

PB Fintech

Scaling with purpose; right-to-win intact

PB FINTECH hosted its Analyst Day earlier this month, as the leadership team outlined its competitive moats, and showcased levers for continued growth and improved profitability. Policybazaar, the flagship online distribution platform, consolidated its right-to-win (RTW) in the insurance distribution ecosystem, re-shaping India's traditional agency-driven model to a scalable, tech-enabled one. By solving critical industry challenges such as high customer acquisition costs (CACs) and sub-optimal lead conversion, Policybazaar offers insurers a data-rich, efficient distribution channel with measurable profitability outcomes. The platform's evolution into a profit-sharing and data-driven partner further reinforces its RTW in the digital insurance space. While the credit comparison vertical Paisabazaar is yet to carve a distinctive edge in a competitive market, we believe that Policybazaar business alone drives a compelling non-linear profitability trajectory. We remain confident about the platform's ability to minimize the impact from Bima Sugam. We maintain BUY and a TP of INR2,180 (implying P/E of 61x FY28 EPS).

- Policybazaar reinforces its RTW:** Policybazaar, the company's flagship platform, has redefined the traditional agency-dominated insurance distribution landscape, addressing key industry problems around high-quality lead generation at scale, offering insurers lower CACs and better conversion rates. Our analysis suggests that Policybazaar is further fortifying its RTW through a profit-sharing value proposition, data-driven risk profiling capabilities, and intelligent "best match" funnels to minimize decline rates.
- Paisabazaar - changing gears:** Paisabazaar has undergone a meaningful strategic reset, following the recent leadership transition as the platform re-draws focus on delivering value to lenders and borrowers alike. FY27E is likely to be an inflection year as strategic investments start to yield tangible results; management has guided for Paisabazaar to turn bottom-line accretive during this period.
- Well positioned to absorb adverse regulatory action on commissions:** Media reports are suggesting a possible rationalization of commissions across insurance distributors. We draw comfort from Policybazaar's demonstrated resilience during the recent commission squeeze, following GST rationalization on health and life insurance products. The management underscored the superior quality of business sourced through the platform - translating into profitable outcomes for insurers, which we believe positions Policybazaar well to absorb the impact of any adverse regulatory headwinds from commission rationalization.
- Key enabler in the insurance ecosystem:** With insurance companies increasingly focused on operational efficiency, PB Fintech's strong RTW in digital distribution and its foray into the healthcare ecosystem via PB Health positions the platform as a meaningful enabler for both policyholders and insurers, improving outcomes across the value chain. Having said that, we remain watchful of regulatory risks stemming from the proposed Bima Sugam platform, which has the potential to disrupt online distribution, initially across motor and health, before extending to term. However, we note that Policybazaar's 'phygital' distribution model is not easily replicable, providing a meaningful structural moat against this disruption.

BUY
CMP (as on 29 May 2026) INR 1,703

Target Price INR 2,180

NIFTY 23,548

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,180	INR 2,180
EPS%	FY27E +0%	FY28E +0%

KEY STOCK DATA

Bloomberg code	POLICYBZ IN
No. of Shares (mn)	463
MCap (INR bn) / (\$ mn)	787/8,289
6m avg traded value (INR mn)	3,336
52 Week high / low	INR 1,978/1,334

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	14.9	(6.4)	(4.6)
Relative (%)	22.9	6.4	3.8

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	0.0	0.0
FIs & Local MFs	29.5	36.7
FPIs	40.8	39.9
Public & Others	29.6	23.3
Pledged Shares	Nil	Nil

Source : BSE
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Financial summary

(INR bn)	FY24	FY25	FY26	FY27E	FY28E
Revenues	34	50	68	87	113
Growth (%)	34	45	37	28	30
Operating profits	-2	1	5	11	19
OP margin (%)	-5	2	7	13	17
OP growth (%)	-72	-150	444	117	76
NOPLAT	-2	-0	4	8	13
NOPLAT growth (%)	NA	NA	NA	129	63
APAT	1	3	7	11	16
APAT growth (%)	-113	385	115	62	44
EV/NOPLAT (x)	-356	-3,316	232	102	62
P/E (x)	1,276	263	123	76	53

Source: Company, HSIE Research

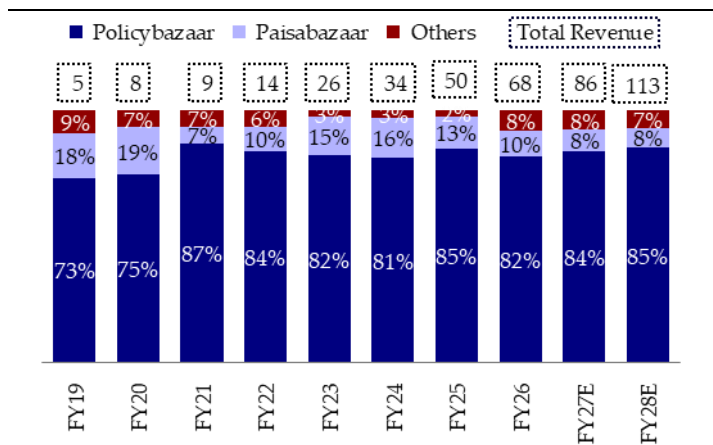
Change in estimates

(INR bn)	FY27E			FY28E		
	New	Old	Change %	New	Old	Change %
Revenues	86.3	87.5	-1%	113.0	110.3	2%
Operating profits	11.1	11.4	-3%	20.4	18.4	11%
OP margin (%)	13%	13%	0bps	18%	17%	100bps
APAT	10.9	10.9	0%	16.3	16.4	0%
EPS	23.8	23.8	0%	35.5	35.7	0%

Source: Company, HSIE Research

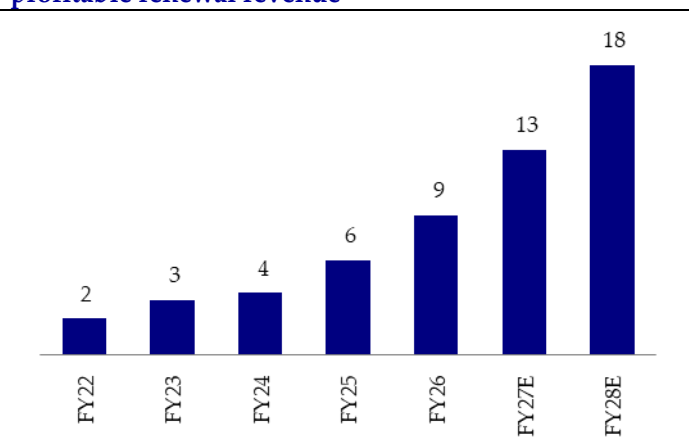
Story in charts:

