May 15, 2024

To

National Stock Exchange of India Limited	**BSE Limited**
Exchange Plaza, 5th Floor,	**Department of Corporate Services/ Listing**
Plot No. C/1, G Block,	**Phiroze Jeejeebhoy Towers,**
Bandra-Kurla Complex,	**Dalal Street, Fort,**
Bandra (East), Mumbai – 400051	**Mumbai – 400001**
SYMBOL: POLICYBZR	**SCRIP CODE: 543390**

Sub.: Transcript of the Earnings Call conducted on May 08, 2024

Dear Sir/Madam,

In furtherance to our earlier communication dated April 25, 2024 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 May 08, 2024.

The transcript of Earnings Call is also available on the website of the Company at https://www.pbfintech.in/investor-relations/.

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

Thanking You

Yours faithfully,
For PB Fintech Limited

BHASKER JOSHI
Digitally signed by BHASKER JOSHI
Date: 2024.05.15 15:38:53 +05'30'

(Bhasker Joshi)
Company Secretary and Compliance officer

Encl.: A/a

PB FINTECH LIMITED

Q4 FY2023-24

Earnings Call

May 08, 2024

Management: Hi, a very warm welcome to PB Fintech Limited Earnings call for Q4 FY 2023-24. Today we have with us,

- Yashish Dahiya, Chairman & CEO, PB Fintech
- Alok Bansal, Executive Vice Chairman, PB Fintech
- Sarbvir Singh, Joint Group CEO, PB Fintech
- Naveen, Kukreja, Co-founder & CEO, Paisabazaar
- Mandeep Mehta, Group CFO, PB Fintech
- Rasleen Kaur, Head, Corporate Strategy & Investor relations

I will now request Yashish to give the introductory address.

Management: Thank you very much. Good morning to everybody who is in this part of the world. First of all, I'm super pleased with this last quarter and the primary reason for that is health and life insurance combined, which is the core of our business and a bulk of our long term value; had a combined growth of 53% YoY in new premiums for the quarter. That is clearly what drives our long-term profitability and Net present value of our business. Health, I must call out, has significantly outperformed this number of 53%. We do not disclose specific segment wise percentages. Our total insurance premium for the quarter was ₹5,123Cr, and that gives us an ARR of ₹20,000Cr, which was also a long-awaited milestone. We are also very pleased about that. Our new insurance premium grew at 47% for the quarter. Given everything else, this seems like a fantastic outcome. Our core insurance premium, for our online business, including renewals, grew at 40%. The core insurance revenue grew at 36%. It was slightly lower than the 40% growth and that is primarily because of a lower take rate on the savings side and a few changes. QoQ a few changes keep happening here and then, but that's basically it.

The credit-linked business - Paisabazaar, has slowed down pretty much as unexpected. So we had been guiding towards a 20% growth. It grew at 22%. If you notice this quarter, we are giving out this specific guidance of how much did core insurance grow, etc. We usually do not do that. But it is because there's a number that just needs to be explained here. New initiatives grew at 15%. Now, that may seem like it wasn't a great growth, but that is actually not the case. QoQ new initiatives grew at 50%. So, last year, we had an extraordinary same quarter, where we had grown more than 100% QoQ. So if you think about it last year, Q3 new initiatives revenue was ₹185Cr. It went to ₹365Cr, which was almost a doubling, so it was a very special quarter. And it was very difficult to grow on that ₹365Cr base. But we still grew at 15%. Because it's a significant part of the revenue, that subdues the overall revenue outlook to 25% growth Yoy. So the combination of these three essentially comes out to 25%.

We had the aimed for a full year PAT break even and we are very happy to announce that we achieved that ahead of the target in Q3 itself. And have now ended the year with a PAT of ₹64Cr from a loss of ₹488Cr last year. This is a swing of ₹552Cr. I think if you were to ask me my opinion, I think the ₹64Cr in in my estimate is a little below where I expected it to be. And as I said, there are quarter and quarter movements which you sometimes cannot control. So that's the way it is. Our revenue for the year grew 34% to ₹3,438Cr. Revenue for our online marketplaces Policybazaar and Paisabazaar, which we referred to as the core businesses, grew 39% to ₹2,375Cr, while improving their adjusted EBITDA margin from 6% to 14%. Adjusted EBITDA for these businesses are now ₹324Cr. This year was again a very special year, because of the growth of health. I have explained it multiple times, in fresh health business, our margin goes down to 0 for that year, obviously. So what you see, is approximately 45% coming out on a on a standalone basis for Policybazaar Core. But when we do fresh health business, the part of that is 0. So any disproportionate growth in fresh health will actually reduce margins. And you know some of that you would see but our trail revenue, which was ₹577Cr up from ₹388Cr last year. So if you notice, that's almost ₹190Cr growth, and this comes at 85% margin and is a significant source of profit. I think, as we look forward, that should become stronger and stronger.

We continue to improve on CSAT. This is another number, which was at a particular number, pretty high, but it was stuck there. We have now got a CSAT of 89%, which is actually the highest we have ever reported. Our credit business growth showed moderation, however, it continues to be adjusted EBITDA positive since December 2022. We are now at an ARR of ₹14,000Cr on disbursals and about 6 Lacs Cr on issuance on an annualized basis of Credit Cards. The Credit Score consumer base has now increased to 43Mn. 75% of the cards were processed end to end digitally, and 75% of disbursals are from existing customers. We continue to strengthen our leadership in new initiatives, while building further efficiencies. If you notice this year, the new initiatives broke even at a contribution basis. PB Partners, our agent aggregation platform, continues to lead the market in scale and efficiency of operations. QoQ, new initiatives grew 50%. So please don't get bogged down by the 15% YoY growth. Just the base was extraordinary. We have moved the PB Partners business strongly towards smaller and higher quality advisors. That is a big change that has happened from this year to the last year. And it has the highest proportion of non-motor business, and is present in almost 18k PIN codes, which is almost 93% of all PIN codes in India. We continue to see improving efficiencies in this business, and increasingly becoming more and more confident of the business breaking even sometime in the near future. Our UAE premium grew 2.3x and that business also continues to do very well. Very happy to take questions now. Thank you.

Management: Thank you, Yashish. We'll take the first question from Srinath. Srinath, please unmute yourself.

