fire claims as well. Now when the gross amount of claims may be very large because of the retention and the reinsurance arrangements, the net loss is significantly contained.

As a Company of our size, I think if you look at the net impact of NATCAT over time, it has not been unreasonable. Every 2-3 years, you could have a trend of larger NATCAT with a large number of large claims, which are not technically NATCAT. But these are what people insure for. Generally, over cycles, if you have maintained a good combined ratio, that's an indicator that your economic model is working well.

Ramandeep Singh Sahni: Also, just to give you a flavor, if you look at the large NATCATs, which have happened in the last 10 years, I think the maximum hit we've got on net basis has not crossed close to INR 100 crores. So that's the extreme situation we've seen in the last few years. In the good years, it's close to 0 also. Like Sreeni said, it's not as extreme as one may envisage and hence, there's no need to change the retention at this stage.

Mahek: Thanks for the detailed answer. Secondly, if I look at the Life Insurance business, the agency as a channel has seen a slowdown in the growth. Could you just help us understand what is driving this slowdown?

Also, if you look at the growth numbers for the non-par versus annuity, we've seen basically non-par going down and annuity growth picking up. Should this be read as a shift from non-par towards annuity products? If you can just help us with some color on whether the margin profile of both these products is in the similar range, or maybe which one is at a higher range in terms of annuity versus non-par?

Tarun Chugh: Yes. Good questions. Agency, the growth number does look slow because we focused largely on getting our product mix. We saw an opportunity that we can streamline their protection mix in the agency business more and more. As a result, there has been a significant growth in protection sold by agency by 54% over the same quarter last year.

Similarly, we saw this impact on the proprietary sales and face-to-face institutional business, which themselves rapidly grew on Term by 49% and 62%. As a Company, we could clearly read the signals from the regulator that the ask is towards protection, and we had made this early move last 6 months. While we weren't really expecting, and I remember last time there was a question on whether we'd be able to go any further on term, but as you see, this growth has been consistently high. At this point in time, our face-to-face channels, including agency and the rest,

in the entire sector today, have the highest percentage of product focus on risk products. While other people might depend on aggregators and brokers, but I'm talking of face-to-face.

I think that's what we intend to achieve because that's more sustainable, it's more difficult, it's a change in culture, and has gone on quite well. We may just follow the same route for another quarter, and then we'll feel more comfortable on it being on a regular path by itself in a sustained product mix. As far as non-par is concerned, it has grown, and so has annuities. We find that on the non-par, product mix is looking at about 19.7% versus last year of 17.1%.

I was just looking at the data. Last year, what we could see is that it was largely because of the short pay product where there was a benefit available. This is proper regular non-pay product mix, which is a better quality non-par product, and benefits straightaway going to the customer. On the annuity side, we have seen an uptick, and that is an impact we would see as sustainable. Of course, in the new consultation paper, there has got to be some streamlining on the commissions there. So let's see whether that is there or not. We do see an opportunity on the annuity side, and we'll take the benefit of that. In terms of margins, I'll have Vipin answer that.

Vipin Bansal: Like Tarun mentioned, Q2 last year is when the mix started moving between non-par and annuity. If you would recall, even in that quarter, we called out, that we observed very significant pricing pressures and intensity in non-par segment, and we thought it is better to move to another place and we found opportunity in annuity and that is when we did different products, launched some new opportunities in annuity, and that has been quite holding up since then.

So if you look at Q1 last year, our non-par was about 18%, annuity was 5%. In two quarters, the mix changed to about 13% non-par and annuity at about 10% approx. I think that mix has been holding up. It is almost for a year, we see our non-par and annuity running in this profile.

To your question on margins, I wouldn't say we should compare margins like this, because it is always a question that we deal with on a daily basis. Like I mentioned, we saw pricing intensity in non-par, and that's when we said it makes more sense to do more annuity and do different things there. I think that is the flexibility we will continue to exercise.