Exhibit 1: Policybazaar likely to dominate revenue mix



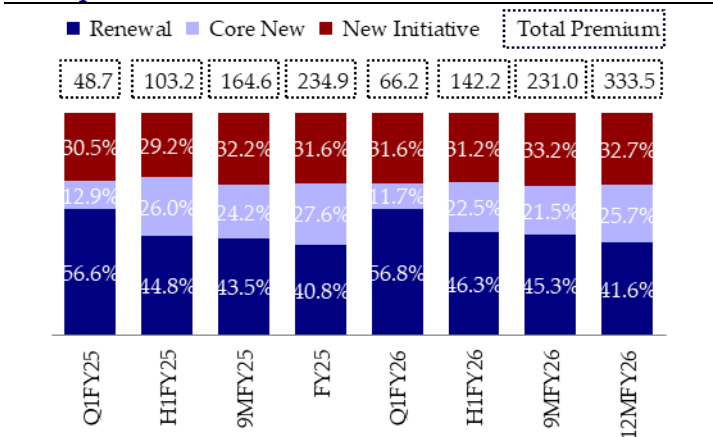
Source: Company, HSIE research, INR bn

Exhibit 2: Multifold increase in Policybazaar's profitable renewal revenue



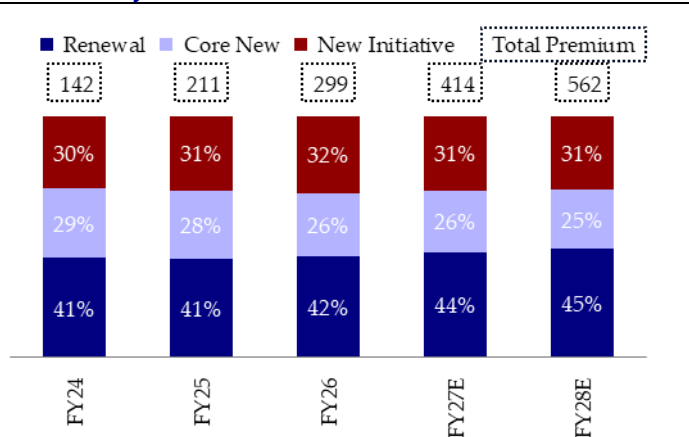
Source: Company, HSIE research, INR bn

Exhibit 3: "New Initiatives" driving growth over the past few quarters



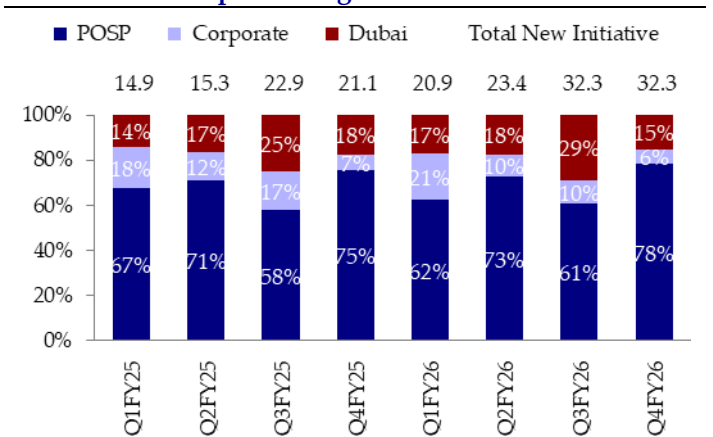
Source: Company, HSIE Research, INR bn

Exhibit 4: Share of renewal premium likely to rise consistently



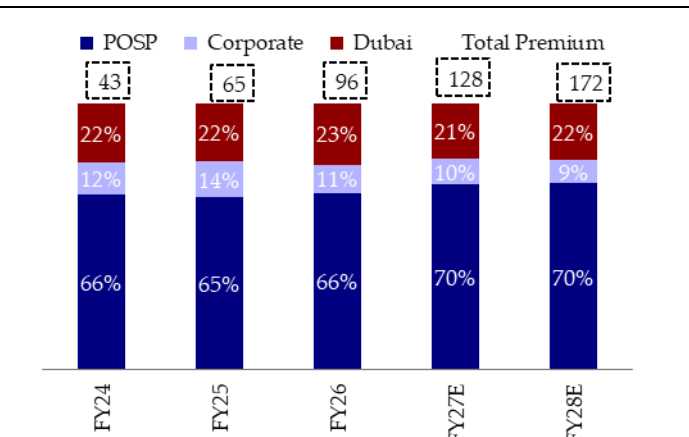
Source: Company, HSIE Research, INR bn

Exhibit 5: Thin-margin POSP contributes meaningfully in new initiative premium generation



Source: Company, HSIE Research, INR bn

Exhibit 6: POSP channel to contribute in building scale from the new initiatives



Source: Company, HSIE Research, INR bn

Policybazaar - Reinforcing right-to-win (RTW)

Policybazaar, India's flagship insurance distribution platform, has fundamentally transformed the insurance distribution landscape, which remains predominantly agency-driven (~72% of individual health and ~50% of life insurance are still sold through traditional agents). The platform has addressed critical industry challenges around quality lead generation at scale, delivering meaningfully lower customer acquisition costs and superior conversion rates relative to the conventional offline model. Our analysis suggests Policybazaar is further entrenching its competitive moats through an incremental shift towards a profit-sharing model with insurers, enhanced data-driven risk profiling, and financial underwriting capabilities. At its recently held Analyst Day, the management shared key insights into the quality of business across segments.

Better persistency vs its partners on account of higher share of protection policies.

Protection persistency upwards of 93-94% on 13th month and Savings business persistency at 85-86%.

Monthly mode of business contributes ~95% of new LI policies.

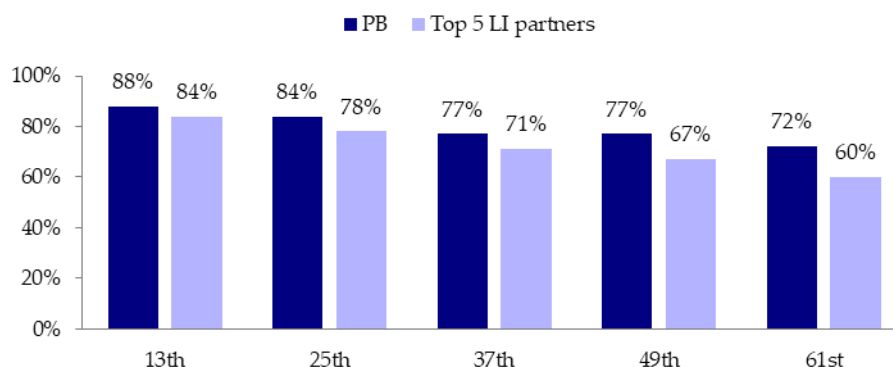
Policybazaar retail health portfolio operating at considerably lower LR (FY25: 54%, 9MFY26:51%)

Consistently growing faster than industry keeping LR at lower levels.

Only ~5% of the lives are repeat claimants, 8-10% have claimed only once.

- Life insurance - a top-5 distributor:** Policybazaar ranks among the top-5 life insurance distributors in India with an estimated FY26 new business premium of ~INR40-45bn, with retail term insurance accounting for ~50% of this mix - positioning Policybazaar as one of India's largest term insurance distributors. While overall persistency levels are marginally below industry benchmarks despite the higher-term mix, we note that this is largely attributable to the higher proportion of monthly-mode policies rather than any structural deterioration in business quality.

