November 11, 2024

To

National Stock Exchange of India Limited	**BSE Limited**
Exchange Plaza, 5th Floor,	**Department of Corporate Services/ Listing**
Plot No. C/1, G Block,	**Phiroze Jeejeebhoy Towers,**
Bandra-Kurla Complex,	**Dalal Street, Fort,**
Bandra (East), Mumbai – 400051	**Mumbai – 400001**
SYMBOL: POLICYBZR	**SCRIP CODE: 543390**

Sub: Transcript of the Earnings Call conducted on November 06, 2024

Dear Sir

In furtherance to our earlier communication dated October 15, 2024 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Transcript of the Earnings Call conducted on November 06, 2024.

The transcript of Earnings Call is also available on the website of the Company at https://www.pbfintech.in/investor-relations/.

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

Yours Sincerely,
For PB Fintech Limited

BHASKER JOSHI Digitally signed by BHASKER JOSHI Date: 2024.11.11 20:34:00 +05'30'

Bhasker Joshi
Company Secretary and Compliance Officer

Encl.: A/a

PB FINTECH LIMITED

Q2 FY2024-25

Earnings Call

November 06, 2024

Management: A very good morning everyone and welcome to PB Fintech Limited Earnings Call Q2 FY24-25. Today we have with us:

- Yashish Dahiya, Chairman & CEO, PB Fintech
- Alok Bansal, Executive Vice Chairman, PB Fintech
- Sarbvir Singh, Joint CEO, PB Fintech
- Naveen Kukreja, Co-founder & CEO, Paisabazaar
- Mandeep Mehta, Group CFO, PB Fintech
- Rasleen Kaur, Head, Corporate Strategy & Investor relations, PB Fintech

I would now like to request Yashish to start with the address.

Management: Thanks Rasleen. Thank you all for joining, early morning for India. We are extremely pleased that the Health and Life insurance business, which as I have repeatedly said, is a bulk of our long term value, is continuing to witness phenomenal growth, 69% YoY in new premium for the quarter. The total insurance premium for the quarter is now at ₹5,450 Cr, at an ARR of almost ₹22k Cr. We are just in the second quarter, we are still out of season. The new Core insurance premium grew at 61% YoY. Core insurance premium grew 49% YoY, this includes renewals, in Q2, with the Core insurance revenue growing at 41% YoY. Like we've mentioned, this is now going to be a point where revenue growth and premium growth will start coming in line because this is the phase when we shifted a lot more towards the Unit link products compared to the Capital guarantee products. That is the big difference that you have been seeing over time. So, the Core insurance revenue growth is at 41%. Credit linked revenue is at ₹143 Cr for Q2, new initiatives grew 87% YoY, and at a contribution level are not making any losses now. Our revenue for Q2 grew 44% YoY to ₹1,167 Cr and the PAT improved by ₹72 Cr to ₹51 Cr. We have had slightly higher operating expenses, we understand that. I would say, for this quarter, it was up by about maybe $4-5 Mn. In the second half of the year, you will see that correction coming in. It's not a correction, basically, we over invested in Policybazaar in the first half of the year in anticipation of continued growth. Thankfully, we are continuing to see that growth and the benefit of that we will see in the second half. On the Paisa side, we perhaps did not anticipate this slowdown to last so long. We do believe it is lasting a little longer, and so we will take some corrective action there. On renewal trail revenue, those of you who've been following, I mentioned last quarter that this quarter we will grow at about 45%. So yes, we've grown at 45% - ₹633 Cr ARR, up from ₹436 Cr, the same quarter last year. There's no surprise here. This could only be between 44%-46%, it couldn't have changed too much. You will also see these starting to inch up now. This obviously operates at a pretty high margin of 85%, and is a significant source of the future profit growth.

The most interesting thing is we finally hit 90% on CSAT. If you remember at IPO, we were at about 87%. This is a very hard number to inch-up. We are finally at 90%. So very happy about that. Credit business has been flat. I think the good news is, it is about 9% up QoQ. However, it's 8% down YoY. It's turning some corner but there is still a lot of stress in that business. We will be taking some corrective action on the operating cost front because we do believe that we had anticipated slightly higher growth than this. We continue to strengthen our leadership in new initiatives with the revenue growth of 87% YoY, and the adjusted EBITDA margin has changed by 14% from -26% to -12%. PB Partners is doing really well; very happy with the performance - about 250k advisors, 18.7k PIN codes, 98% of PIN codes in India. The quality of business, which from outside is very difficult to assess, is clearly moving very well in the direction that we anticipate. The UAE business insurance premium has grown at 63% YoY. That business also continues to do very well. Our Core Health and Life insurance business are growing ahead of expectation. I just wanted to say this, don't get used to the 60-70% kind of growth. It's good it's been happening. So far it does not seem like it's changing but this is unreal growth. Our long term guidance, our midterm guidance continues to be 30%ish. This is good, we are enjoying it, we are also surprised by it, but that's what it is. In anticipation of the steady growth, we did, as I mentioned, invest a bit earlier. The other thing I wanted to mention was, our cash balance has gone up by about ₹200 Cr in the quarter, which is quite good. It is now more than ₹5,400 Cr, but this will keep happening as we mentioned. I think next year it'll go up a lot more. So it's just part for the course. We are open to questions now please.

Management: Please raise your hand for asking questions. We'll wait a minute for the line-up.

Management: We'll take the first question from Shreya Shivani. Shreya, please unmute yourself.

Shreya Shivani: Hi, good morning and thank you for the opportunity. I have two questions. First is on the Paisabazaar side. What corrective actions do you plan to take? What is the outlook on credit disbursal that you're seeing over the next two quarters, and what has been the change in the mix of secured & unsecured loans over here? Some colour on that would be useful. Second is on the Core insurance business. I wanted to understand that while the growth is very strong and it's very commendable. Has there been any change in terms of the way the segments were moving, so maybe ULIP has slowed down a little bit, not as fast as the last two quarters or any such colour, just trying to understand, because the overall contribution margins came in at 41%. I understand some bit of it got impacted due to Credit business. But how much impact on that decline in contribution margins has come from the insurance business, and at what rate should the recovery be for the next two quarters. Do we expect that to come up to 42%, 43% or 44-45% by the last quarter of this year? Thank you.

Management: Sure. Thank you for those questions. On Paisa, I would just like Naveen to briefly give some colour on that.

Management: Thanks. Like Yashish mentioned in the opening comments, in the unsecured side, which is Personal loan, Business loan and Credit cards, we are seeing slow down lasting a little longer. If you've seen or observed the bank results over the last two weeks or so, you see that reflecting in almost the entire industry driven by a) high growth in the previous years, b) the regulatory guidance, and c) some regulatory specific actions around moderating credit growth on unsecured side. We are also seeing slightly elevated delinquency numbers at an overall industry level, which essentially result in the prime and below segments being reduced from a new acquisition perspective. On the other side, like I said earlier, we are investing in the secured growth. So our secured business, on a very small base, has grown very well. Our secured contribution for last quarter was about 34%; 1/3rd on disbursals count. On the cost measures, like Yashish mentioned, we are now moving to a situation where we expect H2 to remain tight in terms of growth. We are going ahead and moderating the operating expenses ahead of the revenue drop to make sure that we are able to be efficient for H2, and then wait for the markets to show positive definitive signs of unsecured coming back. I would just like to say one thing that at a fundamental level, if you look at the industry where the liabilities growth is back, growing slightly better than previous few quarters, so we expect the liabilities growth for industry to grow at about between 12% and 14%. And once that happens on a consistent basis I expect that once the level settles in, the 14% or so needs to be deployed back into credit, in a mix of unsecured and secured. So we'll see that growth coming back.

