November 22, 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 November 14, 2024 at 6.00 p.m. to discuss the Company's financial results for the quarter and half year ended September 30, 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: 2024.11.22 11:06:23 +05'30'

**Simmi Singh Bisht**
**Chief Compliance Officer & Company Secretary**

*Encl: As above*

"Medi Assist Healthcare Services Limited Q2 FY25 Earnings Conference Call"

**November 14, 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 (STRATEGY), MEDI ASSIST HEALTHCARE SERVICES LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Medi Assist Healthcare Services Limited's 2Q FY '25 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) at Medi Assist. Thank you, and over to you, sir. Please go ahead, sir.

**Niraj Didwania:** Thank you. Good evening, and a very warm welcome to each one of you to Medi Assist Healthcare Services Limited's Earning Conference Call for six months ended 30th September 2024, H1.

The results of the company, the press release and the investor presentation have been uploaded to the exchanges, to our websites, and also being distributed through our mailing list.

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 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.

**Vikram Chhatwal:** Thank you, Niraj, and a warm welcome, and a good evening to all Medi Assist shareholders and other participants joining from India and from across the world.

My name is Vikram Chhatwal. With me, I have Satish Gidugu – our CEO, Sandeep Daga, our Chief Finance Officer and Niraj Didwania, who heads Investor Relations.

As we discuss the financial results for Quarter 2 and the first half of FY '25, I would like to take a moment to reflect on the broader landscape of health insurance. The regulatory environment continues to evolve with a strong emphasis on safeguarding policyholder interests while encouraging innovation, competition and sustainable growth across the industry. This is in line with the Insurance Regulator's vision by the Centenary of Insurance for All by 2047. And Medi Assist believes that we will be able to support the continued expansion of the general insurance sector.

Health insurance remains the largest segment within the general insurance industry, now accounting for about 39% of the total gross written premium in the industry. On a year-on-year basis driven by a 7.5% expansion in Group health and an 18.3% growth in Retail health, and if

I were to club both Group and Retail together, the industry has registered a 14% year-on-year growth.

As a company, we remain committed to placing the policyholder at the center of our operations, continually enhancing industry service to ensure a seamless and rewarding experience. Our "Customer-First" approach has been the driving force behind our success, and we remain focused on creating value streams while strengthening our position in existing ones that sets the stage for sustainable growth and continued success of our company.

**I would now share the key highlights for our company's performance for the first half FY '25:**

The total premiums under management that we administer as a company stood at 10,583 crores as on the 30th of September 2024, registering a growth of 18.1% year-on-year.

Within this, if I were to break it up, on the Group side, we registered and administered 9,343 crores, a growth of 15.6% year-on-year. On the Retail side, our premiums that we administered was 1,240 crores with a growth of 41.2% year-on-year.

From a market share perspective, in terms of health insurance premiums administered, which accounts for Group and Retail club of the total health premiums in India, our share stood at 19.2% of the market as of 30th of September 2024, as against 18.5% as on 30th of September 2023. Within this again, the Group segment market share stood at 28.4%, up from 27.3% for the same period in the previous year and the Retail market share was at 5.6%, up from 4.7% for the same period in the previous year.

I would like now to hand over the call to Satish Gidigu, the Chief Executive Officer of Medi Assist to share a business update and key 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 all for joining this call.

We are pleased with our steady growth in what is a seasonally soft quarter for the industry. As the synergies from acquisitions continue to accrue, our margins are seeing an uptick and further to regulatory initiatives in expanding access to health insurance, we are upbeat about the prospects of the health insurance ecosystem and also the opportunities for Medi Assist to play a pivotal role in the system. We have focused on delivering technology-backed solutions to significantly enhance policyholder experience while eliminating fraud, waste and abuse in health claims.

**Moving on to the business highlights for H1 FY '25:**

We have maintained a retention of Group accounts at 94.3% for Medi Assist including all of the groups that we have onboarded from the acquired companies. Now this was possible partly because of our relationships with all of the insurers that offer the Group products today.

In fact, as the Group customers switch insurers, make different choices of who they want to work with, we continue to remain a preferred benefits administrator and one of the metrics is the Group segment premiums that we have administered for non-PSU insurers grew by 30.4% year-on-year, while the segment itself grew at 23.8% year-on-year. And as a result, the increase in share of non-PSU insurers in our portfolio went up by 300 basis points year-on-year in the Group segment.

Mayfair We Care, our international benefits, recently won the contract for administering the Overseas Mediclaim Policies for a period of three years for the PSU insurers, thereby further strengthening our thesis on managing the overseas benefits for those covered by the Indian insurance.

