



August 18, 2023

To

National Stock Exchange of India Limited  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G Block,  
Bandra-Kurla Complex,  
Bandra (East), Mumbai – 400051

BSE Limited  
Department of Corporate Services/ Listing  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai – 400001

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**Sub: Transcript of the Earnings Call conducted on August 08, 2023**

Dear Sir/Madam,

In furtherance to our earlier communication dated August 02, 2023 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Transcript of the Earnings Call conducted on August 08, 2023.

The transcript of Earnings Call will also be hosted on the website of the Company at <https://www.pbfintech.in/investor-relations/>.

You are requested to kindly take the same in your records.

Yours Sincerely,  
For PB Fintech Limited

**Bhasker Joshi**  
Company Secretary & Compliance Officer

Encl.: A/a

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## PB FINTECH LIMITED

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**PB FINTECH LIMITED**

Q1 FY2023-24

Earnings Call

August 08, 2023



Management: A very warm welcome to PB Fintech Limited Earnings Call for quarter one financial year 2023-24. We have today Mr. Yashish Dahiya, Chairman & Group CEO, PB Fintech, Mr. Alok Bansal, Executive Vice Chairman, PB Fintech, Mr. Sarbvir Singh, Joint Group CEO, PB Fintech, Mr. Naveen Kukreja, Co-founder and CEO, Paisabazaar, Mr. Mandeep Mehta, Group CFO, PB Fintech & Ms. Rasleen Kaur, Group Head, Corporate Strategy & Investor Relations. Now I hand over the call to Mr. Yashish Dahiya.

Management: Thanks very much, Rasleen. A very good evening or morning, wherever you're joining us from.

Policybazaar and Paisabazaar, which are jointly classified as our core online businesses, both are India's leading marketplaces for insurance and credit. For the last 5 quarters, adjusted EBITDA has kept on consistently improving by an annual run rate of about ₹ 200. It's actually a little bit more than that. And if you recollect, about 4, 5 quarters ago I had clarified that this would keep happening. We would keep increasing by about 150 crores a year. This has come out to be slightly higher. Q4 is traditionally the strongest quarter and this is the first time when Q1 has beaten Q4 sequentially. Out of the ₹ 516 Cr of revenue that the core business made, credit linked revenue is ₹ 134 Cr. So just to put in perspective even the insurance business alone is flat over Q4; those who follow the insurance industry would appreciate that this does not usually happen.

We're also very pleased that our core engines of value, our prime focus, health and term grew at approximately 40%. I'm very glad that after almost a period of 2 years, these primary protection engines have started to grow, and month on month we have seen increasing growth so very pleased about that.

Our total insurance premium for the quarter was ₹ 3,011 Cr. Savings has been subdued. Over the last quarter and over the last year.

Our renewal or trail revenue has an ARR of ₹ 418 Cr, which is up from ₹ 273 Cr at the same quarter last year. Just to put that in perspective again, that's about a delta of ₹ 145 Cr. And most of this comes at 85% margin. So this is a significant source of profit growth. And that is where, if you look at the 200 Cr and you look at this, it's all starts to kind of make sense.

Consolidated adjusted EBITDA was a positive 23 Cr, an improvement from minus 66 Cr the same quarter last year. That's a delta of 89 Cr for one quarter. The core online business adjusted EBITDA increased by 64 Cr.

Our CSAT continues to be at 88%. It's actually 88.4%. And it was in the last quarter with 87.9%. But I think let's just stay with 88% for now and just doing quite okay.



Credit business continues to grow well. We now are at an annualized run rate of ₹ 16,000 Cr disbursal, and it's been adjusted EBITDA positive since December 22.

₹ 16,000 Cr disbursal and 5.8 Lac credit cards issuance on an annualized basis. This is on July 23 basis. About 36.9 million consumers who have accessed the credit score platform. 75% of cards issued and 44% of unsecured lending is now happening end to end digital. This is a change. And that's what's helping Paisabazaar continuously improve its margins.

75% of disbursements are from existing customers, which is also demonstrating good repeat behaviour. The trail revenue is now at 14% of the total credit business revenue.

On new initiatives, PB Partners, which is the agent aggregator platform, continues to lead the market in scale and efficiency of operations. We have made some changes in focusing towards higher quality advisors. We are operational in 15,400 pincodes across the country, covering 80% of the pincodes. And for those of you who may have seen the numbers and got slightly worried. Just don't worry. We stay totally convinced and focused on this part of the business and totally committed to win in it.

Our UAE business has grown 2.6x year on year.

So we have become more confident than we were when I reported to you 3 months ago about delivering first full year of being PAT positive this year.

And happy to take questions now, thank you.

Management: We'll wait for a minute. Please raise your hand post which you will be asked to unmute.

Hi, Srinath V. Please ask your question.

