May 22, 2025

To

National Stock Exchange of India Limited	**BSE Limited**
Exchange Plaza, 5th Floor,	**Department of Corporate Services/ Listing**
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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 16, 2025

Dear Sir

In furtherance to our earlier communication dated April 30, 2025, May 16, 2025 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 16, 2025.

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.

Yours Sincerely,
For PB Fintech Limited

BHASKER JOSHI
Digitally signed by BHASKER JOSHI
Date: 2025.05.22 17:47:29 +05'30'

Bhasker Joshi
Company Secretary and Compliance Officer

Encl.: A/a

PB FINTECH LIMITED

Q4 FY2024-25

Earnings Call

May 16, 2025

Management: Good Morning. A very warm welcome to PB Fintech Limited Earnings call Q4 FY 2024-2025. Today we have with us:

- Mr. Yashish Dahiya, Chairman & Group CEO, PB Fintech
- Mr. Alok Bansal, Executive Vice Chairman, PB Fintech
- Mr. Sarbvir Singh, Joint Group CEO, PB Fintech
- Ms. Santosh Agarwal, CEO, Paisabazaar
- Mr. Mandeep Mehta, Group CFO, PB Fintech, and
- Ms. Rasleen Kaur, Head, Strategy & Investor Relations, PB Fintech

I hand over to Mr. Yashish Dahiya for his introductory address.

Management: Thank you Rasleen. Good morning all. Sharing our update for the last quarter and the year FY24-25. Our total insurance premium for the quarter was at ₹7,030 Cr, up 37% YoY led by growth in new health. With this, the total insurance premium for the year was ₹23,486 Cr, with a growth of 45% in the new core online insurance premium and 48% in the new health and life insurance premium. I just wanted to make a little comment here, as I look at our insurance revenue over the last 5 years - in 2021 we were ₹619 Cr; in 2022 we were ₹984 Cr, and I won't go through the whole list but we are now at ₹2,573 Cr and if I do the CAGR for 5 years and talking about just the core insurance premium, our CAGR for 5 years is 43%. The new insurance core premium for the quarter is up 21% YoY, and we don't feel very happy about that. However, if you exclude savings, now for the last 9 quarters, we have been between 35 to 45%. And yes, this is lower, because it's been pulled down by savings in this quarter, and savings has come in below our expectation that we had at the beginning of the quarter also. The health business has surprisingly continued to grow. By now I would have expected it to slow down a little bit, but now it's been 9 quarters, and it's been growing very, very strongly. We have seen other parts of our business-like motor, two-wheeler and travel returning to the above 30% growth which it wasn't for some time. We continue to improve our customer onboarding and claim support in the insurance area. Our CSAT is now consistent at above 90%. To be clear, it's actually 92.1% but we are saying just 90% right now, because we are revalidating that 92%. It has gone up quite a bit, so we are doing some more assessments around it. Our consolidated operating revenue grew at 38% YoY to ₹1,508 Cr for the quarter. The core insurance revenue is up 46% YoY, and the core credit revenue is down 21% YoY. This brings our total operating revenue to just shy of ₹5,000 Cr; it's ₹4,977 Cr for the year, which is 45% up YoY. I just want to take one second to remind people, the year we went public, this ₹4,977 Cr at that point was about ₹890 Cr. The company is about 6 times larger in the last 4 years from FY21 to FY25. And just to kind of keep that in mind, what we used to do in the whole year, we are now doing in every 2 months. Our trail revenue is now at ₹817 Cr from ₹577 Cr last year in the same quarter; 42% growth YoY. This is at an ARR of ₹817 Cr. And this is a key driver of long-term profit growth, as we've always said and the delta between 4 consecutive quarters has consistently been increasing, and this will keep going up. I think we have that number in our presentation, you can see how it's been going up. Our credit revenue for the quarter is at ₹115 Cr. We also had a management change during the quarter, and that is why you are seeing Santosh here. Disbursal is at ₹2,368 Cr for the core online business. Do appreciate beyond ₹115 Cr, there's another ₹55 Cr of revenue which is coming from essentially a POSP type business in the credit side, which is more focused on the secured side. We continue to strengthen our leadership in new initiatives which have been doing really well with a growth of 50% YoY and an adjusted EBITDA margin moving from -10% to -6% within the year and there is now a 4% contribution. PB Partners, our agent platform, is now standing head and shoulders above any of the competitors, and continues to lead the market in both scale and efficiency. We have moved the business increasingly towards smaller and higher quality advisors, so we're working a lot on that. And it's showing a very decided move in that direction and consistently so. We have the most diversified business across the various lines of business and we are now present pretty much everywhere; 99% of PIN codes we have a presence in. Our UAE insurance premium has grown 76% YoY, and there is a bit of a positive surprise there. That business has turned profitable and I feel confident it's turned profitable kind of forever. Because, you usually can't react to one month or two months, but now it's kind of steadily moving in that direction and I don't think it will ever go back into the red again. And that's a very interesting phase for a B2C business because that means it’s kind of started making enough revenue to cover its fixed costs, and from there onwards life should be a lot better. Our consolidated PAT for PB Fintech grew from ₹64 Cr to ₹353 Cr, which is quite interesting but again, it was quite anticipated as well. Our margins have moved by 5%, from 2% to 7% for the full year. Our closing cash balance was ₹5,400 Cr. I think we've spoken about various things, and you can see how the growth has been. There's a CAGR of 52% for the last 3 years, from FY22 to FY25, and the PAT margin has moved from -58% to 7%. But once more, while these numbers sound very good, -58% to 7% and they are; they were pretty much as planned. The only thing I would say which we think we should start to deserve some credit for. This is a Management that is delivering as per its plan and that's quite hard to do over a multi-year period. So now you've seen about 3-4 years of us saying, this is what will happen; and we actually go ahead and do that. With that I'll open up to questions. Thank you very much.

