



“Bajaj Finserv Limited
Q2 FY2022 Earnings Conference Call”

October 29, 2021



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Bajaj Finserv Limited
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Please note that the transcript has been edited for the purpose of clarity and accuracy

Moderator: Ladies and Gentlemen, Good Day and Welcome to Q2 FY2022 Earnings Conference Call of Bajaj Finserv Limited hosted by JM Financial Institutional Securities. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the 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. Sameer Bhise from JM Financial. Thank you and over to you, Sir.

Sameer Bhise: Thank you, Margaret. Good morning everyone and thank you for joining this 2nd Quarter FY2022 Earnings Conference Call of Bajaj Finserv. I would like to thank the management of Bajaj Finserv for giving us this opportunity to host this call. From the management team, we have Mr. S. Sreenivasan – Chief Financial Officer - Bajaj Finserv; Mr. Tapan Singhel - CEO - Bajaj Allianz General Insurance; Mr. Ramandeep Singh Sahni – Chief Financial Officer - Bajaj Allianz General Insurance and from the Life Insurance business, Mr. Tarun Chugh – CEO and Mr. Bharat Kalsi – CFO of Bajaj Allianz Life. Without much ado, I would want to transfer this call to Sreenivasan sir. Over to you, sir. Thank you.

S. Sreenivasan: Thank you. Good morning everybody. Let me welcome all of you to this conference call to discuss the consolidated results of Bajaj Finserv Limited for Q2 FY22 and the first half of the financial year FY2021-2022. I hope all of you are safe and vaccinated. As before in this call, we will largely be concentrating on the consolidated results as well as the results of our insurance operations through Bajaj Allianz General Insurance (BAGIC) and Bajaj Allianz Life Insurance (BALIC) and where material, the standalone results of our company - Bajaj Finserv Limited (BFS). Bajaj Finance (BFL) which is another major subsidiary of ours has already had its conference call; however, if there are any high-level questions on BFL, we would be glad to take that as well. We will not be taking any questions on the status of Allianz's stake in our insurance company, the status has remained the same as at the end of the previous quarter and there is no change there.

Any statements that may look like forward-looking statements are just estimates and do not constitute an assurance or indication of any future performance result.

Remarks on the Ind AS: As required by regulation, BFS has adopted Indian accounting standards from FY2019. The insurance companies however are not covered under Ind AS; they have prepared Ind AS financials only for the purpose of consolidation. Accordingly, for BAGIC and BALIC, the standalone numbers reported below are based on non-Ind AS accounting standards or Indian GAAP as applicable to insurance companies. Our results, the

press release accompanying the results and our investor deck have been uploaded on our website yesterday evening.

Let me start with an update on the performance for Q2. After the disruption caused by the second wave of COVID-19 in first quarter of this year, recovery gathered momentum in Q2 on the back of reopening of the economy in more states, rapid vaccinations, and continued policy support.

Under these improved conditions, our businesses have shifted focus to growth while closely monitoring risk parameters. The company and its subsidiaries took the initiative in arranging vaccinations for employees and their families. Apart from ensuring well-being of our employees and their near and dear ones, this also ensures better preparedness for us and our businesses in the event of a third wave.

I will now touch upon the performance of each of our major businesses.

Let me start with BAGIC. Overall an excellent quarter for BAGIC on growth and profitability. Gross Domestic Premium Income or GDPI grew by 21% in Q2 FY2022 versus the industry growth rate of 10.7% and the private sector growth rate of 13.7%. After excluding bulky tender driven businesses like Crop insurance and government health, the GWP grew by healthy 14.4%. During H1 FY2022, BAGIC's growth rate was 16.8% v/s the industry growth rate of 10.9%. BAGIC continues its approach to calibrated growth i.e. seeking to grow in preferred segments which are private cars, two wheelers, commercial lines, and retail health while remaining cautious and opportunistic on group health, predominantly on the employer-employee group health.

To give some more detail, growth in Q2 was driven by motor (7.6%), fire (30%), marine 52.9%, travel and government health schemes. During the quarter, despite the auto industry showing declining trend on account of shortage of semiconductor chips and tepid new sales of two-wheelers, BAGIC has shown growth in the motor segment. It was heartening to see the commercial vehicle segment starting to recover growth and we see it trending towards pre-pandemic levels in the coming few quarters. Overall, BAGIC had an industry beating motor growth both in Q2 FY2022 and H1 at 7.6% and 7.4% respectively against the industry growth of about 6.3% and 4.9%. While it is expected that the auto industry will continue to face the supply side constraints in the near-term, the performance in Q3 will also depend on how the demand shapes up in the festive season and beyond.

In commercial lines, with the aid of its strong bancassurance and agency channels as well as underwriting and reinsurance capacity for covering large risks, BAGIC continued its strong performance across retail, commercial, and industrial risk categories.

Fire and marine segments continued their growth momentum, while engineering, which is dependent on new projects, saw some slowdown and liability growth was flat. Overall, commercial lines continued to do very well with Q2 FY2022 and H1 FY2022 growth of 20.9% and 16.8% respectively against the industry growth rate of 17.4% and 12.9%.

Within Health, Retail health has seen a muted growth on account of higher base of Q2 FY2021 - which was boosted last year by strong demand for Corona Kavach policies. Overall, in H1 FY22, retail health growth of 8% is in line with the multiline insurers' growth of 8%. While BAGIC continues to be cautious on group health, growth was driven at right pricing for each relationship. During the quarter, BAGIC underwrote government health business of Rs. 753 Crores for Gujarat government under the PM Jana Aarogya Yojana scheme.

The recovery from the second wave of COVID-19 led to significant quarter-on-quarter reduction in COVID-19 claims and severity. There has been an increase in severity of non-COVID health claims. With the economy opening after lockdowns, motor own damage claims frequency and severity are almost back to pre-COVID levels. Moreover, heavy rains in Maharashtra witnessed in this quarter had some negative impact on claims. These factors did impact results for the quarter, but notwithstanding these, the combined ratio increased only marginally to 98.5% as against 97.4% in Q2 of FY2021 and it is well below 100%, on account of lower expense ratios. In a market which is intensely price competitive, this result, we believe, is highly encouraging.

Just to put this in perspective, last year when there were lower claim frequencies, we had indicated the need to strengthen reserving for potential interest on third party claims and higher expected ultimate losses for the health portfolio arising out of COVID. We had also sounded caution on group health (employer-employee business) which seemed profitable in the short run at that time but turned out to be a losing business when the second wave of COVID-19 emerged, as more employed people got affected.

