

Date: 31<sup>st</sup> July 2025

To,  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort, Mumbai – 400 001  
**BSE Scrip Code: 544179**

To,  
**National Stock Exchange of India Limited**  
Exchange Plaza, C-1, Block G Bandra Kurla Complex,  
Bandra (East), Mumbai – 400 051  
**NSE Symbol: GODIGIT**

**Subject: Transcript of earnings call of the Company for the quarter ended 30<sup>th</sup> June 2025**

Dear Sir/Madam,

Pursuant to Regulation 30 and Para A of Part A of Schedule III and Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith transcript of the earnings conference call held on Monday, 28<sup>th</sup> July 2025 on performance review of the Company for the quarter ended 30<sup>th</sup> September 2025.

The above information is being made available on the Company's website at [www.godigit.com](http://www.godigit.com).

We request you to kindly take the above intimation on record.

Thanking you,

Yours sincerely,

For **Go Digit General Insurance Limited**

**TEJAS  
SARAF**

Digitally signed by  
TEJAS SARAF  
Date: 2025.07.31  
18:14:52 +05'30'

**Tejas Saraf**  
**Company Secretary & Compliance Officer**



**“Go Digit General Insurance Limited  
Q1 FY26 Earnings Conference Call”**

**July 28, 2025**



**MANAGEMENT: FOR GO DIGIT GENERAL INSURANCE LIMITED:**  
**MR. KAMESH GOYAL – CHAIRMAN & NON-EXECUTIVE  
DIRECTOR**  
**MS. JASLEEN KOHLI– MANAGING DIRECTOR & CHIEF  
EXECUTIVE OFFICER**  
**MR. RAVI KHETAN – CHIEF FINANCIAL OFFICER**  
**MR. PIYUSH BOTHRA– HEAD OF INVESTOR RELATIONS**  
**MS. DIVYA BOTHRA–MANAGER - GROUP FINANCIAL  
REPORTING**

**MODERATOR: MR. ANSUMAN DEB – ICICI SECURITIES**

**Moderator:**

Ladies and gentlemen, good day, and welcome to the Q1 FY '26 Earnings Conference Call of Go Digit General Insurance Company Limited, hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on a touch screen phone. Please note that this conference is recorded.

I now hand the conference over to Mr. Ansuman Deb from ICICI Securities Limited. Thank you, and over to you, sir.

**Ansuman Deb:**

Good evening, ladies, and gentlemen. On behalf of ICICI Securities, we welcome you all to Q1 FY '26 conference call of Go Digit General Insurance. I now hand over the call to Chairman Kamesh Goyal. Over to you, sir.

**Kamesh Goyal:**

Thanks, Ansuman. Good evening, everyone, and I have with me our CEO, Jasleen Kohli; CFO, Ravi Khetan; Head of Investor Relations, Piyush and Divya, who is also part of Piyush's team. We'll just make some opening remarks and then go slide by slide.

Our profit before taxes increased from INR 101 crores to INR 161 crores this year. This year, as we had mentioned last year, this year, we expect to basically compensate for all accumulated losses. So we'll be paying tax. Our assumption is that this year, the current tax rate we are expecting will be about 13.9% for the whole year.

So our PAT has been calculated based on that. So INR 161 crores is the PBT and after a tax rate of 13.9%, the PAT would be INR 138 crores. This is the first time the PAT and PBT is different. ROE on the PAT basis is 3.4% this year compared to 3.3% in last year's same quarter. This obviously is not annualized.

And last year, our average net worth was about INR 3,100 crores, which this year is INR 4,100 crores. So almost 33% increase in the net worth. Tax rate of 13.9% and ROE has slightly improved to 3.4%. Our net worth compared to March '25, which was about INR 4,033 crores has also increased to INR 4,173 crores. AUM over the last 1 year have increased significantly by roughly INR 3,100 crores. So now the AUM are around INR 20,861 crores. Solvency continues to be very strong at 227%.

Now moving on to the slide. If we look at our deck, this is more like a dashboard, which we give; premium figures, market shares, portfolio mix. Number of customers have increased to now 7.1 crores. Distribution part -- our partner network has also increased. Assets under management have already spoken, and customer satisfaction score continues to be quite good.

Now moving to the next slide, which is Slide number 5 here. I think if you look at our loss ratios last year for the whole year was about 72.8%. Quarter 1 last year was 70.5%. And this year, loss ratio is 70.3%. One major area which I think I should discuss right now is that our retention ratio this year has reduced to 65.4% compared to 76.2%.

And this obviously is making our combined ratio higher in terms of IRDAI combined ratio. Economically, it actually hasn't made any change, but because net written premium has gone down because of that, the combined ratio looks up.

Why net retention ratio has gone down this year is primarily two reasons. One is that last year, we looked at the last quarter of our book, we felt that some of the business which we had retained, we should increase the cession a bit, which the impact from that has come in the first quarter. Secondly, you will see that our growth in the Fire business has been very strong in the first quarter.

We also got leadership and very high shares in a lot of very large corporate accounts. And looking at what is happening in the market, especially, again, in the first quarter, industry saw a loss -- fire loss of INR 2,000 crores. Digit was not participating in that.

So looking at large positions, we felt that it is better for us to not retain this in the first quarter some of these large risks and cede it to reinsurer, so that our net retention gets diversified and gets balanced out. The second reason is that our growth in 2-wheeler business has been very strong in the first quarter.