Management: Thank you. Yashish. We'll take a minute for questions to gather. Please raise your hand and wait to be unmuted and then we'll take the question.

Management: We'll take the first question from Sachin Dixit, JM Financial. Sachin, please unmute yourself.

Sachin Dixit: Hi, Rasleen! I hope you can hear me now.

Management: Yes, very well.

Sachin Dixit: Hi! Congrats Yashish and team on a decent set of results. My first question is with regards to the contribution margin expansion. Obviously, you had guided towards it, so credit to you to have delivered on that. The jump was quite sharp; QoQ 5%. Obviously, we could understand some of the drivers. What I needed you to do probably is if you can break down those drivers, maybe between let's say renewals, how much of the impact would have come from there roughly, or maybe the change in new business premium with savings being lower, health continuing to sustain the growth. If you can break that 5% jump between different segments that will be helpful.

Management: See if you think about it, we have margins coming from 3-4 different angles. And if you look at our business, we try to break it down and I am talking not just about last quarter but if you look at our business in general, there is not much change in take rates of any one business line. We have broadly 4 kinds of businesses. One is our core fresh health business; second is our core health renewals business. So just kind of keep these two in two buckets, or let's even call it all renewals business. The fresh health business, we are getting sharper and sharper at defining this, comes at a negative margin, of 15%-20%. And the renewals business comes at a fairly high profitable cliff. On the other hand, our overall core business, if you leave out renewals, and if you leave out fresh health, that operates at broadly a 20% kind of margin. Okay, so these are the two areas. And you have Paisabaazar, which is doing its thing and the new initiatives are largely at 0 to a few percentage points margins. A lot of things depend on how these move. Now the structural shift is that renewals keep growing on a consistent basis, and as they keep growing margins somewhat keep expanding. However, the core online business, without renewals and without fresh health, is not without profits. That also has a 20% margin, and as it keeps growing, it also keeps driving profits up. If you ask me about half and half of the profits and the margins are driven by these two - core online business (that includes Paisabazaar) as well your renewals growth. Now, the margin depleting part is actually your fresh health. Look, we struggle to explain this in many ways. Whenever fresh health grows, that's a cause of celebration, not a cause of worry, but it will dampen your profitability, and it will dampen it quite sharply. A lot of the things have to do with those mixes. We are at a stage where for the last 3-4 quarters we have been somewhat investing with an expectation of growth on all business fronts. And today, if you think about it, maybe on the savings business front, we have invested, but we haven't reached the rewards of that in the last 1-2 quarters. We're thinking hard about it. We're not at a stage where we think we will not have growth, we're certainly not and it is just one quarter and you don't make a strategy basis one quarter. But we are certainly thinking about diversification of products and figuring out how we do better in an ongoing basis in that area. I think those are the pieces that are driving it.

Management: Sachin, apart from what Yashish explained, I think your question perhaps was about the sequential improvement in the margin. That is because we have been investing in the call centre side in Q2 and Q3 especially, and that investment obviously came down in Q4 because we maintained the scale of our call centre. So that is the other reason why the margin has expanded because the growth in call centre cost was lower this quarter as compared to the first three quarters. And I would encourage you to look at it on a full year basis, because these things move up and down, depending on what one is doing in any one given quarter.

Management: I agree, a full year is a great way, but it's always the 12-month rolling, it's a beautiful way of looking at our business, because that takes away any form of seasonality and that's why we specifically give that breakup. Just look at it on a 12-month rolling at every given point.

Sachin Dixit: Right. Just a quick follow up on this one. Like earlier, you guys used to mention in the presentation that renewal is 85% contribution margin. This quarter, we noticed you have changed the language to being 80%+ contribution margin. Any particular reason for that?

Management: Look, there is a science to it and of course, there's a lot of allocation of costs. I'll explain what that means. Initially what we were looking at was the cost of doing the renewal in terms of payment gateway costs, our calling costs in creating that sales. Because if you look at our cost base, there is marketing cost, there is sales cost, there is a call centre cost, and the sales cost has got a loading of management, etc. However, there are costs beyond that. There's customer service cost, there is claims management cost, and we've been investing in those very heavily over the last 2-3 years. Now there is no difference between the claims cost on a fresh business and renewals business, and if you actually get smart about it, the claims support come more in the renewals business than in the fresh business. We're just getting smarter and smarter around these allocations. At this point, what I would say is, it's somewhere between 77% to 80%, that is where we are. Of course, some streams like life might be at 93% but overall it comes around at that point. As we learn more, we communicate more. But it's just getting smarter among all the allocations, and a little more what you call ABC kind of allocation.

Sachin Dixit: Fair enough, really helpful.

Management: What we are doing internally, Sachin, just to explain, we are moving all our businesses to a fresh and renewals P&L kind of review. Earlier, we did not do it to that extent because that has an implication. Because the moment you get to that, then the internal people force these allocations a lot sharper, and that's what we're bringing out in the outside world as well.

Sachin Dixit: Makes sense. My second question is on the OCF Side. While we noted that the company turned OCF Positive last fiscal year. This year we seem to have reverted back to being negative with receivables being a major factor. Will be great to have some light on that as well?

Management: Receivables have got multiple things but one of the big shifts that's going to drive over the next few years, and we should all keep that in mind is going to be the 1/n, which essentially means that while the business is happening, there is a shift in how the money is being collected, and that is because of the 1/n accounting of the insurers. This is something that will play out over a couple of years' time, especially for the first 12 months.

