

11 February 2026

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

Dear Sir/Madam,

**Sub.: Transcript of Conference Call in respect of financial results for the quarter and nine months ended 31 December 2025**

**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 23 January 2026, this is to inform that the transcript of the investors conference call held on Thursday, 5 February 2026 at 10:00 a.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 SHENDE**  
**COMPANY SECRETARY**  
Email ID: [investors@bajajfinserv.in](mailto:investors@bajajfinserv.in)  
Encl.: As above



# “Bajaj Finserv Limited Q3 FY ‘26 Analyst Conference Call”

**February 05, 2026**



**MANAGEMENT:**

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

**MODERATOR:**

- MR. RAGHVESH – JM FINANCIAL**

**Moderator:** Ladies and gentlemen, good day, and welcome to Bajaj Finserv Limited Q3 FY '26 Analyst Conference Call hosted by JM Financial.

As a reminder, all participants' 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 conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Raghvesh. Thank you, and over to you, Mr. Raghvesh.

**Raghvesh:** Thank you, Renju. Good morning, everyone, and welcome to the Q3 FY '26 Earnings Conference Call of Bajaj Finserv Limited.

First, I would like to thank the management of Bajaj Finserv for giving us the opportunity to host this call. As always, we will have 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. Ashish Panchal – MD and CEO, Bajaj Finserv Direct Limited; Mr. Devang Mody – MD and CEO, Bajaj Finserv Health Limited; and Mr. Ganesh Mohan – MD, Bajaj Finserv Asset Management Limited.

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

**Ramandeep Singh Sahni:** Thank you. Good morning, everybody. We welcome you to the conference call to discuss the results of Bajaj Finserv Limited, BFS, for Quarter 3 FY '26.

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

Bajaj Finance Limited, BFL, and Bajaj Housing Finance Limited, BHFL, other major subsidiaries of ours, have already had their conference calls, and hence we would pursue only very high-level questions on BFL and BHFL.

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.

**Let me also give you an update on the basis of accounting which we follow across the group:**

As required by the regulations, Bajaj Finserv prepares its financials in compliance with Indian Accounting Standards, (Ind AS). However, the insurance companies, are not covered under Ind AS currently. Hence, they prepare Ind AS financials only for the purpose of consolidation with BFS. Accordingly, for Bajaj General and Bajaj Life, standalone numbers reported are based on non-Ind AS accounting standard, referred to as Indian GAAP, as applicable to insurance companies.

**I will start by giving you an update on our joint venture with Allianz:**

I am happy to confirm that on 8th January '26, Bajaj Finserv Limited, along with its promoter group companies, namely Bajaj Holdings and Investment Limited, and Jammalal Sons Private Limited, successfully completed the acquisition of 23% equity stake held by Allianz SE in the two insurance subsidiaries namely Bajaj General Insurance Limited and Bajaj Life Insurance Limited

Consequent to this transaction, Bajaj Group collectively holds 97% equity stake in each of the two insurance subsidiaries, and the JV between us and Allianz SE stands terminated.

As regards the remaining 3% equity stake held by Allianz SE in each of the insurance companies, the Boards of the respective companies have approved to offer a buyback to its shareholders, subject to applicable law and necessary approvals.

The buyback, on one hand, will conclude the buyout of Allianz stake, and on the other hand, will also strengthen the ROE and ROEV of both the insurance subsidiaries going forward.

Post the buyback, the holding of the insurance subsidiaries by the Bajaj Group is expected to be as follows:

77.33% by Bajaj Finserv, 18.1% by Bajaj Holdings, and the remaining 4.57% by Jammalal Sons Private Limited.

I will now jump into the high-level update on the consolidated results for the quarter. The same has also been put in a press release dated 4th February '26.

Before we get into the results, we would like to call out on two exceptional items, which color the results for the quarter. The first one being the one-time impact of the new Labor Code, which

impacts the bottom line by close to about INR 380 crores at a gross level across all our companies. However, this has a net consolidated PAT impact for BFS of about INR 167 crores.

The second one-off is the accelerated ECL provision made by Bajaj Finance during the quarter to enhance its balance sheet resilience by implementing a minimum LGD floor across all its businesses. This has an impact of about INR 1,406 crores on BFL's results on gross basis, with a net consolidated PAT impact of about INR 540 crores for Bajaj Finserv.

As for the results now,

The consolidated total income grew 24% to about INR 39,708 crores versus INR 32,042 crores for the same quarter last year. The consolidated profit after tax before accelerated ECL provision of BFL and the one-time charge of new Labor Code grew by 32% to about INR 2,936 crores versus INR 2,231 crores for the same quarter last year.