Management: On the Policybazaar question, I will just request Sarbvir to chip in.

Management: Thanks Yashish. I think the question was on the segment growth and contribution. Segments have been growing in a very similar way, both Q1 and Q2. We continue to see very strong growth in Life and in Health. On the contribution side, I think there are two points. One is that, as fresh Health grows faster than the overall business, it has a slight impact in terms of the reported first year contribution. So if you take out fresh Health, we're not sharing those numbers, but you will find that our contribution has gone up in Q1 and Q2, if you compare it to the rest of the business. So actually, the contribution growth is exactly as it should be, given the mix of the business. As Yashish mentioned, there has been extra cost in Q1 and Q2, where we've invested in growing our operational capability for the season. Just like last year there was a delta in the second half versus the first half, of I think 200-300 basis points and somewhere in that region, similar outcome should happen. We can't say exactly what will happen. I just want to say broadly that the thought process on the insurance side is that we are seeing strong growth, so we want to invest ahead of that growth. If in the second half we feel that we should prepare more for the first half of next year, or something like that, we will continue to invest because I think our shareholders would want us to invest at this stage and grow the business rather than reporting a few 100 basis points of margin in any given quarter.

Management: Absolutely. There's one little piece in comparing quarters, and it's usually not very good comparing quarters. See in April, we did not have much of brand advertising. What that leads to is that in Q2 you might see a slightly higher brand advertising, about ₹20 Cr. Now, that's a very significant number when it comes to contribution or profit numbers. In Q2, you would have seen a ₹20 Cr higher brand spend but that is largely because in April, May, June, you may advertise in only two out of three months. I don't think there's much else to kind of add in that. To add to Sarbvir's point and to the point I mentioned, we are at this point not trying to optimize for a few basis points here and there. I think the objective is to grow. We know what net present value we do our business at, and it's very, very profitable for us. Of course it will never show up in the first year, because Health is a business where a bulk of the profitability lies in the renewals. So when you grow in the first year, you will not see that, and that will lead to some diminishing of margins. However, that is obviously going to pay up in the coming years, and that is far more important.

Management: Thank you, Shreya. We'll take the next question from Sachin Dixit. Sachin, please unmute yourself.

Sachin Dixit: Thanks Rasleen. Congrats Yashish and team on another great set of results. I had a couple of questions. The first one was in terms of growth. As Yashish already highlighted, the growth that we are seeing currently is unparalleled. I was just wondering, going forward basis, will there be a base effect issue that might crop up in FY26 that rather than having the medium terms like the 30 odd percent growth, we might end up being around more like 24-25%. Can that sort of thing play out?

Management: See, I've always said from the day of IPO, there's one thing we can never predict, which is how much we are going to grow. Everything else is actually very, very straightforward. We can predict everything else quite precisely, renewal growth, profit, all those things we can predict very, very accurately. We are very excited that we are growing. We are not seeing any signs of slowdown yet. We're actually growing on a pretty large base already, so this is growth on growth. Now we are starting to grow at 60% on 60%. So we are ourselves surprised, sometimes we pinch ourselves, is this true? But let's see. So me and Sarbvir, we're discussing this all the time, our basic understanding is 30%. This is what we want to target in the medium term, and that's a good target to have. We don't want to be below that, above that is great. Above that I don't ask Sarbvir any questions. Sarbvir, I don't ask any questions, anyway. But as long as he's kind of doing double of that, I can't go to him and say, please reduce cost also, or something of that sort. So I don't have any such questions, whatsoever.

Management: Sachin, I would just like to add one thing here. We have always maintained that large part of population who has intention to buy insurance in near future, will come to Policybazaar, especially for Protection products. And there were some reasons for them leaking out and over the last three years the team has worked very hard in terms of setting up multiple offices across India to cater to different languages; physical meetings; strengthening on the product side; strengthening on claims side with putting up a whole team, etc. All these things have started to add up. A lot of people who would have come earlier, and maybe found some excuse to leak out, that leak out has started to come down over last 2-3 years. India is still very, very underpenetrated from insurance perspective. There's no reason for us not to grow but, as Yashish said, whether it will be 30%, 40%, 50%, we'll see. Obviously, our aim is to grow as fast as possible. The TAM is not a problem in India, to be honest, it's a very, very large customer base.

Management: A very telling conversation actually happened yesterday, and it's just anecdotal. I was actually speaking with somebody and this person said, look historically, I used to actually come to Policybazaar and then go and buy directly. But now I'm actually buying on Policybazaar. This is a very knowledgeable person from the financial services industry. He said, because I know that at the point of claims you guys help. I think that is becoming a very serious position. The reason not to buy from Policybazaar is going away slowly. All credit to Sarbvir and team for kind of executing that, and making sure that reason doesn't exist anymore.

Sachin Dixit: Fair enough. Another thing on PB Health. You have been in the media talking about it, there was no mention of that in the presentation. Is there any update on that? Any board discussion, and any approvals that you are likely to announce?

Management: I wanted to take this opportunity, since you've asked this question, to clarify a few things. I'm not going at pains to explain this. PB Health is not a Policybazaar subsidiary or a Policybazaar initiative. I just wanted to clarify that. Policybazaar wants to make it happen. I think you know the "What" and "Why", maybe the "How" is not very clear. The "What" is very clear to us. Whenever I speak to insurance companies, they are not very happy with the situation. They all believe that there are excesses at the provider end, because of which their claims cost goes up, and they also believe the customer experience suffers. When I speak to hospitals they are also unhappy with the situation. So everybody's sort of unhappy, everybody does not trust each other. I've started doing this recently, I ask insurance companies that what would you do if you owned your own hospitals? And the first thing they usually say is, we'd like to run them as charities. I said, but assume that's not possible, assume that's not a feasible option. They have to make money. They said we would just like to agree SOPs with them, and they should just follow those SOPs. If they follow those SOPs, we believe the cost will anyways come down by 20% or so. And I say, but what will you do for the customer if that were the case? The customer has a 25% out of pocket today, will you be able to reduce that out of pocket for the customer? They say, yeah, absolutely. And I say, does that mean the customer will have lower friction at the point of claims. They say, yeah, if it was our hospital, we trust it fully. We actually don't need an approval process. They say, what do we have an approval process for? We don't know what the customer has toward the doctor. We want to know because the customers told us one thing, and he's told the doctor another thing, and we want that this discussion between the customer and the doctor to be disclosed. It's basically a lack of trust. So if there is an outsourced facility for the insurance industry, I think the claims experience can improve. Now, Policybazaar will not be the one who will set this up. But if this gets set up, Policybazaar is a huge gainer, the insurance customers will buy more insurance because the insurance experience becomes better. And if Policybazaar is also a shareholder in that and Policybazaar can claim to its customers that listen - when the situation arises, we'll be able to help you in this situation, and we'll make sure your claims experience is very, very smooth. I think Policybazaar will benefit humongously and the industry will benefit humongously. Everybody I speak to is quite keen on that project happening. What position Policybazaar will take in that, totally depends on its own shareholders and its board. So those approvals we still have to take. The "what" and "why" are extremely clear, the "how" is becoming clearer but there isn't an approval in place yet.

