August 20, 2026

The Manager
Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor
Plot No.C-1, Block G
Bandra-Kurla Complex
Bandra (E)
Mumbai 400 051

The Secretary
BSE Limited,
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001

Symbol : CHOLAHLDNG

Scrip Code : 504973

Dear Sir / Madam,

Sub: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations')

This is further to our letter dated July 31, 2026 on the schedule of Analyst/ Investor meet. Pursuant to Regulation 30 of the SEBI Listing Regulations, 2015, we wish to inform you that the transcript of the call held with analysts and investors on Friday, August 14, 2026 is enclosed and made available on Company's website at https://www.cholafhl.com/investors/investor-meet.

We request you to take the above on record.

Thanking you,

Yours faithfully,
for **CHOLAMANDALAM FINANCIAL HOLDINGS LIMITED**

Krithika E
Digitally signed by Krithika E
Date: 2026.08.20 18:15:26 +05'30'

E KRITHIKA
COMPANY SECRETARY
Encl: As above

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Classification: Public

"Cholamandalam Financial Holdings Limited Earnings Call for Q1 FY2027 Financial Results"

August 14, 2026

Management: Mr. Sridharan Rangarajan – Non Executive Director
Mr. Shyam Shankar – Manager & Chief Financial Officer
Mr. Rajive Kumaraswami – Managing Director – Chola MS
Mr. Santosh Pandey – Chief Financial Officer – Chola MS

Moderator: Ladies and gentlemen, good day and welcome to Cholamandalam Financial Holdings Limited Earnings Call for Q1 FY2027 Financial Results. Please note 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. Please note that this conference is being recorded. With that, I hand over the call to Mr. Rishi Jhunjhunwala from IIFL Capital. Thank you and over to you.

Rishi Jhunjhunwala: Thank you, Swapnil. Good afternoon, everyone. Welcome to 1Q FY2027 earnings call of Cholamandalam Financial Holdings Limited. From the management side, we have Mr. Sridharan Rangarajan, Non-Executive Director, Cholamandalam Financial Holdings; Mr. Shyam Shankar, Manager and Chief Financial Officer, Cholamandalam Financial Holdings; Mr. Rajive Kumaraswami, Managing Director, Cholamandalam MS General Insurance; and Mr. Santosh Pandey, Chief Financial Officer, Cholamandalam MS General Insurance. I will hand over the call to management for their opening remarks, post which we can open the floor for Q&A. Over to you, Mr. Rangarajan. Thank you.

Sridharan Rangarajan: Thank you. Good afternoon and welcome you all for Q1 earnings call. You know that there are two major investments, NBFC and insurance, and NBFC is well covered through the Chola Finance Earnings Call, and you also have the presentation uploaded. So, we have with us Rajive Kumaraswami, MD as well as Santosh Pandey, the CFO for insurance business. This call will predominantly focus on insurance and I would request you to make the opening remark and we will open up for Q&A. Thank you.

Rajive Kumaraswami: Thank you, Sir. Good afternoon, everyone, and thank you for joining our earnings conference call for the quarter ended June 30, 2026. As this is my first earnings call since assuming charge on June 1, 2026, I would like to take this opportunity to say that I look forward to engaging with all of you over the coming quarters as we progress through the year. I would also like to take this opportunity to wish all of you a very warm Independence Day. May this occasion inspire us to continue fostering pride, unity, and a shared commitment to India's continued progress. As a part of the insurance sector, we remain committed to providing the protection and risk management solutions required by the corporate sector and the nation as a whole.

I will begin with an overview of the industry environment followed by our performance highlights for the quarter.