Management: Yes. There's 1/n and the second thing is that in health, we are selling a lot more plans on monthly mode. Till last year our business was largely on annual mode, now we are selling a significant amount of our business on monthly mode, and obviously, as you can imagine, the collection happens over a period of time. It'll take about another 2-3 quarters for this to kind of normalize.

Management: One last thing I wanted to add. Our Q4 call centre cost, we did not grow it. But the way we do most of our accounting, we have some volume-based targets and some volume-based incentive targets, etc. We don't account for them till they are hit. What that implies is a lot of them get back loaded towards the Q4. You see some benefit coming from that also every year and it depends. This year to be brutally honest, we miss some of our targets in the savings thing, and actually our revenue from savings would have been a lot higher than it was. So that's fine. You miss some, you get some. That's the way life is.

Sachin Dixit: Got it. Thanks so much.

Management: You can't predict growth too sharply.

Sachin Dixit: Great year, and all the best. Thanks for the responses.

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

Madhukar Ladha: Hi, good morning. A couple of questions from my side. We're seeing a lot of changes in the health segment with IRDAI saying 1/n; the whole method of reporting and there's a lot of pressure and talks on deferring commission pay-outs for long term health. I wanted to understand from your viewpoint, how has that played out in those negotiations with insurance companies. Second, given the pressure, I'm hearing that there is probably going to be some reduction on renewal commissions as well. Some comment even on that, if there are any talks going on, and if we felt anything on that side. Lastly, just on the expense structures, if you can just spell out how the expenses have been bifurcated, the employee, advertising and the other expenses between direct & indirect and existing & new initiatives, for sort of our modelling purpose going forward. These would be my questions. Thanks.

Management: Thank you very much for that question. First of all, we should not miss the wood for the trees. Health insurance is a very simple area where the customer essentially pays a certain amount of money, and he basically expects his claims to be settled. Policybazaar has a phenomenal position there because we have done very good disclosure assessment at the beginning, and it's always competitive. I'm not saying we are perfect, but we are much better than many of the channels in terms of disclosure assessment. What that implies is our claims book is standing strong and that means is the insurers are not getting surprises as much as they may be getting in some other channels. Thus, we feel lesser pressure than maybe the market feels on both the claim settlement side as well as some of our pay-outs, etc. One of the things is because over the last three years we have worked so hard on ensuring customers get their claims. Some of our own renewal claims ratios will also start to move upwards because we were not able to put as much effort in that, and we will be getting in the same range, or maybe just lower, a tad lower than other channels, because we are putting in that effort. But that is coming at a much higher claim settlement than many other areas, and that is in my opinion, allowing us to attract more and more customers along with our better sales training and better advertising, etc. I'll kind of defer to Sarbvir to kind of answer on those two, but that's how I think about it.

Management: No, I think Yashish covered most of the points. The only thing I would say, which is probably not a surprise to you all, is that clearly now health insurers, like other general insurers, are focused on the combined operating ratio. I think on that basis, if I were to summarize what Yashish said, our channel comes out on a fairly attractive end of the spectrum, and because of that, I think the pressures obviously will always be there for everyone. But I think those pressures are much more manageable, and at least so far, we don't see a change in our economic structure. And the second thing I'll just add is that we are actively working on this subject. It's not like we don't understand what these issues are, how to make sure that long term renewal claim ratios are controlled, what else can we do, how do we segment the customer base better, etc. We're working with our partners on these issues. I feel quite confident that this whole economic model will continue for us.

Management: I think the conversations have got very evolved around how do you maintain claims ratios into the future, whether that means add-on products, whether that means like a higher cross-sell, whether that means you work with different cohorts differently. As Sarbvir said, we're taking on a lot of effort and responsibility in that area. We are clearly maturing. We are not where we were three years ago in terms of our processes for both fresh and renewal. Now you asked about the different costs and the contribution margins, etc. See, if I look at this whole year, our core margin is about 43%; that is very similar for both insurance and credit. It's not very dissimilar and it has stayed the same for both for a very long time. Now new initiatives, of course, are very different. At the beginning of the year, they were at -1% and they kind of moved up a little bit last quarter, they were at 4%. But overall, they were at a 2% positive. I think that is the way it is. And if you look at the core business, the EBITDA is at 16% positive for the year. It started at 14%, ended at 22% but again for the whole year it's about 16%. Again, at the EBITDA level, if you look at new initiatives, we are at about -

9%; started at -12%, ended at -6%. But I don't think you should look at either -12% or -6%, you should look at it all with a 12-month rolling basis and right now, the 12-month rolling is -9%. Right now, the 12-month ruling situation is core is at 16% and new is at -9%. But both are inching upwards clearly, and I think that is what is important.

Management: On your question on Insurance companies and how they look at Policybazaar as a channel. See for insurance company, there are three basic costs and I am telling very high level in health. Claims, which is roughly 70% of the cost; Distribution, which is roughly 20% of the cost and OpEx, which is roughly 10% of the cost at a granular level in the industry. Now, 20% is obviously a big part, but it hasn't seen the context of other 80%. Then any company works with Policybazaar because of a very deep tech integrations, and all the OpEx requirements are very, very low related to any other channel. Similarly, the claims on a blended book continues to be lower, because we provide a lot more new customers to them. So overall, this is the most profitable and fastest growing channel for all of these insurance companies, and the way our discussions happen with them in terms of new product introductions, all the innovation that we can do for the customer, the claim servicing part, everything continues to be very, very strong. So practically short term, don't see any specific issue on this.