Moderator: The next question is from Sanketh Godha from Avendus Spark.

Sanketh Godha: Sir, my first question is on General Insurance, especially on the motor side. We are growing in the range of 14% to 15%, which is better than the industry, but if I look at your loss ratios, especially on motor OD, it has deteriorated. Just wanted to understand which vehicle segments are driving the growth, where we are gaining market share. Secondly, how this growth is linked to our reinsurance strategy because of the better treaty? We are okay to chase growth despite having little higher loss ratios.

Also, how much is our credit attachment business across the lines, whether it is SME, fire, health, or accident. If regulation goes in the proposed format, then do we see impact in that line of business? That's on General Insurance. Then maybe I'll ask for Life.

Avais Karmali: If it's all right, I'll take the question on motor, and I would ask the CEO to step in for any topics related to distribution reforms. For the motor business, if you look at it right, we are seeing that there are still pockets where basis the RORAC model, we see a positive outcome. In the RORAC model, as you know, for new business, it has the 1+3 and the 1+5. That would then have a loss ratio that would be slightly higher in the first year and then taper down over the horizon of the contract.

For motor, we look at it from a sourcing loss ratio standpoint, and therefore, we are currently comfortable with our sourcing mechanism. Now does that mean that we moved around between 4-wheeler, 2-wheeler, and CV? That is yes. That is something that we continue to do on a weekly basis, in fact, where we look at the profitability based on market conditions. And as and when we see pockets, we make those tactical changes.

From motor loss ratio standpoint, I would encourage you to not get colored by the NATCAT amount. We would continue to focus on the sourcing loss ratio mechanism as our driving philosophy. I hope that answers your point on motor. For the other question on distribution reforms, I would request Tapan to step in.

Tapan Singhel: Thank you, Avais. Any business, if you are a distributor, would you want your business or customers to come down? [inaudible]

Moderator: I am sorry to interrupt, Tapan, but your voice is breaking, so we cannot hear you very clearly.

Tapan Singhel: Sorry. Can you hear me now? Hello?

Sanketh Godha: No, sir. You are breaking a lot.

Tapan Singhel: Okay, I'm sorry. I'm traveling. Hello?

Ramandeep Singh Sahni: You're audible now, Tapan.

Tapan Singhel: [Inaudible]

Ramandeep Singh Sahni: Tapan your voice is breaking again.

Tapan Singhel: Hello. Is this better, Raman?

Ramandeep Singh Sahni: Yes, much better now.

Tapan Singhel: If you are a distributor, now, in any reforms, would you want your business or customer base to go down? I say no, because it serves a purpose. I think the big thing that the regulator is looking at is to get mis-selling down. And the GI business, the mis-selling is very low if you look at it.

Very low means it is next to negligible, which has historically been so because it is a short-term contract. It is like a one-off contract. My personal thinking is that the business for bank will not be affected as much even with the changes happening, because I think it serves a purpose in terms of the partnership which is there to the customers of the banks.

I remember clearly way back in 2014, Chennai floods happened -- and the bank did not have any NPA because of floods, because the customers were all covered for, paid for it. So it does work. I think there's [inaudible]

Sanketh Godha: Okay, sir. I think you were not that clear, but what you're trying to say is that because of NPAs and it's not a mis-selling product, you don't see any much negative impact on the business because of any regulatory change. That's the simple conclusion I should make, sir?

Tapan Singhel: Yes. Because we look at the impact, it will be on the distribution commissions, which is there. It is not on distribution of products, which would be there. In GI, if you look at, let's say, for example, insurance of some factories or there is insurance of some stores. It serves a purpose. I've seen this many times. I think banks will still want to continue serving their customers, protecting the customers.

Sanketh Godha: Understood. But sir, can you quantify or, I mean, we -- quantify this as a percent of total business.

Tapan Singhel: Normally I don't give you micro numbers because those are business strategies. But I can tell you that I'm not the top player in terms of the credit attachment business in the country. That I think should give you a kind of understanding where we're positioned.