The general insurance industry recorded a growth of approximately 8.3% in Q1 as compared to 8.9% in the corresponding quarter last year. The growth continued to be driven by motor and health, while commercial lines, especially fire, remained under pressure due to the intense pricing competition, resulting in a significant industry wide decline on growth. The operating environment continues to be shaped by evolving regulatory developments and the competitive intensity across product segments arising from claims inflation in both motor and health remain to be challenging. Against this backdrop, Chola MS reported gross direct premium income (GDPI) of Rs. 1,860 crores, registering growth of 2.6% over Q1 of last year. Gross written premium (GWP), on the other hand, grew by 6.7% to Rs. 2,130 crores. While this growth was below our expectations, performance was impacted by lower volumes in commercial lines and motor business, as well as a highly competitive market environment in the fire and health portfolios due to pricing pressures and concerns around the combined ratio of the group health business

The motor segment continued to benefit from the positive tailwinds witnessed since September 2025, helping motor remain our largest line of business. Our motor portfolio grew by approximately 5.7% during the quarter. This growth was primarily driven by the commercial vehicle segment, while we continued to remain cautious and disciplined across other segments where profitability remains under pressure.

We have undertaken several corrective measures, including portfolio optimization, targeted pricing interventions, enhanced NCB sourcing, tighter underwriting controls, and strengthened claims management practices. The benefits of these initiatives are expected to become more visible over the coming quarters.

In terms of our portfolio mix, private cars account for 48% of the motor portfolio, two-wheelers constitute about 9.5%, and commercial vehicles account for approximately 42.5%.

In the commercial lines segment, supported by robust reinsurance capacity secured at the beginning of the fiscal year, we performed relatively better than the market despite intense competition and industry-wide pricing pressures. Growth within commercial lines was supported by the marine, engineering, and liability segments.

The commercial lines portfolio recorded a decline of 8.6% in Q1, primarily due to continued pricing pressure in the fire segment. The April renewal cycle, coupled with aggressive market pricing, resulted in significant rate reductions across the industry. Consequently, the fire line of business recorded an industry-wide decline of approximately 28% during the quarter. Against this backdrop, our decline was limited to 15.5%, reflecting a significantly better performance than the industry.

Although competitive intensity remained high throughout the quarter, we witnessed early signs of moderation towards the end of the period. Following the NATCAT events experienced by the industry during June, we expect greater pricing discipline in the property insurance segment over the coming quarters.

Health continued to be the fastest-growing segment within the general insurance industry, contributing nearly 47% of total industry premiums. This growth has been driven by increasing awareness of health protection needs, expansion of distribution channels, and continuous product innovation across the sector.

Within our health portfolio, growth remained moderate as we continued to prioritize portfolio quality and profitability over volume-led expansion. To address current challenges and strengthen business performance, we have initiated several corrective measures, including product redesign, pricing revisions across key accounts, migration of select group portfolios to retail platforms, and expanding our presence in the SME segment, where pricing intensity is relatively lower than in large corporate groups.

These initiatives are focused on improving portfolio quality and long-term profitability. At the same time, we recognize that significant work remains to be done in building a sustainable and profitable health portfolio over the medium to long term while maintaining underwriting discipline.

On the service front, 99% of our health claims are settled within 30 days, and we have achieved an NPS of 73, reflecting strong customer satisfaction levels.

The industry's combined ratio deteriorated to approximately 117.8% in FY2026 from 112.6% in FY2025. Chola MS reported a combined ratio of approximately 115.2% in FY2026 compared to 110% in FY2025.

The industry continues to operate in a highly competitive environment, placing significant pressure on underwriting performance. The combined ratio for the motor segment has deteriorated to 128%, compared to 123% in FY2025.

On the claims front, motor OD continues to be a key area of management focus. We are strengthening underwriting and claims controls, enhancing fraud detection capabilities, and improving settlement efficiencies.

In motor TP, we continue to focus on compromise settlements, improving exoneration outcomes, and undertaking reserve-strengthening actions across all cohorts of the TP portfolio.

Within commercial lines, we continue to maintain a disciplined and calibrated approach. While our decline has been lower than the industry average, this has been achieved through carefully calibrated participation across a broader range of industrial risks rather than through increased concentration in individual accounts. This approach enables us to maintain market presence and positions us well to benefit when pricing conditions improve.

We are also increasing our focus on the SME segment within commercial lines by leveraging our distribution network more effectively.

