

Date: 3rd November 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 30th September 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 Tuesday, 28th October 2025 on performance review of the Company for the quarter ended 30th September 2025.

The above information is being made available on the Company's website at 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
Company Secretary & Compliance Officer



“Go Digit General Insurance Limited
Q2 FY '26 Earnings Conference Call”

October 28, 2025



**MANAGEMENT: MR. KAMESH GOYAL – CHAIRMAN – GO DIGIT
GENERAL INSURANCE LIMITED**

MODERATOR: MR. ANSUMAN DEB – ICICI SECURITIES

Moderator:

Ladies and gentlemen, good day, and welcome to the Go Digit Q2 FY '26 Earnings Conference Call hosted by ICICI 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 star and then zero on your touchtone phone. Please note that this conference is being recorded.

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

Ansuman Deb:

Thanks, Sagar. Good evening, ladies and gentlemen. It's a privilege to host the senior management team of Go Digit General Insurance. I now hand over the call to Chairman, Mr. Kamesh Goyal. Over to you, sir.

Kamesh Goyal:

Thanks, Ansuman, and good evening, everyone, for joining our conference call for the Q2 results. As always, we'll try and quickly go through the presentation, and then we'll spend time on the question and answers.

I'm now on Slide 1. The premium in H1 has been INR 5,649 crores, market shares in overall is 3.4%. Motor is 6.5%. Product portfolio continues to be good. Now we have added couple of products in this quarter. Total customers are INR 7.6 crores since inception. AUM have now increased to INR 21,345 crores. And customer satisfaction score continues to be good. We'll speak about the figures relating to financial performance in a bit more detail.

Moving to the next slide. In quarter 2, we have done a premium of INR 2,667 crores. And as you can see this, with the asterisk at the bottom, this is on a 1/n basis. If we do it without 1/n, last year quarter 2 was without 1/n, then this number would be INR 2,739 crores compared to INR 2,369 crores of last year.

Our premium retention ratio is 79.1%. Loss ratio this quarter of 73%. Combined ratio this quarter is 111.4%. If we compare it to last year, and we do it without 1/n, which is applicable in this quarter, quarter 2 '25, this was without 1/n. And the combined ratio has improved to 109.9% compared to 112.2% of same quarter last year.

Profit before tax has increased to INR 136 crores compared to INR 89 crores. While profit after tax this year is INR 117 crores. Last year, you might recall, we did not pay any tax. So PBT and PAT was the same. This INR 117 crores is at a tax rate of 14%, which we expect to be for the entire year. And next year onwards, we'll move to the full tax rate of 25%. This tax rate is also mentioned in the slide below.

The average ROE on the IGAAP net worth is 2.8% non-annualized. The net worth has increased to INR 4,290 crores compared to INR 3,805 crores of last year. Solvency ratio is 2.26, which has increased from 2.18 of same quarter last year.

This year, if you look at the below comments, we are making one new disclosure this year. As you know, we always disclose IFRS results audited based on suggestions coming in from some of you. We are also seeing that this year, as of 30th September, we had deferred acquisition cost post tax of INR 1,708 crores.

What this basically means is that this profit should -- this deferred acquisition cost, which has already been incurred in IGAAP and which is there in IFRS will benefit the profit going forward. We expect INR 710 crores out of INR 1,708 crores would actually unwind in H2 by way of benefiting the IGAAP results. Obviously, in IFRS, this would not really make a change.

Now some other points relating to growth, etcetera, which we can cover in the next slide. So, when we look at the growth rate. This year, our growth rate without 1/n is 15.6%. The industry grew by 10% on a without 1/n basis, and our growth rate is 12.6% on a 1/n basis overall.

When we look at Motor OD, TP, and I'm now looking at towards the right-hand side GWP growth for Q2 '26 and comparing it with the industry, which is the last column in the below table, you'd actually see that we have grown in every single line of business: OD, 12.6% against 5.6% of the industry; TP, 8.6% against industry 7.4%; Health, Travel & PA, 36.6% against industry's 9%; fire is, as you know, we have been focusing on commercial lines, this has grown at 60.8% against industry's 27.6%.

Others is only an area where we have degrown at minus 19% compared to industry's degrowth of minus 5%. So gross written premium from that perspective, the growth and market share continues to be good.