And when you do this 1 plus 5 new 2-wheelers, as we had also explained in February in our results -- in our Analyst Day, this obviously has a very major impact because the premium earning is only for first year, while the commission outgo is accounted for the whole 5 years. So because of that, there has also been -- the net retention has been a bit lower.

If we -- last year, we had kept our retention to about 15% last year in the Fire, Marine, Engineering and Liability business. This year, that retention has become 9%. If we had actually kept the retention same as last year, 15%, then our combined ratio without 1/n would have been 105.2, which would have been an improvement over last year.

As we go forward because most of the large accounts in India written in the -- on 1st of April, we actually expect our retentions in corporate business to also come definitely close to last year. And in maybe fire business, et cetera, depending upon how retail portfolio looks at, it could be slightly higher.

So this low retention was more or less, I would say, 1 quarter impact. As I said also, it has not impacted the profitability. As you can see, profitability continues to be good. But optically, it makes your combined ratio look worse. Loss ratio, I think there was some discussion last quarter about loss ratios. And I'll cover the loss ratios also in a bit more detail.

When we look at overall expenses to GWP, they have increased this year from 31 -- last year was -- 30.9%. And this year, it has increased to 31.4%. This primarily is due to 2-wheeler business because in Motor, we have grown well in the first quarter compared to last year. So despite growing a lot more in corporate lines, our expense ratio has increased due to 2-wheeler. We continue to write 2-wheeler business as much as possible because the business we feel is profitable. And secondly, it also gives us a decent amount of AUM, which has stayed with the company for much longer.



Moving forward -- sorry, can we go back to this slide. ROE, et cetera, I have already covered solvency ratio, so nothing much to cover here. We can go to the next slide. I think when we look at the GWP growth, growth has been, I would say, for us about 12.1%. And if we remove 1/n then the growth is 14.5%. As all of us know, last year, in the first half, there was no 1/n, so I think in the first 2 quarters, this difference will come from first of October, then one can look at growth rate on the same basis.

Overall, when we look at the growth rate, in own damage, our growth rate is similar to the industry. One of the main, I think, developments in the market in the first quarter has been that there has not been any new vehicle sales actually in cars especially, which drives own damage premium has been a bit down. In TP, we have grown better than the industry.

And in health and travel, et cetera, our growth rate has been less. This, again, is primarily driven by employer/employee segment where we -- April, we saw companies being very aggressive, but this is off and on. I would say this is more like a volatile business, difficult for us to say what has happened in the coming quarter.

But one distinct trend which we saw this quarter is that companies which were -- especially private companies, you might recall, last year had said that -- private companies were actually taking market share in group health business away from public sector. I think the companies who did that last year, this year, they are definitely not taking the market share. In fact, they are de-growing.

So based on where the market is, our sense is that there has to -- some sense has to come in the group health business because companies whichever try to write that business for 6 months or 1 year, they don't follow that. So my sense is we would see almost all companies getting covered in this. And hopefully, some discipline will come as we go towards the second half.

As I said, property business, we have seen very strong growth. Our growth rate has been 40% compared to industry 17%. And in others, also, we have grown by 23%. And in this case, others would be marine, liability, etcetera, where also we have seen a very strong growth. So growth in the corporate line of business as we had expected continues to be strong.

We had also on 1st of April increased capacities of our treaties. Direct corporate team is also now fairly stable, and we have presence all over India. So I think corporate business, as I said, is something which is doing well. Moving on in terms of -- within the GWP, if I have to give maybe a few more highlights, industries OD/TP mix this year is 41 OD, TP is 59. For Digit, it is 37 OD and 63 TP.

So broadly, there's not much difference now in the mix. We hope that private car business will actually pick up as we get into the festival season. Our mix within motor is 41% private car, 31% 2-wheeler and commercial vehicle is 28%. So when you look at actually each of these segments, we would be a large player across each of the segments.

And I think as a percentage of premium, total premium in motor, I think 31% in 2-wheeler would probably be amongst the highest or maybe the highest in the industry. We don't know figures for all. But based on where we are, we feel that, that probably will be our position.

Motor share also has increased this year in the first quarter or it is similar to the first quarter overall. So TP, we have seen increase, while OD, we have actually been more or less flat. Going further, in terms of profits and combined ratio, I think if you look at -- we already said that this year, we are paying taxes of INR 22 crores.

Overall profit has increased without 1/n combined ratio would have been 107.5% compared to last year of 105.4%, which was also without 1/n. As I already mentioned, if we would have kept the same retention as last year, our combined ratio would have been 105.2%. So overall -- but this has no impact on the profit. This is more optical from that perspective.

And for some of the people, I just want to remind that we had covered how this IGAAP combined ratio, which is calculated actually is not really logical. We have covered that in a bit of detail with examples on 17th of February meeting, Investor/Analyst Meeting.

Going to the next slide, Slide number 8. I think this is assets under management. As you can see that our AUM has grown well. Leverage, which was 4.8 as of quarter 1 last year became 4.9 for the full year, '24-'25, has increased now slightly to 5. In terms of investment income of INR 372 crores, there is a capital gain of INR 10.2 crores. Excluding that capital gain, which anyway is small, the yield is 1.8%. So I think our fixed income yield continues to be decent because we had gone with a higher duration last year. So that seems good.

Moving on, I think one difference compared to 31st March '25 when first quarter is in equity, our AUM has grown, but equity allocation from 6.4% is now only 6.3%. We haven't really increased that to keep up the pace. AT1 bonds also have reduced slightly because the supply of new AT1 bonds has been a bit less.

And overall, government securities percentage has also slightly reduced because we were trying to very slowly reduce the duration. Sector-wise exposure, et cetera, has given nothing major here. Quality of fixed income portfolio continues to be very, very strong.