Ramandeep Singh Sahni: Again, I will just add to the response Tapan gave. I think one big evidence of what Tapan said is, if you just go before the pandemic, the amount of credit protection which was being sold by GI in the country was negligible. After the pandemic, people realized that it's not only a sale for the heck of selling it, but it's actually achieving a purpose.

The amount of NPAs we were able to protect because of the health cover we gave was very, very significant. Banks over a period hence have realized that this is a way of mitigating a large part of their risk of NPAs in case a calamity were to occur.

So to the point Tapan is making, while there may be some impact, but we don't see a very, very large impact coming from this. Also understand, like I mentioned in the opening remarks, that the current reforms, the way they have been articulated, are only draft, and a lot of iteration is expected. I think most of the representations to IRDAI have talked about this segment of the product because it caters to a very, very large amount of the population.

Out of all the lives we write, both on health and protection, about 80%+ is done through group products. If somebody were to take a call on reducing commissions to that extent, then it could have a serious repercussion on the overall business for insurance companies because it will have a large impact on penetration. Hence, I think it's better to wait and watch what finally comes out in the reforms, than conclude at this stage.

Sanketh Godha: Understood, sir. I had a similar question for Bajaj Life also, because we are decently very big in credit life. Maybe if Bajaj Life can also share the view, or if it is a similar view, then I am happy to take that as an answer.

Tarun Chugh: See, our impact is going to be a little different, Sanketh. We are large on credit life, but we are very well spread. What we do find is that we have all sorts of distribution, including MFIs, non-MFIs, and so on. Last couple of years, we have invested in diversifying into various loan types, and that is what will hold us good.

We do see an effect on overall credit life, but we also see various opportunities where we find that there could be bulk covers and retail term life also possible, because they do have customer access, and they do want to cover, as Raman pointed out very clearly, their NPA on death as well. That capability is not with them. So more to be seen there. While you see an impact, for us, I think it is more important to keep focusing on the retail life business, and which is where the focus on retail term has been.

Sanketh Godha: Understood, sir. Secondly, just on persistency, given we have seen a drop in life insurance, is it to do with predominantly ULIPs, and especially the higher sum assured ULIPs what we have been incrementally selling? Or we have seen it across a little more in traditional products on persistency drop?

Vipin Bansal: So Sanketh, Vipin here. On persistency, you would recall we have been calling out that there was a non-par product that was sold, and that effect is running through. That's largely seen in 13th month, a small bit is sitting in 25th month. On persistency for 25th month, where you are seeing a bigger dip of about 4%, that's largely coming because the markets have not done well, and we are seeing some decisions.

Eventually, that money comes up, because if people don't pay, this becomes discontinued and the returns are very negligible, guaranteed 4%. So to your point, even if I was to dissect and take that hypothesis of large ticket size, those people eventually come back. They may want to time the market, but that's not really a big concern for us. I think the real point where we are seeing a dip is what we called out earlier as well, the non-par product which impacted us and some of that is flowing through.

Sanketh Godha: Understood. Actually, I was of the impression that the non-par is more reflected now in 25th month, not in 13th month.

Vipin Bansal: We actually started that product last in the market. Some part of it is reflected in 13th, and some of it is in 25th.

Sanketh Godha: Understood. Also, on margin outlook, we are at 19.2% for first half, maybe on rolling 12 months, almost 21%. Just wanted to understand if the current product mix broadly remains, is it fair to say we might be better than, and given the GST impact will not be there from second half onwards, where it will be factor of the base effect, is it fair to say that at least what you are reporting on 12 months rolling number will be the new normal for FY2027? Do you expect this to continue in FY2028 for some other levers in that sense?

Vipin Bansal: Sanketh, while we do not give a guidance, but to your point, we are at 20.8% on rolling 12 months, and I think that's a reasonable baseline to consider from here on. Our aspiration will be to only expand it from here on. I think that is the way we look at it.