And as already disclosed earlier, Medi Assist Insurance TPA Pvt. Ltd., a wholly owned subsidiary, signed agreement to acquire 100% equity shareholding of Paramount TPA, and is awaiting regulatory approvals as we speak today.

And with respect to technology highlights for the company, as we briefly spoke about it in our last call, we continue to invest in technology, digitization, data sciences, machine learning to solve what we believe are two critical access for the industry. One, elevating the policyholder experience and two, fighting fraud, waste and abuse in the industry on behalf of the insurance companies.

We did some more work in this area. We have continued our improvements in AI powered fraud detection engine capabilities, increasing detection of fraud cases with much higher rates for investigations all through the first half and specifically even during the Q2. In fact, when we look at the savings that we deliver to our insurer partners on account of detecting and preventing fraud last year, we grew that number by 60% in the current H1.

And “Raksha Prime”, our capability that we launched to estimate and predict out-of-pocket and to simplify the entire discharge experience for our membership at network hospitals. The predictive models continue to improve.

In the first half of this financial year, we facilitated over 38,000 express discharges, and most of them taking place even before the bills got generated because of the accuracy of our machine learning based prediction models for out-of-pocket. In fact, this project, this is a program that we run which won the 'Best Team Project in AI/ML - (Health Insurance)' at the DevOps 2024 Awards.

And we took one more step towards improving policyholder experience absolutely in line with the spirit of the regulators' most recent master circulars. We launched what we call as an 'Instant Resolution' feature. This is a feature using technology that engages with the policyholder, provides a very detailed and clear explanation of benefits that they have procured from the insurance company and how those benefits have played out in adjudicating a claim and determining the payability and the payout value of the claim.

We now allow policyholders to give us feedback, ask questions, provide additional information before the claim is finalized and the payout actually hits their account. We believe it is critical to create the policyholder awareness and simplify their understanding of the policy to elevate policyholder experience.

And lastly, in commitment to transparency, we have now started publishing a lot of operating metrics in near real-time on our website to demonstrate how we are doing on parameters or specifically the service parameters that are very critical for the policyholder experience.

When you go to our website, you can see in real-time how our discharges are trending, how the admissions are trending right now for the day, for the week, for the last three months with absolute comparisons about how we have been improving as an organization each day in delivering superior experience to the membership that we have been entrusted to manage by all of our insurer partners.

Thank you for your attention so far. I would now like to hand over the call to Sandeep Daga, our CFO.

**Sandeep Daga:** Thank you, Satish, and a warm welcome to all the participants.

The key highlights for H1 FY '25 are as under:

Total income was INR 360 crore, which is a growth of 15.4% over the corresponding period of the previous year. The revenue from contracts with customers, excluding the other income, which we call as operating revenue, was 348.5 CR resulting into a growth of 15.4% over the corresponding half year of the previous year. Revenue from the contracts with customers included 9.8% from government business and 4.7% from international benefits business.

EBITDA, excluding other income, was INR 73.7 CR resulting into a growth of 18.1% year-over-year and a margin of 21.1% on operating revenue. Profit for the period was INR 40 CR, which resulted into a growth of 65% on the reported PAT year-over-year and a margin of 11.1% on total income.

Key highlights of the balance sheet and operating matrices as on 30th of September 2024 were as follows:

The net cash balance in the books was INR 300.9 CR. The net worth for the group was INR 498.5 crore. Return on the net worth was 8.0% for first half FY '25 and 16.0% annualized. Return on capital employed was 9.6% for first half FY '25 and 19.2% annualized. Revenue per average headcount on the non-government contracts was INR 7.0 lakh for the first half and INR 14 lakhs annualized.

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

**Niraj Didwania:** Thank you, 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. Our first question comes from Senthilkumar from Joindre Capital Services Limited. Please go ahead.

**Senthilkumar:** Sir, my first question on employee expenses. Actually this quarter now I could find a 28% increase in employee expenses. What is the reason for that?

**Vikram Chhatwal:** Thank you, Senthil. I will ask Sandeep, our CFO to respond to that.

**Sandeep Daga:** Thank you, Senthil, for your question. The people cost has currently increased on account of 4 reasons. One happened to be on account of the merger of Raksha with Medi Assist last year. So, last year, only one month cost of Raksha was included in the financials, whereas in the current year, almost six months' impact has been baked in.

Secondly, last year, there was an increment which was rolled out during October 2023. Current year, the impact of those increments happened to be baked in the current financial year, which resulted into roughly around 6% increase in the headcount cost.

There is a one-time pay-out on the retention bonuses which has been paid out to the employees, which resulted into roughly around 2-odd percentage increase over the last years.