Srinath V: Hi Yashish. Just wanted to understand from a contribution perspective, our renewals ARR's have been growing faster than the top line, and so, as this mix change happened, one would assume that contribution margins would start going north, so wanted to understand what are the moving parts in contribution. how sticky is the pricing and performance marketing? What has been the growth in performance marketing both in Paisa and Policy? And how do you see the path to contributions margins going northwards, maybe to 47 or 48 over a period of time. If you could just help us out with that, that would be great.

Management: Sure. So let me just take the core business for a second. So talking about the core businesses, our total acquisition plus brand spend, year on year has



increased from about 152 Cr last year Q1 to 169 crores in the Q1 this year. That's about an increase of 11%. Now, with this, what I'm also clarifying is that 159 crores of acquisition and brand spend last year would have been on account of new initiatives. And this year that's about 126 Cr. So that's again park that aside. So it's been about 11% increase in the acquisition marketing cost. And overall, you've seen that the revenue has grown by about 32%. So there's obviously been some efficiency gain on this front. As far as the operating costs are concerned, which is the contact center etc, that has stayed flat with respect to revenue. So when I look at the core business it's pretty much the same, so that percentage has not changed. But on the marketing side there's been further efficiency which has been gained. The renewal, of course, kept increasing as I explained. The renewal run rate this quarter at an ARR basis was about 418 Cr and last year same quarter was 273 Cr. So you're seeing somewhere around 40% ish growth in that. You will see it across the board which obviously helps us have better margins every year. And nothing changes in that. Yeah. So the renewal growth rate is a very steady growth rate over the previous year. And of course calculating it is complicated because sometimes they are multi-year policies, etc, but at the heart of it for our core businesses, renewal is between 95 to 100% on a premium basis, and we continue to have higher renewal rates than the rest of the industry. So feel feel good about all of that.

Srinath V: Just a quick follow up on that. So , if renewals have been doing well and our performance marketing cost has been growing slower. So how does one reconcile the fact that on YoY contribution margin has expanded just point 3 in the core business? Is Paisabazaar in the mix got to do with something in this? Just finding it difficult. So one would assume that if ARR of renewals are growing this fast, and some of the direct costs are cooling off that contribution margins would actually, , move northwards.

Management: See if you look at the insurance business, the renewals are about 30, 45% of the total. And you're right. That comes at almost 85% continuing margin compared to the new business. But since it's pretty small percentage and that percentage improves, but it takes time. Every year you'll see that it's moved by a few percentage points. So if it moves 4-5 percentage points in a year, the impact will be 2, 3% out of it. So yeah, that is definitely contributing. And then, apart from that, you do have efficiency which is coming because of efficiency in marketing and from the revenue per enquiry.

The contribution has moved from about 42% to about 45%. That's a 3 percent delta. I don't think our renewal revenue would have moved by 3% delta on the overall revenue piece. So yeah, I think what Alok is saying is, these are steady changes. They don't have a dramatic change. I think we



gave some guidance on this, that over a 4, 5 year period, you should see 5 to 10% delta coming because of these factors. But it's a slow move. And you're seeing 3% of it show up in within a year, right? 3 percentage points is very significant. Yeah, that's across both brands. Policy and Paisa.

Srinath V: Got it. Thanks. Thanks and congratulations that on the quarter on quarter numbers in the core business have surely been a pleasant surprise. Thanks a lot. I'll get back to the question queue.

Management: Thank you Srinath. Hi Pujan, please ask your question.

Pujan Shah: Yeah, Hi, sir. Just one of the booking keeping questions. The segregation of revenue, we have many verticals like insurance and the outsourcing services and third is online marketing and consulting, which is a significant share of our revenue. I just wanted to know what is included in each of these 3 things. The Insurance Commission I understand very well. I just wanted to know on the outsourcing services and online marketing and consulting. So how what type of services we provide and how we earn the revenue and how we are being like is, if we are like, is it been the annuity stream revenue, or like it's been lumpy thing just wanted to know. That's it.

Management: Sure, I will clarify one thing which is actually quite material. And you should have some clarification on that which is the advertising and promotion expenses. I'm just breaking this out so that everybody can see it very clearly. It is noted down for your interest. So of the 456 Cr of total advertising and promotion expenses that you see in March 31 quarter, 298, or almost 300 Cr was towards new initiatives. And 158 Cr was towards core business. In the current 198 crores of total advertising and promotion expenses, only 34 is towards new initiatives and 164 is towards core business. So what I wanted to explain was, and if you go back to last year of the 289 Cr in the same quarter of advertising and marketing expenses as per the statutory results, 146 was towards new initiatives and 143 Cr was towards core business. Eventually we have given a management view of things, statutory & they will both consolidate at the same level. But I think this clarity was much needed, because there is a classification change in some of the advertising and marketing expenses which were being undertaken for new initiatives, and that change is essentially appearing in what we know as other expenses. So, to give you an example, if the new initiatives, marketing and advertising promotion costs move from 146 crores to 34 crores, then clearly, there's about 90 crores of this or 80 crores of this which has moved from here into other expenses.

