February 12, 2025

To,

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

Symbol: MEDIASSIST

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

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 Conference Call held on February 06, 2025 at 8.00 a.m. to discuss the Company's financial results for the quarter and nine months ended December 31, 2024 is annexed herewith.

Request you to take the same on record.

Yours faithfully,
For Medi Assist Healthcare Services Limited

SIMMI SINGH BISHT
Digitally signed by SIMMI SINGH BISHT
Date: 2025.02.12 10:37:28 +05'30'

Simmi Singh Bisht
Chief Compliance Officer & Company Secretary

Encl: As above

"Medi Assist Healthcare Services Limited Quarter 3 & 9-months Results Conference Call"

February 06, 2025

MANAGEMENT: **DR. VIKRAM CHHATWAL – CHAIRMAN AND WHOLETIME 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 – HEAD, INVESTOR RELATIONS, MEDI ASSIST HEALTHCARE SERVICES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Medi Assist Healthcare Services Limited Quarter 3- and 9-Months Results Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Niraj Didwania. Thank you, and over to you, sir.

Niraj Didwania: Thank you. Good morning, and a very warm welcome to each one of you to Medi Assist Healthcare Services Limited's Earning Conference Call for Quarter and Nine Months Ended 31st December 2024.

The Results of the Company, the Press Release and Investor Presentations have been updated to the exchanges and on our websites and also distributed through our mailers.

Please note, any forward-looking statements are to be relied upon based on your own judgment, and all financials and operating numbers discussed on the call are unaudited and/or management estimates. Hence, investors should refer only to the financial documents officially uploaded on the exchanges.

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 warm welcome to all Medi Assist shareholders and other participants who have joined us on this call.

I have with me our CEO Satish Gidugu, our CFO, Sandeep Daga, and of course, Niraj Didwania, who also heads our Investor Relations and has just introduced and welcomed you to this earnings call.

Today, the "Financial Results" for Q3 and the 9 months ending December '24-'25 are being discussed and shared with you. But I think as we begin month two of 2025, I think it's important to compliment the Union Government and the Union Budget and more importantly its focus on health insurance and penetration of health care in India.

While all of us have seen and heard about the increased focus on cancer care, the increased focus and penetration on the hospital or the provider side, I think from an insurer perspective, all of you will appreciate that the FDI limits being raised to 100% is a landmark and will clearly open newer doors with greater and deeper integration with global best practices.

I think the FDI limit coupled with the simplification of FDI conditions will, you know, honestly, in our mind, provide a stronger foundation for the future of India's health insurance industry.

Coupled with that, as all of you would have seen, the Indian Government budget proposes to provide healthcare to gig workers as part of the PM Jan Arogya Yojana. This, again, I think in many ways is a significant step and will help vulnerable families during their healthcare needs. And so really, I think that overall, while the tailwinds continue to be experienced, the Indian economy remains robust. We do continue to see the tailwinds of greater insurance penetration and more importantly, greater insurance participation with a keen focus on healthcare.

As you have seen, you know Medi Assist as a business, our focus continues to remain on customer experience. We have continued to focus on medical inflation. And increasingly, you will hear about our continued focus on technology not only as a tool for automation, but more importantly and increasingly, as a tool for fraud waste and abuse prevention, leveraged by machine learning, and AI.

While our leadership team on the call today will discuss all of this with you, I wanted to share some of the key highlights for the Company for 9 months FY '25. This also can be referred to on Slide 5 in the Investor Presentation.

So, good news overall. I think that the Company continues to head in the right direction. Premium under management was 15,829 crores as on 31st of December. And as you will appreciate, this is a growth of 16.6% year-on-year on a base adjusted for premiums contributed by the acquired companies. This 16.5 odd percent growth when we share with you between Group and Retail PUMs or Premiums Under Management, you will appreciate that, the Group premium grew and was at 13,779 crores, which is a growth of about 14.7-15% year-on-year.

And of course, as you have seen quarter-on-quarter, we continue to demonstrate improvements with a 31% year-on-year growth on the retail PUM, which is now touching 2,050 crores. All of this also continues to help grow our share in terms of health insurance premium administered, which is both for Group and Retail premiums. We are up from 19.2% as of December 23 market share to 19.8%, which is a 60 bps increase in the market share numbers for us.

So, as I hand over to Satish Gidugu – our CEO, I just wanted to share with you that your Company continues to demonstrate its capability alongside overall tailwinds that continue to help, and foster growth and penetration in the health insurance industry. But as you will see on the call today, we also have continued to deepen not only our relationships with the ecosystem partners, but also develop and strengthen our capabilities across technology, network and AI.