Loss ratios in own damage. If you remember, quarter 4 own damage loss ratio was, I think, if I remember correctly, about 70.5%. The year ended at 67.8%, and quarter 1 is 69.3%. You would have seen some companies which have declared results that own damage loss ratio has gone up slightly for the industry. I think we'll wait and see whether this is happening due to low premium rates in the industry or something else.

In case of Digit, whenever we write comprehensive policies, we look at own damage and third-party together when it is stand-alone own damage policy, then obviously, we look at ROE from a stand-alone own damage perspective.

Third-party loss ratio is 66%, which is very similar to what it was last year first quarter and also similar to the whole year. In terms of absolute amount, the reserve release this quarter is actually the same as last year. So there has not been any change in the reserve release. So it is the same in both, and I wanted to specifically mention this because normally a question anyway comes on this.

Health, I think if you recall last year, we had continued to see improvement in our health loss ratio. And even compared to first quarter last year, health loss ratio has improved. Our proportion of retail health in our total health portfolio is less than 10%. As you know, most of our business is group. If you actually take any company and take their loss ratios for retail and for group together, you will find us in the -- maybe the best in class or in the top quartile or top 10% in terms of health loss ratios.

So I think this is something which is encouraging. And as and when we see opportunities of pricing discipline coming in, I think it's an area which we would ideally want to grow. Fire loss ratios are similar. This year, we have seen some flood claims in the first quarter, which normally is the summer season, flood season as now. But overall, things are fine in fire and all other lines of business.

And as I said earlier, our loss ratio in this quarter is similar to what it was last year, 70.3% this year compared to 70.5% last year. Going further, that was the last slide. I think we always cover IFRS slide. And here, I would want to make, I would say, 2, 3 comments here on the IFRS results. One is that if you noticed this time, we have actually mentioned the discount rate which we take.

In the notes, if you look at point number one, discount rates, which we take and the discount rates are basically the risk-free rate for each year on which you basically discount your liabilities. Since the interest rates have gone down this year, the discount rate used this year is 6.3%, which last year, as of March was 6.8%, which basically means as you increase your reserves, as you reduce your discount rate, your reserve liabilities actually go up. So discounting impact has become negative this year, INR 44 crores.

But if you look at it on the unrealized gains on investments because interest rates have gone down, your unrealized gains would have actually gone up. As we have always said that in IFRS results, the way we look at it is to basically look at profit before tax as per IGAAP. We add deferred acquisition cost to this because this is like a profit which will materialize coming year. And then we divide it by 25% tax completely and then divide it by net worth. So that is how we look at IFRS results.

But on the basis of IFRS 17, the ROE and all this on a fully tax basis has increased to 4.8% for the quarter. And this, again, is non-annualized. And I think after the call, et cetera, if people feel that there's something else you would want us to know about IFRS results, please reach out to us and our Investor Relations department. We'll be more than happy to give more disclosures to IFRS. And at this time, again, the suggestion came from one of the analysts that people don't understand what the discount rate, et cetera, is. So we decided to declare this.

We would want to be as transparent as possible for IFRS 17. So please do reach out, we'll be more than happy to give any kind of disclosure of IFRS results. And as you know, end of the year, we actually get our IFRS results also audited by the same auditors. Every quarter, we don't get it audited. It is essentially management certified.

So that's I wanted to say the rest of the notes on triangle, etcetera, is what you saw last time. So there is really nothing new. They are only done on a once on a year basis. So with that, I think happy to answer any questions which you may have. Thank you for listening patiently.

**Moderator:**

Thank you very much. The first question is from the line of Avinash Singh from Emkay Global. Please go ahead.

**Avinash Singh:**

So my first question is on retention that you explained in detail. Yet I needed some clarification because the 65% retention, I mean, it's pretty kind of low and particularly in your context because traditionally, you have been highlighting our strategy is to retain more, I mean because you have the understanding of a risk and you have capital.

So this is going down. And even if you were to kind of consider that, okay, nearly 20% of fire is almost totally kind of ceded, yet it seems that the retention has gone down or cession has gone higher in other segments.

And on this, I mean, in the case of that higher reinsurance cover, typically, one would have expected that commission expenses to be lower. But the commission expenses are still staying higher. So if you can sort of try to explain has commissions gone higher in certain segments? Or how are you sort of accounting the inward commission -- I mean efficient commission, so basically the higher reinsurance, its impact on commission and how are sort of accounting? And particularly, have you changed kind of a retention in motor OD and TP? So this is basically question number one.

Secondly, more on sort of a strategy. I mean, of course, motor TP you have been writing profitably, but at the same time because of no price hike and all, you have been kind of also voicing that now kind of with the claim inflation continuing the kind of -- the prices are getting gradually inadequate in many lines, not all, but in many lines.

But now you have kind of an accelerated rising motor TP. And again, we have seen no price hike. And yet, I mean that your claims ratio is increasing, but not typically what I would say, a typical claim inflation would be closer to 8% - 9% kind of a thing in motor. Yet, I mean, without price hike, your claims ratio increased, at least at this point looks lower. So what sort of a strategy on motor TP that's working right now? So these are my two questions.

**Kamesh Goyal:**

Thanks, Avinash. So first of all, there is no cession to reinsurers in motor. As I explained earlier, the commission ratio has increased essentially due to increase in 2-wheeler business. As you know, and you can see our 17th of February, where we have shown how increase in 2-wheeler business impacts your expense ratio because 5-year premium earning or in the first quarter is very little while the expense of 5-year commission gets expensed out.