For the quarter, our net earned premium stood at approximately Rs.1,671 crore. The claims ratio increased to 85.6%, compared to 81.3% in the corresponding quarter of the previous year. The combined ratio stood at 120.4%, reflecting the impact of higher motor reserve strengthening, elevated motor OD claims experience, and a large fire loss during the quarter.

Operating profit for the quarter stood at Rs.71 crore, while profit before tax was Rs.116 crore.

Our investment portfolio remains strong at approximately Rs.19,000 crore and generated investment income of around Rs.380 crore during the quarter. Through active portfolio management and rebalancing initiatives, we improved the portfolio yield to 7.31% while continuing to maintain a prudent investment strategy and strong liquidity position.

Our solvency ratio remains robust at 1.93 times, well above the regulatory requirement, reflecting the underlying strength of the Company's balance sheet.

From a forward-looking perspective, we continue to drive several transformation initiatives across the organization. We have completed the rollout of our motor issuance platform across the bank channel and are now implementing workflow enhancements within the motor claims process to improve efficiency and customer experience.

We have also strengthened several customer service initiatives and continue to work towards organizational readiness for the implementation of Ind AS, the Risk-Based Capital (RBC) framework, and the Digital Personal Data Protection (DPDP) requirements.

While market conditions remain challenging in the near term, particularly in motor OD, health, and commercial lines pricing, we remain firmly focused on profitable growth, disciplined underwriting, and efficient claims management. Technology will continue to serve as a key enabler in delivering these objectives.

With that, I conclude my opening remarks and would be happy to take your questions.

Thank you.

Moderator: Thank you so much. Ladies and gentlemen, we will now begin with the question-and-answer session. Anyone who wishes to ask a question may click on the raise hand icon from the participants tab on your screen. We request participants to restrict to two questions each and then return to the queue for more questions. To rejoin the queue, you may click on the raise hand icon again. We will wait for a few moments until the question queue assembles.

Requesting participants to click on the raise hand icon if you wish to ask a question. Requesting participants to please be connected. We will take our first question now. We have Sanketh Godha of Avendus Spark. Sanketh, please go ahead.

Sanketh Godha: Thanks for the opportunity. So, Rajive, the first question is, is on the Motor TP claims. Just want to understand, given some companies are waiting for the Supreme Court judgement with respect to housewives, have we made any additional provision in the claims ratio what we have reported at 84.4 or this number what we see is more business as usual? So that is my first question and maybe related to that is on motor OD I know that you mentioned in the call that you are taking corrective measures, but still if you see the motor OD loss ratios, if I look at a FY2025, you were broadly in the range of 71, 72, 73 kind of a number it deteriorated to 80 plus in 2026, now it has further deteriorated in 1Q FY2027, so I know that you slowed down your two wheeler business maybe you are now calibrated in cars too, so any visibility you see this number to improve going ahead or is it fair to say that given we will move to four years and six years in cars and two wheelers, people might further increase the discounting in OD and this number will not see any respite in foreseeable future? So that is on the motor side. After you answer, maybe I will ask questions on other segments.

Rajive Kumaraswami: Thanks, Sanketh.

To answer your first question, we have not taken any provision during the quarter in relation to the Supreme Court judgment. We are closely monitoring the situation, given that the matter remains sub judice and, as you are aware, a review petition has been filed. We are currently undertaking our analysis and will await the outcome of the judicial review process, in which the General Insurance Council is also involved. Based on the outcome of the review proceedings, we will determine the appropriate course of action and assess how best to address the matter.

On the OD side, I would like to clarify that we do not consider the current level of OD loss ratio to be acceptable. We have initiated several corrective measures, both from a sourcing and portfolio management perspective. This includes optimizing the mix between new business and renewals/rollovers, as well as increasing our focus on the NCB segment within the rollover and renewal portfolio.

We expect these actions to drive improvements from a sourcing standpoint. In addition, we are implementing internal interventions aimed at managing the average claims severity (ACS). While claims inflation continues to be a challenge across the industry, we are undertaking a more granular analysis of repair-versus-replacement trends and identifying opportunities to improve operational efficiencies in claims management.