The consolidated profit after tax before the accelerated ECL provision, the one-time charge of the new Labor Code, excluding the MTM gains and losses and including the realized equity gain booked under OCI by the insurance companies, the PAT grew by 13%.

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

**To start with Bajaj General:**

For the quarter, Bajaj General ranked first amongst private players on GDPI basis while maintaining its market share. The GWP for the Quarter 3 increased by 11.5% to about INR 7,389 crore versus INR 6,626 crores for the same quarter last year. Excluding the bulky tender-driven crop and government health business, the GWP increased by 17.2%. In terms of GDPI growth, it was a healthy 17.7%, largely in line with the industry growth.

The growth is largely attributable to the motor and health segments, partially offset by de-growth in crop insurance, largely arising from pricing pressures, which we have discussed in the past.

The underwriting loss for the quarter was at about INR 137 crores versus a loss of INR 43 crores for the same period last year, largely impacted by the one-off impact of Labor Wage Code of INR 42 crores and higher acquisition costs during the period attributable to focus on preferred business segments being written by the company.

The combined ratio stood at a very healthy 97.9% for the quarter as against 101.1% for the same quarter last year. We believe that this combined ratio for Bajaj General will be among the lowest in the multi-line market, with the ROE reasonably above 22%, excluding the surplus capital at 200% solvency.

The adjusted PAT before the impact of new Labor Code for the quarter stood at INR 430 crores versus INR 400 crores for the same period last year, a growth of about 8%.

AUM for Bajaj General stood at about INR 36,417 crores versus INR 32,633 crores for the same period last year, an increase of almost 12%.

**In summary:**

These operating results, including combined ratio and ROE, underscore Bajaj General's disciplined focus on delivering balanced and profitable growth, supported by strong risk selection, robust distribution capabilities, prudent underwriting, and a continued emphasis on exceptional customer service.

**I will now move to Bajaj Life:**

Bajaj Life 2.0 was initiated in the second half of last year with a focus on "sustainable and profitable growth"- happy to confirm that the financial outcomes are as planned in the course of Bajaj Life 2.0.

The impact of change in strategy is now reflected in the 3rd Quarter results, wherein Bajaj Life registered 'Highest-ever value of new business and the new business margins on YTD basis over the last decade'.

The retail weighted received premium growth has now been reinstated with a growth of 19.9% from INR 1,549 crores last year for the quarter to about INR 1,856 crores, largely in line with the industry growth. This was backed by retail protection contributing 9% of the overall retail business, with a growth of 47% for the quarter.

Group protection has also registered a healthy growth of about 29%. The VNB for the quarter grew at a healthy 59%, up from INR 254 crores for the same quarter last year to about INR 405 crores during the quarter. The new business margin, NBM, is up at 19% for the quarter as against 15.1% for the same quarter last year.

On the back of continued strong renewal premium growth of 20.9%, Bajaj Life's GWP grew 23.5% during the quarter. Persistency dips were, however, observed across a few cohorts in line with the industry, which are being worked upon by the company.

On overall retail weighted received premium basis, the product mix for the quarter was well balanced and stood as follows:

Par was at 23%, non-par savings at 14%, term at 9%, annuities at 11%, and ULIPs at 44%.

The profit after tax was impacted during the quarter largely by the new Labor Code to the tune of INR 43 crores and the loss of input tax credit from the GST change, which we saw come in during the last quarter.

Bajaj Life ended the quarter with an AUM of INR 1,38,027 crores, up at about 13.1% from the same period last year.

The company is also in the process of setting up a Pension Fund Management business and a branch in GIFT City for which process of regulatory approvals has been initiated.

Overall, the quarter for Bajaj Life is in line with the expectations and on the right trajectory of ‘Sustainable and Profitable Growth.’

Finally, both the insurance companies are financially amongst the most solvent in the industry, Bajaj Life with 333% solvency and Bajaj General with 344%, and hence are well-poised to weather any external adversity.

We must, however, reiterate that insurance is a long-term business, and we remain steadfast in our commitment to drive profitable growth, create sustainable value, and always prioritize the interests of our policyholders.

**I will now move to our lending businesses, Bajaj Finance and Bajaj Housing Finance:**

To start with Bajaj Finance, the core performance remained robust across business volumes, AUM, Opex, credit cost, and profitability.

Number of new loans booked during the quarter was at about INR 1.39 crores as against INR 1.21 crores in the same period last year, a growth of 15%.