So if you look at that 17th February '25 example, you'll be able to see what impact it has. And I have also explained that our 2-wheeler component in overall motor business has increased to 31%. So that is on commission.

Our strategy on retention continues to be what it is, which basically is to keep increasing retention over a period of time. Now what has happened, as I explained to you that there was a

INR 2,000 crores claim of fire business in the first quarter. In '23, '24, we had also received a claim amount. Now I don't remember the exact, but in '23, '24, we had also received a claim of about INR 400 crores where we had, I think, 50% share. Our fire premium, again, going by my memory was about INR 800 crores that year. And 50% means INR 200 crores. So on claim took 25% of our gross fire premium.

So when we write a corporate business and large risk, our objective is that 1 or 2 very large losses should not lead to burning of the treaty. You have to ensure that your treaty continues to be profitable. So because of this, and as I already said that in the first quarter, the fact that we grew by 40% and the first quarter is essentially about large corporate business, we got some very good and large shares as leaders.

And otherwise in a lot of corporate accounts, and we felt that it makes sense for us to retain that business a bit less. As year passes by, the corporate business will reduce and more retail business will actually come up, which -- where we will have a higher cession.

So there has been no change in strategy. And it's the first quarter. And you may want to look at -- I mean, as you track the sector very closely. How many companies will be -- have been able to increase the fire business by 40%. This will give you an indication that when large corporate business happens and you grow so fast, how do you diversify your book also becomes interesting.

As for the TP, I think I have already said that our loss ratio is the same as last year. And in terms of absolute reserve release, there is actually no difference. It's exactly the same amount as first quarter last year, which we have for first quarter this year. So reserve release is not, which has reduced our loss ratio.

Lastly, I think everyone knows in the market, if we go back to January to March 2024, when we were actually doing the -- we just started doing the pre-IPO meetings. At that time, we had reduced the third-party market share quite a lot. Now again, last year, if you look at in the first quarter, the TP market share had actually reduced. Then over the period of time, we saw a bit increase in the TP market share.

And this year, in the first quarter, we have been able to increase the book. And all this is based on our understanding of what our underwriting guidelines is. What happens in the market, we can't control that. But what we write is based on our understanding. As of now, we have neither relaxed on underwriting guidelines nor made them stricter. We continue to keep looking for opportunities in the TP business. And if we don't see, we actually degrow also in the TP business.

**Avinash Singh:**

A quick follow-up if I may. You now -- your group, I mean, had you got also the reinsurance license. So now what is going to be the kind of inward reinsurance strategy at Go Digit? Does it remain unchanged? Or will large part of -- I mean, inward reinsurance will become a smaller portion of your business at Go Digit?

**Kamesh Goyal:**

So Avinash, we have 3 different CEOs, 3 different companies and 3 different set of shareholders. So I would expect -- we had a Board meeting today. I think our Board expects our management team to continue to look for opportunities in inward facultative business because direct

companies can only do facultative business. The reinsurance arm will have to focus on what they want to do. And our sense is that reinsurance companies focus more on the treaties.

So first of all, we don't really see any competition. And secondly, as I said, all 3 companies are independent, different shareholders and different CEOs. I would -- Board, as I said, has not asked them to say that you should not do this or you should do this because Board also -- each Board will look at what is good for that particular company.

So just to conclude, we don't expect any change in the strategy by Digit General insurance and how they write business, whether Valueatics what do they do is up to them.

**Moderator:**

The next question is from the line of Supratim from AMBIT Capital.

**Supratim:**

My first question is on the combined ratio. Now I have to understand that you have indicated that we should not be looking at the IRDAI prescribed combined ratio. But even if we look at the combined ratio based on NEP, there has been a sequential increase in the combined ratio. Now I do understand that's happening because of the mix.

But if I'm looking more medium term, wanted to understand that how are you looking at reducing this from -- on an NEP basis now around 110 to maybe around 105 or lower? What is the strategy? And how should we see that play out over the next 1, 2 or 3 years? And if you could give us some color on that, that would be helpful.

Now on the same question now recently, Allianz has formed or is in the works of forming a 50:50 JV on the reinsurance side with Jio. Wanted to understand that how does that impact some of Go Digit's reinsurance treaties or facilities that we have. And so if you could give us some color on that, that also will be very helpful.

**Kamesh Goyal:**

So thanks. So maybe let me answer the Allianz Jio JV, which is happening on the reinsurance side. I think they had informed us when the news came. They have told us that from their perspective, they would want to continue the relationship. And as we discussed in February, March -- renewal of February, March '26, renewal for next year, we will sit with them and discuss.

Having said that, our reinsurance arrangement with Allianz as a leader is for 3 years. So next year would be the third year in this arrangement. So ideally, based on the contract, neither them nor we actually can change anything. Based on what they have told us, our personal assessment is that reinsurance business would not really change our relationship with them in any manner.

Lastly, I would also say that I think each year, and this year, I think, for example, in Fire, we have moved from 19% to 21% in retention. Every year, we plan to increase the retention. So over a period of time, which should not be too far in the future, we should have the highest retention in fire business and lead reinsurer would at best be cooling to us. So no impact of that as of now.

On the combined ratio, I think if you look at on the NEP basis, it has gone up slightly. And again, 2 reasons on Indian combined because if you look at IFRS, you can actually see our deferred

acquisition cost has actually increased from INR 52 crores to INR 107 crores. But in this case, in NEP, why it has increased is, one, I already said that our 2-wheeler business has increased a lot. This obviously increases the commission outgo. Claims have not really changed. You'll see that the management expenses have actually slightly reduced.