Management: Very simple data point. The retail health industry at 23% fresh, 77% renewals. Our fresh is still bigger than our renewals. So that is a very clear indicator. Forget us, if you look at the claims ratio of the entire industry, the fresh claims ratios are about 1/3rd to 1/4th of where the future years lie. We are obviously important in the profitability of the industry and driving new volume to the insurers, which is what the game is, I guess.

Madhukar Ladha: Understood, this is helpful. Just a follow up. Now given that our base has increased significantly, and our market share also in this health fresh premium is pretty high now. I know it's a difficult question to answer but if you were to talk about sort of growth going into FY26 and FY27, maybe in the near term; then how should we sort of think about that, any changes over there?

Management: See if I look at our last five years now, as I said, our core business has been growing at a CAGR of 43%, which is ahead of my expectations honestly. I thought we would be here from a revenue perspective. If you've asked me in FY21, I thought we would be here maybe 6 months to 12 months later, because I always think the revenue CAGR should be about 30% or so and that's what we've always thought. From a long-term perspective, we believe 30% is the right CAGR for us to sort of plan for. However, I'm honestly being surprised by health, but at the same time let me kind of put it to you another way. We have a term business, we have a health business, and I think term as an industry is about 1/3rd of health. And for us, our fresh businesses in term and health are very comparable. Of course, health is bigger, but they're still comparable. I think, within our own setup, health has at least a doubling to go to catch up with term. I shouldn't say this but if you brutally ask me that look which of your teams do you think is actually sharper between term and health, I actually feel, looking at the last 3 to 4 years, our term team was actually sharper. By the way, our health team is catching up very, very quickly and is becoming better and better but we have a way to go. I think in health we have a natural right to win, which actually in term is far harder, because in term, you can't differentiate a huge amount in terms of claims settlement, but in health you can, and we are doing that. I think, in health, our right to win from a distribution standpoint is pretty clear.

Management: One more thing here. We always maintain that our growth rates will usually be about 2-3x of the industry growth rates, generally. That's what we maintain. But in health we seem to be doing it up to 4-5x of the industry growth rates on an overall basis for new business acquisition. Now see the real deal for Policybazaar has been that the customers come to us. Customers come to us when they see any incidents happening in their circle, whether it's friends, colleagues, family and the reality is for a lot of young people, the incidence of hospitalization is much, much higher, and a lot of people are coming to ask for these products now. They actually feel that this actually serves a very big need at that state of their life when they're, 30-40 sort of age group. So, yes, health has done much, much, much better compared to other channels and our growth rate, as we said, I mean, we always expected 2-3x but this is sort of going 4-5x.

Management: Yes, if you're just looking for some kind of broad direction on various things; our health continues to do well, and we're feeling confident. In fact, I feel confident this will be so for the year, or for a large part of the year at least. I think our savings business at this point is very challenged. We are struggling to grow, and we're thinking very hard on that - how do we grow. Of course, there's a pensions area, there is a child insurance area. We are working hard at it. I think the good news is, if you look at the last 5 years, our motor & two-wheeler growth, was a bit subdued due to various reasons but that is solidly back. We are feeling confident. If you really look at Policybazaar over the last, I would say, even 10 years, it's always 3-4 of our businesses are firing and 1-2 are always struggling. That is the way life has been but those 3-4 do enough to kind of keep us above the 30% on a regular basis. And I think that's what you should think about. The good news is now we are also confident that the credit side is going to grow. We are seeing good month on month growth. We feel very confident that we should have a good future in the credit side.

Madhukar Ladha: Thank you, and all the best.

Management: Thank you Madhukar. We'll take the next question from Dipanjan Ghosh, Citi. Dipanjan, please unmute yourself.

Dipanjan Ghosh: Hi! Good morning. Hope I'm audible. Just two small questions from my side. One, in the answer to your previous participants question, you mentioned that savings is challenged but if you can give us some colour on the savings contribution either to premium or top line, how should one think of it for FY25, or Q4 that would give us some colour on the trajectory that we should kind of forecast or think of going into the next year. Second, you have kind of given some slides on PB Money, and it looks quite encouraging. So just wanted to understand your overall strategy from the next 3 to 4 year perspective on the PB Money side, and how you can leverage that to maybe further milk the customer, or achieve a better cross sell sort of ratio out there?

Management: Sarbvir will answer the savings question, and then we'll move over to Santosh for the PB Money question.

Management: On the savings side, if you see the industry also, there was a sharp slowdown, especially in February and March, with negative growth on the retail side. Our business to some extent reflects that in Q4 and based on what we can see, it will take a few quarters for this to move up or move away from where we are. We are planning that probably the first two quarters of the new financial year will also be quite slow on savings. As Yashish mentioned, we are focused on building new segments like pension; we are focused on bringing back products that have done well for us in these kind of market conditions, like our capital guarantee solution, etc. But I think it will take some time. Ex of savings, as we showed you, we stay in that 35-40% kind of corridor, and I think that should continue for the new Financial year as well.

Management: On the PB Money side, there are two reasons for why PB Money is critical for a business like credit. One, it allows deeper understanding of customer's risk because over and above bureau, you start getting data about the income of the customer, and you can do sharper underwriting. We've rapidly acquired customers on the PB Money side, that allows more curated products and better risk. The other bit to this is that savings is a large area. We do a lot of savings through insurance on the Policybazaar side. There is an opportunity to do savings on the Paisabazaar side through bonds, fixed deposits, mutual funds. So that opportunity exists, and I think PB Money will be the backbone to use the data to advise customers on how to manage money better, and that should be a rapid area of growth for us this year.