And I will hand over now to Satish. Satish, over to you. Thank you very much.

Satish Gidugu: Thank you, Dr. Vikram, and a warm welcome to all Medi Assist shareholders and other participants. Thank you for joining this call first thing this morning. This is also an important occasion for us. We have just completed one year of listing. Thank you for all of the support throughout this year.

As Dr. Vikram said, our focus as an administrator continues to be at the intersection of improving member experience while delivering value to insurance companies. That's a theme you will hear as we move forward in terms of our initiatives.

We are very pleased to report consistent growth across key operational and financial parameters in the quarter and throughout the period. We continue to focus on delivering superior policyholder experience and also strengthening the value that we provide to insurance companies. Our growth across the private and SAHI insurers too is a testament of our unique capabilities along these two dimensions.

For example, with our "Raksha Prime" offering minimizing discharge wait times and our Maven Fraud Detection Engine improving fraud prevention, are becoming a mainstay as a proposition.

We continue to see a favorable atmosphere for deploying capital towards strategic initiatives and further our growth and leadership over the long term across the health insurance ecosystem.

Moving on to quick business highlights for the nine-month period of FY '25:

We added three new private insurance companies in our retail book. In most of the cases, this is likely to be 100% of the book that we will administer. We grew premiums administered in the Group segment for private and SAHI insurance by over 40% year-on-year. As that segment moves its focus towards the Group segment, we are well positioned to participate with them and grow alongside with them. Including all of our acquisitions on the combined base, we have improved our retention of Group accounts to 95%.

During the year, we also created 'hubs of excellence' for our claims processing, given the extremely large volume of claims that we processed. We processed over 6 million claims in the nine months in FY '25. These hubs began to deliver operational efficiency and also allowed us to absorb the requirements from the master circular compliance on the claims processing side.

We have run events to enhance awareness and visibility and also to establish thought leadership in the industry. We have hosted our industry-first conference & awards - Raksha Summit'24, focused on the theme of Borderless Health benefits. We released a Borderless Health Framework report in partnership with Boston Consulting Group, BCG, highlighting industry trends across multiple aspects of what drives health insurance penetration and also in realizing the Government of India's vision of Insurance for All by 2047.

Medi Assist Insurance TPA Private Limited, a wholly owned subsidiary, signed an agreement on August' 24 to acquire a 100% equity shareholding of Paramount TPA, and we are awaiting the regulatory approvals, post which, the transaction will be concluded subsequent to receiving the approvals and standard closing conditions.

On all of this, like Dr. Vikram said, we continue to focus on technology as the mainstay for delivery. We have built a technology platform for the international private medical insurance business for our Mayfair line of business. And the platform is now live, and over 35% of the policies that Mayfair had historically served are already live on the new platform. The platform allows very interesting capabilities like a cashless network discovery across the globe and also very seamlessly handles multi-currency cross-border payments in the international insurance space.

Our Raksha Prime program enabled over 65,000 patients till December to walk out of the hospitals without waiting for discharge formalities. And this is powered by our proprietary AI technology for predicting out-of-pocket expenses. In fact, in the month of December, we crossed the milestone of 10,000 discharges a month, and it's improving month-on-month.

Our continued improvement in the AI-powered MAven Fraud Detection Engine capabilities, increased detection of fraud cases with much higher hit rates from our process. We have delivered a 2.5x growth year-on-year on the value of savings delivered to insurance companies through fraud prevention.

I would now like to hand over the call to Sandeep Daga, our CFO, to give you a quick set of financial numbers.

Sandeep Daga: A warm welcome to all the shareholders of Medi Assist and the participants. Thank you for joining the call.

The financial highlights for the 9-month are - the total income for the period was INR 550 crore, which was equivalent to a growth of 14.3% over the corresponding period of the previous year.

The revenue from contracts with customers excluding other income, which we call as operating revenue, was 534.4 crore, a growth of 40.2% again over the same period last year. The revenue from the contracts includes 10.3% from the Government business and 4.9% from the International benefits business.

EBITDA excluding other income was INR 113.4 crore for 9 months which was equivalent to a growth of 17.7% year-on-year and translates to a margin of 21.2% on the operating revenue.

The PAT during the 9-month period was INR 69.9 CR, a growth of 53.6% Y-o-Y over the same period last year and translating to a margin of 12.7% on the total income.

