



September 3, 2024

To,

Listing Department
National Stock Exchange of India Limited
Exchange Plaza,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051

Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Symbol: MEDIASSIST

Scrip Code: 544088

Subject: **Transcript of Investor Conference Call**

Dear Sir/ Madam,

Pursuant to Regulation 30 and Regulation 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Company's Investor Call held on August 27, 2024 at 8.00 a.m. to discuss on 'Acquisition of Paramount Health Services & Insurance TPA' annexed herewith.

Request you to take the same on record.

Yours faithfully,

For Medi Assist Healthcare Services Limited

Simmi Singh Bisht
Chief Compliance Officer & Company Secretary

Encl: As above

Medi Assist Healthcare Services Limited

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“Medi Assist Healthcare Services Limited
Conference Call Transcript - Acquisition of Paramount
Health Services & Insurance TPA”

August 27, 2024



MANAGEMENT: DR. VIKRAM CHHATWAL – CHAIRMAN AND WHOLE-TIME DIRECTOR – MEDI ASSIST HEALTHCARE SERVICES LIMITED
MR. SATISH GIDUGU – CHIEF EXECUTIVE OFFICER – MEDI ASSIST HEALTHCARE SERVICES LIMITED
MR. SANDEEP DAGA – CHIEF FINANCIAL OFFICER – MEDI ASSIST HEALTHCARE SERVICES LIMITED
MR. NIRAJ DIDWANIA – SENIOR VICE PRESIDENT – MEDI ASSIST HEALTHCARE SERVICES LIMITED

Moderator: Ladies and gentlemen, good morning and welcome to the Medi Assist Healthcare Services Limited Conference Call. At this time, all participants are in a listen-only mode. A brief question and answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star and zero on your telephone keypad. As a reminder, this conference is being recorded. It is now my pleasure to introduce your host, Niraj Didwania, Senior VP of Medi Assist Healthcare Services. Please go ahead.

Niraj Didwania: Thank you, Ryan. Good morning to all participants on this conference call for announcing the proposed acquisition of Paramount Health Services and Insurance TPA by Medi Assist Insurance TPA, a wholly owned subsidiary of Medi Assist Healthcare Services. We thank you for joining on short notice.

Our press release and presentation with respect to this transaction has been uploaded to the stock exchanges, our website, and also distributed through our mailers. Please note that any forward-looking statements or management estimates are to be relied upon based on your own judgment, and hence investors are recommended to refer only to annual audited numbers and regulatory disclosures for making their decisions. Without further ado, I would now like to hand over the call to Dr. Vikram Chhatwal, Chairman and Whole-Time Director of Medi Assist Healthcare Services, Limited.

Vikram Chhatwal: Thank you, Niraj, and a very warm welcome to all participants on this occasion, an important occasion in the history of Medi Assist. As a team, we're proud to have the opportunity to acquire Paramount TPA, which not only being one of the largest deals in the TPA space in India, also becomes our third acquisition over the last three years, and fifth overall in the Indian TPA space. I draw your attention to the deck that's been shared and uploaded on this transaction, and if you could turn to slide three, you will see that Medi Assist continues and has played a critical role in the health insurance ecosystem as that one interlocutor that brings together payers, policyholders, and networks.

Paramount TPA, becoming a part of us, only enhances our capabilities in administering this ecosystem seamlessly. With the enhanced scale and market share, we will also hope to deliver a stronger proposition to all of these three stakeholders and drive superior outcomes across automation, technology, security, and most importantly, experience that we deliver to the end policyholder. If we move to slide four, I just want to take you back in time into the acquisitions that we have made till date.

All our acquisitions have been strategic and aligned to the long-term objectives and have contributed to where we are today. While, importantly, the acquisitions have brought incremental portfolios of business, we have also, as a company, benefited from the depth of relationships and the talent that has come along, which is an integral part of our story. And as we embark on the journey of completing the acquisition of Paramount, I do believe we have and are the largest corporate health benefits platform in India and most probably amongst the biggest in the world.

As a company, you would have seen we have a great track record of integrating and drawing on synergies from acquisitions. While we have made acquisitions, they have always remained

accretive from a capital allocation perspective and have generated attractive ROIs alongside the main sale of our business, which is organic growth. As we have said to you in earlier calls, our intention and intent has been opportunistic in the M&A space.

