

Project Assure

India's premier MSME Insurance Broker

Teaser



EXECUTIVE SUMMARY

01 India's foremost scalable B2B insurance platform

- A. Project Assure, an MSME focused broker, has a proven track record and attractive unit economics.
- B. It has digitised the entire purchase and servicing journey, across employee benefit, property and liability insurances.
- C. From a technology standpoint, Project Assure is consistently ahead of competition, including that of highly funded health insurtechs.
- D. Tech enabled placement of MSME insurances in a fraction of the time traditional distributors take; also helps maintain far higher retention rates.
- E. Several clients started out as small businesses, have stayed with the company and grown enormously.

02 The MSME market is the ultimate white space in insurance

- A. India is one of the largest and most under-penetrated insurance markets in the world; growing at a clipping pace that is not likely to slow down.
- B. MSMEs (a large part of the economy) understand risk and insurance, but are underpenetrated with poor MSME offerings from Legacy providers.
- C. Even with these limitations, the MSME insurance market is large. It will only accelerate in the years ahead.
- D. Internationally, smart capital has invested into B2B platforms, in contrast the focus in India has been on B2C or B2B2C or B2B health providers.

03 Acquisitions are a cost-effective way to develop scale

- A. Internationally, acquisitions are the typical way for brokers to scale
- B. That's because acquisitions create significant value. First, through operating leverage i.e. more cross-sales, commission rates, lower costs and operating synergies. Second, larger platforms that can list or be acquired by strategics command significantly higher valuation multiples
- C. India is no different. Most of the 600 brokers are sub-scale. They lack the technology backbone, capital and management ability to scale. There is a strong expressed need by these brokers to join a large platform that understands their needs.

EXECUTIVE SUMMARY

04 Huge value creation opportunities exist through a roll-up strategy

- A. India does not have a platform focused on MSMEs.
- B. Investments so far have been focused on B2C or B2B2C or B2B health focused insurtechs.
- C. The PE firms that are evaluating platforms are focused on large-client oriented brokers.
- D. Small brokers can be acquired at a revenue multiple of 2x, whereas large insurtech platforms trade at a multiple of 10x. This is because large scale helps in expanding EBITDA margin from <10% to ~40%

05 Unique skills to execute this strategy

- A. Experienced founders who are extremely well connected to the insurance eco-system, including having a position on the Board of the Insurance Broking Association for 7 years
- B. The second level of experienced leadership is also in place, with many leaders having spent over 5 years at the company
- C. Deep relationships are in place with over a dozen insurers and working relationships are in place with all
- D. It has proved experience in acquisitions, having completed two successfully
- E. The company's aim is to create a platform with over ₹200 crore of revenue within 4 years, through a diversified pan-India, multi-product platform.
- F. The acquisitions for this platform have been identified and preliminary discussions completed.

Only tech-enabled full-service distributor of MSME insurance in India

01

India's foremost
scalable B2B insurance
platform

02

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03

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Huge value creation
opportunities exist through a
roll-up strategy

05

Unique skills to execute this
strategy

01 | India's leading MSME Insurance Provider

End-to-end insurance solution provider



Headquartered in Delhi



~ 165 employees



Commenced in 2012



5 Offices across India



MSME Insurance
Employee Benefits, Property, Marine and Liability Insurance

Established Clientele

10,000+

Active Clients

₹1,800 mn+

Gross Premium

Sample Clients



BITS PILANI

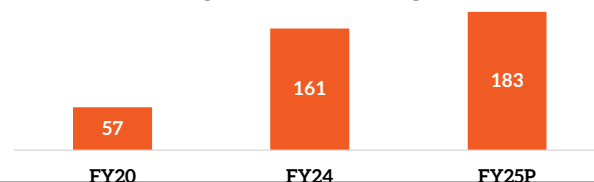


Unlimited food for education



Robust Financial Metrics

Strong revenue (₹ mn)' growth





















- ❑ Gross margins of over 50%
- ❑ Reducing EBITDA losses
- ❑ Profitable for 2 consecutive months