Now when we look at overall, in terms of the premium, which we have not accounted for in our books due to 1/n is INR 136 crores. And however, all acquisition cost has already been provided for. So I think you would recall that since last year itself from October to December '24 quarter, we have been deferring the premium. But all acquisition costs are provided in every quarter results. So there's really nothing which has not been provided for. The impact of this on H1 COR, would be say about 0.2% in the acquisition cost.

When we are looking at in terms of various growth items, private car business, we continue to do well. And when we look at our OD versus TP bifurcation for the industry and for us, last year, this number was 37% OD for us and 63% TP. Industry was, 41% OD and 59% TP. This year, we have moved to 38% OD and 62% TP, so 1% reduction in TP, 1% increase in OD. While industry continues to be 41% and 59%.

Just to remind that first -- second quarter was, from a private car perspective, the sales were not that great. And sales only picked up from 22nd September'25 onwards when the GST was reduced and the Navaratri period started.

I may add here that our market share in Motor OD is now 6.2%, and this is the highest we have had for any quarter since the start of the company, roughly about 8 years back. In case of new cars from September 22nd to, say, 24th of October, our premium and new car sales, we actually have a growth of about 24%. So private car segment and 2-wheeler continues to do well.

Another data point which I think motor I would want to share with you is that our mix of private car, 2-wheeler and CV in this quarter is 45% in private car, 30% in 2-wheeler and commercial vehicle is 25%. 2-wheeler business, most of it comes from the new 2-wheelers.

And as everyone knows, in case of new 2-wheeler business, while commission for 5 years is provided upfront, the premium earned is over a period of 5 years. So OD premium you want, you put in the net premium in the first year itself, you earned it in the first year. But TP premium of the future years goes towards earning in the future.

So when we look at this mix in our knowledge out of motor business of this scale or similar to the scale which we have, no insurance company has a mix of 30% in 2-wheeler business. Now on one side, it gives you the AUM from an investment income perspective. But because the fact that you earn much lower premium in the first year but you provide for the commission for 5 years upfront, this obviously has a very major impact on the P&L.

When we look at this quarter 2 compared to last year, we have done INR 117 crores of more 2-wheeler business. So last year, we did INR 334 crores in Q2 on 2-wheelers and this year, we have done -- this is new 2-wheeler business only I'm talking about, this year, we have done INR 451 crores. This additional INR 117 crores has impacted our P&L to an extent of INR 53 crores of loss.

Because the growth is so strong, proportion of 2-wheeler is really strong. This has impacted our quarterly combined ratio by 2%. So, the impact of 2-wheeler business and high growth is something which is really, really substantial. And we obviously have a fairly high market share on an all-India basis in case of 2-wheeler.

Other business, I would -- if there are any questions, I would actually cover in more details. Fire, commercial lines like marine, engineering and liability, all of them put together, we have grown by about 53%. Fire, I've already explained, we grew by about 60%, more than 2x the industry, leading to an overall growth rate of about 12.6% after 1/n.

Now moving forward in terms of the motor mix as such. As we know that new vehicle sales in H1 at least till 22nd September '25 was not that great compared to previous year, which also was not that great for new vehicle sales. Our mix, as I said, is 45% for private car, 30% 2-wheeler and 25% for CV in Q2.

As per our analysis, every increase of 1% of private car mix from 2-wheelers will reduce the company's COR by 0.1%. So, we're just trying to give this color to basically say product mix plays a very, very important role in the Indian P&L.

Obviously, things change substantially when you move to IFRS, where 2-wheeler business would actually -- because the commission which we are paying upfront will get deferred over the policy period. So this is something we just wanted to bring this across because, as I said, we are seeing very high growth in the 2-wheeler business, which obviously under Indian accounting puts pressure on the profitability.

Now moving to the next slide in terms of combined ratio. I've already covered that if we compare like-to-like, our combined ratio last year was 112.2%. This year, without 1/n, it will be 109.9%. With 1/n, it will be 111.4%. Good news is from October '25 onwards, everything will be on 1/n basis.

So we don't really have a look at two, three numbers separately. Claims ratio here is 73% and overall expense ratio has reduced to 38.4%. Profit before tax in quarter is INR 136 crores, out of which INR 19 crores is for the tax and INR 117 crores is the profit after tax.

Going further, I'll cover loss ratios in a bit more detail, as always, in the next slide. I think when we look at investments, the AUM growth continues to be good. Our leverage has slightly increased from 4.9 to 5.0.

And I think if you look at also our overall capital gains in Q2, our capital gains on debt have only been INR1.4 crores, which basically means our yield on the debt fixed income portfolio for the quarter is about 1.9%. So the yield continues to be good here on the fixed income.