Key balance sheet line items and the operating metrics as on 31st of December. The net cash balance on the books was INR 266.5 CR. Net worth as on date 31st December was INR 531.6 CR, which is equivalent to a return on net worth of 30.2% for 9 months and 17.6% annualized. Return on capital employed was 14% for 9 months and 18.7% annualized.

One of the key metrics for us happens to be the revenue per average head count excluding the Government contacts which was INR 10.6 lakhs for 9 months and INR 14.3 lakhs annualized.

I now hand over the call back to Niraj. Thank you.

Niraj Didwania: Thanks Dr. Vikram, Satish and Sandeep. We can now open the call for questions from the participants.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "*" and "1" on their touchtone telephone. If you wish to remove yourself from the question queue, you may press "*" and "2". Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Madhukar Ladha with Nuvama Wealth Management. Please go ahead.

Madhukar Ladha: Hi, good morning, everyone. Firstly, we have seen a good growth in premium under management for this quarter. But if I look at the domestic non-government revenue, which has only grown about 1% Q-o-Q. So, can you help me understand why the growth has subdued? And you have also not given the contract liability number for the quarter ended. So, that will also be helpful.

Second is on the fundraise of 350 crores. What are our plans? Why do we need the money? What are we thinking? That will be another question from me.

And third, we have created a large, deferred tax asset. What is this? And I am guessing this is s one time So, yes, these would be my three questions. Thank you.

Satish Gidugu: Thanks, Madhukar. I will attempt to answer the growth question, and then I will hand over to Niraj and Sandeep for the other questions.

So, we have seen actually a good growth in premiums, and as you understand, as you are aware, we recognize the revenue over a period, so there is a bit of a lag in the way the non-government revenues actually show up. The contract liability is about 227 crores as of December 31st, and that continues to be healthy from an overall revenue growth perspective.

And on the Group business side, as you have seen, there is still softness in the growth in employment numbers. Having said that, if you have looked at some of the announcements that we spoke of, we have added three new insurers in Retail in this period. And of course, the business will start flowing in as we move forward, and the renewals take place.

And on government, with the amount of work the central and the state governments are doing, the expansion of the schemes and how they have become extremely performance oriented, rewarding benefits administrators who are able to deliver on the performance KPIs, we are also seeing an increase in our ability to participate in government schemes profitably. And hence, you also see a bit of growth on the government side. We are in line with the industry growth rates on Group. And I think it's just a matter of time for us to see the revenue from the growth.

Niraj, you want to answer the other questions.

Niraj Didwania: Yes, so, like Satish gave you the contract liability number already, it's 227. And on the revenue side, Madhukar, also if you see last year, so Q2 to Q3 generally is sort of a flattish quarter for us seasonally . So, that's why I think there has been a decent growth in premiums and you will see some of that come into the following quarters, but on the revenue front, even without the government, year-on-year basis it will be like a 12.7-12.8%. So, nearing a 13% year-on-year growth. So, it's quite healthy that way.

On the DTA, it's largely because of Raksha. And I will bring in Sandeep to clarify on that.

Sandeep Daga: Thank you, Madhukar. On the Deferred Tax Asset, there was a reversal on account of the Raksha merger, the approval of which we got during December. As a result of which, there was a one-time reversal on the deferred tax liability which we had created when we acquired Raksha. So, this was a one-time benefit which we got during the quarter, the impact of which happens to be roughly around 8-odd crores for the quarter as such. The ETR for the same reason stands at roughly around 14%. We, however, believe that for the full year, it will bounce back to 18 to 19-odd percentage by March 2025.

Niraj Didwania And Madhukar, on your question regarding the fundraise, from time to time, the Company keeps evaluating its capital structure and capital allocation strategy. Satish did mention in his opening remarks that we see a very favorable environment for future growth opportunities. .

Of course, there are some deployments and some capital allocations the Company has already made announcements towards. But at this point, as per the LODR, we are not able to comment on timing and exact usage, but it will be updated. We will continue updating investors based on the approvals we receive from shareholders and the Board.

Madhukar Ladha: Understood. Just a follow up on the revenue growth number , the derived yield for the quarter seems to have taken a pretty sharp hit. So, if I just look at the yield adjusted for the contract liability number, that comes to about 2.42% versus whre we at about 3.1% in the previous quarter. So, what am I missing over here? And how should one look at this?

