



November 14, 2023

To

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

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

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**Sub: Transcript of the Earnings Call conducted on November 06, 2023**

Dear Sir/Madam,

In furtherance to our earlier communication dated October 30, 2023 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Transcript of the Earnings Call conducted on November 06, 2023.

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

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

Yours Sincerely,  
For PB Fintech Limited

**Bhasker Joshi**  
Company Secretary & Compliance Officer

Encl.: A/a

policy bazaar 

paisabazaar 

QuickFIXcars

doc:  
prime

**PB FINTECH LIMITED**

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**PB FINTECH LIMITED**

Q2 FY2023-24

Earnings Call

November 06, 2023



Management: A very good morning to everybody. Welcome to the earnings call for PB Fintech Limited Q2 FY 2023-2024. We have with us today,

Mr. Yashish Dahiya (Chairman & CEO, PB Fintech)

Mr. Alok Bansal (Executive Vice Chairman, PB Fintech)

Mr. Sarbvir Singh (Joint CEO, PB Fintech)

Mr. Naveen Kukreja (Co-Founder, and CEO Paisabazaar)

Mr. Mandeep Mehta (Group CFO, PB Fintech)

Ms. Rasleen Kaur (Group Head, Corporate Strategy & Investor Relations, PB Fintech)

May I please now request Yashish to start with the address.

Yashish Dahiya: Thanks, Rasleen. Good morning, everyone. Before I get into the numbers, I just wanted to say, I'm very thankful to the entire team. This is the first quarter since we went public that I'm actually happy with the results. And it's a very clear reason why I'm happy with the results. It's because for me, the priority 1 is always core business growth. Priority 2 is EBITDA and priority 3 is non core businesses. And within core growth, if I was to call something priority 0, that would be the growth of our health and term business, which accounts for more than 3 quarters of the value of this company. So obviously, I will feel very pleased when those have on accumulative basis, grown at 53%. And before we get deeper, I just wanted to clarify one thing which I don't think gets picked up very quickly. When health grows, we actually lose on Ebitda for the first year and that is very simple, because health on the first year business is almost a 0 margin business. So if health last year, (I'm just making these numbers up) was X percentage of our total business. And this year it is x plus 2%. That's the delta is 2. There is a very clear 1% loss of EBITDA that happens because of that. But it's something we're very happy about, because it obviously comes back in the net present value in a very big way in the future renewal streams.

Now I'll get to the numbers. And so this first part was the unprepared part of my speech. The rest of it is fairly prepared part.

Our online marketplaces Policybazaar and Paisabazaar, which we refer to as core business improved their adjusted EBITDA by ₹66 Cr year on year for this quarter. If you remember, we had guided about 6 quarters ago for this number to be between ₹150 to 200 Cr. We are quite pleased in the last 6 quarters. This is running at about ₹225 Cr, so clearly that ₹150 to 200 Cr was a conservative estimate. As I said, we're very pleased with our health and term business growth which has been the highest since we went public. The total insurance premium for the quarter is now reaching an ARR of ₹14,000 Cr. So it's roughly ₹3,500 Cr for the quarter.

Of our total revenue for online business, credit continues to be about 25% of the total revenue. Our renewal trail, which is the other area which leads to a lot of profit is now up to ₹436 Cr of ARR, up from 294 last year. And that operates at about 85% margin, and is a significant source of profit growth today. And in the future.

We maintain a CSAT of 88% and continue to improve our claims support, and customer onboarding services.

The credit business continues to grow very well, and has been adjusted EBITDA positive since December 22. We are now at an annualized run rate of ₹16,500 Cr disbursement, and about 6 lac credit cards issued on an annual basis. About 39 million customers have access to the credit score on our platform. 75% of the cards are processed end-to-end digitally, and more than 75% of disbursements are from existing customers.

We continue to strengthen our leadership in new initiatives while building further efficiencies. Pb Partners, our agent aggregator platform, continues to lead the market in scale and efficiency of operations. We have moved this business increasingly towards smaller and higher quality advisors. The quality aspect has started to really play. It has the highest proportion of non-motor business and is present in 16.3k PIN codes, covering 85% of the PIN codes in India. We are ever more so convinced about this business than we've been in the past. Clearly our conviction is growing on this business.



Our UAE premium has grown about 2.5x in since the last year.

Overall on the Consolidated results, the revenue was at about ₹812 crores, and our adjusted ebitda was ₹13 crores. The PAT loss for the quarter was 21 crores. And the PAT for H1 increased by ₹358 Cr to minus 33 crores.

We stay confident of delivering the first full year of positive PAT. That's pretty obvious, because, H2 is always stronger than H1. And I'm extremely confident that this should be our last quarter of losses. So next quarter will hopefully have profits. Happy to take questions now.

Management: Hi, we'll take a minute for questions to gather. If you have a question, please raise your hand and we will request you to unmute.

Management: Hi, Sachin! Please go ahead with your question.

Salgaonkar, Sachin: Hi, this is Sachin from Bank of America. Rasleen, can you hear me?

Management: Yes. Very well, Sachin, please go ahead.