This is a journey, and it will likely take a couple of quarters for these measures to deliver meaningful results. However, we are certainly not accepting the current OD loss ratio as the new normal, nor are we suggesting that a loss ratio in the range of 80% to 86% is sustainable, irrespective of the impact of the 4+4 regulations. Our focus remains on bringing the portfolio back to a more sustainable and profitable trajectory.

Sanketh Godha: Understood, Rajive. So, realistically, this 86, do you see going back to at least 80 kind of a level or meaningfully that the numbers what the Company used to report in 2025 around 70 plus any journey or any time path you have in your mind by when we can achieve that?

Rajive Kumaraswami: The way we look at it is that if other leading private sector insurers with a similar portfolio mix can achieve those levels, there is no reason why we should not be able to achieve them as well. To give you a short answer, our immediate objective is to bring the OD loss ratio down to a level that begins with a "7", ideally in the high-70s to start with. From there, as the corrective actions gain traction and deliver results, we would aim to progressively move towards the mid-70s range over time.

Sanketh Godha: Understood.

Santosh Pandey: Sanketh, just to add to Rajive's point, we are internally focusing on improving the mix between new motor business and the existing portfolio. This is helping to improve average premium realization and, over time, will also contribute to reducing the overall motor OD loss ratio.

We are reasonably confident that we will bring the OD loss ratio below 80% over a period of time. At an industry level, motor OD loss ratios continue to remain elevated. If you compare the quarter-on-quarter performance of most players in the market, you will observe an increase in motor OD loss ratios across the industry.

It has impacted us as well. However, the corrective actions we are undertaking across sourcing, portfolio mix, underwriting, and claims management give us confidence that we will be able to achieve an OD loss ratio below 80% over time.

Rajive Kumaraswami: For a business line, Sanketh, which is 70% of our book, we cannot let this continue.

Sanketh Godha: Yes, exactly. Actually, you are more exposed. So that is the reason I was more keen to get an answer to that.

Rajive Kumaraswami: Completely conscious about it and we are working on it.

Sanketh Godha: Understood and the second question was on your health, especially maybe you can say both group health and retail health. We understand that group health there could be a pricing pressure and you might have chosen not to participate, but the entire industry is showing a very strong or robust growth in retail health, but we have chosen a completely opposite path by reporting a decline, so anything we need to understand or you are revisiting the entire strategy and that is the reason why retail health is reporting a decline compared to why the industry reporting very robust growth there?

Rajive Kumaraswami: I think you would have seen the slides that we have presented, which transparently outline the areas where we need to improve. Health is one segment where we are essentially building capabilities from the ground up.

Let me first address the group health business before moving to retail health.

Within group health, there are three key components. The first is the gross-subsidy group health business, which is typically written alongside commercial risks such as fire and engineering insurance. Today, there is virtually no gross-subsidy business left in the portfolio. As a result, we are witnessing some degrowth because, if the overall account does not make economic sense, there is little value in continuing to write the associated group health business.

The second component is standalone group health. Our strategy here is straightforward: every standalone group health account must be profitable on its own merits. In addition, we are focused on cross-selling Group Personal Accident (GPA) products alongside every group health policy that we underwrite. Consequently, growth has been moderate as we have prioritized portfolio quality over volume expansion.

Our focus is on multinational clients with single-mandate arrangements, where value and service quality carry greater weight than price alone, as well as on the SME segment. We continue to see a healthy pipeline of opportunities in these segments, and we have received positive traction from channel partners who are keen to work with us.

While the size of our health portfolio remains relatively modest, we benefit from a strong hospital network. Owing to our retail health business through public sector bank partnerships, our network already exceeds 13,000 hospitals. Therefore, the underlying infrastructure is in place; what we now need is to further strengthen and scale the distribution engine.

The third component of group health is the master policy segment, where products such as critical illness and GPA attachments are offered. This continues to be a healthy and profitable business, and we intend to continue growing this portfolio.

