February 17, 2024

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 13, 2024 at 6.00 p.m. to discuss the Company's financial results for the quarter and nine months ended December 31, 2023 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: 2024.02.17 14:36:27 +05'30'

Simmi Singh Bisht
Chief Compliance Officer & Company Secretary

"Medi Assist Healthcare Services Limited Q3 & Nine Months FY'24 Earnings Conference Call"

February 13, 2024

MANAGEMENT: **DR. VIKRAM CHHATWAL – CHAIRMAN & WHOLE-TIME DIRECTOR, MEDI ASSIST HEALTHCARE SERVICES LIMITED**
MR. SATISH GIDUGU – CHIEF EXECUTIVE OFFICER, MEDI ASSIST HEALTHCARE SERVICES LIMITED
MR. MATHEW GEORGE – CHIEF FINANCIAL OFFICER MEDI ASSIST HEALTHCARE SERVICES LIMITED
MR. NIRAJ DIDWANIA – SENIOR VICE PRESIDENT, STRATEGY, MEDI ASSIST HEALTHCARE SERVICES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Medi Assist Healthcare Service Limited's Nine Months FY'24 Earnings 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 – Senior Vice President (Strategy) from Medi Assist. Thank you and over to you, Mr. Niraj.

Niraj Didwania: Thank you. Good evening and a very warm welcome to each one of you to Medi Assist Healthcare Services Limited's First Earning Conference Call as we share Q3 and Nine Months FY'24 Financial Results with you.

As a key participant of the health insurance ecosystem with proprietary technology platform and Pan-India cashless hospital network, Medi Assist completed its IPO to become the first listed Company in India with the TPA business in Jan 2024 and has announced its unaudited financial results for the quarter and nine months ended December 31st, 2023 today. The results of the Company, the press release and the investor presentations have been uploaded to the exchanges and onto our websites and also distributed through our mailing list. Please note that 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 are management estimates and hence investors should refer only to the uploaded financial statements of the Company.

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.

Dr. Vikram Chhatwal: Thank you, Niraj and a warm welcome to all Medi Assist shareholders and other participants joining us from India and from other parts of the world.

My name is Dr. Vikram Chhatwal. With me, I have our CEO – Mr. Satish Gidugu, our CFO – Mr. Mathew George and of course, you have already been introduced Mr. Didwania who heads our investor relations.

The health insurance sector in our country continues to grow, supported by tailwinds including regulatory commitments to enable insurance for all by 2047. This push by both the government and private enterprise will continue to have tremendous positives for the TPA industry. As a Company, we continue to create newer value pools in the industry while we maximize our participation in the existing ones.

The recent news about composite licenses for life insurers and, if possible, downward revision in the applicable GST and health policies if it's implemented, will be a win-win for all stakeholders and most importantly, the common man and policyholder.

I would like to share with you "Key Highlights" for our "Company Performance" for the period ending December 31st, 2023:

The total premiums under management for the Company was at Rs.14,163 crores, a growth of 35.7% over the corresponding period of the previous year. Further, if I break this down, the group segment, which is a key part of this premium growth, was at Rs.12,352 crores, a growth of 34.5% on a year-on-year basis. And the retail segment was at Rs.1,811 crores, a growth of 45% on a year-on-year basis.

Our share of the total industry health premiums, which include both group and retail as shared with you earlier, was 20% delivering a growth of about 230 basis points over the corresponding period of the previous years. Within this 20% market share, our share in the group segment is higher at 29.3%, delivering a growth of 300 basis points on a year-on-year basis and our retail segment was at 6.3% which is a growth of 110 basis points on a year-on-year basis.

I will now hand over to our CEO – Satish Gidugu to share the "Business and Technology Highlights" for the period with you.

Satish Gidugu: Thank you, Dr. Vikram and a warm welcome to all Medi Assist shareholders and other participants. Thank you for joining this call.