Satish Gidugu: Madhukar, I think maybe if it's okay, we will take this question offline and answer because the contract liability is a combination of all the revenue lines that we have. And while the premium is only for the Group and the Retail business, I think it's best that I will ask Niraj to work offline to address this question. But just to answer your original question, we are not seeing any sharp decline or even a significant change in the yield from where we were. In fact, we are able to hold yields fairly well.

Madhukar Ladha: Understood. That's helpful. Thanks.

Moderator: Thank you. The next question comes from the line of Mohit Surana from HDFC AMC. Please go ahead.

Mohit Surana: Yes, hi, good morning. Two questions from my side. If you can just, on the fundraise that we have sort of taken approval of seems a significant one. So, if you could probably share some thoughts around that. And secondly, a technical question. I see a reduction in cash balance. So if you could just give some thoughts around that. Thanks.

Vikram Chhatwal: Go ahead, Niraj.

Niraj Didwania: Yes. Thanks, Mohit. Was your first question regarding the fundraise?

Mohit Surana: Yes, correct.

Niraj Didwania: Yes, so as I clarified to Madhukar, from time to time, we need to relook at our capital structure and also at the cash deployment opportunities and capital allocation strategies. So, we do see a favorable environment to further growth in the future. And of course, we have a deployment coming up in terms of Paramount acquisition, which is an announced public disclosure.

So, right now we have taken this as an enabling resolution. We cannot comment anything further, but as we get the approval from the Board and shareholders, we will keep everybody updated, but we are not allowed to talk anything regarding the timing or the use of funds at this point of time. So, this is more of an enabling resolution to plan for the next few years of growth and of course, there are some deployments already announced in public disclosure. So, that is one.

And for the cash balance question, I will pass it to Sandeep.

Sandeep Daga: Thanks, Mohit. Primarily, the cash balance between September quarter and December quarter shows a decline, but it is primarily attributed to the distribution of the dividend which took place during October 2024.

Mohit Surana: Understood. Thanks a lot. Thank you.

Moderator: Thank you. The next question comes from the line of Prakash Kapadia from Spark PMS. Please go ahead.

Prakash Kapadia: Yes, a couple of questions from my end. What is the employee count as on date versus last quarter? That's the first data keeping point.

Secondly, in Group health we have seen across the industry, claims ratio being much higher. And, we have also seen n norms affecting growth. So, with regards to the forward looking growth outlook, any changes at our end given what is happening in the industry and some of these regulatory changes?

Satish Gidugu: Thanks. This is Satish here. I will take your question. So, from a 1/n perspective, we are not impacted because we have always taken our revenue only for the year and in fact for the period, right. We actually defer our revenues at each policy level over the entire servicing period. So, we are actually not impacted by that reporting change at our side.

And our head count ending December 31st is 6,250. Almost all of any net increase in the head count compared to March is only on account of the new contracts in the government business which are typically headcount-driven contracts. Otherwise, in our core business of our Group, Retail, technology and other lines of business, the headcounts have been relatively flat over the 9-month period.

Prakash Kapadia: Okay. And Satish, essentially what you are saying, even this 1/n or the Group claims ratio, which we are seeing a spike across the board, doesn't have any impact on potential quarters or coming quarters also, is that what you are alluding to?

Satish Gidugu: Yes, 1/n is not something that impacts the way we recognize our revenue.

Prakash Kapadia: I am saying this from the insurance Company's perspective because, you know, their growth seems to be affected by these norms and the claims ratio which they are facing. So, I was trying to assess impact only because of these factors at their end. So, if the customer is facing higher claims ratios or the customer is facing some of these regulatory changes, could that affect our growth going forward is what I was trying to assess.

Satish Gidugu: Understood. 1/n is only an accounting change, so we don't expect that impact flowing into the customers in any way. But from a loss ratio perspective, our average inflation or our medical inflation that we deliver in our portfolio has always been sub 5%. Even for the nine-month period, it is sub 5% in terms of an increase in average claims size. Our network continues to deliver significant savings of over 700 crores delivered to insurance companies through pushing them into our cashless network. In fact many of the insurance companies that we work with now are using our network for the portfolio.

Lastly, as we said at the beginning of this call, we have significantly invested into capabilities for preventing fraud, waste, and abuse, which is actually a fairly large outgo for the insurers. And we have improved the amount that we are saving to insurers by almost 2.5x compared to month-on-month.

I think that's where we have very clearly stated between Dr. Vikram and I that our focus is on delivering superior experience for members while absolutely relentlessly focusing on improving outcomes for the insurers. So, we hope to be the right partner in that journey.