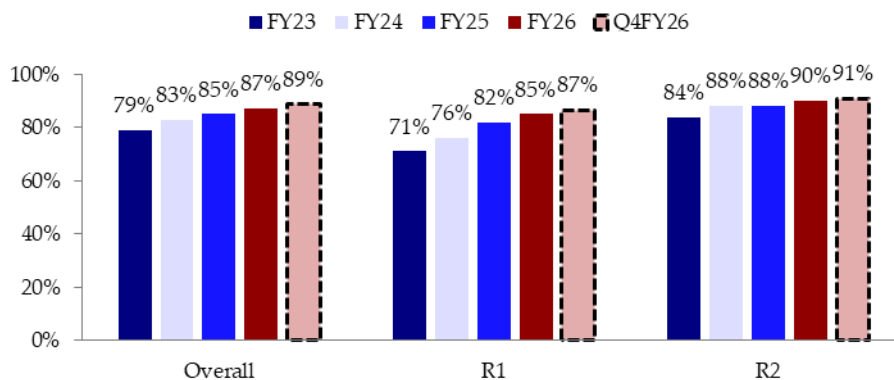
Exhibit 7: Trends in policy level persistency rates



Source: Company, HSIE research

- Retail health business - fastest growing vertical:** The online retail health segment is among Policybazaar's fastest growing businesses. The platform ranks as the third-largest player by fresh health premium market share, and we estimate it channels ~INR 45-50bn in health premiums in FY26, translating into a market share of ~8%. The platform's innovative product suite, coupled with a meaningful improvement in conversion rates — from 8% in FY23 to 17% in FY26, is a testament to its growing consumer pull and deepening engagement in the segment.

Exhibit 8: Industry-leading policy level persistency rates

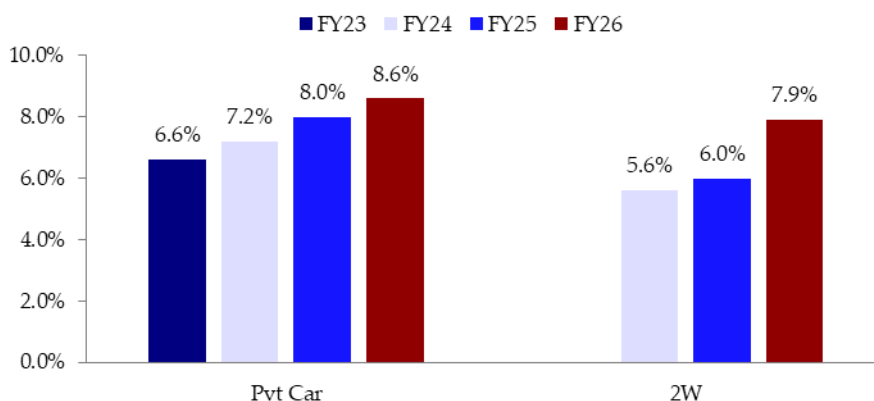


Source: Company, HSIE research

- Motor insurance; the largest vertical, with structural nuances:** Motor insurance represents the largest premium pool channeled through the platform, though it is arguably the most complex segment to address. New vehicle insurance is predominantly sourced through OEM-linked channels and typically renewed within the same ecosystem – with insurer-OEM arrangements often restricting insurers' ability to reject or curtail claims in the initial policy years. Accordingly, Policybazaar primarily caters to the used vehicle, market rollover, and uninsured vehicle segments. We estimate this vertical, including the POSP channel, contributes ~INR 120–125bn in premiums – representing ~40% of total premiums channeled through the platform and an ~11% share of industry motor premiums.

Motor business is the most price sensitive business segment.

Exhibit 9: Policybazaar NOP market share excl. new vehicles and POSP channel

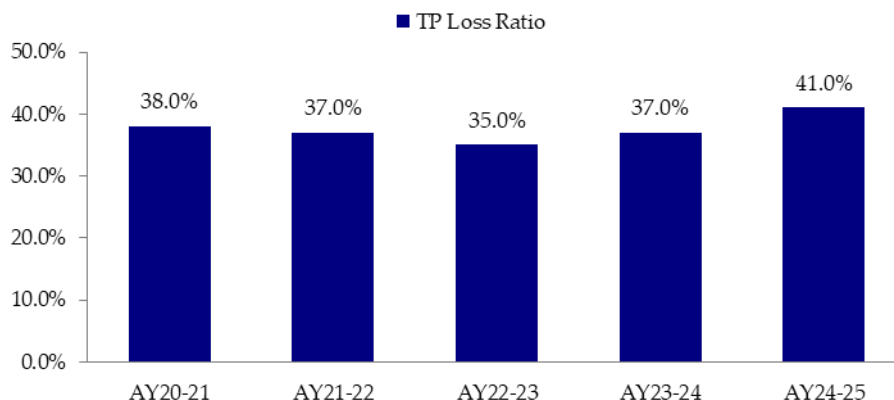


Source: Company, HSIE research

Including POSP business private car share at ~14%

Aspiring to have ~12% share in the profitable and significantly underinsured 2W segment in FY27.

Exhibit 10: TP portfolio operating at considerbay lower levels (excl POSP)

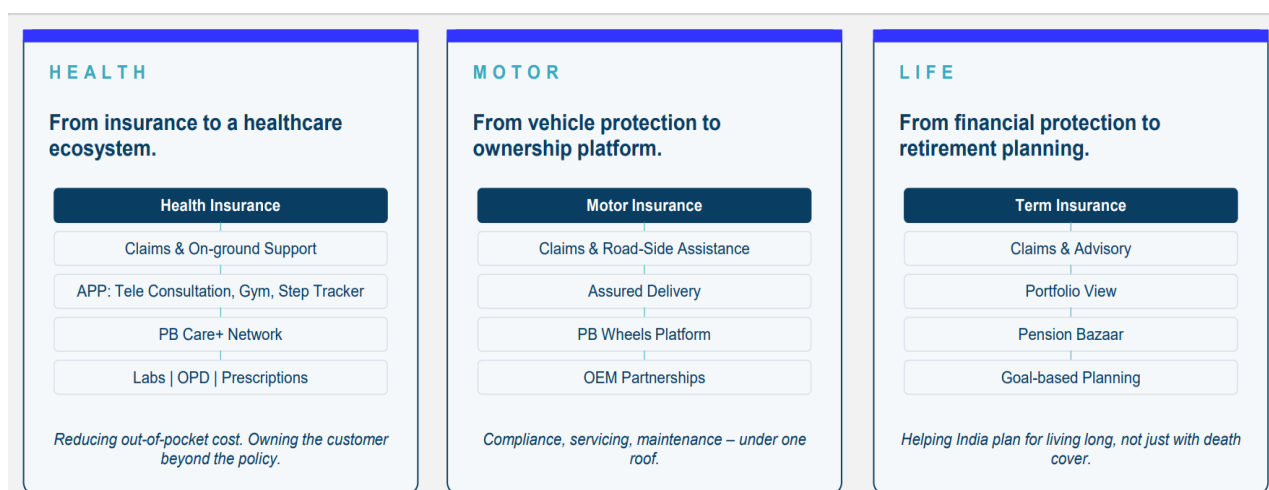


Source: Company, HSIE research

- Embedding itself across the insurance ecosystem:** Unlike traditional broker-insurer arrangements where brokers bear no accountability for business quality outcomes, Policybazaar has pioneered a commercial model that ties its remuneration to the profitability of business generated - creating a genuine alignment of interests between the platform and its insurance partners. Beyond distribution, Policybazaar actively collaborates with insurers on the development of customized products tailored to specific customer needs across both life and health segments.