Let me start with some of the "Business Highlights" for the nine months ended December 2023:

Medi Assist TPA, a wholly owned subsidiary of the Company, added one new standalone health insurance Company as a customer for group segment. And Medi Assist TPA has also commenced working with the marquee Life Insurance Company as a customer to service their health riders policy. Mayfair We Care, a subsidiary of the Company extended relationships with some group accounts for managing their overseas benefits, showing early signs of synergy with the acquisition. Retained over 90% of MedvantageTPAs corporate accounts with no major losses post acquisition. Raksha TPA, another subsidiary of the Company is successful in the process of transitioning claims operations to Medi Assist technology platform. And our focus on network expansion on a Pan-India basis continues towards increasing cashless penetration continuously. Business from our government segment is continuing to perform in line with our expectations.

And with respect to "Technology Highlights" for the Company:

We have emerged as the leaders for National Health Claims Exchange initiated by the Government of India, enabled by NHA and IRDAI. We've completed successfully all those integrations across multiple insurance partners.

We are developing a proprietary technology platform for Mayfair We Care, our global TPA, addressing the international private medical insurance market, enabling both cashless network management across the globe and also the ability to handle multi-currency transactions.

And in the same period, we've also integrated with multiple digital platforms and aggregators to enable cashless benefits in outpatient healthcare services in India.

And our revenue per average headcount continues to move up; on non-government contracts this number now stands at Rs.1.03 million for the period.

I would now like to hand over the call to Mathew George, our CFO.

Mathew George: Thank you, Satish, and a warm welcome to all the participants.

I will first cover the Results for the Nine Months ended December '23:

Total income was Rs.482 crores, a growth of 26.9% over the corresponding period of the previous year. Revenue from contracts with customers, this is excluding other income was Rs.468 crores, a growth of 26.8% over the corresponding period of the previous year. Revenue contribution from contracts with customers included, I'm talking about the composition, 9.6% of total revenues from our government business line, 5.9% of the total revenues from our Mayfair We Care business. India TPA benefit business excluding government and international benefits, has grown at 21.1% over the corresponding period of the previous year.

Now, when we come to adjusted earnings before interest, taxes, depreciation and amortization, this is excluding other income, was Rs.96.3 crores, which is a growth of 8.6% over the corresponding period of the previous year, a margin of 20.6% on revenue from contracts with customers.

PAT for the period, this is prior to adjusting the exceptional item, which is the employee incentive scheme of Rs.21 crores which was reflected on our six months financials was INR66.6 crores, a growth of 14.3% over the corresponding period of the previous year, a margin of 13.8% on total income. Adjusted EBITDA and profit margin was maintained while absorbing the incremental costs from integration of acquisitions, and the accounting impact of amortization of intangibles due to the acquisitions.

Net worth was Rs.439 crores as on 31st of December '23 as compared to Rs.388 crores we had in the corresponding period. Return on net worth for the period was 10.3% as compared to 15% in the corresponding period of the previous year. Return on capital employed (ROCE) was 16.2% as compared to 19.4% as compared to the corresponding period of the previous year.

We will now get into the "Financial Highlights" for the quarter-ended 31st December '23:

Total income was Rs.169.8 crores, a growth of 29.2% over the corresponding quarter of the previous year.

Revenue from contracts with customers, operating revenue, which is excluding other income, was Rs.165.9 crores, a growth of 32.3% over the corresponding quarter of the previous year. Adjusted earnings before interest, taxes, depreciation, amortization, excluding other income, which we define as operating EBITDA, was Rs.33.9 crores, a growth of 10.4% of the corresponding quarter of the previous year. EBITDA margin calculated as operating EBITDA divided by operating revenue was 20.4% for the quarter. Profit for the year for the period was 21.3% which was flat over the corresponding period of the previous year. Profit margin as a percentage of total income was 12.5%. The cash on the balance sheet is about Rs.167 crores versus Rs.144 crores for the six months ended September '22.

Thank you. I will now hand you over back to Niraj.

Niraj Didwania: Thanks, Dr. Vikram, Satish and Mathew. We can now open the call for questions from the participants. If you have any questions, please direct them to Dr. Chhatwal, who will in turn ask the concerned team member to respond.

Moderator: We will now begin the question-and-answer session. First question is from the line of Chintan Sheth from Girik Capital. Please proceed.

Chintan Sheth: If I look at the gross premium on the management for the quarter reported, it stood at 14,000 crores versus 10,400 crores last year. But if I look at DRHP which released RHP that number for September was around 9,500-odd crores. So, is there any seasonality in terms of premium collection or premium under management or how should we look at it because the base is kind of moving, our revenue also tend to have some seasonality, if you can help us understand on that part?

