Operator: Good day, ladies and gentlemen, and welcome to the Bajaj Finserv Ltd. Q1 FY27 earnings conference call hosted by JM Financials Limited. As a reminder, all participant lines will be in 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 the operator by pressing star and then zero on your touch-tone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Raghuvesh from JM Financial Limited. Thank you, and over to you, sir.

Raghuvesh – JM Financial Limited: Thank you, Madhav. Good evening, everyone, and welcome to the Q1 FY27 earnings conference call of Bajaj Finserv Ltd. First, I would like to thank the management of Bajaj Finserv for giving us the opportunity to host this call. As always, we will have opening comments from the management team, after 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 Ltd.; Mr. Ramandeep Singh Sahni, CFO, Bajaj Finserv Ltd.; Mr. Tapan Singhel, MD and CEO, Bajaj General Insurance Limited; Mr. Tarun Chugh, MD and CEO, Bajaj Life Insurance Limited; Mr. Abhay Karandimali, CFO, Bajaj General Insurance; Mr. Vipin Bansal, CFO, Bajaj Life Insurance; Mr. Ganesh Mohan, MD, Bajaj Asset Management Limited; Mr. Ashish Panchal, MD and CEO, Bajaj Finserv Direct Limited; and Mr. Deepak Bagchi, CEO, Bajaj Finserv Health Limited.

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

Ramandeep Singh Sahni – CFO: Thank you for the introduction. Good evening, everybody. We welcome you to the conference call to discuss the results of Bajaj Finserv Ltd., or BFS, for Q1 FY27.

As before, in this call we will largely concentrate on the consolidated results of BFS, the results of our insurance operations through Bajaj General and Bajaj Life, our emerging companies, which include Bajaj Finserv Health, Bajaj Finserv Direct, and Bajaj Asset Management Company, and lastly, where material, the standalone results of Bajaj Finserv. Bajaj Finance and Bajaj Housing Finance are other material subsidiaries that have already held their conference calls, and hence we will address only very high-level questions on these companies.

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

Also, to give you an update on the basis of accounting, as we always do, Bajaj Finserv prepares its financials in compliance with Ind AS, as required by regulation. The insurance companies, however, are currently not covered under Ind AS, and hence they prepare their Ind AS financials only for the purpose of consolidation. Accordingly, for Bajaj General and Bajaj Life, the standalone numbers reported are on a non-Ind AS accounting basis, which is referred to as Indian GAAP, as applicable to the insurance companies.

Further, in line with the recent prescription from IRDA, both our insurance companies will transition to Ind AS from April 1, 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 by 19% to 42,037 crores, and the consolidated profit after tax grew by 18% to 6,297 crores. This is just to give you a flavor of the consolidated numbers.

Now I will go into each company's performance, starting with Bajaj General. The GWP for Bajaj General grew by 11.3% for the quarter to 5,789 crores, which is in line with the industry's GDPI growth of 11.1%. Excluding the bulky tender-driven crop and government health businesses, GWP increased by about 10%, compared with industry GDPI growth of about 12%. This was slightly lower than the industry due to a tactical reduction in the motor segment on account of elevated pricing pressures.

The underwriting loss for the company was about 130 crores for the quarter, compared with 116 crores for the same period last year, impacted by high health loss ratios attributable to a higher mix of 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 the old accounting basis, it is about 103.9%. For the same period last year, the combined ratio on the new basis was 103.6%.

The elevation is largely on account of de-growth in the fire segment, as has been seen across the entire industry, and also, as indicated earlier, a slight increase in loss ratios on the government health business. Despite that, we believe that the reported combined ratio for the quarter would be the best in the industry, despite the stress in the market in terms of pricing.

The profit for the quarter was 478 crores, compared with 660 crores for the same period last year. The reduction is mainly on account of lower capital gains booked in the quarter compared with the same quarter last year due to the challenging external macro environment.

The annualized ROE, excluding the surplus capital and considering solvency at 200%, stands at a healthy 17.3%.

The AUM for the company at the end of the quarter stood at about 35,000 crores, slightly lower than the same period last year, largely attributable to the reduction in AUM from the buyback that we carried out in the previous quarter and a high dividend payout that we made during the quarter. Both of these together reduced the capital of the company by about 3,515 crores. This would mean that going forward, the ROE, which appeared to be depressed and for which we were disclosing ROEs with adjusted solvency, would get normalized going forward.

In summary, these operating results, including the 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 that we articulated in Bajaj 2.0.

The retail-weighted received premium for the quarter grew by 17.5% to about 1,474 crores, better than the industry's growth of 16.2%. Retail protection contributed 12% to the overall retail business, growing by 60% year-on-year. The group protection business also registered very healthy growth of 95% for the quarter.