Policybazaar is also extending its role beyond conventional distribution - through fraud, waste, and abuse detection initiatives in life insurance; the PB Health initiative aimed at standardizing the health insurance ecosystem; and the "Assured Delivery Programme" to address service timelines in motor insurance. Collectively, these initiatives are transforming the image of Policybazaar from a distribution intermediary into an indispensable structural pillar of India's insurance ecosystem.

Exhibit 11: Embedding into all aspects across categories of insurance



Source: Company, HSIE research

80% of PB partners business comes from beyond Tier 1 cities.

90% of PB partners business now driven by small partners vs 42% in FY22.

50% of UAE business is now non-motor, primarily dominated by Health.

- New initiatives gain meaningful traction:** PB Fintech's newer business initiatives have scaled considerably since inception, demonstrating encouraging growth momentum across verticals. The portfolio broadly spans the Motor-POSP channel, the UAE international business, and the corporate segment - each at a different stage of maturity and collectively reflecting the management's deliberate intent to diversify beyond the core insurance distribution business. Management remains focused on scaling these businesses profitably, prioritizing unit economics over top-line growth, consistent with PB Fintech's broader philosophy of disciplined capital allocation.

- Motor-POSP - transitioning to a higher-quality agent base**

The Motor-POSP business continues to be the primary contributor within the new initiatives portfolio. However, the ongoing transition towards a more granular, individual agent model - away from the initial reliance on large POSP aggregators - is expected to be structurally margin-accretive, as smaller agents typically operate at more favorable economics for the platform.

- UAE business - diversifying, but near-term headwinds possible**

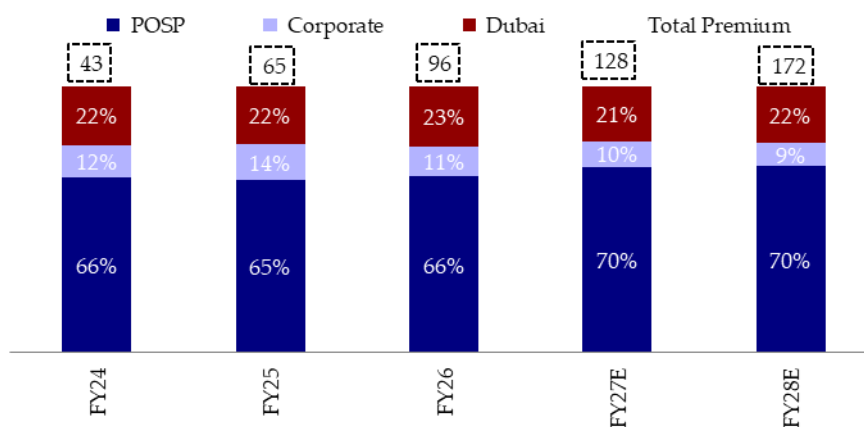
The UAE business has continued to deliver healthy performance and has matured into a more diversified book across product segments. That said, given the evolving geopolitical environment, the Dubai operations may face some near-term pressure. On a positive note, the management highlighted that in-house claim servicing through its own garage network is emerging as an

effective lead generation channel, adding an operational dimension to its customer acquisition strategy.

■ **Corporate business - building the foundation**

Unlike PB Fintech's other businesses, the corporate segment is inherently more challenging to scale, given longer gestation cycles and entrenched incumbent relationships. Nevertheless, the business is gaining ground, led by group health offerings which are serving as the entry point for broader client relationships. This mirrors a well-established playbook in the industry – insurers, too, typically leverage health segment servicing as an entry point to capture a client's wider business. Management has also indicated no intention to enter affinity lines, a deliberate and prudent call given that these products are often structured in favor of the distributor rather than the end customer.

Exhibit 12: POSP channel demonstrates strong traction among “New Initiatives”



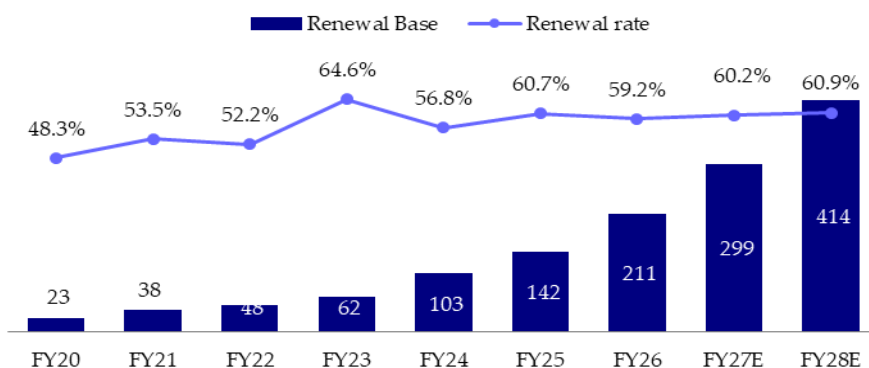
Key risks - Bima Sugam overhang remains, but moat is defensible

We remain watchful of the regulatory risk stemming from the proposed Bima Sugam platform, which has the potential to disrupt online insurance distribution - likely commencing with Motor and Health, before extending to Term. However, we believe Policybazaar's “phygital” distribution model is not easily replicable, providing a meaningful structural buffer. Moreover, the platform's suite of embedded value-added offerings - spanning analytics-driven fraud, waste, and abuse detection; PB Health; PB Wheels; the Assured Delivery Programme; and end-to-end claims support - are deeply integral to its insurer partnerships. These capabilities are unlikely to be replicated through the Bima Sugam platform, collectively raising switching costs for insurers and reinforcing Policybazaar's indispensability within the broader ecosystem.

Renewal premium and trail income likely to boost profitability

We expect renewal premiums and the associated income to grow proportionately, with both metrics on track to double every two years. This growth will be underpinned by a sustained increase in the share of monthly premium policies, which structurally supports renewal rate consistency. Renewal yields are expected to improve modestly over time, driven by the increasing contribution of the health segment with renewal yields comparatively superior to those on the life insurance products. The health component of the renewal book is poised to grow at a faster pace, aided by annual premium revisions, which will progressively enhance its share within the overall renewal premium mix.

Exhibit 13: Ever-increasing renewal base due to higher share of health insurance



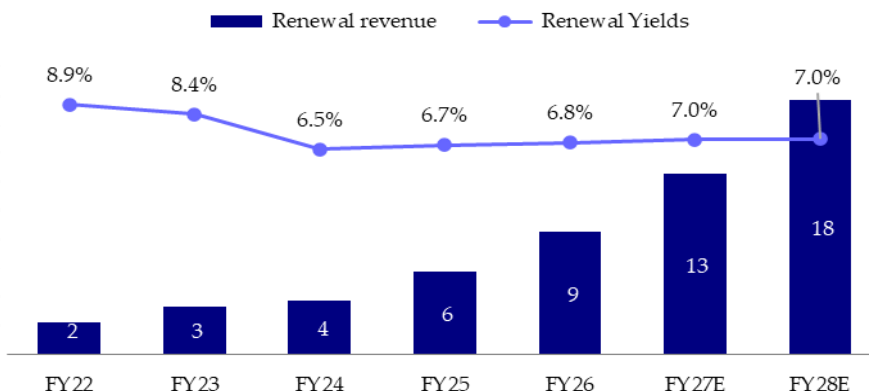
Source: Company, HSIE Research

Note: Renewal base is total premium sourced in previous financial year; Renewal rate are renewal premium divided by previous year total premiums.