Srinath V: Hi, Yashish. Just wanted to understand that there's been an increase in porting in health policies at the system level. With that context, wanted to understand, how this impacts persistency of our back book and our NPV calculation, given that our back-book in health is extremely profitable. At least, if you could share some qualitative understanding on how persistency has played out this year versus say last year or the year before, that'll be great. I have a second question on Paisabazaar. I'll come after you are done with this.

Management: So, I will hand this question totally to Sarbvir. However, you would obviously expect someone like me to be tracking this also, in addition to Sarbvir. So I just wanted to mention our persistency is the highest it has ever been.

Management: I think, two points. The persistency actually, in our opinion, has been at roughly the same level as the previous year. So actually, the persistency is at elevated level, but it has been the same for the last 2 years. Our persistency, as Yashish just mentioned, and we measure it both by number of policies as well as of course, the premium amount is at the highest that it's ever been. And we spend a lot of time and energy in ensuring that. And I also want to just share that our fresh business, also, the percentage of porting is at least half of the overall market level. So we bring a lot of fresh new customers to health insurance, and we don't actually end up giving a lot of porting business to our partners.

Management: Our porting of our fresh business is about 20%. So just being crystal clear on that (in that range, approximately 20% and not widely off that). And our persistency on renewals in both number of transactions and premium, it is the highest ever. It is a percentage or a percentage to 2 percentage more than it has been in the past ever. And I'm talking about the whole year. It's only continuing to improve.

Srinath V: Got it. Just a clarification on this 20% that you have shared. Again qualitatively, can you comment whether it has seen an increase over the last 2 years, substantially, or you know, has it been somewhat constant in a range that would be nice again, very qualitatively, would do.

Management: Yeah. Post Covid, it has seen some increase. I think it would have been in the 15 or mid teens kind of range earlier. It has gone up a little bit over the last 2 years, but YoY it's kind of roughly been in the same neighbourhood.

Management: The Key point to take away was what Sarbvir mentioned, that we are at about half the rate of where the systemis. And I think, the second part is, we pride ourselves in bringing new customers to the system. Yeah.

Srinath V: Got it perfect. One question on Paisabazaar. Wanted to understand - it seems like the regulator is favouring secure products over unsecured products. Is there a way with the kind of evolution of technology, maybe digital signatures and so on and so forth, that we could look at originating some part of the secure products which go to granular retail. Is there any thought on something like this given that we are a platform, which probably has the highest organic traffic for loan searches coming in. Thank you. That is all from my side.

Management: Thanks, Srinath. You are right. It is also there in one of our slides, if you've seen the presentation. Currently a secured disbursal percentage would be about 13% to 15% on a quarterly basis. And one of our key priorities for this year is to try and increase the secured growth and hence the secured contribution. There are multiple categories that we're exploring, within that, we already have Home loans and Loan against Property live. There is some digitization that's happened in those categories. But it's still limited to an income based sanction, kind of stage. Because the primary asset is still kind of non-digital. But there are some interesting new categories that we exploring like Loan against security. We know what's happened to the number of consumers coming into equity market over the last 4 years and that asset or that secured loan category is becoming interesting. So we're exploring couple of additional categories besides home loans and LAP. But the overall priority is to increase the secured loan contribution.

Management: So just to clarify, we have seen tightening, and I wanted to take this opportunity since we have all of you here. Thank you for being around. I had said I expected about a 10% reduction, while that has proven correct for the last quarter. I expect this to last at least one more quarter. And the expectation, I think, is going to be below that. So I think we would be good at maybe 0 to 10% growth for Paisa. And I'm giving this guidance only because it is a very special situation right now for the next one quarter. But we don't expect it to last very long, because at a very fundamental level, it's not a quality based slowdown. It is a process based slowdown. And just to also explain one number, because, Naveen mentioned that about 13% of our disbursals are secured. From a revenue perspective, it's approximately 4% of our revenues from the secured category. So secured does not really exist for us so far, but we are quite convinced that we want to build up that category along with unsecured. We're not worried about unsecured, but we think of secured as an opportunity.

Srinath V: Thank you, Yashish. Thanks for the clarifications.

Management: Thank you, Srinath. We will take the next question from Jayant. Jayant, please unmute yourself.

Jayant Kharote: Thank you, Rasleen and congratulations to the whole team for a strong set of numbers. Two questions from my end. One is on the renewals. Clearly, what you've been saying Yashish, seems to have played out this quarter. I can see the take rate on our renewal commissions in the core businesses is sort of moved up from that 6% to almost like 7% this quarter. So I'm guessing the non-life mix is improving over there. Is this sustainable, or moves up from here? That is number one. And second is on the other Opex, the QoQ increase, if you could just help me understand these two from my end. And again, congratulations!

Management: So I'll start with the second question. This is just a reclassification of how our PB Partners business works. I think the first question was on the renewal revenue. Of course, as you will imagine, as the book will build, this will continue to grow. I also want to just call out that ever since we became a broker we do get some renewal revenue on the life side as well. So that is also slowly starting to add up. So it's a combination of both the things. And both things will keep going, so that it should be very, very sustainable.

Jayant Kharote: So the 7% stays for the next, or moves up from here. I mean, how should one think about that?

Management: Yeah, we don't think that way. We actually hope it reduces, because we hope that our new business grows so much.

Management: This is not the percentage but just the renewal take rate

Management: Oh, renewal take rate. Oh, yeah, that will inch. See, both are happening. Our life renewals is increasing & our health is also increasing. But yeah, assume they stay in the same range here. Assume this.

Management: We don't look at these things in an overall consolidated basis. We look at each vertical, each case. The mix may change a little bit. But you know it's very tough to estimate that this 7 will become 6.9 or 7.1, because in a particular quarter, things may change a little bit in a particular vertical. If you look at each vertical, the new take rate, and the renewal take rate that is not moved at all unless we have changed the product itself. So, in the opening commentary Yashish mentioned about Savings product. There product itself has change a little bit, and that's why the take rate has come down for that particular product.

Management: At a fundamental level what you need to appreciate is a large proportion or much more than majority of the proportion of the renewal revenue belongs to health. In the last year, our fastest growing business is health. In the previous year to that, health had not grown so much. So obviously as you look into the future, the renewal revenue should show a pretty smart uptick because of what we have done in the past year, but that's a pretty obvious one. I think what we look at, as Alok mentioned is, we don't look at it at an aggregate level. You know we are quite sophisticated about how we look at renewals and everything, and we'll every year, look at it in a manner, and that has all been reaching upwards. So we are very confident of, you know the renewal performance.