Basically, these are the 3-4 components which have resulted into the manpower cost increase, notwithstanding the fact that since the business scale has increased 15-odd percentage, there has been a BAU increase in some headcount in our claims processing team, which has resulted in approximately 4%-4.5% increase.

**Senthilkumar:** And my second question is, I could see this receivable, which was increased from 178 crores in FY '24 to 214 crores now. So, what is the reason for this increase in receivables?

**Sandeep Daga:** Thanks again, Senthil, for your question on the receivables. Look, what happens is, ours is an annual renewal business. Since most of the renewals which took place in the first quarter and the second quarter of the business gets billed to the customer and once we receive the corresponding underlying premium registers for the insurance companies, we are then required to raise invoices on the insurance companies and collect the payment against those invoices. So, looking at the increase in the business and the scale to the tune of 15.5-odd percentage, there has been a similar increase in the receivables as such.

But one of the metrics which we continue to focus upon happens to be the DSOs. If you look at the DSOs between September '23 and September '24, we have been able to fairly compress our debtors' cycle, which got reduced from 135 days last year to almost 113 days this September. So, from the period endpoints from September '23 to September '24, we have been able to reduce and bring in efficiency with our collection cycles, as a result of which the DSO got reduced to 113 days.

Just to share with you, as on June '24, we were at a close to 128-129 days. So, effectively speaking, quarter on quarter basis, it has come down to 113. Because it is an annual recycle business, we expect, based on the past trends, that by March, it will hover around 100-102 days as such.

**Moderator:** Thank you. The next question comes from Madhukar Ladha from Nuvama. Please go ahead.

**Madhukar Ladha:** First, on the revenues, see, the revenue growth is just 12% year-over-year. And last year, we had only one month of Raksha's revenue. So, shouldn't the revenue growth have been stronger in this quarter? That's my first question.

And also, on our Group premium for 2Q, and I don't know whether this is the best way to look at this, but if I do a H1 premium under management number minus Q1 premium under management number, and then similarly for the base quarter also, if we do the same thing, then the growth in Q2 FY '25 over Q2 FY '24 in Group premium under management is just 1%. I want to know whether is that the right way to look at this or am I missing something that's at least that's what my numbers seem to suggest on Excel?

Third, on your balance sheet, your intangible assets have also grown substantially by almost 34 odd crores. So, maybe you could explain that and probably that is also what is resulting in higher depreciation or higher finance cost also, right. And finally can you also give me a split of the revenues in the base Quarter 2Q FY '24 of domestic non-government, government and international? Yeah, those would be my questions.

**Vikram Chhatwal:** Thanks, Madhukar. First, start on the revenue growth and the Group premium growth, I will ask Niraj to step in and respond.

**Niraj Didwania:** Thank you, Madhukar. So, when you compare our revenue from H1 last year to H1 this year, the mix has changed. In fact, we have actually seen a slight challenge in terms of the revenues from Mayfair. If you just exclude the Mayfair revenue growth itself, and you will see that we had reported Mayfair as a mix in the past as well. Excluding Mayfair, the revenue growth also will then track to a 15%-odd number. So, it's a very healthy year on year revenue growth. The mix has changed because we have had some slowdown that we are seeing in organic growth in India. We have also seen some challenges and slowdown in Mayfair for the first half. But those numbers are also improving.

In terms of the premium growth, when you compare our last year's H1 premium, while there was Raksha only for one month, the entire six months' premiums for Raksha were added on the reporting number. That's why when you remove that, you will see again a very healthy growth on Group premiums being 15%, Retail being about 40%, and aggregate being about 18% growth on premiums on a like-to-like basis. So, we have to do a like-to-like comparison there, because the last year's premiums are a little overstated, because we reported Raksha on a gross basis, although the acquisition was only done for one month.

**Vikram Chhatwal:** Thank you, Niraj. Sandeep, would you be able to answer the balance sheet question on intangible asset growth?

**Sandeep Daga:** Yes. So, thank you, Madhukar, for your question. The intangible asset has increased by approximately 34 crores. This is spanning on account of our investment into the technology asset. There were certain softwares where we had invested some money, which is going to give us some benefit for the period or the perennial period of four to eight years' time. Those asset helps us process the bills faster, improve the customer's experience by processing the claims as and when we receive it from the hospitals and the members. So, primarily the investments into the software has resulted into the intangibles going up by almost 34-odd crores.

**Vikram Chhatwal:** I would also just add, Madhukar, for your information, that this is predominantly based on the India piece that Satish, our CEO, spoke to you about for waste reduce, Raksha Prime and the volume of work that we are doing there in automation and in AI.