The company’s diversified business model has enabled its AUM to grow at a strong 22.1% at about INR 4,85,883 crores. The net total income grew by about 19% to INR 13,875 crores as against INR 11,673 crores for the same quarter last year.

The profit after tax before the impact of the new labor codes and the accelerated ECL provision grew at a very healthy 23.3% during the quarter, from about INR 4,246 crores to INR 5,227 crores.

The Opex-to-Net total income improved to 32.8% as against 33.1% for the same period last year.

Net loan losses and provisions for the quarter before the accelerated ECL provision of INR 1,406 crores was at about INR 2,219 crores in the quarter as against INR 2,043 crores for the same quarter last year, an increase of only about 9%.

In Quarter 3, net decrease in Stage 2 and 3 assets were at about INR 93 crores, reflecting a significant improvement in portfolio quality and a positive outlook on credit cost.

The GNPA and NNPA stood at 1.2% and 0.5% respectively as of 31 December 2025, as against 1.1% and about 0.48% for the same period last year.

Capital adequacy remained strong at 21.4% as at 31st December 2025, with a Tier 1 capital of about 20.6%.

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

It was a stable quarter with AUM growth of 23.2%, driven by good momentum and disbursement amidst higher portfolio attrition. Growth was very well-distributed across all the business segments. The home loans AUM grew 18%, loan against property grew 32%, lease rental discounting grew 39% and developer finance by 18%.

Net interest income grew 19% to INR 1,153 crores as against INR 933 crores for the same quarter last year.

Operating efficiencies continued with Opex-to-Net total income at healthy 19.0% as against 19.8% for the same quarter last year.

Healthy asset quality was maintained with the GNPA and NNPA at about 0.27% and 0.11% as of 31 December 2025.

PAT before impact of new labor codes grew by 23.2% to a healthy INR 675 crores for the quarter.

Capital adequacy ratio stood at 23.15% as at 31 December 2025, with a Tier 1 capital of 22.69%.

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

Now, I will quickly give you an update on our emerging companies:

To start with, **Bajaj Finserv Health** in Quarter 3 carried out about 6.2 million healthcare transactions as against 2.1 million transactions for the same quarter last year. Bajaj Finserv Health continued to expand its provider network, which includes about 1,34,000 doctors, about 16,000 hospitals, and upwards of 6,300 lab touchpoints. Utilizing this network strength and its tech platform, Bajaj Health is able to offer integrated OPD, IPD, and wellness experience to both retail as well as corporate customers.

During the quarter, the revenue from operations of Bajaj Finserv Health grew at a healthy 22%.

**Moving to Bajaj Markets:**

During the quarter, the lending in the BFSI space in the form of disbursements stood at about INR 1,800 crores for the quarter as against INR 1,549 crores for the preceding quarter, which was Quarter 2 of FY '26.

The company ended with a total unique partners count of 101.

Top line for the company was impacted during the last few quarters and was down from about INR 156 crores for the same quarter last year to about INR 94 crores in the current quarter. This was due to a planned transition of software where we are moving to SFDC for frontline sales.

Now, with the migration likely behind us during the Quarter 3, we are likely to see the growth resume here on. And from Quarter 4 onwards, we are hopeful that the revenue growth should get reinstated. There has been no capital infusion in the company since March of '22, showing capital efficiency of the company.

**Moving to Bajaj Finserv Asset Management Company Limited:**

The AMC company continued its good run, recording an AUM of upwards of INR 30,000 crores as of 31st December 2025 and moving to the 26th spot amongst all the mutual fund companies in India in terms of AUM. We believe that Bajaj Finserv AMC is the fastest to cross the INR 30,000 crores mark in about 2.5 years of operations. The equity mix of the AUM stands at about 56%, and the non-group share of the AUM constitutes about 87% of the total AUM.

This summarizes the performance on all our companies. That is all from my side on the performance.

Before we open for the questions, considering the paucity of time, I would request the audience to keep their questions brief so that we can cover more queries during this call.

**With this, I invite questions from the audience.**

**Moderator:** Thank you. We will now begin the question-and-answer session. The first question comes from the line of Nischint Chawathe with Kotak Securities. Please go ahead.

**Nischint Chawathe:** First on the life side, there has been a fairly strong and impressive growth in the institutional business. If you could give some color and texture in terms of which are these partners, whether it is addition of some new partners or is it faster growth with the existing ones, what has contributed to this growth?

Secondly, I think on the agency side, after multiple quarters, we are able to see some positive growth there. So, is it fair to say that now we have bottomed out? I have some more questions, but this is on the life side.