Vikram Chhatwal: Yes. Just to add to what Satish just said to you, Prakash, I think it's a fair question that you have asked, you know, what does happen given the fact that there is an impact of what we typically call a vintage drag. So, you know, incidents see a little bit of a spike as the vintage of a portfolio continues to grow. And the insurance industry, the insurer in our mind is potentially looking at a little bit of that vintage drag.

But Prakash, a good way to think about life is, you know, as time goes by and given the tailwinds, given the GDP growth that the economy is seeing, given new employment that is being created, I talked about the gig economy and their coverage. You know, we talked about the government increasing its coverage and hopefully overall, as you can also see from the taxman's perspective, we are putting back more cash in the hands of every citizen.

I think over a period of time, if you look at it as just a period event, yes, the vintage drag does impact it. But over time, I think, Prakash, our view is that this will normalize. Right? It's par for the course. We are seeing a little bit of this spike happen now. But as more and more lives come on board and you are seeing that consistently the growth numbers are there.Yes, they have been a bit subdued, but one hopes and expects that this will eventually catch up. And once it does catch up and new lives are being added, it kind of levels off and also reduces the impact of vintage drag, Prakash, which you have probably have seen over a shorter span of time. I think it's very much integral to the way the health insurance industry works in India and anywhere else in the world.

Prakash Kapadia: Understood. Understood. Very, very clear. That's helpful, Doctor. Thank you.

Vikram Chhatwal: Thank you.

Moderator: Thank you. A reminder to all the participants, you may press "*" and "1" to ask a question. Ladies and gentlemen, you may press "*" and "1" to ask a question. The next question comes from the line of Pradyuman from PK Dey Advisors. Please go ahead.

Pradyuman: Hi, thanks. Good morning. So, I wanted to understand this quarter, we see that there has been a sharp increase in the other expenses, which has led to a sharp decline in margins. So, that is one question.

And second question would be, why would big insurance companies go via TPA? And if that is the case, how much do they go via the TPA? Isn't it in their best interest not to go via you because in the long term, the power dynamics might change?

Vikram Chhatwal: If I could request our CFO to answer the first part of the question, Pradyuman.

Pradyuman: Sure.

Vikram Chhatwal: And then we will pick up the second half.

Sandeep Daga: The increase in the other expenses is primarily attributed to the one-time transaction costs which have been booked. And also, Q3 also happens to be the seasonal event where we had conducted an event which Satish alluded to in the beginning where we initiated some thought leadership initiatives for Raksha Prime and got in all the stakeholders of the corporate, the insurance partners and the network hospitals under one group. So, one-time expenses like this got incurred which is attributable to increase in the overall other expenses.

Pradyuman: So, just a follow up there. So, if you could give me a split in terms of how much would that onetime expense be? And if you were to exclude that, what would the margins look like?

Satish Gidugu: The onetime expenses basically contributed to roughly around 1.5% dilution in the quarterly margin. In case if you were to remove that, it will have an impact of roughly around 20 bps for the 9-month period and approximately 1.3, 1.4% for the quarter.

Pradyuman: Sure, thanks.

Vikram Chhatwal: Okay. Thanks, Pradyuman, for that question. So, Pradyuman, just to take a step back, I think it's been a question that's been asked to us over and over again. And as you hear on this call, there are three new insurers that have actually come on board to work with us on the Retail portfolio where in the past it was always us saying the insurers typically will keep the Retail portfolio in house.

So, I think directionally, Pradyuman, first of all, I don't think there is a shift in the power dynamics whatsoever, right? This is all about customer experience. This is all about fraud, waste and abuse control. This is all about technology, and lastly all about the quality of the network pricing and the medical inflation that our CEO just spoke about.

So, it is like, in our mind, Pradyuman, the view is that increasingly the industry is getting sharper in its focus on what it needs to do to control medical inflation, what it needs to do to improve automation and what it needs to do to be able to increase its focus and deliver greater savings through fraud control.

Now all of this finally also, if you see what has happened with the regulator, which I think is directionally, a very good step is to improve the policyholder experience. When you look at experience and you overlay technology fraud, waste and abuse, medical inflation, you will see that, at least in our mind, insurers are becoming sharper in their ability to identify what will deliver best value to their policyholder. And so, over the last year, since we listed, we have always talked about the fact that directionally, we see the penetration of TPAs in partnership with insurers solving for the health insurance penetration issue over time.