Salgaonkar, Sachin: I have 3 questions. Hi, Yashish your first question, just tying up to the first statement what you mentioned about. You know the growth coming from health. So wanted to understand. You know, in that context, you know the quarter which just passed. And I know you guys don't give a mix between them, you know. Let's say health. And you know, motor. And you know, other insurance. But wanted to get a context in terms of direction. Have you seen more contribution coming from health? And is that something which is, you know, leading to an incremental growth. And you know, of course, a related question is, we did see Opex increase on a Qoq basis. So is it the normal seasonality, or any one off. You indicated the first year of health has suppression on margins.

Management: First question is that health, as a proportion of our total business is growing both in terms of new and renewal. Renewal, of course, will happen every quarter because of the cumulative nature of the the revenue. So I think as Yashish explained right upfront, there are 2 things that have happened. One is that health has grown as a proportion of our revenue. So that comes at in the first year comes at 0 contribution. So that impacts our margin. I think if you look at it on a Npv basis, it's very, very positive. But in that one, in that particular time period it looks worse off. And the second thing is that between Q1 and Q2, we had we spent little bit more money on the marketing side on the brand marketing side. Because, you know, the first quarter is relatively low period in the industry. So we spend less in Q1, we spend our normal amount that we would spend. So because of which, you know, you will see a little bit of impact.

And I think the third point, which is there is that typically in, we start building our call center and our feet on street strength for the second half, because the second half is a bigger period. So you have to start investing in that. So that also accounts for a little bit of the opex that you referred

Salgaonkar, Sachin: Got it very clear. And can you give a little bit more color on the reclassification? We did see other expenses increase on a QoQ basis. See an increase from 1.3 billion going to 2. I do think there's a bit of a reclassification, and that's wanted to get bit more clarity on.

Management: That would be some reclassification, etc. EOM does allow for a lot more reclassification.

Salgaonkar, Sachin: Okay, got it. Second question is on NPA rise in the unsecured lending, so wanted to get some context in terms of you know. Where are we in terms of, you know? Npa for you know.

Management: When you look at any data from, you know trusted sources like bureau, or we have access to data through partners at an overall level, the NPA levels remain well within control. Certain sub segment that's been talked about a lot especially in media, is the under, sub-50k loan segment. Which for context, for industry is, I think, less than 1% with this point 5 or something around that number. For us, also, just to give the context, the sub 50 K segment would be about 5% or so of our loan disbursals, so there might be



pockets of concern on NPAs in that particular segment. But a) that's a smaller segment, and b) we are confident we work very closely with the partners we work with and the specific partners we're working with, seem to be confident on that particular segment on their ability to get the right risk adjusted margins out of it.

So basically, I think the issue is more at the smaller ticket items, which is much smaller part of Paisabazaar than the broad e-commerce category.

Salgaonkar, Sachin: Got it so in a very simplistic manner, we should not see any impact on group / Paisabazaar.

And last question. On the reinsurance business, you know. How do you guys look at the opportunity? And let's say, at some point in future, you guys decide to enter, what kind of investment should we look at this?

Management: So let's be clear, because this is a question that's been getting raised. You know, and we have limited ability to speak on it, because, please appreciate it's again a regulated matter, and we are having, you know, those conversations. But how do we think about it? We see ourselves as the data house. We have a lot of data. We have a lot of customer information, basis which, we believe reinsurance companies can do finer pricing. But we see ourselves as a holder of that information, as a holder of that data. And maybe in some way the process control side.

We do not see ourselves as a provider of capital. I do not think, you know the money we have in our bank is best served, being as a re-insurance capital for the industry. That is not our intent. And no, I wanna be crystal clear about us. So when you think about us, think about us like a reinsurance broker. Do not think of us as a reinsurance company. What shape structure it comes out in and please appreciate being the regulated entity. Appreciate our inability to be more clear than this. thanks.

Management: Okay, thank you. Sachin. Next question will be from Ankush Agrawal.

Ankush Agrawal: Yeah. Hi, thank you for taking my question. Firstly, again, on the fixed or the indirect cost base for the core business. I think at the start of the year you had guided that you, when you expect sequential 8 to 10% increase, and that should remain flatish for the remaining part of the year. But we have seen a much larger jump. So since you have highlighted that you spent a little more on the branding part. So is there anything else that you wanna highlight that has led to this growth?

Management: No, it's largely the brand side here. So when I look at the different items I think this this last quarter, we would have spent a little more on a brand and customer acquisition than before. But you know, those are normal changes. Apr was the month we didn't spend too much on the brand. in the past spent we spent on the IPL. these sort of investments, when you do with any particular property, are more lumpy in nature. So any particular quarter, if you want to do any such property, whether it's IPL, world cup, bigboss it will be lumpy. But for the full year, we will be very well, within the number that we had anticipated. How much we wanted to spend on the brand for both the brand both policy and paisa. You know I would, I would say, on these things like brand cost, etcetera. Don't look at us quarter on quarter, because they can be very significant shifts from one quarter to the other. But on an annual basis it should stay exactly as we said. We don't see any major change in our philosophy on how we think about branding or cost of acquisition.