**Tarun Chugh:**

Thanks, Nischint. I would say that the growth in institutional business is widespread. It is not necessarily coming from the big partners. We were possibly the first ones to experiment with a bevy of smaller partners. And that strategy is paying off, works well for them and us.

And I must say that the couple of new partnerships that we have got from a medium to significant size, are largely AU and Federal. And yes, I think there is a lot more yet to be seen. So, those should give much more than the median that you will see in terms of growth for various partnerships.

For agency, yes, while the growth has been good, I think one thing I would like to point out to all the analysts on this call is that we have seen something even better in agency. We have seen a doubling of their VNB in this nine-month period.

As you all know, we took some significant calls on agency in terms of commissions, efficiencies, tweaking our models, hierarchy cost and much more. We have been doing a lot of things there in terms of how we manage our branches. We are encouraged; however, we may not necessarily focus just on growth in agency. And this strategy is being developed as we go.

As you know, agency operate in a highly demanding environment that is both training-intensive and relationship-intensive. We will continue to work on the bottom line more than the top line. Hence, the growth on agency is not necessarily something that will just buckle up and start increasing from the next quarter.

It can take some more quarters as we continue to work on some more parameters on agency to set it in right direction of on VNB, once and for all. We don't want to do this too often with our agency channel. Hence, top line growth is not going to be the key thing. The bottom-line growth is going to be the key thing in agency. I hope I have answered you, Nischint.

**Nischint Chawathe:**

That is perfect. And just extending from here in terms of product mix, is it fair to say that agency will probably be more traditional and protection-heavy, and the institutions will be ULIP heavy? I think that is a trend we have seen in some of your other peers.

**Tarun Chugh:**

No, not necessarily. Our agency is unique. I have said this earlier as well, when we moved from a mass to a mass-affluent base of customers in the last 6-7 years, we used ULIP products significantly. The ULIPs we used to sell earlier weren't necessarily very profitable. Now our ULIPs themselves are looking quite healthy. And that is what the agency team has done brilliantly.

The pickup of term has been wholesome and systematic which gives us more confidence for term in the future. Par remains a healthy mix for agency as well.

As far as institutional is concerned, it differs from bank to bank and every bank is uniquely positioned. We are possibly the only truly diversified company among the top 5-6 companies on Bancassurance. This diversification continues to be the core of our strategy. It has been our consistent method over the last three years. We drive business based on what is good for our partner and for us. And hence, that may still, be in line with what you see for other Bancassurance businesses. Only thing, please account for the fact that we don't have one bank which would take 50% of our business. And that ratio would hence not be akin to the ratio you see with other Bancassurance-led companies.

**Nischint Chawathe:**

I got it. And just quickly on VNB margins, if you would want to kind of re-highlight your guidance because I think mathematically, as I see it here, VNB margin would have been closer to around 21% but for the GST hit. And A, how do we see this going forward? And probably the GST hit continues or neutralizes, and hence, where did the margin settle?

**Tarun Chugh:**

So, I guess you are asking for more details, but I will give you the top line message and ask Vipin to continue with a little bit more details so that we can be transparent to everybody because I know the GST bit is something that everybody worries about.

This is a reset of the VNB and the NBM margin from earlier which were lower. But I think now you see the trajectory is positive, and this quarter has seen a significant increase in the margins. I don't think this kind of an increase is going to continue in the future. But yes, the trajectory will be positive.

Because as a company, we moved on this journey of efficiencies, cost corrections, tailor-making products, tailor-making our commission rates before anybody else because as a multi-distribution company, we are more sensitive to these matters. And we have to get more and more efficient far sooner than others.

On the GST bit, I will just pass it on to Vipin so that he can transparently answer.

**Vipin Bansal:**

Hi, Nischint. So, you would recall that last quarter when we spoke, our estimation was that we will have about 4.5%, i.e., 450 basis points impact of GST. I

What we know today and based on what we have executed, I think as we exit next quarter, we would have mitigated close to about 325 bps against 450 bps that we had communicated earlier. We believe that delta of 125 is a reset impact from 1st April. I think that will be part of our base, and we will continue to work on that.

In terms of guidance, while we don't give guidance, but Tarun called it out and I will reiterate that over the last 4 quarters, we have consistently seen margin expansion of 4% to 6%-6.5% and VNB growth close to an average of about 50%.

However, the base effect does start kicking in. So, the margin expansion and VNB growth will definitely taper down from here on. I think that is the correct way to look at it.