Awards & Recognitions



- ❑ Broker of the year: Asia Top 3: 2015, 2016, 2020
- ❑ Finalist – Fintech Innovation Award (London) 2015
- ❑ TECHHR Top 3 – Spotlight awards 2015
- ❑ Finalist – Economic Forum Challenge - 2019 – Wharton India Economic Forum

02 | Global B2B SME Platforms have raised substantial funding

Country	Companies	Cumulative funds raised	Key Investors
U.S.A		US\$ 1.1 bn	    
	 PIE INSURANCE	US\$ 625 mn	    
	COVERHOUND®	US\$ 119 mn	    
		US\$ 37 mn	   
		US\$ 31 mn	 
	coverwallet	US\$ 28 mn	    
U.K.		US\$ 490 mn	 
	superscript	US\$ 80 mn	   
		US\$ 13 mn	  
Germany		US\$ 39 mn	  Police Direct Hoesch Group
Canada		US\$ 17 mn	    FIRST CAPITAL PARTNERS

02 | India, too, has a large MSME market

SMEs are a large part of the economy....

63 mn

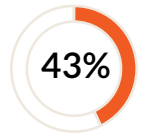
Registered SMEs



Contribution to India's GDP



India's workforce employed in SMEs



Contribution to Indian exports

.... they have access to technology....

42 mn

Monthly website visits on b2b platforms like



....but have miniscule insurance penetration































6.8* mn

Insured SMEs

Source:- MSME Annual Report (FY19)





*estimate ased on average ticket size and proportion of insurers' sales to MSMEs

02 | Distinctively positioned in India's MSME Insurance landscape

Segment	Key Players	Insurance Type	Client Size	Distribution models
MNC brokers	   	B2B	Large companies	Predominantly offline
Domestic Brokers	      	B2B	Large companies	Predominantly offline
	Project Assure	B2B	MSMEs	Online and Hybrid
Diversified financial distributors	     	B2B	Captive clients	Predominantly Offline
Health Brokers	    	B2B (Only Health)	Large companies	Online and Offline
Web aggregators/ online insurance brokers	       	B2C/Retail	Retail	Predominantly online

Only tech-enabled full-service distributor of SME Insurance in India

03 | Acquisitions are a cost-effective way to scale

Particulars	Digital Acquisition	Inorganic roll-up
 → First Year Costs	1x of revenue (Monoline Insurtechs @ 3x of revenue)	0.6x of revenue
 → Payment Timing	Upfront, not linked to performance	Over 3 years, linked to performance
 → Pace	Slow build up	Instant scale
 → Organization	Industry hiring is cumbersome	Acquisitions come with motivated business owners

03 | Many acquisition opportunities of sub-scale, under-performing brokers exist

Revenue ₹ mn	# of Brokers	Total Brokerage (₹ mn)	Average capital per broker (₹ mn)	Average RoE (%)
<100	427	8,280	20	1
100-250	31	4,500	120	9
250-500	14	4,860	310	11
500-750	8	4,880	520	28
750-1,000	4	3,350	740	31
1,000+	17	40,260	1,700	37
		66,130		

 Target Opportunity

Factors driving higher RoE for larger brokers

- ❖ Wider range of products
- ❖ Stronger insurer support
- ❖ Stronger negotiating power
- ❖ Lower Working Capital
- ❖ Overheads spread across efficiently
- ❖ Higher ability to invest in technology

Opportunity to consolidate small brokers and achieve economies of scale

Source: This is from a database of 501 Indian brokers., Prowess

04 | A significant opportunity for value creation through rollups into a tech-based platform