Ankush Agrawal: Okay. Got it. Secondly, on the contribution margins for the core business. So from last many quarters, it has stayed relatively flat at 44-45% even though the share of you know the renewals is kept on increasing, and even the underlying efficiency as guided by, say, the new insurance premium per enquiry per month has increased. But this number is not increasing. So 1 point you highlighted that, you know. Obviously the contribution of health is increasing, which, obviously comes at a lower margin. But is there anything else that is keeping this number subdued and not expanding it.

Management: No yeah, not really. I think. If you know, I wanna kind of say this right that, in health, the Npv, when you calculate, it is significantly higher than the first year revenue, because it's a lifetime payout product. And that is where, when we talk about the renewal revenue, a bulk of that is actually coming from health. So it boards very well to have fresh health growth right? And of course, for fresh health growth,



the cost of acquisition including marketing, including operating costs etcetera, is very similar to first year revenue. So instead of getting a 46% margin as we usually get, on that part you'll be getting a 0% margin, right? So obviously, that part grows that will have an impact. But it's a very happy impact. You know, this is not an impact to be said about, it's an impact to celebrate.

Ankush Agrawal: I was just trying to understand if there anything else that is keeping it, nothing else. got it. That was very helpful. Thank you.

Management: See, at the ebitda level there are basically 2 things. One is the brand cost from last quarter being 30 crores higher between on the on the core business. and very rightly, some of the right reasons. But it it just seems higher, because q1 was lower and q2 is higher. And the second is this health growth, which, in our opinion, causes about a 1% dampening on the margin simply because health as a percentage of the overall business has grown. and that that has the short term negative, but a long term, beautiful position. So if anything, this actually makes us happier as well as we look at FY27 results.

Ankush Agrawal: Great. Thank you.

Management: Thank you, Ankush. Next question you will be from Madhukar.

Madhukar Ladha: Morning. Thank you for the opportunity. couple of questions. I'm not sure whether you covered this. But have you given your credit revenues for the quarter?

Management: It's a 154 Cr.

Madhukar Ladha: and posp revenue and premium, both, if that is possible for yo

Management: the new initiative revenue is about the 215 Cr and a bulk of that would be Posp, so I would say 80 90 could be Posp.

Madhukar Ladha: Got it. and are the renewal premiums of for the quarter?

Management: about 1,500 crores.

Madhukar Ladha: Got it. Also on the contribution margin for the new for the new initiatives. That's also been slightly on the lower side. So is that more to do with the growth in Posp and last last quarter you had mentioned that you were sort of consolidating that business and not going to the aggregator. Large agents. but it seems that the growth has been pretty good even in Posp. So so what has happened? Has there been any change?

Management: I'll explain before I hand over to Sarbvir. the growth was always there. So if you look at the posp part, it has 2 parts of the business right? And one is the Large Consolidator business and one is the small agents or the or the actual what posp was meant to be right. And our growth on the agent side was actually very strong all along.

Management: It is just that we were calling the large the, you know, consolidation kind of business. And now all that's happening is that the small agent part is becoming a bigger and bigger part of the piece. so that automatically lends to higher growth in some ways. And again, it's competitive, the dynamic area we are. I can only make one statement. Eventually we will win in this.

Management: and we know what's going on in the market very well.

Management: I think posp business is fairly misunderstood by the overall market. a lot of it is commercial vehicles.

Management: you know there is. so it's you. If you if you just drive on the roads. You would see that there lots of commercial vehicles out there, right compared to how many private cars are there.



Management: and those also need to be insured, whether they are school buses, trucks, etcetera, etcetera. A bulk of that business comes through the posp network.

Management: And so it's very different from what we would normally assume. You would. And that's precisely why we never really saw any competition on the core policy business from the posp side.

Management: Because that business is just a different nature of business. So it's it's interesting. We are getting fairly deep and increasingly, very, very convinced on that business, and I think we're not guiding anything yet. But if you were to look forward profitability should be hit in that business much sooner than we originally anticipated.

Madhukar Ladha: Got it. And just one final question, see? You know, I understand that. Right now. You just sort of described that because of the you could call it new business drag on health the first year margins are impacted. Don't we see the same on the term side, or or you know, or the other term premium.

Management: Not really. See, you have to appreciate life insurance is largely a upfront payment business. And general insurance is a continuous payment business.

Management: So in life insurance, you will typically get X percentage in first year and you will get X by 10 percentage in the second year. and then you will get for a few years, and after some years it will just trail off to very, very small numbers, although at our scale they do contribute. On the general insurance side you get paid every year, because every year is effectively a fresh, technically a fresh policy, right every year or 2 years or 3 years, whenever the policy comes up for renewal, it's actually a fresh policy, and that implies you get paid every year. So obviously, you get paid a certain at in health. The premiums keep increasing, and the renewal rates are very strong in motor too. The car like you would appreciate right. A car dies much earlier than a person dies in general because the car has got lower life lifetime, and it gets older as it gets older the insurance premium keeps going down, whereas in health insurance, as people get older, the premiums keep going up. So health is a very special business in that respect, where, the lifetime is far more important than the first year

Madhukar Ladha: understood. This is very clear. Thanks a lot. I'll come back in the queue if I have more questions. Thanks.