Accordingly, VNB for the quarter grew by a very healthy 87% to 271 crores. The new business margin was 15.9% for the quarter, compared with 11.1% for the same quarter last year, an expansion of 4.8%. These outcomes were achieved 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 by 35% during the quarter. However, some persistency dips were 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 51 crores, down from 171 crores for the same period last year. This was again attributable to lower capital gains during the period, which was attributable to the external macro environment, as well as the GST impact that we have recently experienced.

Bajaj Life ended the quarter with an AUM of 143,744 crores, 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 Bajaj Life 2.0 strategy of sustainable and profitable growth.

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

Management: —to the lending companies, starting with Bajaj Finance. It was a very strong quarter, as you would have seen in the results declared by these companies.

The number of new loans booked grew by 22% to 1.61 crores during the quarter. The company's diversified business model enabled it to record strong AUM growth of about 24% to 5,46,944 crores. Net total income grew by about 22% to 15,224 crores. PAT grew by about 27.6% to 6,081 crores.

The Opex-to-net-total-income ratio was 33.4%, compared with 33.1% for the same period last year, with the sequential increase attributable to the expansion of gold loan branches. 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 25-40 bps in the current financial year.

Loan loss provisions were about 1,993 crores for the quarter, compared with 1,969 crores for the same period last year. There was, however, a reduction in the loan loss-to-AUM ratio to about 1.54% this quarter, compared with 1.87% for the same period last year. Accordingly, GNPA and NNPA were far better than what we had seen for the same period last year, at 0.96% and 0.39%, respectively. Capital adequacy remained strong at about 21.9% as of June 30, 2026.

Moving to Bajaj Housing Finance, our mortgage subsidiary, it was again an overall good quarter for the company, with AUM growth of 24%, driven by good momentum in disbursements amid higher portfolio attrition.

Growth was very well distributed across all business segments. Home loans AUM grew by 20%, loans against property grew by 22%, lease rental discounting grew by 41%, and developer finance grew by 19%.

Net interest income grew by 9% to about 968 crores. The growth was muted largely on account of the attrition of higher-rate portfolios.

Operating efficiencies continued, with Opex-to-net-total-income at a healthy 19.6%, compared with 21.2% for the same period last year. Here too, very healthy asset quality was maintained, with GNPA and NNPA of 0.29% and 0.12%, respectively, for the current quarter, which was again much lower than the same numbers for the same period last year.

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

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

Now, to give you an update on the emerging companies, I will start with Bajaj Finserv Health. Bajaj Finserv Health executed about 6 million healthcare transactions during the quarter, up from about 5.6 million for the same period last year. Revenue for the quarter, however, registered a small de-growth on account of restructuring required in some of our partnerships due to the recent RBI regulations around business conduct for NBFCs.

Bajaj Finserv Health continued its expansion of the provider network, which includes more than 130,000 doctors, more than 15,000 hospitals, and about 7,000 lab touch points. Utilizing this network strength and its technology platform, Bajaj Health is able to offer an integrated OPD, IPD, and wellness experience to both retail and corporate customers.

I will now move to Bajaj Markets. Total disbursements for the quarter for Bajaj Markets were about 2,269 crores, up from 2,046 crores in the immediately preceding quarter and compared with about 1,209 crores in the same quarter last year.

The company ended the quarter with a total unique partner count of 103. The operating revenue for the company accordingly increased to 107 crores, with healthy growth of 32%.

As you may recall, growth used to be muted for the full year last year. However, we are back on the growth trajectory after the planned digital customer journey enhancements that had impacted growth for FY26.

Further, some of the revenue structures are now trail-revenue-based, providing stability, predictability, and non-linearity to future revenues.

I will now move to the asset management company. Bajaj Asset Management Company continues its good run, recording assets under management of about 31,400 crores as of June 30, 2026, with growth of 26% compared with the same period last year. It retained the 26th position among all mutual fund companies in India in terms of AUM.

Within the AUM, the equity mix stands at a healthy 63%, and the non-group share of the AUM constitutes almost 91% of total AUM. Additionally, the company's SIP book saw a surge of 66%, with SIP folios also increasing by 69% year-on-year.

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

We are also happy to confirm that the board of Bajaj Finserv earlier today approved the setting up of a reinsurance company as a natural progression towards further strengthening our insurance capabilities. We will now prepare to seek the necessary regulatory approvals to set up the company.

That is all from my side on the performance update. However, before we open for questions, considering the limited 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.