And most importantly, the Paramount TPA acquisition clearly remains an accretive acquisition from the company's perspective. I now will hand over the call to our CEO, Satish Gidugu, who will walk you through the specifics on the Paramount TPA acquisition. Over to you, Satish.

Satish Gidugu:

Thank you, Dr. Vikram and good morning to all the participants. I request you to move to slide five of the presentation, where we have a high-level overview of how some of our recent TPA acquisitions have performed. Of course, this is a simulation based on management estimates. Most players in the TPA industry, both Medvantage and Raksha, were low margins in our hands, and they would start typically at a negative margin or close to single-digit margins when we integrate those accounts into our accounting systems.

The playbook, of course, has been very similar in all of our integrations, with the technology integration being the core focus, and also followed by bringing the teams together, harmonizing them into the combined entity. The infrastructure synergies are subjective on a case-to-case basis, based on the kind of investments that are actually needed to harmonize the operations into a common template.

On the business front, the challenges and the opportunities are identical to what we do in our own business on a daily basis, which is retain our existing accounts and base and add new accounts and new clients. We are excited and confident of replicating a similar journey with Paramount, and one that could possibly be even a bigger success in the long run, given its size. Moving to slide six, which gives us an overview of Paramount TPA.

Paramount has been a licensed third-party administrator since 2002, founded by Dr. Nayan Shah, a pioneer in this space. The company had earlier raised an investment of \$11 million in 2019 from Fairfax, Asia, which now owns 51% of Paramount. From an overall numbers perspective, over INR34 billion in premiums in the groups segment, and INR4.5 billion of premiums in the retail segment are administered by Paramount as on FY24.

And Paramount is the fourth-largest TPA by total revenues, and also the second-largest TPA in the Group segment by premiums in India after Medi Assist. In terms of market share, the company will add 6.2% in the Group segment, and will also allow us to improve our overall health insurance industry market share by about 4%, which is on an FY '24 basis. And Paramount is one of the most reputed and professionally run TPAs in India.

And the shared vision, philosophy, and drive to excel is what makes this a perfect match. Paramount today works with over 30 insurers, has one of the largest networks at 25,000 hospitals, and serving over 36 million lives across corporate, retail, and government segments. Moving to slide seven, which provides some insight on their success in the Group segment.

They're among the few TPAs that have grown Group premiums higher than the industry growth rate. And in the Group segment, the compounded growth rates are significantly higher than

market. And the strong proposition that Paramount took to the market resulted in them acquiring a 6.2% market share in the Group segment.

Today, this Group business comes from over 3,000 group accounts across 27 insurers in general and SAHI segment in India. Quickly move to Slide eight, which gives you how the combined story actually looks like. Medi Assist and Paramount combined would be about INR22,000 crores of premiums in the health insurance industry, a 23.6% market share on FY '24 basis.

It's even more compelling, the market shares in the Group segment. There we would be managing over INR20,000 crores of insurance premiums in the Group segment, and with very significant 36% of the market on FY '24 basis. Paramount has been able to maintain strong yields, which are very similar to our own yields, and has a very attractive insurer mix with 40% of the premiums administered on behalf of the non-PSU insurers.

And the cashless percentages delivered by Paramount are also among the industry-leading metrics across IP, OP, and government claims. Finally, moving to Slide nine, we'll give you a quick financial snapshot of Paramount. The revenue mix is almost a very close replica of Medi Assist TPA's revenue mix.

On the revenue front, there's very strong growth across all areas, specifically in the Group business. And the lower EBITDA margins are not very different from the businesses that we've acquired. But the one that puts Paramount very differently is the size and scale at which Paramount today operates, and our ability to transform the margin profile as we flip the business into our operating model.

In summary, on Slide 10, for us, this is a transformational opportunity. There are many areas where we benefit from consolidation, scale, and market share in terms of external dynamics. We have multiple areas to drive internal efficiency. And as the government's vision of insurance for all by 2047 comes to life, we believe that the consolidation gives us the ability to build capacity for administration of health insurance business at scale and continue to improve on retention and store growth on the combined larger base. That's a quick update from us on the whole deal concept. Now I'll hand over the call back to Niraj for the next steps.

Niraj Didwania:

Thank you, Dr. Vikram and Satish. Ryan, we can now open the call for questions from the participants.

Moderator:

Thank you. Ladies and gentlemen, we will now be conducting a question-and-answer session. Our first question is from the line Chintan Sheth with Girik Capital. Please go ahead. Chintan, I'm sorry, we are not able to hear you. If you could please unmute yourself from your end.