Niraj Didwania: Hi, Chintan. So, the half yearly number at 9,000 crores, if you see, it has already at a run rate of a quarter being more than 4,500 crores. So, this 14,000 crores that we are reporting is in line with how we have been growing. So, it's no seasonality or there's no one-time was there. This is the trend that we were already reporting in the first six months.

Chintan Sheth: In terms of revenue booking, it doesn't translate into, because if I look at your second-half for the last year, we are looking at around 52% revenue generated, of which implied number looks like 27% revenue comes in the 4Q. So, I'm just trying to get a sense on that part if it's not seasonality. Then second question is on the margin front, if you can ballpark a split between the base business where are we? Then the new businesses which we acquired are a low margin. How much those businesses of Raksha and Mayfair We Care, contributed how much of revenue and profitability? And third, if you can call out on the one-time expenses related to the listing side which won't trigger going forward so that we can get a sense on what is the base margins of the business?

Satish Gidugu: Thank you, Chintan. So, just try to address your questions now one-by-one, one, while you observed that there was about 52% last year, there is no major seasonality in our business considering the size at which we operate today. Of course, with the continued acquisition of business, there could be minor changes in the way there could be quarterly premiums actually move. So, that's less of a seasonality effect. And second, from margins perspective, of course, when we have three integrations that we were pursuing during this period, the MedvantageTPA, Raksha TPA and Mayfair We Care, like we've said, typically these acquisitions take us between three and four quarters to completely synergize and bring to our operating template. In fact, the third quarter was the first full quarter of Raksha integration, which is a material integration for us. And despite that, if you recollect, end of H2, when we presented our numbers, we were at about 20.66% on the margins and we've held margins despite the integration that was going on in third quarter and we are beginning to see the synergies kick in from all of the integrations. Because of the way we synergize common operations and technology, we don't necessarily report margins separately by each business, but it would be fair just from an approximation perspective to say that there's about a couple of hundred basis points of margin impact, which is temporary, that is coming in predominantly because of the ongoing integration.

Chintan Sheth: On the one-time listing related expenses, if you can just call out what has the impact on margins because of that as well?

Mathew George: The listing expenses, Chintan, is entirely it was an OFS as you're aware, and we think it's a recoverable from promoters. We have required one part of it, the second part of it is lying in the escrow account, and we expect to get the money back in a couple of weeks' time, there is no impact on our P&L for any of the cost that was incurred during the process.

Moderator: Next question is from the line of Senthilkumar from Joindre Capital Service. Please proceed.

Senthilkumar: My first question is recently the General Insurance Council has launched a cashless everywhere scheme, under which the policy holder have freedom to choose any hospital, that means not be a part of insurance companies network, right? So, I just want to know what kind of impact we can expect from this initiative in the long run, sir? And the second thing is, do we see any increase in competition because of this initiative?

Satish Gidugu: Fundamentally, it's a great initiative to improve the walk-in model experience. For us, given that we work with 27 insurers and 21 of the insurers use our network, our network tends to be a superset of many of the insurer networks today. As a result, today only about 15% of the claims that reach us are from a hospital that we don't already have a relationship. And clearly this is an area where given our wide range of contracts across the country, we are able to convert what historically used to be reimbursements into cashless much faster, and we are fully prepared and integrated with all of the insurance companies to support this model. I think you had a second question on the competition and the impact. We like to think that one, it is about the core cashless network which we continue to expand at a significant pace so that our policyholders find a default network hospital and do not have to necessarily go to a non-network hospital and then ask for an ad hoc cashless which may not be as effective. And we will continue to focus on expanding our network and we like to think that our technology integrations with hospitals and have superior turnaround times will continue to be a competitive advantage irrespective of where the cash flow comes from.

Senthilkumar: What is the percentage of fee we charge on premium under management for retail policies as well as group policies?

Satish Gidugu: I think it's best to think of our yields as by-product, by-insurance because each product has a different construct, different level of operating workloads for us as an administrator. So, it's a wide range going anywhere from a 2%, 5.5% to the by-product and the blended yields are based on just the products that we serve at the moment.

Senthilkumar: What is the yield as on December 31st, 2023?