When we look at -- and this also is a disclosure I think we are making for the first time, it was on the first slide but I thought I'll cover it here. As of September 30, we have an unrealized gain of INR 677 crores, out of which equity is INR 326 crores, including AIF and AT1 bonds and other -- sorry, on the fixed -- other than equity portfolio is INR 351 crores.

Moving to the next slide in terms of asset allocation. You can actually see that our asset location has increased to 7.3% include equity. AT1 bonds is 10.6, and all others continue to be -- fixed income continues to be a very strong portfolio in terms of rating and sovereign bonds.

So I think the point I just want to highlight because this is something which we have continuously not discussed in various calls, last year, as of September '24, so last year's period, we actually had an equity of about 2.4%. This increased to 6.4% as of 31st March '25, which has further increased to 7.3% as of September '25 and is also mentioned that we have been, in hindsight, lucky that we have been able to increase the equity location, along with increasing the AUM.

And we still have a decent amount of unrealized equity gains. So that really is the news on the asset allocation. And in terms of AT1 bonds, etcetera, there is very little movement compared to the previous year.

Now moving to the loss ratios. Here, I think if you look at in OD loss ratio in quarter 2 is 71.3%. If you look at quarter 4 loss ratio in Motor OD was 70.5%. In quarter 2 of '25-'26, loss ratio is 71.3, which has impact of roughly about INR 30 crores due to various floods. On YTD basis, our loss ratio this year continues to be in OD to be 70.3%. Loss ratio of TP is more or less at par with last year, no real change.

In terms of TP release compared to last year in both H1 last year and H1 of this year, the increase in TP release would be less than 3% or 4% typically, so loss ratios -- the results are driven by a normalized sort of a TP release as well as normal investment income without any major contribution of the capital gain. And this, as you know, is something we keep looking at.

When we look at health business, here the loss ratios increased compared to the previous quarter of Q2. On a yearly basis, if we look at FY '25 was at 83.8% and H1 '26 is 83.9%. In this quarter, we wrote some government health business, which last year was in Q3. And this business, obviously, the loss ratio is 90% to 95%.

If we have not written this business this quarter, then the health loss ratio for quarter 2 would have been 82.5%. And as you know, we have -- most of our health business comes from group business, including large portion coming in from employer-employee. So if you look at our overall health loss ratio, with this mix, I would say, I think we are doing fairly okay here.

The fire loss ratio is slightly more than last year. But the fire earned premium in this quarter is about INR 30 crores, and this also includes some three large losses which have come. But the overall loss ratio, I would say, continues to be good.

Engineering also, we had one large flood claim, which loss ratio has increased. But Engineering business, the earning of premium is only for the installments we have received. The future premium will continue to come. And that obviously is not included here. But that really is on the loss ratio side.

Now moving to IFRS Earning. Now here, as we have discussed a bit in the past, we essentially look at IGAAP results, which is given at the top. Then we basically look at deferred acquisition cost, which is number four, which is INR 204 crores. If we combine the two, it comes to INR500 crores.

And if we provide for a full tax of 25% on this, then in H1 the profit on this basis would have been INR 375 crores without obviously looking at just discounting impact of investment gains. Investment, obviously due to spike in yields, the investment mark-to-market and fixed income has -- number is much lower. And this number, as on date if we look at, would have already gone up.

But as I said, we always look at IGAAP profit plus deferred acquisition provided with full tax, which is coming, as we said, to about INR 375 crores. And that is how we look at this. And as we also said earlier, our total number on deferred acquisition cost is INR 1,708 crores as on date. This -- obviously number will keep changing as we write new business and, out of which, INR 710 crores will get earned in H2 in terms of profit.

So, I'm just quickly seeing if there's any point I have missed. Otherwise, I think we are good to go now. I'm happy to take any questions now.

Moderator:

Our first question comes from the line of Sanketh Godha from Avendus Spark.

Sanketh Godha:

So, my question is on Motor OD. Given 70% loss ratio, in general, is higher compared to what we have historically reported. Now with GST thing and new sales improving, IDV is coming down, naturally loss ratios will deteriorate. So just wanted to understand, this 70 percentage what you reported and if you chase new vehicle sales, how much this loss ratio further can increase because of IDV value and premium realization coming down?

And the second thing -- and related to that, can you tell me whether it will be ROE accretive still because of the advanced premium or the float that you will get? That's one -- first question OD part.