Pujan Shah: Hello, sir! I am talking about this specifically on the revenue segregation. What we have been presenting in the annual reports, and we have also presented in the DRHP.



- Management: Yeah, Hi, this is Mandeep. So your questions regarding the segmentation of revenue. So if you look at our annual accounts ,the revenue is essentially split into insurance and non-insurance revenue, and within insurance you will see commissions, rewards, and the outsourcing revenue that comes to us in insurance segment. Non-insurance segment is largely for the credit related revenue. And it used to include, all advertisements and marketing that we were able to garner in Paisabazaar. So that's the primary breakup of the the segments of revenue that we have in our annual reports.
- Pujan Shah: And my second question would be just bookkeeping would be if you look at the fourteenth page number. So renewal revenue is showing at 340 ARR and while somewhere the other way I look at it, it is it is showing at 418.
- Management: So the 418 number that you see is the total ARR and 340 is related to the specific business, and you will see a balancing number in in the later part of the presentation as well.
- Pujan Shah: Okay, okay, got it. Thank you so much.
- Management: Thank you. Pujan. Sachin Dixit, please ask your question.
- Sachin Dixit: Hello. On the 1,000 cr guidance that we have had for some time now. Right? So I wanted to check your confidence level there. Looks like it's easily achievable now. So do you feel that the number can be preponed, can be increased, or how does your confidence level look right now
- Management: It's the same. Yeah, nothing's changed. That everything, the same. Nothing in our mind has changed. Only for this year we are a little more confident. But I think as far as the FY26-27 guidance is concerned. We are just as confident as we were. Nothing has changed in our business dramatically that makes us think more positively or less positively about the future, about the medium term future.
- Sachin Dixit: Sure, sure, another question on the corporate insurance piece. That segment used to appear earlier. Now we do not see it in the, in the business presentations anymore. Are you like tuning it down?
- Management: Nothing of that sort. ₹ 222 crores of premium came from the corporate business last quarter. It's just we didn't have anything special to say. So we just didn't say it.
- Sachin Dixit: And what will be the premium from Pb parties business if we can ask that.
- Management: So I think the total between PB partners, corporate and Dubai is about 713 Cr. And yeah, and 220 is corporate. 100 plus is Dubai.
- Sachin Dixit: Understood. Looks like that PB Partners has declined very, very sharply. Is that the reading that you are getting as well?



Management: No, no, I think if you look at it from Q4 into Q1, it has declined. And YoY it is roughly at the same level on the overall business. As was said in the opening remarks, the nature of the business has changed quite dramatically. So business coming from retail agents is up 90% year on year, whereas that was coming from larger agents has gone down significantly. So it's a mix shift in the business, which makes the overall business look flat. But within that is a very steep increase in the retail business.

Sachin Dixit: Sure, and I think the reason for this mix shift is that you find the retail business to be more sticky or sustainable.

Management: Exactly. It's stickier, more sustainable, and it comes at better economics. But it's much harder to do also. That's why it's taken time to get to this point

Sachin Dixit: Fair enough. Just one final question. The CM for new core business, if I sort of triangulate it comes down somewhere around the 15 to 20% range. Am I reading that right?

Management: Usually I would ask you to desist from focusing on new business margin, because it doesn't make sense. If health grows faster than other categories, you will see our margin decline because health on new business is a 0 margin category. If you appreciate what I see, because obviously it's a high NPV category. So I wouldn't go too much into new business margin and renewal margin. Overall there is a business margin which keeps improving as renewals keep growing, and eventually, the way we look at it internally is an NPV way. So we don't look at these businesses from new vs renewal margin. In fact, let me put it very simply, in our internal reviews, I desist our team from looking at new business margins, because sometimes that makes wrong decisions, because, as you can imagine, whenever we review health, there would be a desire to get a big, positive margin on new business. And that actually is not a very healthy thing to do. Because obviously the NPV is way higher, and I would rather that we were at 15-20% negative margin on the first year. But we're growing much faster. But you appreciate what I'm saying right? So I think the business mix decides the margins quite a bit. But on the whole we feel good about our margins on the core business. Nothing has changed and everything seems to be on track

What has happened this year is that our protection businesses are grown faster, and I'm quite happy about that part.

Sachin Dixit: Great congratulations, and all the best for the rest of the year. Thank you.

Management: Thank you Sachin. Madhukar, please ask the next question.

Madhukar Ladha: Hello, am I audible? Congratulations on a a good set of numbers. So one data keeping question, can you share? Actually, 2, one, your credit revenues,





and second, your renewal premium number. And a third, your total premium growth seems to me a little bit on the lower side at , 24% growth. Is it? Obviously, part of it is because PoSP has not grown that much. And but even if I exclude that it's probably at about 25%, so your comments around that will be helpful.