And secondly, also, though it is only for first quarter, but a lot of corporate business is written on 1st of April. So when retention is less in the first quarter, still you see an impact of 3 months in the NEP calculation. Other than that, we have not really seen any real change. Lastly, to a smaller extent, our bancassurance business, which is attachment business, has also increased in proportion, which obviously also impacts cost a bit.

So overall, this is really the answer to this. As you know, we don't really talk about what the future combined ratio, et cetera, is. But again, I think you have to really see what the play on the management expenses is. Commissions, we already said and I'll maybe repeat. If you look at line by line commission ratio, say, of motor of other companies and on 17th of February, we had also declared this compared it with one of the companies.

There's actually not much difference in acquisition cost of different companies. So loss ratio and management expenses is what is more in your hands. And there, you can see our trajectory of the last 2 years, 3 years whatever you may want to say. But thank you for the question.

**Supratim:**

Just one follow-up. So given Allianz will be the reinsurer, they would be getting the data from you. So how do you now plan to segregate that or keep that aside?

**Kamesh Goyal:**

So I think we'll continue to send them the same data because data doesn't have any names. So nobody can identify risk as to which risk we are writing, which we are not underwriting. And as I also said, and maybe I should repeat that in our case, we decide what risk to write at what rate, et cetera. Allianz doesn't have any access to any of the data which we do.

Secondly, I'll also say this, having worked this for a long, long time, if Allianz will tell us and they'll be happy to do this in writing that reinsurance and direct data is not shared, and I know it is not shared. And if somebody signs this as a part of the contract, we would anyway have no concerns. But as of now, we don't share with them any data, which is about individual risk and things like that.

We are the only company where Allianz reinsurance is a leader. They have been with us from day 0. Our combined ratio has been very good. We probably would be amongst there. I don't have figures for others. But in Asia, we would be the top 2 or top 3 most profitable direct players.

If I am on their side, I would actually be concerned that how do I retain Digit rather than being on the Digit side and be worried as to what they would do.

**Moderator:**

The next question is from the line of Prayesh Jain from Motilal Oswal Financial Services.

**Prayesh Jain:**

Yes. Sir, just one question on your -- the mix of 2-wheeler going up. Structurally, how has been the trend with respect to loss ratio of 2-wheeler passenger car and commercial vehicles in the last 2, 3 years? There are various parameters around quality of vehicles going up, quality of



roads going better, but on the other hand, the value of the vehicles have gone up, which would lead to higher claim costs. So just structurally, if you can help us understand how have things changed between 3 years back to today in different categories of vehicles?

**Kamesh Goyal:**

Sure. Your voice wasn't too clear, but I think you want to understand as to how the mix change is leading to the change in the loss ratios, et cetera. So maybe I'll say 2 - 3 things. If we look at motor and if we go back 5 - 6 years before, motor was -- and some of this, I'm now giving -- not some, I'm giving all these numbers from my memory, so it could be a bit up and down here. Motor used to be 75% of our total premium.

Last year, motor reduced to about 57%. Within motor of 75%, more than 2/3 of the business used to come from commercial vehicle. Now last year, I think we already said this, that our mix and this, again, I'm giving by memory was within motor was about 39% or 40% was private car. 29%, I think, was CV and about 29% was about 2-wheeler. In the first quarter, as I already mentioned, 2-wheelers is 31%, CV is about 28% and private car is now the largest, 41%.

And within that also, we also spoke about how industry mix is 40% OD, 60% TP. And for us, it is 37% and 63%. So there is not really much difference. Secondly, I'll say, within motor, we look at overall business. So where, as I already said in the initial remarks that when we are writing a comprehensive policy, we look at profitability of OD and TP combined. And we look at loss ratio plus commission ratio at all times from an ROE perspective.

So we don't really drive only loss ratio. We will not only drive only commission. We look at a combination of both and then look at what makes sense from an ROE perspective. As for other lines of business, I think if you look at the last 6 - 7 years of our fire and other lines loss ratio, you will actually see that loss ratio is very steady.

And even if for last year, though last year has not fully matured, even if you look at last year with the premium rates, et cetera, had fallen, our loss ratios are pretty okay. Health loss ratios had gone up 23 - 24 and which reduced last year. And as I already said, if you look at our mix of retail and group, we should be amongst the best companies even on a health loss ratio.

So this is something which one has to look at on a continuous basis from an ROE steering perspective. I think predicting loss ratios in the future is like predicting the stock market. I think we don't do either. We don't predict either the loss ratios or this. But our focus is to deliver a decent ROE to our shareholders.

And you can actually see how we can move -- our company can move from fast growth if we see opportunities on a quarter-to-quarter basis. And commercial line is a good example in the first quarter. If motor opportunity comes, in the past, you have seen us when nobody would write TP that we would write a lot of TP, when everyone started writing TP, we let go TP also.

So we don't have a strategy to say we will do this, we'll not do this. Our strategy is wherever we see opportunity, we'll go whole hog. If we don't see an opportunity, that is fine too. We go and find it somewhere else. And despite all these circumstances, we are still able to grow more than the industry.



Perfect. Sir, my second question is in the Health segment, where you alluded to the fact that the pricing semblance has to come back. But has it come back? And do you think that it would be like this year, given that EoM regulations are still yet to be met this year, the pricing pressure will continue and probably early next year, the pricing semblance might come on the group health pricing.