Having said that, our strategy of 2.0 is still under execution. GST just moved us back by about two to three quarters. Had the GST change not been there, yes, the numbers would have been a bit different. But I think that is a reality. So, I think it is just a pushback of two to three quarters, and we are confident that we will be on track to execute in line with the strategy that we had called out earlier.

**Nischint Chawathe:** Just one tiny question on the general insurance business. If I look at motor OD loss ratio, it remains elevated this quarter as well. Now, in this backdrop, why do we really need to grow at 21%?

**Ramandeep Singh Sahni:** Avais, you want to take it?

**Avais Karmali:** So, overall, if you look at the situation, the elevated loss ratio is not something that is just experienced by our organization. It is something that is experienced across the industry. Now, this can be broken down into multiple paths. But one of the leading indicators is the pricing pressure. And of course, due to GST, there has been a certain impact on the IDVs as well. Out of this, the pricing pressure is something that is being corrected, and we continue to do so as a daily operation. Within this backdrop, we continue to grow with our long-term view, which is sustainable growth, and we would continue to do so going forward as well.

**Nischint Chawathe:** But fair to say that in this environment, you might just mellow down a bit given the way the loss ratios are trending? I mean, for the industry, not for you, I am saying.

**Tapan Singhel:** If you look at how the loss ratio trends, you will notice that it always corrects on its own in the long run. The industry reacts to increasing loss ratios, and corrective actions bring it down cyclically. So, in a general insurance business, it is always cyclic. Even if you look back for a longer period, like 25 years, you will never find that loss ratios has ever remained the same, they keep increasing cyclically for the whole industry and gradually they correct.

Even in our case, we will continue to take corrective actions for Motor OD loss ratio, as we have been doing earlier as well, and we should see the loss ratio balancing out as we progress. And then I think correction happens. It comes on its own. These are part of a business model. This is something that we have been doing for so many years. And we will do that. You will see how it balances out as it progresses.

- Moderator:** Next question comes from the line of Satvik with Jefferies. Please go ahead.
- Satvik:** Just on Bajaj General, wanted to get a sense on how competition is actually playing out in motor and both the group and retail health segments. And second, could you please help us with your retail health loss ratios for 3Q versus 3Q last year? And the last one, how has motor TP release been this year versus last year? And how has the experience been?
- Tapan Singhel:** We prefer to not talk about our competition. We respect all our competitors, and I believe they are all doing very good. So, we don't get into the specifics of our competitors, but we can talk of the industry as a whole.
- Competitiveness in the industry as a whole is intense right now. The combined ratio for the industry has moved up. If you look at combined ratio of the multi-line insurance companies, both public and private, for the third quarter, it will be close to 128%.
- Compared to that, Bajaj General, has a combined ratio close to 100%. So, it is a phenomenal performance in terms of delta to the industry. And as Raman mentioned in the call in the beginning, we are the largest private player in terms of total volume business for this quarter. I think that is what the industry perspective is.
- And that is why I was so confident on the Motor OD loss ratio earlier, since the Combined Ratio for the industry is not at sustainable level. The industry would move to a correction mechanism to bring it down. But Bajaj General, in that context, continues its philosophy of maintaining a better combined ratio than industry. And for this quarter, Bajaj General's combined ratio is 20%+ better while also not losing market share.
- Second, on the retail health perspective, we don't give exact loss ratios, but we can tell you that it is better compared to what it was in the same period last year. So, it has improved on year-on-year basis.
- On the TP release, I think we give the triangle, and it is in line with the way it has progressed further. Avais, you want to add something to this?
- Avais Karmali:** No. I think you have covered it primarily structurally. If there are any other detailed questions, I am happy to take it.
- Satvik:** No, no. That covers it.
- Moderator:** Next question comes from the line of Uday Pai with Investec. Please go ahead.
- Uday Pai:** A couple of questions on the general insurance side. First, if I look at your motor TP loss ratios, for the first three quarters, it is comparatively very low compared to the same 3 quarters, last

year. So, is there any impact of reserve releases, or this is the normalized loss ratio for motor TP going forward? That is the first question.

The second question is on the underwriting profit. While our combined ratio has improved both on a Y-o-Y and a Q-o-Q basis, but our underwriting losses have actually increased. And I believe that is because our NEP growth is slower. Is that the correct understanding, first of all? And how do we think about the absolute underwriting losses going forward? So, these are the two questions from me.

**Tapan Singhel:**

Now, if you look at TP and I think this question keeps on coming, the way to look at TP business is, what is the release per claim settlement. So, let us say when you do reserving, it is based on present estimation and past known records. But when the claims get settled, if the settlement is lower than the reserve created, there is a release which happens. So, it is a continuous process. Hence, the TP release would not happen overnight, it would happen according to claim trends and settlement quantum's because Motor TP is a long book.