Management: Let me give you the base data. First of all, our credit revenue is 134 Cr for the quarter. You're absolutely right on PoSP, in terms of premiums. There was minus 6% which is not significant. But it's minus 6%. Please appreciate this is a business which we can grow very rapidly and control very rapidly. And we keep doing things as we progress. And there's been a big shift in quality. It was the savings business did not grow. So if you really think about it. Savings was a little below last year, same quarter and that was a big part of the business. So new savings alone was almost as big as health and term, or even bigger at times. So I think that does play a role but, the protection businesses have kind of grown well, and you're right on the core policy business, your numbers are about right that 25% would be about the right number. And the new to renewal split across the board, since you asked that particular question, we are equally split at about 1,500 Cr, renewal, 1,500 Cr, little more towards new business about 1,600.

The savings business in the first quarter was somewhat weaker than it's been historically. So if you see, last year we've been always talking about savings being a big driver of growth. This year because of March, there was a big external event in March when the tax changes happened, because of which the entire market has been bit subdued. That impacted us as well. Other than that, I think the businesses actually continue to grow. Very well

Madhukar Ladha: Right. Thank you for the answers. I'll get back in the queue.

Management: Thank you, Madhukar. We'll take the next question from Mr. Sachin Salgaonkar. Sachin, please ask.

Sachin Salgaonkar: I thank you for the opportunity. Just following up on the question which ended. What kind of a premium growth we could look at going ahead. One gets a sense that savings is a bit muted. But clearly the businesses like health and others are doing well. So can one look that for this year 24% is more like a bottom growth. And from these levels, growth, premium should increase?

Management: I think we are very, very comfortable where we sit. We've had a tough quarter, no doubt about it, but we are very comfortable where we sit. As we review our numbers, everything seems to be surprising us positively.

I think we would not like to give any kind of forward looking guidance. But I'll agree with Yashish, I think, based on where we sit we hope, and we expect that the industry will do better than it did in the first quarter, and I



think if the industry does better than we'll also do better is how I would put it. We are finally a function of the industry.

Sachin Salgaonkar: Got it. Second question. Just wanted to understand when I optically calculate the commission rate, on a quarter on quarter basis, it does show an improvement of 12.4% to 16.8%. I presume this is built on the back of reclassification. So on apples-to-apples basis possible to understand, how the take rate has improved?

Management: So our take rates have not changed in any material way. We have nothing much to report. There'll be some business mix change, because obviously, protection business does usually have a slightly higher take rate. But nothing material. And I also mentioned last time that sometimes there is quarter to quarter shift of 5 to 10 Cr, which is roughly 2, 3% here or there. So maybe 10 Cr here and there and look at this shifting over quarters rather than one quarter. The base answer is, no, there has not been any material shift in any of our take rates.

I think the only change in first quarter this year versus last year is the improvement in mix for the protection business. So protection is a larger portion of our mix this year. So that's why you see a small delta in the take rate.

Sachin Salgaonkar: Got it. And if you think about the renewal mix, any broad understanding of how much is between your own and PoSP?

Management: PoSP is almost insignificant as a part of renewals like last quarter. We usually don't give these numbers, but it's like meaningless. It's like a few tens of crores at most.

Sachin Salgaonkar: Okay, very clear on that. And yes, as we speak, no significant, or absolutely no updates on Bima Sugam. Right?

Management: It's a great platform. I think it'll do really, really well, it's obviously initiated by the government and by all the insurance companies we as part of the idea, we are also part of it. And we think it's a phenomenal platform. So yeah, that's where we are

Sachin Salgaonkar: Sorry. I wanted to understand from about the launch time and date , any updates.

Management: Look, I'm not the right person to comment on that. Please appreciate it's a regulated platform. It's a regulator initiated platform.

Sachin Salgaonkar: Fair point, and one last question, general thoughts on competition. We are seeing PhonePe getting a bit more aggressive into insurance. Media articles indicate Jio Financial services is also looking at that. Any broad thoughts?



Management:

So our view stays exactly the same. The second largest player in the market is none of the names you took. We will not name them, but they are following pretty much our model. So we think our model is a good mode, we are very confident of it. And of course, nobody even heard of their name but they follow exactly our model. And yeah, they're the second largest player. So, I think platforms, having almost half the country's traffic on them, are also not able to get as much volume as somebody who's almost unknown. So I think the model is very clear. This is a customer support model. Whoever has to compete eventually has to build exactly what Policybazaar has is my opinion. Because health and life insurance are like that. But I would refrain from commenting more.