Chintan Sheth:

Okay, thank you. Congratulations on the deal. You know, I'm looking at the financial deck. The margins are sub-10% for paramount. Again, it looks like the similar playbook what we played on Medvantage and the Raksha acquisition. If you can highlight what kind of payback we are looking at for this acquisition and how initially how our EBITDA margin will be recovered, what are the timelines for the thing to go back to? Because this is more sizable versus Raksha and this thing, Medvantage. So, looks like the timing for margin recovery will be a little longer than Raksha, it seems so. If you can highlight.

- Vikram Chhatwal:** Thanks very much, Chintan. I'll ask Satish to respond to that question. Satish, over to you.
- Satish Gidugu:** Good morning, Chintan. Thank you. So, the margin profiles are very similar. You know, we have acquired, like we have demonstrated to you earlier on Medvantage and Raksha. I think the synergies are already kicking in and you can see it in the numbers. Coming to Paramount, of course, given that we have transaction to close sometime towards the current fiscal, FY26 basis, likely 150 basis points impact on the consolidated. Of course, it's been improved EBITDA on the current push. That's the impact that we expect to see in FY'26. And we expect that the four quarter paybacks will and then we should be able to see all this in FY'27.
- Chintan Sheth:** And the payback, you mentioned four quarters, right?
- Satish Gidugu:** Yes, that's correct, Chintan.
- Chintan Sheth:** Yes, okay. And the payback, what are the payback timelines you are anticipating for this equation?
- Satish Gidugu:** We can share the details with you, Chintan.
- Chintan Sheth:** Sorry.
- Satish Gidugu:** Niraj and team will...
- Niraj Didwania:** Chintan, can you repeat your question?
- Chintan Sheth:** I was asking Niraj about the payback on this equation and the enterprise value is around INR300-odd crores. How are we -- it largely looks like the cash deal to fund the equation or is there any dilution as well?
- Niraj Didwania:** No, it will be largely funded through cash only. And we already have sufficient internal resources. And there is a time gap between when we sign and when we close because there is an IRDA approval required. So, we are continuously generating cash also. So, at this point of time, we would look at that as a funding. And from a payback, most of these acquisitions on an outright payback is generally five to six years. But from an IRR perspective, we believe that like Satish mentioned, '27 onwards, it will start being accretive. And so, it will turn into a positive IRR in the first few years. And we expect ROI of over 20% over the long term. It will be between five to seven years payback period.
- Moderator:** Our next question is from the line of Ajox Frederick with Sundaram Mutual Fund. Please go ahead.
- Ajox Frederick:** Congrats on the move. I had a couple of questions. One is on the margins of Paramount. Given that they are sizable, they're still, as you know, a turnaround candidate. So, what are the low hanging fruits for us to bring those margins up? And usually we are turning it around at a very quick pace. So, given that they are sizable, shouldn't we be turning this around much faster than the earlier couple of acquisitions?
- Vikram Chhatwal:** Thank you. And I'll hand this to Satish to respond. Satish?

Satish Gidugu: Thank you for your question. So, this picture of the size is very similar, right, both in terms of the mix, the government, the corporate and retail with corporate focus. From a synergy perspective, typically it's on two fronts. One is our ability to retain all accounts from day one because it becomes our responsibility. Even with both the recent acquisitions of Medvantage and Raksha, we've actually improved our group retention rate from 92% where it was last year to 94% with the consolidated base.

Clearly, one big area of synergy is how we retain the customers. We added back to the same-store growth story, which is our largest revenue driver. And from an operating model perspective, we deployed significantly more amount of technology-led processes than anybody else. And these are cut across multiple areas of operations, whether it is integrations with the ecosystem, like with the hospitals, insurers and corporates, or deployment of technology for internal processes and claims, or the automation and the machine learning that we've been able to deploy.

These are standard operating templates, typically work irrespective of the size of the operation that we actually bring in. And the reason why we usually say four quarters is because all of our active accounts and contracts and policies are of a 12-month duration. Typically, it takes a 12-month cycle to finish the complete renewal of all the active policies, and that's where the four quarters actually comes from. Clearly, we expect to see synergies flowing in much faster given the maturity of Paramount as a leading TP.

Ajox Frederick: Okay. So, within four quarters, we'll hit our usual 20% kind of margin run rate, or that's how I should read it, right?