So, really, honestly, in our mind, if you today sit and see, we consistently believe that this is a partnership with insurance companies and that there is a much sharper and cleaner focus on improving policyholder experience. And clearly, you know, at least from a TPA perspective, our view is that TPAs are doing an equally if not a better job at being able to deliver on the policyholder promise.

So, we don't actually see this as being a conflicted view that it will remain inside or go outside. This is more about policyholder experience. And I think insurers have come to terms with the idea that the TPAs are doing a good job at solving these problems.

Clearly, from a Medi Assist perspective, I can say that one of the reasons why more and more insurers are participating and partnering with us to deliver policyholder experience is because of the investments that we have continued to demonstrate that actually improve policyholder experience.

Pradyuman: Sure. That's very helpful. Just a follow-up question, if I may. So, in the RHP, we had seen that TPA penetration is around 55%. So, if you could give me the current number, if possible?

Vikram Chhatwal: I don't have that specific with me, but Niraj, if you can share that if there is any penetration number that you have.

Niraj Didwania: Yes. Hi, Pradyuman. So, we don't get the entire data from all the TPAs. And from time to time, we have seen, irregularity in how they report. But broadly, our estimate is that even on the most recent numbers is roughly about 70% to 75% of Group premiums of the country are managed by TPAs. This number would be lower to about 30- 35 odd percent in the Retail. And broadly, it should still be around 50-50. And these things are not a straight line trend.

If you see the RHP that you are referring to, we put a five-year trend where there were periods where the penetration went down to 48%, went up to 58%, was then at 51 to 55 range. So, what happens is year-on-year, because this is a 12-month cycle, there could be policies that go in-house, there could be policies that come back to TPA portfolios.

So, broadly, I think, directionally, you should take it as more and more insurers are engaging with us on the Retail side. On the Group side, we are growing faster than the industry and within the private SAHI portfolio as well. And like Satish and Dr. Vikram spoke about complexity and policyholder experience, we feel that compared to the in-house, we put a very strong proposition. So, that way, TPAs are becoming more and more critical to the ecosystem.

Vikram Chhatwal: I also think, Pradyuman, I think the key message here is while the TPA industry as a whole is difficult and hard to comment on, given the paucity of data available at this point in time, , please understand that from a Medi Assist perspective, your Company continues to increase its footprint on the Group and on the Retail side as demonstrated even in the last quarter.

We have seen that three new insurers have come on board. And this is all driven by what I just said to you a little while ago. So, clearly, from a Medi Assist perspective, we see a trend that continues to demonstrate the strength of the partnership between us and the insurer industry.

Pradyuman: Sure. That's very important.

Vikram Chhatwal: Thank you.

Moderator: Thank you. A reminder to all participants, you may press "*" and "1" to ask a question. The next question comes from the line of a Ajox Frederick from Sundaram Mutual Fund. Please go ahead.

Ajox Frederick: Hi, sir, thanks for the opportunity. Sir, my question is on that one-time expense. So, on an adjusted basis, our margins can reach a steady-state level of 23% from where we are right now because this is the first time our margins are inching beyond or closer to 23% in a few quarters. So, that is our first question.

Vikram Chhatwal: Sandeep, would you like to take that, please?

Sandeep Daga: Yes. If we adjust for the one-time adjustments and considering that during the last one year, we have gotten the benefits of the integration of the past acquisitions, we are heading in the right direction and on a quarterly basis, we are somewhere closer to 22%-odd as such once we discount the one-time aberration which we saw.

Ajox Frederick: So, that 1.4%, I mean, what is this absolute quantum of spend that was made, if you may give that number, that one-time spend?

Sandeep Daga: One-time quantum of spend will be in the range of roughly around 1.822 CR during the quarter, which is roughly around 1.2% for the quarter and approximately 30 odd bps for the 9 months.

Ajox Frederick: Got it, sir. That's helpful. Sir, secondly, on the three new insurers you have acquired, how sizeable can this be in your sense? If you can give some color on that.

Satish Gidugu: Thanks for that. We don't currently publish insurer specific numbers, but I think the way to look at it is today we work with 28 insurance companies in the Group portfolio. So, that is almost all that are actively participating in Group. The Retail insurers, if you refer back to the RHP, we were around 11, 12 insurers that we used to work with and now gone up to 16 plus insurers. In majority of the new business contracts on Retail, we are nearly 100% at a product level or a portfolio level. Of course, as the portfolio sort of starts moving at one policy at a time, you will see the accretion. But on Retail market share, we are over 6% from an overall industry perspective, and that's the number that has definitely grown.