Operator: Thank you very much, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use a handset while asking a question.

Ladies and gentlemen, we will wait for a moment while the question queue assembles. Before we take any questions, a reminder to all participants: if you wish to ask any questions, you may press star and one.

The first question is from the line of Shreya Shivani from Nomura. Please go ahead.

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

My second question is on the Bajaj Markets platform. A lot of the NBFCs that have reported their Q1 results this time have shown a significant uptick in digital or fintech-aggregated loans, and just a couple of quarters ago, I think there was much more discussion around concerns about the asset quality of this book. How have the trends been on our platform? Can you provide any color around it? Those are my two questions. Thank you.

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

Tapan: When you look at the Supreme Court judgment you are referring to, there have been two other judgments after that. I hope you followed them. The Punjab and Haryana High Court did not fully say that it was 30,000; one judgment actually had a much lower version of it.

Fundamentally, one first has to watch the developments. I do not think the initial reaction that 30,000 would apply to everyone is really applicable as of now.

Second, if you look at the company, our ultimate loss rates for third-party insurance that we take initially are actually somewhat conservative. This leads to releases on third-party insurance as the book develops. We already have enough of a buffer to absorb any such increase if it does happen subsequently. That is already built into the reserving that we do.

If a company does not have enough reserves and those reserves become stressed, then I think people have to {? hearten it ?}. But for a company like us, our ultimate loss rates take into consideration this kind of extrapolation. It is already built into them, because we release reserves as the book develops.

These are the two things to consider. I do not think that we should get very nervous about the Supreme Court ruling as such.

Third, if you look into the books of account, the number of cases is very low. It is not that homemakers constitute a majority of such cases in the portfolio. I hope that answers your question.

Shreya Shivani – Nomura: Right. In terms of any measures that the industry, or all of you as an industry, are taking—

Tapan: As an industry, we have been asking for a hike in third-party prices. We have been discussing this with the regulator, the Ministry of Finance, and MoRTH, because currently the third-party price hike happens through MoRTH in consultation with the regulator and the relevant authorities. We have been asking for that, and many good discussions continue to take place.

Management: Also, Shreya, I understand that GIC has filed a review petition against this judgment as well. We will have to wait and watch how this develops.

Shreya Shivani – Nomura: All right.

Management: Ashish, over to you for the next one.

Ashish: Thank you for the question on Bajaj Markets. You are right that credit quality at the industry level was a concern, and it was not only a concern for the last few quarters. It was sustained for 2-3 years.

Over a period of time, we have seen our partners move the needle towards a better risk position. The whole industry has improved. Starting with Bajaj Finance, many lenders have taken appropriate measures. We see that as well.

While we have more than 50 lenders on Bajaj Markets, each with a different risk-return equation and, hence, different thresholds, they are generally growing their business and growing their business with Bajaj Markets. We do see that the position has improved.

Wherever we have trail-revenue deals with our partners and in select deals, we have far more direct insight into the way the portfolio is behaving, and we are happy with the results. I hope that answers your question.

Shreya Shivani – Nomura: Right. As a follow-up, for the majority of the lenders you are referring to, most of these would be personal loans, right? The customer is taking a personal loan from your platform in this quarter.

Ashish: The platform itself has 35 different products across various asset classes. Within loans, we offer home loans, gold loans, personal loans, business loans, and so on.

However, as a product class, personal loans are most amenable to digital lending. It is a leading product, but we see other products also growing very fast. For example, gold loans and home loans are growing fast.

Shreya Shivani – Nomura: Understood. This is useful. Thank you so much, and I will get back in the queue.

Operator: Thank you. We have our next question from the line of Mayur Parkeria from Wealth Managers India. Please go ahead.

Mayur Parkeria – Wealth Managers India: Good evening to the entire team, and thank you for taking my questions. Congratulations on a good set of numbers after multiple periods. Finally, Bajaj has started showing the kind of actual numbers we were expecting, including in FY26 and now continuing in the current year. We hope that this continues.

All the efforts have started to show results, so congratulations on that. I had two questions, basically.

The first is on BAGIC, and perhaps Tapan can add to it. As we see the current year unfolding, there are many natural disasters and situations arising from multiple factors. This is spread across the country—Maharashtra, Gujarat, the South, and now Assam. It is happening in many places.

It may be slightly early, I understand, but we are still a month or a month and a half into the monsoon season, and disruptions are taking place. What is the estimated impact that BAGIC could see in the current year, or over the next couple of months, given these issues, especially with reference to motor, commercial, and crop businesses, which may be more prone to impacts that may—

Mayur Parkeria – Wealth Managers India: —come because of these floods or other natural disasters that are taking place. That was my first question.