Management: Thank you, Madhukar. We take the next question from Rajamohan.

Rajamohan Vaikuntaraman: yeah. Am I audible?

Management: Yes, please go ahead.

Rajamohan Vaikuntaraman: Yeah, thank you for the opportunity and congratulations on the business growth. especially your explanation on the health growth this quarter and the initial negative impact on ebitda. I was, broadly looking at a longer term kind of picture. In one of your conversations you have indicated, the growth being a priority for Pb till it reaches a critically large size. You also expressed worry about reaching super profitability before reaching that size. What would that size be? Considering the market we are addressing before you are comfortable to reach super profitability. which will anyway happens happen incidentally, currently, all right, 14,000 odd crores of premium. So from that basis, I wanted to understand.

Management: You also see, as far as I can see my own communication has been extremely consistent. Both internally and externally. For us, Priority 1 is always for business growth. Priority 2 is a better ebitda. And when I when I say priority one and priority 2 to me, those 2 are, I would say, 70:30, or maybe 80: 20 in ratio. Priority 0, if I was to call one, is health and term growth.

Management: Because our core business is protection, and our core mission is to have more and more protection.



Management: So that is the way we look at it now. All new initiatives were historically what I would call priority 3. for me their growth, their ebitda, because in the very, very long term they become immaterial. There they support our core business phenomenally, but in the very long term they become immaterial compared to the core business. Right? And that's the thought process, although I must say I'm changing, I'm getting more and more convinced. And I must thank Sarbvir for his consistent focus on the new initiatives while building the core business. That, I'm getting more and more convinced about the new initiatives.

Management: And whether it's on the corporate side we have got now a 3 to 5 year plan very clear what direction we are headed in. so corporate is no longer a question mark for us.

Management: And whether it is the prosp. It is no longer that we are here from a defensive position and etc., etc. We think it's a great business. and we think we have a very clear reason and an opportunity. We have a great team, and we have very clear opportunity and reason to win this business. There's a lot going on in the market. We think they are half truths and half lies in the market, and I think it's a beautiful time, and I think as time progresses, things will unravel beautifully, like in our favor. So yeah.

Rajamohan Vaikuntaraman: yeah, so objectively, like, say, currently, from 14,000 odd crores of premium.

Management: Yeah, we don't have a number. So you know, that's like, that's that's what you should never ask like, what number will you be satisfied with. There is no particular number at which we say, Okay, we don't want to grow anymore. We don't think that way.

Rajamohan Vaikuntaraman: So you have a long run way to growth indirectly, anyway. So final question, you're normally grown to 2 to 3 x industry based on your current position and based on the previous answer you gave in which you indicated to a 3 to 5 year Kind of plan. Would you see this kind of 2 to 3 x kind of growth continuing over the next.

Management: Historically, I've been unhappy about our growth. I thought we should have grown more than we grew in the past. right now. I'm ex extremely excited about our growth. I think. Last quarter we've grown a little more than we should have grown I think. But these things get sort of standardized over. I don't think you should start assuming that health and term will keep growing at 53 forever. We've always did about 35, 30, 35%, and that is where we continue to deliver performance.

Rajamohan Vaikuntaraman: Thank you. And best wishes. Thank you.

Management: Thank you. Everyone.

Management: Sachin for the next question, please unmute yourself.

Sachin Dixit: Yeah. Hi team, congrats on the great results. quickly on the renewal side, right so it looks like the renewal rates are now hovering around the 75 80% order range. And I do understand some of it might be coming because, health was a major sort of chunk that was sold in the last couple of years. Where do you think these can Flat line, I think? Base? Where do we see these numbers in terms of renewal rates.

Management: So I just wanted to give you guys some comfort before we answer this question.

Management: sort of where I and the whole team did a massive deep dive into renewals and so

Management: I don't see any issues. We came out very happy with the with the overall view as part of the next few years is concerned.

Management: Now, one part I must explain, which I don't want to get into the details in this call, because it's gonna be complicated to kind of explain.





Management: there are single year policies, 2 year policies and 3 year policies. 3 year policies renew one. Obviously they will renew once in 3 years, and 2 years. One will renew when you look at them over 1 year, 2 year period.

Management: There is no difference in the renewal rates. And actually, the 3 year policies actually do better somewhat. so You will see if you look at annual rates. When you look at quarterly rates you will see some gaps coming in. That could just be because in one year we may have a higher proportion of 3 year policies. So this year that proportion of 3 year policies is much than what it was last year. So that's the other part. Which is the reason I'm over excited about the current year is because actually, the 53% is not the real growth. The real growth is actually higher. If you actually look at it in terms of you know, number of policies, etc., but because the multi year policies has gone down so I don't wanna get into the whole detail right? I'll just get too complicated.

Management: Suffice to say. Our renewal rates stay very healthy, and the margin at 85% is also the right guidance and longer term no changes in the way we look at it. Basically, there's a book of business which goes for renewal every quarter or every month.