Dipanjan Ghosh: Got it. Just one small follow-up. What would be the monetization strategy, it would be more product cross-sell or driving higher engagement and then trying to sell your existing product book. What would be the monetization strategy?

Management: Monetization largely will come from selling bonds and fixed deposits this year, and it also helps indirectly in monetization, because we have a better understanding of a customer's credit, and hence it will lead to growth in some of our unsecured lending areas. So that is a shadow way of monetization but of course, direct monetization on bonds and deposits will exist.

Dipanjan Ghosh: Thanks. Just one final question before I kind of drop the mic. Any plans to go into broking or sort of entities?

Management: Not in the way you are thinking about it but what we just said -bonds, fixed deposits, these kinds of things, pension products, NPS. Not in the traditional trading sense, that is not how we are thinking about it. But yes, from a licensing perspective, there may be some context to that. There's no decision there but yes, there are conversations internally. So just in fair transparency there are conversations but again not from a trading perspective. It is much more from a long-term savings perspective.

Dipanjan Ghosh: Got it. Thank you, and all the best.

Management: Thank you Dipanjan. We'll take the next question from Shreya Shivani, CLSA. Shreya, please unmute yourself.

Shreya Shivani: Yes. Hi, can you hear me?

Management: Yes.

Shreya Shivani: Good morning and congratulations on a good set of numbers. Thank you for sharing your views on what's happening in the savings segment and health insurance segment. I wanted to get back to the protection segment. The industry as such has been seeing very strong growth for the past two years straight. The monthly sum assured data indicates there was some moderation, not slow down, but after two very strong years there was some moderation in growth in March on the protection sum assured front. What is our understanding of how things are moving? I'm not talking about you being slower but is the industry sort of moderating after two very strong years? That's my first question. Second, on your healthcare business, if you can give us what has been the updates. We've seen the disclosures on the exchanges. How has our thought process evolved? And third I'm not sure if you've given your breakup of premium across POSP and Corporate, I know Dubai is 76% growth. That'll be my last question. Thank you.

Management: Shreya, the sum assured that you are reading in the industry data is actually not directly reflective of term insurance in the sense that a lot of the sum assured growth for the industry has come from attaching riders on ULIPs to make ULIPs more attractive, as you know, last couple of years have been about that. So the reduction in sum assured growth that you're seeing in Q4 is actually a reduction in the growth of ULIPs rather than the growth of Term. Term has largely in last two years, based on the numbers that we know, has been growing in a very similar, I would say 12 to 15% kind of range only. From a protection perspective, we are obviously growing multiples of that growth rate. We are, through this, appealing to the industry also that all of us need to focus on driving demand for protection and growing the term market.

Management: On the breakup you had asked for, you can make a note. Our core business is ₹16,144 Cr for the year. POSP is about ₹5,000 Cr; Corporate is about ₹1,000 Cr; Dubai is a little more than ₹1,100 Cr. On the core; new and renewal continue to be at about 50:50; they are about half and half.

Shreya Shivani: Got it. And healthcare; your thought process now, etc.?

Management: Healthcare is a very long drawn project. It will take a long time, and I would give it enough space. The strategy will not change on a daily basis. The strategy is very, very clear. As I said, I think these are just nomenclatures, who's an insurance company, who's a broker, who's a hospital. Eventually, if we think from a consumer's perspective, he's saying a very simple thing. I'm giving you ₹10,000, whatever happens to me, take care of it. That's what the customer is saying. The customer has a lot of pain in that process. I always say, when you think long term, think simple. The customer has a lot of pain in that whole sequence. And we're trying to solve that sequence with all our efforts. So Policybazaar is doing some work at the disclosure front and the hospitals will do some good work at aligning with the consumer outcomes. We've had the round, we've had the money come in, we've acquired one asset, in the sense we paid for it, we've taken it over. We are looking to do the same with maybe 3-4 other assets, and I think what you should see is, we'll probably buy if you look at the five hospitals that we're looking at in NCR, we'll probably buy 2-3 operating ones, and 2-3 more like shells which we are going to convert rapidly into operating hospitals will be a combination of existing revenue and profits; new from scratch builds. We've started bringing on doctors; we've started bringing on people who know how to build hospitals. But even today in our team there is more tech people and product people than healthcare people, and that is also a reflection of some of the things we are going to do in terms of wellness. Basically, think of yourself as a customer. You've paid ₹10,000. Now you've also said I'll pay ₹20,000. Take care of everything, take care of OPD, take care of everything don't ask me for a bill, don't ask me for a claim. If something goes wrong, just take care of it, and I should have no pain whatsoever in this process. Of course, the physical pain will be there but shouldn't have financial pain in this process. That's what we're trying to solve at a fundamental level. This is a big project, and that's why I said, don't expect sort of any rapid changes. We are reviewing everything on a weekly basis, but don't expect any material changes in a very rapid manner.

Shreya Shivani: Got it. Thank you so much. This is very useful, and all the best.

Management: Thank you, Shreya. We'll take the next question from Manas Agrawal, Bernstein. Manas, please unmute yourself.

Manas Agrawal: Hi Yashish, thanks for the candid answers. I actually wanted to ask two things on a medium term/long term strategy perspective. One is, you're talking about propping up savings in various ways. One clear way to do it is par and non-par where you don't operate, and a large market in terms of TAM, so any thoughts on that? The second is slightly more philosophical - on AI. It can affect both customer servicing and customer acquisition. Acquisition side, we've seen Google say search is changing; SEO will change as a function of that. How you guys are thinking about it? On the servicing side we've started seeing some start-ups operate collections for banks using voice bots, replacing call centre operations. So is that a threat or is that an opportunity. Wanted thoughts on that.