Turning to retail health, we will need to invest in building stronger capabilities within the Company. As you know, retail health is a business that requires patience and a gradual build-up of scale. We are evaluating opportunities to expand retail health through our bancassurance partners, as well as through select retail and aggregator-led broking channels.

The degrowth that you see in the health portfolio is largely the result of pricing corrections that we implemented in the PSU bank group platform business. Certain pockets of this portfolio had become a concern from a profitability perspective. While our PSU bank relationships continue to generate profitable business overall, we have been taking targeted corrective actions to address areas where claims leakage and profitability pressures existed.

Accordingly, the decline in premiums is primarily reflective of these corrective measures, including the migration of certain portions of the business from the group platform to a retail platform, where we believe the economics and long-term sustainability are more favorable.

Sanketh Godha: Understood and last one maybe I will come back in the queue again if time permits. In your initial remarks said that you got better reinsurance treaties in place and therefore your moderation in fire is relatively lower than industry and naturally you have done well in other commercial lines like marine engineering, so is it fair to say that given your understanding of this particular segment in the past too, this will remain a key focus area incrementally to drive the growth and given your background, I am just taking liberty and asking that question that the reinsurance things will materially change compared to the past and that will support these lines to grow a little faster for you, relatively.

Rajive Kumaraswami: Absolutely. Let me first clarify that the reinsurance capacities were secured even before I assumed charge. In that sense, I am benefiting from the excellent work that Suri and the team had already put in place.

The reinsurance capacity available to us is, I would say, comparable to that of the leading private sector players, both in the fire and engineering segments. The opportunity pipeline is certainly there. However, as a challenger in a market experiencing intense pricing competition, our approach remains measured and disciplined.

We are gradually gaining traction, supported by the strong reputation and credibility of our shareholders. There are clients and intermediaries who are increasingly willing to engage with us, as historically we were not perceived as a significant commercial lines player. We are now beginning to see that perception change and are witnessing encouraging traction across segments.

Having said that, I would like to provide some comfort that we are not pursuing growth aggressively at the expense of underwriting discipline. In commercial lines, writing large line sizes without adequate diversification can create concentration risks. Typically, when we participate in a risk as a challenger and indicate an appetite for, say, a 30% line, the broker or client may allocate only 15%. In effect, they are helping manage line size concentration for us. As a result, much of our growth in commercial lines has come from expanding the opportunity funnel and improving conversion rates, rather than from taking disproportionately large positions on individual risks.

I would also highlight that there are areas within the commercial portfolio, particularly in the fire segment, where we enjoy certain structural advantages. One such area is our home insurance portfolio, where we have long-term home insurance attachments linked to our banking partner's home loan portfolio. In addition, we benefit from a sizeable SME fire portfolio sourced through public sector bank relationships, where pricing competition is significantly lower than in the open market.

These segments provide a degree of stability and help balance the overall portfolio. This is one of the reasons why our decline in commercial lines has been relatively moderate compared to the broader market. While certain parts of the portfolio continue to face significant pricing pressure, there are other segments that remain relatively insulated from such competitive dynamics.

At the same time, we are selectively expanding our presence through sensible and calibrated participation across commercial risks. Looking ahead, commercial lines will continue to be a key focus area for us. Whether it is conventional commercial business, liability, credit, or cyber insurance, these are segments where we see meaningful opportunities and where we intend to strengthen our presence over time.

Sanketh Godha: Understood and lastly, Rajive, sorry, you said one big loss in fire impacted the numbers, if you knock off that number or if you can quantify the loss, if you knock off that number, how your car would have?

Rajive Kumaraswami: So that was about Rs.12.4 Crores on the net account.

Sanketh Godha: Understood. Yes. Maybe I will come back in the queue. Those were my questions.

Moderator: Thank you so much, Sanketh. Requesting participants to please click on the raise hand icon if you wish to ask a question. We will wait until the question queue assembles. We will take one question now from Rishi Jhunjhunwala of IIFL. Rishi, please go ahead.