Tarun Chugh: Yes. The only thing is, we would not like to raise your expectation on the expansion. The expansion has been very high in this quarter as well, which I guess in our last calls, not many people were expecting. I would like to say the 4.6% expansion is very good, but I don't see this kind of an expansion to sustain. So I would lower your expectations of that.

S. Sreenivasan: I just want to add to what Vipin and Tarun have said. While margin is an indicator, it is also affected by a variety of things, as you know. It can change because of product mix itself, as well as various other parameters. When you look at value of new business, which represents, I would say, effectively earnings, and that has grown for the half year at 53%.

It encapsulates both our volume growth, our efforts to contain cost and product mix, as well as the mix between group and retail. If I were to take a parallel with an ordinary business which is not insurance, this would be the equivalent of earnings growth and what you people would call compounding.

At the end of the day, I think this business has such a wide range of margins across products. What will capture the risk as well as the volume and the margins of the business is only value of new business. Our quest for the management and for us has always been to continue to grow value of new business faster than our top line growth.

Sanketh Godha: Understood, sir. Lastly, sir, you called out in the initial remarks that IndusInd Bank will be available as a channel from third quarter point of view. We believe we will be probably the fourth large player there. Just wanted to understand whether you have quantified the size, what counter market share you can achieve there, a strategy around that channel, if you have anything in mind. It will be great if you can share maybe a potential APE growth opportunity there.

Tarun Chugh: Let me clarify, Sanketh, we don't get into such kind of detail. We've signed up only recently and we will not be the fourth, not everybody's been allowed in the branch channel. We are allowed in the entire branch banking channel, and we are now going and manning it and starting that work right now. You should expect some pick up from Q4 on that.

As you know, IndusInd Bank would be among the top 6 or 7 banks in terms of insurance distribution. We're very happy that they have included us. With some other tie-ups that we've done in the last 18 months, which is Yes Bank, AU, and Federal as well, this should also now make up a significant part of our growth in the institutional business side.

Moderator: The next question is from Nischint Chawathe from Kotak.

Nischint Chawathe: I am probably just going to double-click on the health business. I didn't quite follow why the claims ratio in health went up. I believe the government business was down Y-o-Y. I am just curious, what was the big change here?

Avais Karmali: I am happy to take that. The government business that you are looking at is from the GDPI perspective. The loss ratio, as you know, is calculated on NEP mix. That NEP mix has a higher proportion of the tender-driven business. That's how you get to that number.

Nischint Chawathe: If I can get a sense on the underlying trends between retail and the employer-employee, have the trends been stable, improving or deteriorating? Various players are reporting divergent trends.

Avais Karmali: Sorry, did I understand? You are talking about trends in terms of frequency trends? What exactly do you mean?

Nischint Chawathe: I mean, if you try to really split the ratio between various segments, my question is that, are we able to see any segmental trends of ratios increasing or decreasing, or is it kind of more or less steady? Is it just a big change that is driving this?

Avais Karmali: No, it's primarily driven by the mix change. If you look at trends, we don't give the breakup, as you are aware, and that's the trend we don't want to change. However, look, what I could tell you is that the seasonality for Q2 during the monsoon season is something that we have observed and the experience across the three lines, I would say, is largely similar.

Nischint Chawathe: The current discussion that's happening between the Boards and the hospitals, do you benefit from this?

Avais Karmali: I think, Tapan, if I could request you to take that one.

Tapan Singhel: Yes.

Avais Karmali: As Tapan is leading the charge there.

Tapan Singhel: Yes. If you look at it, the current payment initially, in terms of the health insurance premium, that was the discussion. That what we had mentioned was, if you break up the health insurance premium, about close to 80% goes to hospitals with GST 18% going to government. About 20% remain with insurance companies for the distribution cost, running the business, and putting it together.