Management: I will request Sarbvir to answer on the savings aspect and of course we have a view on this. I'm quoting somebody else. I think our view is very aligned to Mr. Sandeep Bakshi's view - Sell good products, and we have a view on that and I have a huge amount of respect for the man and sorry for bringing his name into it. But I think, when he changes his view, we'll also probably change our view. But I would say, Sarbvir, if you want to answer that more specifically, and also the AI question, because I know we've been having these debates. We're on the same page on this.

Management: The best way to think of it is that every channel and every distribution platform has its own set of characteristics. Our characteristic is that we get customers who are informed customers in general, and they're looking, they understand the difference between products and they're looking for transparent comparison. If you see slide 41 in our deck, we have actually shown that the ULIPs that we are selling today are better than most mutual funds that are sold in the market; if you are willing to stay for the 10 years or the 20 years that the ULIP is meant to be so. The products that we are selling today actually are extremely good products from a long-term saving perspective, which is the role of these products. And we believe that as the middle class grows, consumers will need to save for their goals. The goals could be children's education, general retirement, their own personal sort of pleasures that they want to save for. And of course, finally, there's a whole pension area where after you stop earning, you need to have enough money to live. If you think about it, we are more focused on the goals rather than just the products. And we believe that we have to sell efficient products, because if we don't sell efficient products, then the customer who comes to us will see through the issue and will be disappointed, and will not buy more products from us. At this point we are very clear. I don't want to go into par, non-par, etc. I think the main issue is products that make sense. And as long as the products make sense, we continue to offer them. Right now, obviously, we are largely a ULIP platform. We do sell non-par because in our capital guarantee solution one part is a non-par, and the other part is a ULIP. That's how that will continue, and we feel quite confident. See, in the first half of last year we grew at over 100% in savings, I think we should not forget. I mean a few months here and there is part of the course, and our team is creative enough, and we will figure it out again. As far as AI is concerned, I think we are right at the forefront of all these use cases that you spoke about. We do a lot of our collections through AI bots, agents, etc. And we continue to sort of stretch the boundary on this. We still believe that for sales, especially in life and in health insurance, it is important to have a person explain the whole product in a very systematic and logical manner, because you also want to elicit disclosure, because if you don't elicit disclosure, I think you will go down the wrong path, and I think that's what we continue. But I can assure you that we have enough experiments going on in every area to look at what is the cutting edge, what are people doing, and how can we leverage that. And we firmly believe that in AI, what we call man in the middle is the right format where AI helps to improve the productivity and effectiveness of the person, and that's what we've done on the risk side, I won't go into all of that. But if you see our last couple of years, I think a lot of work has been done, which is leveraging the latest and greatest AI technology.

Management: Just to kind of add to what Sarbvir said. Already we have got what you call AI agents, who are doing initial warm-up, initial calling, kind of across the group. That's starting to happen. When you think about AI, you got to think of it from - what are we doing to protect the supplier, what are we doing for ourselves, what are we doing for the consumer. Look at these three kinds of buckets in a triangle. At least from a supplier's perspective, risk is a very big area that we are working on and we are trying to understand risk. When we talk about ourselves, a big amount of the effort is both in terms of sales efficiency, reducing the non-talk time because that's a huge amount of time. At the same time empowering the agent with a lot of information which is coming in terms of prompts or supports. That is what you know largely is being worked upon.

Management: And just to add, our technology teams are now using a lot of AI to do their jobs; a lot of technology costs can be saved in the future.

Manas Agrawal: Thank you.

Management: Thank you, Manas. We'll take the next question from Rahul Jain, Dolat Capital. Rahul, please unmute yourself.

Rahul Jain: Hello! Hope I'm audible.

Management: Yes, you are.

Rahul Jain: Most of my questions have been answered. Just two questions. Firstly, if you could share your thoughts on the increased receivable for this year. Any colour on it and going forward basis, what is the sustainable level of investment that can go in this? Secondly, which is just an extension of the previous question around AI. What kind of headcount optimization, purely from a call centre perspective one should see. Is it safer to assume that irrespective of the scale of the business, the headcount growth would be at lesser than what has been the last few years' growth on that part? Those are my two questions. Thank you.

Management: I'll just answer your last question. I think things will happen, it'll take time, which quarter nobody can say, but if you look at it on a year on year basis, if I look three years out, a lot of things would have happened, and I see no reason why that wouldn't happen. The receivables is largely a 1/n thing, which we explained will have some impact. It's already started having some impact and now it will have some impact for maybe a few more quarters, and then some limited impact which will be limited to the multi-year policies and all that stuff. This is a cycle that will play out. We're not too fussed about it in the sense, of course, we would wish it wasn't the case, but it is the case, and we have to kind of live with that.

Management: See Rahul, when it comes to the deep tech, as you mentioned, there's an efficiency part, and there's a risk part. As a company, anything that we do can have three types of impact - either we can work on improving the revenue or becoming efficient on the cost or better customer service. The biggest impact of deep tech for everyone, including us, is on the customer service because that can be automated to a large extent as we look for next 1-3 years. This include renewals, claim support, all sort of endorsements, all sort of service elements. Sales, specifically in insurance, is a very involved process. There are some parts of it which can be automated over time. But broadly, there will be very, very close physical contact with the customer all the time. If you look at the cost of sales operations as a total NPV revenue for us. It is roughly somewhere around 20-25%. It's not a very big bother yet. We'll do whatever it takes in terms of becoming more efficient, but I think the bigger impact will come on the service side before it comes to sales.