Jayant Kharote: That answers my question. Thanks and congrats once again.

Management: Thanks, Jayant. We will take the next question from Sanketh. Sanketh, please unmute yourself.

Sanketh Godha: Sorry! You can hear me right.

Management: Absolutely.

Sanketh Godha Yeah. Thanks for the opportunity. See, I have few data keeping questions and few related to strategy. One, obviously, if you can give the breakup or you can spell out the exact premium number of PB Partners and PB Corporate. And if you can give us what was exactly the branding cost which we have done in the current year, and in the fourth quarter, that's the one on data. Second, to add on the data we have. If you can confirm the core new business premium number in the fourth quarter is ₹1,770Cr. Right? That is the first question. Maybe I will ask the second one later.

Management: Yes. Little higher than that. ₹1,777.

Sanketh Godha: Oh, okay, perfect. And if you give me PB Partners and the PB corporate premium, that would be useful, and then branding cost.

Management: POSP is ₹1,200 odd.

Management: Corporate is about ₹200.

Sanketh Godha: Okay, this is ₹1200 for the year, or, okay. Fine. Perfect. Yeah.

Management: 1,200 for the quarter. Yeah. Quarter. You asked for the quarter, right, Q4?

Sanketh Godha: Yeah, yeah.

Management: POSP is ₹1,200. You know, our corporate is about ₹200.

Sanketh Godha: Okay, perfect. And just wanted to understand your branding cost. How is that means, last year I think we spent around ₹240 odd Cr. How is that number moving in the current year? And how do you expect it to play out?

Management: Yeah, Sanketh, I think overall our branding costs have been going up below our revenue growth. So if you see you know, around half, I would say the growth rate. I mean, I think the fundamental point is that the model works on driving new premium growth. So we focus a lot on driving fresh growth, and to deliver that as long as economics look reasonable, we will continue to do that. So there will be some spend again below revenue growth. But we will grow brand spending in the new, this financial year as well.

Sanketh Godha: Okay. Will you be okay to spell out the exact number, just from modelling point of view.

Management: It's very tough to give absolute numbers. I think we don't operate that way, guys. We see there is a good opportunity. We think, if we have a great creative that is working, we would spend a little more. All these decisions for us are very ROI driven and tactical decisions. Yes, we have broad ideas, and broadly, it shouldn't go totally out of whack. But see, at a fundamental level you need to understand our philosophy. Our philosophy is growth is a priority, massive priority. Profit is actually not a priority. Profit is like counting the engine has gone through. And now you're counting bogies going through of the train. And primarily that is because the bogies are essentially the renewal. See, the profit mostly comes from renewals. The fresh business does not give you profits, at least on the GI side. So within that we focus on health and life growth because we think we are solving a very serious problem for the consumers. And out there being at 53% growth thrills me. Now, if that means a slightly higher branding cost. You know I feel good about it. That's all. We don't kind of say, okay, last year the Branding cost is much so how much should it be this year? We don't really work like that.

Management: Like Sarbvir said, the brand cost increases roughly, half of the premium increase and as a percentage of revenue, it keeps coming down.

Sanketh Godha: Yeah, yeah, got it. And the next question was largely on this thing. Often you have stopped speaking on it, but just wanted to understand, how you are looking at it. The offline channel within the core business. I believe it used to contribute around 20% of the total premium, what you collected till first half. If you can give a bit of colour how branch addition, people addition, or how this offline has played a role in driving your health growth? Just if you give a bit of colour or understanding of that piece, will be very useful.

Management: Yeah, sure. So I think, the number you correctly said used to be around 20%. It's inching upwards every quarter, every month. You know, the rest of the business is also growing quite rapidly, so it's hard for the proportion to change dramatically. We are deploying lot more people in the field. And we are very encouraged by the response to the model. So I think in both the life side and the health side, we are adding people, and we are adding centres also. And it's growing quite rapidly. But at this stage the number is in the same ballpark of about 20%, but maybe 22%. But it's not dramatically different. The growth in health, quite honestly, it's now been a year, and it's just getting faster and faster, and it is not explained by any particular action that we have taken. It just seems to be at a very fundamental level, some kind of a consumer preference for dealing with us, and maybe some, it's not like one particular action or two particular actions are explaining that growth. Yeah, that's all I would say.

Sanketh Godha: Okay. Actually, that was my subsequent question. Assume the porting would have been little lower in the current year, relatively, at the system level, because it increased, you benefited because this year was a very unique year, because every insurance company took a price hike, and naturally there were customer grievances, and people started looking for porting a lot, and that benefited the entire sector with respect to porting. Yeah, and and you and naturally, participated in that.

Management: No, I think that's a wrong conclusion. Porting for us, we already explained is 20%. And you know, I don't know the exact number, but might have been 17% last year. Please hear what I said. 53% is the health and life growth and health significantly outperformed, that. It can't be explained by 3% is all I'm trying to say. It is a crazy number of growth. So it can't be explained by 3% here and 2% here.

Sanketh Godha: But can you tell your market share today in the new business of health.

Management: It's quite good, it's increasing fast. I will just leave it at that.

Sanketh Godha: Okay.

Management: I think again, if I would try to answer the import of your question right? Which is, why our help business is growing faster than the market at this point. I think that the answer lies not in one or some silver bullet answer. The answer lies in a series of actions that have been taken over a series of years, which have come together. One is, I would say, a focus on bringing fresh customers to the category. I think everything starts from the fact that we bring customers to the category. Number two is we have worked diligently with our insurer partners to produce products which are relevant and customize to what customers are looking for. That improves the conversion rate that we have. The feet on street plays into that same angle that people are able to meet customers and close sales at their homes or in their offices. Third thing is the improvement in customer experience that we have the fact that we are assigning a relationship manager to every health policy. Please stop for a second and think about it. Every customer is getting a relationship manager. Number four is at the moment of truth, in claims, we are helping people solve their problems where they're getting stuck. So, I would say, it's an overall series of actions, and I think these actions are coming together, and they will continue to strengthen. Now growth rates by quarter will change up and down. Portability by quarter will change up and down. And now but I don't think that is the fundamental driver of why our business is growing faster. So this is, I think these four things are the reason why it's up.