It also includes investments and the works that we have been doing for building the global platform of global benefits that we have within the company which Niraj referred to in his conversation on Mayfair.

So, essentially, I think these are long-term investments that we are making towards building both the capabilities in India, which is primarily supported by global footprint and capabilities of managing Indians across the world.

There is a last question, which was the split of revenues, FY '24 versus FY '25, and I will ask Niraj to answer that.

**Niraj Didwania:** So, Madhukar, the Q2 revenue split, government has contributed about 10.2% and international healthcare benefits business continues to be at 4.7% for pure Q2.

**Madhukar Ladha:** Last year, right? Four point, you said, sorry?

**Vikram Chhatwal:** Last year versus this year.

**Niraj Didwania:** So, last year, international benefits business was at 5.85%, which in this H1 is at 4.7%.

**Madhukar Ladha:** It's 5.85%, you said?

**Niraj Didwania:** 5.85%, and government key business was at 9.8%. This is H1 '24 and current we have already published in the investor deck.

**Moderator:** Thank you. The next question comes from Arul Selvan from Independent Advisors Private Limited. Please go ahead.

**Arul Selvan:** I just had a couple of questions. The first question is with respect to your independent directors being, we got the news that they resign on the same day. Any particular reason why both your independent directors resign on the same day? I understand the first reason. I think someone got appointed by somebody else. Any color as to why the other independent director resigned on the same day?

**Vikram Chhatwal:** Thank you, Arul, for that question. I would ask Niraj to respond.

**Niraj Didwania:** So, like you identified, Mr. Srinivasan had to step down because of a conflict of interest. He has been appointed as a CEO of an insurance company as Operating CEO. With respect to Mr. Anil Chanana, he has also indicated to us his preoccupation and also his personal commitments. So, we respected that, and that is why coincidentally, it actually happened together. Mr. Srinivasan just got appointed between the last quarter and this quarter. So, that happened in this quarter and Mr. Anil Chanana had indicated his preoccupation and personal commitments because of which he requested to set out.

**Arul Selvan:** Just one last question. I didn't understand fully the previous participant's question. I didn't understand the answer to your previous participant's question on how does the billing cycle work? I think you indicated that the contracts are renewed on an annual basis, right? So, once the contracts are renewed, can you just give us a sense of how often are the bills raised and are there any differences between how often you get, how quickly you get paid between government insurers, PSU insurers, non-PSU insurers and many other kinds of clients?

**Vikram Chhatwal:** Satish, our CEO, will respond.

**Satish Gidugu:** Thanks, Arul. So, I will try and simplify this. These are annual policies that we serve. Not all policies start and end on the same day, right? So, typically, let's say, in a particular month, a corporate has renewed a policy, let's say, for 100 crores of premiums. Let's say, our rate on that policy was 3.6%, which means we make 3.6 crores of fee.

Typically, insurers collect their premiums in advance. Then at the end of each month, typically they give us a summary of all the premiums that they have collected for which we are the designated PPA. So, that's what we call as a premium register. That sort of gives us the right to bill in some ways.

In many corporates, especially the medium and the large corporates where there is a large employee bill that has a lot of voluntary participation enrollments, typically sometimes this process takes between 15 and 30 days, and it could probably then result in a lag of an additional 30 days in us getting the final premium register.

So, on an average, we think of us getting the right to bill in 30 to 40 days after a particular policy is, you know, 40 to 60 days in after the policy is incepted. That's what we call as the un-billed DSO. Then another 30 to 40 days to collect once we have billed. That's our billed DSO, which is what Sandeep, our CFO, was referring to, saying we are around 113 days collectively. And then typically at the end of the year, we look more like a little over 100 days between billed and un-billed.

**Arul Selvan:** And the point about any differences in the number of days it takes for you to collect the cash with respect to your PSU insurers and non-PSU insurers?

**Satish Gidugu:** No, no, no change at all. Our build DSOs have been consistently just between 30 and 40 days. We collect fairly well. And it also reflects in the cash balances that you see.

**Moderator:** Thank you. The next question comes from Chintan Sheth from Girik Capital. Please go ahead.

**Chintan Sheth:** Couple of questions. One is on, you mentioned about the Paramount acquisition, we are awaiting the regulatory approval. If you just revisit the timelines by when we can expect a consolidation of the numbers to happen, you know, by when you are expecting.

Second is good to know that Mayfair got this contract from the PSU insurer for '24 to '27. If you can just highlight a bit about the commercials, a bit about how to look at Mayfair's revenue, because the international, sir, as you mentioned, has declined because of some softness we are witnessing in the first half. How should one expect an international piece moving going forward? These are the two questions.