My second question was on the other businesses outside insurance and lending. There has been very little movement regarding the path to profitability and break-even for most of the subsidiaries, barring financial securities. What is our path on that?

We were expecting that while break-even may still be some time away, the improvements would be more visible. However, even the improvements appear to be very shallow, and visibility is limited. If you can lay out a path for how we see this developing over the next 18 months or until FY28, and how we see it individually, that would be helpful. Thank you. These were my two questions.

Management: Tapan, do you want to take the first one? Tapan or Abhish, can either of you take the first one?

Tapan: It is a very good question. If I look at what you have asked, insurance businesses globally go through cycles. There are times when rates are hard, and there are times when rates are soft.

If you look at the Indian market, because there were no major catastrophe losses earlier, the market is soft right now. This means pricing is much lower than what average pricing would be. This applies to all lines of business, whether crop, fire, motor, or health.

Everywhere you see a soft market, and that is why, if you look at the first-quarter results of quite a few companies, their combined ratio has deteriorated by close to 5% or more.

If we look at Bajaj General, the deterioration is not significant; it is just about 1% or so. This shows that the company has always been selecting the right kind of business and has been able to shift its lines of business depending on how the market is behaving.

There is nothing new in this; the company has been doing it for 25 years now, if you look at its performance. At all points in time, our combined ratio compared with the market is better by at least 16-18% than the market. That continues even now.

The key is whether you can select businesses where the losses are lower compared with other areas and get that selection right. I think that is what technical expertise and underwriting skill mean.

If you look at crop as well, and look at the segment that we selected, you will see that the impact would be lower compared with other states.

If you look at motor, our motor business has gone down this time compared with what it was earlier. We have also reduced our exposure there because we felt that the pricing was not adequate. This is what the company continues to do.

Your observation is right: the market is currently soft, and because of all these losses occurring as they are, the market will harden as it progresses. But that is the nature of this business. It moves in cycles.

Your observation is right, but Bajaj General, even in soft markets, always outperforms the market. In fact, we outperform the market by much more in a soft market compared with what would happen in a hard market. From that perspective, as of now, we are showing good results.

Mayur Parkeria - Wealth Managers India: Are we to understand that the losses can actually be quite meaningful for the industry as a whole? Bajaj may outperform, which is one thing, but the impact can still be quite meaningful.

Tapan: If rates soften, losses do move up. I think that is very natural; that is why I said it is a cycle. Rates are soft right now, so I think your observation is right.

Management {? Ramandeep ?}: I think the bigger question is how long people can sustain this. That is something we really have to watch, because while we have a very diversified portfolio and may still outperform the market, there will be others who may feel a huge amount of stress because of this. Hence, we may see an improvement over a period of time. But as we stand today, it is looking stressed, as you pointed out.

Mayur Parkeria – Wealth Managers India: And will that be further accelerated or accentuated because of the catastrophes in the current period that we have seen? Will the underwriting results be further impacted?

Tapan: That is why I said that rates keep changing. As of today, what you say is right. But let us say the market hardens tomorrow. Then it changes again. That is the nature of the business.

That is why I said that globally, if you look at the market, you will see cycles of softness and hardness. The Indian market is soft right now. So, as of today, your observation is right. Tomorrow, it may change.

Mayur Parkeria – Wealth Managers India: But Tapan, that will be true for new business, right? For the business that has already been written—

Tapan: No. Unlike life insurance, we do not have fixed long-term contracts here. Every business is like new business, including renewals. It is a yearly contract; it is not a long-term contract.

Mayur Parkeria – Wealth Managers India: I mean, even for the one-year policy that has already been written, we will see the impact of that. That impact will be there.

Tapan: Yes, agreed. But let us say prices harden by 20% tomorrow. From tomorrow, the business that you write will reflect that increase. The earned premium starts moving up after a month. Are you following? That is how it works. As of today, what you say is right, but we have to see how the market moves.

Abhish: Just to add, as a company, we have a philosophy of always setting aside a certain amount of money as part of NATCAT reserves. We will continue to do so in the future.

Management {? Ramandeep ?}: What Abhish is trying to say is that our treaties are very robust and can take care of any impact from NATCATs. You would have seen that in the past few years, wherever there have been large calamities, the net impact on us has not been very material. I think that is the other point.

Mayur Parkeria – Wealth Managers India: Okay, thank you. Regarding the second question, if you can—

Management {? Ramandeep ?}: Yes, the second question. Let me start by giving a summary from a Finserv perspective, and then I will request the CEOs to also contribute.