The management guides for ~80% contribution margin on the core online insurance renewal business — a reflection of the significantly lower effort intensity involved in renewing an existing policy relative to acquiring and converting a new customer. We view renewal revenue as a high-quality, annuity-like income stream, given that the majority of Policybazaar's customers have actively chosen to purchase their policies rather than being sold to - resulting in structurally higher renewal rates compared to any other distribution channel.

We believe a shift in the life insurance commission structure from the prevailing model of upfront, lump-sum payouts to deferred disbursements spread across the premium payment term, would materially enhance yields and overall channel economics for Policybazaar. While such a transition would entail a one-time drag on near-term financials, the long-term impact on the quality and sustainability of earnings would be meaningfully positive.

Exhibit 14: Renewal revenue likely to increase multifold but expect yields to fall



Source: Company, HSIE Research

Renewal premiums and renewal income to double every two years

Yields on renewal premium will improve owing to increasing share of health business

Paisabazaar - changing gears

Despite an early-mover advantage and a broad portfolio of lender relationships, we believe that Paisabazaar, the company's loan comparison platform, is yet to build a differentiated identity in the extremely crowded credit marketplace. Given elevated competitive intensity with other deep-pocketed online marketplaces, Paisabazaar has struggled to translate its strong customer funnel (~30mn "credit score check" customers) into a competitive moat. Despite a salaried-heavy cohort (~60% of the customer base) and a perceived formidable presence in Tier-1 locations, we believe that Paisabazaar has failed to build a strong value proposition for its lender partners.

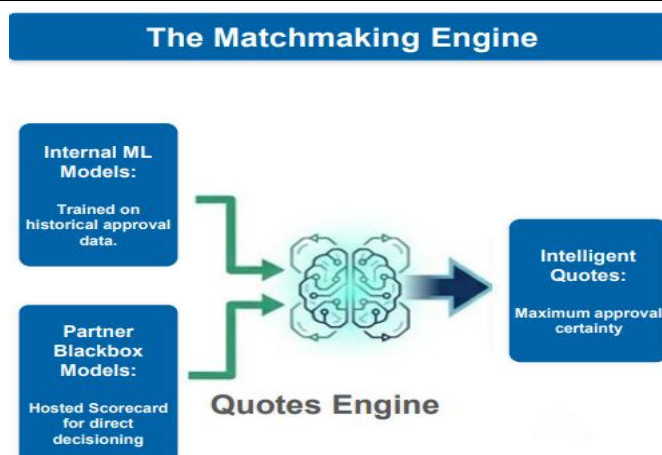
We believe that Paisabazaar, the company's loan comparison platform, is yet to build a differentiated identity in the extremely crowded credit marketplace. The business suffers from razor-thin product-level differentiation vis-à-vis comparable platforms such as BankBazaar, KreditBee, and even CRED (in premium segments

That said, the past twelve months have marked a meaningful strategic inflection point, driven by a leadership transition. Taking a leaf from the Policybazaar playbook, Paisabazaar has pivoted toward a value-added model — leveraging data analytics to assist lenders in improving risk selection and reducing delinquencies, while simultaneously enhancing borrower-lender matching to deliver better outcomes for customers. We view FY27E as the year these strategic investments begin bearing fruit, with management guiding for Paisabazaar targeting a PAT of INR 1bn.

Given the elevated competitive intensity with deep-pocketed online marketplaces such as CRED and BankBazaar, Paisabazaar has struggled to convert its massive customer funnel (~58mn "credit score check" customers) into a sustainable competitive advantage. In our [initiation report](#), we had highlighted issues that needed a fix (below) for Paisabazaar to become meaningful partner in the lending ecosystem:

- **Borrower - lender matching:** We had highlighted the need for Paisabazaar to develop the matchmaking sophistication of a traditional DSA — allocating the right borrower to the right lender to improve conversion rates, reduce dropouts, lower CIBIL hit rates, and minimize friction in the lending journey. Management has responded with a more evolved matchmaking engine, and while the full benefits are yet to fully materialize, early green shoots around improved conversion ratios are encouraging.

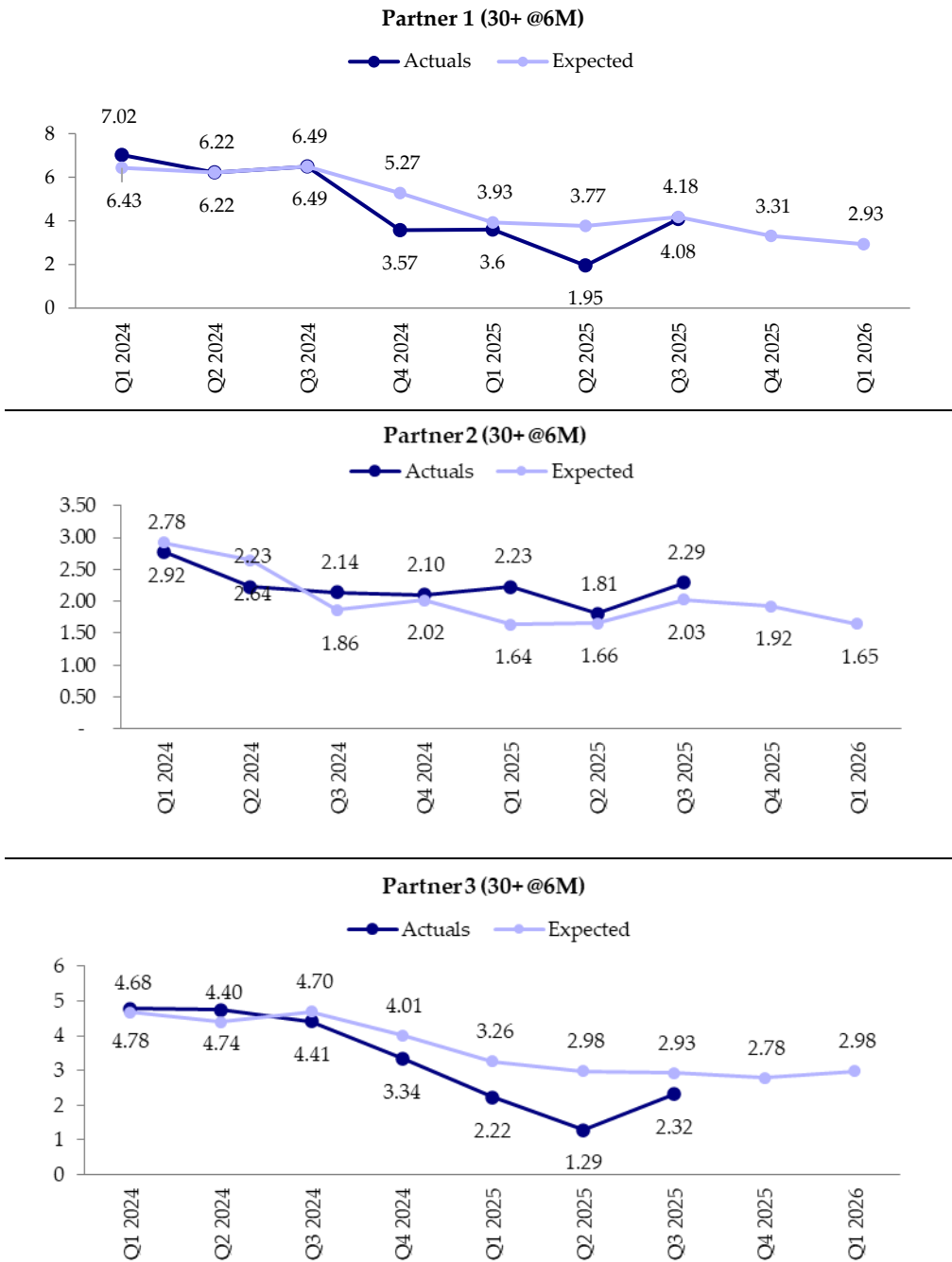
Exhibit 15: Driving higher conversion through personalized matching and recommendations