Management: The renewal percentage on that book of business by vertical and by partner, how is that trending. And that continue to either hold or do better and better, doing slightly better than in the past? Yeah, absolutely. Thanks

Sachin Dixit: understood. Great. on the core insurance business, competitive intensity, we are seeing across this world cup that phonepe is advertising has very aggressively. the other player, ditto, I think, has also grown decently well, how do you think that is shaping up? Do you think the advertising expenses going up has anything to do with this heightened competitive intensity in core business structurally.

Management: I hope we have a lot of competition, because competition always drive through things better.

Management: and I think competition also grows the industry much faster as as you are seeing, as competition happened in the Posp industry, how rapidly it has grown. It's it's today, almost, you know, 15-20,000 Cr industry. It would not have been that if competition wasn't there. So I actually, we welcome competition

Management: that said without commenting on anybody, we don't have any as of today. So yes, lots of things have happened at, and this has been our story for the last 15 years. I've always said we welcome. Competition has never arrived. Everybody's told us. Every year there will be competition. There's somebody in a different frame, different world view. Ours is a tough business is basically what I've come to understand over these 15-16 years.

Management: and yeah, I hope we have competition. One day it'll be good for the entire country to have more competition and more growth in the protection side and it will help our growth also more.

Management: But lamentably, I don't think it's appearing anytime soon.

Sachin Dixit: Sure. Okay.

Management: thank you. Sachin. We will take the next question from Nidhesh. Please unmute yourself.

Nidhesh Jain: Thanks. Thanks for the opportunity. Firstly, on the credit business. We have been doing quite well, and we have also been able to scale renewal business stream on the on the credit business side. What is the margin and contribution margin in this quarter for the credit business? And how we see renewal revenue growth in the credit business side.

Management: I think it's a presentation laid out the renewal. But, Naveen, if you want to answer that well. like I said earlier, trail business is coming because of our focus And growth in the co-created products which, where the revenue is linked to the performance and over the lifetime of the loan or the card, as the product may be.



Management: Our trail revenue currently is at about 14% which was, of course, not there About 2 years ago. We expect for it to continue to grow slightly, every 6 months, if not every quarter. As we add new partners in the co-created categories we currently have about 7 products live, and we have 2 in the pipeline which we hope to take live in the next 3 to 5 months, definitely before the financial year. That's on the trail revenue part. on the contribution side, I don't think we give a breakup but broadly similar across both core businesses.

The amazing thing is the Ebitda margin. We don't give it out. But the very pleased. It's very. It's very similar at this moment to the overall core margin.

Nidhesh Jain: What percentage of the trail revenue is coming from cards?

Management: We don't share that that level of detail. Okay.

Nidhesh Jain: I just wanted to understand the cyclicity in this business. Let's say there is a credit cycle which plays out how how we will be able to protect our revenue in the credit side.

Management: so let let me just comment on the first one. So both cards and loans are contributing well into that. That's that's what I can share. And if if you kind of see the reason we focus on co-created products was to kind of manage the cyclicity better, and be more robust a covid like, or any credit turn kind of an event where we had our revenue drop by about 90% in one month and as the trail revenue increases which is linked to loan performance or card spends, we expect that is far more robust in a event, predicts vs new business acquisition.

if you look at the business model that we have right now. Yes, they may be a very, very small impact of credit cycle, which I can, because some of the paid revenue is linked to the performance of that book.

Management: And if people are not spending at all, then obviously, the portion that we will get out of that table will be little lower. But it's a very, very small number, because and on top of that. You know, if you actually look at the dynamics, almost 75, 80% of the commercial value, anyway, is coming in the first year itself. It's just a small portion which is getting deferred for next 2, 3 years. So we are not very worried on that side. And yeah, the biggest impact on the trail on the current cycle actually comes because the supply gets squeezed. in the last cycle, so they probably saw the same thing demand continued to be very high, but the supply became a challenge. So they're not very.

Management: If you just think through what happened last time. And it happened when I think Paisa lost almost 90% of its revenue in kind of one month. Essentially, what happens? You stop doing branding. You stop doing Acquisition cost. Some of the contact center gets absorbed wherever it can into into policy sales and servicing, etc., etc. So we bring down the running cost very rapidly and I remember about 10 years 12 years ago a lot of our investors used to ask us, Why do you have Paisa and i have always said that credit cycles. Because the whole credit cycle question has always been there. Credit cycles will come. But that is exactly why we have policy bazaar which doesn't have credit cycles. And so it will support Paisa with Paisa coming out stronger every time.

Management: So if I look at the competitive intensity in the marketplace credit site business before Covid, it was quite high. But after Covid, because there was a you know, I don't want to name people, but there were a few people who were doing quite well, but after the credit cycle, They've all gone away.

And it's simply because they didn't have a policybazaar to kind of carry them through that that period, whereas we we clearly did so. Yeah.

Management: thank you. Next question from Parth.

Parth Agrawal: I thank you for the opportunity. I just wanted one number. What is the new premium per inquiry per month? I think you disclosed it around 1,700 last quarter

Management: very, very similar to last quarter.



Parth Agrawal: And so this others in the segment revenue. This other service part has been degrading. Is there some pre classification there? I just wanted to get a sense that what is happening?

Management: Yeah, we don't get into those details, but broadly, we've explained that it has to do with the regulatory changes, etcetera.