Firstly, from a path-to-profitability perspective, we are very clear and articulate in our stance. We have called this out clearly at our investor day, and if you refer to the decks for the respective companies, you will see that we have called out the break-even timelines.

I will take one company at a time. From a Bajaj Finserv Direct perspective, we have been very clear that we will break even in Q3 or Q4 of this year. In fact, we had indicated that we might do so last year, but there were several changes that we had to make for a few reasons, which I will discuss.

First, we transformed the entire CRM from a frontline management perspective. Second, we had to align with the regulator's digital lending guidelines. Third, we made changes to some of our structuring with partners, where we moved the commission to a trail basis.

The outcome was that while we experienced some revenue stress during the year, from a long-term perspective the business model was very clear. As a result, we are certain that in Q3 or Q4, on a quarterly-results basis, we will break even, and on a full-year basis, we will break even in the coming year.

From a health company perspective, again, we had indicated that we should break even in Q3 or Q4 of next year, which is FY28, and on a full-year basis, in the year after that.

Our path to profitability has therefore been very clear, and we have called it out very categorically at our investor day.

I will also add some color on the asset management company. There too, we have been very clear that while we have over-invested to gain scale, we have already reached 30,000 crores. We believe that in the next 3 years, we should reach the 1 lakh crore AUM mark, and that should be the path to profitability.

I will request the CEOs to add anything further. Ashish?

Ashish: Ramandeep has outlined all the important points. Trail revenue provides non-linearity to the bottom line. I will give you an example.

In the same quarter last year, our operating revenue was 81 crores with zero trail revenue. In Q1 FY27, revenue grew by 32%, from 81 crores to 107 crores, and 15 crores, rounded off, is the trail revenue included in this. It is growing quarter-on-quarter, and that provides the impetus to the momentum towards break-even.

We are steadfastly moving towards break-even in Q4 at the company level, and on a full-year basis, FY28 should be decently positive for us.

Management {? Ramandeep ?}: I will request Deepak also to add something on the health company.

Deepak: As far as our health platform is concerned, the differentiator really comes from technology and network building. We continue to invest in technology and network building.

The good thing is that our revenue is very diversified. We receive revenue from insurance companies, corporates, life insurance companies, and so on. Therefore, the whole idea is to continue investing in technology and the network, and this should start paying back from next year onwards.

Mayur Parkeria - Wealth Managers India: From a Finserv perspective, will the infusion into health continue for another 4 quarters?

Management {? Ramandeep ?}: If you look at our capital allocation plan, Bajaj Finserv Direct does not need capital. From a health company perspective, it will probably need capital for the next 6 quarters, as I understand it. However, the amount will not be material. At most, we may need 200-300 crores, I think.

Where we will need capital going forward is the asset management company. We will need some capital there, but again, not as much as we have invested earlier.

The larger allocation will go into our alternatives business, which is the newest business on the block.

Obviously, as we said earlier, we are planning to set up a reinsurance company. I think that will take some time, and that is where some amount of capital will be required.

Mayur Parkeria – Wealth Managers India: Thank you, gentlemen, for the detailed answer. Thank you, and I wish you all the best.

Operator: Thank you. Ladies and gentlemen, to ensure that the management is able to address questions from all participants in the conference, we request you to keep your questions brief.

We have our next question from the line of Sanket Godha from Avendus Spark. Please go ahead.

Sanket Godha – Avendus Spark: Thank you for the opportunity. My first question is on Bajaj Life. We saw a significant jump in the group protection business in the current quarter compared with last year. I wanted to understand the nature of the growth. Is it largely because of a revival in the MFI business, because you entered into new relationships, or because of new products with some banks that contributed to the growth? I wanted to understand the nature of this nearly 100% year-on-year growth.

Management: Tarun, do you want to take that?

Tarun: Sanket, that is a great question, as always. It is a combination of both. I am sure the sheet is already showing that.

There has been a revival of the MFI business across the industry. We have had significant growth there, and as you know, it is one of our largest books. That has helped.

In terms of new partnerships, in the last 15 months we have added more than 20 partners. If you go back almost a year or 18 months, at that point we started the journey of de-risking ourselves from depending on a small number of partners.

At that time, we had a relatively large set of 2-3 partners that contributed a significant percentage—more than 50% at that time—of our business. That is no longer the case.

The other aspect is the distribution across each of the subsectors within the lending sector. That is now very well spread, and we continue on that path.

Sanket Godha – Avendus Spark: Understood, sir. On life insurance, I have two more questions. First, I wanted to understand the product mix growth. It seems that the annuity business grew at the expense of non-par. Is it fair to say that these two products compete with each other? If you target annuities, does non-par take a back seat, or is it the other way around?