The general insurance business is dynamic and volatile and hence, tactical decisions are as important as strategic initiatives in preserving the opportunity for long-term profitable growth.

In short, BAGIC has had an excellent quarter with a 28% growth in profit after tax which was also boosted by higher investment income and realized gains. The non-annualized ROE for the quarter at about 5.5% is in line with the 20% plus ROE on an annualized basis. BAGIC is cautiously optimistic on growth as it enters H2 of FY2022.

In summary, it has been a very positive, balanced quarter for BAGIC.

Coming to life insurance next. After the slowdown witnessed in May and June on account of strict lockdowns, the industry is now back on its month-on-month growth trajectory. Q2 was a good quarter for the life insurance industry as a whole with individual rated new business growing by 21% (private players growing by 35%) on the back of lower base for the industry.

BALIC had relatively high base given the industry beating growth experienced in every quarter of FY2021. Nevertheless, BALIC continued a strong performance after FY2021 and delivered an individual rated new business growth of 52% in Q2 of this year. BALIC was the second fastest growing life insurer among the top ten players in H1 with a growth of 51% in terms of individual rated premium.

When compared to the pre-pandemic period by taking a two-year CAGR for the Q2's individual rated new business, BALIC has delivered a CAGR of 34% which is the highest in the industry.

The annuity product launched by BALIC in Q4 of FY2021 continues to be very well received in the market. During the quarter as well as in H1, 12% of the individual rated NB was from the annuity segment. In line with the industry, demand for retail protection continues to be sluggish and hence contributed only 3% and 5% of the product mix in Q2 and H1 respectively.

Given the steady equity market, risk appetite of the retail saver seems to be high as evidenced by the strong demand for ULIPs. BALIC's ULIP contribution to product mix was 38% in the quarter versus 36% in Q2 FY2021. Net inflows into AUM have been positive offsetting an increase in surrenders. If you recall in Q4 last year after the budget, there was a little bit of uncertainty whether the new tax changes would affect ULIPs demand. But in hindsight, it seems to us that it is not the case; the demand continues to be strong and is more driven by demand for equity as an asset class.

Guaranteed non-par savings had some slowdown with contribution to mix in IRNB terms or individual rated NB terms dropping to 25% versus 36% in Q2 FY2021. Last year, Q2 contribution was high given the low fixed deposit rate, uncertainty due to COVID-19 and volatile equity markets; therefore, the customers preference was for guaranteed products such as the non-par savings. While contribution to the mix has come down, in absolute term the non-par savings has grown by 5% during the quarter.

Despite the steady equity markets which typically one would feel is not a very favorable one for the participating or the par segment, it continues to maintain contribution in the mix at 22% versus 23% in Q2 FY21. In absolute terms though, par segment has shown solid growth of 45% and 75% in Q2 and H1.

Group protection business continued to display a strong growth of 46% vs Q2 FY21 i.e. from Rs. 338 Crores in last year to Rs. 494 Crores in Q2 FY22. Overall group new business grew by 62% from Rs. 830 Crores in Q2 of last year to Rs. 1,345 Crores in Q2 of this year. You may call that group business was muted in H1 of FY2021 as lending by banks and NBFCs had slowed down considerably.

During the quarter, growth was driven by all our main channels with Agency, Institutional Business and BALIC Direct growing at 56%, 51% and 37% respectively.

Renewal registered a strong growth of 22% and on the back of strong new business growth and renewal growth, the Gross Written Premium (GWP) grew by 42% to Rs. 3,813 Crores.

One point I would like to highlight here is a strong year-on-year increase in persistency across vintages. 13th month persistency increased by 5% to 82% while 61st month persistency increased by 4% to 45%. The efforts of the management to increase contact-ability, enhance digital offerings and focus on customer value have been key to delivering this increase.

On the claims front, during the quarter, BALIC, in line with industry trends, experienced deviation in expected mortality across the businesses on account of COVID-19. In the group protection and on the retail side, stress was observed with a surge of claims from May till August on account of some segments having some innate delayed reporting. However, we witnessed gradual month-on-month improvement in claim experience during Q2. By September, the same factor seems to have dropped off considerably.

On the retail side, BALIC has received around 2,800+ claims pertaining to COVID-19 amounting to Rs. 146 Crores on a gross basis in Q2 alone. BALIC has reserved for probable future claims and the reserve for the same as at September 30, 2021 stands at Rs. 105 Crores (net of reinsurance recovery). The total impact of COVID claims in Q2 FY2022 on the shareholders' PBT was Rs.60 Crores as against Rs. 288 Crores in Q1 of FY2022 and Rs.15 Crores in Q2 of FY2021.

Similar to the previous quarter, we have continued making quarterly disclosures of NBV. In addition to the NBV for the quarter, we have also indicated the new business value for the 12 months ended September 30, 2021. Due to high variations in seasonality of business across quarters, I would advise investors to exercise caution while reading into Q2 NBV and margins. We had mentioned in our earlier calls that quarterly NBVs and NBMs may not reflect the possible year end results. Investors may already be aware that a significant portion of the life insurance business comes in the second half and especially in Q4, and therefore, most of the fixed cost borne during the year gets absorbed in the second half. Please note that NBV on a rolling 12-month basis which we have indicated does not indicate a forecast or

expectation for FY2022 as it is only intended to show what a 12-month trend with seasonal variations looks like.

New business value, net of expense overruns, the key metric for profitability, increased by 82% from Rs.75 Crores in Q2 of last year to Rs. 136 Crores in Q2 of this year. For the 12 months ended September 2021, the NBV was Rs. 461 Crores as against Rs. 258 Crores for the 12 months ended September 2020 and 361 Crores for the whole of FY2021.

BALIC profit after tax for Q2 FY2022 at Rs.104 Crores was 6% higher than Q2 of FY2021 PAT of Rs.98 Crores, largely because of the additional cost of the COVID-19 claims.

In addition, as indicated in earlier call, we continue to report embedded value for BALIC on half yearly basis. From this quarter we have also started reporting the embedded value movement on half yearly basis and you will find the details in our investor deck uploaded on our website yesterday after our board meeting.

The embedded value for BALIC as at September 30, 2021 was Rs. 16,616 Crores which is a 4.4% increase quarter-on-quarter over June 2021 and a 14% increase over September 2020.

To summarize, overall, a very good quarter for BALIC.