If you start seeing strengthening of reserves, then there is a worry because that means that the claim reserves made earlier were lower and the settlements happened at a higher amount than estimates. Hence, as long as a release is happening, it is a good sign. That means the company had been adequately reserved in terms of the expected claims, which eventually did not materialize.

Also, let us say if there is sudden judgment which comes which changes the way the court decides TP claims. And we have had this in the Sarla Verma case and a lot of such judgments in past; then strengthening can also happen based on all the past records and based on the new criteria introduced by such judgements. So, this is how TP would move going forward.

Regarding NEP, it is lower because we have a whole account reinsurance treaty. It is not a structural issue.

And for the combined ratio, we always maintain that we would be close to 100% and that is our ambition. And that is what we have been doing for so many years while maintaining or growing our market share. And that is how we have organically grown.

And at this point, I always mention that Bajaj General, compared to some of our peers, is a completely organic grown company, built brick by brick over time. And we continue to do that structurally. Avais, you want to add something to this?

**Avais Karmali:**

No, I think you got it as well. The point on the underwriting profit, I could just add one point, is that the company has experienced quite a bit of market share increase on motor side, specifically on the two-wheeler side. And therefore, as you know, that business comes with a certain amount of acquisition costs. And therefore, you would see the underwriting profit at the level that it is.

Overall, we still believe, and we continue to believe, as you mentioned earlier, that this business is good from a long-term perspective. Hence, we do it. That is the only thing I would like to add.

**Ramandeep Singh Sahni:** Also, the underwriting loss for the quarter will have an impact of the labor wage code one-time hit of about INR 42 crores. That is also adding to the loss. So, in all, if you actually see the underwriting loss moving up, I will just summarize from what Tapan and Avais said. One is the impact of the new Labor Code, INR 42 crores hit coming from there. The other is also we are writing more and more of fresh two-wheeler and four-wheeler business. And there, if you see, our market share both for the quarter and nine months has moved up significantly in new motor sales. And like Avais said, the commissions are upfronted for three-year and five-year policies. And hence, it gives a big hit on the underwriting result. But on Combined Ratio basis, it evens out. So, that is the way we look at it.

The other issue also is that for the quarter, the NEP is looking a little depressed, because there was a change in the ceding percentage on the government health business, which we did last year for the same period versus this year. If we actually exclude the impact of that, the NEP growth actually improves for the quarter to about 5%-6% is what I recall.

So, there are a few of these elements which are leading to an optically higher underwriting loss, but the combined ratio is operating at a very healthy level.

**Uday Pai:** That's helpful.

**Moderator:** Next question comes from the line of Shobhit Sharma with HDFC Securities Limited. Please go ahead.

**Shobhit Sharma:** Congrats to the Life team on a phenomenal set of numbers. So, my first question is on your product mix. This quarter, we have seen a very sudden spike on the annuity mix. So, what has led to this? Have we done some product interventions on this side?

And like your peers have seen a significant growth on the retail protection side, but for you have seen this growth has been kind of muted, I would say, 18%-19% for you for this quarter. So, what has led to that moderation?

And lastly, on the channel and product mix, if you can help us understand, what is our product and channel-specific strategy to understand on that? And I will have one question on Bajaj General side. I will ask later.

**Vipin Bansal:** Thanks for that question. So, on the product mix, if you look at our mix for last 5 to 6 quarters, it is largely stable. Obviously, there will be some noise depending on the quarter that you are looking at, but it is largely stable. And that is something we also called out as part of our 2.0

strategy. And I think we are directionally heading there. So, yes, you would see annuity going up. That was the case even last quarter as well.

I think what we need to understand is, we were the ones who started deferred annuities about 4-5 years back. This market tends to be intensely competitive. And when the pricing was not right, we actually retreated back. Hence, our annuity would hover around 4% to 5% earlier.

Last quarter, we actually changed our product proposition on annuity, brought in newer products. And that increased the annuity mix to about 9% to 10% which you are seeing now. So, on your question on annuity, this increase reflected in last quarter as well and the trend continues this quarter and is as per our strategy.

In respect of retail protection, I think there is a small difference. Look, GST has helped everybody. It helps us also because retail protection does become cheaper. But in our case, as part of our strategy, we had actually been focusing on retail protection for almost last two years. So, if you go back last two years, for every quarter, our growth on retail protection has been significantly high. Now, obviously, once the base effect kicks in, the growth will obviously come down. And I think that is being reflected in this quarter. Hope that answers your question

**Shobhit Sharma:**

Sure. And Vipin on channel and product-specific strategy if you want to highlight anything on that?