Satish Gidugu: We expect that a consolidated basis in FY'26 for 1.5% dilution, as the rates are more closer to where they will be, but we should see full accretion.

Ajox Frederick: Got it, sir. That's very helpful, sir. The second question is on the technicality. How should I read this EBITDA and adjusted EBITDA? I mean, in Slide 9 of the financial of Paramount, the reported is INR6.3 crores, adjusted is 13.3 for FY'24. So, what is being adjusted here?

Satish Gidugu: And this is, I will let Niraj pick this up and walk us through.

Niraj Didwania: So, one of the things there, Ajox says that in the 150Cr they have some nominal discontinued business. So, when those businesses discontinued there is also some cost sitting there for that business. So, the walk from 6.3 to 13.3 is a combination of rationalization of some of these costs, some synergies that kick in from day one of the acquisition and accounting adjustment, which we are estimating currently from the outside.

And of course, there is a closing period. So, we expect to firm up some of these assumptions that we have on table. But at this point, we are confident to put out there that the adjusted EBITDA we are seeing in our hands is better off than the reported EBITDA.

Ajox Frederick: Okay. Very helpful, sir. Again, congrats on this move and all the best. Thank you.

- Moderator:** Thank you. Our next question is from the line of Madhukar Ladha with Nuvama. Please go ahead.
- Madhukar Ladha:** Hi, good morning. Just a couple of questions from my side. First INR153 crores in revenue in FY '24. Now, post this acquisition, do we expect any sort of revenue loss, client loss? What sort of revenue and revenue growth numbers should we be looking at for this acquired business? And second, I wanted to understand, see, the EV is about INR312 crores. Plus, there is cash on books of paramount of about INR111 crores, INR112 crores.
- So, that actually takes the market cap to about INR424 crores, if I'm not wrong. And that would mean that you would have to pay that amount pay about INR420 crores out. If I look at your March 24 balance sheet, I think the cash plus investments is closer to INR230 crores and you just mentioned that you would largely use internal accruals. Do you, I mean, wouldn't we be short we probably need to take some debt. Can you just clarify on this, actually? Yes, those would be my two questions.
- Vikram Chhatwal:** Satish, would you answer the first part and then maybe Niraj, you can take over.
- Satish Gidugu:** I'll then hand it over to Niraj. Thanks, Madhukar. Good morning. So, from a business perspective, we have the first strong points. We have 100% overlap with the insurance companies that we work with, especially in the group segment which is the largest driver of revenue for Paramount. Historically, both from Medvantage and North Star even in older integrations like VHF, we have retained all of the key clients and all of the group revenues that we've acquired.
- So, don't see any concern from a business perspective. And same goes now with typically any reductions that we've seen in revenue, the signing on the closing, one the revenue sort of flows into our books. And it also reflects in our improved report Q1, including Medvantage.
- Madhukar Ladha:** Satish, your line is not clear. Your voice keeps sort of fading out, breaking in and coming in again. So, not able to get a lot of what you're saying.
- Niraj Didwania:** So, maybe Madhukar, I'll just chip in what Satish said because I was able to hear him in pieces also. See, one is that we work with all the common insurers. And today, in reality, in the market, I guess Paramount were really the two key options on the corporate benefit side. So, while we've seen in the past acquisitions are between signing and closing, that becomes sort of a risky territory because that is really the change of control which could then lead to sometimes some amount of business loss.
- We are preparing already that we will plug those kinds of situations right now, immediately from a signing till closing. And going forward also, we're not expecting a significant business loss. We have factored in some areas of business, but it's not going to be very significant to change any of our forward projections. And from a growth of the combined piece, we do continue to expect to grow in line with the market growth.
- We don't expect to lag behind market growth that we see at a combined entity level, which is really where the exciting part comes. So, that's on the first part. On the second part, we closed

Q1 of FY25 with INR270 crores of net cash. And if you see just the Q1 itself on a INR35 crores EBITDA, we generated around INR25 crores of cash flow. So, it was a 245 number in March 24, which went to 270. So, that was a INR25 crores quarterly cash flow generated, at least in the Q1.

So, you're right that the equity value or the payout will be closer to INR400 crores. We expect to be and by the way, out of the INR400 crores, INR100 crores is sort of cash going out from our side, but then the same cash gets retained in the entity we get. So, it's really a wash or goes out of one hand and comes back in. So, the net payout for us is around 300.