Parth Agrawal: Sorry if I'm being misunderstood. I'm not talking about the other expenses part where the ad expense has been reclassified. I'm talking about the segment revenue breakup.

Parth Agrawal: Whereupon is the insurance broker service and other is the other service.

Management: No. So it's the same thing. Yeah, they are related. They are all related stuff. They are all to do with the same thing

Parth Agrawal: anything. So all I wanted to explain was, there's no significant change in our business from last year to this year. If you add up the numbers they will add up to exactly the same. There could be reclassification matters. And that's all.

Parth Agrawal: Hmm, okay, thank you so much.

Management: Yeah, both on the revenue and the cost side.

Parth Agrawal: Okay.

Management: thank you, Parth, awaiting the next question from Kireet.

Management: Will you please unmute yourself?

Management: Kireet? Please unmute yourself.

Kireet Atluri: Yeah. Hi, thanks for taking my question I have to. I just wanna get a better sense for what's happening to a market growth and market share I mean. It seems like by accelerating, which is which is not which is not a bad thing at all.

Kireet Atluri: But I don't think we have the correct context for how the market is evolving. If the market is bigger than we thought, and going faster than we thought, you know, would love some context. There.

Management: I can try to give you some context, I think, on the protection side in term insurance. Clearly, there has been a revival in the market, you know, from December onwards, from last December, and we have been growing well ahead of the market as the numbers would indicate. on the health side Very honestly, the market is not really necessarily accelerating. I think if you would have seen, the growth has been very consistent in the reported numbers which include both fresh and renewal at around 18, however, our growth has definitely been ahead of the market, and I think we are, you know that part of our business is growing much faster than the market. There are variety of reasons that is possible. I think a lot of it is due to the way we have organized ourselves, the way we've segmented the market, etc. But overall, I think if you look at the protection side, we are growing ahead of the market, and I would say, protection also is growing in the market as well.

Management: And you know, obviously Sarbvir does this all the time. So sometime, you know, when you are seeing it from too close you may or may not observe the change, but I had the opportunity to start interacting with some consumers recently in in various places, and the word is changing the word I heard was that if I earlier, what I used to hear was that when I have a claim, I will be left hanging onto a phone where policy bazaar. now the word I hear increasingly is, if I have a claim, I think my chances of getting my claim are better if I'm being represented by policybazaar than many other



channels, and that is both true. It was always true, but it's become more true now, and that's in reality, and the perception has started moving in that direction. So I you know, actually, I was internally, I've always believed in health, we should grow at 100%, because it's such a huge market. And looking at our term performance, I think we do much better in term as a as a percentage of market share vs health. And so, internally, I've always believed that right and to the frustration of some of my colleagues who kind of thought why, he has this special passion for health. I can't give out the number of our growth, but it's not very far from my expectation on health alone. And so it's it's a very interesting phase we get actually delivering to potential. And somewhere to me, that has to do with something which we could not put our finger on immediately, because it's not like, you know our marketing spend has on health has changed dramatically, or anything of that sort. To some extent. That was the goodwill that we were receiving. And it's it's happening incrementally. So every month we are getting higher growth than the previous month, and that's just continued throughout the year ever since April.

Management: And and very happily zoom and , just to add to our efficiency this is not a very trivial product that people just come and buy. But this is very thought through for our product, then testimony comes on their own, and rather than a person. Secondly, the industry is very, very resilient in a particular quarter you may see very different, just because, like what happened in when some of the q1 saving sales got pulled into q4. But if you look at overall trend of the industry. It's a very regulated industry which has got built over last 2 decades plus

Management: now, specifically, currently, we are really excited to look at what's happening. And then listing because people have started to think of creating, you know, much more customer focused products.

Management: People are using much more tech. So the across the industry. Some of it driven by us, some of them, you know, because industry was really at some point they have to go. It's it's a very exciting phase. And what if he mentioned that claim Part is the most important Because that's something for all of industry, including us to be, you know, taken care of, because somewhere in the country would trust on the industry has to be built in a much better way, that if I've got a product.

Management: then the claim is almost a certainty. Unless I have not declared properly. So you know that that's a big jump for the industry to take but overall, I think this is very exciting for the industry. You will see next 3 to 5 years lot more innovation coming out of this industry. And statistically, we are now significantly outperforming other channels in terms of claim settlement.

Management: Significantly, this there's almost no doubt there. And you know, just the way we are doing the claims Samadhan. There was the the physical presence just the number of appreciations from customers. Of course we it's a difficult industry. It's a complaints industry. You get a lot of brick bats.

Management: But there is some beautiful stuff happening on the claim side on, on our, on our business.

Management: Thank you. We take the next question from Sanketh. Sanketh, please unmute yourself.

Sanketh Godha: Thank you. Thank you for the opportunity. can we get that simple breakup of the premium? Number 3475 Cr into into core, PB Partners and Pb Corporate

Management: Sure. So the core is about 2630 crores, which is almost equally split between renewals and and fresh

Dubai is about 155, PoSP is about 600 or, our corporate business is about 117. So yeah, that's the broad breakup

Sanketh Godha: got it. so in the previous one of the questions you answered that your renewal premium is 1,500 Cr. So so this is all businesses put together, or or you are just alluding to the core business.