Management: And on porting, please note 2-3 very special points. We don't encourage porting at all. It's customers who will ask for it. If our customer port within our ecosystem, we keep on getting the benefit. But yes, if a customer comes from outside the system and want to go through us, we get some benefit. But, as Yashish said, the number has not significantly changed. Overall, we do not encourage porting at all.

Sanketh Godha: Got it, Alok. Thanks and that does answer.

Management: Thank you Sanketh. We'll request the next question from Dipanjan. Dipanjan, please unmute yourself.

Dipanjan Ghosh: Hi! Good morning, everyone. So few questions from my side. First going back to one of the previous questions in terms of the offline business and the traction. We are seeing that channel. And you mentioned on a deployment of workforce. So can you give some colour on the quality of business in terms of the mix that you are seeing in the particular channel? Or how do you see the profitability of that channel from more of a sustainable long term basis compared to, let's say, your digital business in terms of the margins that both these segments can command on , let's say, a like to like product basis.

Management: I think there is a bit of confusion here, because I've heard this word offline business online business a few times. It is a closure mechanism. The customer is still coming on the website. The customer can be serviced either through a contact centre or through a physical meeting. The cost of both these channels are pretty much the same on a per person basis. You pay a salary, and you pay telecom costs, and you pay a seat cost in one, in another one, you pay a salary and you pay some travel expenses and maybe obviously lower telecom costs and lower office costs. We do not really have a branch network. These are meetings at people's homes or people's. It's only to people who have come through the online channel. So it's just a closure mechanism, you could be doing calls, video calls. And the mathematics of all of these businesses is exactly the same. In fact, if you asked us to, really get into it, the most profitable one of it actually might be the physical channel. It might be slightly more profitable than running a call centre, because the conversion rates are slightly higher. The products are pretty much the same. So the mix is, it's pretty much the same.

Management: So basically, the most important part is the channel. The customer still comes online. This is just a way to service the customer. It's almost like you and us talking on zoom right now versus having a physical meeting. The quality of interaction improves a little bit.

Management: It's an appointment model. See, customer can choose to have a call, a video call, or a physical appointment. We will only go there if there is an appointment. We're not going walking on streets, knocking on people's doors and saying - would you like to buy insurance? That is not our model.

Management: I just want to add one final point that we verify all bookings. That verification process is run by an independent team. That team verifies all offline bookings and all online bookings. Now, I'm not sure, if your question was about this or about PB Partners. But we were talking about the retail direct business.

Dipanjan Ghosh: It was about the same point. So you know, maybe I use the word offline. But what I wanted to understand is basically for this. You know, digitally sort of lead originated but converted physically sort of a business, you know. Will then the product mix, be a little different from your let's say, core digital?

Management: So I'll again, explain that. In Health and Term, the product makes it very similar to what it is online, because a person can only buy a certain product. You can only cover your family or yourself, in either case. In the case of savings, yes, the ticket size does go up. In fact, quite significantly, when a person meets physically versus doing online. But you know, I repeat, that the quality of business as measured by persistency, as measured by Renewal rates is, very much in the same ballpark as the online business. In fact, sometimes a little higher also. So there's no quality issue at all.

Dipanjan Ghosh: Sorry. Just one last question, on the POSP side of the business. Has there, I mean, you used to operate at 80:20 motor: non-motor ratio. Is there any meaningful change in the number over the past, let us say 6 to 12 months. How do you see this business from a run rate or a growth run rate perspective from here onwards?

Management: You are right. It is normally runs at 80:20. In Q4 of last year, because of the changes in the tax regulations, etc. Life business in Q4 was actually very high. So that's why it was not 80:20. Now we are running in the same neighbourhood of 80:20.

Dipanjan Ghosh: So then, lastly, in terms of the growth trajectory. I understand it might be output of the productivity of the POSP partners, and the underlying asset class. But in terms of how do you foresee the overall growth trajectory in this area?

Management: We, think that the growth will continue. You know, we grow above the market. I think if the market is growing around 15-16%, especially in motor, we are growing 2-2.5 times that number. I think that growth rate should continue going forward as well. Of course, having said that now, at ₹3,000Cr of scale, we are now a fairly large operation so we are going to be affected by market forces, and how the market behaves as well.

And I think again, I want to clarify that in POSP right, the absolute amount of business that we are doing is not a core focus beyond a point. I think the quality of the business, the origin of the business, working with smaller regions going into deeper into the country, going into tier 3, 4, 5 cities. I think those are more relevant things for us especially as we look forward. Just gathering premium beyond a point is not really a focus anymore.

Dipanjan Ghosh: Got it. If I can squeeze in one small question on the Reinsurance broking side. I mean, I would assume that sometime during the year you would kind of give some quality to commentary on the progress of that particular strategy. But if you can kind of give some colour on how do you see the acceptability from both side? Both stakeholders, be it the manufacturers or the reinsurers, and which business segment apart from protection, do you think it can really benefit either from a market share perspective or from a pricing perspective?

Management: I think it's a bit early to give too much colour. We just got our license a few months ago. We are working on it. As you correctly said, protection is one category that we definitely see it impacting and we'll see how that goes as the year progresses. I think the good news also is that I think the industry also sees us as a channel, which is a specialized channel, especially for protection. So I think a lot of things that we would like to do, for customers are available from the industry directly as well. But I'm sure, with reinsurance, we will be able to make better propositions as time goes by.

Dipanjan Ghosh: Got it. Thank you. All the best!

Management: Thanks Dipanjan. We'll take the next question from Shreya. Shreya, please unmute yourself.

Shreya Shivani: Yeah. Hi, thank you for the opportunity and congratulations on a great quarter. First, just a data keeping question. Did you share Dubai premiums as well for the quarter?

Management: It's about ₹210Cr.

Shreya Shivani: ₹210Cr. Okay. Okay, thank you.

Management: We are becoming a significant operation that, becoming a decent sized operation, it was ₹110Cr last Q4.

Shreya Shivani: Yeah, correct. That's also a good growth. And did you share the credit revenue? Sorry I was a little late for the call.

Management: Credit revenue is ₹146Cr.