Satish Gidugu: I think we've not published that. We're happy to leave this with Niraj for a later conversation.

Moderator: Next question is from the line of Rushabh Shah from RBSA Investments Managers. Please proceed.

Rushabh Shah: I just wanted to understand how competitive are we in terms of the cost of providing the TPA service versus the Company which is in-housing the TPA, so if you just give ballpark range in terms of percentage?

Satish Gudigu: If you look at the fact that we work with 27 or the 28 insurers today that offer in health insurance service. Clearly, we are picking all the boxes in terms of as being cost effective and also helping insurers improve and continue to maintain their retention rates with a good mix, both of customer retention and more importantly, managing medical in-patient. So, a choice of the TPA goes beyond just a function of the field but it is a combination of the technology, the access, the cashless, are elusive to manage medical in-patient, predictably manage, and would like to think that as Medi Assist we are very competitive on all of those.

Dr. Vikram Chhatwal: Just to support what Satish said, I think an important piece for you to look at as you understand us as a business is the fact that sequentially every year over the last decade, the share of TPAs in servicing the overall premiums sold every year in the country has continued to grow. And so today that sits at about 55%, 56% and is expected to grow by 2028 in market projections to about 61%, 62%. So, essentially, I think the continued role for TPAs is there. The share that TPAs in terms of servicing the overall health premium continues to grow, and this is also supported by the fact that the products are getting more and more complex. Today, especially not only our products in the in-patient market, but you will see products that are increasing the offering outpatient service capabilities. And I think Medi Assist ability to not only drive the cashless anywhere equivalent in the in-patient market, but the cashless anywhere equivalent in the outpatient market, has clearly been an outstanding differentiator when compared to other participants, whether in-house or other TPAs in the market.

Rushabh Shah: Secondly, I am assuming that we don't have any role to play in the offline claims channel, whether that is an agent or directly from the Company, within there is more of an online player, so I just want to understand if you could share some breakup of the total insurance claims that are processed, how much is through offline and how much is online and what is the trend in the last three years?

Satish Gidugu: Just with your permission, I'm going to correct the understanding a little bit here. So, when we work with a Company on a portfolio, it could be a group customer or a retail product portfolio, we manage 100% of the claim irrespective of how they're actually submitted to us. As a technology first player, we have enabled significant amount of online transactions and digital transactions reducing paper movement in the industry. So, for us, it's more metric on how much customer experience is improving, how quickly hospitals are getting paid by our claims processing or remuneration is not dependent on whether it is submitted online or offline.

Rushabh Shah: Just last wanted to understand the thoughts. This is in a composite insurance, there have been talks that if it comes by, how will the industry channel exchange for us if at all it happens?

Dr. Vikram Chhatwal: I think it is still a while away, but I think what I would leave you with thoughts is what we have seen and experienced in the world around us outside of India, where at least in a composite license regime like the rest of the world in most economies, TPAs are the dominant partners to composite license players that sell both health and life insurance policies. TPAs become an integral part of that for that administration ecosystem. And if I draw any learning from that, I would say that our market given that we have already begun to see increased life insurer interest in our own portfolio, we will continue to see the participation with life insurers who will form part of that composite license regime.

Moderator: Next question is from the line of Pradyumna Choudhary from JM Financial. Please proceed.

Pradyumna Choudhary: Could you please tell the organic revenue growth in Q3?

Satish Gidugu: All of the revenues are based on retaining the existing customers, both from Medi Assist and of course all of the applied businesses and of course we continue to add new corporate accounts and new insurer relationships, and it's a blended growth for Q3.

Dr. Vikram Chhatwal: I think it's important to understand that we are on a 12-month renewal cycle as a business. And all of the fee comes to us either from the same account renewing itself or new accounts moving to us. So, all of our growth that post the acquisitions is all organic.

Pradyumna Choudhary: No, but at least if we exclude the recent acquisition, Raksha, and another one, like-for-like basis what the growth has been, I was just trying to understand that?

Dr. Vikram Chhatwal: Appreciate that. I think what I was trying to illustrate to you is that if we don't tear apart these because all of these Raksha and all other acquisitions that we have done, all come up for renewal in the business and form part of the organic, these are every 12-months that we renew a customer, so they become part of the organic portfolio and we do not differentiate between organic versus inorganic because once a TPA becomes part of what we have acquired, when a renewal of the policy come and thereby it becomes part of the organic growth portfolio, which is where we were sharing with you that we continue to maintain a stable and strong retention rate and have not lost any customers in the Medvantage examples that we gave you earlier in our examples.