And second question is on TP. Is that -- how much exposure you have in the TP, the 25% of the business, to CVTP segment, where the GST cut has been from 12 to 5 and you have full input credit benefit? So how do you see this to play out incrementally for you? So that's the second question.

And lastly, lastly, on the reinsurance accepted number, which seems to be INR 288 crores, declined year-on-year. Any major segment like crop or government health or something which led to -- or your fire getting recognized more in direct, not in reinsurance accepted led to that decline? And how do we see this number playing out?

Kamesh Goyal:

Thanks, Sanketh. So, I think on the OD side, the impact is more on the new vehicles because the pricing, at least in digit, we do is more related to the bond cost and not directly related to IDV because we translate this to IDV. Obviously, since the festival season was starting, the pricing changes have not been done by anyone in the industry.

I think we will revisit this now in November to see that how much the increase in volume has been and can that offset for the loss of the premium due to lower IDV. And that is something we visit. One thing I may want to add, Sanketh, is that our mix is in private car changing substantially because we now have a fairly robust renewal book.

So the renewal contribution will keep on increasing as we go forward. And that is why when I mentioned that our OD market share is highest in Q2 is 6.2, this is really driven more by renewals than anything else. Otherwise, as you know, July, August until 22nd September, they were not really great months from a new business perspective.

I think on TP in the commercial vehicle, because we are getting anyway the full input credit, the OD component in TP, as you know, and CV is very, very low. I think it would be less than 13%. Most of the premium is actually TP. So we don't really see any major impact coming in from the drop in the GST.

And we also need to keep in mind that the TP the CV business is more renewals and a lower business rather than new vehicles where, again, the pricing is done more on a bond cost basis rather than linking directly to the CV to the IDV. And then older vehicles, the OD premium would be in single digit, depending upon what kind of a vehicle.

Now in reinsurance, I think we have always said that this business is done on a facultative basis, which basically means that we have to see every single risk and then actually see whether the pricing makes sense or not. It is very difficult for us to, I would say, anticipate what this number will be going forward.

But all I can assure you is that this business will always be written like the way we write direct business on a case-to-case basis and we don't drive this business from a target perspective. So this number has reduced as we grow more on the direct side, especially on the retail commercial as the distribution has now become fairly good. And we expect it to improve further.

I think the component of retail in commercial lines will actually increase, which automatically means that direct side of the business will keep increasing. Have I answered, Sanketh, all your three questions?

Sanketh Godha: Yes. It's understood. And lastly, if I can squeeze one. See, the opex trajectory seems to be -- I mean, the absolute cost seems to be coming down year-on-year for every quarter. At least I see that benefited your numbers even in the current quarter.

So I just wanted to understand that INR 207 crores of opex, what you reported, I mean, is this trajectory of declining the opex will continue? And if that is the case, then what is the likelihood of the combined we can see for the full year? Or do you have any target in your mind to deliver in the current year?

Kamesh Goyal: So Sanketh, as you know, we don't give any forward guidance. But what I can definitely say is that as I would say, as we are growing, we obviously continue to invest heavily on the tech piece, and the benefit of that then translates into lower expenses because of higher productivity. So I think the same philosophy will continue.

We obviously would want to launch more and more product lines or channels wherever we see opportunity. But based on where we are, all I can say is we don't see any increase or any major change in H2 on the management expense side. So what will it be next year, etcetera, I think you are more intelligent than we are building this into the model, so I'll leave that to you.

Moderator: Our next question comes from the line of Hrishikesh Thakker from ValueQuest Investment Advisors.

Anirudh: This is Anirudh from ValueQuest. A couple of things. Congratulations on a good set of numbers. But on a growth outlook going ahead, so with the pickup in new sales that we've seen for the past month or so and with the reports of health insurance growth also increasing, do you see that going ahead, growth for investing materially improving and, thereby, our growth materially improving in the times to come?

Kamesh Goyal: So Anirudh, I would say that I think the macro indicators are, if we look at definitely on the motor side and hopefully on the SME side that also to credit loans, etcetera that the growth in H2 should be better than H1. That is a macro sense, we have to say. And I'm sure you guys also track this much more closely than we do.

So I also feel -- we also feel that under the North Motor Vehicle Act, MoRTH has actually suggested that the TP hike, NIM rate hike actually go back to where it is -- if that happens, that obviously also will be a good news because, as we know, ID has indicated in the recent past -- some increase in the TP rates, which we haven't really seen. So based on macro economy, what is happening on Motor TP, etcetera, I think we definitely expect to be better in terms of growth for the industry compared to what it has been, say, in H1.