Source: Company, HSIE Research

- Improve brand recall and visibility:** Sustained investment in brand building and meaningful customer value addition remain critical to Paisabazaar's long-term success. On this front, the platform has made tangible progress - developing a risk profiling capability that is increasingly valued by lender partners. Early portfolio behavior trends are also favorable, with originated portfolios performing ahead of initial expectations.

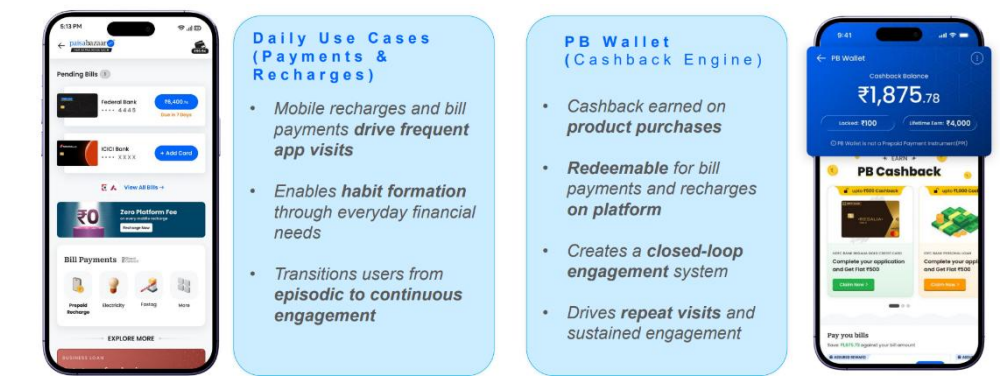
Exhibit 16: Enhancing efficiency, risk management and decisioning at scale



Source: Company, HSIE Research

- Increase customer activity levels:** With an average of only ~1.5 transactions per customer - the first typically being a credit score check - driving higher activation among its registered base of ~58mn customers remains a key imperative. Over the past year, Paisabazaar has introduced a rewards program tied to utility bill payments, with each reward point carrying a defined monetary value. We believe this initiative will enrich the platform's customer data, support more informed credit decisions, and gradually increase the proportion of repeat borrowers - who come at a structurally lower cost of acquisition.

Exhibit 17: Increasing client activity may lead to more informed customer data



Source: Company, HSIE Research

- On ground support:** Lending involves disclosure of financials and more documentation hence fleet on street is must as it liaises between the banker and borrower. Though the manpower deployment has begun we expect it to take time to make a significant impact. Paisabazaar have increased its ground presence over last 12M with the launch of PB Connect to focus on the secured business we believe this will help to bridge some gap between the borrower and the lender and increase the platforms brand recall.
- Next Phase of Growth - Expanding into Wealth and Savings:** As Paisabazaar transitions into its next phase, we anticipate a strong turnaround in the core business, underpinned by the strategic initiatives outlined above. Beyond lending, the platform is also expanding into wealth and savings distribution — targeting corporate bond distribution, fixed deposits, and a potential foray into mutual fund distribution (regular schemes), which would generate a recurring, annuity-like income stream for the platform.

While this is an entirely new frontier for Paisabazaar, we draw considerable confidence from the leadership team's track record - the same team that successfully built and scaled the online savings insurance business into a flagship vertical for Policybazaar. We believe this adjacency has the potential to add a meaningful and differentiated revenue layer to the platform over the medium-term.

Valuation and recommendation

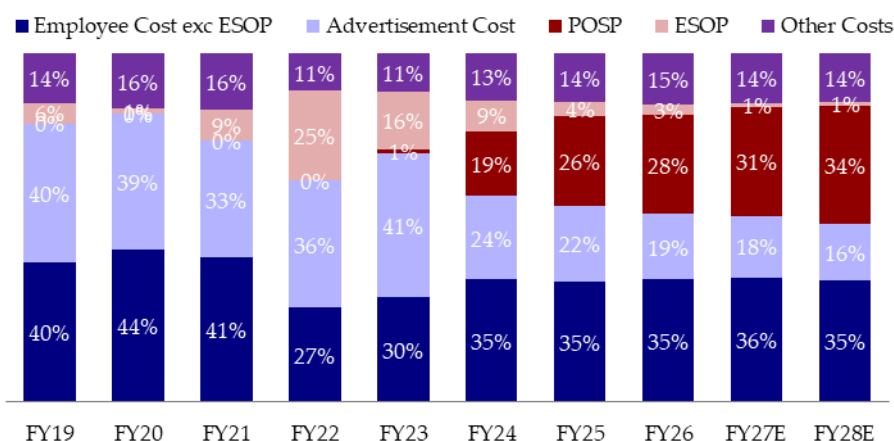
We build in a ~29% CAGR in consolidated net revenues and a ~4x expansion in net operating profits over FY26–FY28E, largely underpinned by sustained upsell and cross-sell momentum within the Policybazaar business, a doubling of trail-based commission income (especially health renewal), and an anticipated improvement in Paisabazaar's business traction. We believe Policybazaar is favorably positioned to defend its yield profile, supported by the superior quality of business sourced and its strong positioning in the high-growth health insurance segment. We maintain BUY with a target price of INR2,180 (implying 61x P/E on FY28E EPS).

As POSP channel goes more granular, its profitability will improve

Operating leverage - cost structure becoming increasingly variable

We believe as operating leverage benefits start to play out, the overall expenses growth would be more variable in nature and hence, we expect share of POSP to grow, though employee costs and advertisement costs would continue to command >50% of overall operating expenses. However, we believe as a proportion of revenue, both these expenses would continue to witness a declining trend.