**Vikram Chhatwal:** Thanks very much, Chintan, for your questions. May I request Satish to respond to the first question on Paramount?

**Satish Gidugu:** Hi, Chintan. Satish here. Thank you for your question. So, while we cannot specifically comment on when we will receive the regulatory approval, in the past, in the acquisitions that we have concluded, historically, we have seen approvals between three and four months on the whole. So, we are hoping to see a similar kind of a timeline.

**Chintan Sheth:** So, most likely by this year-end. Is it fair to assume?

**Vikram Chhatwal:** I think it is safe to believe that somewhere in Q4, if the timeline hold. And in regards to your Mayfair fees, I request Niraj to respond.

**Niraj Didwania:** Hi, Chintan. So, yeah, we also are excited about Mayfair winning this contract. Right now the overseas medicals as a percentage of the health insurance industry is up 2%. So, it's not a very large market. It's a huge capability building that they have done. So, at this point of time, it's difficult for us to give you any commercials on what this could translate in terms of premiums or revenues for Mayfair. The contract has actually come at the fag end of Q2. So, we start seeing numbers only Q3 onwards. So, we probably try to give you any color on it in the future. Right now very difficult to put any numbers to this contract.

**Chintan Sheth:** This is interesting because the contract is coming from the insurer not from any group client, right, this contract?

**Niraj Didwania:** So, it is the insurer, and these are retail and individuals who buy policies. So, this is not a group business.

**Chintan Sheth:** Not a group. So, that's a great win on the retail side as well right?

**Vikram Chhatwal:** That is correct, Chintan. Essentially, we find this overseas Mediclaim, which is the travel insurance policies that every individual would typically purchase when he or she travels outside of the country.

**Chintan Sheth:** And last piece on the industry getting consolidated, the fewer players are there as a TPA services and the underlying need for TPA has been increasing day by day because of the regulatory push by the government or regulator to process the things faster. Do you see or is there a case for the rate revision to happen favorably for the TPA maybe two, three years down the line when things normalize, and industry is on a growth path?

**Vikram Chhatwal:** Chintan, I think I would not be able to prophesize on what will happen to rates. I clearly will be able to say to you that the market continues to gravitate towards using TPA services and that trend has seen no change in the quarter-over-quarter conversations historically that we have had with you.

**Moderator:** Thank you. The next question comes from Vinayak Mohta from Axia India. Please go ahead.

**Vinayak Mohta:** There were a couple of things I wanted to understand. The first thing I wanted to understand who exactly owns the customer in this entire value chain. As in today, if we are doing group business, so the clients would be the likes of Infosys, Wipro, etc. So, in this industry is the case where clients are coming to us and asking you to go ahead and find the best policy for them? Or are they going directly to the insurance companies and then the insurance companies are selecting you as the preferred PPA? How does this work? Who owns the customer in this case?

**Vikram Chhatwal:** Thank you, Vinayak, for your question. I request Satish, our CEO, to respond.

**Satish Gidugu:** Hi, Vinayak. So, in the India TPA business portion of our business, as per the regulation, we are an intermediary tasked with servicing the health insurance. We don't distribute, we do not place risk, we do not place business. We are purely on the servicing side. Our principal who pays the money is the insurer. All intermediaries are renumerated directly by the insurance company. We cannot book revenues from anyone else.

However, our charges obviously are part of the overall charges and the premiums that the policyholders pay. Now the regulation gives policyholders a right to ask for a choice of their TPA from the list of TPA that the insurer has a relationship with. Our group historically has exercised that exceptionally well because for them it's a benefit first and a claim later.

So, the groups have been fairly vocal in expressing their service level for specific asks, how they would like to be serviced. And as a result, based on performance, based on evaluation, based on experience, the policyholders have increasingly made their own choice of who they want to work with. That's where our right to win in group also comes from.

And of course, there could be multiple sources of getting new business. Insurers typically place business with us or groups could ask the insurers, we want to work with Medi Assist or some of the key brokers in the industry that they help customers or corporates make decisions, they also play a role. They have a bit of an advocacy role that also helps in this process.

**Vinayak Mohta:** So, sir, in this case, what I am given to understand is that we remain a very important intermediary in the entire value chain out here. In that case, when you are providing services which cannot be replaced by maybe the insurance provider or the broker, then why is it the case that our take rates have continued to decrease over the last three to four years now? Because from my understanding, if we have that kind of a service that we are able to provide and we are able to make life easy for the insurance company, then why would we not be able to sustain our take rates on the revenue front as a percentage of premium?