Ajox Frederick: Okay, sir, very helpful. Congrats and all the best.

Moderator: Thank you. The next question comes from the line of Pratik Jain from Solidarity Investment Managers. Please go ahead.

Pratik Jain: Hello. Am I audible?

Moderator: Yes, sir. Please go ahead.

Pratik Jain: Yes, hi. Hi, sir. Thanks for the opportunity. Sir, my first question is, similar to Government business, where we earn revenue on the number of lives covered, why isn't that the case in the Group business, where we are earning as a percentage of premium? That's my first question.

And my second question is, when we approve any claim, how does the process of cash payment happen? Do we ask the required amount to the insurance Company to pay it to the hospital? Or is there some sort of payment done from our end? That's my two questions, sir.

Satish Gidugu: Thank you, Pratik. Maybe I will start with the second easier. We do not handle any payouts as per the regulation. So, our job sort of ends once we adjudicate and make a recommendation and collect all the documents, bank details, requirements, and then hand it over to the insurer. The payments always leave directly from the insurer's bank account and then directly reach the beneficiary's bank account. That's the regulation. So, we have no working capital or payment exposure that we deal with today.

And from a revenue perspective, most of our core business, which is non-government, that is Group and Retail, is a percentage of premium-based model, almost all of it. In very few instances, there are other models. We employ the same model, both in Group and Retail.

Pratik Jain: Yes, I get that, sir. But my question is, are there any risks where the regulation changes and you are asked to pay, you are asked to get the revenue as the number of lives covered instead of percent of premium?

Satish Gidugu: The commercial arrangement between the insurance companies and the TPA is a subject of the two parties entering into contract and regulation does not have a view on the commercial arrangements between insurers and the TPAs, that's the first thing.

And second, the regulation today, if you look, refer back to the master circular, very clearly lays out the roles and responsibilities of insurers and TPAs and provides recourse for both sides on how the service delivery needs to happen. But even there, the commercial arrangements between insurers and TPAs are clearly left between the two entities.

Vikram Chhatwal: Just to add to that, Pratik, the question which you had asked, that was correct, but we don't expect and we have not seen any change in the fee model that is prevalent today in the industry. The fee model is very straightforward. We get paid as a yield on the premium for Group and Retail policies and for the Government, we get paid as a fee per life, sorry, pardon me, per family per year. We don't see anything that is going to really change in that model today. This is a model that has worked in the Indian context over the last 25 years, and we don't expect any change there.

Moderator: Thank you. Mr. Pratik, may we request that you return to the question queue for any follow-up questions as there are several participants waiting for their turn. The next question comes from the line of Uday Pai from Investec. Please go ahead.

Uday Pai: Hello. Thank you for the opportunity. I had one question. We have been hearing that there is downward pressure in Group pricing on account of intense competition and due to EoM regulations. So, are you seeing that firstly? And secondly, do you expect that some part of the downward pricing would be transferred to us as yield deflation? Thank you. That's it from my side.

Satish Gidugu: Thanks, Uday.

Vikram Chhatwal: Satish?

Satish Gidugu: Yes, Satish here. So, I think with more and more of the private and the SAHI insurers also beginning to look at Group as a growth driver, clearly there is competition in the market from an insurer's perspective.

In fact, interestingly, in my opinion, it works in our favor. Because of the competition and the tight underwriting, it becomes even more important to make sure that the customer experience is superior so that the retention can actually improve for the insurers. And second, there is a much tighter delivery in ensuring that the loss ratios are in control, especially through better control on medical and fraud, waste and abuse.

In fact, we are beginning to see the tightness in the premiums and the competition playing in our favor because it's all placed into our strengths of managing customer experience and the insurers' loss ratios at a Group level.

Uday Pai: Sure, sir. Thank you.

Moderator: The next question comes from the line of Akshay J from Xponent Tribe. Please go ahead.

Akshay J: Thank you for the opportunity. I had a couple of questions. One is that on the Paramount acquisition, can you kind of give us some sense of the A), timeline by which we expect the transaction to complete? And B), maybe pro forma, how is that business doing?

Second, sir, on the claims inflation point that you had spoken about in the earlier part of the call, that we deliver significantly lower claims inflation relative to the market. If we hear the retail focused insurance companies, everyone has been complaining about how the claims are, sort of not in control, why do you think that despite them having worse claims experiences in-house, they would continue to prefer doing that versus working with someone like us who as we claim have significantly better claims experience? So, that's my two questions. Thank you.