Shreya Shivani: Got it. So my main question is great delivery on the life, and particularly on the health insurance side. Just going ahead, what comes to my mind is now that as the life insurers and general insurers have to achieve an Expenses of Management cap and that date is coming closer. Does it concern you that they may try to push more into those channels, which are considered lower cost channels going ahead. And I want to understand the business dynamics that if your website is naturally generating far greater volume in terms of customers, people are naturally coming to your website and raising queries more over there. How much flexibility will insurers, who are, who also have cap restriction in, say, moving away from PB Fintech, while they try to balance their growth and their expenses. So just, trying to understand your thought process around this thing.

Management: Oh, thank you, Shreya. Look at the big picture here. We are at a take rate of about 17-16%, maybe 16%. I don't know of any EoM cap below 30%. And in health it's actually higher, at maybe 35. You know the reason someone like me is not hassled about it. You saw, when, the renewal question was asked, I was very precise in my answers. The reason someone like me is not hassled is that the ceiling is so far high compared to where we are that you know we really need to be the last person bothered about. So we are about half of where the ceiling is being placed, or whatever you want to call it right? And we are a full cost mechanism, like an insurance company does not really need a branch network, a regional network to do everything we do. In fact, we lean in at the point of claims, also we lean into the point of service, we lean at the point of customer service, issuance, payments. There's a huge amount we take on. So you know, if you really thought about it at some level, an insurance company has to give us a product and we can do a lot of the variable cost expense for them. And so you know, I wouldn't worry about it too much. The second thing I would like to point out which is our POSP business itself, because one thing is just looking inwards one. And looking at market data. Our POSP business is a far higher take rate than our Core business, which again points out because our POSP business should be comparable to the other businesses that exist. So that, again, points out to where the issue is, it's actually not in the online business. And if you again notice, our POSP business is 80% motor, whereas our core business is 80% health and life. And you would appreciate motor actually has lower take rates than health and life. So all of this is pointing towards a very simple thing that Policybazaar on the whole, is actually a lower take rate channel, and you have to look at the total expense. And I think it's a brilliant thing for us, the Expense of Management is coming, because that allows somebody to look at total expense when you run other channels you need a lot more cost. The basic thing is, when you run another channel, there's a lot more hand holding required, and a lot more costs that still need to happen. Whether it's a branch infrastructure, whether it's a sales infrastructure, whether it's a service infrastructure. In our case, Sarbvir mentioned even the relationship manager is us. So, I give a pretty elaborate answer. I don't think that's a worry point or a concern point for us at all.

Management: Here, see if you look at industry, the biggest cost will be claims. So the three costs - claims, distribution and servicing. And honestly, if someone were to analyse these three together for any particular channel, online acquired customer will come out to be the most efficient channel, everything put together. So you know this is a channel which is here to stay and to grow more and more. Customers who are young want to be in control of where their money is going, and what product they're buying.

Shreya Shivani: Yeah, no, I appreciate. I appreciate the part on the claims that you're mentioning, definitely the quality of customers which comes via an online channel versus any other channel. There could be a big delta over there just following up on this question. So, if we do a reverse, as in, I understand your take rates are at a certain level, but if I go and pull out the data of the broker channel for different insurers, and divide that by commission broker commission by broker premium. It does look higher. I know you are not the only broker but at least on the health side, it does look higher than 16-17, and that's why my concern that maybe if the broker channel is really higher than 16-17. Then the EoM cap may affect you, is my understanding correct?

Management: I just want to explain one thing to you that, actually, the Expense of Management: rules in favour of channel, like Policybazaar versus the earlier system of cap on commission. See, Expense of Management is Commission, plus total distribution cost plus all other cost. So commission, plus all other costs for Policybazaar, are lower than or, let us say, comparable to than other channels, and I think that is the crux of the point. Now you can sort channels not necessarily by commission paid only, but by the total cost of operations, and I think the total cost of operation, even excluding claims for a second, is lower for Policybazaar that than others. So if you were, if you were to make a graph of suppliers by cost, we would be a lowest cost supplier, and hence, if you start chopping off people from the top, we would be the last in that list.

Shreya Shivani: Okay, understood. Understood. I got your point. Yeah. That was my question. Thank you so much.

Management: Thanks Shreya. We will take the next question from Sachin. Sachin, please unmute yourself.

Sachin S: Hi, thank you for the opportunity, and congrats for a great set of numbers. I have three questions. First Yashish, just clearly you mentioned growth is a priority as compared to margin. So just wanted to understand. You know, how could one think about steady state margins for core insurance. And you know, how far are we in terms of getting out there.

Management: We genuinely don't think that way. I know it's a desire for a lot of people to have that answer. We don't think that way. We would grow. We would try to do the best possible products for the consumers and whatever is the market clearing price for those products from a take rate perspective is what we will receive. It is not like we want to have a higher take rate than what is the market clearing price, or we want to have a lower take rate. The take rate is a function of the products we sell right and of where the clearing price is, and we are comfortable. I don't want people to take the wrong message out of this. But our preference for lower and lower Commission products, which are better and better for the consumer. But it is not like Policybazaar as a channel, would be remarkably different from the market clearing price on the total expense basis. See, commission is just one expense but cost has to be looked at overall. And I just had one last comment from the last answer, because Sarbvir mentioned that if you know, some channels were to be removed, then it would not be us. It would be some others who are at a higher cost on a total cost basis. But please appreciate when a channel gets removed, the amortization of fixed costs does not happen, whichever gets removed, and actually that increases the cost for everybody else. So you know, Expense of Management, takes care of everything and it is actually an amortization of fixed costs over growth and volume. So actually, growth and volume become very high priorities in an EoM environment. And essentially, as long as you are below the 30-35%. You're in a great shape, but being lower than everybody else, sort of for the health, I know I've kind of diverted a little bit from your question, but I hope I answered yours and the previous one both.

Management: And if I could just add one thing that see, we have to also remember the context. The context of India is low penetration of health and term insurance, growing middle class, spread across the country. So I think this is not the stage at which one should try to maximize percentage margins. I think one should try to serve more and more customers, these customers will become more and more valuable over a period of time, and at some point into the future, there will be some time in 15-20 years from now, when you should start thinking about optimizing that mix. But right now I think the thing is to have more customers, and these customers will become more and more valuable over time.

Sachin S: Thank you, very clear. My second question is more on tech. And since your last analyst day, which roughly happened about a year back, there have been good, meaningful strides and improvement in generative AI. So any big picture thoughts in terms of how you guys are looking to utilize it, and I'm asking it because you guys have a good call centre support system. Are we trying to automate or trying to move and leverage our generative AI in that perspective?