Anirudh: Right. And what would that mean for competitive intensity going ahead, right? Because intensity seems to have been fairly high even from the PSU front and all over the last few months. But if

overall industry growth improve, does that mean that there should be some ebbing of intensity and thereby benefiting players like us?

Kamesh Goyal:

So Anirudh, the way we see it is that we have been seeing this market competition intensity in the last 4, 5 years, 4 years now already post COVID. And I think if you look at our actual performance, we normally have grown faster than the industry and overall profitability, whether you look at in terms of ROE, you look at in terms of loss ratios.

We already covered operational expenses, etcetera. Commissions are obviously driven more from the market side. We are okay at this stage. We don't really worry too much about what is happening because some things are not in your hands, but how you react to it is in your hands.

And you don't have to really listen to what I'm saying, you just see what our management has really delivered in the last 4 years, especially without any hike in TP rates, lower new vehicle sales, car sales especially in the last 2 years, intense pricing competition in the prior last year, in the first 9 months.

And so I think all of that will continue to happen, and we have to do, what we have to do. But if you ask my personal opinion, I would say the ROE of the industry has been deteriorating in our 17th February investor meet, and the deck was also uploaded, we had actually shown that a lot of players in the industry have been depending upon massive TP increase, TP reserve release and also massive capital gains which they were realizing, which is helping them on the profit side.

If you look at our case, I think last year, there was obviously not much capital gains. Motor release this year is just, as I said, in H1, 2%, 3% than last year. So we will continue to drive growth wherever we see an opportunity and also look at core profitability, which is not driven by either of the two things.

And I would say one of the example is that if you look at our motor overall business in, say, quarter 2 is 55% of the gross premium. If you go back 4 years, motor used to be 75%. Out of 75%, commercial retail is 50% of the overall premium. Now commercial vehicle is 25% of motor of 55%.

So if you see it from that perspective, from 45% of gross written premium, CV has actually now fallen close to about 17% to 18% in gross written premium. So, the way we can move from one product line to another, I think it's something which you can actually see.

Second point I would say, in fire and commercial lines, marine liability and fire, as I said, we are growing by more than 50%. So that number also is looking good. And in health, despite having 70% of the premium coming in from employer-employee, if we exclude the government health business in Q2, loss ratio would have been 82.5%.

Put this mix I just said, and any insurance company will actually say -- the loss ratio will be much more than what it is for us. So, we will continue to drive ourselves in this direction, not really worry too much. But hope is that based on what I just explained, looking at where the profits are coming. My sense is that pricing has to improve as we go forward.

- Anirudh:** And last question was on the INR700 crores of deferred acquisition cost benefit that you mentioned in H2. What would the comparable number be for last year H2?
- Kamesh Goyal:** We didn't really declare this last year. I think we only declared this other than now. So I don't have this number and we will -- going forward, no, we declare this. But maybe you may want to connect to our investor team offline to see what this number is.
- But going forward, we obviously will be declaring this every quarter. And as we said, this has come from suggestion from some of you and also, we felt that this is a very good bridge to IFRS results in terms of what the profitability is.
- Moderator:** Our next question comes from the line of Divij Punjabi from Banyan Tree Advisors.
- Divij Punjabi:** My first question was on Motor OD in the two-wheeler segment. Like you mentioned, we have been doing well over there and market share has been increasing. It's like 30% of order book. So can you talk about the levers that have led to this, like in terms of the product or pricing distribution or whatever else it may be?
- Kamesh Goyal:** So I would say, I think, one obviously is that on the distribution side, things have been expanding. We are continuously expanding. I think on the OEM side and private cars, some of our partners have moved to direct price fetching. Some of them have not. Wherever I think direct price fetching has taken place, we have seen improvement in our market share there.
- Two-wheeler business, I think because we have been very consistently building this over a longer period, I think we keep on adding more and more partners. More importantly, as I said earlier, and I just want to repeat it, private car portfolio really is driven through renewals. And last year, if you recall, October and November, so Dussehra was in October, Navratras, Diwali was in November.
- There was very massive sales in these 2 months. We have a very strong base coming in from there. So renewals are continuously now increasing in importance for us. So that also helps us to improve and increase our market share. Our agency and retail business also in motor is doing quite well, and that obviously helps also because it also has a very high renewal ratio.
- So it's really a mix of renewals, some pricing in private cars with OEMs, which we've known on direct price setting and expanding distribution network in OEMs both for two-wheeler and four-wheeler.
- Divij Punjabi:** I just had two more questions. One was regarding the group health segment. How is the pricing intensity over there right now? Has it improved? And second is like if the impact of the INR1,700 crores of deferred acquisition can be quantified to P&L for H2, that would be very helpful.
- Kamesh Goyal:** I already said that INR710 crores out of INR1,700 crores will unwind in H2. I think on the pricing side, maybe September was slightly better in group health, but I would not really say that the pricing has substantially improved. And that obviously also shows in the loss ratios of all the companies. I think on the employer-employee, we would still not be growing compared to last year.