Sachin Dixit: Understood, sounds good. Thanks so much, and all the best.

Management: Thank you, Sachin. We'll take the next question from Nischint Chawathe. Nischint, please unmute yourself.

Nischint Chawathe: Hi! Am I audible?

Management: Yes Nischint.

Nischint Chawathe: Thanks. Just continuing with the healthcare business. Just trying to understand from a very top down point of view, if you have to make it sort of a business of scale. And when I say, I mean, the venture has to be a venture of scale. What kind of CapEx are we really looking at over a multi-year period?

Management: I'll answer in two ways. The only thing that Policybazaar is not sure of, at this point, is whether that venture will make money or not. It has no clue. What it knows is that Policybazaar will benefit and that's the only reason Policybazaar is involved. Policybazaar is not investing in this venture from a financial return perspective. Policybazaar, if it is investing, is investing from an enablement perspective. Because this venture benefits Policybazaar a lot, a huge amount and the industry a huge amount. That's why the industry supports it and that's why Policybazaar supports it. Now, what happens to that venture?, How much capital that venture needs to raise?, Whether that venture is profitable or not?, are questions for the shareholders of that venture to decide; not for us to think about as Policybazaar shareholders. Because we are not the people who are building that or anything of that sort. I'm just trying to clarify. I think this line, this distinction needs to be drawn very clearly, because I don't think Policybazaar shareholders need to worry about whether that venture is going to be profitable, how much capital that will require. Policybazaar board will decide - what is the upper limit of the exposure Policybazaar wants to have in a situation like this, where Policybazaar thinks of how much it can invest to make sure that this venture happens. But it is investing for only one reason. Please appreciate this - only one reason, which is to make Policybazaar grow faster, not to make a financial return. Suppose Policybazaar can achieve at the lower end, a 5% extra growth every year, because of this venture, you can imagine what that means over a 10-year period and how that will play out. I would leave it there at this point, because otherwise it becomes too complicated a story that one is trying to justify the PB Health venture to PB shareholders. I don't think that makes sense.

Nischint Chawathe: Fair point. PB will be like a founder, promoter, or is it a minority shareholder in this?

Management: That totally depends on what the Board approves. We haven't even gone to the Board for any approval. We don't have a proposal to go to the board yet.

Nischint Chawathe: Okay, got it. Just moving on, you mentioned that UAE is up 63%. Does that include Corporate as well?

Management: UAE, that includes everything in the UAE and the premium has grown at 63%. Yes.

Nischint Chawathe: Corporate business?

Management: Yeah, it's UAE. They don't have any corporate business.

Nischint Chawathe: Okay, okay, got it.

Management: You want to know how much Corporate business has grown?

Nischint Chawathe: Yeah.

Management: Oh, corporate business has grown at 62%. It's done ₹189 Cr.

Nischint Chawathe: Got it. The new initiatives margin, is it possible for you to split this or give some color between PoSP, UAE and Corporate?

Management: The UAE and Corporate are very small. They would be combined, maybe 10%-15% of the new initiative. New initiative is largely PoSP+, if I would call. 85%, I would say, would be PoSP. Our total new initiative loss - UAE and Corporate are about 45% of the current loss. That's because PoSP losses have really come down. It's about 55% for PoSP. Dubai and Corporate are about the same.

Nischint Chawathe: What's driving margin expansion in the New initiatives?

Management: In PoSP, you have to understand the business very clearly. PoSP is not a massively profitable business ever. So somebody who believes that, PoSP will start generating the same kind of contribution margins like Policybazaar core has, is dreaming because that's impossible. Let's say, Policybazaar core is making, suppose 40% margins, nobody's going to a give you their business for 60% of the going commission rate. So if the going commission rate is, let's say 20%, if you give somebody less than 12%, they don't want to give you their business. So that's impossible. That's before you put any direct cost into it. So I think it's a very low margin, high scale business. I think that is where many of the investors have got confused by that business, because that business you can scale very rapidly, like you can burn whatever you feel like, but without necessarily increasing your burn dramatically. I'd say like a B2C business, it does not have marketing costs or sales costs. Basically, you're a platform, and you've a very thin margin. It's like a payment gateway business. You're a very thin margin business, payment gateway business with some operating expenses. So your profit and loss both don't increase and don't change a lot with scale. Unlike Policybazaar core business, where your profit and loss shift dramatically because of scale. In a PoSP business that would not happen. So what you would see is, it will slowly ebb towards 0, and then it will become profitable also. But by that time the Core business will become significantly more profitable. PoSP would almost be irrelevant. See what was happening, if you look at the last 2 years, the Core business was making X profit, and this thing was making -X loss. So, to an extent, both were looking similar. But as you look at it over a 3-4 year period, the Core business will become 10 times bigger in terms of profit or loss, whatever, I hope not loss, but the profit compared to whatever losses we make on this side. So this part becomes irrelevant. That's what the PoSP business is. I think that's very important to understand, at least from an investor perspective. We understand this, but I think investors need to understand it - B2C and PoSP are very, very different; I still believe many don't understand it.

Nischint Chawathe: No, fair point. And finally, most of this is motor TP, right?

Management: No, it's not. Now lots of Health, etc., starts happening there. We have the highest share of non-motor.

Nischint Chawathe: What is the mix like?

Management: We don't give out that number. There's a reason why we don't give out these numbers as that can be very misleading to people. But on revenue basis it could be quite significant, more than 1/3rd of the revenue might be coming from non-motor.

Nischint Chawathe: Got it. Just one final one. Life insurance companies have been telling us that on the Guaranteed return products, there is some kind of a discussion/negotiation that's happening with the distributors. Just wanted to understand what kind of conversations are you really having with them?

Management: We are generally not involved in any of those conversations, because we don't really sell those products, but Sarbvir is the best person to answer that.

Management: I think, as Yashish said, the mix of our business is not towards those products. And secondly, I think if you see the persistency and the quality of business that we have, we are really not the channel where these issues will arise. Both those points - a) it's a very small portion of our business, and b) we have the credibility and the quality established with our partners that they are not really coming to us. I think they have to handle it in the other channels, where obviously it's a bigger issue.

Nischint Chawathe: Got it. Thank you very much, and all the best.

Management: Thank you, Nischint.

Management: We take the next question from Manas. Manas, please unmute yourself.