Management: Yeah, absolutely. I think, not just generative AI, I would say that, I think there are a series of technologies that have come up over the last 5-10 years, broadly AI, machine learning, etc. We are using them in a variety of areas, I think, as we showed some applications last time also. One is around the whole area of risk. Second, is the area of call centre productivity to see how we can make our advisors more productive, how we can have more productive conversations with customers. Then there is the area of customer service. Again, the same thing - how can we offer more self-service options, how can we understand natural language of customers and again make our agents more productive, and then, finally, there's an overall opportunity to use generative AI in sort of breakthrough kind of manner where I think right now it's more experimentation, I would say, rather than results where we are trying to see what we can do to change the total nature of how a customer reacts or interacts with a digital accent. So I think those are 3-4 areas which we are working on. Each of these areas has dedicated people working on them. And I think over period of time we'll continue to give examples as we go along.

Sachin S: Got it very clear, and my last question is more a book keeping question. I noticed you guys paid some Income tax this quarter. I would assume there are certain tax credit carry forward losses just wanted to get more clarity on that.

Management: Yeah, we have about ₹2,100Cr of carried forward losses. So, of course, as the future years play by, we should get the benefit of those. But please do appreciate there are multiple companies, Profit may lie in one company, loss may lie in another company. But Mandeep is the right person to answer in more detail.

Management: So if you look at the tax laws, if you are generating income from your investments, that is where the setup of carry forward losses are not available, and this is a portion where we are paying tax right now.

Sachin S: Alright. It's basically the Treasury income. That's what you're saying. Right?

Management: So only the losses of the last year and the previous year can be included in that. So that so all I'm saying is, we do have that ₹2,100Cr, but it's play out will happen over time.

Sachin S: Alright, thanks all and all the best.

Management: Thank you, Sachin. We'll take the next question from Nischint. Nischint, please unmute yourself.

Nischint Chawathe: Yeah. Sorry. Am I audible? Now? Yeah. Hi.

Management: Yeah. Hi Nischint.

Nischint Chawathe: Yeah. Hi, just ,you know, on the take rate. Now, if I look at it your YoY take rate has gone down. And I think you made a small comment on that. If you could just elaborate a little bit in terms of which segment have you really seen?

Management: There is only one segment. The take rate has not changed in any segment, so whether it's Health, whether it's Term, whether it's Motor, whether it's POSP or even Paisabazaar, take rates have not changed at all. The only segment where Take rate has changed is in the Savings segment. And yeah, that's it.

Nischint Chawathe: And that's because you moved from guaranteed return products to ULIPs.

Management: We moved in some portion from capital guarantee products towards pure ULIP. I think that is the industry trend that we must have observed across all the calls. I think that's something that we are also very frankly, very happy about, because we believe that low cost ULIPs are the right product for customers, and in the long run it's a happier customer, and that customer comes back and buys more.

Nischint Chawathe: You know, one of the life insurance companies has launched a high trail product.

Management: So we are delighted. We are delighted partners.

Nischint Chawathe: Okay.

Nischint Chawathe: Yeah, sure, just one small thing is, if you could break up the revenue premium of ₹2,000 odd Cr between digital and others, because I believe POSP is also getting meaningful now.

Nischint Chawathe: If you look at the renewal premium, you could just divide it between POSP and others.

Management: Yeah, yeah, I think the core business is about 1,750. POSP is about 105

Nischint Chawathe: Sure, that's it. Just one last one was on take rate in the POSP business. So you know, I think. As we had a discussion, your POSP take rate is kind of on the higher side versus the company average. Although the commissions you mentioned that the motor side would be lower than you know the other the other businesses. So how do we reconcile this?

Management: No, no. There are two reasons. One, I think what Yashish was trying to indicate was that there are channels POSP represents closer to the rest of the industry. So there are channels which have higher commission. POSP also have higher commission in Motor, because we sell commercial vehicles. So commercial vehicles don't actually come through the online route because of various reasons. That's why, the Commission rates are higher in POSP.

Management: Yeah, broadly, at a fundamental level, see on Policybazaar, because of the competitive platform and competitive on product, and you know, issuance rates, etc. You cannot necessarily increase your volume by paying more commission. Whereas the POSP Channel essentially competes on commission. Yeah, if you really think about it at a fundamental level, it essentially competes on commission.

Nischint Chawathe: Fair but just I think you know, going back to the EoM point, you know. Does this kind of, not for you, for the, but for the entire POSP industry, does this kind of come under some pressure because of EoM guidelines.

Management: Let it play out there. I think a lot of things will play out.

Nischint Chawathe: Sure. Thank you very much, and all the best.

Management: Thank you, Nischint. We will take the next question from Yash Mehta. Yash, please unmute yourself.

Yash Mehta: Thank you very much, and good morning!

Yash Mehta: Can you repeat the renewal premium, which was ₹4,400Cr last year. What does it correspond to in the current year?

Management: ₹5,845Cr

Yash Mehta: Okay, and if I were to kind of look at the renewal rate, it seems like there is a sharp drop from about 70 odd percent to 50 odd percent. Am I missing something?

Management: It is exactly 69%. It was 70% earlier and 69% right now. So, it's been the same. If I look at the last 4-5 quarters, it's all 68% to 70%. In fact, last quarter is 70%.

Yash Mehta: Understood fair. No thanks for clarifying that. And one more question in terms of, let's say, the employee count that we have at for the full year versus what it was the last year, and within that if you could break up between selling salesforce and non-salesforce?

Management: Can we respond to that Offline? Because that'll be a fairly detailed thing. We will not have the answer right now, but we will respond to it separately. Is that okay?

Yash Mehta: Alright! I'll reach out to Rasleen.

Management: Thank you!

Yash Mehta: Thank you.

Management: Thanks. Yes, we'll take the next question from Yash Gandhi. Yash, please unmute yourself.

Yash Gandhi: Thanks for the opportunity. I'm audible?

Management: Absolutely Yash.

Yash Gandhi: Thank you. Yashish, so you know you mentioned that ₹64Cr PAT was a bit short of expectation. What number PAT number you thought you would have closed this year?