So, we have a significant time now because in the past, we've seen four to six months from an IRDA approval perspective. So, it'll be easier to give you exact guidance on whether there will be a sort of bridge debt we need to do closer to the transaction, but I don't think from a funding perspective, we have any concerns because there's a very significant flow.

And by the way, also because it's a similar line of business, the target company also has significant cash flows, which is why there is a good cash reserve that we are paying for. But both companies again will be generating combined cash flows, which are very healthy.

- Madhukar Ladha:** Got it. Makes sense. Thanks and all the best.
- Moderator:** Thank you. Our next question is from the line of Nidhesh with Investec. Please go ahead.
- Nidhesh:** Congratulations sir for the acquisition. So, first, what all regulatory approvals will this deal require? Will this deal also require a CCI approval?
- Vikram Chhatwal:** Niraj?
- Niraj Didwania:** No, Nidhesh. Thanks for the congratulations. And this transaction does not fall into the thresholds on a revenue or a net asset threshold for the CCI. So, this does not require a CCI clearance. This is IRDA approval for change of shareholding by more than 5%. So, both the buyer and the seller have to seek IRDA approval to buy and to sell. So, that is the approval that will be required only.
- Nidhesh:** Sure, sure. And I think in case of Medvantage, we had some revenue loss during the transition phase. So, please correct me if I'm wrong. And why don't we expect any revenue loss in case of paramount transaction also?
- Satish Gidugu:** Morning, Nidhesh. So, in Medvantage, we've really not had any revenue loss from the date of closing. There were some occasional challenges in that business where there was a bit of a revenue loss between signing and closing, but we don't anticipate that situation here.
- Vikram Chhatwal:** I think, Nidhesh, just to add to that, I think just given the longevity of contracts that paramount has had, their ability to retain customers. And I think it's important for all of you to understand that increasingly revenue loss historically if at all, I mean, 5, 7, 8 years, 10 years ago was when the North Star metric for the insurance market was not necessarily based on technology, service, outcomes, quality of network.

As we see the world today in the decision of how insurance works, for an insurer, the North Star metric continues to become stronger and stronger on outcomes, service quality and the use of technology. While for the customer or the policyholder, especially a group customer, continuity of service and continuity of benefits administration have become an important metric.

So, as we've gone along our way, we've also seen and you would have also seen that between Medvantage and Raksha, we used to have typically a retention rate with a low churn at about 7% or 8% was our churn. That churn has actually fallen to 6% and continues to improve every day. And that's largely driven by the way the ecosystem organizes itself and understanding, how do you define outcomes?

Where is the North Star metric in all of this? And so, really, I think for us, given the pedigree, given the longstanding relationships that Paramount has had amongst the earliest TPAs in the market and the base of marquee customers, we actually don't see that becoming a challenge in this acquisition.

Nidhesh: Sure. Thank you. Thank you for that. So, just two more questions. One is on slide number five, we are indicating that both Medvantage and Raksha have come to our company level margins within four to five quarters. So, in our overall margin without Paramount acquisition, do we expect further improvement in margins or that has already played out as of Q1?

Satish Gidugu: So, Nidhesh, I think, if you look at this slide five, I think Medvantage is fully integrated. Raksha, we will finish our one year shortly in Q2. That's when we expect most of the synergies to flow in as we complete the one-year annual cycle of Raksha. So, there is on a standalone basis, there is still some room from the Raksha integration perspective.

Nidhesh: Okay. Yes, sure. Thank you for my side. That's it.

Moderator: Thank you. Our next question is from the line of Chintan Sheth with Girik Capital. Please go ahead.

Chintan Sheth: Thank you for the follow up. If I look at the yields on Paramount it seems pretty healthy related to us. So, if you can elaborate on what quality of businesses and how different the book is versus ours, which results in a slightly better yield for them versus us.

And secondly, you mentioned the 150-basis point impact in FY '26 on the EBITDA level. If you can also highlight what kind of EPS impact, we will likely to see given that a large part of the cash will get utilized for the acquisition and will have incremental debt and lower margin business coming in. So, what kind of EPS impact we're likely to see because of the...

Vikram Chhatwal: Sure, thanks. I think the first part, Chintan, I'll ask things to talk about and then Niraj can walk you through EPS.