**Kamesh Goyal:**

Sorry, we've not been able to hear you at all in this. What exactly -- maybe I don't know if you're speaking too close to the microphone, but your voice is echoing when we're hearing.

**Prayesh Jain:**

Yes. So what I was asking was, sir, in the health loss -- in the health segment, you alluded in your opening remarks that the semblance has to come back in terms of group health pricing. Do you think that this is still a year away or at least this year, you might not see that given that EoM regulations are still yet to be made by quite a few companies and only next year, probably we will see some semblance coming to the pricing? Or how do you see the trends happening then?

**Kamesh Goyal:**

So as I said that companies which were aggressive last year are not aggressive this year. Secondly, honestly, we don't really try to guess this because we are continuously quoting for this business. The day our conversion ratio starts going up, we know there is some improvement in the market in terms of pricing.

Our number of quotes we are giving, the premium for which we are quoting all of that is on an increasing trend. The only trend which is reducing is conversion ratio. And as pricing increases, the conversion ratio automatically improves. And that will be a clear sign to us that the market is turning. So instead of actually thinking about when will it change and try to predict, we just keep quoting. And whenever market improves, we start seeing growth.

**Prayesh Jain:**

Right. But we haven't seen any trends reversal in your conversions yet, right?

**Kamesh Goyal:**

As I said, 1 or 2 accounts we have seen, but broadly, no.

**Moderator:**

The next question is from the line of Nidhesh Jain from Investec.

**Nidhesh Jain:**

The first question is again on retention. So you mentioned that some of the business that we retained last quarter, we should have ceded and we ceded that in this quarter. So can you give some more context to that? And secondly, why are we ceding the 2-wheeler business that I think is quite granular, and we can keep that on our balance sheet?

**Kamesh Goyal:**

Nidhesh, I thought I said that in motor, we have not done any reinsurance. So I don't know where did you hear that we have done reinsurance in 2-wheeler business. Again, just to repeat, we have 4% cession in Motor to GIC, the rest we retain. So no change in strategy on that at all.

On the corporate side, I also tried to explain that when you get -- and I'll take now, say, specific example, obviously, no names. So this year, we have written, say, a lot of power plants, some as a leader also. Now in power plants, fire risk, if it's a thermal plant, et cetera, fire risk could be a bit less, but you could have always machinery breakdown claims.

Now we have seen a lot of this machinery or turbines are manufactured by one manufacturer in India from or they're imported from one particular country. Any delay in spare parts, things like that can significantly increase your loss. So as I explained that in case of Digit also, we saw INR 400 crores roughly claim in '23 - '24, our retention was 50%, it was INR 200 crores claim. One claim, which was equivalent to 25% of the yearly fire business.

Now when you look at diversification, you also have to see it from a reinsurer's and treaty perspective that 1 or 2 large claims don't burn you. The slowly and steadily more experience you get, more you try and diversify the book. Now I also said this year when the fire growth for us is strong, we also have got larger shares in some of the risk. And we decided that in the -- due to the risk diversification, it will be better if we retain less.

I also said that, Nidhesh, that as we go forward, our expectation is that our retentions will increase. We would expect us to definitely come back to last year's retention because overall, our retentions have increased by 2%. And if retail business proportion increases, then the retentions will further go up. So this is just 1 quarter, which it is happening.

Now what exactly we cede and what our philosophy is, as I said, it's just based on diversification and not taking a concentrated bet on a risk to maximize your reinsurance commission because as everyone knows, that our treaties are fairly large in terms of capacities, they are fairly flexible in terms of underwriting guidelines, et cetera.

So we, from day 0, our philosophy has been to try and preserve this flexibility and the size of our treaty capacity, which, as I said, again, we increased this year. I don't think any -- amongst the large players, anyone would have increased and not to go for maximum reinsurance commission. That is not part of our strategy.

**Nidhesh Jain:**

Sure. Understood. Second question is on EoM limit. So with the rising share of 2-wheeler and strong growth in 2-wheeler business, how should we see the EoM limit, which I think we have to comply by the end of this year?

**Kamlesh Goyal:**

So on the EoM, I had tried to cover this in my first call, and I'll repeat some of the things I said. First of all, I think the intention of IRDAI is to reduce the cost of insurance, which overall cost of insurance for customer is very, very good. The idea, their objective of bringing EoM guidelines was to reduce these expenses. What we have seen in the last 2 years is that overall expenses have actually gone up instead of going down.

The challenge is essentially in each line of business because even if you look at larger companies last year, almost all of them would have seen a decent increase in their expenses of management, and you should look at top 4 companies to see that they also saw increase in their overall EoM. Digit probably would be one of those exceptions where the overall EoM went down. The challenge is that present EoM is on overall business. If it becomes for each line of business, then the impact of guidelines will be there.

As far as Digit is concerned, in the glide path, I think we had given the full glide path, Nidhesh, in the first quarter or first year and second year. We also know that in the last year from post

October, the calculation for GWP was also changed. Now we'll again brief you on how we are going on the EoM on that basis. And on management expenses, we are the industry best.

So it's not that we are spending money on ourselves. Commissions are driven more by the market. And as I said, IRDAI, my assessment is IRDAI will not let the present guidelines to be in this shape, which have increased the overall EoM. My sense is 2 years have happened, they will see what is happening, and they'll take corrective steps to achieve the objective of reducing this.

Purely, purely in Digit, we had said this also in umpteen times. Management tells the Board that they don't write any business purely from an EoM perspective if it is loss-making. If it is profitable, they definitely write that business and whatever the market commission is they pay that.