**Tarun Chugh:**

So, I mentioned in the first answer, Shobhit, that agency has got a fairly good mix now. They have got term in focus. ULIPs, which are profitable, help us with the very high net worth individuals and wealth customers. In agency channel, we are present in the mid-segment and Tier 2, Tier 3 cities a lot more than our peers, having 600 branches. Despite that, our top 10 cities would not be the same top 10 cities of the top five companies in the Life sector, largely because of our agency spread. That makes it more pertinent for having par plans. There are some states where our agency is particularly big. So, it is a lot more strategy driven.

If you get the whiff of the direction I am giving, for agency, it is largely driven by the market in which we operate as well as the customer segments. Proprietary sales largely remain ULIP-heavy. It is ULIP-heavy but a profitable ULIP-heavy now and selling a far higher premium paying term now, which is exceedingly helpful. Going forward, Proprietary sales, will transition more to term and riders.

Overall, as a company, our enhanced risk cover, i.e., term and riders put together, contributes to between 44%-47% of our customer base depending on which month you look at. This used to be 19% the same time last year. So, that is a huge transition that we have made.

As far as the institutional business is concerned, I answered the first one that Nischint had asked, where we are largely tailor-made to the partnership because we want it to be mutually beneficial

to both players. And the customer segment for each of these partners is extremely different. Hence, it becomes very difficult to make any predictions.

But largely, as you see where we are today, you should consider this on an aggregate level as a settled product mix because we have got everybody to the right percentage of contribution, which we wanted. And the diversification is now kind of stabilized. And that is how it will remain in institutional business. Hope it answers.

**Shobhit Sharma:** Sure, sir. Now, coming to Bajaj General, sir, on motor OD loss issue now, if I see you mentioned that for the peers also, motor OD loss ratio has been rising. So, is there an industry-wide phenomenon, or is there something which has changed all across the industry which has contributed to this spike? And should we expect this to be a new normal now? And is it primarily because of the pricing environment which is there on the OD side?

**Tapan Singhel:** Yes, I think Avais mentioned it earlier. If you look at IDV, due to the GST change, IDV dropped. And motor OD is calculated as a percentage to IDV. Due to this drop, it eventually leads to lower premium collection for the same vehicle, compared to what would have been earlier. Also, with inflation, the cost of repairs goes up.

So, the only difference this year compared to previous year has been the drop in IDV because of the GST. So, the value of the car comes down. And because the premium carries a percentage to the value of the car, we see lesser realization coming in for the same vehicles. And as I mentioned earlier, the industry would look at correcting it as it progresses.

**Shobhit Sharma:** So, if pricing is the only metrics because of which we will be able to correct this, sir?

**Tapan Singhel:** See, let us look at a loss ratio. What exactly defines a loss ratio? You have premium collection, and you have claim outgo. That is loss ratio. It is that simple as that. If the premium collection goes low, your loss ratio will go up. Second, if your claim outgo is more, your loss ratio will go up.

On claim outgo, as I mentioned earlier, due to inflation, the repair cost, the spare part cost, moves up. When that moves up, then the loss ratio will go up. Or if the premium drops, even then, loss ratio will go up. When both happen simultaneously, then the loss ratio moves up. That is where it moves up for the entire industry, which is the current scenario.

Now, if you have to correct loss ratio, what do you do? There are only three steps. One, either increase premium. Two, negotiate better on claim outgo. And three, start making your underwriting mix stronger to get in that range, which is what companies would be doing. So, it is this process which corrects the loss ratio going forward. It is not very complicated. But the reason that you asked me why the industry moved up, it is because of this reason.

**Moderator:** Next question comes from the line of Divij Punjabi with Banyan Tree Advisors. Please go ahead.

**Divij Punjabi:** I had one question on the general insurance side. What does the pricing intensity look like on the fire and the other commercial lines of business? And how is it expected to be going ahead? Just wanted to get a better understanding on that.

**Tapan Singhel:** So, India is a free market except for motor third-party price, which is regulated by the government. Every other pricing is dependent on the company's underwriting understanding, and they would calculate the price basis that. Hence, in a free-price market, we will always see movement in pricing. Sometimes the price gets stiffer. Loss ratio goes up, then the price again starts correcting itself. But as I said, this is the nature of the general insurance business, the P&C business globally. You will hear this word, market softens, market hardens. It is cyclical in nature. So, this is, as I said earlier also, this is part of our business.