**Satish Gidugu:** So, Vinayak, Satish here again. I think it's a mix of multiple concepts. I will try and explain two or three of those. One, the take rate is a bit of a derived number as much as you see it as a leading indicator. And there are multiple kinds of the benefits today that are being offered, especially in the group business where you see a significant movement in the take rates.

The employers typically provide a base cover, which sometimes includes employees, spouses and probably children. Then employers are increasingly making multiple other benefits that are well negotiated, made available to employees. For example, you could cover parents, but you have to pay as an employee. You could buy an outpatient cover, but you have to pay. You could pop up your insurance and increase the cover, but you have to pay for it.

Typically, in groups, there is a significant uptake on these add-on benefits, but not 100% of the employees opt for these benefits. So, as the mix is changing, you also see sort of take rate changing, but internally we track as a team on what is the effective equivalent of per member per year and what is our yield, and that becomes sort of internal North Star on the quality of revenue and the business. And many times the take rate is sort of means to the end, right? Because in corporates where the per life premium is very high, a smaller take rate could still get to a higher yield and vice versa. So, I think that's on why the take rate sort of looks the way it is.

I think the second and the more important thing that we have focused on is, one is, of course, perhaps retention is a North Star metric. In an annual-renewal business with over 10,000 corporates, we manage a 94.3% retention. And of course as corporates stay with us, as they continue to grow, their organic growth, same store growth accrues to us, which is a significant factor.

But at the same time, because it's an annual-renewal business, the corporates are back to the negotiating table every year. And one of the biggest challenges that they have is medical inflation that they have to manage. So, from all reports that you see, the medical inflation is in mid-teens in the country. So, which means that every time you are in, you pay that much more to get the same benefit.

So, that's where as Medi Assist one of our key focus remains that we manage medical inflation at a portfolio level. That's where we do a significant amount of work in building cashless network and enabling our corporate accounts and clients to get more without having to spend more and that's what actually gives us the right to win. And as long as they are able to manage their inflation, some of these conversations and take rate do not exist because the value that we deliver on the entire portfolio from managing inflation far exceeds the fee that we charge.

In fact, if you recollect from our RHP, the savings that we deliver back to our insurer partners on account of discounts and the fraud, waste and abuse that we prevent exceeds the revenues today that we get from the insurance. So, that's sort of the symbiotic piece in the way this business works. Sorry for the long-winded answer, but I hope it gives you some sense.

**Vinayak Mohta:** Yeah, no, I get that. So, in that case, then what I am trying to understand is that there are two factors which will make you a very strong player within the industry. So, in the sense, from a TPA standpoint, the first thing is that you are able to provide, you are able to be a very large cost saver for these insurance partners. So, point number one, do you have any numbers that you could give on that you are able to save them x percentage of cost because they are already working on a very thin margin on the combined ratio? So, even if you are able to save maybe 2% to 4% for them, it becomes a very large, you become a very important part of the channel.

And secondly, like in USA, do you believe that India will eventually move into a position where TPAs own the customer and TPAs have a lot of bandwidth to optimize and bring about those services to the company specific as in what they want? So, in that case, what happens is TPAs become a very important part of the customer and then the insurance companies are relatively in a weaker position. So, do you think you will eventually navigate towards that end from a longer-term perspective?

**Satish Gidugu:** Yeah, that's a very interesting question. I think there is, let me just go back to the first question, the value that we create, which I think you articulated better than I could ever. But if the medical inflation historically has been 12%, 13%, you know, annually, we have delivered an inflation in average claim size at 5% or sub 5% over the years. So, that's sort of where the first value proposition comes.

The second part, like I said, is often the discounts and network efficiency and the fraud, waste, and abuse savings that we deliver is nearly 2x the revenues that we deliver. So, you could then back calculate the impact the insurer has at a portfolio level because these can't be generalized. These are very portfolio specific.

Clearly, I think, for us, the real focus right now is I think it's not about owning the customer. It's not about somebody else relying on you. But today, if you look at our business in the Group and Retail, we serve upwards of 5 crores of Indians in our Group and Retail business. We touch nearly 23 crores of citizens in government business, right?

And for us, the real focus right now is to be the platform of delivering capacity for supporting expansion of health insurance penetration in India, because we believe that with the government's vision for insurance for all by 2047, we would need platforms of our scale and size, where the service delivery can be taken for granted and the insurers can focus on product innovation and distribution and policyholder's satisfaction and that sort of remains our focus area. I will ask Dr. Vikram if he wants to step in and add anything else.

**Vikram Chhatwal:** No, nothing. Thank you, Vinayak.

**Vinayak Mohta:** I have two more questions. Can I have that or should I come back in the queue?

**Moderator:** Vinayak sir, may we request you return to the queue? The next question comes from Nikhil Poptani from Kizuna Wealth. Please go ahead.