So EoM as of now, from a business sharing perspective, it's not in this shape. Management team is definitely under, I would say, strong guidance of the Board that the management expenses, which is in their hands should not increase. So that is something which has to keep reducing.

Where, I think, as I said, our management team has demonstrated in the year 5 or year 6 when the EoM guidelines came and the management expenses and acquisition costs have become separate that our company has the best-in-class management expenses and EoM includes the both.

**Moderator:**

The next question is from the line of Dipanjan Ghosh from Citigroup.

**Dipanjan Ghosh:**

Just a few questions. One, on the retail side of the businesses, if you kind of go line by line across products or channels and then look at the gross commission ratio on a more sub-segmental or sub-channel basis, how are each of these channels or product segments behaving in a more granular fashion? And are you seeing improvements in the overall commission ratio numbers across the industry in any specific product or distribution cohort out there?

Second, on the group health side of the business, two questions; one, if you can give some color on the piece of business between larger corporates and smaller corporates, where it's the competitive intensity still elevated? And you mentioned on the benefit-based business is doing well, if you can just quantify the growth numbers? Those were all.

**Kamesh Goyal:**

Sorry, growth number for what, Dipanjan?

**Dipanjan Ghosh:**

For the bank based -- I mean, the defined benefit business on the bank channels.

**Kamesh Goyal:**

Sorry, your voice is not clear, Dipanjan.

**Dipanjan Ghosh:**

Kamesh, sir, I basically was trying to understand the growth in the non-employer-employee group health business?

**Kamesh Goyal:**

Sure. Sure. So non-employer-employees roughly about 20% of our group business. And there, the growth rate is, I would say, significantly more than the employer-employee, which is actually de-growing. Secondly, on the small corporate and large corporate, we are growing on both,

Dipanjan. But retail business is a lot more fragmented. It comes every month. We had started seeing decent increase in conversion ratio in retail already from January. But this increase will happen over a period of 1 year.

So as the pricing came within our range or risk appetite, we started seeing significantly higher increase in case of retail property business or retail corporate business. Larger corporate obviously is more driven around first quarter. As for commissions, et cetera, I think at a broad level because each -- even within the motor or retail lines, 2-wheeler, commercial vehicle, within commercial vehicle, goods carrying, auto rickshas, all of that have very different dynamics.

What we can say is that commissions are quite high in motor business when it comes to, say, auto rickshas or it comes to school bus or it comes to, I would even say, goods-carrying vehicles up to 2.5 tons. But commissions on comprehensive high tonnage vehicles. So if you go above 40 tons, comprehensive cover for goods-carrying above 40 tons. We have seen a bit of a pullback in that. But you could also have some geography-related issues there. But Dipanjan, all this has been happening for some years already, and this is what the way forward is.

So when we think about the business, whether it is motor or retail non-motor also, especially commercial lines, fire, engineering, etcetera, we obviously try and steer it based on what our preferred risks are and for each risk, what the expected loss ratio is. And if you add loss ratio plus commission where you are likely to lead. Now we have seen some increase in some cases, where I think things have started coming within our band, and we are seeing growth.

And while at the same time, in TP would have degrown in 1 or 2 segments also, where market maybe became a bit more aggressive compared to where we are. So this is something which will keep happening. But again, going back by my sense is for 3 years, there has not been a meaningful increase or no increase at all in third-party business.

So companies which had become aggressive in TP business, at this stage in '21, end of '22 - '23, my sense is sooner rather than later, as their losses start developing, I would expect in the next 12 to 18 months, some semblance of this has to come. Last year, I think a couple of companies have seen reserve strengthening in TP.

And as we go forward, I believe this year, one company has done it in the first quarter. So as we see some of these trends emerging, my sense is people will start realizing and taking corrective action on the TP business also. Exactly when? I have no idea.

**Dipanjan Ghosh:**

Sure. Sir, if I can squeeze in one small follow-up. The reason I ask sub-segmental and sub-channel is when the public projects will be out in some time, is it fair to assume that on a Y-o-Y basis, your gross commission numbers or margin is looking down?

**Kamesh Goyal:**

Gross commission numbers are down.

**Dipanjan Ghosh:**

Flattish to down?

**Kamesh Goyal:**

Not really able to -- I think maybe you might have to speak a bit away from the mic or remove you from the speaker phone, Dipanjan.

No, sir. Sir, I was asking that on a Y-o-Y basis, if I compare 1Q to 1Q. Is it fair to assume that your gross commission ratio is flattish to down?

**Kamesh Goyal:**

No, I think you should again see it on each line of business. The results will be up soon. My sense is that in motor, and again, I'm not seeing it line by line, it's not right now with me. In motor, it might have increased because of 2-wheeler mix. And Dipanjan, you might again remember, this was discussed on 17th of February, the 2-wheeler typically has the highest commission ratio than CV and then private car. So as this mix changes, that will also change. But this again has to be seen in line with the loss ratio.

In our commercial business, though the premium rates have increased compared to last year in fire, engineering, et cetera, overall, I would say the commissions wouldn't have increased much. 1% here and there could happen, but we have not really seen increase in commission because reinsurance commissions, et cetera, for the industry have been more or less flat. Maybe we can take one last question, Ansuman. If somebody else has a question.

**Moderator:**

The next question is from the line of Divij Punjabi from Banyan Tree Advisors.

**Divij Punjabi:**

I just had two questions. One was on the side of investment philosophy that we have in the equity investments. So just wanted to understand how we think about equity investments as this has increased as a percentage of the overall investment book? And second is, I think in the last few quarters, we had mentioned that in the commercial lines of -- other commercial lines of business, we are experimenting in certain new lines. So just wanted to understand the strategy over there medium to long term. And if you can just comment on what is driving growth over there?