You typically offer regular-pay annuities, so when we look at the business, should we consider the two products together, or do you internally view them as very different businesses?

The second question is on margins. If I account for the GST impact, it still comes to 290+ points on the margin, but we still managed to expand margins. Is it that we do not want to pass on any pain to the distributors? Will the margin accretion be driven more by product mix? Is that the decision we have taken internally?

Tarun: Those are another great set of questions.

On the product mix, annuity and non-par are similarly structured, but the focus markets are very different, Sanket.

First, we should acknowledge that the industry is picking up annuities because the risk of living longer is becoming a significant risk. I would bet a lot of money on that and say that over a longer period, the 50-plus—

Raman: —segment is a significant part of the customer base in the country, and usually you would want to start planning for that. This is being adopted, which is a positive development.

As far as non-par savings are concerned, we have not yet reached the numbers we had last year. This is a product that also significantly backfired for the industry and the sector. You would know that persistency was affected by products that offered early gratification, where withdrawals were made possible.

I think the entire industry was affected by that. We have reconfigured and closed that product because we do not want to experiment again with something like that. It should now be on an upswing.

These two buckets contribute to the same chassis, but non-par savings will also grow, and so will annuities. You should expect that.

Regarding your question on margins, Vipin will step in.

Management {? Vipin ?}: Raman, just one second. Sanket, as Raman mentioned, there was a 290-point impact. I could not hear the question about the pass-ons, so if you could repeat that. You said the partners are—what were you asking?

Management: To an extent, let me say that we have taken a structured approach there depending on the type of channel. Most of the sector has also done the same thing. We have been able to add the same commission riders to our products, and the commission remains the same, while profitability increases.

Depending on where we could find avenues to pass on the impact, we have passed it on. There is no need for us to get too specific about that.

What will be different about Bajaj Life compared with the rest of the sector is that, as you are aware, we have been on a cost-reduction and savings path for almost 21 months now. Bajaj Life 2.0 has enabled us to achieve that operating leverage. Does that answer your question, Sanket?

Sanket Godha – Avendus Spark: Yes, that broadly answers it. I may have one question on General Insurance. I want to understand the future trajectory of both these tender-based businesses. We understand that the crop renewal probably did not happen as expected, including the three-year renewal.

We had 1,600 crores of business from that line last year, and government health was around 3,600 crores. How do we see these businesses playing out in the current year, given the experience with government health and given that the crop cycle is not renewing as planned?

Tapan: If you look at the crop business, this year, based on the tenders we have received, it should be more than last year.

Government health was a 2+1 contract, so we should receive the renewal for this year because that was the structure of the contract when we took up the business.

The government health business depends on the number of lives covered, as well as the overlap that occurred last year. There was a build-up in that area. Therefore, the base may be somewhat lower than last year, but since the contract is for 2+1 years, we will receive the renewal. I hope that answers your question.

Sanket Godha – Avendus Spark: Understood, sir. Regarding government health, do you intend to repeat that contract?

Tapan: Yes, because it is automatic. It is for 2+1 years. That was the structure of the tender when we took it up last year.

Sanket Godha – Avendus Spark: Understood, sir. Thanks for your answers.

Operator: Thank you. A reminder to all participants: if you wish to ask any questions, you may press star and one.

The next question is from the line of Nishant Chavate from Kotak Securities. Please go ahead.

Nishant Chavate – Kotak Securities: Thanks for taking my questions. On the reinsurance business, have you indicated the capital that could be required?

Raman: As I said, Nishant, we are at the drawing-board stage, and we are putting a plan together. I think the way we are going to structure it is that we will divide it into a few parts.

Phase 1 will largely focus on the domestic market, where we may not need too much capital. Then, in Phase 2, once we obtain the ratings, which will be a 3-year process, we will move into the international market. That is where we will need a large amount of capital.

However, we have not quantified it yet. Internally, we have worked through some scenarios, but we are still to finalize the exact numbers.

Nishant Chavate – Kotak Securities: Understood. On the life business, first of all, the margin expansion was fairly impressive. I was curious about the product mix. The mix that I see in Q1—is this what we should expect to be the optimal mix, or is there more scope to enrich the product mix?

Vipin: If you look at the last 4-5 quarters, our mix has been largely stable, except for retail protection, which has been growing.

If I go back a year, retail protection for us was about 8-8.5%. In the same quarter last year, it was 12% this quarter. Other than this, our mix has been largely stable.