**Nikhil Poptani:** So, my question is regarding the take rate. Sir, is our take rate going below 2.5%? And if we remove the exceptional item from last year, our profitability has also not grown even that much. So, can you allude on that?

**Vikram Chhatwal:** So, I will just ask Sandeep to respond to that, please. Thank you, Nikhil.

**Sandeep Daga:** So, thanks, Nikhil, for your question. The last year's profit had some exceptional one-time items. Like some one-time tax gains, inter-tax gains, etc., which we got. And some Ind AS adjustments on the revenue because of the Raksha merger with Medi Assist. So, it was a one-time gains which we got last year. And in the current year, there have been some one-time exceptional provisions in the payments which we have accounted for. If you were to remove the impact of the exceptional items, our profit would have grown by almost 18%-19% year-on-year for the H1 of this year versus H1 of last year.

**Nikhil Poptani:** Can you just allude on the take rate? Like, is our take rate going lower than 2.5%?

**Satish Gidugu:** I will take that question, Nikhil. I think there is only a portion of our business that is subject to premiums and take rates. While it is a significant portion, not all of it, right? The government revenues, the international benefits and even some of the Group and Retail portfolios that we run are not subject to a take rate kind of a conversation. I think we continue to be in very close to the 3% take rate. It moves based on the seasonality and the specific corporates that we renew in that customer.

And like I mentioned in response to a previous question, the kind of add-on benefits and kind of participation in some of those incremental but lower ticket benefits, right? So, we continue to focus on quality of revenue from our per member per year perspective. And that's one of the, definitely quality of revenue is one of the drivers for the sustained and improving margins.

**Moderator:** Thank you. The next question comes from Mohit Surana from HDFC Asset Management Company. Please go ahead.

**Mohit Surana:** I just had one question. In terms of our profitability, if you could sort of indicate any timeline where we get to our targeted margin levels of 24%-25% at a company level? That's it from me.

**Vikram Chhatwal:** Thank you, Mohit. I will hand over to Satish.

**Satish Gidugu:** Mohit, I think it's hard to put a time, but I think a couple of qualitative things I can share. We have sort of the lowest we went was slightly lower than 21% when we bought in Raksha and then we had multiple integrations going on. As of now, with all of the portfolios, we have sold for the retention, which is still 94.3% on the consolidated base. So, that sort of synergy is already in from a revenue perspective.

Including Raksha headcounts, you would know their lower profitability of all the TPAs that we have acquired, including Raksha headcounts, we have improved our revenue per average headcount from last half to this half. And with all of the synergies beginning to kick in, we have already seen a marginal improvement and uptake in our margins. And we expect to continue to sort of accrue margins.

From where we intend to get to, I think I would like to remind that this is a growing industry with a huge opportunity out there from taking the lead in setting benchmarks for policyholder experience and the kind of work that we do in investments in fraud, waste, and abuse prevention and improving our market share. So, it is likely that some of the improvements we create in the margins are clubbed back into the business as investments for growth and scale. But absolutely the focus is on continuous and margin expansion and that remains a priority at this point in time.

**Vikram Chhatwal:** Also Mohit, just to add, I think in our previous dialogues with all of you, we typically share the view that it takes between three and four quarters from the time when we acquire a business to be able to normalize the margin profile. As we have demonstrated in this quarter, we have retained higher than the typical retention rates that we have in our business. And I think that the continued upstream that you see in the margin reflects the fact that from a cost perspective the synergies are beginning to accrue. We will continually hope to see that journey continue.

**Moderator:** Thank you. The next question comes from Kunal Gandhi from Yashwi Securities. Please go ahead.

**Kunal Gandhi:** My question is related to the regulatory environment that Medi Assist operates in. So, is there any regulatory cap or a maximum limit that we can charge on the premiums collected that have been imposed by the IRDAI?

**Vikram Chhatwal:** Thanks, Kunal. I will ask Niraj to respond to that.

**Niraj Didwania:** Thanks for the question, Kunal. So, as a TPA, we are under no regulatory obligation from any of the authorities to cap any of the fees that we can make. The only restriction we have is our fees are only from the insurance company as a TPA. We cannot charge any of the other stakeholders, but that's in our TPA business. The parent company also has ancillary businesses including our software services health management where we do have other revenue models and other customers.

**Kunal Gandhi:** That answers my question.

**Moderator:** Thank you. The next question comes from Darshan M. Bhandarkar from Banyan Tree Advisors. Please go ahead.

**Darshan M Bhandarkar:** So, my question was claim service. Of the total claim service that we have done, how much is the leads for online and offline?