Pradyumna Choudhary: By when can we expect the margins to return to normal levels considering that we've lost a few percentage points here and there because of integration and one-time expenses?

Satish Gidugu: Thank you for that. I think we've always said that it takes us about four quarters to completely integrate an acquired TPA and then flip them into our operating template. So, Medvantage is completely done, it is a small acquisition. Raksha is a material acquisition we just finished the first quarter of integration and we're still holding on to the margins from H2 to Q3 despite Raksha being there. So, I think for this quarter this is what we typically look at for the synergies to come back.

Pradyumna Choudhary: A couple of quarters you said. Sorry, I didn't get that part.

Dr. Vikram Chhatwal: Satish spoke about four quarters, of which, Raksha, we have completed one full quarter post acquisition.

Pradyumna Choudhary: Like recently, there were views that a particular insurance group had acquired I think the third largest third-party insurance Company in India. And logically, it makes sense, right, like the idea is that these insurance companies do not want to go and start setting their TPA service from scratch. So, either they can tie up with one of the TPAs or they can just go out and acquire TPA if it's available at cheap, like how you guys have been also in the past acquired TPAs whenever it was too cheap and whenever you got to addition in terms of a client or a geography. So, in that sense, what impact would this have on you guys like if one of your clients, an insurance Company goes out and directly acquires the TPA?

Satish Gidugu: So, even today, whether it was through an acquisition route or built homegrown, every single insurer that we work with has the TPA capabilities today across the board and all 27 of them. And we continue to win business based on the core value proposition that we've always articulated in terms of our ability to understand group benefits better, drive superior retention for the same insurers and bring in technology, expand cashless and more importantly be with a neutral party. That actually focuses on balancing all the different perspectives that need to be brought together across the insurers, policyholders and the network. And that's where we've consistently grown because of our focus on the core value proposition and being neutral. And we expect that as long as we continue to continue to deliver on this core value proposition, and we will continue to maintain our growth irrespective of any other market dynamics. Now, a specific question that you had asked, we like to think that given with a span of a month, one of the TPAs is part of a listed Company in the country and the other TPA is part of one of the largest industrial groups in the country, only goes to show that the TPA industry is coming of age. And we like to think that the professional and superior managerial talent that will come into the industry will only be good for the overall industry.

Pradyumna Choudhary: Just one clarity on dividend policy you guys are following. Considering our business model should ideally ensure very good free cash flow going forward. So, what's the plan regarding the cash flows?

Niraj Didwania: So, our dividend policy remains the same. We can go up to 75% of the current year's net profits and 25% of the reserves of the previous year as the maximum dividend payout. We have consistently been a dividend paying Company in the past and I think that is a very important area for us to focus on the future as well. So, we intend to be a dividend-paying Company going forward. We can't give you any more clarity in terms of timing and quantum, but that policy still remains.

Moderator: Next question is from the line of Sahej Mittal from 3P Investment Managers. Please proceed.

Sahej Mittal: A couple of questions. So, firstly on this Raksha's contribution to our P&L right, so when I was going through the RHP, Raksha's merger was done around 25th August '23, right? It's only one month revenue was considered in the six months financials, right and the contribution to revenue was 6.4 crores and PBT was somewhere around 3-odd crores right for the single month. So, for the three months for this quarter ideally the addition to our top line should have been 18, 19-odd crores from Raksha alone. But if I look at your top line, the addition on an absolute basis has been close to about 4-5 odd crores. So, where's the disconnect out here, is it that there's been some loss in the business from Raksha or how is it?

Satish Gidugu: I think this September was the only month that we had consolidated Raksha for Q2. It did have a little bit of a one-time benefit from an integration of the accounting and the revenue recognition side as well. That's not necessarily the 100 of that business that is acquired. But if you look at the past two years, Raksha was about Rs.60 crores revenue top line business, and we're closer to those run rates from a revenue perspective.

Sahej Mittal: What's the quarterly run rate for Raksha's top line?