Finally, both the insurance companies are financially among the most solvent – BALIC with 626% solvency and BAGIC with 350% and hence are well poised to weather any external adversity.

All our businesses have further augmented their digital capabilities, which, along with greater digital acceptance by customers should, we hope, help overcome challenges and deliver a strong performance in the second half of this year.

Both BAGIC and BALIC have seen an increase in the utilization of the digital properties by customers and intermediaries. BAGIC has also started the initial phase of implementation of their core policy administration system with the new Maximus platform being launched on retail health towards the end of Q2. Further details regarding BAGIC and BALIC's digital capability are covered in the investor deck uploaded on the website.

Let me move on to lending businesses, BFL and BHFL i.e. Bajaj Finance and Bajaj Housing Finance.

BFL has already had its investor call and therefore, we will only broadly touch upon the BFL results. In the second quarter, we have witnessed a sharp revival across growth, risk, debt

management and financial metrics. After witnessing a slight drop in the number of new loans booked Q1 FY22 (on account of the second wave), the number of new loans booked has increased to 6.33 million in Q2 FY22. This is more than Q4 of FY2021 but only marginally below the pre-COVID time i.e. Q2 of FY2020 and 75% increase from Q2 of FY2021.

The company's diversified business model has enabled it to record a strong AUM growth as seen from the total AUM standing at Rs.166,937 Crores as at September 30, 2021 v/s Rs. 137,090 Crores as at September of last year. In absence of the third wave, BFL expects quarterly AUM growth rate for the second half of the year to be strong. To support its growth stance, BFL increased the employee strength by over 2000 during the quarter. While last year's approach to staffing was to strengthen collections, this year it is moving to supporting growth and new capability building.

In Q2 FY22, BFL made loan loss provisions of Rs. 1,300 Crores as compared to Rs. 1,700 Crores in the same quarter of last year. It has increased its management overlay provision by Rs. 349 Crores to Rs. 832 Crores as of September 30, 2021 as a protection from a potential third wave.

During the quarter, the company saw strong improvement in debt management efficiencies across all products. It expects that in absence of a third wave, loan losses and provision should normalize to pre-COVID levels by Q3 of FY2022. BFL continues with its estimate of total credit cost for FY2022 to be around Rs. 4,300 Crores.

Gross NPA and net NPA recognized as per RBI prudential norms and provisioned using the expected credit loss method prescribed under Ind AS, as of September 30, 2021 stood at 2.45% and 1.10% respectively.

Bajaj Housing Finance, a 100% market subsidiary of BFL, continues to do well. AUM grew by 33% to Rs. 44,429 Crores as of September 30, 2021; the profit after tax grew by 100% to Rs. 166 Crores in Q2 on account of higher net interest income.

The capital adequacy ratio for Bajaj Finance continues to be strong at 27.68% out of which the tier I capital itself is 24.9%. BHFL also has a high capital adequacy ratio (including tier II capital) of 20.26%. In summary, we believe BFL is well positioned to navigate any temporary stress. I would request investors wanting to have more information to please go through the BFL's investor presentation uploaded on their website.

A few other developments to mention herein - in Q2 FY2022 BFL has received an in-principal approval from SEBI to set up an asset management company to enter the mutual fund business. In this regard, the Bajaj Finserv Asset Management Company Limited and the



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Bajaj Finserv Mutual Fund Trustee Company Limited have been incorporated for taking this forward.

Also, during H1 FY2022, BFS incorporated a wholly owned subsidiary Bajaj Finserv Ventures Limited which will focus on alternative investments including investments in startups and limited real estate. These are the only the first stages of setting up these ventures and it may well be 12 to 18 months or more before the first products are launched by the AMC and we get into operation.

The consolidated results and the financial numbers are already indicated in our press release and therefore I would not dwell on that. I will now conclude my opening remarks with some final comments.

With the gradual reopening post second wave of COVID-19, we are witnessing return on growth and steady economic recovery. Even though a risk of a third wave exists, the future outlook remains positive. Under these circumstances, our businesses have shifted focus to regaining growth while continuing to manage risk.

Backed by strong solvency, well above the required capital supported by healthy liquidity, continued focus on risk and collections, digitized processes, and improved cost structures, we are confident that we are in a strong position to maneuver through these difficult times. I now open the floor for questions and answers. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Prakash Kapadia from Anived Portfolio Managers. Please go ahead.

Kapadia: Thanks for the opportunity. Couple of questions from my end, on the health side, we have seen an increase in GDPI. You mentioned about the government scheme from the Gujarat government, so what excites us in this segment over the long run. Also, on the retail side, what are we doing differently to scale this business? Obviously post COVID, the awareness has increased and there is room for penetration but what are we trying to do differently to scale this business and lastly on life insurance, any major claims in terms of backlog which is pending and are the reserves of 1.05 billion enough for any future claims.

S. Sreenivasan: I will just take the question on the reserves first. We have an extensive method of tracking the delays on claims. Death claims as you know do not have that much gap between the date of death and the reporting. It only happens largely on some claims from the group side There also, we have a very robust system of tracking the claims closely with the partners. So as of now based on those trends, this seems to be adequate for the second wave, but if there is a third wave we do not know, depends on that. As it evolves, we will keep reviewing that, the

same applies to BAGIC as well. The question on government health, retail health and the retail business, I would pass on to Tapan who will take it through.

Tapan Singhel:

Thank you, Sreeni. If you look at it, as one of the large companies in the Indian market, we are present in all segments of business, and government health also is a segment of business. We also watch that we are not either overweight or underweight on any particular business. So that is what our philosophy has been. And as per our overall market share, most of the lines of business would be close to that - either a bit higher or a bit lower. That is how we grow the business holistically. So, it is not about getting excited; we want, and we will do all businesses when we understand better over time and get better overall holistic picture. Government health business is an important part of business when you look at it. I think government's focus on government health is pretty high and it is good for the country also. It is a tender based business so wherever we get it at a right pricing, we are happy to do that. On the retail health also, if you watch predominantly in terms of product offering, at BAGIC, we have been in all products and segment that you can think of. We also have very exciting products like unlimited sum assured now for our customers, again unique to the country, so we have a lot of exciting products from that perspective for all segments of customers - be it HNIs, be it at a middle rung or be it for below poverty line. So, it would be having a huge spectrum and we would keep on focusing on growing our retail health business in a manner which is spread across the country, includes different geographies and different segments which are there. So, it is a very simple strategy - insurance is a business of large numbers spread evenly across and that is what we keep on doing. We will be focusing on doing that as we progress further. We have been aware of the approval from regulators for wellness being part of product. If you look at one of our companies in Bajaj Finserv is EBH, so we also have a product now launched with them which has wellness as part of the product - be it for retail or group. So, from that perspective, you can scan our product portfolio, you will find us in all segments and whatever approvals we have from regulations, you will find us in that space. Even for sandbox, you will find that we are using the trackers and devices in terms of how do people live healthier. That is the strategy - it is holistic, it is all across and that is what we will continue doing as we move forward.