I just want to add one thing to this that I think the best way to think about this is that there is a huge insurance market opportunity. One is here and now, and one is the growth in that opportunity, and I think the idea is to get more and more customers to, first come to Policybazaar, and then buy from us. So I don't think it's just a platform versus platform game. It's actually a very big market opportunity, and we are one of the players in that market opportunity. So I personally feel that one should not look at it in a narrow way, in terms of digital or something like that. It's a very broad set of people who sell insurance, and we are one of them. I'll just put a little more color on this. We were talking to our agents recently. And I asked them, what is the common trait between customers who come to you? And almost all of them said that somewhere their query was initiated by an incident. That incident could be the death of a colleague, friend, family member or a big disease, or a big medical bill. So these are incidents. When that incident happens, is pretty much the only time a person thinks about purchasing one of these products, where the customer has no immediate benefit, nothing whatsoever. But when that event happens, the reality of it gets triggered to them. And they decide to buy this, and when they do that, it seems like the most trusted name out there, or the most obvious name out there seems to be Policybazaar at least from the digital search perspective. And so a bulk of them come here. And then they need a huge amount of hand holding in purchasing this product because it's not that straightforward. It's very easy to say that buy health insurance, etc., it's actually a hard product, and you have to manage 2 sides of the risk: you have to manage the information that the customer is disclosing. And you have to make sure the customer doesn't get mis-sold the product. Sometimes you almost have what you call false starts. A false start means you could get volume. But that could blow up at the other end in terms of claims ratios, and we see lots and lots of those in the industry, and that people are aware of those. So you have a lot of false starts, and for a while you could sustain a false start, but you can't sustain



them at scale. So I'll conclude that's the kind of thought through, deep analysis of the situation here.

I will just add one more thing. Technically, anyone who is selling insurance is a competition, whether it's a bank or agent, or any platform but at a very high level, the way you need to look at industry is, is the customer thinking about insurance or not? If someone wakes up in the morning and thinks insurance, what really happens? Do they come to Policybazaar? Do they go to someone else? On the other hand, there are a lot of people who are able to sell insurance to a customer base who will not need insurance. So it's a push vs pull. From that perspective, there are people who are trying to do a bit of what we are doing. But yes, there are lots and lots of people in India. Banks or agents selling insurance got huge amount of volumes. So from competition perspective, technically, everybody is a competition. But our overall effort for last so many years has been to make the customer aware that you need to have insurance in the core part of the financial planning. Second, once you think of insurance, come to Policybazaar. And third, once you come to buy you buy through Policybazaar. Now we have a lot of people have a brand recall of Policybazaar.

Thank you, Sachin. Next question from Mr. Yash Gandhi. Can you please ask the question?

Hi, Yash, we can't hear you

Okay. We'll move to the next person. Ankush, please ask your question.

Ankush Agrawal: Yeah. Hi, thank you for taking my question. Just a small clarification. We have taken board approvals for some infusion of capital, and both policy as well as paisa. So can you clarify what's the reason for this specifically, because now the subsidiary are profitable so they should be throwing cash back to the holding company rather than infusing cash? So any specific reason?

Management: If you look at our RHP, we have clarified that this money is raised for specific objectives. Those objectives are delivered through our subsidies, and to enable spend and allocation of funds. As per the plan, every year we transfer money to those subsidiaries which will be will be in line for the objective mentioned in IPO. Accordingly, we are transferring about 700 Cr to policy and 200 Cr to Paisa and to Dubai. This will be transferred over a period of time, as and when the funds are required.

Ankush Agrawal: The capital requirements right <inaudible>

Management: As a group, right now we are generating cash. We hope to generate cash of almost 400 Cr this year.



- Ankush Agrawal: Thank you.
- Management: Thank you. Next question will be from Mr. Rishabh Parekh. Rishabh, please ask your question.
- Rishabh Parekh: Hi guys congratulations on a very strong quarter. I just had a similar question to the last question. We're generating 400 Cr this year. What would be the overall use of our proceeds? Have we thought through this further? Some clarity on how we will deploy the cash.
- Management: The proceeds are being utilized as per the RHP. However, you are absolutely right. We have about 5,000 Cr of cash on our books right now, and we are adding to it every quarter. So yes, my expectation is that by FY26-27 we should have maybe close to 7,000 Cr or so of cash, which is an interesting dynamic and we need to think about utilization of these proceeds. So we will, with the Board, deliberate beyond March 24 what we do with these funds, but we have no specific plans, as of now in terms of usage of that excess capital at this point. We don't have anything to report on that. We do have ideas. But they are not mature enough to be disclosed as a public company. They are just management ideas as of now. We've not gone to the board with them. But it's unlikely to be acquisitions, just clarifying, very unlikely to be any major acquisitions.
- Rishabh Parekh: Yeah, yeah. Understood. Thank you.
- Management: Thank you, Rishabh. We'll take the next question from Bhavya Sanghvi. Please unmute yourself.
- Bhavya Sanghvi: Hello! Thank you for the opportunity, sir.
- My question is related to the physical expansion, the store expansion that the company is doing. So it's been some time that the stores have actually been developed. Wanted to understand if they are improving the metrics, basically premium per inquiry fulfilled through the physical store where the inquiries online or the walk-ins. So how is the size of the policies or premium per policy different from the online business? And do you see material improvement or deterioration in the margins from the business done through these stores. Thank you.
- Management: So our physical business has almost 1,000 people deployed on that. We sell life insurance and health insurance where we offer to meet consumers in their homes and offices. Since it's something that we started about 18 months ago, it continues to improve in terms of the productivity. Just to give you a sense in our savings business ticket size. When you meet, somebody is almost 45 to 50 higher than it is on the phone. In health and term, it is higher, but by a smaller amount, because, as you can imagine, things don't