Manas Agrawal: Hi team, thanks for the opportunity. I had a couple of questions on the PB Health but before that one question on the Core business. Is there any change in ULIP momentum because of the recent market cool down? And then on PB Health, you mentioned that PB Health will benefit, I understand, that's very clear. Can you also share, maybe it's too early, the modalities around this? Is this a co-branded product?, Is this a potential distribution exclusivity?, or Is just a larger addressable market? The second is as a PB shareholder and not a shareholder at the new venture, how should we think about capital allocation in this venture? Is this going to be a one-time investment, especially when we are talking about the new entity, not necessarily clear about their financial viability or their model of profitability? Those were my questions.

Management: Sure. I will let Sarbvir answer the first question on ULIP.

Management: I would say that it's too early to say anything. I think last month was a confusing month in any case, because of Diwali and all those holidays. We like to look at October & November together, so we will get a better sense next month. But very generally speaking, a little bit of up and down in the market doesn't affect the business that much. But obviously, if there's a prolonged downturn or something like that, then I think the business will definitely be impacted.

Management: On PB Health, we haven't gone to the board, and the board has to approve this, and we have to first of all go to the board. My hope is that we would go to the board at some point with a one-time investment option and it'll be somewhere between $0-100 Mn, and it's a one-time investment it will not be repeated. The remaining investors who come into PB Health are very aware of that, that PB is limited by this as a one-time investment. And to the comment I made about let other people worry, I think once the quality of investors that come on board in the new venture are clear, I think it would be clear that they have clearly thought about why they want to invest in that venture. That would also mean there is enough financial prudence on that venture to make it. What is the problem we're trying to solve? The problem we're trying to solve is a very simple one. Today, the customer is not having a great claims experience and that is largely arising because of lack of trust between three entities - the insurance company, the customer, and the hospital. Unfortunately, at the point of claim, the hospital and the customer, sort of, become somewhat on one side. We shouldn't even be speaking about this, me as Chairman of a large a public company. I don't know how much I should speak about things like overcharging, over treatment, all kinds of things that go on in the market, but they are quite commonplace. I'm not, saying any one entity or a group of entities, is responsible for it. But today we are a pay-for-service health system and what that means is the healthcare system makes money. It's obvious. They obviously make money when a treatment happens. So if I don't go to the hospital, the hospital makes nothing from me. If I have an insurance policy, and I don't go to the hospital, the insurance company makes all the money from me. Thinking through how will the products be constructed, how will it all happen, for that, I would say, wait for PB Health to become a public company, and then, let's have those questions on PB Health once it is a public company. Till then, whoever are the private shareholder of PB Health will handle those questions, and it's their responsibility to lose their money, I would say, if they do lose their money.

Management: You asked about the shareholders of PB Fintech. Two parts here, as Yashish mentioned earlier, if this can allow the growth for Policybazaar to be higher, even by that 5-7%, that is a very material, positive thing for Policybazaar or PB Fintech. From capital allocation perspective, we propose to have about $100 Mn investment into this venture, post board approval. Bulk of that investment, if you just think about this venture, will go towards the CapEx. A hospital CapEx, which is mostly a real estate infrastructure play will technically not just erode overnight. So that will hold its value, and it as it becomes successful in its own right, that value keep on increasing. For personal perspective, it is just a small capital allocation which is mostly going toward CapEx with very low possibility of capital dilution. But from PB Fintech perspective, the growth which it can drive for industry and for us, can be very meaningful.

Management: I just wanted to clarify one thing. The reason we are getting into it is not because we think healthcare is a great opportunity, and we should go into healthcare and set up and run hospitals. No, that is not the reason why we are getting into it. So I think this is a confusion, if people believe that to be so. The reason we are getting into it is because we believe the insurance industry and thus Policybazaar - you are seeing our growth rates. With these growth rates, we are becoming a very meaningful part of the industry, and we'll be a very meaningful partner in the growth of this industry. So for us it's very critical to look at the long term growth of the industry, and that is the reason we're getting into it. Because they're seeing that particular problem. We are seeing this as a potential problem for the industry growth, if not solved. While we don't have the ability to do this entirely on our own, if this is happening, we would love to encourage it in whichever way, so evangelizing, encouragement, etc., etc. I think now, that said, I am just as excited about that side of the opportunity as well, but that is me personally. That's a different matter, and I don't think we should confuse the public company Policybazaar with that thinking of why this is a great opportunity by itself. Because that'll just lead to us kind of hijacking the Policybazaar story with PB Health story.

Manas Agrawal: Understood. Thanks a lot.

Management: Thank you Manas. We will now request Dipanjan Ghosh to please unmute.

Dipanjan Ghosh: Hi, am I audible now?

Management: Yeah, absolutely.

Dipanjan Ghosh: So just a few questions. First, if you look at, let's say, product wise on the Core insurance side and look at the new business margins, without quantifying, would it be a fair assumption to make that on a YoY basis, across products, you would have seen a margin improvement, but maybe because of the mix shift towards Health or more towards the hybrid strategy, maybe there would have been a drag? But across products what would be the trajectory on a YoY basis in terms of new business margins on the Core business? The second question, in a presentation you have mentioned that because of the hybrid strategy, your premium per enquiry, and your conversion rates have kind of inched up. So just wanted to get idea on two things. One is what would be the mix of the products which gets converted at the hybrid mode. And second, is there a meaningful differential for the same product in terms of margins, whether it gets converted through your call centre or through the hybrid model? Lastly, on the insurance side, you have mentioned that there are like 190 cities where you have health claim support, and there are 200+ cities where the hybrid model is in place. So would you like to quantify on the overall Feet on Street expansion that these two initiatives would have seen over the past 12 months? And just one question on the Credit side - if you can split the revenue between Credit cards and Disbursals and second, what would be the differential between, secured and unsecured realization rates.

Management: Sure, I think I would let Sarbvir cover the insurance questions first and then come to Credit.

Management: Dipanjan, I'll go in order. The first question was on new business margins. New business margin on a like for like basis are largely the same year to year. There may be actually a small delta erosion rather than growth in like for like margins, simply because if you see the quality of products that are being sold on our platform. So you'll find that now we sell, in most cases, products which are have better features, and in some cases lower cost than the average in the market. That is a very conscious choice because of the quality of business that we have. We are willing to trade off that upfront price for greater volume. I think the new business margins are largely the same, if anything, they may be a little bit on the downside only. In terms of the hybrid, the question that you had. See our hybrid business works with the marketing cost being the same. The lead comes through the online channel, and we have already paid for it. So I think it would not be fair to look at just hybrid margin versus overall. We actually look at it as an overall, whether the APE per lead or the business economics are improving or not. I think that you can very clearly see that they are. The hybrid or the Feet on Street is now almost 25% of our business in Health and Life insurance and we still feel that there is potential for that to grow. This team is growing at a faster rate than the rest of the business. Of course there was a smaller base, to begin with, but we feel more and more confident that this strategy is working and the fact that it has legs. So it's not like we have covered the area that we could cover. But I think now we have the confidence to go deeper, and we are investing both in people, in leadership, in infrastructure so that we can build this into a much larger business in the years to come.