Prakash Kapadia:

And on the retail health side, is there a room to upsell to an existing customer? Because post COVID, the awareness seems to be very high for having a higher sum assured or higher policy or a family floater. So, is that one area also which we are focusing on?

Tapan Singhel:

Yes, upselling is not only post COVID, I think it is a philosophy which most companies would do in the past as well. Because sum insured for health, let us say, if I take you back 7-8 years, maybe a 2 lakh sum insured would have been very reasonable for a normal person. Today 2 lakh does not make sense - you have an inflation in health which is about 14% to

15% per year in terms of health treatment. So, if you are not upscaling your sum insured and we are not advising you, I do not think it is the right thing to be done on both sides. That is a normal business philosophy which I think all good companies will be following.

S. Sreenivasan:

Let me just add something on top to supplement what Tapan said. While scale is important in retail health, there are also customer segments. So, the mass or the lower end of mass segment as we call is largely done through group business through the government schemes or through its other schemes. Really our products are mostly into the middle class and the mass affluent and above segments; and in terms of servicing that is something BAGIC is reputed in the market for and that is something we would not give up. If you see the way that claims are handled, or the grievance ratios or any ratio by which you would want to measure it, I think BAGIC's reputation in the market is very strong. So, we believe that in the long run, it is the better strategy to approach group health, not mindless topline. Secondly, a combination of employer-employee health, retail health, and government health gives us payment volume to the hospitals. India as a market has still not reached the level where insurance companies have enough clout together to actually get reasonable rates from all the hospitals; so, each company has to build its payment capability. We believe that the Bajaj Allianz General along with our Bajaj Finserv Health, which is still in a nascent stage and is growing fast, we would be able to over the next few years become a strong player in the market, which would enable us to control this and have a better handle on this business relative to competition.

Prakash Kapadia:

Understood, that is very clear. Thank you, I will join back the queue if I have more questions and wish you a very happy Diwali and a prosperous New Year. Thank you.

Moderator:

Thank you. The next question is from the line of Hasmukh Gala from Finvest Advisors. Please go ahead.

Hasmukh Gala:

Good morning to everybody and congratulations for a really good set of number for both BAGIC as well as BALIC. Bajaj Finance of course - we have already covered. Sir, with the formation of this new subsidiary like Bajaj Finserv Health Limited, do you think that eventually the health-related business will get transferred from say BAGIC or BALIC or wherever it is into this particular subsidiary or future business? That is my first question.

S. Sreenivasan:

Bajaj Finserv Health Limited is not an insurance company. They are predominantly in the health care space and the healthcare ecosystem where they connect providers of healthcare which includes hospitals, doctors, pharmacies, diagnostic centers, laboratories with the users of healthcare, which are the patients, through a digitized platform and also provide financial solutions to those who need it. Today insurance covers predominantly only hospitalization: there is a whole gamut of healthcare services that people use including finding a doctor for

their outpatient treatment, for their regular smaller types of accidents or illnesses. And through their products they will eventually address a holistic solution for a customer that includes whether I want to find a doctor, or whether I want a second opinion, or if I want hospitalization, I need insurance or if I am uninsured, I need a loan - the entire thing will be provided under this platform. That is a long-term goal. Today, we have just started the business; I think it will be at least another year or two before we start talking about it. But together with the BAGIC, we see there a tremendous amount of synergy. Because the issue of healthcare supply-demand mismatch is very much there - that quality healthcare is in short supply in India and access to quality healthcare is also not easy with cities growing bigger and the population increase. We believe it is a very good long-term bet and that is why we have invested in that.

Hasmukh Gala:

That is very clear sir. Second question is all the companies within the group have been taking a lot of digital initiatives, development of apps etc. Sir, can you just give us a brief overview of what exactly do we spend and once this app etc. are launched such as maybe the merchant app what they told will be done in probably next year etc. how much incremental business can we expect to get because of all these initiatives.

S. Sreenivasan:

Broadly, I will share and then I will hand it over to Tapan and Tarun to talk about their companies. Each company has got its own business; I mean the way lending business is done is not the way that insurance business is done, or the way the customers buy insurance even today or in the foreseeable future. Lending is a transactional business - you buy an asset and therefore you need to borrow money and therefore you go to a lender; if you are not buying any assets you probably would not borrow money. Whereas insurance business is a journey - it is a life-long journey i.e. it is not something I need today and say tomorrow I won't need it, for example a health insurance or a car insurance. So, therefore the digital initiatives are different for each of these companies. The Bajaj Finance initiative is largely related to the lending business where they are giving customer multiple options in terms of do you want to first take the loan and then go and take the product, or you want to go to the store, buy the product and then get the loan. Whichever way the customer wants to come - i.e. whether coming directly or through a store, across all channels you get the same holistic experience through a single app. And the preferred customer segments (for different line of business) will be able to buy any of the products which is loans or any cross-sell products with three clicks - that is the goal which Bajaj Finance is looking to drive. Now, I will hand it over to Tapan to talk about BAGIC and then to Tarun to talk about BALIC.