Management: We all have our own opinions, and, my opinion is over a three-year period, you will see a lot of impact in sales as well. But my other opinion is consumer brands are very important in this. My view is AI is commodity and basically consumer brands are going to be the differentiator, because the human mind is still limited and of course, we'll have some impacts coming from this. But, as you hear, all of us have somewhat different views, and that's the way to carry on.

Management: Thank you, Rahul, we'll take the next question from Nidesh Jain, Investec. Nidesh, please unmute yourself.

Nidhesh Jain: Hi! Thanks for the opportunity. My question is on credit business. We have done extremely well on the insurance side. On the credit business with the change in management team, how are we thinking from this on this business, from a longer-term perspective and how are we trying to build the “right to win” in this business over medium to long term.

Management: See on the credit side, I think last year was a year of moderation based on what happened in industry. As we now scale back, there are three aspects around this. One - that we will go deeper in the secured area. It has built up very rapidly; this year we will expand the secured area and we will do home loans, loan against property, loan against cars. These are the areas we will expand in. We will also start savings area to deepen our understanding about a consumer, and that also allows for better understanding of our customer’s risk and means sharper underwriting which will then help in scaling our unsecured lending. And the third area is collections. Collections is something that we will focus on. Deep collections capability, especially tech-led, will help us again scale our unsecured side, because as we work with a lot of new NBFCs and Fintechs, that capability is required. So that should also help us expand our supply side on the unsecured lending.

Nidhesh Jain: On collections, will we be investing in physical collections also?

Management: Right now, largely tech-led and Delhi based collections, a lot of AI is going to get used in that area. We are not thinking of Feet on Street at the moment but again, as we get deeper into it, that may change.

Management: If you kind of think from a last 10 years perspective, one of the things we've done is built a huge amount of risk capability in the Policybazaar franchise, specifically on the life insurance side. Outside-in it may or may not be visible but within the industry it's quite respected. I think that allows our partners and our channel to be a little more profitable and a little more long lasting than many others. I believe that's one of the things that Santosh also brings to this area and so she's quite serious about thinking around risk and making sure that the right risk is picked up by the right organizations. And one of the things in that is, you understand risk better when you're yourself collecting as well. So that's one of the reasons we want to move into that area. Especially some of the early Fintechs may not have a lot of collection capability, and eventually in this business, if your money is not being collected, then there is an issue.

Nidhesh Jain: Sure. And we've also been experimenting with FLDG in the last few quarters. Is there any thought process on that?

Management: See, when we started FLDG, we started from giving some kind of guarantee, but we did not really get into how we are differentiating on risk. I think that is what we are starting to do now. Santosh if you want to answer specifically.

Management: I think our confidence on doing some of these FLDG partnerships will go up, because we are starting to understand risk better and that means responsible lending. And we need to have skin in the game to really go deep in this area, so then we are comfortable in doing these arrangements, and that should be the right way of scaling our unsecured business.

Management: Just to kind of explain our accounting policy on that, because that can be a cause of worry. Our accounting policy is very clear, whatever FLDG we take on, we provide for it on day one itself, and then as and when we eventually come out of the woods, we kind of start considering it. But we start with a zero base.

Management: Thank you. Nidesh. We'll take the next question from Neeraj Toshniwal, UBS. Neeraj, please unmute yourself.

Management: Hi Neeraj! Please unmute yourself.

Neeraj Toshniwal: Hey. Can you hear me now?

Management: Yes, we can.

Neeraj Toshniwal: My question is on the contribution margin. The expansion in contribution margin is quite decent. So, wanted to understand, has there been any reduction in incentive pay for the POSP Agents in this quarter, which has helped increase in contribution margin. That is first question. Second question is on the cost. Employee cost that has gone down, so is the advertisement; while other expenses have increased significantly, if you can throw some light over there that will be helpful.

Management: Sarbvir can answer more specifically, I would just say, please don't look at anything QoQ, because we should just look at it on a 12-month rolling basis, that will give you a much better picture. Otherwise sometimes you will see the impact of incentives from other places, etc. playing up and that's what I always said.

Management: Neeraj, I explained in the beginning of the call that we have been growing our call centre capacity or our sales capacity over the year and in Q4 we kept that flat. That is one of the reasons why our contribution margin improved. Apart from that, there is some extra money, etc, that you may get at the end of the year. That is the main reason. I would again encourage you to look at it on a rolling basis, as Yashish explained. As far as the POSP part is concerned, I understand there was some media article on the issue that you are referring to but the facts of the matter are that we have always been very consistent in offering a very attractive opportunity to POSP agents, but the real trick is not in terms of trying to reduce the margin. The real thing is to work with smaller agents, whose incomes are getting enhanced by working with PB Partners. I think that is the journey that we are on, and that journey is getting better and better, and because of which the overall mix will also improve, and our contribution will improve. It's not really about reducing pay-outs; it's about optimizing pay-outs and the right set of agents to work with. That's really where this whole thing has come from.

Neeraj Toshniwal: This is structural, this will continue in the coming quarters as well?

Management: There is some structural aspect to it, there is some quarter aspect to it. But when we speak about the POSP business per se, there is an easy way of doing POSP, and there is a hard way of doing POSP. The easy way of doing POSP is, you work with large POSP people who are themselves in a way POSPs, and you get bulk volumes. And that's why, if you notice, the one way to check for it is, how many employees do you have for every business done. And you do require people to manage agents, however tech driven you may be, etc. You do require people to recruit agents, manage them, etc. and that ratio is quite telling. The second way is to actually get small, small agents and get them to do more business for you, and more types of business for you, and that is hard. It actually, is not something you can do just through remote control. A person can only manage a certain number of agents, and those people also need to be trained hard and trained well to do it. We are very clear, we are down that path, so we can't answer for the whole industry but for us we only value that part. That's the only thing we kind of look at. Now on the various things, just look at it 12-month rolling, and you should be fine. I don't think you should see any material change from a 12-month rolling perspective. Like all the structural changes are there, as I said, renewals growing. See our health fresh, if I take a 5-year view, we cannot keep growing at this rate, but our renewals can and so, obviously the margins will come at some point.