Management: In terms of Credit, your question on revenue mix. Unsecured credit would be about 60%, credit cards would be about 20-25% and secured would be about 10-15%. So secured is about

10%, unsecured is about 70% and maybe 20% is credit cards. On the total disbursal, secured will be a lot larger. Secured is about a third but secured is also about a third of the take rate. So I think that gives you a flavour of the mix there. See, we are growing secured right now, but that doesn't mean unsecured is going away. Unsecured is, in our opinion, just going through a dip. This happened in Covid. In Covid, we went down to almost 0 revenue on the unsecured side and this is happening again. I actually see it as a margin expansion opportunity, to be honest. So if you think on a multi-year basis, when Covid happened, before that, our margins in Paisabazaar used to be 0. After that our contribution margins became 40%. I think we realized we did not need as many people. I still believe that is the case and I think this will give us an opportunity to reduce and not come back up in terms of the actual manpower costs. And obviously, technology, etc. helps. So it's a phase we are going through. The phase is lasting longer. We thought it would last two quarters. It's probably lasting 4-5 quarters but that's fine. It's just a phase. I think I would hope FY26 will be a very different result from FY25.

Dipanjan Ghosh: Got it. Just one small follow up on a previous participant's question. When you say 30% medium term sort of vision, I would assume it would be on the fresh business, right? Because your new business growth you've seen over the last 2-3 years should kind of mirror on the renewal side, let's over the next 3-4 years, I mean, is that a fair assumption.

Management: I would say is, yes, the renewal growth is quite predictable, and we can build it out quite easily, and so can you. I think fresh business is very difficult to predict. Please hear us. What we're saying is over a 3-4 year period, our target is to have 30% fresh business growth. It's a good stretch target. It's not an easy target. Now, if there comes a few quarters where it is lower, don't start shooting us. Just like we're not asking you to put us on a pedestal, just because we're growing at 60%, for now it's gone on for like 4 quarters or so. But I would say these things will happen. Things will move up and down. I was looking at the numbers, our 3-year CAGR is about 41% on fresh business. I think our 3-year CAGR is quite strong, and what we are saying is, maybe the next 3-4 years CAGR is going to be maybe 30%.

Dipanjan Ghosh: Got it. Thanks for the detailed explanations and all the best.

Management: Thank you, Dipanjan. We'll take the next question from Jayant Kharote. Jayant, please unmute yourself.

Jayant Kharote: Thanks Rasleen, and congrats for a good set of numbers. First is on the addition that you've been doing to your teams, both online and even offline. If you can help us understand how is the gestation period over here? If you could quantify the number of people you've added over here and what are the plans going into Q3 & Q4 and then the gestation period? That is the first question. I'll come back with the second question after this.

Management: It's a variable cost. As we anticipate business and enquiries (our enquiries are also been going up), we deploy people. As we have said repeatedly, Q1 and Q2, there has been about $1 Mn a month of extra cost on the ops side which we deployed because we were seeing a higher than expected growth and we continue to see that growth. So our hope is that in the second half of the year, we would not need as much additional capacity. I think it'll play out quite well. The gestation period is a few months. People don't sort of come in our shop and suddenly become productive. And that's the reason we said that in the lean period, which is the first two quarters, let's deploy a little extra so that we can really reap the benefit when we get to Q3 & Q4. Hopefully, this will be a good strategy. It could have proven to be a bad strategy if we did not get the growth. But so far it's looking okay. Fingers crossed, it will prove to be a good strategy as we go through, but we don't expect number of people to go up too much from here for the rest of the year, because we would now kind of live off the vintage.

Jayant Kharote: Great. And is there any product gestation as well? Does the new staff starts with certain product, and then the basket increases? Is there a strategy like that?

Management: Yeah, most of our people go into specializing in a particular product. Handling a single product for customers from 20 companies is quite a complicated task to start with. So they're mostly specialists at any one product.

Jayant Kharote: Understood. The second question is on the PoSP business. We see the losses have come down significantly over here. There's also some news of a merger in that space, and you have been talking about future consolidation at some stage in this sector. We see signs of that playing out. Does this mean that this place can start seeing better profitability, and probably we are nearing that phase of consolidation in the next, say, 4 to 6 quarters?

Management: Hear me very, very clearly on this. I've said it in the past. We will be acyclical. That is the right strategy to follow. So when the market starts becoming profitable, we'll start making losses in that area and when the market starts making losses, we will hold back. I will not clarify more. That's a general strategy, does not mean anything from a quarter on quarter perspective, but that is exactly the strategy we follow. I'm saying over a 5-10 year period that is the strategy we follow. We will always be countercyclical, which is what a market leader should be. A confident market leader who's a Marathon runner, has to be countercyclical. He does not start sprinting just because some kids are sprinting for 5 km, he waits them to tire out. When they tire out, he tells them that you're tired, and I'm going fast now. I think I'll stop there. Countercyclical is the word.

Jayant Kharote: One last question. Are you open to inorganic acquisitions or inorganic growth in that area?

Management: Zero. Not at any price like this in the market. Not even 1/3rd of those.

Jayant Kharote: Great. Thanks guys and congrats once again for a great set of numbers.

Management: Thank you Jayant. I will now request Rishi to ask the next question. Rishi, please unmute yourself.

Rishi Jhunjhunwala: Thank you. Just one question Yashish on the thought process around PoSP. So if we really look at it, our new initiatives are now almost 40% of our overall insurance business revenues, maybe slightly less and has grown at almost 2x our Core insurance revenues. Just wanted to understand how much of this growth is intentionally pushed by us versus how the business is evolving and how the business is coming to us. And if we are driving this growth to be that much faster, then what is the thought process around it, given that it is anyways considered not that much margin accretive in the long term, as well.

Management: I'll answer it up to some level and then I think Sarbvir is the right person for this. See strategically we are doing PoSP for scale. We started doing it because it was happening. So we were a late entrant. If you remember, we were almost the last entrant in the market. We became a market leader within about 3-4 months. That usually should tell you how easy or difficult a business. If somebody can become a market leader in 3-4 months, it usually means it's not a very complicated business, and almost anybody who's tried to scale in PoSP has succeeded, if they had the money. There is almost nobody who's failed if they had the money to scale in PoSP. Now, that said, that scale has humongous benefits from a relationship perspective for us, because our overall business grows because of that, and we would be delighted to have a larger business. Nothing wrong there, it doesn't cost a huge amount, its losses are coming down, and we'll continue to do so, at least in a medium term basis.