Management: Yeah, we don't give expectation, but I was expecting ₹80Cr. We came in at ₹64Cr. Yes, I thought we should have been there. But it's okay. It's not a big deal right? I'm just saying it is. It is what it is, we can't, the number is what it is.

Yash Gandhi: Got it. Got it.

Management: You know in that, in that there's been a ₹13Cr of the taxation. And you know, maybe some quarter movements here and there sometimes. You have to take some costs and some revenue, you know. Accounting is accounting. Yeah, at the end of it. So it is, it is what it is. See, we're very strong in cash flow, if you really think about it, we added ₹260Cr on cash. But we had some classification differences. I am just getting a little bit of detail, but I just wanted to share with you how I think about it right? There was a classification. Now, what that does is certain. You know, the GST, kind of tax if you have, those increase, those goes from 2% to 10%. Now, those are just working capital. You know, something is going earlier. Something is going later. So we have about a ₹150Cr of cash, which kind of went into that and all that is, the cash will come in later. So some of those things affect our cash flows. But if I was to remove that, our positive cash flow for the year is very close to ₹400Cr, which is a very positive result. And I guess anyway, I'll kind of stop there, because maybe I'm just giving more detail than we are we are comfortable with at this stage.

Yash Gandhi: Sure, sure. Got it. Thank you, Yashish, for that. Just last question here. So, in FY25, you think we can grow about 40%. And about 50% contribution from core business? Is this a right estimate that we can build in for next year?

Management: We don't give estimates. You are free to kind of draw your own conclusion. I hope we keep growing. I'll be amazed if we keep growing the way we are. And I'll be delighted if that happens here.

Yash Gandhi: Sure. Sure, just this last question Yashish. And this is not in for guidance or anything like that. You know, the website views, I mean, are, they higher? Basically in April versus March, on Policybazaar or something has changed? Yeah, the number of website views that if you track this data?

Management: So normally there is a little bit of drop in traffic from March to April. I mean, we don't drop as much as the industry does, but we do have some drop. But it's this year actually, April is similar, I would say, as seasonality is very similar to every other year.

Yash Gandhi: Okay, okay, got it. Thank you. Thank you.

Management: Thanks.

Management: Okay. We'll take the question from Ankush. Ankush, please unmute yourself.

Ankush Agrawal: Yeah. Hi, I'm audible?

Management: Yes.

Ankush Agrawal: So the question is primarily on Bima Sugam. I think the launch of the platform is closest than ever it has been. And you guys, being the industry insiders, you would have some insights on how the platform is shaping up specifically on the point that is being talked about the most that it would offer policies on a preferably lower prices due to charging lower commission. So wanted your thoughts on how I mean, even though the platform is yet to launch. But in case this kind of offering does come in where it is offering lower prices, how do you think, based on your understanding, it would impact consumer preference towards platform like Policybazaar, which is, which would be on a higher pricing versus say, a Bima Sugam, right?

Management: I think it's a fantastic thing that would happen. It would expand the market dramatically, I think with it coming in, the market might be 20x of where it is, and you know, if it is 20x, I'm sure we'll also have some share out there. So I think competition. I don't see this competition, I see as an enabler, and I see it as a you know a massive enabler from the back end, in terms of digital processes, in terms of digital outlook. So, yeah, we are very, very positive about it.

Ankush Agrawal: No, but I mean as a consumer, who's comfortable with buying online. Why would then he prefer buying through your platform versus Bima Sugam if he's getting better prices through Bima Sugam, right? But that's a fundamental question that would impact your business?

Management: Yeah, maybe we will, you know, also have lower prices. And you know, that will really expand the market. So you know, if you really think about it, with UPI; private players have also done very well. You know the Backend rails as they streamlined, it really benefits the digital players. So, I don't want to get too much into speculative mode here. But everything in history tells us when the backend rails really get sorted, the world moves on. And maybe if we get 20 times the volume will be okay with 5% of our take rates like, why not? And maybe we'll be okay with less, and maybe we'll make money from some other industry and not make money on insurance, so I would say. Don't get too worked up about it yet.

Ankush Agrawal: Yeah. Just a data keeping question. What was the ESOP Cost for the quarter?

Management: ₹63Cr.

Ankush Agrawal: ₹63Cr, okay, got it. Thank you very much.

Management: Thank you. We will take a last question.

Management: Let's take one last question because we could not take one.

Management: Hi, Kireet, please unmute yourself.

Kireet Atluri: Yeah. Hi, sorry. Can you hear me?

Kireet Atluri: Okay. Hi! Congrats on the great results! So, if you read some of the industry reports around healthcare insurance. You know, I think there's 2 or 3 high level kind of issues. I just want to understand how you're contributing to solving them. The first would be inflation. You know, there's clearly a lot of inflation in premiums, I think, consistently double increases. So how do we make sure we don't run into kind of an affordability issue? Are we increasing the mix of sort of low-cost plans? How do we sort of, what are we doing on our side from an innovation standpoint to sort of combat this. I think the second thing is which maybe plays into what you've done already. But I'd be curious what incremental innovations coming in that a lot of these claims require high waiting times despite pre-approvals. So people sitting in hospitals for hours just waiting to get approved and have things go through so high amount of inconvenience and decreasing affordability, I guess, with the two biggest issues. So maybe if you could just help us add some.

Management: Thank you, I think a great question. I'm so glad I asked Rasleen to take this question. Sarbvir, please.

Management: Yeah, absolutely. I think you identified two very important issues. Affordability is an issue, especially as prices have gone up over the last 2 years. So if you see, affordability is a segment that we're focused on this year. And we have introduced products and one of the ways to handle affordability is to focus on where the customer lives and what is the area and what product is suited for them. So we are working on many answers. One is a preferred provider network. We are focused on deductibles, offering small deductibles. We are offering monthly and quarterly modes of payment on our platform right now. So I think we're doing a series of things starting from the product payment as well as certain other deductible co-pay kind of arrangements to make the product more affordable. So I think that's one area that we are very much focused against.

The second thing that you asked about waiting time for claims. You know, yes, it is a issue from time to time. And there again we are working with our insurance partners to try and see that at least for Policybazaar with our customers, are there ways that we can provide, like a green channel kind of concept where you know the documentation, a lot of the stuff that is required, is pre-populated. So that at the end, you know only the last the doctor discharge summary, etc., can be added, and that person can be sent home. So again, this is an area where we are working during the year. I don't want to talk about it, but we are looking at some innovation around this area as well to offer customers a better experience rather than having to wait. So both, I think are areas that are very top of mind for us.