Rishi Jhunjhunwala: Yes, thank you. Sir just wanted to understand the increase in the loss ratios that we have seen in motor, especially on the TP side as well can you give some color in terms of how much would be driven by what we have written now, which is effectively new book versus a potential under provisioning related, reserve provision that might have happened as a result of that?

Rajive Kumaraswami: Rishi, for the new book, reserves are generally established based on our expected ultimate loss ratio (ULR) for the portfolio. The increase that you are seeing is largely driven by the claims inflation assumptions that need to be factored into the reserving estimates.

Therefore, I would not characterize this purely as reserve strengthening. Rather, it reflects the need to incorporate evolving claims experience and inflationary trends into our reserve calculations. It is also important to note that motor TP remains a tariff-based line of business, where pricing flexibility is limited. Premium rates do not necessarily increase in line with the claims trends that we are witnessing.

Given the nature of court awards and settlement outcomes that continue to emerge, we regularly review our experience and update our assumptions accordingly. As claims experience evolves, we make the necessary adjustments to ensure that our reserving remains prudent and adequately reflects the underlying risk profile of the portfolio.

Rishi Jhunjhunwala: Understood. Sir, second question is, there is reduction in our two-wheeler and we have mentioned that we have probably done it intentionally, so just wanted to understand the thought process around it? I would have assumed that especially in TP, probably the two-wheeler TP could be the most profitable segment for the industry, but it will be great if you can give some color around that?

Rajive Kumaraswami: Rishi, the reserves for the new book are established based on our expected ultimate loss ratio for the portfolio. The increase you are seeing is primarily a reflection of claims inflation that needs to be incorporated into our reserving assumptions.

I would not describe this as pure reserve strengthening. Rather, it is an outcome of updating our assumptions based on emerging claims experience. Since motor TP is a tariff-based business and pricing remains regulated, premium increases do not necessarily keep pace with the rise in claims costs. Given the settlement trends and court award experience that we are seeing, we continuously review and calibrate our reserve assumptions to ensure they remain appropriate and prudent.

Rishi Jhunjhunwala: Understood. One question is on this Supreme Court ruling you mentioned that since the matter is sub judice we have not gone ahead with the provisioning, just in terms of technicality, if there is a claim today with respect to a homemaker, would that be considered as per Supreme Court ruling or it will remain undecided till the time there is any kind of resolution around that writ petition or other aspects?

Rajive Kumaraswami: Rishi, what we are seeing today is that multiple court judgments have been delivered after the Supreme Court judgment. In several of these cases, the courts have specifically observed that each claim should be evaluated on its own merits. As a result, the Rs. 30,000 thresholds referenced in the Supreme Court judgment has not been applied uniformly across all cases.

At this stage, claims continue to be assessed and settled based on the specific facts and merits of each case at the court level. In parallel, the General Insurance Council has filed a review petition against the Supreme Court judgment, and the entire industry is awaiting the outcome of that review process.

Therefore, as things stand today, the practical application of the Supreme Court judgment remains uncertain, and courts appear to be continuing to evaluate individual cases on their respective merits rather than uniformly following the interpretation arising from that judgment. We will continue to closely monitor developments and assess the implications once there is greater clarity from the review proceedings.

Rishi Jhunjhunwala: Understood and theoretically if we were to provide for this retrospectively how does that impact our solvency, right now it is comfortable at 193 but just wanted to understand in case there is an adverse judgment around it, where potentially our solvency could end up being?

Rajive Kumaraswami: Rishi, we believe our reserves are prudently established. As part of our reserving philosophy, we always maintain an appropriate margin for adverse deviation, and any potential impact arising from such judgments would be considered within that framework, if required. Having said that, we will continue to closely monitor developments through the ongoing judicial process. The ultimate outcome will depend on the review petition and the interpretation that emerges from the courts.

There are several possible scenarios. For instance, the judgment could be applied prospectively only to accidents occurring after the date of the judgment, or it could apply only to policies issued subsequent to the judgment. At this stage, there is insufficient clarity on how the matter will finally evolve. Given the potential implications for the entire industry, the General Insurance Council has actively pursued the review petition. The fact that the industry, through the Council, has sought judicial review underscores the significance of this issue and the need for greater clarity.