So, right now, to answer your question specifically, on the Fire portfolio, the price has softened. This is because, if you look at the results for the past few quarters, the commercial line of businesses had a better loss ratio. And if you look at this year, there has not been a major NATCAT event. There has been nothing which has led to huge losses for the industries.

So, when the loss ratio comes down, the prices come down. As I explained to you on motor earlier, as the loss ratio goes up, prices start moving up. It moves in sync with how the industry is moving. So, because of good loss ratios and no major catastrophe event this year, the prices are moving down right now. But as they move down, the loss ratio is expected to start moving up, and then the prices would also correct accordingly. So, right now, the loss ratios have been good for fire. So, the price has come down to answer your question specifically.

**Moderator:** Next question comes from the line of Raghvesh from JM Financial. Please go ahead.

**Raghvesh:** I had a couple of questions. First, on the general insurance side, so our Opex to NWP has materially cooled off as compared to all the peers who have actually made our estimates on, I mean, mine and street estimates. So, do we think of it as maybe you are going slow on the new business and focusing more on the older business? Because we have also seen our, at least on the motor side, the OD loss ratio go up. So, how do we see this trend? The Opex, they are getting controlled, but the claims ratio is pretty primitive.

**Tapan Singhel:** Now, if you look at the issue for the industry broadly, has been that most companies are not complying with the regulations in terms of the 30% cap. But Bajaj General has been complying with it very well. It has managed its cost. I think it has consistently been one of the low cost multi line insurer amongst companies in the private space for quite some time.

So, growth, business, and cost are the two, three levers that are there, and we have been managing that very well. And we have been in compliance with the regulations comfortably compared to most of the players in the private space.

**Ramandeep Singh Sahni:** Also, just to answer the question you indicated, on new versus existing business, we have been growing heavily on the new sales, both on retail health and motor. Motor, I already articulated that on two-wheeler and four-wheeler, we have indeed gained market share for the quarter and nine months both.

Even on retail health, our new sales growth has been very healthy compared to last year. So, that is not the reason. I think the real reason is what Tapan articulated. We have been conscious on controlling costs. And that is why our Opex ratios look better than the others in the market.

**Raghvesh:** So, the commissions have gone up for us as well in line with the peers?

**Tapan Singhel:** No, again, if you look at it, why do we look at commission? The regulation is very progressive, in which it said that we don't worry on commission. Our expenses put together; it should be below 30%.

Why it is progressive? Because earlier, the model of doing business was one which was agency-dependent, focused on opening branches. So, everybody had the same model. So, fixed commission made sense.

In today's time, you can decide whether you want to be high variable, or you want to do businesses also with low cost, or you want to go direct. And this fungibility allows people to experiment with the business models. So, what should be seen is the total number, not standalone that as commission moved up or come down, expenses come down. This fungibility allows business models to be created. And that's why I always mentioned that it has been a very progressive regulation.

And globally, the expense number is around this 30%, expense and commission put together. If you Google search and just put that for U.S. market, how much does it come to, you will be surprised to see it close to 30%. But the point is that you have to put the two together, commissions and expenses, to see where it stands, and then to see globally where it stands. And if it is close to the global benchmarks, then I think the industry and the regulations have been in the right place.

**Raghvesh:** Thanks for this, sir. And just a final question on the AMC piece. So, now that we are at a scale of around INR 30,000 crore AUM, are we still looking to be focused on the mutual fund space, or are we looking at alternates SIF and all of other asset classes to grow incrementally?

- Ganesh Mohan:** Yes. So, for us, in the last couple of years, we have actually been focused on building out the mutual fund product suite. And we still have a little bit more work to do over there in terms of additional products that we have launched. So, we will be certainly continuing that path. But there are also additional opportunities that have come up, particularly with regard to SIF, PMS, as well as GIFT City. So, these are on our plan for this coming financial year. And you will see us active on these fronts as well.
- S. Sreenivasan:** If I can add to that, we have also now set up Bajaj Alts as a separate company. And that company now has been staffed. Subject to regulatory approvals, we will be looking, to start off a set of one or two alternative funds and possibly a PMS operation targeting that segment of the market, where the minimum investment required for an AIF is INR 1 crore and above.
- So, this is currently on the plan. And we hope that it will commence by end of FY '27. That is separate from the mutual fund because the mutual fund will handle the retail market and the higher end of the retail market through their distribution channels. This will be a separate alternative.
- Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, we have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.
- Ramandeep Singh Sahni:** Thank you for your time, everybody.
- Moderator:** Thank you. On behalf of Bajaj Finserv Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.