Satish Gidugu: It will be about 4-plus crores a month approximately.

Sahej Mittal: Sorry I didn't catch the number.

Satish Gidugu: A little over Rs.4 crores a month on a run rate basis.

Sahej Mittal: So, even then from 2Q to 3Q, 12 crores don't seem to add up right to the top line or am I missing something out?

Satish Gidugu: No, it is part of the overall top line. Just to refresh, we recognize revenue on a 1 by 365 basis for every policy and depending on the timing of the policy and when it starts, our revenue recognition is on a 1 by365 basis, and after the acquisition and including some of the accounts have got transitioned, there was a bit of one-time benefit in Q2. But we fully align that to how we manage our revenue recognition from an accounting perspective, and then in that model, the run rate is about 4, 4.5 crores a month. And as a result, we deferred a large portion of the revenue. So, we have earned the revenue but the unearned revenue portions are higher.

Sahej Mittal: So, that will come in the first quarter next year?

Satish Gidugu: It's a continuous process, like every day, if you look at our revenues, it is a combination of all the revenues that we accrued over the previous 365 days and hence this will keep accruing to the future periods.

Sahej Mittal: On staff cost, there seems to be a large bump up in 3Q. So, is this purely on account of Raksha's P&L being merged into Medi Assist or if you can give out the staff count in 2Q versus 3Q and what's the reason for such a sharp jump?

Mathew George: So, the staff count, when we looked at the first six months, we had only one month of Raksha. Now, we have the full number of Raksha coming in, and hence the employee cost has also gone up and that's the reason you see the full quarter revenue impact coming in there in the quarter cost.

Sahej Mittal: So, going forward, this kind of a bump up will not be there, 70-odd crores is a normalized run rate for you guys, is that a fair understanding?

Mathew George: Not necessarily. We do not believe it's a fair understanding. There is a one-time post-merger integration that is currently underway. Satish had clarified in his statement earlier that it takes us four quarters to move to the rationalization of people and cost across the entities and so we will see and continue to hope to see further synergies in the cost structure as today Raksha is a profitable entity, not at the profitability that we are at, but we will continue to see that accrue to us over the following three quarters.

Sahej Mittal: So, if I look at the Industry's Group Health Insurance premium numbers, right, for private and PSUs versus SAHI, what I see is that the PSU players have been witnessing a sharp slowdown rate in their numbers versus private multi line insurers and SAHI has been growing at a very fast pace. So, even if PSUs face a sharp slowdown and if some corporates move from PSUs to private or SAHI players, then in that case what would be your growth outlook for the next two, three years?

Dr. Vikram Chhatwal: I will give you a perspective on historically how it works for us. I think one of the central themes and tenets of our proposition has been that while the customer could be insured with a PSU, private or SAHI insurer, we have continued to remain the choice as a TPA irrespective of the carrier. Historically, we've seen that play out over and over again. And at this point in time, given the fact that there is a policyholder choice which is exercised by the employer or the group, very actively, we do not see an impact if indeed there is a reallocation of business between one carrier and another.

Sahej Mittal: And your growth guidance for maybe FY'25 and '26?

Dr. Vikram Chhatwal: I think at this point in time, the guidance that we would like to give you is that we will grow alongside market.

Moderator: The next question is from the line of Chintan Sheth from Girik Capital. Please go ahead.

Chintan Sheth: A couple of bookkeeping as of December unbilled revenues as well as contract liability sitting on our balance sheet.

Mahew George: Rs.206 crores of contract liability is there on the balance sheet. And that again will get amortized for one quarter, the contract getting renewed during this will add to that. So, we do a 1 by12 on every policy that is the premium that we get. So, Rs.206 crores is as of December. The current period whatever policy gets renewed will get added and then it will release into the P&L also on a monthly basis.

Chintan Sheth: And what about the unbilled revenue?

Mathew George: Unbilled revenue has come down, I mean, overall, let me give the DSO numbers, just giving you the perspective on unbilled. I think our DSO was 137 days including unbilled as of December, as of September and as of December, it has come down to 105 days. There is a significant reduction in the unbilled and the billed combined.