Tapan Singhel:

Thank you, Sreeni. On digital initiatives, when we look at insurance, we have to broadly look at three four different parameters. First, how do you look at the core, I think all insurance companies would have legacy systems in which the core would-be on-premise servers. At

BAGIC, I think we are among the first if not the first in the world among general insurance companies which decided to do a transformation and shift the entire core into cloud. We are happy to say that the journey is going very smooth, and we have shifted quite a bit on to that. So, why shift the core to cloud? If you look at all innovations happening with all startups with cloud-based applications coming through, the volumes are now shifting. When you have big partners in ecommerce space, some day you have policies which run into millions and some day it may drop again, an on-premise server would not be serving that kind of solutioning and innovation capability. And as I mentioned that it is going well and that gives us a lot of capabilities for innovating faster, giving solutions faster and also handling any amount of load irrespective of what the transition would be. And we have very powerful partners who deliver that kind of load also, so I think we would be first in industry to do so. The second comes to all the touch points - the insurance companies are largely distribution based and very strong at that. So, the innovation at the distribution front in terms of the ease of being able to either issue a policy, or in COVID times, do a touchless sale over a video call, or in terms of claim settlement i.e. touchless claim settlement such as on the spot claim settlement - I think BAGIC is at the forefront of these innovations. For a motor claim - you can actually get down, click pictures, upload and get your claim on the spot; for health also we have CDC, or if you look at using mobile for claim. Anything you think about retail, most of our settlement would happen at the consumer end completely touch free and would be completely through. Most of this would probably be industry-first. Then comes the consumer perspective i.e. he/she should always have the choice – for which we have modular products that they can go to the web, decide what they want to buy, what price range they are looking at, and in terms of what combination they can have. Then you have the fraud analytics because insurance company are subject to lot of frauds. So, we have strong usage of fraud analytics. Then we would be doing character recognition, etc. So, it is a huge plethora of initiatives. There is no single point focus on one thing. It is a combination of all this is what gives a cutting-edge position to the company. And as I mentioned that if you look at most of initiatives and go through details of it you will see that for most of it we are industry first in terms of what we are delivering, and in terms of redefining the customer experience and even redefining how the customer should be getting his experience, transparency and simplicity and as completely touch free as it can happen. And luckily the regulators allowed the digital issuance for policies and all that also will make it very convenient for us to be in that direction. It will take lot of time for me to explain the entire detail of it because there is a huge plethora of initiatives, but to give you some idea, at all touch points you would find we will be innovating and redefining the customer experience in terms of using digital tools.

Tarun Chugh:

Thanks, Tapan. Tapan touched on a few critical points and maybe I will touch upon them and add further. So, the way I look at technology – it is not just digital, but digital and data. It becomes very critical in terms of our strategy and that is what the BFS group has been known

for and that is exactly what the two insurance companies including us are clearly focusing on. Let me just split this up into two-three parts on the digital side and data side. So, on the digital, Tapan largely touched up on the BAGIC core system and similarly in our case as well, the policy admin system, which is equivalent to a core banking system and you can call it a core banking system of life insurance, is a turnkey legacy base system present all across the industry. We took the initiative of implementing an entirely fresh cloud-based system which this does not exist anywhere in India and I would also dare to say globally fully implemented yet. We have tied up with Infosys and system is called NGIN. It is tool from a company called McCamish which they have bought in the US. We have planned the launch of our Unit linked plans entirely through this cloud-based system somewhere around the first quarter of next year. That should be changing the entire way the policy admin system used to work in the industry; So, nobody has done it, we have taken the call. If your policy admin system remains a turnkey system that itself is usually a problem. Typically, a project like this would take three to four years to implement; we have undergone about two years of work already. This is like the core and the process is already 50% underway and something liked this is a huge transformation. The second is on the mid office layers which is the CRM layer i.e. the customer relationship management layer; So, we have invested in CRMnext few years back and that is already showing up in terms of our customer service. The other piece is on customer communication management (today we have lots of communication that go to customers) – the mid office system which provides a backbone of how customers get serviced and could there be an element of omni-channel possible in that becomes a critical set. The CCM goes live somewhere early next year and that is when we will have the mid office getting ready to be at agile life insurer, which I do not think yet exists in India. All of this has to eventually show up in the content with the customer and there are about three elements which become very critical and I will just broadly touch on them. One is the front-end on-boarding of the customer, second is the use of data and being able to profile and up-sell smoothly to existing and maybe get more data moats around the prospect data base, and third is the digital culture of the organization - which usually, if you ask me, precedes or rather can, in term of importance, be ahead of the other two. But of course, without the first two you cannot do the third - that is the process by itself. Turning a legacy company into an agile digital company is the way we are looking at things, and I would say we are committed strongly like the rest of the BFS group, and pretty much moving in that direction. I will quickly touch on the two core bits on the frontend. So, in the deck that Sreeni sent forward, you see the frontend approach has been more into contextual innovations, which make sense and touches lives of customers and solves their problem. We are not doing digital just for the sake of doing it. You see three initiatives that were clearly mentioned – in WhatsApp we have had a significant growth, which was launched in February of 2020 and we are seeing significant traction. Today you would not need any other platform but Whatsapp to deal with. So we did not invent new pipe what we used existing WhatsApp pipe. The SmartAssist which

has been a inverse co browsing, has been an innovation of its kind in the world I would say - that has gone quite well. I know the question was around what percentage of business in this and that becomes very difficult of course for use to say because these are interlinked - technology, process and culture are interlinked to each other. Having said that, I would give a lot of credit to the way we have been able to perform during COVID, and as Sreeni said, on a CAGR 34% growth, I would give a lot of credit to the way we handle the frontend innovations. The SmartAssist, for example, allowed us to get form filing done, whether we were sitting 5 meters or 500 meters or 5 miles or 5000 miles away from a customer. The face-to-face challenge, which was there, and everybody was facing it, through this contextual innovation (and very unique by itself), we were able to handle it quite well. So you see a lot of these things in terms of the data side, there is a lot as profiling, smooth and easy process of on-boarding, upselling - I can go on and on. As Tapan said, this is why it is a never-ending exercise, and we just have to take slivers of the company and keep on transforming them. Because all of us have been largely long-term legacy driven companies, so that transaction is here underway.

Hasmukh Gala:

I understood. So basically, what we are trying to say is that it will ease the transaction and improve the relationship with customers etc. And I hope that it helps both BAGIC and BALIC to be more innovative in launching the new products which the market wants. At the end of the day I think it should reduce the expense ratio which we currently have. Do you think these two objectives also can be achieved because of all these initiatives?

S. Sreenivasan:

See the objective of all these is to build a capability which is future ready, to provide a platform where our customers can easily buy and own an insurance policy over a number of years and make their claims as well. The customer making a claim on a company is unique to the insurance business, and therefore we believe that creating these are very important and essential. We have to be ahead of the market in the terms of innovation, and both companies have demonstrated that as explained by Tapan and Tarun. In terms of new product, in this industry any product has a shelf life of less than three months before the competition catches on and launches a me-too product. What that real product means is your ability to settle claims, in certain cases the kind of reinsurance support available, the kind of tech platform you have, and of course the kind of distribution strategy you have. You have to distribute that product to the particular segments for which the product appeals. I think in terms of product, neither of our companies are wanting in terms of products for any type of customer, any type of customer need, and many have been innovative as well in the market. If you look at BAGIC particularly for the first two launches, cyber-crime product for individual, now they have a pet dog insurance program, and there are many like that. Similarly, in the case of life, the return of mortality charges was an industry first. So, I do not think either of our companies

are, in anyway, behind in terms of launching innovative products. The only thing is that there has to be a long-term sustainable visibility of growth and profitability from that product.