Management: I just want to say that, about 5 quarters ago, last April-June quarter, we made a decisive shift in the business from really forcing the growth. I think the word that you're using. If I were to say that perhaps we were forcing the growth till then, but after that we have actually switched gears, and we have gone deeper into the market, both in terms of working with smaller and smaller agents, and in geographies where other people are not there. So now, if you see, I think it is no longer that we are forcing the growth, because if we were forcing the growth, then our profitability could not come. We would lose more and more money. So the fact that we are able to grow at, frankly, almost 100% in the first half, and improve our losses or keep the investment constant or lower than last year, indicates that we are not forcing the growth but we are doing something right. To give credit to the team, I think, the fact that our platform is now clearly superior to everybody else; the fact that our sales capability is now superior to everybody else; the fact that agents are trusting us more than they are trusting other platform. Finally, this is about agents. This is not about anybody else, and the fact that agents are not trusting us more than anybody else, because we pay on time, we pay in full, etc., etc. I think, now its starting to bite. Today I don't think we are forcing it, and this has implications, for how this business will grow in the future. This is not going to be a business where you're going to make a lot of money in terms of margin percentage. But perhaps at some point, if you have a lot of scale, you will start making some money. That's our hope and that's why we are trying to drive this business. Our confidence in growing this business and investing behind it has only grown in the last three years. It's rare for a business in its 4th year to be growing faster than it is in its first few years. That's quite a rare thing, and that too with better economics. There's everything to like. But we have to be very realistic about the shape of this business. Hence, comparison of PoSP premium with Core business premium and saying that it's 40%, or whatever is probably not the right way to look at it. I would not encourage you to go in that direction.

Management: Yeah, certainly not. It's like India has a football team and a hockey team and we're saying, because our hockey team does well, our football team shouldn't do well, or something of that sort. They're totally different. We want gold medals in both of them. But I want to say, Policybazaar core is growing the fastest it has ever done in its 17th year. Just saying.

Rishi Jhunjhunwala: Fair enough. The second question is, you've talked about extra investments you have made in the last one or two quarters on building up capacity and there is typically slightly higher ad spends and other things that has happened in Q2 as well. Is it fair to assume that our overall cost pool should be relatively flattish over the next 2-3 quarters, given the capacity built up, and some of the extra expenses that have done already. And, secondly, is there any change in the ESOP charge trajectory, which was ₹200 Cr this year, and ₹100 Cr next year? Is there any change to that roadmap?

Management: So ESOP should flatten out, and maybe somewhat come down. That's the easy part. On the operating investment, I think it'll be a mixed bag because we also have incentives for people and as the business grows, hopefully, the incentives will also grow, and I always say incentives is a good thing, not a bad thing. However, there's always a wastage, and I'll explain what that wastage is. See when you have new agents, in the first three months, they are not able to do a lot of business and that is their training time, hiring time, and there are costs involved in that. I think in the second half, you will see much less of that, and that was demonstrably at scale, in the last 2-3 quarters. That delta, the benefit of vintage, you will receive. However, it won't be like absolutely flat. Obviously, in season, we hope something great happens from a business perspective.

Rishi Jhunjhunwala: Understood. Thank you, all the best.

Management: Thank you, Rishi. We'll take the next question from Suresh Ganapathy. Suresh, please unmute yourself.

Suresh Ganapathy: Yashish, first on this PB Health again. I know a lot of discussion has been done. Is this entity already set up, the construct of the entities clear or that will evolve with time? Who will be the partners here, and all those stuff?

Management: There is no entity set up and nothing is finalized yet.

Suresh Ganapathy: So how have you guys arrived at the fact that this will contribute 5% more growth? You will have exclusive arrangements as a broker to sell or how did you arrive at this 5% number? I know these are ballpark numbers. But then, what is the thought process of arriving at this?

Management: See, if the customers' experience improves, the industry will grow faster. Today, I would assume you would agree that claims is a pain point in the industry, would you agree with that or not?

Suresh Ganapathy: Yes, yes.

Management: Sometimes it takes people up to 6 hrs in the claims. What is the insurance company trying to verify at the point of claim when it is giving an approval to the hospital? First of all, insurance company has to give an approval to the hospital. What it's trying to verify is what was in the customer Declaration proposal form? I won't go into the long story, I think we all get it. Basically the idea is, if claims experience becomes better, the industry will grow faster. We, as a part of the industry, will obviously be a beneficiary of that higher growth of the industry. What I expect is, if the claims experience becomes better, the industry too itself grow at 5% faster rate over a 10-year period. Maybe because Policybazaar is involved, it could actually do much better than that. But I think 5% is a relatively straightforward and a low ball assumption to have over a 10-year period for the expected growth one could receive, if claims process was to get streamlined. That is what is driving it. It is not very scientific, why 5% and why not 7% or 3%.

Suresh Ganapathy: Yashish, 5% for a $100 Mn investment is a complete bargain. My point here is, I don't think you can do away with a $100 Mn investment. So if you're so really convinced about the venture, why not go all in. A $100 Mn is not going to give you a 5% growth for a long period of time. The commitment should be larger, if that's the case.

Management: I'll explain. Policybazaar is not once questioning what will be the profitability of this venture. It's not a financial investment for Policybazaar. Whether that investment works or does not work financially, is not really Policybazaar's major concern. Other investors who are coming into it, for them it's a concern, but for Policybazaar, that's not the concern. Policybazaar is investing in it to enable the venture, if the venture requires X amount of investment, Policybazaar is saying, I'm here to support it. Policybazaar is also there to provide it aerial support, in terms of customer evangelizing that look, this is a good thing. And Policybazaar has a great role in that. Today, a very large percentage of customers who purchase health insurance come to the Policybazaar platform. So it can be a very big evangelizer for this. Policybazaar benefits this platform and this platform benefits Policybazaar. Now, this platform actually does not care whether Policybazaar makes money and Policybazaar does not care whether this platform makes money. But they both benefit each other sufficiently that these ties make sense. The investors in this venture, by the way, are interested in Policybazaar having an equity stake in it, not for the money, but because Policybazaar's involvement is important for them, because it has a huge steerage role. They want some skin in the game from Policybazaar to make it. Policybazaar is playing an enabling role, and this venture is helping Policybazaar. So I think it works on both fronts, and I agree with you. It would be a big mistake not to do this. I totally agree with you, but once it is set up, this venture has to take care of itself. Whether it does an IPO, whether it raises money from other investors. But once it establishes own credibility, it's like, in a way, when Info Edge invested with us, of course that is not operational partnership. After that Info Edge was not responsible for our future; after that we were responsible for our future, and similarly, the management of this venture will be responsible for its future and not Policybazaar.

Suresh Ganapathy: Okay. What are the rough timelines, you believe, by which this entity can be operational and official? Could take another 12 months?

Management: I would hope before the end of this financial year. That's a hope and that's what Policybazaar would want to happen, but it takes two hands to clap. The other parties also have to be willing.

Suresh Ganapathy: Yeah, and your annual free cash flow would be how much, what you're expecting for FY25, roughly?

Management: FY25 should be about maybe $60 Mn but next year, FY26, should be more than $100 Mn.

Suresh Ganapathy: Okay, thanks so much Yashish.

Management: Thank you, Suresh. We'll take the next question from Preeti. Preeti, Please unmute yourself.

Preethi RS: Hi! Good morning!

Management: Guys, we are out of time right now; it's already 9 o'clock. We want to continue because there are a lot of questions we can see. So maybe we'll extend by another 15 min, if that's okay.

Management: Preeti, Please go ahead.