Satish Gidugu: So, Chintan, I think from our revenue mix perspective they're very similar from our group detail and government and within group, I think even just the client and the corporate account mix the yields are better than us in the same cohorts of the clients by the size of the accounts or the nature of the accounts. We serve some of India's largest client accounts and hence the cohorts are not

necessarily fully comparable given our group book is almost five times bigger. But you are right that it will only add to the overall yields of the consolidated book when the Paramount book actually gets consolidated.

Chintan Sheth: Basically, it's the smaller accounts yielding a little better yields versus the larger accounts for us where the negotiation powers obviously the volume is high. We are negotiating at a lower rate and that is the kind of difference between the two.

Satish Gidugu: That may not be a very accurate way of looking at that, Chintan. I don't think it's because of that. It's just the nature of the accounts that we run. I don't think it's necessarily a negotiation.

Chintan Sheth: Nothing to do with the accounting of revenue. They are a little aggressive versus our policy of deferring the revenue over the course of a year. Is there any change in the accounting policy of theirs versus us?

Satish Gidugu: There will be a marginal alignment change but it is not very significant from a change perspective unlike in the past acquisition. So, on the whole, it will still be accretive to the overall yields.

Chintan Sheth: Okay. And yes, on the second part.

Satish Gidugu: Yes. Niraj, would you pick it up?

Niraj Didwania: Yes. So, just adding on the first part, what Satish said is yes, you're right, Chintan. We have mentioned as a footnote that this is on Indian GAAP basis. So, once we do a recasting on revenue there could be a slight change in the yields. On the second part, like Satish already mentioned earlier that we do anticipate a 100 to 150 bps impact in the first year. And most likely, because we are in early September almost end of August, we expect this deal to pretty much be consolidated from FY '26 onwards.

So, in the first year, there will be a slight EBITDA dilution. And of course, the cash flow utilization, which otherwise contributed to the PAT and EPS there could be a slight change in '26. So, on an EPS basis, '26, we may not see it being neutral or positive it might be slightly diluted. But '27 onwards, we expect it to be back into our margin profile. And hence, we believe it should be closer to neutral or slightly accretive in '27 on a full year basis. But of course, it depends on what timing do we get in terms of consolidating and then how the integration plans play out.

But at this point of time, what we can see going forward is '26 will be a slight dilution driven from the EBITDA margin and the cash flow utilization. But '27 onwards, we will see sort of a closer to neutralization.

Chintan Sheth: On the EBITDA margin dilution, if you look at the 24 numbers, obviously, our numbers are a little off because of the acquisition and the synergic benefit coming in from those acquisitions. The gap between the pro forma versus our reported numbers the margin gap is around 240 basis points post-integration. So, you mentioned that 150 basis point means that both our margin for FY '26, as we were expecting post the synergy of Medvantage and Raksha plus Paramount's

margin getting a little bit improving from the current level in FY '24 levels. We'll see the impact reducing from 240 to 150 or that's what is the implication.

Niraj Didwania: Yes. So, you're right. So, Medvantage and Raksha, if you look at them together then their margin was in fact slightly lower than what Paramount is today in our hands at closing. And Paramount, as we said, the reported margins or pro forma margins are actually understated because of some of the situations. So, we feel that when we take over Paramount, they will definitely be a better margin profile at closing that we take in our hands than the previous two transactions.

And so, given their scale, we still believe that while Paramount is larger because the margin will be better the dilution will be less than what dilution you saw from both the other transactions. Also, it was not 240 bps because while the full year was 23.6% in FY '23 Q4 already was around 22%, which was because of the investments we had continued to make in technology and other fronts. So, the margin dilution, when you look at it in '23 also, we've consistently said that there were investments made. It is not all because of acquisitions. So, acquisitions are not equal to significant margin dilution. So, that way, there'll be a small number in '26, but it'll start improving '27 onwards itself.

Chintan Sheth: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Rishi Jhunjhunwala with IIFL Institutional Equities. Please go ahead.

Rishi Jhunjhunwala: Yes, thank you. I have three questions. Firstly, can you break down in terms of the lower margin that Paramount has, how much of that is a function of, their realization versus their cost structures being high? Second is, at what market share level on the corporate, business side, do we start coming under CCI scanner? And thirdly, are we buying the Paramount's India business or the overall entity because if I remember it correctly, they also had some international operations in Southeast Asia. So, is that any part of it or not?

Vikram Chhatwal: Thanks very much. First, I just answer we're only, and this is purely a Paramount TPA India-only business acquisition and does not cover any of the other businesses that the group might or might not have. This is the regulated entity and that's why the reason for us to go to the insurance regulator. On the other two questions that you have, I'm going to hand over to Satish.