Hasmukh Gala: Thank you very much wish you all the best.

Moderator: Thank you. The next question is from the line of Avinash Singh from Emkay Global. Please go ahead.

Avinash Singh: Couple of questions, firstly on BAGIC. So, on BAGIC two questions - first that with this sort of a new generation of players coming in with a different kind of objective and structure, where do you see competition in the motor segment heading? Secondly, in terms of the customer experiences and owning the customer and new relationship building - of course you are omni channel, but you would have certain sort of preferences in a strategy around channel. And in that context what sort of a strategy do you have to the web aggregators or online broker platform, where it is a lot about being just a price taker? On BALIC my question is, given the current situation, what has been your experience with the term insurance plan? I mean you have been growing strongly in recent years. So far, relatively saying, you are not that big in term space, but you are growing quite well there. So, with recent news all around, what sort of updates do you have on that pricing and your early assessment part? Thanks.

S. Sreenivasan: Tapan would you like to take that?

Tapan Singhel: Yes. When we talk of new players and what impact does it have, I think there are two things - one for a country like India there is room for more players, which is not that limited. India before nationalization of insurance company in the year 1970, had over 100 insurance companies just in the general insurance space. If you look internationally also, we have about 500 general insurance companies, and India still has about 30-40 currently. So, I do not think that is a major issue. I think the more players, the merrier, the better. I always felt that the more players there are in the industry, the better it is for customers, because options and choices increase. Now if you look at from a strategic perspective, one should look at what is it that the new players are doing that is different from what is existing in BAGIC. And to do a scan, it actually felt that BAGIC would be cutting edge in everything. Be it digital (I think our entire agency on-boarding is 100% digital, our policy issuance would be close to over 90% completely straight through digital, our claim settlement will be completely digital), simplification, the TAT, grievance ratio is among the least in the industry. And these are all IRDAI figures. We have claims settlement ratio among the best. So even when you scan the market do you find that new players have been able to do something differently from what a company like BAGIC is doing? As of now we will find that BAGIC would be way ahead in terms of the delivery of what has happened in the market. So firstly, more players is very good for customers, good for industry and India should have more players. Secondly, if I look

at a company like BAGIC, which is always about digital initiatives, we are always pushing ourselves to the next level using our user data lake or data management, or simplification, or the delivery to customer. And that is evident in the NPS score - if you look at our NPS score, it is among the highest in the industry. If you look at our grievance ratio, it is low and claim settlement ratio is the best that is there.

If I look at price point, I may ask this question to many people, that who amongst us would say that whatever we wear, whatever we eat, wherever we go to is the cheapest in the market. And my answer is not a single thing that we actually do is the cheapest in the market. I think somewhere the obsession of the cheapest is not right, there should be obsession of value that we give to the customers. Value has a price point, which the customer feels that at this point, this is the best value that I am getting. And that is why, even when we look at aggregators that we have partnered with, we do not want to be the cheapest in the market, because of the value that we give to customer. We do not want to be a company which offers the cheapest product and has the highest grievance ratio. We do not think that is an option, because then we have not delivered to the customer the promise that we have made - that we stand by the customer when things go wrong. And that is why we are there on the aggregator space also have a good market share there. When we ask the question, the cheapest would also be there, but I think a company like ours also has a good market share in the aggregator space. And I said that early on, be it any lines of business, any geography, any channel, or any distribution, you will find Bajaj Allianz Insurance company to be one of the major players in that. Similarly, in the web aggregator space also we are a major player. And we are not a price cutter, we are a value giver to the customer, and that we are very clear about. I hope I able to answer your question.

Avinash Singh:

Yes, I mean you answered your positioning. But somehow, I feel that the web aggregator platform is something that is configured to be that way. You have to do the rest of the work, but there is also an element of cutting your prices. So that is why I particularly asked this question...

Tapan Singhel:

Like I said, in the web aggregator space also we have good market share; and if you look at it, people prefer value. And that is why, even on a platform in which you have a transparent price display, people will still prefer to buy Bajaj Allianz General Insurance product because of the value that we give to the customer. And the value is reflected in data and statistics. If you look at the grievance ratio present on the regulatory website, you will find us among the lowest - not only in one quarter, but consistently over the years. You can pick up the data for any quarter or any year - you will find BAGIC has the least grievance ratio and one of the best claims-settlement ratios. This clearly demonstrates the value we give to the customer, and the customer expects that. That is why on a platform like a web aggregator also we have

a decent market share with our positioning there. When we look at different channels also, I think it is wrong to classify them as only a place where people would go for the least pricing. People recognize value. That is why, if I ask the question that who amongst us is wearing the cheapest shirt in the market right now, or who amongst us is going to cheapest restaurant in the city for food, I don't think there would be any person who would say yes. We don't see the cheapest, we always buy what we see as valuable, for the price that we feel is right - and the same is true for the insurance also.

S. Sreenivasan: If I can just add to what Tapan said, in the risk business, especially where there is financial risk and long-term solvency led risk, I am not aware of any company which has disrupted the market by discounting prices and taking losses consistently over the years. That may have happened in distribution businesses, where some business on-line has disrupted the distribution, where distribution inefficiency has been exploited. But in the risk business, even insurance industry where there are people coming with disruptive models, we have found that discounting as a model has not really worked anywhere in the long run. Either they get taken over, or they bring in some practices in terms of technology or cutting out processes which are different. This, anyway, larger companies like us will adopt. If we see any good practice, we will adopt it. So, discounting as a way to gain market share is clearly short term. We do not think, in the long-term, an insurance company can do that without seriously impairing their solvency.

Avinash Singh: And my question on BALIC.