Chintan Sheth: In terms of yield, on the nine months basis also we have seen the premium collection growth has been 35% while our core revenue growing at 32%, and that implies the marginal slip in the yield. If you can highlight in terms of how the mix is driving or whether the integration-related contract which are low yielding businesses which is driving that yield compression or how should one look at on an annualized basis for this year and next, if you can just give a sense on it?

Satish Gidugu: I will try and explain this. One, from a premium growth because these are premiums we are serving and they come in at full value from all of the acquisitions because we have continuing obligation to serve the premiums, right. But having said that, we don't book all of the revenues, we book revenues only from the date of consolidation while the premiums are fully there, right. So, we are operating on it, we haven't necessarily taken all of the revenue. Secondly, of course, like I said, the yields are more a combination of the products that we continue to serve, including retail. So, we are marginally in the same ballpark as the yields that we are from a blended perspective. And lastly, the deferrals like I think you already asked for the contract liability in unearned revenue, really, that also plays a role, and especially as we align the accounting standards of all of the acquired entities, the difference are also slightly on the higher side.

Chintan Sheth: So, another aspect I wanted to understand on the cost side. If I look at our other OPEX, large chunk of it is related to subcontracting cost. If you can just help us understand what are we subcontracting and how should one look at it going forward, what is it related to basically?

Satish Gidugu: I will take this and if needed I will get Mathew to add on. Subcontracting predominantly comes from two parts for us. The large part is the government side of the business where the contracts are time-bound contracts and hence a significant portion of our headcount is part of the subcontracting side purely on the government business side because these are fixed term contracts, right.

Chintan Sheth: Those increase does not include in the employee cost, that segment business, the employees which are resourced for government contract?

Satish Gidugu: That is correct. Almost all of the government projects staff are in the subcontracting cost because this is a very fixed tenure projects And secondly, of course we also use multiple services, some of the entry level jobs including the data entry and the calls which are those where those are more in line with the transaction volumes that we have, and that is where technology is coming in and making sure that the growth rate of those parts is not in line with the growth rates of the underlying transactions. We do a fairly decent job there.

Chintan Sheth: Lastly, on the provisioning of debtors, the ECL part. That seem to be a little higher if I don't consider the unbilled portion on the notes to accounts, but if you can explain, given that these are all fairly mature claims which we are putting in with the insurance companies, why do we see such large provisioning or ECL provisioning relative to the receivable days?

Mathew George: When you look at ECL and our books, it does not necessarily mean that is. Our ECL policy, let me explain this to you, our ECL policies, any receivables greater than 365 days we take 100% provision for it irrespective of the recoverability.

Chintan Sheth: And largely it will be related to government businesses or public sector insurance companies?

Mathew George: No, it doesn't matter, irrespective of government or public sector, we'll take a provision for it. And any receivable greater than 180 days, we take a provision of 25% for it, and any unbilled greater than 180 days we write it off 100% and then only when we can bill it, we take it back into revenue. So, it doesn't come into the revenue at all. So, that is the receivable policy. And when you go with the strict policy like the ECL provisioning will always come higher than what it normally is in the other companies of similar businesses. So, we have a stricter policy. But the ECL that you're seeing now that is existing on the balance sheet, which is about 15-odd crores, is actually from the ECL that we have taken over the past years. If you see the last two years trend, then ECL provisioning has been lower because we've been got better at collecting the money that is there in the market. And that is the reflection of our DSO. If you look at FY'21 versus today, it has moved from 141 to 87 in December '23 last year and now we'll be back in the same range hopefully by the end of this year.

Moderator: Next question is from the line of Anand Bhavnani from WhiteOak Capital. Please go ahead.

Anand Bhavnani: Two questions. First, for next year, we guided revenue growth to be in line with industry growth. So, does that mean that we are not expecting any yield compression in the near term?

Satish Gidugu: I think from the premiums perspective, we've always grown faster than the market growth rates, more than growth in retail in as many years. So, of course the premium to revenue translation is based on the nature of the products that we will continue to acquire from the insurance. But at the core or the base employee policies or the base products, the yields have been fairly stable from a range perspective. As we continue to add more and more out-patients or top ups and various other kinds of products, there is a fair bit of a mix in the yield.

Anand Bhavnani: So, if I understood correct, your guidance was more for premium growth for us and not the revenue growth?

Satish Gidugu: That's correct. Our revenue growth has been in line, but also because of our revenue policy that we defer our revenues over 365 days, will always be marginally lower than the premium growth.