If you want the health insurance premium to be at a reasonable level, you have to address the biggest component. The insurance company making a premium also, what impact will it have? That is where the discussion happened on GST. On GST, the government said, that's a fair thing and hence they removed it.

Next discussion is on hospital payments. The majority of claims is hospital payments. Nearly 100% claims in health is for hospital payments. The hospital inflation is more than the average inflation of the country, that is going to lead to a scenario where the healthcare will become unaffordable for the user.

That is where I'm very happy to see the government taking steps to see how to bring that into a reasonable standard. Obviously, that will help bring down the claims cost. That will help for the end consumer in terms of pricing of health insurance premiums.

Nischint Chawathe: What proportion of your claims are a part of package?

Tapan Singhel: What do you mean a part of package?

Nischint Chawathe: The negotiations that you have with hospitals.

Tapan Singhel: More than 67% is cashless. Obviously, that is the package rate. If you also add up 15% on there, 80%+ would be negotiated rate as you are going to have. Other also would be very close to that.

Nischint Chawathe: Just one question for Raman, if you could give some color in terms of the investments that are required by various businesses in the next one year, and how you will be able to fund them, including the investment that you are making in the finance business?

Ramandeep Singh Sahni: Yes. Like I had articulated in the last quarter also, let's look at our emerging companies one by one. Bajaj Finserv Direct, like I indicated in my opening remarks, will hopefully break even in this year last quarter, on a quarters basis and on a full year basis next year. They have not been taking capital, we don't see that there will be any need for capital going forward. While what we've indicated in the past is that they will now go beyond just the lending marketplace to get into insurance marketplace and thereafter investment marketplace also. At that stage, would we need some capital? I don't think it'll be material at this stage.

On Bajaj Health, like I had indicated again, that this year they'll consume less than INR 200 crores. Next year, it'll be much lesser and the year after that, we should hopefully break even there also on full year basis. Again, endeavour is next year, last quarter, hopefully we should try to break even there as well.

Asset Management Company will need another INR 300 crores till we achieve break-even, which will probably be in FY2029. Ganesh, please correct me if I'm wrong. This actually depends on the market, because we believe that somewhere between INR 90,000 crores to INR 1 lakh crores of AUM is where we should hit break-even. Like I said, again, no need for material capital there.

What we've recently called out our venture in reinsurance, if you recall, in the last quarter, I had indicated in the next 2 to 3 years, we'll probably need INR 500 crores.

All of these put together will be about INR 800 crores to INR 900 crores. Then the big investment will be in ALTs business. There again, we will be putting in sponsor capital. It will not be capital to burn as we grow, but that will be sponsor capital. Probably in another year, we'll need about INR 1,100 crores there.

For all these businesses put together, less than INR 2,000 crores in the next 18 months, is what we believe we'll need. Then obviously, there are other investments which we've called out, 25% of which has to happen now and the balance over 18 months.

Currently, the situation is that we are sitting on a surplus of about INR 5,000 crores of capital, to be precise, about INR 4,700 crores. As you know, we've been receiving dividends from all the material subsidiaries, whether it's BFL or it's the insurance companies. This INR 4,700 crores plus the dividend should be sufficient to fund these investments going forward.

We will be happy to have more surplus and hence we'll have to also wait and watch what call IRDAI takes on in terms of the surplus which will get generated at the one-time migration on Ind AS. We believe because of discounting and the reserves adjustments, there could be a large one-time relief. Now whether that can be ploughed back or not and the timing of that, we'll have to wait and watch but that's a buffer we have. These are some of the things which we have in mind. There are many more options which we had presented to the Board when we actually agreed to subscribe to the warrants. The position is comfortable to answer your question.

Nischint Chawathe: That's helpful. Just one thing if I can squeeze, given the fact that the distribution guidelines are taking away a lot of bandwidth, is there a chance that the Ind AS implementation can get pushed out a bit?

Ramandeep Singh Sahni: As of now, there is no clarity. The way IRDAI is engaging, we believe that 1st April should be the date of implementation, and both the companies are working towards that. At this stage, there is no indication from anybody that this could be pushed back. Tarun, if you have a different view, please let me know.