change that much for the family or for the person, whether you meet them or you don't. So I think, overall it has added to our conversion rates. It has added to our efficiency and productivity, and it continues to do that quarter after quarter. And we are very, very happy, and we are adding to our capacity as we go along. So this year we will add to that capacity. We'll open new cities as well as new locations where we'd be present. So I think, this is now a leg that is there, and I think it will continue to grow in importance as we go along.

Thank you. Yash was not able to speak because his mic is not working. So I'm reading out his question, which he sent to us on the chat.

Yash Gandhi: Question number one: any impact on take rates due to EoM and any guidance on that going ahead.

Management: So, as we said, the EoM has come into place as of first of April this year. And we have not seen any impact from it in any of our product lines on the overall take rates of our business, and we don't expect to, either.

Yash Gandhi: The second question is, what percentage of PoSP business was retail versus corporate last year. And where are we this year?

I wouldn't want to go into exact specifics. But, as I explained, our retail business is now a very significant portion of our overall business, and last year it wasn't. I think we'd like to leave it at that. It's a competitive market, and I think this is a bit of detail which we can avoid.

Yash Gandhi: The third question is contribution margins are at 45%, despite annualized run rate going higher. And this quarter savings was also subdued. Any comments on the same?

Management: I think savings being subdued, hopefully, it was a quarter matter. By the time the year is over, we may have a different story to tell. Margin at 45% is what we would have expected if you asked us. But if you had asked us last year what we think our margins would be about now, it would have been in the similar ballpark. So yeah, I think no, no surprises at all. It's as I said, a pretty boring business. I would just say that 300 basis points improvement year on year is a significant improvement.

Thank you Yash. Next set of questions will be from Sanskar Singhal. Please ask your question.

Sanskar Singhal: Yeah. Hi, I'm audible. Thanks for taking my question. So just have a curiosity question like, what percentage of premium must be coming from the offline segment that we ventured into the non PoSP business.



Management: Roughly, 20% of our life and health fresh premium comes from our offline, from our offline visit capability.

Sanskar Singhal: This is the non-PoSP one. Right?

Management: Yes, absolutely. We're not talking of PoSP. We're talking of our core online business. So if in life and health, we do ₹100 of fresh premium, ₹20 comes from the FoS (Feet on street) capability that's available. Closure happens or the last meeting happens offline. The customer still comes online to the website or app. And he's probably spent a lot of time talking to the person in the contact center. And later somebody also meets.

Sanskar Singhal: Yeah, got it and also another medium term to long term question like I know it's been repeated in the past. But just to get more clarity. What are the main drivers of medium term or long term growth, and how you are you planning to outgrow and how much? In what sense? The industry? And within that if you can shed some color on the segmental growth of each of the products that we provide.

Management: So see, there are 2 parts: one is the revenue growth, and the other is the EBITDA growth. On the revenue growth, we're not decoupled from the industry, but the way we have been executing over the last many years, we believe that we should be able to grow 2 to 3X in life and health. And that's been sort of a guidance we have been maintaining for some time now. If the industry grows at 10 to 15%, that automatically means that we are looking at a number closer to 30% growth for life and health put together. On the EBITDA part, it is actually quite a simple business to understand. There are 3 operating and 2 non-operating pieces that you will need to just track. On the operating piece, there is fresh / new whatever you want to call it, the core business growth on the new side. The second is the renewal growth on the core side. The third is the new initiatives, and how much we want to invest in those initiatives. Then, on the non-operating side, there is ESOP charges and other income. Now, if you just think through renewals, ESOP and other income are almost automatic. They just happen because of the base. And that sort of explains 80% of the delta from last year full year EBITDA to what we are projecting for this year or, in FY27. But you just need to have clarity around these 5 pieces on how they move, which will just explain the whole EBITDA story.