Until the review process is concluded, we believe it is prudent to continue monitoring developments and assessing the implications as more guidance emerges from the judicial system.

Rishi Jhunjhunwala: Understood and one last question, Sir while we may potentially start doing IFRS from next year, just wanted to understand, if we have been trying to prepare statements around that?

Where would our profitability or ROE tentatively look like in terms of given that we have a significant proportion of motor in our portfolio, do you believe IFRS profitability could actually be substantially higher or that would not make a material difference given that acquisition cost in case of large part of motor anyways gets deferred?

Rajive Kumaraswami: Rishi, like most general insurance companies, we have been granted a one-year forbearance by IRDAI, and our request for forbearance has been approved. Accordingly, we are scheduled to implement the new framework effective April 1, 2027.

At this stage, we are in the process of evaluating the implications and conducting a detailed assessment. We have not yet submitted the initial set of special-purpose financial statements that are required to be filed with IRDAI. Therefore, the exercise is still underway.

As a result, we do not currently have a reliable estimate of the potential impact on key metrics such as return on investment, profitability, or capital position. We would prefer to complete our assessment before providing any guidance on these aspects.

By the next quarter, we should have greater clarity and may be in a position to share some preliminary observations. However, at this point in time, it would be premature for us to comment on the likely financial impact or disclose any specific numbers.

Rishi Jhunjhunwala: Got it. Alright. Thank you, Sir. All the best.

Moderator: Thank you so much, Rishi. Requesting participants who have joined the call, please click on the raise hand icon if you wish to ask a question. We will wait for a few minutes until we have any questions. I think we have a followup coming in from Sanketh Godha. Sanketh, please go ahead.

Sanketh Godha: So, again, one question is on this reinsurance accepted growth as you highlighted, the direct growth was just less than 3%, but almost 7% in case of GWP? Sir just wanted to understand the color of this reinsurance accepted number, whether it is happening in commercial lines or health or crop kind of a line of business and do you think this is sustainable? Maybe I just wanted to understand this line of business, in general, has a better core compared to the overall Company what we are reporting, or it is largely done from a perspective of defraying UM?

Rajive Kumaraswami: Sanketh, there are broadly two elements to the inward reinsurance business.

The first is linked to our commercial lines strategy. In certain accounts where we are pitching for business, we may not secure a direct share of the underlying risk. In such situations, we look to participate through reinsurance arrangements. Similarly, as part of our risk management approach, there may be instances where we have written a share of the primary risk but choose to reinsure a portion of that exposure in order to manage our net retention and optimize treaty utilization. This is a standard industry practice and is similar to what other insurers do. This part of the business is driven through proactive engagement with other primary insurers as well as with brokers who are placing reinsurance business in the market.

The second element of the inward reinsurance portfolio comes from the group health business, where we also participate selectively based on our underwriting appetite and risk-return considerations.

Sanketh Godha: Understood and lastly again you alluded to the point that catastrophe events happening probably should bring discipline in commercial lines, but I am just wondering given reinsurance treaties we signed at the start of the year and that benefit will be there for large part of the current year? Is it fair to say that the pricing discipline what we want will be more reflected in the next year rather than in the current year, so it is very simply probably an industry tough year or a tough year to do commercial lines and secondly, related to that, I just wanted to understand how much Gift City played a role for the reinsurance market to see a soft market in commercial lines maybe it is more of an industry question what I wanted to check from you?

Rajive Kumaraswami: While the final numbers are still emerging and it is premature to draw definitive conclusions, industry estimates suggest that the aggregate loss impact from the multiple CAT events could be in the range of Rs.3,000 crore to Rs.4,000 crore. This includes losses arising from events across Gujarat, Assam, Jamshedpur (Tatanagar), and the floods in Assam, among others.

Sanketh, the reason we believe this could eventually lead to improved pricing discipline is linked to the way reinsurance contracts are structured. Typically, reinsurance arrangements contain what are referred to as "hours clauses." For example, earthquake covers generally operate with a 72-hour clause, while flood covers typically operate with a 168-hour, or seven-day, clause.

