

**CMP: INR 400**

**Outlook: Positive**

**Stock Info**

BSE	543390
NSE	POLICYBZR
Bloomberg	POLICYBZR.IN
Sector	Retailing
Face Value (INR)	2
Equity Capital (INR Mn)	89.9
Mkt Cap (INR Mn)	192,588
52w H/L (INR)	1,339/ 356
Avg Yearly Vol (in 000')	1,375

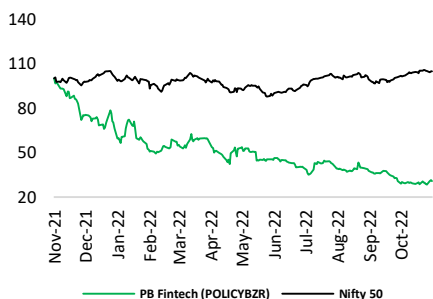
**Shareholding Pattern %**

(As on Sept, 2022)

Promoters	-
FII	19.7
DII	8.08
Public & Others	72.19

Stock Performance (%)	1m	3m	12m
POLICYBZR	-3.9	-20.0	-68.5
Nifty	3.5	4.2	5.37

**POLICYBZR Vs Nifty**



**About the Company:**

PB Fintech Limited, doing business as PolicyBazaar, develops and publishes an online financial services platform. The Company offers a consumer centric platform by partnering with financial services companies such as insurance companies to enhance their platforms from a consumer e-commerce perspective.

**Investment Rationale:**

- **PB Fintech continued profitability trend in core Business (Policybazaar and Paisabazaar):** The Company saw its core business continuing the profitability trend with INR 120mn in Adj. EBITDA for the quarter. Policybazaar generated INR 180mn while Paisabazaar lost INR 50mn and New Initiatives losing INR 650mn. Management expects core business profitability to consistently improve with PB Fintech achieving Adj. EBITDA breakeven in Q4FY23 and adding incremental Adj. EBITDA of INR 1,500-2,000mn every year with FY27 PAT reaching INR 10bn. Further, management anticipates New Initiatives burn to drop to INR 300-350mn by Q4FY23.

- **Paisabazaar continues to grow with strong disbursements and improved profitability:** The management reaffirmed its guidance towards Paisabazaar breaking even in Q4FY23.

- **The company continued to focus on shareholder value creation:** In 2QFY23, the company would improve in the coming fiscal year as they "continue to learn". We believe this is a step in the right direction and would help shareholders better understand the business. The company mentioned once it turns profitable and generates INR 1bn+ adj. EBITDA (probably before FY25), would lay down the plan for utilization of its existing cash balance; management hinted towards a possible distribution of this excess cash to the shareholders as well.

- **Positive Bima Sugam to be positive for the industry but more clarity awaited:** The company believes Bima Sugam will act as GDS (Global distribution system), which would be positive for the overall industry but awaits more information as it is still an evolving subject. The company is in discussions with the regulator and has sought more clarity on the operational aspects of Bima Sugam.

- **Outlook:** PB Fintech to continue dominating insurance distribution in India driven by its omnichannel play and continued focus on enhancing insurance penetration via New Initiatives sustainably. **At INR 400, company trades 3.3x FY25E P/B (Bloomberg Estimates).**

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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