And what we notice is, as Alok mentioned, and I think I mentioned in the last call as well, Tapan Singhal sir, from Bajaj Allianz said it very well to me once. He said, the industry always grows together. It is not like one player will grow, and the rest of the industry will go into the dumps. That never happens usually. You may have player to player shift a little bit. And so that's what we've noticed. Last year was a tough year for protection. And so we



also struggled. This year protection is somewhat coming back. Although health growth is still somewhat complicated for the industry, for us, we are definitely seeing the benefit of being 2 to 3 x of that growth rate. And this year broadly, except for certain push channels, savings has been a bit challenged. So for us, also, savings is being a bit challenged. So it's not like we can decouple from the rest of the industry. But yes, we will in most situations get better growth than the industry. And keep taking market share. We're still a very small market share. And plus the area we focusing will hopefully grow faster than the rest of the industry, because protection is what we are focusing on. Thus health and term, we expect to grow on a long term basis faster than the rest of the industry.

Sanskar Singhal: Additionally, actually I might have joined the call a bit later. I'm not sure if you have repeated, what about the headwinds you might have faced in the PoSP business in this quarter.

Management: I think the guidance we've given is on new initiatives. We will spend somewhere between 150 to 250 Cr every year. That's the broad range we'll be in. At some point, we will reduce it. Beyond that, it's not too material to get into exactly what is happening in one particular quarter. I'll give you a very simple example. If you think about cycling races, sometimes, and if you, if you think about all of them, they are almost all decided at the last one kilometer. And the person who's leading the race almost to the end is the one who actually loses. So, just reducing volume or increasing volume actually in the PoSP business does not mean too much. As you saw, last year, there was almost 600, 700% growth, or maybe even 1,000 growth over the previous year. This year you will see maybe 10% plus 10% minus. Next quarter you may be surprised. Even we might be surprised, because we will keep changing our track from quarter to quarter on this. And that is the competitive nature of the dynamic here. Now the question is, you may trust us, or you may not trust us. If you trust us, you will believe eventually we'll win. If you don't trust us, you can believe we will actually lose. Either way, it's not a very material outcome to the overall organization. And that's, I think, the point you have to take home, because, the core business profitability will grow enough to dwarf any profit or loss coming from new initiatives. Just give us a bit of time, I think. You will. You will see that happen.

Sanskar Singhal: Okay, okay, thank you so much.

Management: Thank you. We'll take the next question from Nidhesh Jain.

Nidhesh Jain: Can you break up the EBITDA for Policybazaar and Paisabazaar for the quarter?





Management: We don't break up EBITDA for the quarter by kind of business lines that way. But overall the core business has made about 69 Cr of adjusted EBITDA. A bulk of it would be insurance, and a small amount would be credit.

Nidhesh Jain: Okay, sure. And secondly, what is the growth in the new business, a new premium health insurance side, because I think health insurance is the most important piece of business for us

Management: Nidhesh, we have mentioned that somewhere between 2x of the industry growth rate. We've given enough guidance with protection being at whatever rate, it's not extremely different from protection element. It's not like term is growing at 80% and health is growing at 0. So, if we said about 40, they are in the same.

Nidhesh Jain: That NPV cost ratio that we have been talking about. How that is trending

Management: That stays at the same at about 2.8x. As of now. NPV. But but again, that's an internal calculation. So broadly our NPV to direct cost ratio is about 2.8. So that includes the acquisition marketing group. We hope to take it to 3x at some point in the future. That's the objective. So the target is 3x.

Thank you. Nidhesh, we'll take the next question from Sahej Mittal. Please unmute yourself.

Sahej Mittal: Yeah. Hi, team congratulations on a good set of numbers. Hopping back on on the PoSP business. Just one clarification. So if I look at the contribution margins, the margins have been quite volatile in this business, so I mean, when you are doing this PoSP business, what is yours objective of doing this business because end of the day, if you look at from located from 3 to 4 year your point of view, where do you see the contribution margins trending? Because the delta can be huge, right from minus 10% to even point 5-1% contribution, positive contribution margin. The delta to our profits can be huge. That is one. And the second one is on the renewals business. I mean, why would the PoSP business not have any renewals? Generally that is how your contribution margins tend to improve right on the renewals business?

Management: So I will take the second one first, the PoSP business will have renewals. It's just that, because it was a new business for us, the renewals will come over a period of time. Secondly, the renewal rates in the PoSP business tend to be much lower than the renewal rates in the direct online business. There will be rollover. So those people will move to buying fresh policies of other companies. That is the nature of that business.

In terms of the first question, at least the way we look at it, last quarter where you're referring towards, plus one, and this quarter overall is minus 10, right for all the 3 businesses put together. To my mind it's not such a big



change. I think these are corridors of how businesses operate. Last quarter, fourth quarter, was very special in terms of the life business being a very, very large portion of the overall pie, etc. So I think it's in a very good range, and if you see, it's consistently moving in the right direction when you look at it year on year, and even sort of sequentially. I think the reason to do the business is very, very clear. I think, there's a large portion of the business that is done by agents in the country that will always remain there. Agents need an efficient platform from which they can serve their customers. I think that is the platform that we have built, that we are building, and as our platform becomes more and more sophisticated and more advanced, I think the economics will also keep improving. And you will see that the numbers will go in the right direction. But it's something that one need not move too quickly on, because the shape of the business should be correct. We are happy to invest in that business for the next few years, as Yashish and Alok have said, 150 to 250 crores a year on the outside is what we are willing to do. And I think in that we'll be able to build a very, very nice business, and you'll see that as we as we go along.