Most of the events that have occurred this year have taken place outside these aggregation windows. As a result, each event is likely to be treated as a separate occurrence. This limits the ability of insurers to aggregate losses from multiple events into a single claim under their catastrophe reinsurance programs.

Consequently, if an insurer has a catastrophe deductible of, say, Rs.20 crore or Rs.25 crore, that deductible may need to be absorbed separately for each incident rather than on an aggregated basis across events in different geographies such as Maharashtra, Gujarat, and Assam. As a result, the impact on the P&L is likely to be more significant.

If the financial impact on insurers is indeed higher, our expectation is that pricing discipline may return to the market more quickly, particularly in property and commercial lines.

On the reinsurance side, your observation is absolutely correct. Contractually, reinsurers have continued to provide underwriting capacity and support under the existing arrangements. This is quite different from earlier periods when stricter conditions were imposed through regulatory mechanisms and contract structures.

However, any market correction from the reinsurance community, if it occurs, is more likely to be visible during the next renewal cycle. This could take the form of reduced capacities, changes in program structures, tighter terms and conditions, lower commissions, or higher retention requirements.

In addition, the emergence of GIFT City as a source of reinsurance capacity has also contributed to the current soft market environment. There is significant excess capacity available within India, and this is further supported by the fact that global NATCAT activity has remained relatively benign in recent periods. As a result, reinsurers continue to have capital available for deployment, and India remains an attractive growth market. This combination of abundant capacity and growth opportunities has contributed to the competitive pricing environment that we are currently witnessing.

Sanketh Godha: Understood Rajive. So maybe just one extended question on this city thing. See, given these guys are relatively new to that area and they might be okay to burn capital for a couple of years till they themselves get established, is it fair to say that maybe the reinsurance market softness might continue for a prolonged period and therefore maybe some recovery in the pricing will happen but might not be that great enough to pull back the growth or to improve overall maybe profitability for the sector in that particular segment.

Rajive Kumaraswami: Sanketh, it is difficult to say with certainty at this stage. However, one would like to believe that when the reinsurers operating out of GIFT City presented their business plans, those plans were formulated in a market environment where the Indian reinsurer's preferential framework (IIB-related market structure) was still in place. By the time approvals were received and operations commenced, the market had moved to a much more liberalized and competitive environment.

That said, I do not believe reinsurers would be willing to see their capital continuously eroded. Reinsurance capital is inherently fungible, and if they find more attractive risk-adjusted returns in other geographies, that capacity will naturally be deployed to those markets where the economics are more compelling.

Whether this adjustment happens over the next year or takes a little longer is difficult to predict. There will, of course, continue to be some participants who are willing to support the market. However, many of the players operating out of GIFT City do not necessarily have the balance sheet strength or risk appetite to provide large lead lines.

Typically, these players participate through relatively smaller capacities, such as 2%, 5%, or 7% shares, which can be useful in completing a placement. However, in my view, there are only a limited number of reinsurers in GIFT City with the capability and appetite to provide a lead line of 25% or 30% on a major program.

Therefore, while the additional capacity from GIFT City has undoubtedly contributed to the current soft market conditions, the sustainability of that capacity will ultimately depend on whether reinsurers are able to generate acceptable returns on the capital they have deployed.

Sanketh Godha: Understood. This is pretty useful, Rajive. Thanks for the answers.

Moderator: Thank you so much, Sanketh. Any more questions from any participants, please click on the raise hand icon. Alright. As there are no further questions from the participants here, management team I would like to hand it over back the conference over for your closing comments, please.

Rajive Kumaraswami: Thank you. Thank you for your time and we look forward to remaining in touch with you. Thank you.

Moderator: Thank you so much. Ladies and gentlemen, on behalf of Cholamandalam Financial Holdings Limited, this concludes today's conference call. Thank you all for joining us and you can now click on the leave icon to exit the meeting. Thank you all for your participation.