Regarding the earlier question, while non-par and annuity are distinct products, we do balance between these two types of products. Par has been in the range of 22-25%, and non-par plus annuity has also been in the range of 22-25%. Retail protection has grown, and ULIP has been at about 45%.

We believe this is a sustainable mix. If it gets better or moves towards products with higher margins, that is our intent. If we are able to increase our non-par mix somewhat, that would be an aspiration.

Nishant Chavate - Kotak Securities: No, my question was specifically about non-par protection. What is the thought process regarding this ratio? We are already at 12%.

Vipin: If I take the last 9 quarters, except Q1 FY25, which was the June 2024 quarter and had 30% growth, we have grown by upwards of 40-45% in every other quarter.

Having grown so fast, there will obviously be some moderation in the growth of the retail protection mix from here onward.

Raman: I just want to add to that question. First of all, thank you for the acknowledgment regarding the margins.

Nishant, when we move, we move holistically. While Vipin correctly said that you cannot expect the same percentage growth because the base is increasing significantly, I must say that the company and the team have done a phenomenal job. I want to acknowledge the team's work in shifting towards selling risk.

Selling risk is a different kettle of fish altogether for our sector. Last quarter, 34% of our customers were onboarded only with term plans. Another 16% had an enhanced rider in their product mix.

Directionally, you should see this number continue to go up, and we are not stopping, is what I will say at this point.

Nishant Chavate - Kotak Securities: Understood. On group synergies, since you raised this point, in terms of the number of customers added, what would be the overlap with other group companies?

Raman: Not too much, not too much. As you know, the number of products, or NOPs, within the group—do you mean the Bajaj Finserv group?

Nishant Chavate - Kotak Securities: Yes, that is right.

Raman: There is not too much overlap, actually, because when it comes to NOPs, none of the companies in the group really sells much retail business. There are barely any dependencies there, and the business is largely from the open market.

Nishant Chavate – Kotak Securities: Understood. Was there any specific reason for the sharp decline in earnings, specifically PAT?

Vipin: That was essentially on account of two things. As Raman mentioned in the opening remarks, because these are Ind AS financials, investment income is recognized on a realized basis.

Since the equity markets were subdued, we did not really have any equity gains that were realized and reported in the P&L during this quarter. I think that was the largest reason.

The GST cost is obviously written off upfront, so that was the other reason. These two factors were the reasons. Otherwise, it was business as usual.

Nishant Chavate – Kotak Securities: Sure. The last question is just a clarification. You mentioned that in the general insurance business we are fairly well provided for, including the current Supreme Court ruling. One of your peers made a very large provision, and another is probably reviewing its books. From our point of view, are you saying that we have already completed the review and are fairly well provided?

Raman: Yes. Tapan also answered this. Given that homemakers do not constitute a very material number—in fact, it is an immaterial number—in both settled and outstanding claims, that is one reason we do not see the impact as material.

The second reason is that, clearly, based on our trajectory of reserve releases, we have always been very conservative. Given both of these factors, we do not see any need at this stage to strengthen any reserves because of this.

Nishant Chavate – Kotak Securities: Understood. Thank you very much, and all the best.

Management: Thank you.

Operator: Thank you. We have our next question from the line of Raghuvir from JM Financials. Please go ahead.

Raghuvir – JM Financials: Thanks for taking my question. I had a couple of questions.

First, on the Ind AS financials, can you guide us on the timelines that we have in mind and the likely impact for both the life insurance subsidiary and the general insurance subsidiary?

Second, on the life insurance subsidiary, what percentage of rider attachment are we seeing, and what aspirational level are we looking at?

Raman: I can take the first one broadly and request Vipin and Tapan or Abhay to contribute.

As I articulated earlier, under the IRDA regulations, the effective date for Ind AS adoption was April 1, 2026. However, IRDA allowed a one-year forbearance, and both insurance companies applied for and received forbearance from IRDA. For us, the effective date therefore becomes April 1, 2027.

In terms of the implications, I think the biggest one comes from the amortization of acquisition costs. As you know, currently under Indian GAAP, acquisition costs are expensed upfront, and hence there is a new-business strain. That will go away, and the costs will be amortized over the contract duration. This applies to both insurance companies.

Specific to General Insurance, currently the long-term liabilities, which essentially arise from the third-party portfolio, are accounted for on an undiscounted basis. Given that they are long-term in nature, under Ind AS they are supposed to be discounted. So we could see a significant release on that front.

The third point, which is more relevant from a general insurance perspective and could be an advantage for us, is the concept of onerous contracts under Ind AS. This says that at the time of writing a contract, if one knows that the contract will be loss-making, the loss is expected to be recognized upfront.