Niraj Didwania: Yes, hi, Akshay. So, first on the Paramount timeline and performance, the Paramount acquisition was signed at the end of August. Our experience in the last two acquisitions, which was Medvantage and Raksha is that it's anywhere between a 4-4.5 and goes up to a 6-month approval cycle. Post that, there could be a 30 to 45 day period of actual closing actions, which includes conditions precedent and other closing actions.

So, at this point of time, we will stick to what we said when we signed the transaction that we believe it will be within the current quarter, but it's difficult to say because we are already in February and we are awaiting the IRDAI approval. So, if it spills over, it's difficult to say at this point of time, but we will keep everybody updated. Of course, once the IRDAI approval comes, we will make that public disclosure.

Doctor, do you want to add anything on the timeline?

Vikram Chhatwal: No, no, not at all, Akshay. Like Niraj pointed out, there is nothing outside of what we think is routine. So, as and when in the next weeks when things develop, we shall keep you updated on where things are.

Niraj Didwania: And second on the performance, of course, we had put out their numbers. They were about 153 crores of top line in FY '24 and a single digit adjusted EBITDA margin, which is really the norm in the TPA industry apart from us, where we operate at 21. So, they are among the faster growing TPAs is all I can say, but none of their numbers are public at this point. We would continue to have some amount of growth on the FY '24 numbers. That's all we can say at this point of time.

Akshay J: Sure. And on the second question.

Satish Gidugu: Yes, I will pick that question. I think it's a great question, Akshay. And probably that's also the reason why, like Niraj alluded to in the previous question, about 70-75% in the Group business is already managed by TPAs, right? And as you would see, Group was always considered a loss leader, but yet the TPAs have the highest penetration in Group. And this is where the blend of customer experience, scale, reach and the focus on digital actually helped TPAs get there.

Retail, historically being a simple indemnity product with a low incidence rate were very focused on inpatient only. But as Retail is growing in complexity from a product design perspective, bringing in flexibility at par with the Group products, or especially with outpatient coming in. For example, Akshay, we processed by count, more outpatient claims than inpatient claims. And it's a massive shift in the way the products are sort of evolving.

So, as the incidence rates change, and also like Dr. Vikram said earlier, as the Retail portfolios of vintage keeps increasing because the fresh inflow is not showing up in the Retail book, there is pressure obviously in Retail in terms of loss ratios.

Clearly, I think our focus has been in blending customer experience delivery with focusing on what's important for the insurers, which is fraud, waste, and abuse prevention and managing medical inflation, which is the reason why we believe that we have grown from a four many years ago the insurers that we served on Retail to a 16 plus today out of the 28 that are out there. It's a journey, but you know, we think that we are continuing to focus on these two aspects and will continue to improve our right to win as Medi Assist. I cannot comment on the overall TPA industry.

Vikram Chhatwal: Yes, I agree with Satish, Akshay, that the medical inflation, vintage drag and partnership with TPAs or at least with Medi Assist specifically in our view is a secular trend.

Akshay J: Fair, sir.

Moderator: Thank you. The next question comes from the line of Niharika Karnani from CapGrow Capital. Please go ahead.

Niharika Karnani: Hello.

Moderator: Yes, ma'am, please go ahead.

Niharika Karnani: Yes, so my question is private insurers and SAHI, those were in-house TPA system. Is there any conflict of interest and is that pushing them to get TPAs on board?

Vikram Chhatwal: Niharika, none whatsoever in our mind. The reason I say none whatsoever is because as you can see, we are working with three private insurers additionally and adding up to a total of 16 of them today, up from when we began our journey many moons ago. And I do not believe, given the background that I just gave a short while ago, talking about policyholder experience coupled with medical inflation management, fraud, waste and abuse, and automation or technology, you know, that we see this as a secular trend of greater participation and partnership between all insurers, all classes of insurers and TPAs. And there is no conflict of interest that we are aware of.

Niharika Karnani: Understood. Thank you.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Niraj Didwania: Thank you, everybody, for your active participation, and we are available offline to address any further queries regarding our business and financials. We look forward to your further interaction and staying connected. Please write to us at investor.relations@mediassist.in to be added to our mailing list. Thank you.

Vikram Chhatwal: Thank you, everybody. Have a great day.

Moderator: Thank you. On behalf of Medi Assist Healthcare Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.