	Small, Non-Tech Brokers	Large, Non-Tech Brokers	Large Tech driven platforms
Revenue Multiple	1.5-2x	4-5x	9-10x**
EBITDA Margin	<10%	20-25%	30-40%
Earnings Multiple	15-20x	20-25x	30-35x
Value in ₹ mn*	150-200	400-500	900-1,000
Key Drivers of Value Creation	Higher <ul style="list-style-type: none"> ➤ Cross-Sells ➤ Retention ➤ Commission Rate 		Lower <ul style="list-style-type: none"> ➤ Overheads ➤ Servicing ➤ Costs

* For a broker with ₹100 mn of brokerage ** PolicyBazaar's trading multiple is currently over 20x of revenue

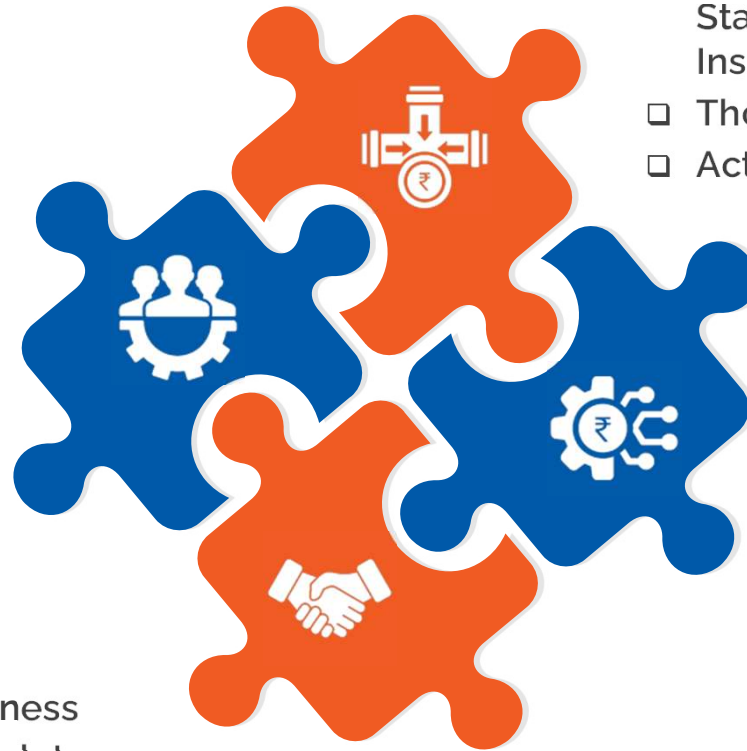
05 | Right skill set to exercise the strategy

Management Capability

- ❑ Recent experience of M&A
- ❑ Formalized bandwidth for successful implementation

Insurer Relationships

- ❑ Ensure transition of business
- ❑ Privileged access to regulator



Deal Pipeline

- ❑ Strong industry relationship and Standing (currently servicing on the Insurance Broking Association Board)
- ❑ Thorough due diligence
- ❑ Active conversations

Technology to lower costs

- ❑ Tested CRM to merge scale
- ❑ Digital fulfilment for cross-sell

05 | Project Assure aims to create the only MSME insurance platform in India

- 1 Build a profitable ₹ 2,000 mn+ business in 4 years
- 2 Significantly improve the revenue growth of the platform through cross and up-sell
- 3 Centralize the back-end of acquisitions (operations and underwriting) for cost benefits

	Units	FY25P	FY26E	FY27E	FY28E	FY29E	FY30E
Acquisitions	#	-	3	5	2	-	-
Revenue	₹ mn	183	396	911	1,555	2,121	2,756
➤ Organic	₹ mn	183	276	394	567	820	1,195
➤ Acquisition	₹ mn		120	517	988	1,301	1,561
EBITDA	₹ mn	(27)	32	185	434	743	1,177
Acquisition Cost	₹ mn	-	(540)	(900)	(360)	-	-

Plan to raise ₹ 400 mn now (₹ 1500 mn over 3 years), to fund these acquisitions

Note: EBITDA is calculated excluding transaction expenses