Preethi RS: Yeah, thank you. My question is again on the stage of growth that we are in. So the retail health industry is growing at 18%, and we are growing almost a 3x+. So how do you think of this math? Because I think we had a broad thumb rule when we were going public that if the industry is growing at 15%, we should at least grow 2x, given the accelerated online penetration. So what is happening right now? And this is happening at a time when the growth of lives in retail health is actually quite muted. Could you help us understand what factors you could attribute this supernormal growth to?

Management: Sure. I think, Preeti, we are a large advertiser in this category. We have been evangelizing this category. I think, in the last 17 years, if you ask customers who has been educating them about health insurance and term insurance, it is Policybazaar, and that stands out. I think we are somewhere reaping the benefits of that. To a large extent we have done the right thing - good disclosures, which means a profitable business for insurers with decent claims ratios. So on the whole, I call it Karma, and it is kind of coming to roost, where we are benefiting from that karma. But in addition to the past, there's a huge amount of effort that's gone in the present, which is the Feet on the street; which is the new products that the team has been working on, which is the claims assist platform that we have built. And I think what we are encouraging in the Health side is just another thing in that same direction. And if you really think about it, if you take Policybazaar out of the equation - assume Policybazaar, and simplistically just subtract it from the entire industry. You would see a steep decline in the lives covered in Health insurance. So I think there's something good going on because now it's been consistent for the last 4 quarters or so. We have been growing at a steady rate and now growing on growth and we hope it continues. In Car, we have started the Assured delivery program, which is also working well where there are tie ups with garages, where the timeline for the customer is reducing, and the cost for the insurance company is reducing. However, the biggest benefit to the customers is that he's being informed all the time - What is happening to their car? Is their car in the garage? Is their car repaired? Is the car ready for delivery? And I think the customer just wanted that feedback, that engagement and so Policymakers stepping out. We are a strong operations company. I think Sarbvir and his team have done a phenomenal job on the operations strength, and it does not take one thing. I'm sure if we cull out each of those things that we have done, we will come back to 0 growth, not 0, maybe 20% growth. But a lot of additional growth is coming because of the extra things we are doing step by step. And there's multiple ones of them. In the Term insurance, we're doing a Nominee relief program. In Health, there is in-hospital assistance. So there's lots of stuff that we're doing.

Preethi RS: So where would our current retail health market share be?

Management: Yeah, it is growing, that's enough. It's difficult to say exact numbers. I think the retail health numbers are out there, and our numbers are out there, so if you take the overall percentage we might be 10-12%, if you take, renewals into account. If you take just fresh, will obviously be much higher.

Preethi RS: Only on the new business.

Management: Yeah, it's embarrassingly high. So let's leave it at that. I think everybody can do the calculations here. It's quite high.

Preethi RS: Great. Thank you. Thanks Team.

Management: Thank you, Preeti. We'll take the next question from Nidhesh Jain. Nidhesh, please unmute yourself.

Nidhesh Jain: Thanks for the opportunity. Just one question. Can you share contribution margin in Credit business and EBITDA margin for the Credit business for the quarter?

Management: We are not breaking out the businesses for confidentiality reasons between Credit and Insurance from a contribution and profit standpoint. On profit, obviously insurance is higher but on a contribution basis they are similar.

Nidhesh Jain: Sure, thank you.

Management: Thank you Nidesh, we'll take the next question from Yash Gandhi. Yash, please unmute yourself.

Yash Gandhi: Hi, thank you for the opportunity. I have two questions. First one is that our contribution margin is 27% for Q2 FY25. By 2026, do we expect this number to substantially increase, to let's say 45%, and then, over a couple of years to 60%?

Management: We haven't done that much math. Maybe Rasleen can try and answer. But yeah, it will inch upwards because of renewal. See, renewals is 85% margin story. So renewals will continue to make your margins inch up and the past year of growth, whatever else it may mean for future new business growth, the one thing it does imply is renewals growth in the future, because this new business that we have done will play up there. And this new business has meant depressed margins. When we sell new Health, once again saying, we make 0 margins, all that margin comes in renewal. So yes, you will see margin improvement into the future.

Management: We don't optimize for contribution margin percentage number. As Yashish said, the mix of new and renewal can really have a big impact. Just assume that if we grow at 60% new business versus 10% new business growth. Obviously, our renewal percentage would be very different in that particular year, and that would directly flow down to the contribution margin percentage. So whole effort is, how we grow faster in the new business, that is the P1 for the company, and that's the main focus for everyone. Renewals is more of a process that has to be managed in an efficient manner, and that obviously has a huge impact in terms of what contribution flows down. But we're not optimizing for the contribution margin percentage.

Management: Renewals are at the highest percentage they've ever been. We track it at a very granular level - R1, R2, R3. They are the highest percentage they've ever been, all of them, in numbers and in premium.

Yash Gandhi: Sure got it. I'm sorry, I think I missed the initial commentary. I don't know if you've given any sort of guidance on your premium growth for the next 2-3 years.

Management: 30%. That's always been our guidance. Over a 3-4 year period, 30% fresh business growth.

Yash Gandhi: Got it. Thank you.

Management: Thank you Yash. We'll take the next question from Sanket Godha. Sanket, please unmute yourself.

Sanketh Godha: Thank you for the opportunity. Yashish, maybe next year, when you'll start PB Health, is it fair to assume that you and Alok will take active executive roles there, and probably you will be more non-executive board guys at PB Fintech and that's the way the management movement will happen?

Management: We don't know as of now. I would say we've taken too many questions on PB Health already, but at this stage we don't know.

Sanketh Godha: Okay and just adjacency to that point. If you make ₹800 Cr or ₹850 Cr of investment in PB Health, so the cash on the books of PB Fintech will come down. So is it fair to assume that your other income will take a hit, and the ₹1,000 Cr profit guidance which you have given in FY27 still will remain intact?

Management: Yeah, the guidance will still be intact.

Sanketh Godha: Other income potentially can come down.

Management: It would, that is absolutely correct. Actually, it could, not it would. If the board approves this, it could. You're spot on. But factored that in, we will still be fine.

Sanketh Godha: Got it. And lastly a data keeping. Just trying to confirm the numbers on premium data. So the new business premium for the Core platform is ₹2,060 Cr, and renewal is ₹1,860 Cr. That's right number?

Management: Approximately, yeah.

Sanketh Godha: And your PBPartners is ₹1,085 Cr. Is it the right number? And Corporate is ₹189 Cr, and Dubai is ₹253 Cr.

Management: Absolutely.

Sanketh Godha: Perfect. Yeah, thanks. That's it from my side.

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

Srinath V: Hi, guys. Naveen wanted to first understand, in the secured business, what kind of products are we doing, how the fulfilment works, given that there has to be a document identification, and so on and so forth. If you can help us understand how that works that would be great? For Sarbvir, we wanted to understand how conversions are playing out from upper funnel in Health. Clearly, the growth indicates conversions have gone up. So qualitatively, if you can help us understand how rate of change of conversions is playing out. Again qualitatively, if you can help us understand if it's across the platform, or certain cohorts are doing better. That would be great. Thanks.