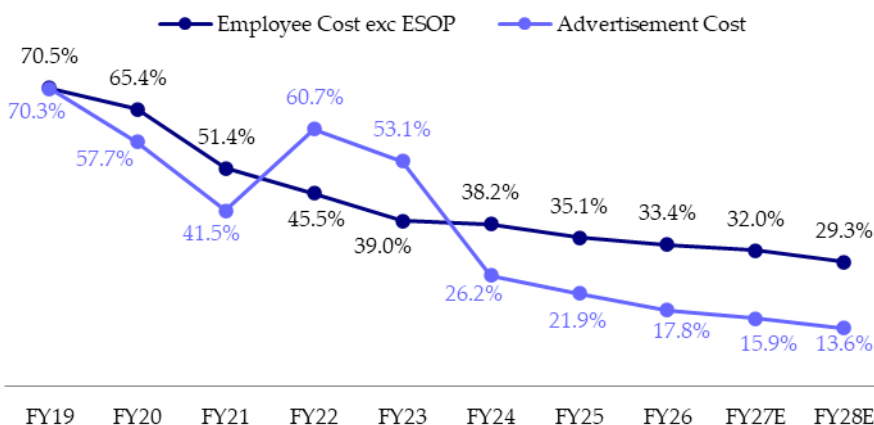
Exhibit 18: Rising POSP mix will lead to higher revenue sharing with partners



Scale economies to drive operating leverage

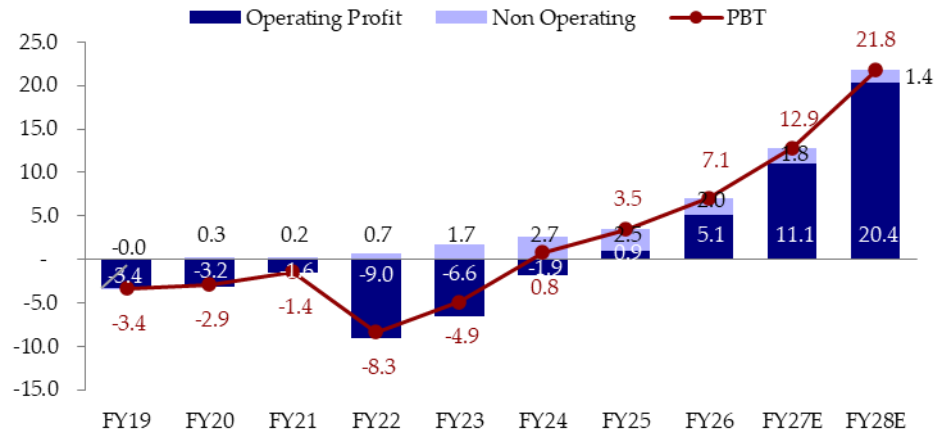
Source: Company, HSIE Research

Exhibit 19: Employee cost and advertisement cost to fall as % of PBFINTECH revenue



Quality of earnings to improve with higher share of renewal income

Source: Company, HSIE Research

Exhibit 20: Operating profits likely to grow multifold FY25-FY28E


Source: Company, HSIE Research, INR bn

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APAT	10.9	10.9	0%	16.3	16.4	0%
EPS	23.8	23.8	0%	35.5	35.7	0%

Source: Company, HSIE Research

Financials

Consolidated Income Statement

(Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Revenues	8,866	14,249	25,579	34,377	49,772	67,940	86,317	1,13,013
<i>Growth (%)</i>	15.0	60.7	79.5	34.4	45	37	27	31
Employee benefits expenses	5,540	12,555	15,396	16,441	19,587	24,659	28,602	34,122
Operating expenses	4,924	10,717	16,799	19,798	29,249	38,189	46,642	58,513
Operating Profits	-1,598	-9,023	-6,616	-1,863	937	5,092	11,073	20,378
<i>Operating Profit Margin (%)</i>	-18	-63	-26	-5	2	7	13	18
EBITDA	-1,598	-9,023	-6,616	-1,863	937	5,092	11,073	20,378
<i>EBITDA Margin (%)</i>	-18	-63	-26	-5	2	7	13	18
<i>EBITDA Growth (%)</i>	-50	465	-27	-72	-150	444	117	84
Depreciation	414	428	638	887	1,212	1,360	1,511	1,894
EBIT	-2,012	-9,452	-7,254	-2,750	-275	3,732	9,562	18,484
Other Income (includes treasury)	707	1,254	2,590	3,806	4,077	3,724	3,747	3,771
Interest & Financial Charges	115	136	214	265	338	371	457	504
PBT	-1,419	-8,334	-4,878	791	3,464	7,086	12,852	21,751
Tax	83	-5	-0	127	345	372	1,928	5,438
APAT (pre minority interest)	-1,503	-8,329	-4,878	664	3,119	6,713	10,924	16,313
Minority Interest								
Profit/Loss of Associate Company	-	-	-2	-20	3	-12	-	-
APAT (post minority interest)	-1,503	-8,329	-4,879	644	3,122	6,701	10,924	16,313
<i>APAT Growth (%)</i>	-50	454	-41	-113	385	115	63	49
EO (Loss) / Profit (Net Of Tax)	-	-	-	-	411	-	-	-
RPAT	-1,503	-8,329	-4,879	644	3,532	6,701	10,924	16,313
<i>RPAT Growth (%)</i>	-50	454	-41	-113	448	90	63	49
AEPS (diluted)	-4	-20	-11	2	8	15	24	36
<i>EPS Growth (%)</i>	-52.6	394.9	-46.1	-113.7	412.8	89.7	63.0	49.3

Source: Company, HSIE Research

Consolidated Balance Sheet

(INR mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS								
Share Capital	13	899	900	902	919	925	925	925
Reserves	19,905	53,218	53,863	57,808	63,405	72,193	83,591	1,01,379
Minority Interest	-	-	85	54	55	57	57	57
Total Shareholders' Funds	19,918	54,117	54,848	58,765	64,379	73,175	84,573	1,02,362
Total Debt	-	-	-	-	-	-	-	-
Other Financial Liabilities & Provisions	222	249	246	348	647	922	629	751
Other Non-Current Liabilities	958	1,415	1,938	2,141	2,756	3,048	3,803	4,257
Net Deferred Tax Liability	-550	-792	-1,289	-3,158	-4,050	-4,305	-1,985	-1,389
TOTAL SOURCES OF FUNDS	20,549	54,989	55,742	58,096	63,732	72,841	87,021	1,05,981
APPLICATION OF FUNDS								
Net Block	1,248	2,049	3,133	3,586	4,182	4,412	5,452	7,022
Non current Investments	1	456	599	9,349	15,332	18,552	19,658	20,874
Loans & Deposits	105	140	16,277	2,964	11,800	13,336	12,019	10,835
Other Non-Current Assets	10	2	20	4	247	311	311	311
Total Non-current Assets	1,363	2,647	20,029	15,903	31,562	36,610	37,440	39,041
Current Investments	1,377	3,275	5,623	4,236	6,400	13,558	16,428	17,981
Debtors	1,729	3,609	6,773	6,505	11,151	19,677	17,635	21,977
Cash & Equivalents	4,388	3,673	723	3,249	5,605	7,463	20,106	32,906
Loans & Advances	3	5	55	54	237	19	41	41
Other Current Assets	13,898	45,153	28,049	34,182	16,294	5,434	6,262	7,227
Total Current Assets	21,395	55,715	41,222	48,225	39,687	46,150	60,472	80,132
Creditors	1,019	1,982	3,061	3,011	3,669	4,711	5,760	7,242
Other Current Liabilities	1,190	1,392	2,448	3,021	3,846	5,208	5,131	5,950
Total Current Liabilities	2,210	3,374	5,509	6,032	7,515	9,920	10,891	13,193
Net Current Assets	19,185	52,341	35,713	42,193	32,171	36,231	49,581	66,940
TOTAL APPLICATION OF FUNDS	20,548	54,989	55,742	58,096	63,733	72,841	87,021	1,05,981