Tarun Chugh: Yes, I will just come to that. The term business and the reinsurance situation are a little at loggerheads I would say. We are just talking of the retail term market share. See the reinsurers have been facing losses from various companies, and as a result they have gotten stricter in underwriting there, and it has become like a changing goal post. So, every month or two we do have new guidelines coming in underwriting, which is actually causing a lot of pain to the customer and to the distributor as well. Hence, we have taken little bit of a calibrated approach. You would have seen that our term business has come down in terms of the mix and I expect it to remain low. In a way that serves us well because we are trying to understand the market. We have been one of the late entrants, but we did shoot up in terms of our term percentage compared to everybody else last year. But this year there was also the second wave. We are just being cautious till the end of the third wave, and then we will be coming out with a lot more clarity in terms of how the prices are going to stabilize. Currently we have been one of the lowest prices with tight underwriting among the bigger brands, and that is the cohort we intend to belong in. Will we increase prices? Yes, we will - I think we are very clear we will. We have had mixed things coming from everybody else, but we will be increasing prices because we have a headroom. We are currently low price anyways and we

have already got a letter from the reinsurer, so there is going to be an increase in prices from the reinsurer as well. But for the short-term we remain cautious on term, and underwriting shall remain strict. It is the mid and long-term that we are keen and confident about. I would say COVID has brought, in addition to health, the term business side in the midst of the reckoning of the customers portfolio. We shall be appropriately responding to the market, but I am not going to be overtly cheap and I am not going to be overtly risk averse. We will have to take a calibrated approach. I think more clarity on the future will come after the third wave, if there is any.

Avinash Singh:

So, on this a quick one: Particularly on the medium ticket size retail term, the medical is likely to be costing us money, time, and effort. But at the same time, your risk becomes very different. So, what sort of a strategy are you following now and going forward? Are we going to see definite medical underwriting or tele-medical, or for some small ticket retail term you can go without medical? There is an element of cost, and term sort of has been very cost sensitive. So, what kind of medical underwriting are we following so far?

Tarun Chugh:

Yes, that is a very good question, but I will respond to your last one first. I think Tapan and Sreeni also addressed it to some extent. I think this obsession of low price is sometimes more on our mind than the customers. Yes, aggregators do play to customers who want that; and there is a significant market there I agree, who would just want low price. But who would you want to work with? Would you want to work with a large company which has a lot of surety and comfort from a brand, or the other way round? I think that becomes a pretty critical part, because you are not just doing retail term for shorter periods. It is a longer term; it is not like group term - it is not like something that's going to be for a year or two. This is going to be there for next 30-40 years with you and therefore it becomes a little bit of a high involvement product if I may use the jargon. So that is one thing I would like to remind. At the same time in India, there is an India which wants to go for low price, while there is an India which wants to go for value and go for the right priced brand. So that is my first response to your last point. But the way we have been looking at it is, we also believe from a risk perspective there are various Indians. Our data analytics comes in very handy in this - we have a lot of profiling which we have done, based on which we have seen some good success. We have segmented into four segments here - in the first two segments we find that despite COVID we have had a good response in terms of the risk buckets that we have taken on here. And then we feel surely confident in terms of these buckets, there is not going to be any medicals, and that is why we want to build up volume. Usually these are salaried employees and they are working in multinationals or large companies like ourselves, and so on so forth. The process has to be smooth, and here medicals is not important, because the volume gain kicks in here. But for life which are maybe requiring medicals, appropriate medicals have to be done. That we are very clear, and we do not shy away because you are talking about a 30

to 40-year product. In terms of the cost of the medical, it is an element for sure, but we get the benefit of using bulk, and that benefit is passed on to the customer. At the same time, usually the NBV of a product like term for medical policies comes up far better than non-medical, because experience is more important sometimes than the medical cost. So that balancing act one has to get right, and I think that is the way this is. I think I am broadly done with the answer and that is what I wanted to say.

Avinash Singh: Thank you.

Moderator: Thank you. The next question is from the line of Nischint Chawathe from Kotak Securities. Please go ahead.

Nischint Chawathe: Couple of questions from my side. To begin with, in BAGIC, Sreeni you mentioned in the opening comments that you are cautiously optimistic on the business for the next six months. I was wondering what the reason for this could probably be. I know we discussed competition from new players at length but any other points that are there in your mind?

S. Sreenivasan: See Nischint, the reason for using cautiously optimistic is because even after two years, I think we are only looking at businesses where things are trending towards the pandemic level. There are certain segments where we are seeing sort of growth, like life insurance. Auto sales are being hit by the pandemic, there is some concern on inflation, and more importantly I think the risk of a third wave is still there. For instance, yesterday one was hearing that in Germany and Russia there has been a slight increase in cases, and they are going to look at it seriously. In Singapore some restrictions have started again. So the efficacy of the vaccinations and whether you need boosters, is always there at the backend. So as the market evolves, we will look at it, and therefore we have put the word “cautiously optimistic”. We are optimistic on growth - if the economy grows, we will definitely participate in it. But we see there is an underlying risk both on the macro side as well as from the third wave, and that is why we have used “cautiously optimistic”.

Nischint Chawathe: This is actually a question for Bajaj Finance - Bajaj Auto in their call yesterday said that they are setting up a separate subsidiary for captive financing of two wheelers. So, we were wondering how should we really think of it? I mean is it something like both Bajaj Finance and their subsidiary will coexist, or is it kind of a sign for us to leave? With that, will Bajaj Finance gradually move out of financing Bajaj Auto vehicles?

S. Sreenivasan: No, I think we will coexist. Because Bajaj Finance historically has predominantly financed only Bajaj Vehicles, but now they will be free to finance other vehicles if they choose to. Bajaj Auto will also use that to further their sales using their subsidiary. It will work out both ways, so both will coexist.