Management: See, at a fundamental level on claims ratios. We are at the 45% range on 16-year old book right, which is way below where the industry is and that implies to some extent the benefit of that in one way or the other, can be passed on to consumers, whether it is in terms of more convenient claims handling, and whether it is in terms of smarter products. At a very fundamental level my belief system is that insurances for the really big events and not for the everyday expenses, and so deductibles is a great way to reduce cost and make the product more efficient. At a very, very fundamental level, in a product like insurance disclosure is the critical part. If you can't get very good disclosure, then everything else fails. Then you, then your ability to control claims, ability to control inflation becomes like impossible. And I think we're doing a phenomenal job on disclosure compared to most of the other channels. So feel quite confident about that. And you know, I think we will do more in this area. As we go forward, I would say, wait ahead, and I'm quite excited about what all we can do in this area to make this a more robust proposition in the healthcare side.

Management: One last question, I think Sachin can ask. Yes, Sachin. Please unmute yourself.

Sachin Dixit: Hi Rasleen, thanks for this. And Yashish and team, great set of results. My first question is on PAT increase. You have highlighted that PAT rose by almost ₹550 odd Cr in this fiscal year. Do you see this rate going up or going down, going forward? I'm asking this because almost ₹330 - ₹340Cr of impact, I see, is coming from ESOP expense and other income. And that's the light in which I was trying to check, because the ESOP expense impact will decline over time, I guess.

Management: You know, the calculation of profit is a pretty straightforward calculation that we have discussed many times, and you are absolutely right. The profit calculation in the medium term actually does not get impacted by new business growth at all or in a significant manner. Sorry, saying at all, was actually incorrect, but in the medium term, within 1-2 years, profit does not really depend on what happens in new business. And I think that's the key right? And which is why, for the last couple of years, if you hear my commentary, I've said, let's not focus on profit. That's an outcome. Let's focus on new business growth, because that's the engine that will drive future profit. And that's what I'm assuming. All of us are valuing the company on future profits. Right? So, I think the focus stays on and that's not to say we don't care about profits. It's just that's an outcome. We can't really do anything about it. So I think, you are spot on, I'm very optimistic about the profit outlook. But that is just going to show up as we grow, and I think this year's profitability will show up in future years in terms of that. So yes, I feel good about that.

Sachin Dixit: Understood second question, and this was my personal experience. I was buying health insurance on Policybazaar, and the agent was able to sort of immediately send me a link, where I could join, where he could show about what he was talking about. Then displayed on screen as well which was a very new and sort of good experience for a customer. So thinking from those lines, I believe there must be some more initiatives like that going on. Will you want to highlight them? Or secondly, is there incremental cost that comes, because of this is also resulting in better conversion dates. And basically it's making sense.

Management: So, yeah, we are looking at a very segmented and specific approach. I think Sarbvir and the team are doing some very elaborate work on how we should utilize process and technology changes to make things better. But I think it's Sarbvir's question to answer.

Management: First of all, I'm glad that you had a very positive experience. I think we are trying to, as we've, I think, explained, we have a segmentation strategy. So health insurance is not just health insurance. We have broken it into various buckets. In each bucket also, then we focus on making sure that we, the advisor, tries to offer a screen sharing option. We call it screen sharing rather than video call, because the customers prefer that rather than having cameras on both sides. And we show the customer the whole journey as what is the product? What is the comparison? What is good about it? What are some of the issues? So that whole thing very transparently can be discussed. So if you think about it, this is an alternative to a physical meeting. So physical meeting is, of course, very good, but this is equally good because you can go through the whole process. So we are continuously thinking of ways to make the process smoother, as well as answer the questions that the customer may have. Some of them actually they directly ask, and some are implied. They may not ask it, but they may be worried about it. So then we share that that information to them on Whatsapp or on email and say that, look, this is some of the issues that you could have. It's around waiting period around maternity, around what is allowed in the policy, what is not allowed. So I think it's a series of things that we are doing to address customer needs, some implied, and some direct. And you know we it's a continuous process that we are going down.

Sachin Dixit: Thank you so much. Cost-Benefit analysis if you can quickly highlight.

Management: Honestly, at the scale at which we operate. All of these are very small marginal costs that come, and the conversion, the change in conversion overcomes the incremental cost very, very easily. So it's not really a cost issue. It's more trying to find ways to get more business. I think, as you know, right, economics of the health business with the renewal is really good. So spending a little bit of extra money upfront is not a challenge.

Management: As we are closing, I'd like to close with particular few statements. We are at a very, very early stage of evolution. We are solving a pretty big problem. At a high level, we are solving the social infrastructure problem, you know social security. Most countries, whichever way, whether you talk about the government or the people, end up spending about 30% of all income on social security. Developed countries that spend a lot of social security is 30% of GDP. And you know, countries which do not spend a lot of, then the people have to pay for the social security, either pay for it in cash or pay for it in kind in terms of you know, agreed situations. But it's a very, very big industry, perhaps the biggest industry in the world. Within that we are very specifically focused on the healthcare industry. And I know in some of the questions, at this point, you see us as a baby, because basically, some people, are seeing it as some kind of an online platform that gets traffic. And yes, that's the starting point. But as we look into the future to get deeper and deeper in this, at a fundamental level, the problem we are going to solve is what is the problem in healthcare. It's all about misaligned interests. A person does not want to buy insurance till they need it. By the time they buy insurance. Nobody wants to give them insurance. The hospital wants to overcharge for stay, the insurance-payer problems. Now, all these problems need to be ironed out and solved. And yes, our endeavour, if you ask us in the long run, is going to be to address all the problems, and I emphasize on the word all. Not on just the front end demand side, and which is where you know, sometimes when, I know we always never respond very properly on some questions. I think the mistake people make of looking at us is looking at us in a very static position and looking at us just the online platform. I think if you were to look at us from a 15-year point of view, that would be a mistake. That's at least not our endeavour. I wouldn't be happy if 15 years from now we just an online platform which is doing some comparison, sending traffic here and there that would actually, for me personally be quite a disaster. So with that, I'll close now, and you know, look forward to these next 15 years. But thank you very much for joining. And yeah, thank you!