Given that we operate close to a 100% combined ratio while the industry is at 120%, we believe we could get an advantage here because some players writing loss-making contracts will have to book the losses upfront, and there may be a capital call for them.

This is broadly what we are seeing. Both companies are working through their numbers, and while we have started filing quarterly numbers with IRDA on a pro forma basis, there are many clarifications that we have sought from the regulator regarding the various positions that one has to take.

As an industry, we have approached the regulator. Some of these clarifications will come in due course, and I think we will start clearly outlining the impact once we have clarity on these matters. Vipin, Tapan, is there anything you want to add?

Tapan: No, Raman, that is it.

Management {? Vipin ?}: Same from me, Raman. Thank you.

Raman: Thanks. Vipin, do you want to take the rider question?

Vipin: Yes, I will take that, Raman.

Regarding riders, I indicated in my answer to Nishant the impact that the riders are already having. To give you a little more specific data, if I look at term riders that are attached to term plans and riders that are attached to savings plans, put together, 22% of our NOPs have some rider or another.

This includes both term and savings, and the number is 22%. That is how we measure it. The intent is to keep increasing that, and I think that is the way it is—

Management: —you will keep hearing from us, and that is the guidance we will possibly provide in terms of how we look at riders. We offer a wide variety of riders.

Raghuvir – JM Financials: In the savings business, would the riders predominantly be in the ULIP business? Is that the right assumption?

Management: It is across the business. As I explained, although term itself is 23-24%, there are riders on term plans, and there is another set of riders on savings plans. A few channels do very well on ULIPs and add riders there. Riders are also available on PAR and non-PAR products.

Raghuvir - JM Financials: Understood. Thank you, sir.

Operator: Thank you. We have our next question from the line of Nitesh Jain from Investec. Please go ahead.

Nitesh Jain - Investec: Thanks for the opportunity. My question is on the motor own-damage segment. The loss ratio in this segment has increased over the last couple of years. I want to understand which particular segment within motor own-damage is driving that loss ratio.

What is our strategy for this financial year in the motor own-damage segment with respect to growth and loss ratio management?

Management: Tapan, do you want to take that? Tapan, if you want to take that.

Tapan: The increase in motor own-damage claims that you are seeing is essentially an industry-wide phenomenon. You see a similar impact at Bajaj General. There is a—sorry, was there a question?

Nitesh Jain - Investec: I want to understand which segment specifically contributes to this. Is it private cars, two-wheelers, commercial vehicles, or, within private cars, a particular cohort that is leading to the higher loss ratio?

Given that the loss ratio is elevated, what is our strategy for FY27 in terms of growth and loss ratio management?

Management: Our strategy is very clearly focused on risk selection. We use a return-on-risk-adjusted-capital model as the basis for our selection, and we will continue to do that.

As you can see, we have slowed down in motor to some extent. When the time is right, we will increase it again. These are all tactical shifts that we have made over the past 25 years.

Nitesh Jain - Investec: So should we expect a continued slowdown in motor own-damage through the year until pricing becomes adequate?

Management: As Tapan said, there are cycles. There are soft cycles and hard cycles. It depends on what happens.

We have a daily selection criterion. It is an institutionalized framework that we use across all sales channels. We continue to use it to select risks. Depending on prices and changes in conditions, we will make tactical shifts as we consider appropriate.

I would like to add something to this. Shreeni's voice—yes, please, Shreeni.

Shreeni: This is a long-term business. We are not particularly concerned about a temporary slowdown, although I know there are many people who look at gross premium as the only measure of the top line.

We have a large number of customers and a large number of policies. The lifetime value of each of these customers is quite significant. That is how we have built our business in the past.

Therefore, if one segment slows, we will have to correct it. Ultimately, our goal is to increase absolute operating profit, if we can. That will continue to be our goal.

You can grow absolute profit only through a combination of volume and margin. Sometimes margins are weak, and 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.

Nitesh Jain – Investec: But which particular segment in motor own-damage is contributing to the higher loss ratio? Is it new private cars, commercial vehicles, renewal private cars, or another particular cohort showing a higher increase in loss ratios?

Tapan: This is Tapan. It is not that simple. To assess that, you would have to examine the rule engine and the micro-segments together, including them by geography. You cannot simply categorize it as segment one, two, or three. That would be too simplistic a way to look at this business.

Nitesh Jain – Investec: That is all from my side. Thank you.

Management: Thank you, Nitesh.

Operator: Thank you, ladies and gentlemen. That was the last question of the day. I now hand the conference over to the management for closing comments.

Management: Thank you all for the great questions. I think we are done. We can close the call. Thank you all.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.