Neeraj Toshniwal: That is helpful. Thanks, Yashish.

Management: Thank you, Neeraj. We'll take the next question from Sanketh Godha, Avendus Spark. Sanketh, please unmute yourself.

Sanketh Godha: Yes, thank you for the opportunity. Yashish, the way I understood it, just for a clarification, if you have sold a 3-year long term plan on health. Though the insurer is paying commission spreading over three years, you are recognizing 3-year commission upfront, and that's the reason why the receivable number has gone up. That's the understanding right.

Management: That's the understanding. Yes, you're right.

Sanketh Godha: And just to follow up on that point. Out of the total health, whatever we do, how much portion would be contributed by long term?

Management: I think we would not like to disclose that publicly.

Sanketh Godha: Okay. Fine.

Management: It's a pretty steady number. All I wanted to say was it was similar last year and the multi-year plans were a little higher than that two years ago. Our growth is not explained by that. That's what I'm trying to explain. Don't get the wrong impression but we don't want to disclose the number.

Sanketh Godha: Okay, perfect. And the second question was that the contribution margin of the new initiatives which improved. Is it fair to say that as you highlighted in the initial comment that UAE turned profitable, and that contributed to the margins to improve? The biggest delta came from there, or the POSP, and the Corporate segment also did relatively well?

Management: See from profit perspective, at this stage, I just want to be very specific. UAE is not that material in the whole scheme of things. UAE from a loss or profit perspective would probably explain 10% or maybe 20% at best of the entire piece. I wouldn't go there now. I would say, if you take a 3-4 year view, then it does have the potential of being a big determinant of profitability, because that is actually like a core business. There's nothing non-core about the UAE business. It is exactly what we do in Policybazaar. Our Corporate business and our POSP business, on the other hand, are somewhat different. And again, we don't plan for these things, but we believe they should come to somewhere around 0 in the next two years, like from a break-even perspective. That's a journey, and it may happen one quarter, but we are constantly on that journey slowly. I don't think there's any very quick aberration in that. Yes, UAE has surprised positively with its profitability but it's not having a material impact on the overall piece yet.

Sanketh Godha: Okay, got it. And one data keeping question. On the credit side, if you can break up that ₹7,652 Cr, and ₹20,460 odd Cr into new initiative disbursements, and the core that would be useful. And lastly, if you can spell out the adjusted EBITDA margin for the credit business in the quarter.

Management: See on the new initiatives, I think it was a scale up of the last 5 months for the year. Roughly new initiatives contributed to 40% and the core is 60% for the year. For the quarter, it will be roughly 70:30. I think new initiatives is largely pass-through kind of business from a revenue perspective. So that is why you would see that though year on year the disbursals went up by about 38%, the revenue shrunk by about 14%. And you know that's what it is.

Management: Just to be clear, our new initiatives in Paisabazaar is at a very, very early stage right now, and it is largely lumpy. In a sense, what I said right now - easy POSP, hard POSP. Right now, it is the easy POSP. We want to be clear about it, so don't assume we've got a hard POSP done in Paisabazaar yet. We're starting that journey now; the journey we started in Policybazaar maybe two years ago. Initially in the first year, we also had easy POSP there, but after the journey we took on two years ago, and it has been constant shift towards more and more granular agents. That is a journey we just starting out right now. Right now, it is almost zilch on that front.

Sanketh Godha: Understood. And lastly, if you can spell out the adjusted EBITDA margin of the credit business.

Management: The adjusted EBITDA margin of the business is 7% for the year.

Sanketh Godha: Okay, perfect. Thank you very much. That's it from myside.

Management: Thank you, Sanketh. We'll take the last question from Srinath from Bellwether Capital. Srinath, please unmute yourself.

Srinath v: Hi guys. Just wanted some qualitative feedback on persistency of the health renewal books. If you can give some qualitative understanding as to how the older cohorts are doing, and the newer cohorts are doing over a year on year basis or 6-month basis. Any qualitative feedback you can give on persistency of renewals, that'll be great. Thank you.

Management: The qualitative answer is: all is well but Sarbvir will answer in a more specific manner.

Management: We are really proud that we are at all-time highs. We look at it always on NOP-basis, because that is the most important thing; the number of people who stay with us. The first-year renewals, we call R1. Our R1 Persistency is at all-time highs; we have never been at this these levels. It's largely structural because it's driven by the nature of the products that we have been introducing. Over the last two years, with our insurance partners, we've introduced products that have very high No Claim Bonus. Every year your No Claim Bonus increases dramatically. When you come for renewal, your comparison with outside market becomes very different. Your current product looks very superior compared to anybody else because of the sum insured that you have. Our first-year persistency has increased a lot, and we are at all-time highs. Our R2+, which is second year and beyond is very consistent, it has largely been very steady over the last few years. So overall our persistency is at all-time highs, both in terms of number of policies, and even in terms of premium. But I think the most important thing is the number of people who stay with us.

Srinath v: Perfect. Thanks a lot. Congratulations again, guys. Great set of numbers.

Management: Thank you very much. With that, we will close today's session. Thank you very much for attending. Look forward to interacting with some of you over the next few weeks. Thank you.