**Vikram Chhatwal:** Darshan, if I understand your question, of the total claims that we have administered, how many are online versus offline?

**Darshan M Bhandarkar:** Right.

**Vikram Chhatwal:** And when you mean online versus offline, you specifically mean, if you could explain that to us, please.

**Darshan M Bhandarkar:** Like the claim, there online means where we have operated that claim through the system, through our software and offline means where we are using this personnel, where they are working on ground with this policy…..

**Vikram Chhatwal:** Darshan, the simple response is that we don't bifurcate our business like that. Technology is the mainstay of our administrative framework. And so, collectively, I would answer that by saying that 100% of our claims are processed with and through the technology platforms that we have built.

**Moderator:** Thank you. The next follow-up question comes from Madhukar Ladha from Nuvama. Please go ahead.

**Madhukar Ladha:** So, you mentioned that there were some one-off items in the base period and in the current first half. Can you quantify some of this? Because you are saying that if we were to remove that, then the PAT growth would be almost 18%. That number is quite good and quite big compared to what is actually getting reported, which is a negative 10%, right, on PAT? So, that would be helpful. And also, with the split that you gave, I can see the domestic non-government business then has grown 17% in the first half. Can you quantify Raksha's impact in the base period and in the current period so as to figure out what the organic growth has been?

**Vikram Chhatwal:** So, Madhukar, I will let Niraj respond to this. Just to let you know that we don't actually, when we consolidate portfolios and run them together, and in a 12-month renewal cycle, everything is organic whether it came from either Raksha or was intrinsic to us as a business in our portfolio represented by the 94.3% up from about 94% in the similar period last year to 94.3% now in H1, FY '25. But on the first part, I will hand over to Niraj to respond.

**Niraj Didwania:** Madhukar, given we have one last question we would like to take, can I request you to connect offline on the couple of questions and satisfy that?

**Madhukar Ladha:** Okay.

**Moderator:** The next question comes from Chinmay from Prescient Capital. Please go ahead.

**Chinmay:** Sir, could you give some sense around your wallet share with your clients? How has it fared over the last two, three years and in the H1 also? Because my understanding is that typically all insurance companies work with the top two, three, at least with the top two, three TPAs, if not more. So, barring the acquisition, have you been able to increase your wallet share with these companies?

**Vikram Chhatwal:** Thank you for that question. I will hand over to Satish.

**Satish Gidugu:** I think a couple of things. One, multiple insurers work with multiple TPAs, often 10 to 15 TPAs as an insurer. And that's a matter of choice for each insurer, right? Number one.

And number two, from a wallet share perspective, of course, there are the TPAs and then there is work that the insurer does on their own in-house. But if I sort of don't combine all of that, and you look at from a group or a retail perspective, we today, as of H1, done about 28.3% of all Group premiums in the country.

And we work with all insurers who manage in a Group portfolio. And different insurers have different strategies on how they view to work. But our market shares at the country level, right, for the Group premiums has been steadily increasing over the years, and then currently stands at 28.3%. And this is across all insurers, right?

And similarly, in Retail, today we manage about 5.6% of India's retail in a very fragmented and in-house heavy market, we still manage a 5.6%, which is a very sizable portion, across about half the insurers that we work with on the Group side. So, I think the way we look at it is how many insurers we work with and how much of the work we are able to take over.

**Chinmay:** And I just wanted to confirm the premium and the management of 18.1% that we have reported for this half year. Is this purely organic?

**Satish Gidugu:** Well, like Dr. Vikram said in the previous call, I think the way this works is like we said, we run an annual renewal business. So, every time we acquire another TPA, the moment we become the owners, it's our complete responsibility to deliver service to that customer from that moment on. The renewal could be just an hour away or one day away or 365 days away. We run it just, I mean, it is for us an organic business because it is already part of the portfolio, often with the same insurers that we already work with. So, the retention is 100% our responsibility.

So, yes, it has an element of premiums that are coming from the TPA that we have acquired. But for us, it's a purely organic view from the time the customer is ours. In fact, that's the expectation that even the regulator has that we take 100% responsibility for every policyholder from the moment we become the administrators.

**Chinmay:** And from a guidance perspective…

**Moderator:** Sorry to interrupt. Chinmay sir, we have exceeded the conference time. So, may I request you to take this offline with Niraj sir, please?

**Chinmay:** Sure.

**Moderator:** Thank you so much. Ladies and gentlemen, I would now like to hand the conference over to the management for closing comments.

**Niraj Didwania:** Thanks everybody for your active participation. We are available offline to address any further queries you may have.

**Vikram Chhatwal:** Thank you and have a good evening.

**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.