**Kamesh Goyal:**

Thanks, Dinesh. So in investment equity, we feel that taking equity to 10% of the asset allocation is definitely desirable. And if you would see from December 31, 2024, our equity allocation, if I remember often, was about three point four - three point five percent. This increased to 6.4% as of 31st March. After 31st March in this quarter, our overall assets have -- AUM has increased, but the asset allocation has remained more or less stable, so 6.4% and 6.3%.

But 10% is something which we definitely want to do. I had also suggested that why -- what is the pros and cons one will have to look at when you go beyond 10%. And the idea is if you prepare for a stock market, if it drops by 20% - 25%, the losses will pass through your solvency. So if you go above 10%, then you should be prepared to have -- hold a lot more capital to maintain that volatility.

And beyond 10% - 11%, one will have to look at what the play will be on excess capital, which you will hold and how this will impact your ROE. Lastly, I think as philosophy on equity is that equity is cherry on the cake. It is not the cake for us because we are not -- nobody is giving us money or capital to run an alpha sort of a scheme. What we are trying to do is run an insurance company.

If equity and debt have a difference of 5% over 5 or 10 years in terms of yield, and we are at 10% in terms of our asset allocation, it can give us 0.5% additional yield. That is how we look at equity till 10%. Once we reach that number, then obviously, as I said, we'll revisit as to what

the capital requirement is and what our expectation is. But as of now, that is how we want to see our investment philosophy.

On the commercial lines, I think right now, we are writing fire, engineering. Engineering is essentially projects where we are seeing good traction in power projects a bit on the roads, but not much beyond. The third is marine, where I said this book is not really growing much. Fourth is liability.

Liability is something which we are growing well in terms of D&O, cyber, public liability has become compulsory. There were some changes in the Public Liability Act, a bit on the surety bonds. So this is something which we are already doing on this. So our focus is to really drive this commercial line.

We'll take -- thanks, Dinesh. We'll take last question. I think Sanketh has messaged that he has a question. So we'll take from him as the last question. And please be in touch with our Investor Relations team. We'll be happy to answer any questions that you may have on the results. Sanketh, you may want to go ahead.

**Moderator:**

The last question is from the line of Sanketh Godha from Avendus Spark.

**Sanketh Godha:**

Kamesh, your absolute opex, if I see outside commissions, it has declined by 10 percentage year-on-year. I just wanted to check whether there is still juice left over to optimize on the non-commission opex for you because there is a huge divergence, 12% growth and 9%, 10% decline in the opex. So just wanted to understand how much juice is left over and what impact it should have on improvement in the overall going ahead? So that's one thing.

And the second question I had is on the reinsurance accepted number. See it grew by 47 percentage to INR 475 crores. Just wanted to understand the color in which of these segments have grown, whether it is the same or higher? Or there are other opportunities which led to this growth? And given in second half, last year, you did a lot of help in reinsurance acceptance, whether it can -- and also to some extent whether those numbers can be repeatable for the full year onward? Those are two my questions.

**Kamesh Goyal:**

Thanks, Sanketh. On the management expenses, if you look at when the growth is coming due to price hike, so basically, in commercial, if you see in fire business, and I'm just giving a number. This is -- the premium rates would have gone up by between 15% to 20%, for example.

So your management expenses have actually not increased, but the price increase has happened, this obviously will reduce the management expenses. And if the same thing happens in motor, the same thing will get repeated in motor also. So whenever the price hike happened, good companies should see reduction in the management expenses.

Secondly, and I think I'm looking at a CEO also saying this, I think, management expenses are a bit high. So they should reduce it further. But on the other point which was relating to reinsurance accepted, et cetera. What happened is when the premium rates go up, so suppose last year, there was a risk with a premium rate of INR 100, now we were accepting 10% of that, say, which becomes INR 10.

Now our capacities have gone up this year. The risk is good and the premium rate now has become instead of INR 100, say, INR 125 or INR 120. And we have actually taken instead of 10%, 12%. So the premium has actually increased by 40% in that risk because of the increase in premium rate and increase in capacity. So that typically will play out more on the property side in this.

But as we go through our results in detail and go line wise, et cetera, we can -- we'll be happy to have a discussion around that. Fundamentally, there has not been any change either in our reinsurance acceptance or in our reinsurance cession at all. I would just request everyone to just keep in mind when you grow so fast, especially in 1 quarter, which is coming from large corporate business.

And you know that getting entry into large corporates becoming leaders is not easy. In fact, some of you in our discussion have said that you feel how a new company can go and become leaders in that. So all this actually is showing that we are really getting into this.

My personal -- and this is no guidance, my personal wish is that this year, we should be a top 10 insurer even in fire. There's no reason for us not to be in the top 10 in gross written premium, high time, I think, for us to get in there and I think Jasleen is listening to this.

**Sanketh Godha:**

Sure, that answers my question. Thank you very much.

**Kamesh Goyal:**

Thanks, everyone, for joining the call. I appreciate your time and patience, and look forward to continuously staying in touch. Anything else you want us to do on the IFRS results, I don't want to take a name, but somebody -- one of the people had -- analysts had said that we should share more information.

Anything you feel we should be doing, you can rest assure that we'll include it in our second quarter itself. Transparency is our core value, whatever we can talk -- give transparency in our results, we'll be more than happy to do that. Thanks again for joining us. Good night.

**Moderator:**

Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.