Management: The 1,500 would be including all. The core business renewal is about 1,350



Sanketh Godha: perfect perfect thanks. And and and the second question, what I had is that just wanted to understand the traction on the on the offline of the core given in the past. We said that the contribution was almost 20% of the total new business. whether we are seeing significant pickup in in that number, from from those levels, or or is it on similar lines?

Management: So some get, we see incrementally every month, some progress on on that number. But it's not that number is not obviously growing dramatically now, because, frankly, the core business itself, the online business in the call center part is also growing very, very fast. So if you see our growth, this quarter has been really good, and we alluded to the protection number. But even then other businesses have done very well so overall that number continues to grow incrementally. But

Management: so far it's not like changing dramatically. I also expect in the second half that it will do better. Because we've been putting some capacity in place. And as that capacity, you know matures. It takes a person about 3 months to learn how to sell insurance properly. And I think, as that majority happens, we will see see that impact in the second half.

Management: on the both, the people and the process side, The offline side has been maturing, and those who've heard me consistently over time, have always heard that. You know, we were at early stage of our physical development today, I would say we are getting to a more you know, mature operation. I can see the quality of the operation improving significantly, and the quality of the Management and the people starting to improve significantly, as as whenever I one is traveling, one meets the people subjectively. I'm saying that that part of the operation is getting better and better and and I do believe as we go into this quarter with very strong core businesses.

Sanketh Godha: perfect, perfect, and and just 1 one question is on on the new protection. What you highlight is 53 percentage. looking at the companies results, Life insurance companies results, We all know that protection has come back very sharply, and probably the growth is much higher than 50 percentage for all the companies which are reported the results. So so just just directional, I just wanted to correct you there.

Management: I don't want to get into specific companies, but if you look at the overall industry growth, it is nowhere near that number. Yes, the listed players had a very bad last year. So you saw minus 50.

Management: And then you are seeing 50%

Management: for the listed players which would basically fly over a 2 year basis minus 25 or whatever right? That's that's that's probably what the number comes to. If you take 100 to 50, and then you grow by 50. You grow to 75.

Management: So over a 2 year period, it's about it's minus something. Now. First of all, we did not degrow last year. That was number one and has it, and I don't think the industry de grew that much last year, so I think some players do grew more than others last year.

Management: and yes, some players would have grown more to the base effect.

Management: Health is growing faster, is all I can say. Health is a higher percentage than term on the growth rate.

Management: That itself. I have said too much.

Sanketh Godha: Got it, and and last one from my side. Posp Business, you said, is around 600 odd Cr and and we chose to degrow in Q1, what we did in second quarter, 600 growth seems to be a very decent growth. So this, this is as you highlighted. This is more driven by the granular business, and and we expect this growth momentum to continue in Posp



Management: we have an amazing team. I am, increasingly impressed by our team and the quality of our team.

Management: And I think we're on the right path.

Management: Yes, I think from day one. I did not like the large consolidation part of the business too much, and I think we all agreed, but at that time the scale was coming from there.

Management: As soon as we could start to cut that part away. We have been doing that. We've been growing in the part want to, that's becoming a bit larger and larger part. So as I got the larger part, you start to see growth again. But listen. don't get too stuck up on the posp. Think it's a it's a long game, I would say. It's gonna play out over the next 4 5 years. But I'm not saying it'll take us for 5 years to get profitable in that. So I think we are on the right track we've got. We've got a great team. very focused. We understand the market quite well.

Management: I'll make one statement in this a Posp thing from the private world side. The better players will look worse for a while, and this does happen in some industries. I'm not an expert in investing, but right now the amount of misinformation on the posp side is so high that I think, people are getting, investors are getting confused.

We're not raising capital for it, right? But I'm saying in the private world the best quality player that players actually struggle because they will not be able to demonstrate the growth and the profitability that they have promised to their investors.

However, the ones who are only selling a story will gain for a while. So I think it's a narrative game. But the business is is what it is. I think this year growth will be challenged in the Posp area for almost everyone.

Management: Because, please appreciate you. You've gone from nothing to 20,000 Cr. You can't go to 200,000 Cr.

Management: It's it's not gonna happen right? So I think I'll leave it there. But but yeah, I just want to add one thing to what you see said that you have to remember. There's one very important difference between Pb Partners and every other posp Competitor, which is the brand value policybazaar holds. So as you go deeper, and as you go into smaller agents and people for whom, then, lively or depends on this business. they care a lot more about the brand than anyone else, because it stands for reliability and certainty of payout. And that is why I feel that while the numbers, as you see, said, will change up and down, depending on the quarter, month, etc. But more than that, structurally the business is going in the right direction, where we are leveraging the strengths that we have which no one else has, and I think over a period of time This will keep playing out. So I think that's one of the things to keep in mind as you look at the Us.

Sanketh Godha: perfect. If I'm allowed to ask this last one in in the annual report we do disclose our renewal revenue.