See our fixed costs in that business in the whole PoSP business, are broadly about, let's say 35 to 40 Cr quarter. That's the fixed cost of technology product, manpower, etc., etc. After this, essentially, what you have is payouts. We are figuring out quality. We are figuring out things. You would expect someone like us to be fairly mature about how to play this out and at the same time play to win. And there will be moments of weakness and moments of strength and various things. What you will find is as we build out our overall volume in this area, it will not have a material impact on profitability either way. Either way. It can't be more than 10% of our profits or losses either way in FY26-27, both ways. It's not going to be a material impact. It gives us huge volume credibility though. There is physical distribution, which is a big part of the industry and enabling it through technology is going to be a big win point. The final winners will be the ones who are able to get the technology right. But also the data right. And all the analytics right. We have a huge amount of experience and a huge amount of understanding of this. It will also require operating profit strength, which our core business provides. Imagine if you did not have the core business and you are running only the PoSP. Then that question which you're asking would be quite valid. That why exactly are you doing that? Especially when there is somebody there who can support this PoSP business for a very long period through core business profits. I think these are cycles. Yeah. And for us, we have to just wait out the cycle. And that's it.

Sahej Mittal:

Got it. Thanks for the detailed answer, I mean, just one on the GST issue, which is floating around in the insurance industry. Obviously, we haven't



provided for any of those liabilities. But do we anticipate a big amount hitting our P&I, if in case hypothetically, it comes through

**Management:** We have provided all information or clarifications which have been asked by the authority relating to various discussions they are having with insurers, within the insurance industry. We haven't heard from the authorities after that. We are not expecting any hit, any significant hit on us as of now. And let's see how it evolves, because the issue is complex for the industry.

**Sahej Mittal:** Got it. Thanks for answering these questions and all the best.

**Management:** Thank you Sahej. We will take the last question from Nischint Chawathe. Please unmute yourself.

**Nischint Chawathe:** My question actually pertains to Paisabazaar. We've kind of crossed almost like 1,000 Cr of disbursements a month and revenue will probably be around 40-50 Cr. So just trying to understand what is the point in which we sort of see the J-curve of profitability.

**Management:** Nischint, thanks for asking. We are at about 1,300 plus crores of disbursement like you said. We're starting to see the profitability improvement. Like we mentioned, this is the 8 month now that we are profitable since December 2022. Our focus is to continue to now increase the EBITDA to revenue ratio. We would be operating at about 7%+ already, and you will continue to see improvement in that metric, and hence the curve is moving in the right direction and that also is evident in the fact that when you see the contribution margin QoQ staying broadly in the 40 to 45% range. As we grow the top line by about 50 odd percent or plus. So, in terms of absolute amount, if we are generating 45% or so margin, a reasonable part of that starts to add to the profitability.

**Nischint Chawathe:** So what size of revenue or disbursement per month, do we really need to achieve the optimal? Maybe 30-35% EBITDA margin. I mean 2 years away assuming that we are able to maintain this.

**Management:** We don't want to talk about that kind of far out in terms of the projections. But like I said, we reached 0% in terms of break even in December. We already are about 7%. And we have an internal plan to keep moving forward on the margins and with the growth of top line the absolute numbers start to look attractive enough. I'd say that our first goal would be to hit, get towards 20% in a reasonable timeframe. And once we get there, of course, we'll talk about the 20 to 30% jump. You move from -13% to very near to double digit right now in last one year. But that's a very big change which has happened. And then we mentioned the contribution margin very healthy at about 40%. So, as the business grows, a lot of it will slow down, fixed cost as a % of revenue.



Just to give a bit of color on this, last year our renewal revenue was approximately 20 something crores. This year, our expectation is maybe 4 times that. So now what you're seeing is a 75 Cr delta within one year. And Paisa has, since the very beginning, been always a strategic question mark and an operational positive surprise. For the last 8-9 years, it just keeps executing and keeps doing better. So I expect the same. Obviously 2021 was a special year when we had Covid and of course credit had a difficult time. We are also exploring if we can get a higher share of the revenue, because today, besides operating at a certain percentage which I believe, could potentially be higher. So I see lots of potential upsides on the Paisabazaar side. Let's wait it out. I think it's going to be the positive surprise on that 1,000 Cr number.

That was the last question for the call. I now request Alok for closing remarks.

Thanks everyone for joining the call. It was wonderful to have you here. We are now taking investor & analyst meetings from now till the end of the quarter. So please do reach out in case you have any queries. We will be happy to answer them.

Thank you.