Source: Company, HSIE Research

Cash Flow Statement

(Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	-1,419	-8,334	-4,880	771	3,877	7,073	12,852	21,751
Non-operating & EO Items	-	-	2	20	-413	12	-	-
Other income less interest expense	414	5,019	3,090	-85	-1,426	-1,358	-2,290	-2,267
Depreciation	414	428	638	887	1,212	1,360	1,511	1,894
Working Capital Change	394	-12,557	-1,341	485	-3,912	-6,326	2,415	-2,224
Tax Paid	485	-238	-498	-1,990	-1,174	-347	-1,928	-5,438
OPERATING CASH FLOW (a)	287	-15,680	-2,990	88	-1,837	415	12,560	13,716
Net Capex	-48	-311	-639	-632	-965	-779	-1,782	-2,334
(Purchase)/sale of net operating financial assets								
Free Cash Flow (FCF)	239	-15,991	-3,628	-543	-2,802	-364	10,778	11,382
Investments	-12,317	-21,968	-1,144	1,695	1,339	77	-443	-783
Non-operating Income	348	1,013	2,197	1,945	4,203	2,839	3,272	3,272
INVESTING CASH FLOW (b)	-12,018	-21,266	414	3,008	4,577	2,138	1,046	155
Debt Issuance/(Repaid)	-106	-104	-218	-312	-410	-471	-510	-571
Interest Expenses	-115	-135	-208	-260	-332	-368	-453	-500
FCFE	18	-16,230	-4,055	-1,115	-3,544	-1,203	9,815	10,311
(Buyback)/Proceeds From Issue of Share Capital	7,809	36,453	1	2	16	27	-	-
Dividend								
Others	-	-	-	1	-1	-1	-	-
FINANCING CASH FLOW (c)	7,588	36,214	-425	-568	-727	-812	-963	-1,071
NET CASH FLOW (a+b+c)	-4,143	-732	-3,001	2,528	2,013	1,740	12,644	12,800
Opening Cash & Equivalents	8,534	4,388	3,673	723	3,249	5,605	7,463	20,106
Adjustments for business Combinations, Foreign exchange etc	-4	17	50	-11	338	117	-	-
Closing Cash & Equivalents	4,388	3,673	723	3,241	5,600	7,462	20,106	32,906

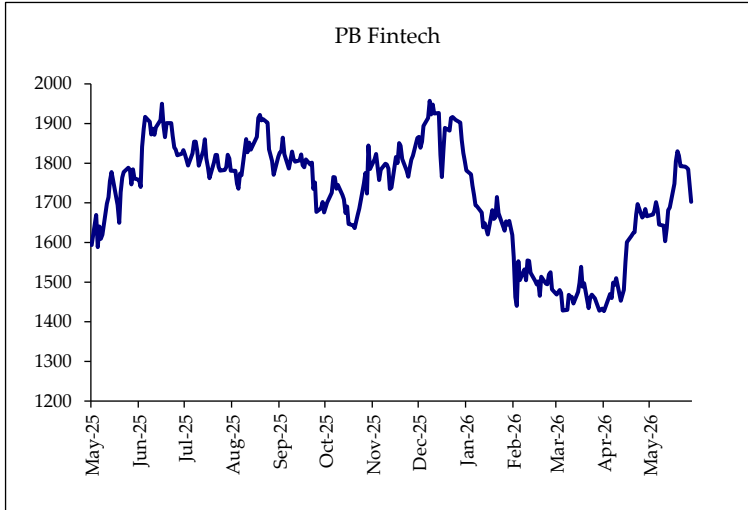
Source: Company, HSIE Research

Key ratios

	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E
PROFITABILITY (%)								
EBITDA Margin	-18.0	-63.3	-25.9	-5.4	1.9	7.5	12.8	18.0
EBIT Margin	-22.7	-66.3	-28.4	-8.0	-0.6	5.5	11.1	16.4
OP margin	-18.0	-63.3	-25.9	-5.4	1.9	7.5	12.8	18.0
APAT Margin	-16.9	-58.5	-19.1	1.9	6.3	9.9	12.7	14.4
PAT/Premium (inc GST)	-3.2%	-13.5%	-4.7%	0.5%	1.7%	2.2%	2.6%	2.9%
RoE	-9.2	-22.5	-9.0	1.1	5.7	9.7	13.8	17.5
New Business Comm Rates (insurance)	15.1	15.5	14.7	28.4	29.2	26.9	25.7	25.4
Renewal Business Comm Rates (insurance)	NA	8.9	8.4	6.5	6.7	6.8	7.0	7.0
EFFICIENCY								
Premium Persistency (Renewal/GWP Previous year)	48.2%	52.2%	64.6%	56.8%	60.7%	59.2%	60.2%	60.9%
Tax Rate (%)	-5.9	0.1	0.0	16.0	9.9	5.3	15.0	25.0
Asset Turnover (x)	6.5	8.6	9.9	10.2	12.8	15.8	17.5	18.1
Debtors (days)	76.1	114.0	124.1	79.2	96.7	122.0	83.5	80.5
Other Current Assets (days)	612.0	1,426.0	514.1	416.2	141.4	33.7	29.6	26.5
Payables (days)	44.9	62.6	56.1	36.7	31.8	29.2	27.3	26.5
Other Current Liab & Prov (days)	52.4	44.0	44.9	36.8	33.4	32.3	24.3	21.8
Working Capital (days)	590.8	1,433.4	537.3	422.0	172.9	94.2	61.5	58.6
PER SHARE DATA								
AEPS (Rs/sh)	-4.1	-20.3	-11.0	1.5	7.7	14.6	23.8	35.5
CEPS (Rs/sh)	-0.3	-4.5	2.7	11.3	15.0	21.8	29.3	41.8
DPS (Rs/sh)	-	-	-	-	-	-	-	-
BV (Rs/sh)	54.5	132.2	123.3	136.9	140.2	159.3	184.2	222.9
VALUATION								
P/E	NA	NA	NA	1,214.3	221.4	116.7	71.6	47.9
P/BV	31.3	12.9	13.8	12.4	12.1	10.7	9.2	7.6
EV/NOPLAT	NA	NA	NA	NA	NA	244.2	98.5	55.6
OCF/EV (%)	0.0	NA	NA	0.0	NA	0.1	1.6	1.8
FCF/EV (%)	0.0	NA	NA	NA	NA	NA	1.4	1.5
FCFE/MCAP (%)	0.0	NA	NA	NA	NA	NA	1.3	1.4

Source: Company, HSIE Research

Price Movement



Rating Criteria

BUY: >+15% return potential

ADD: +5% to +15% return potential

REDUCE: -10% to +5% return potential

SELL: > 10% Downside return potential

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