And last year, we obviously had degrown. So -- but again, I think as an overall premium, this would become, hopefully this year, 18% to 20% of the gross written premium in the industry. So if the loss ratios continue to go up, and you have also seen in the industry, a lot of companies which were benefiting with old tariffs with the hospitals, lot of that also getting revised.

Our sense is that loss ratios, which people expect will follow in health, it might not be that the tariff rates increase are happening because for a lot of companies, tariffs are getting increased after 3, 4 years. So we feel that group health should really see some increase in pricing. And as and when that happens, then we, of course, would be delighted to increase market share in that segment.

Moderator:

Our next question comes from the line of Nidhesh from Investec.

Nidhesh:

Sir, my question is on Motor OD. So in Motor OD, we have seen our loss ratios have increased, which you have explained the share of renewal. So in future also, as the share of renewal business is expected to further go up, do you expect further increase in loss ratios?

Kamesh Goyal:

So, I think Nidhesh has -- we have always said that we basically look at loss ratio and acquisition costs together. So a new, as we -- as everyone knows, new cars, the acquisition cost is fairly high but loss ratios are much lower. In case of renewals, acquisition cost is lower but loss ratio would be a bit higher.

When we put both of them together, the way we drive ourselves is that on that basis, we are actually doing fine. Now whether the mix will change or not, I would say that we should -- all of us are hoping, and I already said that we expect an H2 new vehicle sales to be better than what it was in H1.

And if that happens, then obviously the mix could be more towards new vehicles compared to non-new vehicles OD premium because as I already said, the first half, things were not really -- not that good. Secondly, I think OD claims can also, Nidhesh, be very seasonal. And if I just look at, and this is just making a comment for the month of October.

If you look at October number OD claims compared to September, say, for digit, we have actually seen a reduction in number of claims by roughly about 10%, 11%. So there will always be a bit of a seasonality both in terms of claims, which are driven more by flood, or May, which typically is a holiday period where we see very high number of claims and also what the new vehicle sales will be like.

So one point, in our view, assessment, one cannot put all of these into some sort of a projection to say what is likely to happen in Q3 and Q4. Personally, if you ask us, we would be happy that if new business share increase because we want the economy to well, we want to write more new vehicle business. So we would not want to be in a situation where new vehicles continues to suffer. And we are happy writing more new renewals.

Nidhesh:

And can you explain what steps you're taking on the claims front in the motor business in terms of garage network, etcetera? And because some of your peers are sharing data that how much of

the claims are getting adjusted through their preferred garage network. So if you can speak about the steps that you are taking on the claims front?

Kamesh Goyal:

Nidhesh, I would not try and tell you how we book the meal. Just look at the loss ratio. And you assume we do nothing compare our loss ratios in OD whichever companies were doing all the steering and discounting and all that stuff. We have seen this story play on the health side. Maybe motor is the new -- my CEO is telling me not to say all this.

So, I would say, Nidhesh, whether we look at fraud, as an example, and we covered that in detail in February, I think network, obviously, we have much more heft in network because, as I said earlier, our non-dealer channel business is also increasing. So all these things you have to continuously do.

Continuously means continuously. I can even tell you, we track on a daily basis number of claims in OD seen by our losses as well. We have this productivity on a daily basis. So all these details which we get into, then it lead to that sort of outcome, which all of us want and we obviously want to continuously improve.

But our nature is not -- our philosophy has not been to unnecessarily speak about some of these things. We try and cover some of these areas in our annual meet, and we'll obviously cover that. But all these things happen on a continuous basis and everything is tracked by the management team.

Moderator:

Our next question comes from the line of Dipanjan Ghosh from Citi.