Anand Bhavnani: The second question is around the transaction. One of the conglomerates acquired TPA. To understand if we were in the fray for the acquisition, how did it go or we chose not to participate, if you can give us some color around our approach to that particular opportunity?

Dr. Vikram Chhatwal: I think with reference to the specific opportunity, as an organization, I would not like to comment on what it is. But, as you know, we continue to look at opportunities where we see significant synergy from either relationships and accounts, which are logos. So, really on this specific opportunity, I would not be able to comment.

Moderator: Next question is from the line of Bhuvnesh Garg from Magma Ventures. Please go ahead.

Bhuvnesh Garg: Just a question on a National Health Claims Exchange. You said that you have done integration. So, just want to understand that how it will work and what impact it will have on our revenue or profitability?

Satish Gidugu: Just to take a step back today, the cashless network and the cashless claims work with hospitals actually being able to send real-time requests and receive real-time responses from insurers and the TPAs, that's how the whole cashless network work. We were among the earliest to have developed the technology interface where we have received and we continue to receive over 80% of all of our cashless requests electronically through our integrations with multiple digital platforms that are connecting with the hospitals on the other side. National Health Claims

Exchange is an initiative to standardize how payers and providers talk to each other electronically and we are fully integrated with NHCX and like given our ability to integrate with multiple other platforms and we've been fairly quick in implementing 100% of the use cases of on NHCX and multiple insurers today are leveraging our integration to enable their integration into NHCX from that perspective. And from an efficiency and operations perspective, we hope that NHCX will eliminate even the other 20% today, which is currently not in the electronic platforms.

Dr. Vikram Chhatwal: Just to support what Satish said, I think NHCX effort and endeavor from Medi Assist perspective continues to remain an accretive endeavor in us being able to enable our insurer partners and the ecosystem off consumption of healthcare services as being a key partner in integrating with NHCX.

Bhuvnesh Garg: I was asking in terms of revenue or profitability etc., So, would it have any impact or how should we look at it?

Dr. Vikram Chhatwal: We do not expect to see either accretion or loss of revenues on account of the NHCX engagement that we have and integrations that we have.

Bhuvnesh Garg: The second thing was about a recent announcement on "everywhere cashless claim." So, just want to understand that, would that have any impact on our operations or how would that impact our operations?

Dr. Vikram Chhatwal: I think Satish had responded to that earlier in the call today. In summary, we are already along that journey ahead. We believe of the ecosystem and it only is a strong enabling provision that will just make cashless access far better within our ecosystem where Satish talked about cashless hospitalization electronically at 80% already, this will only help us improve that number even further.

Moderator: Next question is from the line of Piyush from Equant. Please proceed.

Piyush: Sir, regarding the acquisition by the private insurance guy, I had a question as to should not some of the volumes move to neutral third-party providers like yourselves, so your growth should be actually higher than the industry in the interim?

Dr. Vikram Chhatwal: I think you posed a question that has more than one answer. Clearly, one-fourth of the conversation could be that this business will collocate with that one insurer and become a quasi-captive and it's not really fair at this point in time for us to assume how that will play out. But the independence of TPAs has been the key backbone of TPA penetration not only in India but elsewhere in the world.

Piyush: So, just to understand, there's also a lot of insurer specific data that the TPA handles and you would maintain silos right when that data is not exchanged. So, is it possible for a TPA to be an independent entity and be a subsidiary of an insurer, that other insurers are working with that?

Dr. Vikram Chhatwal: It would not be fair for us as a Company to answer that question. As a TPA, we clearly understand our data fiduciary requirements and under the PDP Act that is expected in India which is the Personal Data Protection Act, these questions will be asked of each one of us, but I'm not in a position to answer any questions around conflict of interest in one insurer and a TPA aligning themselves.

Moderator: Ladies and gentlemen, we will take this as a last question for the day. I would now like to hand the conference over to Mr. Niraj Didwania for the closing comments.

Niraj Didwania: Thank you so much, everybody, for participating actively. We are available offline to address any further queries you may have regarding our business and financials. We look forward to further interactions and staying connected. Please do write in to us at investor.relations@mediassist.in to be added to our mailing list. Thank you and have a good day.

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