- Nischint Chawathe:** Why do you need to have two companies in that case?
- S. Sreenivasan:** Bajaj Auto is an independent company - it is an auto manufacturer. We are a financial services company and we will have to look at it differently. Because we are purely a lender, we only need to see whether the loan will get repaid or not, whether we get adequate margins or not. Bajaj Auto and Bajaj Auto Finance will also have to look at the sales of two-wheelers. Secondly Bajaj Auto has got a lot of money with them, so they have looked into investing the same. That is the call of that company.
- Nischint Chawathe:** Again, on BAGIC, we saw the motors loss ratios in motor third party going down on a quarter on quarter and year on year basis. What is the outlook here given the fact we have not seen the tariff hike for the last two years?
- Tapan Singhel:** Let me take that Sreeni. If you look at the third party, when COVID hit us, we have mentioned in the call that we have strengthened reserves. Because we are not sure how this is going to be from a third-party perspective. So, the COVID hit resulted in less use of cars and hence in OD there was a significant drop there. On third party, the courts were closed, summons were not coming, so we were not sure in terms of what is lying there - that is, you are not aware of how things are going. Uncertainty was very high, and it has been a long time that the courts are closed - even now it is not fully opened. And the second thing which we also realized was that there are lot of judgments coming through which is increasing the severity in the existing cases also. We have had court judgments which were redefining that. So, we strengthened the provisioning. As the courts are opening up, the summons are starting to come through, and as we are see what the cases are going through, obviously that is getting calibrated. We added to the strengthening of our reserves for the new judgments. We had also packed in uncertainty in the earlier level and that uncertainty is now getting more and more clarified. So that is why you see this shift happening. Now having said that, the other good thing which is also happening is, the frequency of claims is also coming down as it progresses. So, it is a reflection of that - I think this will stabilize more as courts completely open up and the judgments start coming through, and that is why you see this shift happening.
- Nischint Chawathe:** Just one last data keeping question this is on BALIC if you could give us the number of gross and net COVID claims for the first half.
- Tarun Chugh:** Bharat you could take that.
- Bharat Kalsi:** Nischint, if you look at our reserves, specifically for COVID claims what we have taken in Q2 - in the beginning of the quarter we were carrying about Rs.284 Crores of reserves. We have got an extra hit in Q2 of around Rs. 254 Crores, but we have released only Rs. 194 Crores from those reserves. So, we have taken a hit of Rs. 60 Crores extra in the books in

quarter two, and we were still carrying a Rs. 90 Crores number. These all numbers are without participating(par) line of business, because par, as you know is 90-10, and this is net of RI recovery. On a gross basis this Rs. 90 Crores is good enough for Rs. 115 Crores, and with par of Rs. 105 Crores this is good enough for Rs. 131 Crores of claims.

Nischint Chawathe: And what was the gross and net claim quantum in number if you could share.

Bharat Kalsi: So in terms of gross claims overall, I will just cover the complete numbers - in H1 we have taken a gross claim of Rs. 1,128 Crores and net claims were Rs. 897 Crores, and in Q2 the number is Rs. 642 and Rs. 528 Crores, for other than par line of business. These are the total claims, as the numbers which I mentioned earlier were only for the COVID impact.

Nischint Chawathe: Thanks that is it from my side thank you very much and all the best.

Moderator: Thank you. The next question is from the line of Nidhesh Jain from Investec. Please go ahead.

Nidhesh Jain: Thanks for the opportunity. Sir, firstly in the general insurance, there has been a decline in the expense ratio in this quarter versus our normal run rate in the previous quarter that we have seen. So, is it a structural decline that we have seen in our cost ratio, or do we expect that to reverse in future?

Ramandeep Singh Sahni: Yes, if you look at our cost ratios, I think over the last six quarters they have been going down. As we have mentioned in the past, there are some structural changes which we had made on manpower and infrastructure especially, because that constitutes about 70% of our cost. We had taken a lot of initiatives, especially last year, and you are seeing an annualized impact of that flowing through this year. And as we had mentioned in the previous calls, there were lot of curtailment on manpower deployment which we had done, given the stress we were seeing on the bottom-line. A result of that also flowing through on an annualized basis this year. However, to answer your question whether it is structural and will it continue, I think what you will have to understand is that while we did a lot of curtailment in the last year and a half, I think if things start stabilizing now, we will start investing a bit more on expenses. Because like I mentioned, earlier we were curtailing cost to protect the bottom-line, but if we see a turnaround in topline, we will now hereon start investing. So that is where we stand.

Nidhesh Jain: Secondly can you share a product profile of customers in Bajaj Life and Bajaj General because what I see is that there is a significant cross-sell opportunity to the existing customers, but at least the experience from some of the other insurance companies does not indicate that companies had been able to successfully cross-sell products to the customer, especially it is in the life insurance side.

- S. Sreenivasan:** That number we do not disclose. But in general, both companies have separate verticals driven by analytics and cross sell which focuses on two things. In general insurance business renewal is very important because every renewal is a new business. We have separate initiatives for cross-sell and up-sell. It is a bit different in general insurance from life insurance. General insurance has got far too many products and there are small sachet products right up to expensive products or full indemnity products, there are cash benefit products, and the same customer may buy multiple products through multiple channels as well. So it is a bit more complex in general insurance. In life insurance there is clearly the opportunity for up-sell and cross-sell, and we are very much on top of that. That is why BALIC Direct is a very good example - a channel which did not exist four-five years ago, today it is a very strong contributor to our topline. It is a proprietary channel and a large chunk of their business is cross sell as well.
- Nidhesh Jain:** And what percentage of our business in the life insurance has come from Axis Bank if you can share the percentage this quarter.
- Bharat Kalsi:** Yes, Nidhesh it is around 19% for Q2.
- Nidhesh Jain:** And sir lastly on the Bajaj Finserv Direct - the EMI store that we have on the Bajaj Finserv Direct, is it the same store that Bajaj finance also has? And how the economics will work if we acquire a customer on direct and he buys a product?
- S. Sreenivasan:** The EMI store for Bajaj Finserv Direct is evolving. As of now, they have created the platform for EMI store for Bajaj Finance, so in that sense they are present in all the stores. They will also be selling new EMI cards to those customers. But over time they will create their own alternate products, which maybe Bajaj Finance is not offering today as well. So, the EMI store will evolve differently going forward for Bajaj Finance and Bajaj Finserv Direct. But the platform and the technology and the capability will be provided by Bajaj Finserv Direct.
- Nidhesh Jain:** And just lastly one bit was that if you can share some customer data on Bajaj Finserv Direct and Bajaj Finserv Health.
- S. Sreenivasan:** I am not ready to share it because the business is still evolving, and it has not reached the scale or stability where we feel we can do that. As and when it reaches, we would be disclosing. But that is probably a year to year and a half away. We will have to wait; we will keep monitoring that every quarter and discussing that before we disclose.
- Nidhesh Jain:** Sure sir, that is it from my side.



Bajaj Finserv Limited
October 29, 2021

Moderator: Thank you. Ladies and gentlemen due to time constraint that was the last question for today I now hand the conference over to Mr. Anuj Narula for closing comments.

Anuj Narula: On behalf of JM Financials I would like to thank Sreeni sir the top management of the insurance businesses and all the participants for joining us on the call today. Thank you and have a good day.

S. Sreenivasan: Thank you all and happy Diwali to everyone. Thanks a lot.

Moderator: Thank you. On behalf of JM Financial Institutional Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.