Dipanjan Ghosh:

So a few questions from my side. First, you mentioned that the non-employer-employee mix within group is like 70% currently. If I recall correctly, it used to be more like 80 -- sorry, employer-employee mix is like 70% currently. If I recall correctly, it used to be like 80%, 85% a few quarters back.

So given that your non-employer-employee has increased, just wanted to understand despite that claims ratio on the health part excluding the government business is more like stable Y-o-Y. So just on the employer-employee business, given your focus on more small businesses and corporates, how has the loss ratio been trending in that part of the segment? Can you give some color on how the growth rate would be.

Second, at the start of the call, you mentioned your motor business growth since or rather post-GST cuts, but if you were to compare, let's say, festive to festive on an apples-to-apples basis, can you give some color on how the growth rate would be in that case across auspicious dates? And lastly, in terms of the motor mix you mentioned, just wanted to clarify, is it for the second quarter or first half? And if you can give the corresponding data point for the last year's base?

Kamesh Goyal:

Sorry, what was the last question, Dipanjan? I didn't...

Dipanjan Ghosh:

Yes. Sir, you mentioned the motor mix between TV, two-wheeler and CV. So I just wanted to understand if it's for 2Q or one is on the same for the last year?

Kamesh Goyal:

So last year, it was 41% in private car, which has increased to 45%. Two-wheeler was 27% last year, which has increased to 30%. And in CV, it was 32% last year in this quarter, I'm only giving Q2 figures, which has reduced to 25% this year. Now in terms of new motor business, I would just maybe want to remind everyone that September '24, we actually had a shraad during this period.

Navratras and Dussehra was in October and if Diwali, I remember, offhand on 4th of November. So basically, we should not be looking at September to September numbers because last year was a bit different from that perspective.

Now having said this, when we are looking at the vehicle sales post 22nd September new vehicle sales, a lot of this Vahan data is also available, because we have to look at retail sales and not really look at sales, which the manufacturers, although it is coming from the OEMs. So we are not looking at the dealer billing, we are looking at Vahan registrations.

So 2-wheeler has been very strong even if we look at October to October comparison this year, number of two-wheeler sales have been very good. And two-wheeler sales even in the H1 was pretty decent. Then we look at private cars, in terms of number of units, there is one big difference which we are seeing, and it is expected to continue, that last year post-Diwali, the sales have dipped a lot.

This year, when we talk to dealers and everyone, a lot of cases, the inventory is also not there for some of the models, which are highly sought. So the expectation from the dealers and everyone is that the next 4 days also will be very strong, and people expect that the existing deliveries will continue till 7th of November.

So we should ideally compare two-wheelers festival period of last year for this year at least till 7th or 10th of November rather than just look at this period because of the reasons I have mentioned.

Now coming to non employer-employee, I would say that it used to be -- as you said, it used to be higher. It has reduced. It's a mix of both reasons but non-employer-employee is actually growing decently. While the other business is -- the employer-employee is not seeing that sort of a growth.

However, one would not -- I would not suggest, Dipanjan, to see it on a quarter-by-quarter basis, but one should see it more on a YTD basis. But -- and also in non-employer-employee because of 1/n, we obviously cannot book all the business. So that benefit also doesn't really show in the combined ratio.

Moderator:

Our next question comes from the line of Vinod Rajamani from Nirmal Bang.

Vinod Rajamani:

I had two questions more at an industry level. So the -- if I look at the sales of vehicles, I know it's early days yet, but the proportion of the EV vehicles vis-a-vis the ICE vehicles has been rising. This might be a larger -- it may have a it may play off more in terms of two-wheelers, but even in four-wheelers -- even in passenger vehicles, there is the slight increase in EV vehicles

and the issue with EV vehicles, which the losses also say is that there is a greater probability of total loss because it's completely sensor-based and so on vis-a-vis, say the ICE vehicles.

So if this trend continues of the proportion of, say, ICE vehicles reducing, do you think the industry is kind of equipped in terms of pricing because -- there is a greater chance of total loss in terms of -- and also the number of moving parts are less, so there would be lesser spare parts and so on. So with regard to, say, EV, that is question number one. So my question is more at an industry level. Do you think the industry is pricing this well?

The second is on this health, the CGHS kind of ruling happening, the price rationalization as far as CGHS is concerned. Do you think the health group, say, employer-employees could benefit in terms of lesser kind of -- lesser issues as far as hospitals are concerned? So these are the two questions I have.