Satish Gidugu: Morning, Rishi. The yields are comparable to us. It's not necessarily a, yield issue from a margin side and it is the case with most TPAs are the yields that we get based on products are very similar across all the TPAs and that continues to be the case. Of course, given the mix of the corporates, the Paramount's yields are in fact even better at an overall group level compared to us and hence it should be effective.

So, the cost structures perspective, typically where we have seen the difference between our margins and others margins are predominantly the headcount related costs, which are far lower for us compared to everybody else because of the extensive technology deployments that we have. And second, our retention rates have always been superior and giving us a lot more predictability and a lot more, smoothness of the same store, revenue growth.

Third, our focus on the group business and the retail business, which allowed us to run integrations and run, claims operations at scale. And again, driven mostly by technology. Right. So, I think these are the two, three areas in operations that most TPAs are different from us. Paramount cost structures are very similar from our composition perspective, and that's where we expect to get synergies as we bring the business back.

Rishi Jhunjhunwala: And the CCI question?

Satish Gidugu: At this point, we do not, yes, sorry, go ahead.

Vikram Chhatwal: Sorry, Niraj, would you take that please?

Niraj Didwania: Yes. So, Rishi, one is the revenue and or the net asset value thresholds are INR1250 crores plus. And so, we are significantly away from that problem. The other is on the market share. The market share will be looked at based on the opinion we have as a claims processing business. And that even today, apart from the TPA industry, it's also the insurers who do it in-house.

So, that's why when we look at who's processing claims, the entire health insurance premiums and the industry gets looked at, of which we today own about 23.6%. So, again, there we are not in any zone which is very close to any issue we may have in the next few years, at least.

Vikram Chhatwal: Okay, thank you.

Moderator: Thank you. Our next question is from the line of Varun Gajaria with Boring AMC. Please go ahead.

Varun Gajaria: Hi, sir. And congratulations on your position. So, just a quick question. What will we be doing at Paramount to make sure that the margins are in line with our margins in in long run?

Vikram Chhatwal: I'm sorry, Varun, could you repeat that question, please?

Varun Gajaria: Yes. So, what is the plan in doing at Paramount level to make sure that our margins are, you know, margins of Paramount TPA long run are in line with our margins?

Vikram Chhatwal: Sure. Thank you, Varun. I'll hand over to Satish.

Satish Gidugu: Yes. Morning, Varun. Thank you. So, once we close the transaction, Varun, the responsibility of running the active contracts, retaining them, or adding new business or improving margins is firstly our responsibility. And in the long run, Paramount TPA will get merged into Medi Assist TPA and we become a single entity. That's a process that will take anywhere from 12 to 18 months.

And the playbook is very similar, which is one, you retain all of the existing accounts, make sure that the same store growth continues to create a larger base, and two, change the operating model, which is predominantly a technology-led operating model, where we deploy a lot of tech, a lot of the integrations with the industry. And in fact, our support costs are far lower and our service is significantly of self-help in nature. So, those are some of the things.

And like we said in the slide deck, some opportunistic synergies on the infrastructure and the people side will allow us to get the margins back to our margin profile. And that remains the same playbook for all of the integrations. And then that's where you already see those synergies from Advantage and Raksha kicking in today.

Varun Gajaria: Okay. And do we plan on retaining the entire employee staff at the base there? Or with technology coming in, you might call it for some cuts?

Satish Gidugu: I think that, Varun, I think I would ask you to look at it slightly differently. We have historically grown at par or faster than the health insurance growth rates. Our headcounts, our employee costs have not grown in line with the growth rates that we have. So, of course, as we look at the overall growth opportunity, and we will ensure that I think what will be a good way to look at it is that the employee benefit expenses as a percentage of revenue will be closer to where we are today on the consolidated basis.

Varun Gajaria: Thank you for taking questions.

Moderator: Thank you. As there are no further questions, I now hand the conference over to Niraj Didwania for closing comments. Niraj.

Niraj Didwania: Thank you, everybody, for participating in this call and for your active questions and interaction. We are available offline to address any queries that you may have. So, please do write in to us for the same. And we look forward to further interactions in the future.

Moderator: Thank you. The conference of Medi Assist Healthcare Services, has now concluded. Thank you for your participation. You may now disconnect your lines.