Management: On the secured business, currently, Home loans is our major product, followed by LAP. We are doing two experiments in smaller products, which is Loan against car and Loan against mutual funds but they're very, very small. From a fulfilment perspective, we are focusing on top 3 cities which is about 30% of the overall industry - which is Delhi, Bangalore, and Bombay. We are setting up the fulfilment teams there. And you're right, of course, there is extensive documentation and a back and forth process, which is why we believe that adding fulfilment and FoS would add to the overall funnel and will pay for itself as things stabilize. It's still kind of early days for us, but we stay through the customer through a longer gestation period of secured loans in terms of collecting documents and assisting the customers, and connecting both the lender and the consumer.

Srinath V: That means we would have a Feet on Street here to fulfil, similar to what we have in Policybazaar.

Management: Exactly. So we mentioned some of the numbers that we have about 130-140 people already on the ground. We think this will go to about 300 in the next few months.

Srinath V: Perfect. Cool. Thanks.

Management: On the Health conversion side, definitely, conversion is going up. I think Yashish covered the reasons broadly. We're getting more enquiries, we have better products on the platform, and we are able to offer the customer the choice in terms of language. Our regional language capability has significantly improved in Health this year. We have Feet on street which has expanded - more cities, better depth, and better trained manpower. Even on the call centre side, I think the way we are segmenting the customers, etc., is leading to much higher conversions. I think, the most important thing is the confidence that the customer is getting that Policybazaar will be there at the time of the claim that we service. I think, this is finally tying this whole sort of cycle back. So the funnel, is complete because people are getting to hear about these stories, that their friends, their relatives, somebody they know, has been helped. And it takes time. See, in my opinion, we are just getting started, and I'm very confident with the quality of work that the team is doing, next year this will even further build because people are seeing the concerns that they have with health insurance being handled by Policybazaar. And I think this is a very heartening initiative and result.

Srinath V: Would you be able to substantiate, explain a little more on this regional language bit? That would be helpful.

Management: Yeah, regional language. We have the capability, we have the technology to guide the call to the right person, in terms of which language the customer would like to speak in. We have the ability to transcribe calls. We have the ability to then go back and service the customer in that language. The most important thing is not just about sales, it's also about service. So if I bought speaking in Malayalam, then you must service me in Malayalam also. So we are able to do that. And it's incredibly hard thing operationally to keep managing this cycle. Because then renewal, you have to make sure that the renewal happens in that language. So it's a capability that we are building. And I think we are still evolving and learning in that.

Srinath V: Sure, perfect thanks.

Management: I just wanted to kind of answer the previous question, where I think Sanketh had asked about executive, non-executive, and all those kind of things. I wanted to be crystal clear, but I don't want to be wishy-washy about it. You have to at least understand me as a person. Alok too, if he wants to speak, can speak for himself. One investor just called me up about 3 months ago, and said - Listen, I think, for corporate governance, it is better if you're not on the Audit committee and straight away I requested Alok that please get me off the Audit committee, and I'm off it. All I'm trying to say is, we are always trying to do what is right. Sometimes we just may not know what is right or wrong. So that is where we sit from a heart perspective. This is the first time we're running a public company, and I'm not very experienced at running these. The second part I wanted to mention was we are deeply passionate about solving this particular problem of social security for the middle class. There is no other reason we run this company than social security for the middle class. What role we play, whether we are chairman or vice-chairman or executive or non-executive, outside the company, inside the company, is just going to keep changing from time to time. But if you tell me something else needs to happen, I'll do that also, because our intent is not wrong here. The intent is very clear that India middle class must have social security, and that's the only thing that keeps us kind of going and running to office every day. I don't know, Alok if you want to add anything.

Management: No, I think you've covered it, because, we obviously have a choice of doing it outside, but if we are deciding not to do it outside, but internally, where the commercial outcome is not going to be as great if you've done it outside, there has to be a reason. So you have to look at the intent of the company and the thing that usually drives us. Just think about it, we moved our ESOP from par value to market value last year. There was no specific force driving us. Because we heard from the shareholders, that's the right thing to do, so we just did it. So you'll find multiple times that the value system and ethos in the company and the management team, they are very well aligned with solving for a very large and hard problem and super focused on that. Now, as Yashish said, whether we do it here, there, it doesn't really matter till the time problem is getting solved and eventually PB Fintech and Policybazaar is growing through that.

Management: Thank you Srinath. We'll just take the last question from Rahul Jain. Rahul, please unmute yourself.

Rahul Jain: Hi, I hope my line is audible.

Management: Yes.

Rahul Jain: Hi, thanks for the opportunity. Just wanted to understand, of course, this has been touched in a certain way, but still making an attempt. So is there a way to understand what kind of overall volume or exposure we could help resolve through our new health initiative directly or indirectly for us to making that effort.

Management: Sorry I didn't understand the question.

Rahul Jain: So let me try to rephrase that. So what I'm trying to say is that you explained “why” of investing in this PB Health initiative. So I'm just trying to understand because there is a reason which seems pretty fair. But what kind of volume or exposure you could probably, directly or indirectly, address the problem?

Management: I think from a Policybazaar perspective, we have said that the exposure that we, as a management, would take to the board is between $0-100 Mn. The board might shoot it down, the board might say, no, it's going to be 0. We don't know but at some point we would like to go to the board once we have an understanding from other partners what we need to do. We would like to take to the board something between $0-100 Mn investment opportunity. And that's the upper limit of the exposure. All I wanted to clarify is, whoever else the other investor in the entity is, knows that, that is the upper limit. I'm saying it here so they can hear it – that's the upper limit of PB Fintech's exposure. Situations may change in the future, but I don't anticipate any of that. Now, the second part, the benefit also we've quantified that we expect a minimum over a 10-year period. We expect some benefit in terms of higher premiums. If you ask us to quantify, we should be able to achieve 5% higher premiums. Now as I said, whether it's 3% or 7%, we can't really tell. But my view is, 5% is really under balling it because it could be much higher. Now, let's see what happens, if it happens. It hasn't happened yet. It may not happen, and it may happen.

Rahul Jain: And is it safer to assume the benefits would be much long ended as you know, the stress factor would get resolved only over a period of time?

Management: I'll explain one very simple thing. If this was a 5-year project, there's no point even doing it. This is a very long gestation project. It is at least a 10-year project and that is the negative of it. Even from a public markets investor's perspective, you may see some benefit 1-2% in the next 5 years, but you will not see any significant benefit to anybody in the next 5 years. It may happen sooner, but I think it's a very long gestation period. That's a negative of this project. The positive is it can have a very big impact, very, very material and very big impact. But yes, it's a long gestation project, and it does have upfront investment compared to most others.

Rahul Jain: Thank you. Appreciate your vigour to solve the insurance problem from every angle possible. Thank you.

Management: Thank you, Rahul.

Management: I see a lot of people have still raised hands. I would request you to please send your questions at investor.relations@pbfintech.in. We will try to answer them as soon as possible.

Thank you all for your time, and see you next quarter.