Sanketh Godha: just just wanted to know. It will be great if you can disclose that number on half a yearly or quarterly basis. Because it helps us in that sense, because, anyhow, you are disclosing in the full years and and if you can provide today that number of core revenue or broken down into renewal,

Management: it is already shared as ARR.

Management: Hi Dipanjan, please Unmute yourself.

Dipanjan Ghosh: a few questions. One is, if you can give some color on the margins of your corporate business. Second, you know you have mentioned in the presentation that your overall hybrid or digital led business has been picking up. If you can give some color on the mix in that, or you know the margin trajectory, or what proportion will be that in your overall business today? And thirdly, you know, you have



mentioned in the call some points like, you know, you expect your posp to achieve profitability or improve profitability much better than what you had anticipated before. They've also retained your growth stance in new business you have mentioned that you're you know, you're also growing quite sharply in your high margin or high renewal margin products. So what would be the levers? You know that you would probably look for in terms of upgrading your FY27 guidance? Or do you even think of, you know, upgrading your guidance if you can get some color on that.

Management: That guidance was given in a very weak moment when the world thought we were really a crap company. So I don't think we are going to upgrade guidances and all that stuff. In fact, we will not give too many more guidances, right? So whatever guidance is we gave at that time, which were FY24 being profitable, and FY27 having 1,000Cr of profit, were the guidances they were given in a moment that I thought people could lose a lot by misunderstanding the company. Because at that time you were a thousand crores loss making company right? So at that time people needed to have that clarity. I knew where our business was headed. So there was given in that context. We we don't get into, you know, specific stuff, etc.

Management: Now, since you asked corporate is a low margin business.

Management: However, it grows on renewals. We have a plan by which we will invest some amount in that development. Specifics of how much, but within a reasonable timeframe, which is, you know, few years out it will start to get towards profitability, and that profitability is a function of how much of our business comes from renewals rather than fresh, and that. Also there's a there's a whole, and there is some types of businesses like the group. Health business has got very low margins, whereas the non employee benefit part has much better margins. The digital side is margin accretive, not margin diminishing.

Management: The reason we invest into digital is only if I get more sales from a certain amount of cost. I have the same person. He could be sitting in a call center, or he could be meeting somebody. If that person has higher productivity. Then, and only then, would I send him out. Otherwise why would he send him out? His salary does not increase because of that. In fact, the air conditioning, and some of the office costs actually go down. Telecom costs go down. So it is the same person. Every customer we handle is the one who came to us digitally. So our marketing and our customer acquisition route stays the same. It is the how we service, the customer is changing, and if we can service the customer better through a physical meeting or a video conversation. we will do that, and it will most likely be margin accretive, so far as being margin accretive, and it will continue to be so

Management: on the posp side we are certainly not giving out any guidance. It is a competitive area. All I'm saying is a lot of smoke and mirrors in that area. We understand them. We understand the weaknesses of players, we understand our strengths. We are extremely confident of eventual victory, and you have to somewhere go by our track record also. Right? We are not the only person who set up a business like policybazaar. There were hundreds. If we have done what we have done hopefully, we'll do the same and similar stuff as well. And maybe maybe we are wrong. Maybe we are. We are. We are drinking too much of our own cool aid. That was possible. But I don't think so I think I think we'll be the winners there.

Management: Thank you. Nischint, Please unmute yourself.

Management: We can't hear you.

Management: Hi Aditya, please unmute yourself.

Aditya Kapoor: thanks a lot for this opportunity. And basically congratulations on very good growth numbers one thing that I was looking at was Slide Number 30, and in that what I was seeing was that whether you look at adjusted ebitda, or Pat, or ebitda till of 23 every quarter. There was a quarter on quarter improvement. However, since then the trajectory is slightly different. It's slightly worsening. What is exactly the reason behind that



Management: insurance is a somewhat seasonal business, so quarter-four will always be the strongest quarter. And I think q1 and q2 are quite similar to each other. We've explained some of the differences.

Management: which has stayed quite stable, and that was the Delta. I mentioned about 6 quarters ago that Delta should be about on the core business alone should be about 150. Close is what I said. Then some people said, Why not 200? I said, yes, I've been conservative, it should be about 200. That Delta is about 225Cr for the last 6 quarters. which is the year on year annual growth in adjusted ebitda. esop cost will keep coming down every year. But you know that's the broad guidance, and that should not change. If anything, it should keep increasing, because, as we scale, the renewals become a larger and larger part, etc., etc.

Aditya Kapoor: Hmm, cool. The second question is a little bit on new initiative. Normally, most of the startups, or whenever there is a new initiative because of a lower base, new initiatives actually grow much faster.

In our case, core business is actually growing much faster, which is, which is good, but new initiatives are growing a little slower. Any specific thing there.

Management: my friend, our core business is gold. new initiatives are between bronze to silver. We've never shouted from the rooftops about our new initiatives. that you know they are the you know, best thing since sliced bread, or anything of that sort. They are good businesses, they are. They are okay but they don't compare with our core business. I think any of our competitors of those businesses would give an arm and a leg to have our core business.

Aditya Kapoor: Well, thanks a lot. Thank you.

Management: Thank you very much for those questions and the engaging conversation. We'll close now.

Management: Thanks very much.