Kamesh Goyal:

Thanks, Vinod. So I think you have, I would say, explained the challenges in electric vehicles well. I think in two-wheeler, if you look at, new two-wheelers have 5 years of TP and 1 year of OD, and the OD premium itself is much lower in percentage or in proportion. So two-wheeler is something where it is a lot more manageable.

When we look at cars, I would say, electric cars definitely have much higher claims ratio. And especially in case of floods, the repairability becomes much lower especially if the batteries can't be repaired, and we have seen in case of two-wheelers also that not all manufacturers are in a position to repair the battery.

Based on what we see in the market, our sense is a lot of players are not pricing electric cars appropriately. And maybe our market share in electric cars, new cars is substantially lower than in nonelectric cars. So I'm not saying others are wrong but we are right. All I'm saying is based on our understanding, actually, we are seeing reduced market share in electric -- new electric cars compared to what we expected it to be or for nonelectric cars.

Now on the health side, I think the initiative of the industry to jointly discuss with hospitals rates, I would say, is a very welcome initiative because this is good both for the hospitals where there will be transparency in terms of pricing so they know that what they'll get. They don't have to negotiate with individual companies.

And for companies also, the disputes will likely to come down. However, we should again keep this in mind that there are more than 12,000, 13,000 hospitals, And even if we look at the top 700, 800 hospitals, which contribute probably to 35% of the claims, especially in the metropolitan areas, this will take some time for the General Insurance Council to reach.

But once it reaches transparency, I would say, is good for the customers and all players in the industry. And one can then also price it properly. But we are still some time away from reaching some sort of a scale or tipping point where one can say that this will benefit the industry or not.

Vinod Rajamani:

Sir, just one quick follow-up. How would you kind of in terms of the loss ratio, say, on a ICE vehicle versus an EV vehicles, how would you kind of -- if you had to give a kind of rough number, what would be the differences what I'm interested in knowing?

Kamesh Goyal: So Vinod, this will depend upon what percentage of claims are coming due to floods essentially. And I would say that giving a number would mean that I would have to assume what percentage of claims will come from the floods.

But in case of flood-related claims, if I have to put a number, the loss ratio of electric vehicles in cars can be 20% to 25% higher than non-electric cars.

Vinod Rajamani: Thank you, sir. That's all I want to know. Yes, yes, that's all I, that's something I was interested, yes.

Kamesh Goyal: When it comes. If you want more detailed, thinking of starting insurance company, happy to chat on the side.

Moderator: As there are no further questions, I now hand the conference over to the management for closing comments.

Kamesh Goyal: So I just, I think, wanted to thank everyone for joining the call. This was our sixth quarterly call. And since we have two minutes, I just want to repeat our philosophy for -- so that we also know it gets the reinforced within us as well as it also gets conveyed to all of you.

I think we don't give forecast not because we don't want to but because our product mix, etcetera, changes substantially. We gave you a good indication of this in CV vehicles. We also explained how if pricing goes slightly at a threshold level for us, then we start seeing very high growth, which we are seeing in commercial lines.

Secondly, we, this time have declared deferred acquisition cost transparently because in IFRS this is included. And when we look at IFRS, ROAE profit, we look at IGAAP profit and add deferred acquisition cost to that and then take 25% profit. So, you know clearly that this profit of coming of deferred acquisition cost will actually come. It is for real and it will come in IGAAP.

The third point, which we always do, and maybe I should repeat it is to say, though the premium comes by 1/n, but we provide all acquisition costs in our quarterly results. There is no liability which is not provided for in terms of 1/n in our case.

Fourth is product mix in motor plays a very important role. We gave you an example of 2-wheeler business, where an increase of roughly about INR117 crores compared to last year in Q2, it led to an additional loss of INR53 crores because commission has to be provided upfront.

Fourth that we always look at core insurance profitability, which basically means normalized TP reserve released and normalized investment income without substantial capital gains and that is how we continue to drive business. And whether it is direct or inward facultative or whatever, we will always take steps if we find a business or a segment is not giving us the desired profitability, we always take corrective action in those areas.

Lastly, we are happy that in Q2, we are now -- we have the highest ever market share of 6.2%. For a company which was seen only a TP player 5 years back, I think our TP and OD market

share is coming close. Again, I'm not saying this is good or bad. I'm just saying that how fast the mix can change in case of digital. Thanks, everyone, for joining the call. Have rest of the good day. Thank you.

Moderator:

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