Tarun Chugh: No, you are right, Raman. That's been the line that IRDAI has maintained. They now have a member actuary and the first task is around getting the Ind AS implemented. We are pretty confident that Ind AS and RBC also will happen by 1st of April.

Moderator: The next question is from Prayesh Jain from Motilal Oswal Financial Services.

Prayesh Jain: My question is actually on the consultation paper and the impact of it and more so on the motor TP line of business where we are seeing a massive cut on commissions. While there is an industry ask for a tariff hike for quite a few years now, how should we think about this as change in the commission?

Do you think that the cut in commissions will be retained by general insurance companies or how do you see this kind of shaping? I know it's kind of guessing, but still your insights would be helpful here.

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

Tapan Singhel: Sure. Fundamentally, if you look at motor as a business, it is mandatory by law for you to insure your vehicle. I have seen the era, before 2001, the commission on motor was 5% and zero on hypothecation. Then the problem was in terms of servicing. I think when people had to insure

motor, they either went to the branch to get insured, or they would request for somebody to come over. It was not attractive from a distribution perspective to take it up.

In terms of business being there, it was there because it was mandatory by law. The issue, if you hypothetically think, that a change in the commission happens, it terms of business, that doesn't change. Business in the market doesn't change. It is how the distribution happens is what changed at that time. I hope it answers your question.

S. Sreenivasan: Just to add to what Tapan said. I think, basically what we are saying is that motor third-party is a tariff product. The tariffs are fixed by the government. New 2-wheelers have to be sold with 5-year TP and new private cars have to be sold with a 3-year TP. Now this is mandatory and that is the way all new vehicles will be sold.

Now commission, whether it is paid or not, what happened was because of EOM, there were no product-level commissions. Therefore, it was always paid on the aggregate comprehensive premium. To that extent, motor TP per se, out of the overall consultation paper, we cannot look at it in isolation. We have to see about the final guidelines which come out across all lines of business, across both Life and General Insurance. Hence, the sales of cars is not going to reduce, nor is the coverage of new vehicles going to reduce.

Prayesh Jain: Got that. The other part was on the life insurance bit for you in particular if you look at the EOM, it's pretty high and how do you see, again, only the commission cuts would kind of not make you meet the target. What other initiatives will be driven? I understand there could be changes to the final glide path, but if it comes as it is, what are the kind of cost-cutting levers that you would think of to kind of meet those targets?

Vipin Bansal: I think all of us are trying to look at it mathematically and if I have to answer it that way, if you compare with last year, and because that's the number you are looking at from a GWP expense ratio, we already had about 1% drop in that ratio because of the optimization that we have been doing. That's point number one.

If we were to just overlay the commissions as proposed in paper and exclude the GST & stamp duty, which is the representation and was excluded in the erstwhile regulations as well, that knocks off another 8% of it. Roughly 9% is what we are talking of getting knocked off from where we were in FY2026.

We have to comply with this by FY2029 end. Essentially, there is a 3-year walk and that doesn't have a lot of gap to recover. We feel comfortable, if at all, if this was to come in the same shape and form. We must remember, like Raman mentioned in opening remarks, if customer proposition becomes better and assuming that costs come down, then the mathematics that we are trying to do now, ignore the fact that the volumes will change. It could increase, there could be short-term impact as well. We are also ignoring at some level the fact that we will have 3 years of renewal coming in, which come at low cost currently as well and including in the proposed paper. I would say mathematically, we are not very worried, but we will have to wait and watch what finally comes out in the drafted initiatives.

Moderator: That was the last question in queue. I would now like to hand the conference over to the management team for any closing comments.

Ramandeep Singh Sahni: Thank you everybody for all the good questions and wishing you all a very Happy Diwali well in advance.

Moderator: Thank you very much. With that, we conclude today's conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.